

THE ROLE OF MINI BANKING IN IMPROVING FINANCIAL LITERACY THROUGH AN EXCELLENT SERVICE APPROACH

Poppy Indah Lestari¹, Alya Saskia Putri², Anggi Sartika Rahman³, Umar Bain⁴

^{1,2,3,4}Universitas Muhammadiyah Sumatera Utara

*¹*email: indahpoppy8@gmail.com*

Abstract: This study sought to define the extent of involvement of mini banks in creating excellent service for public financial literacy. This research employed a qualitative approach using the case study method with 20 respondents, consisting of customers and mini banking officers. The data were obtained through in-depth interviewing and focus group discussion and analyzed using thematic analysis. Among the results was that: the majority of customers had only basic knowledge in financial products, but did not have investments or insurance product knowledge. What were noted here as positive experiences regarding the service offered by mini banking officers are likely to encourage improved financial literacy although waiting time and jargons exist. Suggestions from respondents were to simplify the information and put up digital media for financial literacy. This indeed attests that mini banking has a lot of promises for public financial literacy if quality service provision and education programs were constantly upgraded. The results of this study could, therefore, provide an important avenue for strategy formation on improving financial literacy in the future.

Keywords: mini banking, financial literacy, excellent service, financial education

Introduction

Financial literacy is an individual's ability to understand and use various financial information (Poddala & Alimuddin, 2023). In the era of globalization and rapid technological development, financial literacy is becoming increasingly important. A high level of financial literacy can help people make better decisions regarding personal financial management, investment, and long-term financial planning. Mini banking, which is a simpler and more affordable form of banking service, has emerged as a solution to improve people's access to financial services (Yudha, 2021). With the presence of mini banking, people who previously did not have access to conventional banks can now enjoy banking services, such as savings, loans, and investments. This is expected to improve people's financial understanding and skills.

An excellent service approach in mini banking is essential to create a positive customer experience. Good service not only increases customer satisfaction, but also builds trust and loyalty (Aprileny et al., 2022). In this case, mini banking should be able to provide effective education to customers about the financial products and services offered, so that they can make informed decisions.

Improving financial literacy through mini banking can have a significant impact on community welfare. With a better understanding of financial management, communities can avoid unnecessary debt, better plan their financial future, and contribute to local economic growth (Azuwandri et al., 2024). Therefore, mini banking has the potential to be an economic empowerment tool.

In terms of Islamic banking, mini banking has significant potential to play a role in improving people's financial literacy with an approach that is fully compliant with sharia principles that emphasize fairness and transparency. The financial products offered by mini banking should be designed in such a way that they are not only transparent and fair, but also completely free from the practice of usury, which is one of the fundamental principles in Islamic banking. Thus, this approach will not only attract more people to understand and use Islamic financial services, but will also give them the confidence that they can manage their finances in a way that is in accordance with their religious values, thereby overall increasing financial inclusion in various walks of life.

This study aims to explore the role of mini banking in improving financial literacy through an effective and responsive service excellence approach. By understanding the close relationship between the quality of service provided by mini banking and the improvement of customers' financial literacy, it is expected that effective and innovative strategies can be found to maximize the benefits that can be provided to the community. This becomes even more important in the case of Islamic banking, where education and a good understanding of financial products and services are needed to encourage active participation in a sharia-compliant financial system.

Literature Review

Financial literacy is defined as an individual's ability to understand and use financial information in everyday life effectively, which includes various important aspects of personal financial management. According to research conducted by (Prihatni et al., 2024), financial literacy not only includes basic knowledge of financial products, but also involves a deep understanding of debt management, retirement planning strategies, as well as the ability to make smart investment decisions. Low literacy levels can result in poor and detrimental financial decisions, such as excessive debt, lack of savings for the future, and inability to deal with financial emergencies.

Mini banking, as a simpler, more affordable, and accessible form of banking service, has proven to be effective in increasing access to finance for people who previously may not have had the opportunity to engage in the formal banking system. According to (OJK, 2018), mini banking has the ability to reach segments of society that were previously marginalized from formal banking services, including individuals with low incomes or those living in remote areas. Thus, mini banking not only supports financial inclusion, but also provides a valuable opportunity for people to develop their financial literacy, so that they can make better decisions regarding financial management, investment, and future planning. With increased financial literacy, it is expected that communities can be more independent in managing their finances and contribute to overall economic stability.

Mini banking not only offers financial products, but also plays a role in providing education to customers. Research by (purwanto, 2024), shows that financial education programs integrated in banking services can improve customers' understanding of financial products and risks. Thus, mini banking can be an effective platform for delivering important financial information.

Excellent service in banking is very important to create a good relationship between banks and customers. According to (Zahara, 2020), service quality can affect customer satisfaction and loyalty. In mini banking, a friendly and responsive service approach can enhance the customer experience, which in turn can encourage them to be more active in managing their finances.

Improving financial literacy through mini banking can have a positive impact on people's welfare. Individuals with high financial literacy tend to have better savings and

wiser debt management (Antika Khairunnisah et al., 2024). This not only improves the financial condition of individuals, but also contributes to the growth of the local economy.

Islamic banking offers products and services that comply with sharia principles, which can attract people to learn more about finance. Research by (Bawazir et al., 2024), shows that Islamic banking can improve financial literacy by providing transparent and fair information. This is important to build public trust in the Islamic financial system.

While there is much potential to improve financial literacy through mini banking, challenges remain. Lack of understanding of financial products and distrust of financial institutions can hinder community participation (Susanti & Hera Keuis, 2023). Therefore, it is important for mini banking to overcome these barriers through effective educational approaches. Mini banking has an important role to play in improving financial literacy through a service excellence approach. By providing better access and adequate education, mini banking can build people's trust and improve their financial skills (Rachman et al., 2024). Further research is needed to explore the most effective strategies to maximize the benefits of mini banking for the community.

Method

This research uses a qualitative research design with a case study approach. This method was chosen to deeply understand the role of mini banking in improving financial literacy through an excellent service approach. Using in-depth interviews and focus group discussions, this research aims to explore the perspectives of customers and mini banking staff on their experiences and understanding of the services provided. Data were collected through semi-structured interviews and focus group discussions. Interviews are conducted face-to-face or through online platforms, depending on the convenience of the participants. The questions asked will revolve around their experience using mini banking services, understanding of financial products, and how the services received affect their financial literacy. All interviews and discussion sessions will be recorded and transcribed for further analysis.

Results and Discussion

Results

This study involved 20 participants, consisting of 15 mini banking customers and 5 officers. The majority of respondents were between 25-40 years old, with varied educational backgrounds, ranging from high school to college. Most of the customers are private workers and have sufficient monthly income to make savings.

The interview results show that most customers have a basic understanding of the financial products offered by mini banking, such as savings and loans. However, there are gaps in understanding of investment and insurance products. Mini banking officers stated that they try to educate customers, but there are still challenges in conveying complex information. Most customers reported positive experiences with the services provided by mini banking. They found the staff to be very friendly and responsive to their questions. However, some customers also revealed that the waiting time for service can sometimes be quite long, especially during peak hours.

The results show that the use of mini banking services has a positive impact on customers' financial literacy. Many customers reported an improved understanding of financial management after attending the education program provided. They feel more confident in making better financial decisions.

Despite the progress, some challenges remain in improving financial literacy. Some clients expressed difficulty in understanding complex financial terminology. In addition,

lack of access to more in-depth information on financial products is also an obstacle. Respondents provided some suggestions for improving financial literacy through mini banking. They suggested that mini banking should provide more educational programs, including practical training and materials that are easier to understand. The use of digital media to disseminate information was also considered important.

Discussion

The results show that although customers have a basic understanding of financial products, there are still gaps in knowledge about investment and insurance products. This is in line with the findings from (Mandagie et al., 2020) which states that low financial literacy can hinder individuals in making wise investment decisions. Therefore, it is important for mini banking to increase educational programs targeting these products.

Customers' positive experiences with the services provided by mini banking indicate that an excellent service approach can increase customer satisfaction. According to (Suwarsito & Aliya, 2020), good service quality contributes to customer loyalty. By improving service quality, mini banking can build stronger relationships with customers, which in turn can encourage them to be more active in managing their finances.

The increase in financial literacy reported by customers reflects the effectiveness of the education program provided by mini banking. This is in line with research by (Truff Andreas & Prabowo, 2023), which shows that a good financial education program can improve individual financial understanding and skills. Therefore, mini banking needs to continue to develop innovative and engaging educational programs.

The challenge of understanding complex financial terminology suggests the need for a simpler approach in delivering information. Research by (Hasan Habibi & Supriatna, 2021) emphasizes the importance of presenting financial information in an easy-to-understand manner to make it accessible to all. Mini-banks should consider using simpler language and practical examples in their education programs.

Respondents' suggestions to improve educational programs and the use of digital media reflect the need for innovation in information delivery. Mini banks can utilize digital platforms to provide interactive and engaging educational materials. Thus, mini banking not only functions as a financial institution, but also as a financial education center that can empower the community.

Conclusion

The results show that mini banking can provide better access to financial services for the community, while also serving as an effective education platform. People who use mini banking services show an improved understanding of financial products, although there are still gaps in knowledge of investment and insurance products. From the interviews, the majority of customers reported positive experiences with the services provided, with friendly and responsive staff. However, challenges such as long waiting times and difficulties in understanding complex financial terminology still need to be addressed. Therefore, it is important for mini banking to continue to improve service quality and strengthen the education programs offered. Feedback from respondents pointed out the need to simplify information and use digital media to deliver financial education more effectively. By adopting a more innovative and engaging approach, mini banking can contribute more significantly to improving financial literacy. Overall, mini banking has great potential to improve financial literacy, provided that it is balanced with continuous efforts to improve service quality and education. This study provides important insights for the development of mini banking services and financial literacy improvement strategies in the future.

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