

## **Analysis of Good Corporate Governance in Banking Digitalization Transformation in Bank People of Indonesia (BRI) Unit Paguyaman**

Robin Pakudu<sup>1</sup>, Sumandjoko Sario<sup>1</sup>

Email: [ssario@gmail.com](mailto:ssario@gmail.com)

<sup>1</sup>Public Administration Study Program, Faculty of Social Science, Gorontalo Muhammadiyah University, Indonesia

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### **Abstract**

This study aims to: know and analyze Good Corporate Governance in Banking Digitalization Transformation at Bank Rakyat Indonesia (BRI) Paguyaman Unit. The research method uses a qualitative approach with a descriptive type of research. The results of the study found that related to Good Corporate Governance in the Transformation of Banking Digitalization at Bank Rakyat Indonesia (BRI) the Paguyaman Unit in general has been running well. It can be seen from the 5 indicators of Good Corporate Governance, which include: 1) Transparency, 2) Accountability, 3) Responsibility, 4) Independence (Independence), and 5) Fairness (Justice / Equality) has gone quite well. However, it must be admitted that the digital transformation of banking has not fully gone well due to the reluctance of customers who prefer to make transactions directly compared to using digitally or online. In addition, the obstacles in implementing banking digitalization are hampered because the public does not fully understand and are able to use digital banking services. This can be seen apart from the reluctance in carrying out digital transactions also due to network support that is not able to optimally be used in online transactions.

**Keywords:** Digitalization of Banking, Good Corporate Governance, Transformation

### **Introduction**

Good Corporate Governance or GCG is a set of regulations that control, manage and supervise ties between industry managers to increase industry value. The history of the birth of GCG arose from the response of shareholders located in the United States in the 1980s whose interests were threatened. With so many industrial problems and scandals involving big companies located in the United States or in Indonesia, so as to guarantee and protect the rights of shareholders, the discourse of enforcing GCG has arisen as a concept for empowering commissioners. The concept of GCG began to be widely known and discussed in Indonesia in 1997, at that time Indonesia was also experiencing a severe financial crisis in 1997 which disturbed the structure and sectors of the Indonesian economy, especially in the world of banking.

This incident created the most severe banking crisis in the history of national banking which caused the national banking performance to experience a decline. Many researchers commented that the formation of the severe economic crisis that hit Indonesia was the result of the poor implementation of good corporate governance in Indonesia. Such as those reported (BUMN) or those owned by private parties. As a result of the poor implementation of good corporate governance, the level of confidence of the owners of capital changes down because

the investments they make are uncomfortable. This has a big impact on withdrawing the investment that was previously invested, besides that new investors are also hesitant to invest.

The implementation of good corporate governance is the answer and solution that is quite suitable for escaping from the shackles of the economic crisis that Indonesia has been experiencing. The principle of good corporate governance is an aspect of making investment decisions in an industry, because these principles are able to provide progress to industry performance, so that industries in Indonesia can survive long amidst the economic crisis that has occurred and are also able to compete in the world. Good corporate governance is one of the key means for increasing cost efficiency, namely a series of bonds between industrial management, shareholders, the board of commissioners and other stakeholders (Napitupulu et al., 2020).

The implementation of GCG in BUMN / BUMD is marked by the implementation of GCG principles. This is in accordance with what is mandated by the Minister of BUMN Regulation Number PER-01/MBU/2011 concerning Good Corporate Governance, covering several things, namely:

### **Transparency**

Transparency is the disclosure of information that is open, timely, and clear and can be compared with circumstances relating to finance, company management and company ownership (Sefa-Nyarko et al., 2021). To maintain objectivity in conducting business, companies must provide material and relevant information in a way that is easily accessible and understandable to interested users.

### **Accountability**

Accountability emphasizes the importance of creating an effective oversight system based on the division of powers between commissioners, directors, and shareholders which includes monitoring, evaluation, and also controlling management to ensure that management has acted in accordance with the interests of shareholders and other interested parties.

### **Responsibility**

According to Raman & Bukair (2013) Responsibility is the responsibility of the board in management, management supervision and accountability to the company and shareholders. This principle is manifested by the awareness that responsibility is a logical consequence of the existence of authority, being aware of social responsibility, avoiding abuse of power, being professional and upholding ethics and maintaining a strong business.

### **Independence**

To carry out the principles of good corporate governance, the company must be managed independently so that each organ of the company does not dominate the other and cannot be intervened by other parties. Independence is required to avoid potential conflicts of interest that may arise from majority shareholders. This mechanism requires a span of power between the composition of the committee within the commissioners, and external parties such as auditors. Decisions made and the processes that occur must be objective and not influenced by the power of other parties.

### **Fairness (Justice/Equality)**

The principle of fairness is the principle of fair treatment to all shareholders. Justice here is defined as equal treatment of shareholders, especially minority shareholders and foreign shareholders from fraud, as well as insider misconduct.

There are several previous studies that have similarities and differences with the research that will be conducted in this study. Some of the results of previous studies that are relevant or related to this research include:

Rendito et al. (2020). Analysis of Good Corporate Governance in Banking Digitalization Transformation (Study on Service Applications "online PEMDA" Lampung Regional Development Bank). Corporate governance (Good Corporate Governance) is a set of rules governing the relationship between the company and its stakeholders, namely the shareholders, the board of commissioners, the government, the community and employees in fulfilling the rights and obligations of the company in protecting the interests of stakeholders based on values. - healthy company corporate values. This study aims to get an overview and analysis of the implementation of GCG, indications of GCG in supporting banking digitization transformation in improving the quality of service innovation through online local government service applications as applications that support transparency and accountability in regional financial management and regarding constraints in implementing GCG in supporting digitalization transformation through online local government application at the Lampung Regional Development Bank. This type of research is descriptive research with a qualitative approach. The results of this study indicate that the implementation of GCG at the Lampung Regional Development Bank has been carried out in accordance with the principles of GCG which are based on: transparency, accountability, responsibility, independence and equality. The reasons are: the core management of the Lampung Regional Development Bank has not been fulfilled and the limited reach of information technology.

Juliansyah (2018). Analysis of Good Corporate Governance in the Context of Islamic Banking Development (Study on Islamic People's Financing Banks in Bandar Lampung). Good Corporate Governance itself is defined as good corporate governance and in accordance with ethics and laws and regulations, which has principles such as transparency, accountability, responsibility, independence and fairness, and has mechanisms for the company's internal structure, namely DPS, Board of Directors and Board of Commissioners as the person in charge of the company to implement it. PT. BPRS is based on the five basic principles of GCG, namely: Fairness, transparency, accountability, responsibility and independence. In Islamic teachings, the points mentioned above become important principles in the activities and life of a Muslim in a company. Islam teaches very intensely to apply the principles of 'is (justice), tawazun (balance), mas'uliyah (accountability), morality (morals), shiddiq (honesty), amanah (fulfillment of trust), fathanah (intelligence), tabligh (transparency, openness), hurriyah (independence and responsible freedom), ihsan (professional), wasathon (fairness), ghirah (sharia militancy), idah (management), khilafah (leadership), aqidah (faith), ijabiyah (positive thinking), raqabah (supervision), qiraah and islah (organizations that continue to learn and make improvements). Based on field data on the application of GCG principles at BPRS Bandar Lampung, from the author's observations, both leaders and employees have not fully taken the public's heart to save at BPRS Bandar Lampung, so whether GCG at BPRS has been properly implemented, this is what encourages the author to conduct research. This type of research is a qualitative research using a descriptive approach where the research results are presented in a descriptive manner. Data collection methods used observation, interviews, questionnaires, and documentation which were then analyzed using data reduction, data presentation, and conclusions. Based on the results of this study it can be concluded that the company leadership has carried out its role in implementing GCG principles at BPRS Bandar Lampung. The implementation of GCG has been going well at BPRS Bandar Lampung.

Based on the Financial Services Authority Regulation (POJK) No. 55/ POJK. 03/2016 concerning Implementation of Governance for Universal Banks, explained that universal banks

in the form of Limited Liability Company (PT) legal entities are required to be able to carry out the principles of implementing Good Corporate Governance (GCG).

Bank Rakyat Indonesia (BRI) Paguyaman Unit as a commercial bank has a central role in being responsible for managing financial circulation which is one of the needs of the community in supporting its economic activities. In supporting financial transparency services carried out for the public, BRI in general has carried out digital transformation in optimizing and facilitating services to the public related to their finances. These services, for example, loan applications (KUR) only through the website, online payments and transfers between or different banks.

Based on the observations that the author has seen so far, the banking sector, in this case BRI, has carried out digital transformation in the service sector, but in reality this digital transformation has not gone completely well. This is because in terms of implementation to the community, obstacles often occur due to the reluctance of the public to use service products in digital form and also because of the facilities to obtain digital services that are not owned by the public as users of digital banking services.

## **Methods**

The approach used in this study is qualitative research, namely a description of data using words and/or sentences. This research tries to show the true picture according to reality, phenomena and facts found in the field. This study uses a descriptive type, namely describing and describing facts according to the problem under study related to the focus of the study. According to Arikunto (2009) "Descriptive research is research that is not intended to test a particular hypothesis, but only to describe what is about a variable, symptom or situation." So that in this study, researchers used descriptive research methods, which means describing research objects based on real facts as they are without looking at the relationship and comparing it with other variables.

In this study, the data sources used as references are as follows:

### **Primary Data**

Primary data is data obtained or collected directly in the field by people who conduct research. The primary data referred to by the researcher is data from informants, namely; (1) Front Office Employees 2 people; (2) Field Operations Officer 3 people; (3) Community 10 people

So that the number of informants in this study were 15 people.

### **Secondary Data**

Secondary data is data taken by researchers related to the procedures carried out and will be obtained in the form of interview results in this case is a complement taken from sources both written and unwritten.

To obtain data in this study, the authors used data collection procedures, including: Interviews, Observations, and Documentation. Data analysis used in this research is qualitative analysis. The point is that researchers besides processing and presenting data, can also analyze the data so that they can synchronize some of the data that has been obtained with various literature and other data that has been prepared. Data analysis intends in the name of organizing data, the data collected is a lot and consists of field notes and researchers' comments, pictures, photographs, documents, reports, and others.

Analysis during the data collection process was carried out by means of induction, which means that the analysis is based on real conditions according to the field, and not based on the thoughts, understanding and interests of the research object.

The activities in this data analysis are: 1) Data Reduction, 2) Data Display, and 3) Conclusion Drawing/Verification

Checking the validity of the data is important in this study. According to Moleong (2007), there are several ways to check the validity of the data, namely:

### **Credibility Test**

The way to test the credibility of the data or trust in the data from this research is done by; (1) Extend the Observation, namely the researcher returns to the field, makes observations, interviews again with data sources that have been encountered or new ones; (2) Increased Perseverance, means making observations more carefully and continuously. By increasing persistence in research, researchers can provide accurate and systematic descriptions of data about what is observed; (3) Triangulation, in this test is defined as checking data from various sources in various ways, and at various times; (4) Checking interpretations and conclusions on the results of data and documents.

### **Dependability Test**

In this study, the dependability test was carried out by examining the entire research process. The analysis was carried out by conducting interviews with informants, then the results were analyzed if the results were the same, meaning the data could be trusted.

### **Test the Audit Trail**

This audit trail test is to check the correctness of the entire process and stages of research. The truth that is checked is all the provisions and the correctness of the data and its interpretation at all stages that are passed from the beginning to the end of the research such as collecting data from various sources.

To carry out research, several steps are required. Research activity is a process that is used to obtain or obtain a knowledge or solve problems that are examined systematically and logically. Research stages are generally carried out for all types of research because in outline these stages have elements in common. It's just that there are some differences such as in the implementation adapted to the conditions and situations encountered without ignoring the general principles used in the research process.

There are three (3) outlines of the research stages, namely:

### **Planning Stage**

In this stage, the researcher is looking for informants who are in accordance with the information needs of the research problem. Before conducting the research, the researcher carried out several preparations consisting of; (1) Research Themes/Topics; (2) Identifying Problems; (3) Formulate Problems; (4) Conduct Preliminary Study

### **Implementation Stage**

After the preparation stage, the researcher will carry out the implementation phase of research activities which includes data collection and data analysis.

In this stage the researcher begins to carry out research steps such as data collection and data analysis which serve as the basis for processing and testing the validity of the data before drawing research conclusions.

## **Research Report Preparation Stage**

Report writing is the final stage of the research process.

After the researcher carries out the planning and implementation stages of the research, then enters the stage of making a written report on the results of the research

## **Results and Discussion**

The purpose of this research is to find out and analyze Good Corporate Governance in the Transformation of Banking Digitalization at Bank Rakyat Indonesia (BRI) Paguyaman Unit. As for the main problems obtained through the results of initial observations and set forth in the problem identification sub-chapter, are: 1) Banking digital transformation that has not fully gone well, and 2) Obstacles in implementing banking digitalization because the public does not fully understand and are able to use services digital banking.

The two problems found during the initial observation, the authors outlined in the research study and combined with references to the rules regarding Good Corporate Governance in Banking Digitalization Transformation as stated in the Minister of BUMN Regulation Number PER-01/MBU/2011 concerning Good Corporate Governance, which includes: 1) Transparency, 2) Accountability, 3) Responsibility, 4) Independence, and 5) Fairness. The discussion for each indicator is as follows:

### **Transparency**

Transparency is the disclosure of information that is open, timely, and clear and can be compared with circumstances relating to finance, company management and company ownership. To maintain objectivity in conducting business, companies must provide material and relevant information in a way that is easily accessible and understandable to interested users. In this study, the intended transparency is related to information disclosure and timeliness in serving customers, activities related to outreach and provision of information related to digitization services that have been implemented by Bank Rakyat Indonesia (BRI) Paguyaman Unit.

The results of the research obtained through the process of observation and interviews conducted with informants consisting of front office employees, field operational staff and the public/customers related to openness, timeliness and clarity in providing services at Bank BRI Paguyaman Unit found that the service was quite good. However, customers still complain about the long queues to get services and also the limited number of service providers, which causes the services that customers/community get to be less than optimal.

Furthermore, related to the provision of information in providing services at Bank BRI Paguyaman Unit, it was found that it was running well. Where employees have provided excellent information to customers regarding digital services. This information is conveyed through direct delivery such as direct practice, information through banners/banners, information through social media and so on and even this has been justified by customers even though most customers prefer to get information directly or face to face with the bank.

Then related to the socialization of digital services in providing services at Bank BRI Paguyaman Unit, it was found that socialization related to digital services had been carried out well, it's just that almost all customers interviewed stated that more information was obtained through face-to-face when visiting the bank .

Based on the results of the study above, the researcher can draw conclusions related to the transparency indicator in relation to Good Corporate Governance in the Transformation of

Banking Digitalization at Bank Rakyat Indonesia (BRI) Paguyaman Unit has been running well and in accordance with the principles of Good Corporate Governance.

### **Accountability**

Accountability emphasizes the importance of creating an effective oversight system based on the division of powers between commissioners, directors, and shareholders which includes monitoring, evaluation, and also controlling management to ensure that management has acted in accordance with the interests of shareholders and other interested parties. In this study, the intended accountability is related to supervision of the digital service system in service to customers related to digitalization services that have been implemented by Bank Rakyat Indonesia (BRI) Paguyaman Unit.

The results of the research obtained through the process of observation and interviews conducted with informants consisting of front office employees, field operational employees and the community/customers related to the implementation of supervision and its system in digitalization services at Bank BRI Paguyaman Unit found that the monitoring system has been carried out properly by the banking sector. The supervisory system in digitalization services includes supervision of every transaction made by the customer with the bank and a backup system is carried out to provide a more optimal monitoring system for customers.

Then related to the monitoring system carried out in the application of digital services at Bank BRI Paguyaman Unit, it was found that this application monitoring system was running well, where the employees came from the front office, field employees and even the community/customers in giving and reception of services has been well supervised. It can be seen that from the employee's point of view they have carried out according to established procedures related to digital services and a backup system has been carried out in each service so that they do not experience problems in the future. Meanwhile, from the customer/community perspective, they have received good service and if they experience problems or obstacles in applying the digital service system, they will usually consult directly at the BRI Paguyaman unit office.

### **Responsibility**

Responsibility (Responsibility) is the responsibility of the board in management, management supervision and accountability to the company and shareholders. This principle is manifested by the awareness that responsibility is a logical consequence of the existence of authority, being aware of social responsibility, avoiding abuse of power, being professional and upholding ethics and maintaining a strong business. In this study, the intended accountability is related to the accountability model of the BRI Paguyaman Unit in digital services related to customers who are unable or do not understand its application in relation to digitalization services that have been implemented by Bank Rakyat Indonesia (BRI) Paguyaman Unit.

The results of the research were obtained through the process of observation and interviews conducted with informants consisting of front office employees, field operational employees and the community/customers in relation to the BRI Paguyaman Unit accountability model in digital services related to customers who are unable or do not understand its application in In providing services at Bank BRI Paguyaman Unit, it was found that the accountability model of the BRI Paguyaman Unit had been carried out properly. It can be seen that employees are very responsible for every transaction made by customers in order to avoid negative activities such as fraud and so on. In addition, BRI Paguyaman unit employees always conduct education related to this digital service so that customers really understand the convenience and benefits of these digital services. From the customer side, it was found that customers were very cooperative in every notification of these digital services. It can be seen that when customers

experience problems, they directly ask employees whether the customer visits the BRI Pauyaman unit office or every employee visits the customer's home or business.

### **Independence**

To carry out the principles of good corporate governance, the company must be managed independently so that each organ of the company does not dominate the other and cannot be intervened by other parties. Independence is required to avoid potential conflicts of interest that may arise from majority shareholders. This mechanism requires a span of power between the composition of the committee within the commissioners, and external parties such as auditors. Decisions made and the processes that occur must be objective and not influenced by the power of other parties. In this study, the intended independence is related to what is done by the BRI Paguyaman Unit, if there is intervention from other parties related to digital services that have been implemented by Bank Rakyat Indonesia (BRI) Paguyaman Unit.

The results of the research were obtained through the process of observation and interviews conducted with informants consisting of front office employees, field operational employees and the community/customers related to the attitude of independence carried out by the BRI Paguyaman Unit, if there is intervention from other parties related to digital services in providing services at Bank BRI Paguyaman Unit, it was found that the independence of the BRI Paguyaman unit had been carried out properly. Where the Bank will not object to intervention if the intervention is part of positive input in building a better system. If the intervention is related to standard systems and procedures that have been implemented, Bank BRI Unit Paguyaman will not accommodate it.

### **Fairness (Justice/Equality)**

The principle of fairness is the principle of fair treatment to all shareholders. Justice here is defined as equal treatment of shareholders, especially minority shareholders and foreign shareholders from fraud, as well as insider misconduct. In this study, the intended fairness/equality is related to providing the same service to customers who make transactions digitally or conventionally as well as responses to complaints related to the difficulty in applying digital services in relation to digitization services that have been implemented by Bank Rakyat Indonesia (BRI) Association Unit.

The results of the research were obtained through the process of observation and interviews conducted with informants consisting of front office employees, field operational employees and the community/customers related to providing the same service to customers who make transactions digitally or conventionally at Bank BRI Paguyaman Unit, it was found that in the provision of services at Bank BRI Paguyaman Unit does not differentiate between customers who are served online or conventionally. It is for the bank that the same service for every customer is something that is mandatory to do in order to provide satisfaction for customers in conducting transactions at the bank. This is also recognized by customers/public who carry out transactions at the bank both digitally and conventionally. It's just that what has always been a classic complaint for the public/customers is the limited resources that perform the service, causing the services to be obtained to have to wait too long.

Then related to the response to complaints related to the difficulty of applying digital services in providing services at Bank BRI Paguyaman Unit, it was found that the response from employees was very good. It can be seen that banks have done their best in their digital services by spreading their agents and spells so that these digital services can be widely reached by the wider community, especially customers. However, what has always been an obstacle is the internet network in the Paguyaman District area which is not optimal in terms of connectivity.



This is also what customers always complain about when making transactions digitally or online so that every transaction that is made is always problematic and cannot be done quickly

## **Conclusion**

Based on the results of the discussion in the previous chapter regarding Good Corporate Governance in the Transformation of Banking Digitalization at Bank Rakyat Indonesia (BRI) the Paguyaman Unit in general has been going well. This can be seen from the 5 indicators of Good Corporate Governance, which include: 1) Transparency, 2) Accountability, 3) Responsibility, 4) Independence (independence), and 5) Fairness has been running quite well. However, it must be admitted that the banking digital transformation has not fully gone well due to the reluctance of customers who prefer to make transactions in person rather than using digital or online. Besides that, the delay in implementing banking digitization is due to the fact that the public does not fully understand and are able to use digital banking services. This can be seen apart from the reluctance to carry out digital transactions as well as due to network support that is not able to be used optimally in online transactions.

## **Suggestion**

In accordance with the results of the conclusions above, the researcher can provide suggestions related to Good Corporate Governance in the Transformation of Banking Digitalization at Bank Rakyat Indonesia (BRI) Paguyaman Unit as follows; (1) Need to build more to educate the public in utilizing technology to make it easier to make transactions; (2) Continuously the banking sector builds awareness to the public, especially customers regarding technological advances so that digital transformation is carried out in services.

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