

PROTECTION OF CUSTOMERS FOR MANAGEMENT OF DIGITAL BANKING SERVICES (STUDY AT PT. BRI UNIT BOYOLALI)

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Abstract

Increasing competition in the Indonesian banking industry has encouraged many banks to improve the quality of services to customers by utilizing information technology developments. Service innovation in the use of information technology encourages banks to enter the era of digital banking services. However, the development of digital banking services also increases the risks faced by banks. The purpose of this study is to provide an overview of the implementation of digital banking services and customer protection for risks from digital banking services. The method used in this study is an empirical legal research method. The results of this study indicate that the implementation of digital banking services is regulated by OJK Regulation No.12/POJK.03/2018. The existence of this OJK Regulation is expected by banks as providers of digital banking services to always prioritize risk management in the use of information technology. In addition, this study also shows the existence of 2 types of customer protection for the use of digital banking services, namely preventive protection in the form of legislation related to customer protection in the financial services sector and repressive protection in the form of bank accountability for complaints from customers using digital banking services.

Keywords

Customer Protection; Digital Banking Services; Bank

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Introduction

Around 2000 SM, in the cities of Assyria and Sumeria, there were already visible banking activities in which trade activities took place providing grain loans to farmers and traders carrying goods between cities. The activity continues to grow so that the banking industry is currently included in Indonesia (Kholis, 2018).

Banking is a financial intermediary institution that is tasked with collecting funds from the public. The bank is a trust institution to save money and entrust the bank in managing its finances. In carrying out its operations, banks are divided into two, namely conventional banks and Islamic banks (banks that run operations based on sharia principles). Current banking growth is very significant can be seen from the many banks throughout Indonesia, (Vebiana) in the Industrial Research Workshop and National Seminar.

Banking as a financial services industry in Indonesia, is an industry that plays an important role in economic activities (Cvijovic, Stankovic, & Relljic, 2017). Banking also has a role in efforts to improve people's welfare by supporting the implementation of national development (Chosyali & Sartono, 2019). The large variety of services offered by different banks causes the level of competition to be high, especially to obtain customers. On the other hand, the development of the times also shows changes in people's behavior patterns in using services provided by banks, this is due to the development of Information Technology. This phenomenon encourages banks to provide financial technology-based financial services that offer new innovations in bank financial services. For banks, digitalization is not an option but a necessity and obligation. Customer expectations regarding speed, convenience, flexibility, convenience and the availability of 7 x 24 hour bank services require some banks in Indonesia to transform digital-based services (Marlina & Bimo, 2018).

Banks that make improvements in Information Technology in services to customers indirectly direct the bank to a new era of the digital banking era (MBAMA & Catejan, 2018). Digital services to customers can be realized since the business relationship between the customer and the bank starts from the opening of the account, the execution of financial transactions, until the closing of the savings account made by utilizing Information Technology (Marlina & Bimo, 2018).

Along with the development of technology, digital banking always colors every customer's financial activities. Digital banking services (digital banking) are expected to provide convenience at a higher level compared to existing services. The convenience that is given makes the customer feel benefited, but on the other hand, the service will also increase the risk faced by the bank, especially due to operational risk and reputation risk if there are problems regarding the digital banking (Kholis, 2018).

From the results of interviews with Ms. Daramarisa Dwi Permata, CS of the BRI Office *Unit Pasar Boyolali* said that the problems often experienced by customers regarding the use of digital banking services are procedural problems using banking internet,

creating accounts independently through BRI mobile and also through Automated Teller Machine (ATM) .

Previous research related to current research is Nur Kholis (2018), regarding banking in the new digital era and Asti Marlina & Widhi Ariyo Bimo (2018) regarding bank digitalization to improve service and satisfaction of bank customers. Even though the current research and previous research are both related to the development of banking services into the digital era, the focus of current research is the protection of customers using digital banking services. Considering the absence of research on the protection of customers using digital banking services, the discussion on the protection of users of digital banking services is always important and actual for assessment.

Based on the description stated above, problems can be formulated, which need to be studied, namely how is the implementation of digital banking services in Indonesia?; and how to protect customers of digital banking services?. The purpose of this study is a reflection of the problems that arise in the writing above, the objectives to be achieved are: first to know the implementation of digital banking services in Indonesia; and the second, to find out how customer protection uses digital banking services.

Research Method

Method is a way that must be passed in conducting research. This method aims to direct and search for scientific findings that are detailed and can be scientifically accountable and do not deviate from the formulation of the problem. In this research, the research method used is empirical juridical. The types of data used are primary data and secondary data. Primary data is data from respondents who are directly related to the problem. While secondary data is in the form of data obtained from library studies in the form of legal materials such as legislation, books and journals (Salim & Nurbani, 2014). In this empirical juridical study, the primary data obtained is the data from the interviews with the author who worked as a Customer Service (CS) at *PT. BRI Unit Pasar Boyolali* Office. The empirical approach in this study was conducted with the aim of obtaining empirical knowledge so as to facilitate the authors in concluding (Chosyali & Sartono, 2019).

Discussion

1. Implementation of Digital Banking Services According to OJK Regulation No.12/POJK.03/2018

Increasing competition in the Indonesian banking industry has encouraged many banks to improve the quality of service to customers more effectively and efficiently. Encouraging the effectiveness and efficiency of service to customers, banks need to further enhance capabilities followed by aligning business strategies that are more targeted. Therefore, in an effort to improve bank capability, the utilization of information technology development more optimally is a requirement in supporting bank service innovation. Service innovation and implementation of strategies in the use of information technology encourage banks to enter the era of digital banking services.

The interview with Ms. Daramarisa Dwi Permata, CS BRI Office of *Unit Pasar Boyolali* said that the example of digital banking services that is currently developing is the service of opening accounts independently by customers through developed Automated Teller Machines (ATMs) or through bank applications on smartphones and supported by fingerprint scanner facilities, identity card scanner and video banking.

Mrs. Daramarisa Dwi Permata, added that another example of digital banking services included housing loan services to customers. In providing credit approval, banks analyze customer financial data in the form of financial positions and customer transaction patterns. Credit application by customers is done directly through a bank application found on a customer's smartphone with transaction authorization, including using fingerprints.

OJK Regulation No.12 / POJK.03 / 2018 concerning the Implementation of Digital Banking Services by Commercial Banks, states that *"digital banking services are electronic banking services developed by optimizing the utilization of customer data in order to serve customers more quickly, easily and according to needs (customer experience) and can be done independently fully by the customer, by paying attention to the security aspects "*.

OJK Regulation No.12 / POJK.03 / 2018 states that banks that can carry out digital banking services are commercial banks mentioned in Law No.10 of 1998 concerning Banking and sharia commercial banks as referred to in Law No. 21 of 2008 concerning Sharia Banking. The Banking Law and Sharia Banking Law states that *"banks are business entities that collect funds from the public in the form of deposits and channel them to the public in the form of loans and / or other forms in order to improve the lives of many people"*, while the difference between Islamic banks and conventional banks in general, the business of Islamic banks based on sharia principles.

The implementation of electronic banking services by banks can use a distribution channel (delivery channel). Explanation of OJK Regulation No.12 / POJK.03 / 2018 mentions examples of distribution channels for electronic banking services including ATM (Automated Teller Machine), CDM (Cash Deposit Machine), phone banking, Short Message Services (SMS) banking, Electronic Data Capture (EDC), Point of Sales (POS), internet banking and mobile banking.

The implementation of digital banking services as an advanced product of electronic banking services carried out by banks must meet the requirements, namely: 1). Has a profit risk rating with a rating of 1 or 2 based on the assessment of the bank's soundness the last assessment period; 2). Having adequate information technology infrastructure and management of information technology infrastructure management; and 3). Included in the group of commercial banks is based on business activities which are at least able to conduct business activities in electronic banking services as stipulated in the OJK provisions. These requirements are stated in Article 18 of the OJK Regulation No.12 / POJK.03 / 2018.

Digital banking services based on OJK Regulation No.12 / POJK.03 / 2018 can be provided by banks and / or banks based on partnership agreements between banks and bank partners in the form of Financial Services Institutions (LJK) or non-LJK institutions. The purpose of the services provided by banks is digital banking services organized by banks. The implementation of information technology related to digital banking services by banks can be carried out independently and / or the provider of information technology services. Whereas what is meant by banks is based on

partnership agreements between banks and partner banks, digital banking services organized by banks in collaboration with bank partners.

In terms of the provision of digital banking services provided by banks, banks are required to establish a unit or function which is tasked with handling the provision of digital banking services. The tasks of the unit or function are: a) To compile policies, standards and procedures for the implementation of digital banking services; b). Ensure conformity between the implementation of digital banking services and the strategic plan of bank business activities; c). Monitor the implementation of cooperation with bank partners in the implementation of digital banking services; d). Monitor financial transaction data for digital banking services; e). Ensure the effectiveness of the steps used in carrying out digital banking services; f). Monitor the obstacles and problems that arise from the implementation of digital banking services; and g). Ensure the adequacy and allocation of resources related to digital banking services owned by the bank.

Digital banking services provided by banks to customers in the form of account administration services, transaction authorization (utilizing accountable data and / or information), financial management, and / or other financial product services based on OJK approval.

The interview with Ms. Daramarisa Dwi Permata, delivered account administration services including opening accounts, updating customer data to closing accounts by utilizing electronic media such as bank applications on smartphones, which are equipped with fingerprint scanner facilities, identity card scanners and camera. While the example for transaction authorization services such as the mobile banking application that has been developed reads the voice of the customer so that customers can open or enter the mobile banking application by scanning the voice. In addition to voice scanners, customers who have a smartphone equipped with supporting applications using QR code or Near Field Communication (NFC) can carry out transaction transactions at merchants who work in high school with banks. Customers can scan the QR code or NFC in the smartphone on the reader machine for automatic debit according to the transaction nominal.

Banks in conducting business relationships with customers through digital banking services are required to identify customers or prospective customers and then verify information and supporting documents for customers and prospective customers. Verification of information and supporting documents for customers or prospective customers can be done by the bank through face to face and without face to face. Through face-to-face can be done directly (face to face) or using bank-owned software with bank-owned hardware or hardware belonging to customers and prospective customers. Verification without face-to-face is carried out using bank-owned software with bank-owned hardware or hardware belonging to customers or prospective customers.

Digital banking services by banks based on partnership agreements between banks and bank partners in the form of informative services, transactional services and / or other services based on OJK approval. Informative services organized by bank partners are required in the form of LJK and transactional services held by bank partners in the form of LJK and non-LJK.

Banks have an obligation to carry out digital banking services based on partnership agreements, namely: 1). Banks are required to have policies and procedures in determining bank partners; and 2). Written cooperation agreements with bank partners prepared in Indonesian.

From the explanation above, it can be said that service innovation by improving information technology requires banks in a new era of digital banking. The service of digital banking can be realized since the business relationship between the customer and the bank begins until the end, such as the account opening process until the closing of the account by utilizing information technology. However, the development of digital banking services also increases the risks that will be faced by banks, therefore OJK Regulation No.12 / POJK.03 / 2018 is issued. With this OJK regulation, banks are expected to be able to provide digital banking services while promoting risk management in the use of information technology.

2. Customer Protection for the Implementation of Digital Banking Services

Customer protection for the implementation of digital banking services can be carried out by preventing or overcoming situations that are not expected later by customers through legislation, this protection is known as preventive protection. Then there is protection of customers for undesirable conditions above that have occurred and are detrimental to the customer, so there needs to be an effort to resolve these problems. Protection whose purpose is to resolve problems or disputes that arise is known as repressive protection.

Preventive Protection for Customer Users of Digital Banking Services

Preventive customer protection in general can be found in Law No.10 of 1998 concerning Banking, Law No.8 of 1999 concerning Consumer Protection, OJK Regulation No.12 / POJK.03 / 2018 concerning the Implementation of Digital Banking Services by commercial banks

Legal protection provided by banks for digital banking services when viewed under the Banking Law consists of: a). Provision of information about the possibility of the risk of loss of customers related to digital banking services, which is intended to gain more information about business activities and bank conditions. which simultaneously guarantees transparency in the world of banking; b) Bank secrecy, which means that public trust is born if there is a guarantee that the bank's knowledge of the personal data of users of digital banking services or deposit data and the customer's financial condition is not misused; and c). Every bank must guarantee the funds of customers using digital banking services stored in the bank through the establishment of the Deposit Insurance Corporation.

In addition, government efforts to protect banking customers in general can also be found in the Consumer Protection Act. Banks are responsible for carrying out the mandate of the Consumer Protection Law, in the implementation of protection for customers who use digital banking services, banks are responsible for carrying out obligations as business actors, including: a) Applying goodwill when conducting business activities, including digital banking services; b). Providing services to customers correctly, honestly and not discriminatively; c). Providing guarantees for the quality of goods and services marketed by the public on the provisions of quality standards for goods and services, including digital banking services; d). Information

regarding the condition of goods and services guarantees must be given by the bank correctly, clearly and honestly. The Bank as a business actor must provide an explanation of usage, repair and maintenance; e). In the event that testing or trying bank goods or services is obliged to provide opportunities and provide guarantees for goods and services that are marketed; and f). Banks must provide compensation, compensation and compensation for losses due to the use and utilization of goods and services in accordance with the agreement.

In addition to the Banking Law and the Consumer Protection Law, the OJK Regulation on the Implementation of Digital Banking Services by Commercial Banks also regulates customer protection, in which the OJK Regulation states that banks providing digital banking services must apply the principle of consumer protection as referred to in legislation concerning protection financial service sector consumers and banks providing digital banking services must have the functions and mechanisms for handling every question and / or complaint from customers operating 24 hours a day. The principle of customer protection includes transparency, fair treatment, reliability, confidentiality and security of customer data / information and complaint handling and nasabh dispute resolution in a simple, fast and affordable manner.

Repressive Protection of Customers Users of Digital Banking Services

Settlement of customer complaints is one form of customer protection in order to guarantee customer rights. Customer complaints that are not immediately followed up have the potential to increase reputation risk for banks in the long run so that they can reduce public trust.

BI Regulation No.10 / 10 / PBI / 2008 Concerning Amendments to Regulation BI No.7 / 7 / PBI / 2005 Concerning Customer Complaint Resolution states "*complaints are expressions of customer dissatisfaction caused by potential financial losses to customers suspected of being wrong or bank negligence*". This BI Regulation No.10 / 10 / PBI / 2008 also states that banks are required to settle any complaints submitted by customers or customer representatives through written procedures which include receipt of complaints; handling and settlement of complaints; and monitoring the handling and resolution of complaints.

The results of the interview with Ms. Daramarisa Dwi Permata, CS BRI Office of the *Unit Pasar Boyolali*, said that related complaints from users of digital banking services will be followed up according to applicable procedures owned by BRI. In the case of receiving complaints, BRI CSs are required to accept every complaint submitted by the customer with the provision of completing an identity copy and other supporting documents. Generally, every complaint received by CS BRI is directly received by a customer who has a problem with digital banking services. After receiving a complaint from a customer, Ms. Daramarisa Dwi Permata added that the BRI CS required to provide an explanation to the customer about the procedure for resolving complaints when the customer filed a complaint and processed the complaint to be resolved on the same day. If the resolution of the complaint requires a longer time, then the BRI CS must provide receipt of customer complaints in writing.

From the results of the interview above, it was seen that the BRI Office *Unit Pasar Boyolali* in resolving customer complaints on digital banking services was in accordance with the applicable provisions, namely the special provisions for settlement of customer complaints contained in BI Regulation No.10 / 10 / PBI / 2008. In addition

to the provisions for receiving complaints, BI Regulation No.10 / 10 / PBI / 2008 also states that the handling and settlement of customer complaints must be resolved by the bank no later than 20 working days after the date of receipt of the complaint. Banks can extend the period of settlement of complaints if there are certain conditions.

Arrangement of settlement of customer complaints is also regulated in OJK Circular Letter No.2 / SEOJK.07 / 2014 concerning Services and Settlement of Consumer Complaints on Financial Service Providers. In this regulation states, that the bank in resolving complaints must be accompanied by a statement of apology and offer compensation (Redress / Remedy) if the customer experiences material losses.

From the results of interviews with Ms. Daramarisa Dwi Permata, there is continuity between the rules in the OJK No.2 / SEOJK.07 / 2014 Circular Letter with the practices carried out at the BRI Office *Unit Pasar Boyolali*. Ms. Daramarisa Dwi Permata said that in accepting customer complaints, the BRI CS party will always carry out standard service procedures where one of them is to apologize to customers for customer dissatisfaction caused by potential financial losses or losses for BRI digital banking services. In addition to apologies, BRI will make compensation for customers who experience material losses for the use of BRI's digital banking services in accordance with existing procedures.

Ms. Daramarisa Dwi Permata, also added that related procedures for service and complaint resolution owned by BRI must be more efficient and effective. For example, in addition to direct face-to-face, CS BRI in receiving customer complaints related to digital banking services can be done via e-mail or mail to make it easier for customers. In addition to the above facilities, BRI BRI in communicating with customers must use a format that is easily understood by customers so that good communication is established between customers and BRI.

The OJK No.2 / SEOJK.07 / 2014 Circular also states that service procedures and settlement of customer complaints provided by digital banking service banks must keep customer information confidential except to the OJK or with the customer's own consent. In this OJK SE banks are also required to: 1). Give balanced and objective treatment to each complaint; 2). Provide sufficient opportunities for consumers to explain the material of the complaint; 3). Give an opportunity to other parties who have an interest in the complaint, to provide an explanation in the resolution of the complaint (if any); and 4). Banks are required to administer services and settle complaints that include the customer's identity, material complaints and actions taken to resolve complaints.

Regarding efforts to protect customers who use digital banking services carried out by banks as service providers is actually a form of bank accountability to customers who experience losses. (Talumewo, 2013) This accountability is intended to protect customer rights in accordance with the mandate of the Banking Law, Consumer Protection Law and OJK Regulation No.12 / POJK.03 / 2018. This accountability is also intended to reduce the potential risk of a reputable decline for the bank in the long run so as not to reduce public confidence in banks providing digital banking services.

Conclusion

Digital banking services are electronic banking services that are developed by optimizing the utilization of customer data in order to serve customers more quickly, easily and according to the needs (customer experience) and can be carried out independently fully by the customer, taking into account security aspects. Digital banking services are innovations from banks to meet the needs of customers who are currently developing by utilizing Information Technology. In Indonesia, the provision of digital banking services provided by banks is regulated in OJK Regulation No.12/POJK.03/2018 concerning the Implementation of Digital Banking Services by Commercial Banks.

There are two types of protection for customers who use digital banking services, namely preventive protection and repressive protection. Preventive protection is an effort made by the government in protecting consumers or customers in general. The effort is the promulgation of the Banking Law and the Consumer Protection Act, besides that, the protection of customers who use digital banking services can be found in the OJK Regulation concerning the Implementation of Digital Banking Services by Commercial Banks. Not only preventive protection, there are also repressive safeguards, namely efforts made when a problem occurs that has the potential to harm the customer. One such effort is the accountability of the digital banking service provider, the bank itself. The accountability of the bank can be in the form of handling customer complaints to compensate customers.

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