International Journal of Research in Commerce and Management Studies

ISSN 2582-2292

Vol. 6, No. 05 Sep-Oct; 2024 Page. No. 319-342

To cite this article: Liza Azizah, Jonny Levar and Wilhelmus Hary Susilo* (2024). STUDY EXAMINES THE PUBLIC BANKING SECTOR WITH A FOCUS ON THE PRACTICES OF DIGITAL LENDING AND THE ROLE OF MANAGERS WITHIN THIS CONTEXT, International Journal of Research in Commerce and Management Studies (IJRCMS) 6 (5): 319-342 Article No. 294 Sub Id 558

STUDY EXAMINES THE PUBLIC BANKING SECTOR WITH A FOCUS ON THE PRACTICES OF DIGITAL LENDING AND THE ROLE OF MANAGERS WITHIN THIS CONTEXT

Liza Azizah, Jonny Levar and Wilhelmus Hary Susilo*

MAGISTER MANAGEMENT Program, FEB University of Persada Indonesia Y.A.I

DOI: https://doi.org/10.38193/IJRCMS.2024.6519

ABSTRACT

The study of the lending sector, particularly in the context of digital lending, highlights the online credit top-up feature available through various applications. Lending refers to the process of distributing or borrowing funds, wherein customers engage in borrowing activities. Financial institutions, acting as lenders, typically earn profits through interest rates charged on these loans. This manuscript seeks to examine the public banking sector's relationship with digital lending, employing methods grounded in literature reviews and analyses conducted using the NVivo software. The researcher aims to identify key themes and sub-themes, along with their antecedent variables, to evaluate the effectiveness of digital lending practices. Furthermore, it is essential for managers to recognize the numerous factors that influence the enhancement of digital lending within the financial ecosystem.

KEYWORDS: Digital Lending, Public Banking, Financial ecosystem

INTRODUCTION

The lending industry, especially in relation to digital lending, underscores the significance of the online credit top-up functionality offered by various applications. Lending encompasses the mechanisms of distributing or acquiring funds, with customers actively participating in borrowing transactions (Knight & Wójcik, 2020; J. Wang, 2022). Financial institutions, serving as lenders, generally generate revenue through the interest rates imposed on these loans. This paper intends to explore the interplay between the public banking sector and digital lending, utilizing methodologies based on comprehensive literature reviews and analyses performed. The researcher aspires to uncover principal themes and sub-themes, along with their preceding variables, to assess the efficacy of digital lending practices. Additionally, it is crucial for managers to acknowledge the myriad factors that affect the advancement of digital lending within the financial landscape (Keenan et al., 2022; Tan & Lee, 2015).

Fintech lending, also known as peer-to-peer lending or online loans, refers to the provision of financial services that connect lenders with borrowers, facilitating direct loan agreements in Indonesian rupiah through electronic systems. This form of lending is often referred to as Technology-Based Collaborative Funding Services (LPBBTI), highlighting its reliance on technological infrastructure to streamline the borrowing process. Fintech lending, commonly referred to as peer-to-peer lending or online loans, encompasses financial services that link lenders directly with borrowers, enabling the establishment of loan agreements in Indonesian rupiah via electronic platforms. This lending model is frequently identified as Technology-Based Collaborative Funding Services (LPBBTI), emphasizing its dependence on technological frameworks to enhance the efficiency of the borrowing experience (https://ojk.go.id/id/kanal/iknb/financial-technology/default.aspx, 2024).

The government is actively working to enhance public access to banking services, particularly by encouraging the banking sector to adopt user-friendly financial technologies tailored for the Indonesian populace. Minister of Communication and Information, noted that approximately 175 million Indonesians currently own at least one mobile phone. To improve access to banking services, various approaches such as fintech and techfin are being explored. While fintech originates from financial institutions aiming to reach customers, techfin focuses on empowering individuals to ensure they can access banking services. Two key factors are driving the adoption of banking technology in Indonesia: first, the growth of the communication and information sector, which supports the digitalization of banking; and second, government policies aimed at building and providing telecommunications infrastructure to reach all citizens. The use of satellites is expected to facilitate the provision of broadband access to every Indonesian, with the goal that by 2025, no area will be without broadband technology connectivity (https://www.kominfo.go.id/ content/ detail/10717/ pemerintah-dorong-perbankan kembangkan-teknologi-, 2024).

The objective of this research is to investigate the interplay between the public banking sector and digital lending, utilizing methodologies that encompass comprehensive literature reviews and analyses performed with NVivo software. The researcher intends to uncover significant themes and sub-themes, as well as their related variables, in order to assess the efficacy of digital lending practices. This study aims to investigate the relationship between the public banking sector and digital lending, employing methodologies that include extensive literature reviews and analyses conducted using NVivo software.

The researcher seeks to identify key themes and sub-themes, along with their associated variables, how to evaluate the effectiveness of digital lending practices? Furthermore, it is essential how managers to recognize the various factors that influence the development of digital lending in the financial environment?

LITERATURE REVIEW

The digital lending sector highlights the importance of online credit top-up features provided by various applications, illustrating the broader mechanisms involved in the distribution and acquisition of funds, where customers engage in borrowing activities. Financial institutions, acting as lenders, typically derive their income from the interest rates applied to these loans. The researcher seeks to identify key themes and sub-themes, along with their associated variables, to evaluate the effectiveness of digital lending practices. Furthermore, it is essential for managers to recognize the diverse factors influencing the growth of digital lending within the financial sector (Hasan et al., 2020; Keenan et al., 2022).

Fintech lending, often referred to as peer-to-peer lending or online loans, represents a financial service model that connects lenders directly with borrowers, facilitating the creation of loan agreements in Indonesian rupiah through digital platforms. This lending approach is frequently termed Technology-Based Collaborative Funding Services (LPBBTI), which underscores its reliance on technological infrastructure to optimize the borrowing process. Fintech lending, commonly recognized as peer-to-peer lending or online loans, involves financial services that link lenders and borrowers directly, allowing for the establishment of loan agreements in Indonesian rupiah via electronic systems and the highlighting its dependence on technological frameworks to improve the efficiency of the borrowing experience (Rodriguez-Fernandez, 2016; Son et al., 2020).

The realm of intelligent technology innovation encompasses the development of novel products, services, production methodologies, and organizational structures. Existing research on the integration of intelligent technology solutions within banking institutions has predominantly concentrated on enhancements such as systemic upgrades in back-end operations (including artificial intelligence, big data, and blockchain), optimizations of frontend application interfaces, and the deployment of intelligent terminals like self-service machines, mobile applications, and virtual banking platforms. Furthermore, the evolution of intelligent banking extends beyond mere technological advancements; it also involves the commercialization of these innovations, which includes the introduction of new intelligent terminals, virtual financial products, and automated investment advisory services. These innovations necessitate extensive research and development, trial runs, iterative improvements, and ultimately, consumer acceptance. Banks adopt intelligent technology to realize various efficiencies; for instance, the introduction of intelligent terminals diminishes reliance on traditional branches, reduces the need for human service representatives, and cuts operational expenses. Additionally, technological upgrades, such as big data analytics, transaction matching software, and expedited loan approval systems, enhance the delivery of financial services, allowing customers to execute transactions swiftly, accurately, and securely. Consequently, intelligent technology significantly optimizes the allocation of financial resources. Moreover, intelligent systems for risk identification and management have demonstrated agility, effectiveness, and cost-efficiency in recognizing and addressing diverse risks, thereby contributing to the overall efficiency of banking operations (Liu & Lim, 2023; Ren et al., 2023).

Domestic actors can pose disinvestment threats in various ways, such as diminishing domestic lending from private banks, decreasing demand for government bonds from domestic banks or institutional investors, or experiencing capital flight from local and hard currency assets by both domestic and foreign banks and institutional investors. To effectively communicate the potential repercussions of interventionist policies, domestic financial entities must engage in strategic actions that demonstrate to policymakers that such interventions could lead to increased debt levels, reduced lending from private banks, disinvestment, and ultimately harm the economy. For these threats to be taken seriously, it is essential for policymakers to recognize the tangible and significant risks that could trigger a series of adverse economic consequences. However, policymakers do not automatically respond to market conditions; rather, they navigate a landscape of considerable uncertainty regarding the implications of interventionist measures, including whether these actions will indeed lead to disinvestment or capital flight, and if so, the extent of the economic damage that may ensue (Amirrudin et al., 2023; Naqvi, 2023).

The act of providing financial resources or assets to another party, typically with the expectation of repayment, is commonly referred to as lending. This process often involves a formal agreement that outlines the terms and conditions under which the funds or assets are transferred, including interest rates, repayment schedules, and any collateral that may be required. Lending plays a crucial role in the economy by facilitating access to capital for individuals and businesses, thereby enabling investment, consumption, and growth. Lending is defined as the provision of financial resources or assets to another entity, usually accompanied by the anticipation of repayment. This transaction frequently necessitates a formal contract that delineates the specific terms and conditions governing the transfer of funds or assets, which may encompass interest rates, repayment timelines, and any collateral that might be mandated. The practice of lending is vital to the economic framework, as it enhances the availability of capital for both individuals and enterprises, thus promoting investment, consumption, and overall economic expansion. The provision of financial resources or assets to another entity, generally with the expectation of receiving repayment, is commonly known as lending. This activity typically requires a formal agreement that specifies the terms and conditions governing the transfer of funds or assets, which may include interest rates, repayment schedules, and any collateral that could be necessary. Lending is essential to the economic system, as it improves access to capital for individuals and businesses, thereby fostering investment, consumption, and economic growth (Hunt, 2011; Peterson & Bair, 2022; Susilo, 2015; Tenzin, 2019).

ISSN 2582-2292

Vol. 6, No. 05 Sep-Oct; 2024 Page. No. 319-342

METHODS

The analysis of the lending sector, particularly concerning digital lending, highlights the importance of the online credit top-up feature provided by numerous applications. Lending involves the processes of distributing or obtaining financial resources, with consumers playing an active role in borrowing activities. Financial institutions, acting as lenders, typically derive their income from the interest rates charged on these loans. The examination of the lending industry, especially in relation to digital lending, underscores the significance of the online credit top-up functionality offered by various applications. Lending encompasses the mechanisms of allocating or acquiring financial resources, wherein consumers actively engage in borrowing practices. Financial institutions, serving as lenders, generally generate revenue through the interest rates imposed on these loans (Fernández-Méndez & González, 2019; Saiedi et al., n.d.; R. Wang, 2023).

The examination of the lending industry, especially in relation to digital lending, underscores the significance of the online credit top-up functionality offered by various applications. Lending encompasses the mechanisms of allocating or acquiring financial resources, wherein consumers actively engage in borrowing practices. Financial institutions, serving as lenders, generally generate revenue through the interest rates imposed on these loans.

This manuscript aims to investigate the connection between the public banking sector and digital lending, utilizing methodologies that are based on thorough literature reviews and analyses facilitated by NVivo software. The study intends to delve into the dynamics between public banking institutions and the realm of digital lending, employing approaches that are firmly anchored in extensive literature reviews and analyses conducted through the use of NVivo software. The investigator aims to discern principal themes and sub-themes, as well as their related variables, in order to assess the efficacy of digital lending practices. Additionally, it is crucial for managers to identify the diverse elements that affect the evolution of digital lending within the financial landscape (Maher et al., 2018; Spencer, 2007).

RESULTS AND DISCUSSION

The realm of digital lending highlights the importance of online credit enhancement features provided by various applications, which illustrate the complex systems that govern the distribution and acquisition of financial resources, where consumers engage in borrowing activities. Financial institutions, acting as lenders, typically earn revenue through the interest rates charged on these loans. This study aims to investigate the interactions between the public banking sector and digital lending, employing methodologies grounded in extensive literature reviews and analyses conducted using NVivo software (Maher et al., 2018; Spencer, 2007).

International Journal of Research in Commerce and Management Studies

ISSN 2582-2292

Vol. 6, No. 05 Sep-Oct; 2024 Page. No. 319-342

The researcher seeks to identify key themes and sub-themes, along with their associated variables, to evaluate the effectiveness of digital lending practices. Furthermore, it is essential for managers to recognize the numerous factors influencing the growth of digital lending within the financial sector. Fintech lending, often referred to as peer-to-peer lending or online loans, represents a financial service model that directly connects lenders with borrowers, facilitating the creation of loan agreements in Indonesian rupiah through digital platforms. This lending approach is frequently termed Technology-Based Collaborative Funding Services (LPBBTI), underscoring its reliance on technological infrastructure to enhance the borrowing process.

The outcome finding from text search dan Run Query base, CODE and Nodes and also the scheme of themes and sub themes within this exploration conduct on NVivo software (Maher et al., 2018; Spencer, 2007):

<Files\\bakry-et-al-2024-digital-finance-and-sustainable-development-evidence-from-developing-nations> - § 1 reference coded [0,01%
Coverage]

Reference 1 - 0,01% Coverage
is measured using Peking University's Digital Financial Inclusion Index of China. While
<Files\\chai-et-al-2023-digital-finance-and-entrepreneurial-return-rate-effects-mechanisms-and-inequality> - § 25 references coded [0,30%
Coverage]

Reference 1 - 0,01% Coverage
Abstract This study matches the digital financial inclusion index with micro panel

Reference 2 - 0,01% Coverage
effective medium for information exchange, digital financial platforms can deliver sufficient information

Reference 3 - 0,01% Coverage
For example, the popularity of digital financial platforms (e.g., Alipay and

Reference 4 - 0,01% Coverage
with the help of a digital financial platform, which reduces the cost

Reference 5 - 0,01% Coverage

mainly from two sources: the Digital Financial Inclusion Index (DFI) and the

Reference 6 - 0,01% Coverage
counties across 29 provinces. The digital financial inclusion index is obtained from

Reference 7 - 0,01% Coverage
this
study comes from the ‘‘digital financial inclusion index (DFI),’’ which

Reference 8 - 0,01% Coverage
which is compiled by the Digital Financial Research Center of Peking University

Reference 9 - 0,01% Coverage
35
102,168 Variable definition
Digital financial inclusion index compiled by Alipay

Reference 10 - 0,01% Coverage
the subindex of the Total Digital financial inclusion index. Index of Use

Reference 11 - 0,01% Coverage
the subindex of the Total Digital financial inclusion index. Index of Digital

Reference 12 - 0,01% Coverage
the subindex of the Total Digital financial inclusion index. Annual after-tax

Reference 13 - 0,01% Coverage
use the services provided by digital financial platforms. Therefore, there is no

Reference 14 - 0,01% Coverage
costs, and an increase in digital financial transaction frequency (Yin et al

Reference 15 - 0,01% Coverage
variables, while controlling for different digital financial indices. Concretely, when other factors

Reference 16 - 0,01% Coverage
while the widespread use of digital financial tools (e.g., Alipay) helps

ISSN 2582-2292

Vol. 6, No. 05 Sep-Oct; 2024 Page. No. 319-342

Reference 17 - 0,01% Coverage
Residents' entrepreneurial vitality and local digital financial development may be jointly affected

Reference 18 - 0,01% Coverage
accurately identify the borrowings from digital financial platforms), excluding the borrowing of

Reference 19 - 0,01% Coverage
convenient financial services provided by digital financial platforms; thus, the positive effect

Reference 20 - 0,01% Coverage
been fully developed in China's digital financial system and that its function

Reference 21 - 0,01% Coverage
Using matched data from the Digital Financial Inclusion Index and the CHFS

Reference 22 - 0,01% Coverage
level of digital support services. Digital financial platforms should further explore the

Reference 23 - 0,01% Coverage
2020). Measuring the development of digital financial inclusion in China: Index compilation

Reference 24 - 0,01% Coverage
Long, H., & Ouyang, J. (2022). Digital financial inclusion, spatial spillover, and household

Reference 25 - 0,01% Coverage
Luo, Y., & Zeng, L. (2020). Digital financial capabilities and household entrepreneurship. Economic
<Files\\dong-pan-2024-development-of-digital-finance-and-enhancement-of-regional-innovation-in-the-context-of-dual-circulation> - § 2
references coded [0,02% Coverage]

Reference 1 - 0,01% Coverage
Service Platform
Peking University (PKU) Digital Financial Inclusion Index released by its
Role of managers to improve digital lending in Private Banking:
<Files\\loska-uotila-2023-digital-transformation-in-corporate-banking-toward-a-blended-service-model> - § 5 references coded [0,03%
Coverage]

International Journal of Research in Commerce and Management Studies
ISSN 2582-2292
Vol. 6, No. 05 Sep-Oct; 2024 Page. No. 319-342

Reference 1 - 0,01% Coverage
is usually no dedicated finance manager in smaller businesses; hence, they

Reference 2 - 0,01% Coverage
services digital, where the relationship manager has no added value other

Reference 3 - 0,01% Coverage
it can support the relationship manager in the form of a

Reference 4 - 0,01% Coverage
aims to supplement the relationship manager with an online touchpoint, reflecting

Reference 5 - 0,01% Coverage

Biographies
Gergely Lóska is General Manager at KBC Group and has
<Files\\massoc-2022-banks-structural-power-and-states-choices-on-what-structurally-matters-the-geo-economic-foundations-of> - § 2
references coded [0,01% Coverage]

Reference 1 - 0,01% Coverage
interview, a global investment fund manager vividly described the importance of

Reference 2 - 0,01% Coverage
Personal interview with a fund manager, Paris, 2015. 32. Knafo, “Power
<Files\\nachtwey-seidl-2023-the-solutionist-ethic-and-the-spirit-of-digital-capitalism> - § 2
references coded [0,01% Coverage]

Reference 1 - 0,01% Coverage
ideal representative (e.g. the manager, the celebrity); a type of

Reference 2 - 0,01% Coverage
of the domestic polity – the manager replaces the company patriarch as
<Files\\paulsson-fred-2024-making-apps-owning-data-digital-sovereignty-and-public-authorities-arrangements-to-byte-back> - § 6
references coded [0,03% Coverage]

International Journal of Research in Commerce and Management Studies

ISSN 2582-2292

Vol. 6, No. 05 Sep-Oct; 2024 Page. No. 319-342

Reference 1 - 0,01% Coverage
important thing," said Alice, the Manager of Innovation at Västtrafik. Early

Reference 2 - 0,01% Coverage
Master and product owner." (Alice, Manager of Innovation at Västtrafik).
Developing

Reference 3 - 0,01% Coverage
that time (the highest-ranking manager at the PTA), and with

Reference 4 - 0,01% Coverage
experience-designer (UX), a technical manager, an IT architect and an

Reference 5 - 0,01% Coverage
these projects, including a program manager, a coordinator, a test and

Reference 6 - 0,01% Coverage
coordinator, a test and release manager and an information architect. However
<Files\\wirtz-et-al-2022-corporate-digital-responsibility-in-service-firms-and-their-ecosystems> - § 2 references coded [0,01% Coverage]

Reference 1 - 0,01% Coverage
Aera Technology); Elisa Janiec (General Manager, Taiwan, Uber Eats); Sue Keay

Reference 2 - 0,01% Coverage
Australia Group); Joanna Marsh (General Manager, Innovation and Advanced Analytics, Investa

The finding from search query result preview within the entire main theme would display in Figure 1 have the digital financial lending sector such as below:

International Journal of Research in Commerce and Management Studies

ISSN 2582-2292

Vol. 6, No. 05 Sep-Oct; 2024 Page. No. 319-342

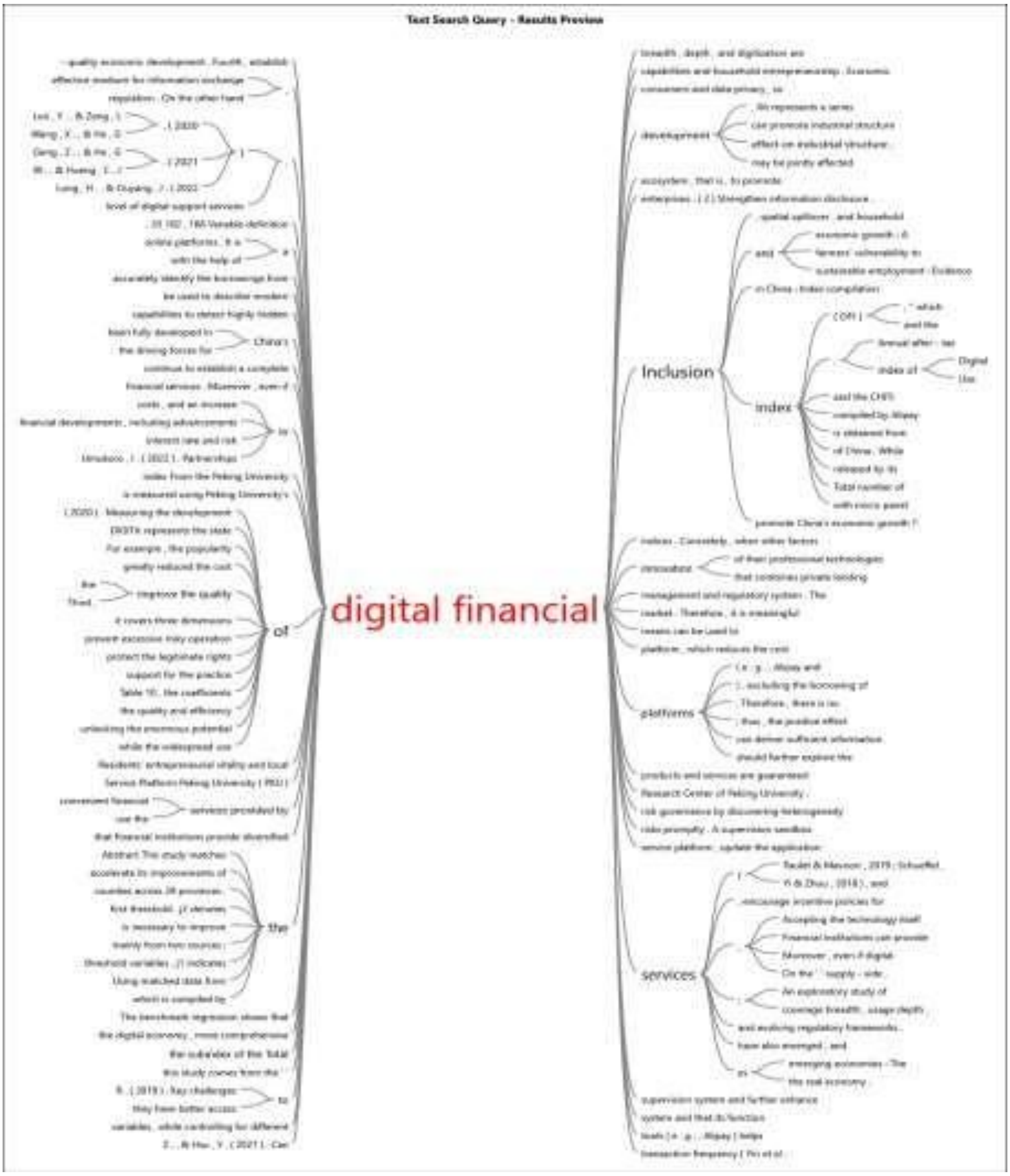

Figure 1. The digital financial lending sector as the first main theme

Moreover, the results derived from the data associated with the code, nodes, and schemas would be presented in the following manner. The outcome from data of the code, node and schemas would

International Journal of Research in Commerce and Management Studies

ISSN 2582-2292

Vol. 6, No. 05 Sep-Oct; 2024 Page. No. 319-342

display such as follow some figure 2 below, was the second main theme was the role of financial manager in public banking:

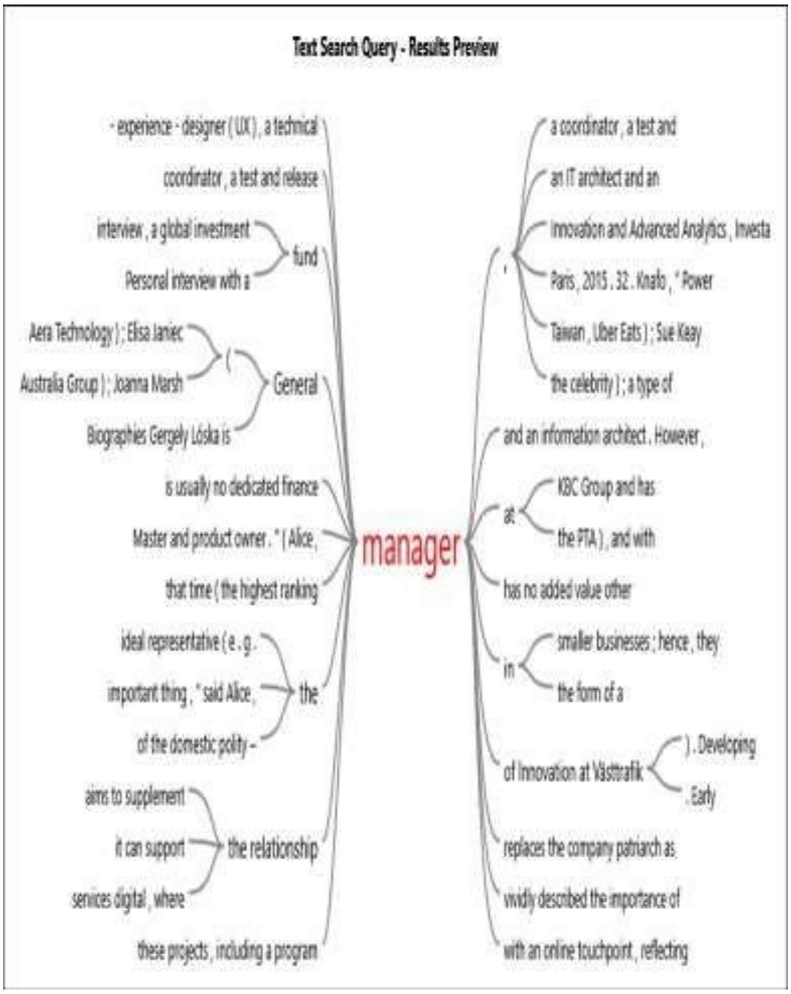

Figure 2. The second main theme was the role of financial manager

Furthermore, the results derived from the data associated with the code, nodes, and schemas pertaining to the overarching themes and their respective sub-themes would be presented. the outcome from data of the code, node and schemas from entire main themes and among sub- sub themes would display such as follow some figure 3 below:

International Journal of Research in Commerce and Management Studies

ISSN 2582-2292

Vol. 6, No. 05 Sep-Oct; 2024 Page. No. 319-342

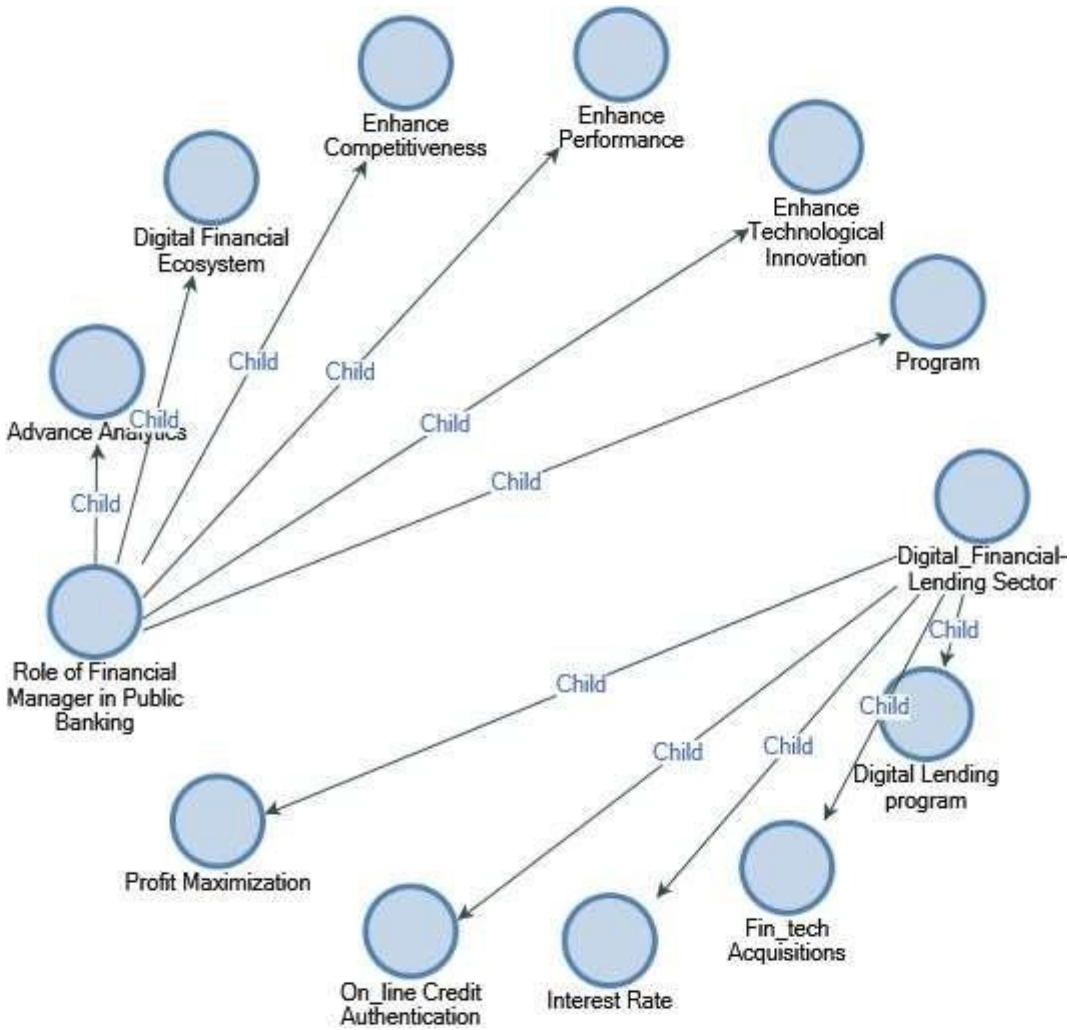

Figure 3. The main theme and sub- themes from the Digital Financial Exploration

A digital lending initiative has been introduced within the context of public banking and regulatory policies, with the objective of bolstering competitiveness in the financial industry. This program is designed to utilize digital technologies to optimize lending procedures, which in turn enhances both accessibility and efficiency in public banking services. By conforming to modern regulatory standards, the initiative responds to the changing demands of consumers while simultaneously equipping public banking institutions to thrive in a progressively digital economy. The term FinTech acquisitio refers to the strategic process of acquiring businesses that operate within the financial technology sector. This approach is essential for companies seeking to expand their market presence and achieve a competitive advantage in a highly competitive environment. By pursuing acquisitions in the FinTech space, organizations aim to strengthen their position in the market and enhance their strategic capabilities, thereby navigating the challenges posed by intense competition in the financial technology landscape. Engaging in such acquisitions allows firms to not only broaden their operational scope but also to solidify their standing against rivals, ultimately contributing to their long-term success in the industry. The term interest rate refers to the cost of borrowing money or the return on investment for savings, typically expressed as a percentage of the principal amount over a specified period. This financial metric plays a crucial role in economic activities, influencing consumer behavior, investment decisions, and overall economic growth. Variations in interest rates can significantly impact the accessibility of credit, the level of consumer spending, and the dynamics of inflation, thereby serving as a vital tool for central banks in their monetary policy strategies.

The verification of credit information through online channels is a critical process that ensures the accuracy and reliability of credit-related data. This procedure involves the assessment of credit information using digital platforms, which allows for a comprehensive evaluation of the data. By employing internet-based methodologies, online credit authentication facilitates the confirmation of credit information, thereby enhancing the integrity of the credit evaluation process. The utilization of digital means in this context underscores the importance of maintaining accurate credit records, which is essential for informed decision-making in financial transactions. The notion of profit maximization encompasses the strategic goal of attaining the highest possible financial returns. This objective is fundamentally concerned with securing the maximum economic advantages available, which requires a deliberate and focused approach to decision-making that enhances financial performance. By emphasizing profit maximization, organizations reflect their dedication to improving financial outcomes, thereby underscoring the critical importance of strategic choices in achieving overall economic success. The pursuit of optimal financial gains illustrates the vital role of effective management in fostering superior financial results.

The second theme was role of manager was making improvement program development base on digitalize and the term "program" refers to a structured set of instructions or a plan designed to achieve specific objectives, often implemented in the context of computing or organizational activities. It encompasses a variety of applications, ranging from software applications that execute tasks on computers to systematic initiatives aimed at addressing particular issues or enhancing certain processes within an organization. The concept of a program is integral to both technological and managerial domains, as it facilitates the systematic execution of tasks and the attainment of desired outcomes through organized methodologies. The process of conducting a detailed examination involves a careful and systematic investigation of the relevant subject matter, which is critical for enabling decisionmakers to extract valuable insights from extensive datasets and prescriptive analytics through the application of Python in data analysis. This thorough evaluation is fundamental for

ISSN 2582-2292

Vol. 6, No. 05 Sep-Oct; 2024 Page. No. 319-342

assisting managers in making informed decisions within their professional contexts, ensuring that they can navigate complex data landscapes effectively. The rigorous nature of this analysis not only enhances the understanding of the data but also supports the strategic decision-making processes that are essential for organizational success.

The digital financial ecosystem constitutes a multifaceted network of financial services and technological advancements that thrive in a virtual setting, allowing for the execution of transactions, investment activities, and a variety of financial functions through digital interfaces. This intricate system integrates various financial offerings and innovations, thereby facilitating a broad spectrum of financial interactions and opportunities in an increasingly digital world. The digital financial ecosystem represents a complex network of financial services and technological innovations that operate within a virtual environment, enabling the performance of transactions, investment endeavors, and a diverse array of financial operations via digital platforms. This elaborate framework amalgamates numerous financial products and advancements, thus promoting a wide range of financial interactions and possibilities in a progressively digital landscape.

The concept of competitiveness refers to the ability of an individual, organization, or nation to effectively engage in and succeed within a particular market or environment. It encompasses various factors, including innovation, efficiency, and the capacity to adapt to changing conditions, all of which contribute to the overall performance and sustainability of the entity in question. In a globalized economy, competitiveness is increasingly determined by the ability to leverage resources, foster talent, and implement strategic initiatives that enhance productivity and market presence. The term "performance" encompasses a wide range of meanings, often referring to the execution or accomplishment of a task, activity, or artistic endeavor. In various contexts, it can denote the effectiveness with which an individual or group achieves specific objectives, whether in the realm of business, sports, or the arts. Performance is frequently assessed through metrics that evaluate efficiency, quality, and impact, thereby serving as a critical indicator of success and proficiency in numerous fields. The foundation of innovation lies within the digital realm, Innovation refers to the process of developing new ideas, products, or methods that significantly improve upon existing standards or practices. It encompasses a wide range of activities, from technological advancements to creative solutions in various fields, ultimately aiming to enhance efficiency, effectiveness, and overall quality. The pursuit of innovation is often driven by the need to address emerging challenges, meet evolving consumer demands, or capitalize on new opportunities, thereby fostering growth and competitiveness in an increasingly dynamic environment.

The government is making concerted efforts to improve public access to banking services, particularly by promoting the integration of user-friendly financial technologies that cater to the needs of the

International Journal of Research in Commerce and Management Studies

ISSN 2582-2292

Vol. 6, No. 05 Sep-Oct; 2024 Page. No. 319-342

Indonesian population. The Minister of Communication and Information highlighted that around 175 million Indonesians possess at least one mobile device. To enhance banking accessibility, various strategies, including fintech and techfin, are being investigated. Fintech typically emerges from financial institutions seeking to engage customers, whereas techfin emphasizes empowering individuals to ensure their access to banking services. The adoption of banking technology in Indonesia is primarily driven by two significant factors: the expansion of the communication and information sector, which facilitates the digital transformation of banking, and government initiatives aimed at developing and enhancing telecommunications infrastructure to serve all citizens. The deployment of satellites is anticipated to play a crucial role in delivering broadband access to every Indonesian, with the objective that by 2025, all regions will have connectivity to broadband technology.

Indeed, the process of supplying financial resources or assets to another party, usually with the anticipation of repayment, is widely recognized as lending. This activity often necessitates a formal contract that details the specific terms and conditions under which the funds or assets are exchanged, including aspects such as interest rates, repayment timelines, and any required collateral. Lending is integral to the economic landscape, as it enhances the availability of capital for both individuals and businesses, thereby facilitating investment, consumption, and overall economic development (Arhinful & Radmehr, 2023; Ferraz Raposo et al., 2022).

The investigation into the hierarchy, from the initial exploration phase to the utilization of NVivo software, has yielded significant results. The hierarchy study from exploration conducts to the NVivo software have result within Figure 4, as display below:

International Journal of Research in Commerce and Management Studies

ISSN 2582-2292

Vol. 6, No. 05 Sep-Oct; 2024 Page. No. 319-342

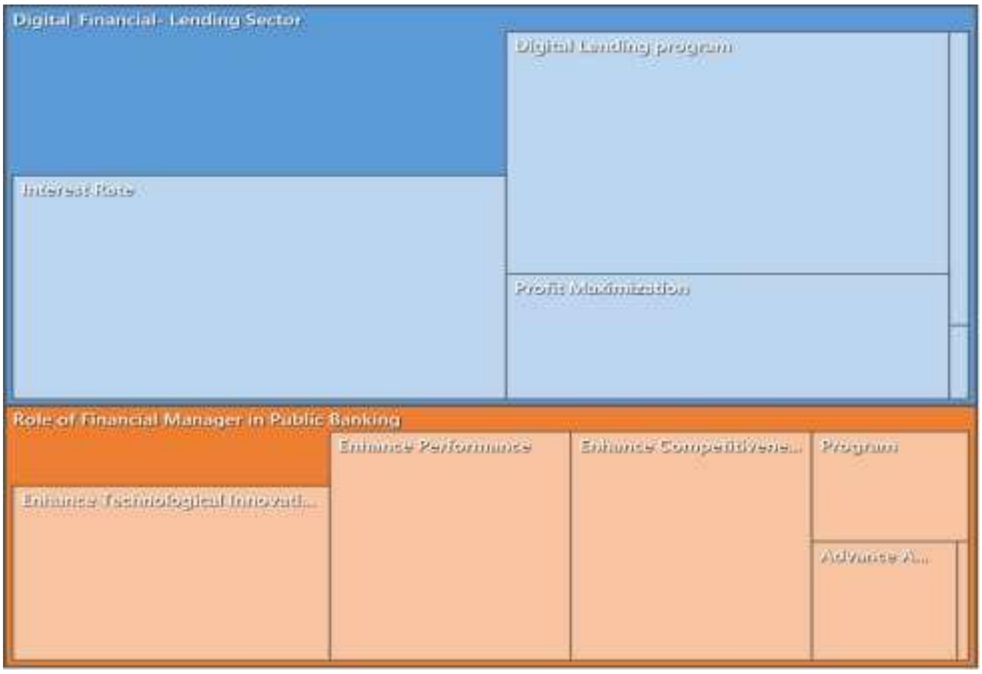

Figure 4. The hierarchy study from exploration

Consequently, policymakers improve their understanding of the credibility of disinvestment threats by maintaining ongoing communication with both local and international financial institutions. This interaction may occur directly through discussions with representatives from Ministries of Finance, central banks, and business associations, or indirectly through the analysis of financial news and market trends. Furthermore, policymakers often rely on the insights of domestic financial stakeholders to anticipate the effects of their policies, as these individuals are acknowledged for their expertise in the sector. Nevertheless, there is a considerable risk that interventionist policymakers could misinterpret the existing conditions, potentially resulting in a retreat from vital reforms or an overly cautious approach that overlooks possible opportunities for progress. Policymakers enhance their comprehension of the credibility associated with disinvestment threats by fostering continuous dialogue with both local and global financial entities. This engagement can take place through direct conversations with representatives from Ministries of Finance, central banks, and business associations, or through indirect means such as the examination of financial news and market dynamics (Deb et al., 2021; Hasan et al., 2020; Keenan et al., 2022).

Additionally, policymakers frequently depend on the perspectives of domestic financial stakeholders to gauge the potential impacts of their policies, as these individuals are recognized for their sector-specific expertise. However, there exists a significant risk that interventionist policymakers may misinterpret the prevailing conditions, which could lead to a withdrawal from essential reforms or an

International Journal of Research in Commerce and Management Studies

ISSN 2582-2292

Vol. 6, No. 05 Sep-Oct; 2024 Page. No. 319-342

excessively cautious stance that fails to capitalize on potential avenues for advancement (Högenauer & Howarth, 2019; Mueller, 2020; Palladino, 2022).

The concept of risk encompasses the potential for loss or harm, often associated with uncertainty in various contexts, including financial, health, and environmental domains. It involves the assessment of the likelihood of adverse outcomes and the magnitude of their impact, necessitating a careful evaluation of both qualitative and quantitative factors. Understanding risk is crucial for decision-making processes, as it enables individuals and organizations to implement strategies that mitigate potential negative consequences while maximizing opportunities for success. Risk refers to the possibility of experiencing loss or damage, frequently linked to uncertainty across multiple areas such as finance, health, and the environment. This concept entails evaluating the probability of unfavorable results and the extent of their effects, which requires a thorough analysis of both qualitative and quantitative elements. Grasping the nature of risk is essential for effective decision-making, as it allows individuals and organizations to devise strategies that reduce potential adverse effects while enhancing the chances for positive outcomes (O'Neill, 2014a, 2014b; Pang et al., 2023).

CONCLUSION

The investigation into the lending sector, particularly concerning digital lending, highlights the importance of the online credit top-up feature provided by various applications. Lending involves the processes of distributing or obtaining funds, with customers engaging in borrowing activities. Financial institutions, acting as lenders, typically earn income through the interest rates charged on these loans. This study aims to examine the relationship between the public banking sector and digital lending, employing methodologies that include extensive literature reviews and analyses conducted using NVivo software. The researcher seeks to identify key themes and sub-themes, along with their associated variables, to evaluate the effectiveness of digital lending practices. Furthermore, it is essential for managers to recognize the numerous factors influencing the growth of digital lending within the financial environment.

A new digital lending initiative has been launched as part of public banking and regulatory frameworks, aimed at increasing competitiveness within the financial sector. This initiative leverages digital technologies to streamline lending processes, thereby improving both accessibility and efficiency in public banking services. By adhering to contemporary regulatory requirements, the program addresses the evolving needs of consumers and empowers public banking institutions to succeed in an increasingly digital economic landscape.

The FinTech acquisition denotes the deliberate strategy of purchasing entities that function within the financial technology domain. This tactic is vital for organizations aiming to enhance their market footprint and secure a competitive edge in a landscape characterized by fierce rivalry. By engaging in acquisitions within the FinTech sector, companies seek to fortify their market position and improve their strategic capabilities, thus effectively addressing the challenges presented by the competitive nature of the financial technology arena. Such acquisition activities enable firms to expand their operational reach while reinforcing their competitive stance, ultimately aiding in their sustained success within the industry. 2. The concept of "interest rate" pertains to the expense incurred when borrowing funds or the yield generated from savings, generally represented as a percentage of the principal amount over a defined timeframe. This financial indicator is pivotal in shaping economic activities, as it affects consumer behavior, investment choices, and overall economic development. Fluctuations in interest rates can profoundly influence credit availability, consumer expenditure levels, and inflation trends, making it an essential instrument for central banks in formulating their monetary policy approaches.

It is crucial to pinpoint the primary themes and their corresponding sub-themes, as well as the relevant variables, in order to assess the efficacy of digital lending practices. Additionally, it is important for managers to acknowledge the various elements that impact the expansion of digital lending in the financial sector. Identifying the key themes along with their associated sub-themes and pertinent variables is essential for evaluating the effectiveness of digital lending practices. Furthermore, it is imperative for managers to recognize the diverse factors that influence the growth of digital lending within the financial industry. Indeed, the central themes and their related sub-themes, along with the relevant variables, is essential for evaluating the effectiveness of digital lending practices. Moreover, it is vital for managers to understand the various factors that contribute to the growth of digital lending in the financial sector. Recognizing these key themes and their associated sub-themes, as well as pertinent variables, is critical for assessing the efficacy of digital lending initiatives. Additionally, managers must be aware of the diverse elements that affect the expansion of digital lending within the financial industry.

The digital lending landscape underscores the significance of online credit enhancement features offered by various applications, which exemplify the intricate systems involved in the allocation and acquisition of financial resources, wherein consumers participate in borrowing activities. Financial institutions, serving as lenders, generally generate revenue through the interest rates imposed on these loans. This research intends to explore the dynamics between the public banking sector and digital lending, utilizing methodologies rooted in comprehensive literature reviews and analyses performed with NVivo software. The investigator aims to uncover principal themes and sub-themes, along with their related variables, to assess the efficacy of digital lending practices. Additionally, it is crucial for managers to acknowledge the myriad factors that affect the expansion of digital lending within the financial industry. Fintech lending, often known as peer-to-peer lending or online loans, constitutes a

ISSN 2582-2292

Vol. 6, No. 05 Sep-Oct; 2024 Page. No. 319-342

financial service model that directly connects lenders with borrowers, enabling the formation of loan agreements in Indonesian rupiah through digital platforms. This lending model is frequently referred to as Technology-Based Collaborative Funding Services (LPBBTI), emphasizing its reliance on technological infrastructure to enhance the borrowing process. Fintech lending, commonly recognized as peer-to-peer lending or online loans, involves financial services that link lenders and borrowers directly, allowing for the establishment of loan agreements in Indonesian rupiah via electronic systems. This model is often identified as Technology-Based Collaborative Funding Services (LPBBTI), highlighting its dependence on technological frameworks to improve the efficiency of the borrowing experience.

The government is actively working to enhance public access to banking services, particularly through the promotion of user-friendly financial technologies tailored to the needs of the Indonesian populace. To improve banking accessibility, a range of strategies, including fintech and techfin, are being explored. Fintech generally arises from financial institutions aiming to engage their customers, while techfin focuses on empowering individuals to secure their access to banking services. The advancement of banking technology adoption in Indonesia is largely influenced by two key factors: the growth of the communication and information sector, which supports the digital transformation of banking, and government efforts to develop and enhance telecommunications infrastructure for the benefit of all citizens. The implementation of satellite technology is expected to be pivotal in providing broadband access to every Indonesian, with the goal that by 2025, all regions will be connected to broadband technology. Lending is defined as the act of providing financial resources or assets to another entity, typically with the expectation of receiving repayment in the future. This practice generally requires a formal agreement that outlines the precise terms and conditions governing the transfer of funds or assets, which may encompass elements such as interest rates, repayment schedules, and any collateral that may be necessary. The role of lending is crucial within the economic framework, as it increases the accessibility of capital for individuals and enterprises alike, thus promoting investment, consumption, and broader economic growth.

As a result, policymakers enhance their comprehension of the reliability of disinvestment threats by engaging in continuous dialogue with both local and global financial entities. This engagement can take place directly through conversations with officials from Ministries of Finance, central banks, and business associations, or indirectly through the examination of financial news and market dynamics. Additionally, policymakers frequently depend on the perspectives of domestic financial stakeholders to predict the implications of their policies, given these actors' recognized expertise in the field. However, there exists a significant risk that interventionist policymakers might misinterpret the prevailing circumstances, which could lead to a withdrawal from essential reforms or an excessively cautious stance that fails to recognize potential avenues for advancement.

The second theme focused on the manager's role in developing improvement programs that are grounded in digitalization. In this context, the term "program" denotes a well-organized collection of guidelines or a strategic plan aimed at fulfilling specific goals, typically within the realms of computing or organizational functions. This encompasses a wide array of applications, including software solutions that perform tasks on computers, as well as structured initiatives designed to tackle specific challenges or optimize particular processes within an organization. The notion of a program is essential in both technological and managerial fields, as it enables the methodical execution of tasks and the achievement of intended results through systematic approaches.

Engaging in a comprehensive analysis necessitates a meticulous and methodical exploration of pertinent topics, which is essential for empowering decision-makers to derive meaningful insights from large datasets and prescriptive analytics by utilizing Python in data analysis. This in-depth assessment plays a crucial role in aiding managers to make well informed choices in their professional environments, thereby enabling them to adeptly maneuver through intricate data scenarios. The thoroughness of this analytical approach not only deepens the comprehension of the data but also bolsters the strategic decision-making frameworks that are vital for achieving organizational success. The digital financial ecosystem embodies a complex web of financial services and technological innovations that function within a virtual realm, permitting the execution of transactions, investment pursuits, and a multitude of financial operations through digital platforms. This sophisticated structure combines various financial products and technological advancements, thereby enhancing a diverse array of financial interactions and opportunities in an ever-evolving digital environment

Risk is the likelihood of incurring loss or harm, often associated with uncertainty in various domains, including finance, health, and environmental factors. This notion involves assessing the likelihood of negative outcomes and the severity of their consequences, necessitating a comprehensive examination of both qualitative and quantitative aspects. Understanding the essence of risk is crucial for sound decision-making, as it empowers individuals and organizations to formulate strategies that mitigate potential negative impacts while simultaneously increasing the probability of favorable results.

Acknowledgement

Thank you so much to the Business-Methods class, Immersion program team and the New Expertise and Experience Learning Club, Faculty of Economic and Business, University of Persada Indonesia Y.A.I. To my colleague and students. To in Kind Workshops The NEW- E&EL CLUB LABORATORY FEB UPI Y.A.I team.

Declaration of conflicting interests

The scholar declared no potential conflicts of interest with respect to the investigated, authorship, publication within this manuscript.

REFERENCE:

Amirrudin, A., Harrigan, N., & Naqvi, I. (2023). Scaled, citizen-led, and public qualitative research: A framework for citizen social science. *Current Sociology*, *71*(6), 1019–1039. https://doi.org/10.1177/00113921211056057

Arhinful, R., & Radmehr, M. (2023). The Impact of Financial Leverage on the Financial Performance of the Firms Listed on the Tokyo Stock Exchange. *SAGE Open*, *13*(4). https://doi.org/10.1177/21582440231204099

Deb, R., Debnath, P., & Pal, A. M. (2021). Expectation Gap Analysis in Corporate Financial Reporting Practices in India. *Management and Labour Studies*, *46*(1), 38–58. https://doi.org/10.1177/0258042X20963002

Fernández-Méndez, C., & González, V. M. (2019). Bank ownership, lending relationships and capital structure: Evidence from Spain. *BRQ Business Research Quarterly*, *22*(2), 137– 154. https://doi.org/10.1016/j.brq.2018.05.002

Ferraz Raposo, B., Almeida Filho, N., & Silva Amaral, M. (2022). The Pattern of Capital Reproduction in Dependent and Financialized Capitalism. *Latin American Perspectives*, *49*(1), 166–181. https://doi.org/10.1177/0094582X211061878

Hasan, M. M., Yajuan, L., & Mahmud, A. (2020). Regional Development of China's Inclusive Finance Through Financial Technology. *SAGE Open*, *10*(1). https://doi.org/10.1177/2158244019901252

Högenauer, A. L., & Howarth, D. (2019). The democratic deficit and European central bank crisis monetary policies. *Maastricht Journal of European and Comparative Law*, *26*(1), 82–94. https://doi.org/10.1177/1023263X18824776

Hunt, S. D. (2011). Sustainable marketing, equity, and economic growth: A resource- advantage, economic freedom approach. *Journal of the Academy of Marketing Science*, *39*(1), 7–20. https://doi.org/10.1007/s11747-010-0196-3

Keenan, L., Monteath, T., & Wójcik, D. (2022). Financial discipline through inter-sectoral mergers and acquisitions: Exploring the convergence of Global Production Networks andthe Global Financial Network. *Environment and Planning A*, *54*(8), 1532–1550. https://doi.org/10.1177/0308518X221115739

Knight, E., & Wójcik, D. (2020). FinTech, economy and space: Introduction to the special issue. *Environment and Planning A*, *52*(8), 1490–1497.

https://doi.org/10.1177/0308518X20946334

Liu, H., & Lim, G. (2023). When the state goes transnational: The political economy of China's engagement with Indonesia. *Competition and Change*, *27*(2), 402–421. https://doi.org/10.1177/10245294221103069

Maher, C., Hadfield, M., Hutchings, M., & de Eyto, A. (2018). Ensuring Rigor in Qualitative Data Analysis: A Design Research Approach to Coding Combining NVivo With Traditional Material Methods. *International Journal of Qualitative Methods*, *17*(1). https://doi.org/10.1177/1609406918786362

Mueller, B. (2020). Why public policies fail: Policymaking under complexity. *EconomiA*, *21*(2), 311–323. https://doi.org/10.1016/j.econ.2019.11.002

Naqvi, N. (2023). Economic crisis, global financial cycles and state control of finance: public development banking in Brazil and South Africa. *European Journal of International Relations*, *29*(2), 283–318. https://doi.org/10.1177/13540661221114370

O'Neill, D. C. (2014a). Risky business: The political economy of Chinese investment in Kazakhstan. *Journal of Eurasian Studies*, *5*(2), 145–156. https://doi.org/10.1016/j.euras.2014.05.007

O'Neill, D. C. (2014b). Risky business: The political economy of Chinese investment in Kazakhstan. *Journal of Eurasian Studies*, *5*(2), 145–156. https://doi.org/10.1016/j.euras.2014.05.007

Palladino, L. (2022). Economic Policies for Innovative Enterprises: Implementing Multi-Stakeholder Corporate Governance. *Review of Radical Political Economics*, *54*(1), 5–25. https://doi.org/10.1177/04866134211026691

Pang, M., Liu, Y., Wu, S., & Wang, H. (2023). Internet Finance and Risk-Taking of City Commercial Banks: Evidence From China. *SAGE Open*, *13*(3). https://doi.org/10.1177/21582440231198966

Peterson, T., & Bair, Z. (2022). United States Tax Rates and Economic Growth. *SAGE Open*, *12*(3). https://doi.org/10.1177/21582440221114324

Ren, K., Wang, Y., & Liu, L. (2023). Impact of Traditional and Digital Financial Inclusion on Enterprise Innovation: Evidence from China. *SAGE Open*, *13*(1). https://doi.org/10.1177/21582440221148097

Rodriguez-Fernandez, M. (2016). Social responsibility and financial performance: The role ofgood corporate governance. *BRQ Business Research Quarterly*, *19*(2), 137–151.

https://doi.org/10.1016/j.brq.2015.08.001

Saiedi, E., Mohammadi, A., Broström, A., & Shafi, K. (n.d.). Distrust in Banks and Fintech Participation: The Case of Peer-to-Peer Lending Background Literature. In *Special Issue Article* (Vol. 2022, Issue 5).

Son, T. T., Phong, L. B., & Loan, B. T. T. (2020). Transformational Leadership and Knowledge Sharing: Determinants of Firm's Operational and Financial Performance. *SAGE Open*, *10*(2). https://doi.org/10.1177/2158244020927426

Spencer, C. (2007). *Qualitative Data Analysis with NVivo' Pat Bazeley*. *5*. http://www.footprint.com.au/

Susilo, W. H. (2015). *ECONOMICAL GROWTH AND SOCIAL FACTORS ON SATELLITE CITY IN SAMARINDA CITY EAST KALIMANTAN* (Vol. 13, Issue 7).

Tan, J. C. K., & Lee, R. (2015). An agency theory scale for financial services. *Journal of Services Marketing*, *29*(5), 393–405. https://doi.org/10.1108/JSM-02-2014-0039

Tenzin, U. (2019). The Nexus Among Economic Growth, Inflation and Unemployment in Bhutan. *South Asia Economic Journal*, *20*(1), 94–105. https://doi.org/10.1177/1391561418822204

Wang, J. (2022). Performative innovation: Data governance in China's fintech industries. *BigData and Society*, *9*(2). https://doi.org/10.1177/20539517221123312

Wang, R. (2023). Blockchain and Bank Lending Behavior: A Theoretical Analysis. *SAGE Open*, *13*(1). https://doi.org/10.1177/21582440231164597