

## STRATEGIC MANAGEMENT OF PT. BANK RAKYAT INDONESIA IN FACING THE ERA OF DIGITAL TRANSFORMATION IN THE BANKING INDUSTRY

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### Abstract

*Digital transformation has brought significant changes to the banking industry, and PT. Bank Rakyat Indonesia (BRI), as one of the leading banks in Indonesia, is striving to face these challenges through the implementation of effective strategic management. This research aims to explore the strategies implemented by BRI in responding to the demands of the digital era and the challenges faced in the process. The method used in this research is a qualitative approach with a literature review that includes relevant literature sources. The research results show that BRI has adopted strategic initiatives, such as strengthening digital services through the BRI API platform and product innovations like BRI Mo and Ceria, which have successfully improved service quality and customer satisfaction. However, BRI faces challenges such as personal data protection and uneven communication infrastructure. Overall, the results of this study indicate that the strategies implemented by BRI not only have a positive impact on the organization's performance but also strengthen BRI's position in the increasingly competitive banking market. These findings are expected to provide valuable insights for decision-makers at BRI and the banking industry in general.*

**Keywords:** Strategic Management, Digital Transformation, Digital Services, Customer Satisfaction, Product Innovation

### Introduction

Management is the process of planning, organizing, mobilizing, and controlling resources to achieve predetermined goals efficiently and effectively. In an organizational context, management helps facilitate the achievement of desired outcomes through the management of human, financial, and material resources. The various disciplines in management, such as financial management, human resources, marketing, and operations, interact to create synergies that support organizational performance.

Strategic management, as a branch of management science that focuses on the formulation, implementation, and evaluation of strategies used to achieve the organization's long-term goals. It involves decision-making related to determining the organization's direction and position in the market, as well as identifying existing opportunities and challenges. Strategic management helps organizations adapt and compete in a dynamic and uncertain business environment.

Digital transformation in the financial world and banking industry not only changes the way of operation, but also requires changes in management strategy and organizational culture (Anita Ratnasari Rakhmatulloh, et al., 2021). At present, where the digital era continues to develop rapidly in all industries including the banking industry, it is faced with major challenges due to changes in consumer behavior, technological advances, and the emergence of new competitors in this case such as fintech. The application of new technology in banking must be balanced with the development of human resources who are able to manage and utilize this technology effectively. "(Simatupang, 2021). This is becoming increasingly crucial in facing the major challenges presented by the era of digital transformation, where technological innovation affects almost every aspect of operations and services in the banking industry so that digital transformation has changed the way organizations operate and interact with customers. Therefore, it is important for banks to formulate the right strategy in order to adapt to these changes and continue to provide added value to customers.

PT. Bank Rakyat Indonesia (Persero) Tbk or better known as BRI, as the Number 1 Leading Bank in Indonesia according to The Banker 2024, certainly has an important role in the national economy in today's digital era. As a financial institution with a wide network, BRI is expected to be able to utilize the existing potential to face the era of digital transformation. A good strategic management approach will be very useful for BRI in responding to this change and maintaining its position in the competitive market.

The implementation of strategic management in the context of BRI requires special attention, considering the complex challenges faced in the digitalization process. Several factors, such as technological innovation,

changes in customer expectations, and regulatory developments, must be considered in formulating strategies. BRI needs to conduct an in-depth analysis of the external and internal environment to determine the right steps to face these challenges. By analyzing internal strengths and weaknesses, as well as external opportunities and threats, BRI can formulate a strategy that focuses on creating value and increasing competitiveness. This approach will help BRI not only survive but also thrive in the digital era. Employees as the most important assets in an organization must be involved in the digital transformation process. Effective strategic management at BRI must involve training and developing employee skills so that they can adapt to new technologies and changes in business processes. This is crucial to creating an organization that is Agile and responsive to changing market demands.

In this context, this study aims to explore how BRI's strategy management is implemented in facing the era of digital transformation, what are the challenges faced in implementing the strategy and its impact on organizational performance in terms of increasing productivity and customer satisfaction. It is hoped that this study can provide valuable insights for strategic decision making within BRI and the banking sector in general.

By developing the right strategy, involving all elements of the organization, and innovating continuously, BRI can face existing challenges and achieve competitive advantage in the increasingly dynamic banking industry. This study will provide a deeper insight into how the strategy can be implemented well and sustainably in the context of today's rapid changes.

Thus, through this scientific work, the author hopes to present in-depth views and analysis regarding the strategic management of PT. Bank Rakyat Indonesia in facing the era of digital transformation. It is hoped that the findings of this study can be a reference and source of information for practitioners, academics, and related parties who are trying to understand and implement effective strategies in today's rapidly developing business environment.

## **Method**

This study uses a qualitative approach with a literature review method. The qualitative approach was chosen because it allows researchers to deeply understand complex phenomena such as banking strategies in dealing with changes in the era of digital transformation. The literature review method was chosen because it allows researchers to collect secondary data from various sources such as articles, journals, and books related to the research topic.

The purpose of using secondary data is to obtain sources of evidence with a high level of validity to support this research. The research process begins with identifying and selecting literature sources related to the research topic. These literature sources include academic papers, journals and relevant books that discuss digital transformation, implementation of new technologies, product and service innovation strategies, and challenges faced by the banking sector in the era of digital transformation. The data is then analyzed qualitatively using a descriptive and interpretive approach. This analysis is carried out by considering general patterns, trends, and significant findings from the collected literature sources and drawing detailed conclusions.

## **Results and Discussion**

### **1. Strategic Management Implemented by BRI in Facing the Era of Digital Transformation**

PT. Bank Rakyat Indonesia (BRI) has adopted various strategic management to face the era of digital transformation in the banking industry. Banks as the main pillar of financial institutions, have a major role in the formation of a new economic ecosystem created by this digital transformation (Dr. Bayu Prawira Hie, 2021) by integrating technology into their services and operations, banks not only facilitate access to financial products and services, but also contribute to wider financial inclusion. The strategic management that has been carried out by BRI includes strengthening digital services, product development, and collaboration with various technology partners. One of the superior strategies that has been implemented is BRIAPI, which is an application programming interface (API) developed by BRI that allows integration between third-party applications and BRI services. BRIAPI is designed to accelerate and simplify various banking transaction needs required by companies and institutions in this digital era. With BRIAPI, BRI accelerates the digitalization process by providing easier access for application developers and companies to integrate more efficient banking services.

BRI's digitalization strategy is not only limited to technology development, but also to improving the quality of service for customers. The existence of the Ceria Program as a digital loan product issued by Bank BRI, which has been registered and supervised by the Financial Services Authority so that it is more supervised and guaranteed in terms of customer data security, it must be well maintained and BRI as a financial super app for various customer transactions anytime and anywhere is part of BRI's efforts to offer digital loan services and mobile banking that are responsive to consumer needs, especially the younger

generation who prefer digital transactions. This creates a better consumer experience and is in accordance with customer expectations.

In its business operational activities, BRI also pays attention to applicable regulations, especially those issued by the Financial Services Authority (OJK), as part of its compliance and risk management strategy in maintaining customer data security.

## **2. Challenges Faced and Solutions in Implementing Digitalization Strategy**

Although BRI has shown a high commitment to facing digital transformation, challenges remain. One of the main challenges is the risk of personal data protection. Given the large amount of customer data that must be managed, BRI faces the threat of data leaks and misuse of personal information. Therefore, BRI must implement a strict encryption and access control system to protect customer privacy.

In addition, investment management in the field of information technology (IT) is also a challenge in itself. Proper research and feasibility studies must be conducted before investing in new technology, to ensure that the investment can provide maximum benefits. The readiness of the organization in adopting new technology is also an important factor that must be considered. Training and development of human resources in the field of information technology are steps that need to be taken to increase employee capacity so that they can run digital systems properly. The EMBRIO program, which is a corporate innovation lab to develop innovative ideas from BRILian people, is able to be a solution to provide new innovations in the development of information technology. EMBRIO as a comprehensive innovation development program aims to bring up revolutionary ideas that are expected to be a solution for BRI's business growth in the future.

Other challenges include the uneven distribution of communication network infrastructure throughout Indonesia. Several regions still experience obstacles in internet access and technology, which can make it difficult to implement digital services evenly. Adaptive government regulations to the development of digital services are also very important to support the banking industry in facing the digital era. In terms of digital transformation, BRI also realizes that the level of digital adoption and financial literacy of the Indonesian people has different levels. Based on this, BRI relies on marketers as digital instructors spread across various regions as the vanguard of BRI's digitalization.

## **3. Impact on Organizational Performance, Increased Productivity, and Customer Satisfaction**

The strategies implemented by BRI in facing digital transformation have had a positive impact on organizational performance. The implementation of BRIAPI, for example, the benefits of API or open banking which contribute an important role to increasing financial inclusion in society. Open banking makes it very easy for consumers to carry out various types of transactions. At this time, consumers can switch from conventional payment methods to digital payment processes that are easier and faster in the process. Collaboration with various companies and applications has created an ecosystem that supports increased productivity, not only for banks, but also for partners who integrate with BRI services. Throughout 2021, BRIAPI successfully recorded triple digit growth with sales volume figures reaching IDR 174.5 trillion, which means that the value grew 305.8% compared to the previous year.

Another positive impact that is seen is the increase in customer satisfaction. BRI, through service innovations such as BRImo and Ceria, offers easy access and convenience in transactions. Customers now no longer need to visit branch offices and can access banking services anytime and anywhere. This is in line with consumer expectations who increasingly prioritize efficiency and effectiveness in every transaction. With its various features, Ceria managed to record a sales volume value of up to IDR266.54 billion throughout 2021. In total, Ceria, along with other BRI credit cards and digital lending services, successfully achieved a percentage increase of up to 20.38% or IDR4.34 trillion. In the same year, the number of active BRImo users also increased by 56.4% year-on-year (yoy) to 14.2 million. This is still added to the volume of BRImo transactions which grew by 581% (yoy), from IDR1.27 billion to IDR1.34 trillion. In terms of user experience, BRImo received the title of best m-banking service based on the 2021 Satisfaction, Loyalty, and Engagement (SLE) survey by Infobank and Marketing Research Indonesia (MRI).

All of these achievements are proof of the success of BRI's digital products that have been able to provide satisfaction to customers. The increase in productivity and customer satisfaction is not only seen from the number of transactions, but also from the strengthening of BRI's image as a bank that is responsive to changes and community needs. Through an integrated approach, BRI has succeeded in building customer trust and increasing their loyalty. Thus, it can be concluded that the strategy implemented by BRI in facing digital transformation shows promising results, even though it is faced with complex challenges. The commitment to continue to innovate and improve customer experience will be the key to BRI's success in maintaining its position in the modern banking industry.

## **Conclusion**

This study shows that PT. Bank Rakyat Indonesia (BRI) has implemented various effective management strategies in facing the challenges of digital transformation in the banking industry. BRI adopts a comprehensive approach by strengthening digital services, developing innovative products, and collaborating with technology partners through the BRIAPI open banking platform. This strategy not only focuses on technology development, but also on improving the quality of services tailored to customer needs, especially among the younger generation who prefer digital transactions.

However, the implementation of this strategy is not without obstacles. BRI faces various challenges, such as personal data protection, investment in information technology, and uneven communication infrastructure in Indonesia. To overcome these challenges, BRI needs to implement a strict security system, conduct a feasibility study before investing, and pay attention to human resource development to ensure readiness in facing technological changes.

The impact of BRI's digitalization strategy implementation has proven positive for organizational performance, as indicated by significant growth in the number of transactions and increased customer satisfaction. Service innovations such as BRImo and Ceria provide easy access and convenience for customers, which directly improves BRI's image as a bank that is responsive to the needs of the community.

Thus, the management strategy implemented by BRI in facing the era of digital transformation shows good results, even though it is faced with complex challenges. BRI's commitment to continue to innovate and improve customer experience will be a key factor in their success in maintaining and strengthening their position in the increasingly competitive banking industry. This research is expected to provide valuable insights for stakeholders and the banking sector more broadly, as well as a reference in formulating effective strategies amidst rapid technological developments.

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