

THE ROLE OF MOBILE BANKING IN IMPROVING DIGITAL BANKING SERVICES AT INDONESIAN SHARIA BANK

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Abstract: This research aims to analyze the role of mobile banking in improving digital banking services at Bank Syariah Indonesia (BSI). Along with advances in information technology, mobile banking has become one of the main innovations that supports digitalization in the banking sector. As a sharia financial institution, BSI tries to utilize mobile banking to provide convenience, security and efficiency in providing services to customers. This research uses a qualitative method with analysis of secondary data by searching for data from journals or articles, the data of which is obtained from experts who are experts in the problems and discussions being discussed. The research results show that mobile banking plays an important role in expanding the reach of banking services, increasing interaction between customers and banks, making it easier for customers to carry out transactions, and supporting the application of sharia principles in digital transactions. Apart from that, security factors, ease of access, and the various features available are determining factors for the success of mobile banking in meeting customer needs in today's digital era. Overall, the development of mobile banking at BSI makes a positive contribution in improving digital banking services that are in line with sharia principles, and can meet customer expectations for modern banking services.

Keywords: Mobile Banking, Indonesian sharia bank, Digital Banking Services

Introduction

Advances in information and communication technology encourage intense competition in digital banking product and service innovation. The success of service development is highly dependent on management's ability to adopt new technology (Gan, 2006). The increasing number of banks in Indonesia tightens competition in the banking sector, so that each bank tries to provide added value to customers by providing services that suit their needs and preferences. Progress Information technology also helps banks store, record and access customer data more easily. This allows banks to maintain relationships with customers, handle complaints, and offer products according to customer needs. Banking digitalization makes it easier for people to access bank services while also helping banks market their products, so that they are better known to the wider community (Ira Puspitadewi, 2019).

Digital banking services such as Mobile Banking allow interactions between customers and banks to be carried out completely digitally. This process includes opening an account, carrying out financial transactions, and closing the account, all of which is carried out using

information technology and data (Financial Services Authority, 2018). Digital banking services such as Mobile Banking are designed to facilitate the collection and distribution of funds, both in the form of savings and credit services. direct and other services, such as deposits, payments, transfers, billing, and credit or debit transactions. With various service access options, it is hoped that customers can more easily use banking services according to their needs, one of which is sharia banks.

Sharia banks are financial institutions that carry out intermediation functions and provide financial services based on Islamic principles. The operating system is free from *riba* (interest), unproductive speculative activities such as gambling (*maysir*), as well as practices that involve uncertainty or doubt (*gharar*). Sharia banks prioritize justice and only finance businesses that comply with halal regulations. Although it is often considered the same as the concept of interest-free banking, the scope of Islamic banking is broader. Apart from avoiding interest, Islamic banks actively play a role in realizing Islamic economic goals which focus on improving social welfare.

As a country with the largest Muslim population in the world, Indonesia has great potential to become a leader in the development of global sharia finance. Bank Syariah Indonesia (BSI) plays an important role in realizing a sharia-based banking system that is in accordance with the principles of *muamalah* in Islam. In the midst of modern technological advances, innovation has become a primary need, including in the banking industry which continues to adapt to information technology. One of these innovations is the development of mobile banking services, which are increasingly relevant to the lifestyle of the millennial generation who are familiar with technology. Mobile banking applications make it easier for them to be more productive and efficient.

Major changes in technology are also affecting the way people live and work. The Ministry of Communication and Information (Kominfo) noted that in 2021, there were around 202.6 million internet users in Indonesia, making it the country with the fourth largest number of internet users in the world (Novianty and Prastya, 2021). This technological development has had a significant impact on the business sector, including the financial sector. BSI took advantage of this progress by launching the BSI Mobile Banking application, which was designed as a digital transaction service to make things easier for customers. This application is a development of previous services such as SMS banking and web banking (Dita Fransiska, 2021).

Service quality is a crucial element for every company and is one of the determining factors for customer satisfaction. Customer satisfaction is an aspect that greatly influences a bank's ability to retain loyal customers or attract new customers. To improve service quality, banks must prepare competent human resources and provide adequate facilities. Customer satisfaction is measured based on the extent to which the product or service provided meets their expectations. Therefore, optimal service quality improvement necessary to create customer comfort and satisfaction with the services provided.

Apart from the service aspect, rapid technological advances are also being utilized by the banking industry to increase customer satisfaction. Technology allows banks to speed up business processes through automated systems, allowing banking services to be accessed independently without the need to come directly to a branch office. This is known as digital services. These technological advances encourage the development of e-business and e-banking, including the launch of mobile banking products. Mobile banking is one of the

innovations that is very popular because it offers greater convenience and efficiency than conventional services.

Literature Review

Indonesian Sharia Bank (BSI)

Bank Syariah Indonesia (BSI) is the largest sharia bank in Indonesia which was formed from the merger of three sharia banks, namely PT Bank BRI Syariah (BRIS), PT Bank Syariah Mandiri (BSM), and PT BNI Syariah (BNIS). BSI officially started operating on February 1 2021, after obtaining permission from the Financial Services Authority (OJK) on January 27 2021. This permission authorized the merger of Bank Syariah Mandiri and BNI Syariah into BRI Syariah. This merger is a government initiative with the aim of providing the community with alternative sharia financial institutions that are stronger and capable of supporting national economic development. The process of merging three state-owned sharia banks was officially announced by the Ministry of State-Owned Enterprises (BUMN) on 12 October 2020.

The pioneer of sharia banking in Indonesia is Bank Muamalat, which was founded in 1991. This bank was born from the initiative of the Indonesian Ulema Council (MUI), the Indonesian Muslim Scholars Association (ICMI), Muslim entrepreneurs, and government support. Initially, Bank Muamalat's popularity was low, and its performance was stagnant. However, after the economic crisis and the reform era, this bank began to attract the attention of customers.

The development of sharia banking in Indonesia is an indicator of the success of a sharia-based economy. As the first sharia bank, Bank Muamalat became a pioneer for other sharia banks, implementing a sharia-based system amidst the dominance of conventional banks. The monetary crisis in 1998, which caused many conventional banks to go bankrupt and be liquidated due to the interest system, actually demonstrated the resilience of Islamic banks. Bank Muamalat managed to survive the 1998 crisis by showing increased performance without receiving assistance from the government. In fact, during the global financial crisis in 2008, Bank Muamalat recorded profits of more than IDR 300 billion, confirming its success as a strong and sustainable bank.

Mobile Banking

According to Kurniawati et al. (2017), mobile banking is a facility provided by banks to make it easier for users to carry out banking transactions to meet their needs. Mobile banking aims to provide easier, safer, more effective and efficient access. This service allows users to carry out transactions at any time using the internet network via mobile devices or SMS (Short Message Service) services.

As time goes by, one of them is current technological developments which have a significant impact on the business sector, including the financial sector. Technological advances this encourages the development of various kinds of internet-based businesses emerged as a result of the growing population of internet users in Indonesia and technological advances, especially the rise of smartphone devices, in the era of globalization. One of them is in the world of finance which is now starting to open its doors to financial businesses. In Indonesia, banks are competing to produce facilities that follow technological developments to facilitate transactions. One business application, namely web banking or e-banking, can now be done. Bank Syariah Indonesia is also taking advantage of

this progress by launching a Mobile Banking application which is expected to provide greater benefits in increasing ease and efficiency in carrying out transactions and enabling banking services to be accessed independently without the need to come directly to a branch office. Bank Syariah Indonesia launched a Mobile Banking application with the name BSI Mobile but now it has been updated and changed the name to Byond by BSI. This application is designed as a digital transaction service to make it easier for customers to carry out transactions and this application is a development of previous services such as SMS banking and web banking.

To increase customer satisfaction in using mobile banking services, several important factors are needed such as ease of access, benefits offered, compliance with Islamic sharia principles, security guarantees, and system reliability. In addition, the service is designed based on the values of Islamic sharia, so that quality services must be in harmony with economic principles and Islamic law. The convenience and benefits offered by information technology can also be explained through information systems theory which describes how technology is used and applied effectively.

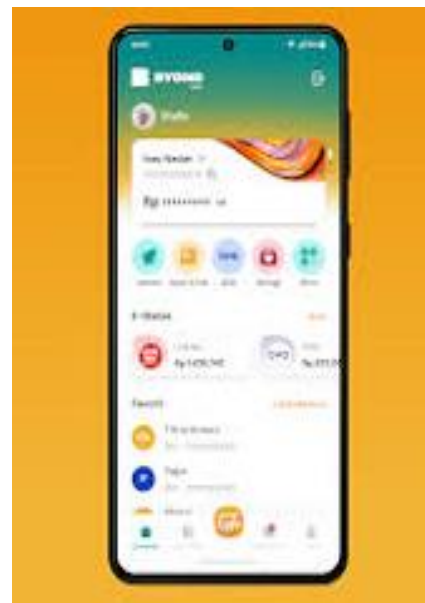
The following is a display of the main menu for mobile banking, namely BSI Mobile and Byond by BSI.

Figure 1:



Source: BSI Mobile Main Menu, 2024

Figure 2:



Source: BSI Mobile Main Menu, 2024

Digital Banking Services

Along with the shift in industrial growth towards digital, various activities are starting to adapt to technological developments. Advances in technological innovation Making life easier is now also reaching the financial sector. One example of significant change towards the industrial era 4.0 can be seen in the banking sector. The banking industry, as part of the rapidly growing service sector, has an important role in driving Indonesia's economic growth. Banking contributes to national income and functions as an

intermediary institution that collects public funds and channels them back into productive economic activities.

To support this transformation, the Financial Services Authority (OJK) issued OJK Regulation no. 12/POJK.03/2018 concerning the Implementation of Digital Banking Services by Commercial Banks. This regulation defines digital banking services as electronic banking services designed to make optimal use of customer data in order to provide services that are faster, easier, according to customer needs (customer experience), and enable customers to carry out transactions independently while still paying attention to security aspects.

Digital banking services are a continuation of the era of electronic banking (E-Banking). In the era of electronic banking, people have been given the convenience of making transactions using various channels. Digital banking services are banking services or activities using electronic or digital facilities owned by the bank, and/or through digital media owned by prospective customers and/or bank customers which are carried out independently.

The characteristics of digital banking are that customers can obtain information, register, open accounts, transactions and close accounts independently without involving bank officers, including customers can obtain information and carry out transactions outside banking products such as financial advice services, investment information, e-commerce transactions, and various other needs of customers by using only one channel via electronic means or digital banking (Puspitadewi, 2019). Digital banking is considered a new way of carrying out banking transactions because of its potential to save costs. Banks should see that this is not just about digitizing existing products, but changing their mindset and solutions to digital according to people's behavior and needs.

Along with the rapid development of information technology and changes in behavior, customer needs also continue to increase, thus encouraging banks to be able to meet the needs of their customers. Currently, banks are starting to improve their services so that customers can obtain various banking services independently (self-service) without having to go to the bank office. Independent banking services include registration, transactions (cash, transfers, payments) and various other services, up to closing accounts, also known as digital banking services.

Method

This research uses a qualitative approach with descriptive methods to analyze the role of mobile banking in improving digital banking services at Bank Syariah Indonesia (BSI). The data used is secondary data obtained through literature studies, including scientific journals, articles, research reports and related publications discussing mobile banking and sharia banking. Data analysis was carried out using the stages of data reduction, data presentation, and drawing conclusions based on findings from relevant literature sources. The validity of the data is strengthened by comparing various literature sources to ensure the validity of the information. The research uses scientific documents and articles as the main instrument to obtain qualitative data which is processed into quantitative information. This research aims to provide a comprehensive picture of the contribution of mobile banking to improving the quality of digital banking services and its implications for the development of sharia banking in era of digital transformation. The research results are presented in written form to provide

understanding to readers. This was done to explain how mobile banking contributes to improving digital banking services at BSI, including supporting factors and challenges faced. The method used is designed to produce accurate results and relevant to the research objectives, so that it can answer questions about the role of mobile banking in improving digital banking services at Indonesian sharia banks.

Results and Discussion

Mobile Banking at Bank Syariah Indonesia has made a significant contribution in increasing the efficiency of banking services, especially in terms of technology-based financial services. The good quality of mobile banking services at sharia banks is able to encourage customers' intentions to use these services. Several factors that influence the use of mobile banking include stable internet network access, features that suit customer needs, and guaranteed security of use. This facility is the main reason customers choose and continue to use mobile banking.

In the current digital era, the presence of mobile banking on cellphones makes it easier for customers to carry out transactions anytime and anywhere without needing to visit a bank office, thereby saving time. This application is designed to be user friendly, with the hope that it can be learned and used easily by various levels of society. Many people now prefer to carry smartphones rather than cash when traveling for practical reasons. Improving the quality of mobile banking services offered by Islamic banks has a direct impact on increasing customer satisfaction. Better service allows banks to maintain and increase the number of users, emphasizing the importance of efforts to continuously improve service quality to meet customer expectations.

Several main factors influencing increased access to mobile banking applications include:

1. **Ease of Use:** Mobile banking is designed to be easy to understand and use, so customers can quickly learn how to make transactions.
2. **Security:** As an institution that relies on trust, banks need a strong security system to protect customer data and finances from misuse.
3. **Efficiency:** Mobile banking helps customers save time, both for daily needs, work, and in urgent situations, thereby increasing interest and loyalty in using this service.

The following is the role of Mobile Banking in Digital Banking Services at Bank Syariah Indonesia :

1. **Ease of Access and Service Efficiency**

Mobile banking at sharia banks in Indonesia provides extraordinary convenience for customers to access financial services. Customers can carry out various transactions such as fund transfers, bill payments and balance checks without having to visit the bank directly and can also be done anytime and anywhere.

2. **Increasing Financial Inclusion**

Through mobile banking, Islamic banks play a role in expanding financial inclusion in Indonesia by providing easier access to people who previously had difficulty accessing banking services. Communities in remote areas can now take advantage of mobile banking services, supporting the government's efforts to increase levels of financial inclusion.

3. **Increasing Customer Satisfaction**

Fast, easy and secure mobile banking services contribute greatly to increasing customer satisfaction. Customers can now access services at any time without needing to come to a bank branch. This convenience has the potential to increase customer loyalty, expand the customer base, and support sharia banking business growth.

4. **Supports Sharia Principles in Financial Transactions**
 Mobile banking at sharia banks also supports the implementation of sharia principles in financial transactions. With the existence of a digital platform, Islamic banks can easily provide products that comply with Islamic law, such as interest-free financing (riba), profit-sharing based financing (mudharabah and musyarakah), as well as halal investment products.
5. **Increasing Bank Operational Efficiency**
 Apart from providing benefits to customers, mobile banking also helps Islamic banks increase operational efficiency. By allowing customers to carry out transactions independently, the bank's operational burden at branches can be reduced, queues are reduced, and the service process becomes faster.
6. **Becomes a means of sharia financial education**
 Mobile banking has great potential as an educational tool for customers regarding sharia banking products and services. Through the mobile banking application, banks can provide information about sharia financial products, ways to make transactions according to sharia, as well as provide education about good financial management.
7. **Increasing Accessibility of Financial Services in Certain Market Segments**
 Mobile banking allows Islamic banks to reach wider market segments, especially young people who are more familiar with digital technology.

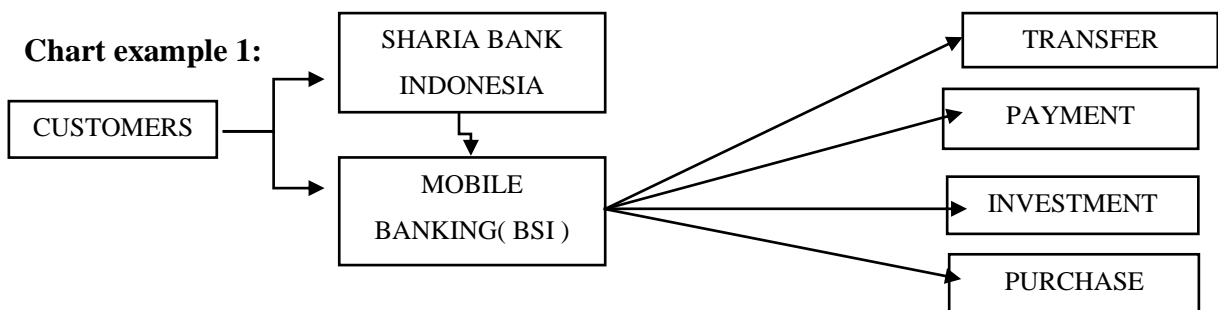
Table 1:

The following is an example of a table that illustrates the role of mobile banking in improving digital banking services in Indonesia:

Observed Aspects	The Role of Mobile Banking	Impact on Banking Services Digital in Indonesia
Ease of Access	Make it easier for customers to access banking services anytime and anywhere via the mobile banking application.	Increase transaction frequency and customer convenience in accessing various banking products without time limits.
Security	Use of two-factor authentication, data encryption, and advanced security systems to protect transactions.	Increase the level of customer confidence in the security of digital transactions, reducing the risk of fraud or data leaks.
Service Efficiency	Reduced transaction time and costs compared to conventional banking services.	Reducing bank operational costs and speeding up transaction processes, increasing efficiency for customers and banks.
Application of Sharia Principles	Integration of sharia features such as ZISWAF management and application of sharia contracts in transactions.	Ensuring services comply with sharia principles, providing comfort for customers who wish to make transactions according to their religion.

Innovation and Accessibility	Providing new features that continue to develop, such as digital payments and personal finance management.	Encourage financial inclusion by reaching more customers, especially in remote, underserved areas
24/7 service	Providing non-stop service, customers can make transactions at any time, including holidays.	Increasing customer comfort by providing access to banking services at any time, supporting more flexible economic activity.

This table shows how mobile banking plays a role in improving important aspects of digital banking services, from ease of access to the application of sharia principles, which overall has a positive impact on customers and the banking sector in Indonesia.



The following is an explanation of the chart consisting of customer, bank, mobile banking, transfer, payment, investment and purchase elements:

1. Customer
BSI customers are individuals or institutions who choose sharia-based banking services. Customers use BSI services to meet their financial needs by ensuring transactions comply with Islamic principles, such as being free from usury, gharar (uncertainty) and haram transactions.
2. Bank Syariah Indonesia (BSI)
Bank Syariah Indonesia is the largest sharia financial institution in Indonesia which provides various financial services based on sharia principles. BSI manages savings, financing, investment and other transactions using sharia contracts such as wadiah (deposit), mudharabah (profit sharing) and murabahah (buying and selling).
3. Mobile Banking (BSI Mobile)
BSI Mobile is a digital application that makes it easier for customers to access sharia banking services. With BSI Mobile, customers can:
 - Make financial transactions anytime and anywhere
 - Access sharia-based features such as zakat, infaq and alms.
 - Manage finances efficiently while remaining compliant with sharia values.
4. Transfer
The transfer feature in BSI Mobile allows customers to send funds according to sharia, both between BSI accounts and to other banks. This transfer is often used with a grant (gift) contract because there is no interest or additional profit in the transaction.
5. Payment
Payment via BSI Mobile includes:

- Zakat, Infaq and Alms (ZIS): Makes it easier for customers to fulfill their obligations or make donations.
 - Payment of routine bills such as electricity, water, BPJS, and others using sharia mechanisms.
 - Payment of education or service fees based on sharia contracts.
6. Investment
- BSI provides investment services that comply with sharia principles, including:
- Savings Sukuk: Sharia debt securities based on ijarah (lease) contracts.
 - Sharia Mutual Funds: Sharia-based investments to grow customer assets.
 - Sharia Deposits: Mudharabah (profit sharing) based investments with agreed profits.

7. Buying

Customers can use BSI Mobile to purchase halal products and services such as credit and data packages using a ju'alah (service) contract, halal travel tickets, such as for Umrah or halal tourism and other products that are confirmed to be in accordance with sharia principles.

The following is the workflow in a chart at Bank Syariah Indonesia :

1. Customers initiate transactions via the BSI Mobile application which is integrated with the bank system.
2. Customers can choose features according to their needs :
 - Transfer: Send funds between accounts or between banks.
 - Payment: Completing obligations such as ZIS or routine bills.
 - Investment: Adding financial assets through sharia products.
 - Purchase: Fulfill daily needs with halal transactions.
3. Bank Syariah Indonesia (BSI) ensures that all transactions run according to sharia principles by monitoring every contract used.

Through this integration, BSI supports customers to manage their finances in a modern, practical way and while adhering to Islamic values.

Conclusion

The role of using BSI Mobile Banking in carrying out daily transactions is very useful and can make it easier for customers to carry out transactions and open accounts from home or activities that must be done by coming directly to the bank can be done just by using BSI Mobile online from a gadget. The developments in this modern era are of course very helpful, especially as people live surrounded by sophisticated technology. With the BSI Mobile Banking application, it is hoped that the Indonesian people will continue to progress and develop following developments in the current and future modern era.

Sharia Mobile Banking services make it easier for customers to carry out financial transactions online. This application increases efficiency and customer satisfaction by providing features that are easy to use, guaranteed security, and fast access. The main factors that influence the use of mobile banking include ease of use, data and transaction security, and time efficiency.

The quality of service in Bank Syariah Indonesia (BSI) mobile banking really makes banking activities easier for BSI customers, especially in this modern era. The better the quality of mobile banking services, the more people will want to join BSI mobile banking

and encourage BSI customers to increase their experience by carrying out transactions on other mobile banking features. It is recommended that Bank Syariah Indonesia continue to improve the quality of BSI Mobile Banking services, especially in the simpler transactions and services section so that they are easily accessible not only to the millennial generation but also to previous generations. As well as guaranteeing security when customers use BSI Mobile Banking, so that customers have trust and confidence when using it..

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