

MEASURING CUSTOMER TRUST THROUGH DIGITAL TRANSFORMATION OF BANKING AS A COMPETITIVE ADVANTAGE

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ABSTRACT

The financial and banking industry has implemented digitalization as a marketing weapon and realized industry 4.0. The purpose of this study was to determine the extent of the implementation of banking digitalization in the expansion areas. The population of this research is the customers registered at Bank Sinar Mas Rantauprapat in 2021 as many as 1445 people. Research using multivariate data should use the number of samples in the survey as many as 200 samples with purposive sampling technique. Smart PLS data analysis through the stages of convergent validity, discriminant, composite reliability, Cronbach's alpha and R-square. The results show that customer trust is very important in the business practice of the financial or banking industry, this is because customer trust is the most effective weapon in the banking service industry based on digital transformation as banking services will be able to increase customer satisfaction and even loyalty and attract new customers. Digital transformation in the banking world is an important phenomenon as access to the realization of customer-company interactions through information and communication technology, making it easier for companies to win the competition and become a competitive advantage for banking.

JEL: M11, O33.

Keywords: *trust, banking digital transformation, competitive advantage.*

1. INTRODUCTION

There are many fundamental changes that occur in human life starting from advances in information technology which have actually provided conveniences that help human work and company operations. This fundamental change in human life is caused by the high number of internet users who make a major contribution to society, industry, and government in various ways. Through the advancement of information technology, according to (Firman & Amijaya, 2021) implications for various strategic fields including banking. According to (Dangolani, 2011). The sector that is most radically affected by the development of information technology is the banking system, because in information technology the banking service system is faster and more automated, making it very easy for users.

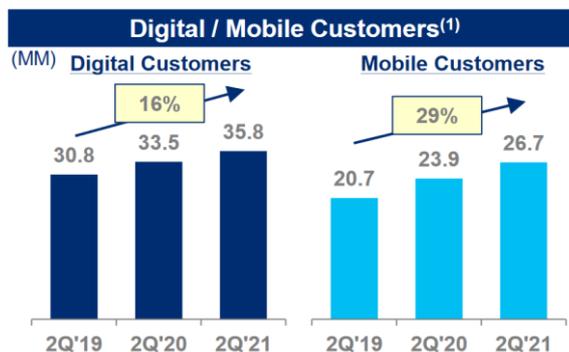
Following up on this, the banking world in Indonesia after the new normal covid-19 has transformed into digital transactions, this can be seen from the rapid pace of development of digital transactions and the strategic steps taken by the Financial Services Authority in relation to the direction of various banking companies. Through banking that has been digitally transformed, it will increase the reach of banking access for the public, according to (Syafri, 2021) that digital transformation will increase the reach of internet access so that it will encourage economic growth. Digital transactions implemented by banking use information technology and big data as well as with trained human resources. The implementation of digital transactions not only disrupts competition but also has an impact on consumer satisfaction (Gupta, 2019). The high number of

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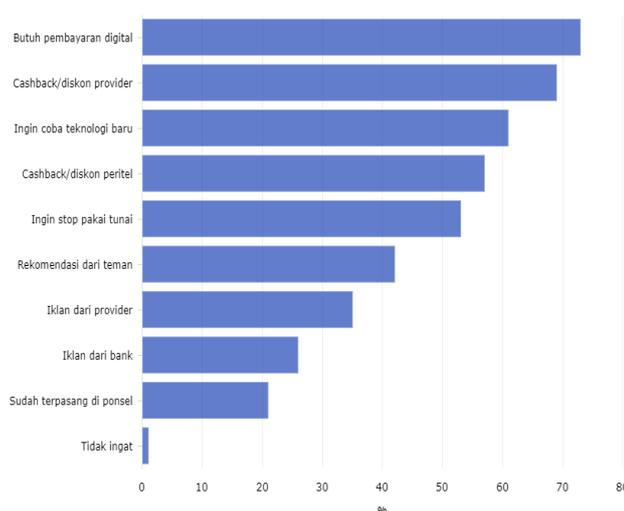
digital transactions indicates a change in behavior by the community in meeting the needs of using digital transactions.



Source: <https://thetack.technology/banks-digital-transformation-earnings-calls/>

Figure 1. Number of Cellular and Digital Subscribers

After paying attention to Figure 1.above, it shows that the number of cellular and digital customer users is functionally increasing in front of the Indonesian people, especially related to economic activities to make it easier to use digital transactions. Anyone involved in using digital transactions will help government programs in accelerating the digital economy. The following is data on the factors driving the increase in digital transaction users during the COVID-19 pandemic in Indonesia, namely:



Source: Databoks, 2022.

Figure 2. The Need for Digital Transactions During the Covid-19 Pandemic in Indonesia

Based on the data above, it shows that the driving factor for the increasing need for digital transactions is a need that is desired by the community in order to provide convenience in these transactions. According to research (Yang, Al Mamun, Mohiuddin, Nawi & Zainol, 2021) that the benefits of using an e-wallet are perceived as providing convenience that affects the social/lifestyle and the perceived trustworthiness of the consumers themselves. Digital transactions or better known in general as Electronic Payment Systems (EPS) provide security and trust for consumers (Oney, Guven & Rizvi, 2017). This means that people should slowly leave the traditional way, especially in making payments, switching to digital banking.

Even though that time the whole world was still faced with the covid-19 disaster, on the contrary this tragedy had a positive impact, especially for banks in carrying out digital transformation in supporting community needs. According to study (Priyono, Moin & Putri, 2020) that Small and Medium Enterprises (SMEs) have adopted digital transactions to facilitate service and successful transactions by consumers. If companies engaged in Business, Small and Medium Enterprises (SMEs) have adopted this system, Electronic Payment Systems (EPS) with the aim of providing convenience and leading to customer satisfaction, on the other hand, banking companies with various transaction levels must also improve their Electronic Payment Systems (EPS) applications as a way to win business competition.

The economic slowdown due to the COVID-19 disaster resulted in a decrease in cash or non-cash payment activities, this was due to a large-scale restriction policy. Meanwhile, on the other hand, the COVID-19 disaster has encouraged an increase in the acceleration of adoption of digital-based financial technology (Mawarni & Fasa, 2021). Post-covid-19, which is called the new normal era, is an opportunity for banking to encourage and strengthen the shift in services to the public from conventional services to digital services, form digital communities and improve the capabilities of digital products/services.(Primasari & Ghofirin, 2021). Although there is a digital-based banking transformation as a positive thing that needs to be observed from the aspect of banking preparation, especially strengthening the competence of its human resources so that they can synergize with digital applications so as to support effective and efficient services.

Strengthening human resources in supporting digital banking transformation according to (Kuchciak & Warwas, 2021) that humans as human resource practices require retraining and skill improvement as a solution to mitigate challenges in the Banking 4.0 era. This means that the rapid changes in technology in the banking world in order to run according to its objectives, banking interests must pay attention to the readiness of human resources as strategic partners. According to other research (Utami & Kusumawati, 2021). Through competent and quality human resources, the port will become better as a trade gateway and as a major factor in determining the success of transformation in the era of digitalization.

The problem of strengthening human resources in mastering digital service applications in supporting operations for customers is a burden for the company to be able to prepare human resources who are trained and familiar with application technology. According to study (Winasis & Riyanto, 2020) that the changes that occur as a result of the transformation are fundamental in nature and have an effect on procedures and working conditions that have traditionally been radically changed on a digital basis in order to win adaptation and competitive competition, that the changes in question will affect the psychological condition of stressed human resources who are required to adapt quickly. In a study (Syafri, 2021) that the adoption of digital banking technology has a significant impact on bank efficiency but all depends on the efficiency perspective of the bank itself. The emergence of doubts over the adoption of digital banking technology is reinforced by the analysis (Witoelar, Wicaksono & Mangunsong, 2021). Low perceived benefits from digital banking adoption will occur in remote and rural areas.

There are pros and cons about banking digital transformation among interested parties between producers and consumers, it is very natural, but many banking companies feel the benefits and success of implementing digital transformation, including according to (IntellectSoft, 2020) the journey of digital transformation is not an easy thing and involves a lot of human resources, and the outcome is that the service becomes faster, safer and contains consumer satisfaction, then

the banking industry will get better from year to year. In literature (Gupta, 2019) explained that the digital transformation of banking is able to reduce operational costs and company overheads and reduce risks. Banking in carrying out its digital-based business according to (Amelda, Alamsjah & Elidjen, 2021) that the banking and financial industry needs to innovate by combining digital technology in interacting with customers, so that through this technology it provides convenience and comfort for customers who access these digital services.

This study chose the object of Bank Sinar Mas Rantauprapat Branch, as conventional banking, Bank Sinar Mas already has advantages regarding digital services, human resources so that it supports the phenomenon to be studied. Another objective of this research is to build customer trust through the adoption of digital services implemented by Bank Sinar Mas Rantauprapat Branch. So the novelty that is the focus of this research relates to the implementation of digital services at Bank Sinar Mas which is located in an area related to customer satisfaction and the novelty of measuring the readiness of banking human resources (HR) as those who offer digital services and their impact on customer trust while supporting the government. in socializing the cashless payment program to reduce cash transactions in the future.

2. LITERATURE REVIEW

2.1. Digital Banking

The stretching of digital-based banking services as banking innovations is increasingly having a positive effect on the community in providing convenience for online transaction services (Jannah, Djakfar & Dianah, 2020). The transformation of digital services offered by banking is an artificial intelligence product that was created to support convenience for humans in the future. According to (Wijaya, 2021) digital banking is a bank activity that automates processes using advanced technology through web-based services including API (Application Programming Interface). Through this application, every bank can send and provide various internet-based transaction menus. According to (Cunha, Babu & Almeida, 2022). The application of digital-based technology in banking is a form of artificial intelligence development aimed at reducing errors and providing quality services to customers. The final conclusion is that the definition of digital banking is getting wider but the main goal is how banks through digitalization enable customers to access products and services through electronic online platforms and digitize all bank transactions using the presence of the internet (Ganieva, Gaybulla & Mirzaeva, 2022). Therefore, banking digitalization leads to more innovative financial services and develops along with rapid technological advances (Martono, 2021). According to Mawarni (2021) the challenge of transforming the use of digital technology is more than just providing online and mobile banking services and the need to innovate in combining digital technology with customer interaction. So the picture of digital banking is more illustrative of the virtual process of supporting all services that have a positive impact on business growth.

2.2. Customer Trust

In marketing, trust is very important for sellers and buyers in building relationships to get customer satisfaction so that companies can maintain customer loyalty (Sitorus & Yustisia, 2018). In carrying out business activities, the ideology of customer trust in the service business is a great gift if business actors are able to understand and manage the concept of trust in a business. Trust is perceived as a value based on the potential use of technology to enhance information sharing

(Rianto, Nugroho & Santosa, 2015). Meanwhile, trust is considered to be able to minimize perceived risk thereby increasing consumer commitment to service providers (Agyei, Sun Abrokwah, Penney & Ofori-Boafo, 2020). View trust as a thought, feeling, emotion or behavior that is manifested when the customer feels that the service provider can be relied on to act in his or her best interest (Leninkumar, 2017). On the other hand, trust is perceived as a driver that affects loyalty (Hayati, 2011). Indicators that measure customer trust include management, employee contacts and salespeople (Brudvig, 2015). Indicators of customer trust that are relevant are credibility, reliability, intimacy, shared value, independent and quality communication. Another indicator of customer trust is that the product can be trusted and the product is able to fulfill its obligations to consumers (Purnamasari, 2018). Furthermore, the indicator of customer trust is closely related to the best service, consistent, complete, valuable and keeping promises (Tumble, 2016). This is confirmed by (AN & Sutarso, 2021) that trust is considered a key element of the approach between the customer and the producer or company providing services.

H1: Customer trust has an effect on banking digital transformation.

2.2 Digital Transformation

In recent decades, digital transformation has been widely accepted in all fields such as management, business, information systems, information technology and corporate marketing. The development of digital services based on information and communication technology has a significant and varied effect on all industries while creating a new business environment called the digital business ecosystem (Diener & paček, 2021). Digital transformation is formulating a digital strategy that functions as a concept that integrates all coordination, priorities and implementation within the company (Matt, Hess & Benlian, 2015). Digital transformation in its implementation is more than just providing online and mobile banking services (Amelda et al., 2021). The digital transformation process is considered as the use of digital technology to improve business models and increase their efficiency (Galazova & Magomaeva, 2019). Thus, digital transformation is represented as a factor that is applied to assess the competitiveness capacity of banks that are scientifically found (Kolodiziev, Krupka, Shulga, Kulchytsky & Lozynska, 2021). Currently, the need for digital transformation in the banking industry is experiencing rapid progress (Winasis et al., 2020). In implementing digital transformation, the right indicators are needed to become a business model that connects to the market digitally. The following are the six keys to implementing digital transformation, namely personalized product/service offerings, closed/confidential processes, asset sharing, pricing usage, a more collaborative ecosystem, agile and adaptive organizations. (Winasis et al., 2020). In measuring digital transformation, it depends on the organization's readiness to adopt it seen from product/service innovation, customer advocacy, data capitalization, business operations and employee development. (*Bagaimana Nilai Kesuksesan Transformasi Digital Perusahaan?*, 2019).

H2: Customer trust affects competitive advantage

2.3 Competitive Advantage

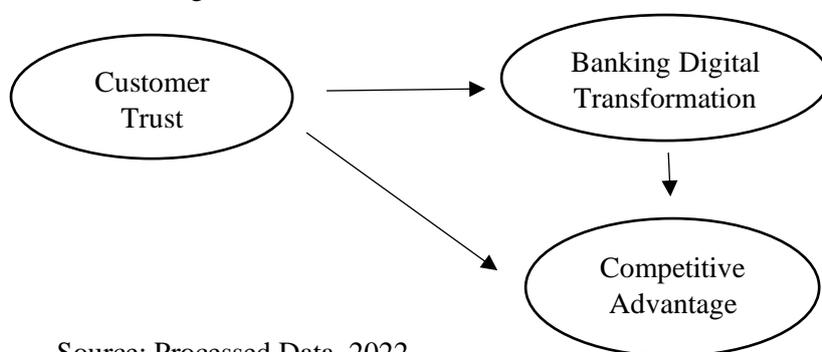
The concept of competitive advantage is recognized as an ongoing concern for all companies. Competitive advantage concerns the capabilities obtained through the sources of characteristics and human resources in a company. In addition, competitive advantage has become very popular because the process utilizes internal strengths to respond to external environmental opportunities. The advantages of banking in digital transformation into e-banking are considered

as one of the most effective banking transaction methods because it has many advantages that offline banking cannot offer (Bazini, 2015). Next according to Rita (2019) Competitive advantage is realized if there is an alignment between competencies that really differentiates it from a competing company so that the company has achievements that are far from competitors. There are two important things in achieving competitive advantage for service companies. First, excellence can be realized if the company adopts a low cost strategy. In this concept the company really must be able to offer its products or services at a lower price (cost) than competitors. Second, carry out a differentiation strategy, in this section differentiation is divided into products, services, prices, distribution and others, from some of these differentiation strategies to be differentiating or unique so that customers get benefits according to the right price (Kasasbeh, Harada & Noor, 2017). The value of competitive advantage in a company depends on three main characteristics, namely from resources and capabilities, long-lasting competitiveness (Hapsari, 2018). Then the correct indicator innovation, continuous product and service development, sales and growth dimensions, service quality, responsiveness to customers, core organizational competencies (flexibility, responsiveness, reputation), manager awareness, cost, assets and strategic architecture, ability to raise capital, differentiation market, training and education and systems integration and business process reengineering (Kasasbeh et al., 2017).

H3: Banking digital transformation affects competitive advantage

2.4 Framework of thinking

Along with the increasingly aggressive implementation of digital services for actors and producers, especially in the banking services industry, inevitably they must adapt immediately or they will lose in the competition. The implementation of digital transformation for banking aims to win the competition as an advantage possessed by companies in retaining customers or attracting prospective customers. According to (Galazova & Magomaeva, 2019) that the main direction of the development of financial technology in the banking sector is currently aimed at transforming traditional banking services into digital technology. In this study, the implementation of digital transformation is very dependent on customer trust, if customers have good trust in digital banking services, they will be a source of banking excellence in winning the competition. The following is the framework for thinking in this research:



Source: Processed Data, 2022

Figure 3. Conceptual Framework

3. RESEARCH METHODS

This type of research is descriptive quantitative research, where researchers in solving problems of phenomena raised based on facts are supported by primary data in the form of

questionnaires with *google forms* which contains statements from the development of indicators of all the variables studied. The population of this research is customers who are registered at Bank Sinar Mas Rantauprapt in 2021 as many as 1,445 people. Furthermore, in research using multivariate data using the Structural Equation Modeling (SEM) method, generally using Maximum Likelihood Estimation (MLE) the number of samples in the survey ranges from 100-200 samples. So the author's sample refers to the sum of all 15 indicators $\times 10 = 150$ samples. So the sample in this study was set at 200 samples. The sampling technique uses purposive sampling where the sample is selected based on certain criteria, namely being registered as a customer of Bank Sinar Mas Rantauprapt. The data collection technique uses primary data (in the form of questionnaires) using *google forms* which are distributed offline and online and uses required secondary data such as interviews, literature studies and related agencies. The scale technique used is the Likert scale with statements ranging from Strongly Agree (5), Agree (4), Disagree (3), Disagree (4) and Strongly Disagree (1). The data analysis technique used in this research is Smart PLS v 3.0 to predict the relationship between one construct and another. In technical analysis, the SmartPLS approach consists of two models in PLS, namely the outer model including convergent and discriminant validity of the indicators forming the latent construct and composite reliability and Cronbach's alpha for the indicator block. While the inner model aims to predict the relationship between latent variables by looking at the R-square. The data analysis technique used in this research is Smart PLS v 3.0 to predict the relationship between one construct and another. In technical analysis, the SmartPLS approach consists of two models in PLS, namely the outer model including convergent and discriminant validity of the indicators forming the latent construct and composite reliability and Cronbach's alpha for the indicator block. While the inner model aims to predict the relationship between latent variables by looking at the R-square. The data analysis technique used in this research is Smart PLS v 3.0 to predict the relationship between one construct and another. In technical analysis, the SmartPLS approach consists of two models in PLS, namely the outer model including convergent and discriminant validity of the indicators forming the latent construct and composite reliability and Cronbach's alpha for the indicator block. While the inner model aims to predict the relationship between latent variables by looking at the R-square.

4. RESULTS AND DISCUSSION

4.1. Respondent Profile

The following is a description of the profiles of respondents in this study:

Table 1. Description of Respondents

Profile	Description	Frequency	Percentage
Gender	Man	88	44.0%
	Woman	112	56.0%
Age	17-30 years old	124	62.0%
	31-60 years old	71	35.5%
	>60 years old	5	2.5%
Education	SENIOR HIGH SCHOOL	44	22.0%
	Bachelor	155	77.5%
	Master	1	0.5%
Business Digital Experience	Not	43	21.5%
	Yes	157	78.5%

Source: Research Data, 2022

Based on the results of the distribution of research questionnaires using a descriptive approach, it can be concluded that in terms of gender, it shows that the respondents in the study were dominated by the female gender compared to the male gender. In terms of age, it was dominated by ages between 17-30 years as many as 124 people or 62.0%. In terms of education, it is dominated by undergraduate education as many as 155 people or 77.5%. Finally, in terms of business digital experience, 157 people or 78.5% have experience doing business using digital. These respondent profile data provide an overview and understanding in this study that the respondents taken are a collection of people who have a good understanding of business digital applications or services.

4.2. Test Outer Model

At this stage in the *testouter model* which is to see the results of the convergent validity test and the Average Variance Extracted (AVE) output is presented below:

Table 2. Output Outer Model

	Customer Trust	Competitive Advantage	Banking Transformation	Digital
Product & Service Development		0.912		
Responsiveness		0.924		
Organizational Core Competencies		0.925		
Credibility	0.875			
Reimacyliability	0.880			
Intimacy	0.898			
Shared value	0.873			
Independent	0.916			
Quality communication	0.876			
Salesperson	0.781			
Personalized product/service			0.882	
Closed process			0.918	
Pricing			0.909	
Collaborative			0.941	
Adaptive organization			0.915	
<i>Average Variance Extracted (AVE)</i>	0.761	0.847	0.834	

Source: Smart PLS Output, 2022

Based on Table 2. The output outer loading shows that the results of the loading factor of all indicators, all constructs meet convergent validity, because all indicators have a loading factor value above 0.70. The model has a sufficient validity value if it has a value of *Average Variance Extracted (AVE)* greater than 0.50 so that the results of this study have met the outer model test in Smart PLS.

Furthermore, in the outer model, it is necessary to examine the reliability test (cross loading) by paying attention to the output value of Cronbach's alpha and composite reliability in the Smart PLS model. The following is presented the output value of cross loading, among others:

Table 3. Output Cross Loading

	<i>Cronbach's Alpha</i>	<i>Composite Reliability</i>
Customer Trust	0.947	0.957
Competitive Advantage	0.910	0.943
Banking Digital Transformation	0.950	0.962

Source: Smart PLS Output, 2022

Based on Table 3. The output cross loading shows that the output values of Cronbach's alpha and composite reliability have each construct value already above 0.70 so that it can be concluded that each of the estimated constructs and models already has good reliability.

4.3. Test Inner Model

At this stage in the test *inner model* which is to see the results of R Square are presented below:

Table 4. Output R Square (R2)

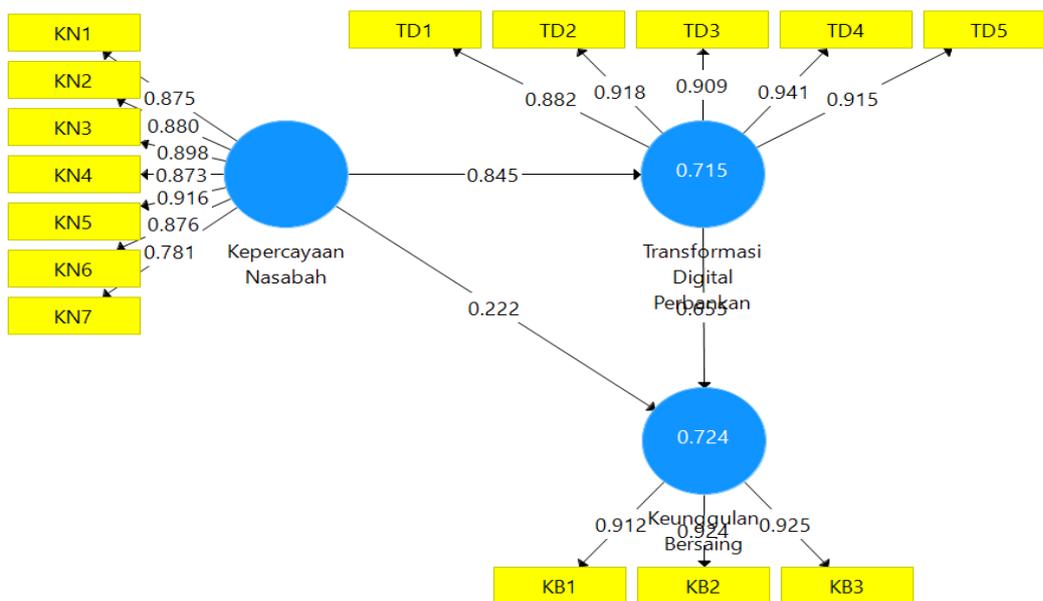
	<i>R Square</i>
Banking Digital Transformation	0.715

Source: Smart PLS Output, 2022

Based on Table 4. Output R Square (R2) shows the R-Square value of the banking digital transformation variable has a value of 0.715 or 71.5% or is categorized as strong in explaining banking digital transformation.

4.4. Hypothesis test

P Hypothesis testing using Smart PLS can be seen based on the path coefficient value (t-statistics) and the level of significance (p-value). So, the hypothesis can be accepted if the T-statistics value > T-table (1.96) with a significance value less than 0.05. Figure 4. will show the resulting bootstrapping construct.



Source: Smart PLS Output, 2022

Figure 4. Bootstrapping Result Construct

Based on Figure 4. it can be seen that the results of the bootstrapping one tailed test construct show a construct relationship from the independent variable indicators to the dependent variable, each of which has a T-statistic value to be analyzed. Table 4. will show the conclusions from the bootstrapping results to prove hypothesis testing.

Table 5. Bootstrapping Output

Hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Customer Trust -> Competitive Advantage	0.222	0.228	0.082	2,708	0.007
Customer Trust -> Banking Digital Transformation	0.845	0.846	0.029	28,797	0.000
Banking Digital Transformation -> Competitive Advantage	0.655	0.648	0.085	7.742	0.000

Source: Smart PLS Output, 2022

Based on Table 5 Bootstrapping output in the T-Statistics column from the results of data processing that from the results of hypothesis testing the T-Statistics value is above the value (1.96) with a significance level below 0.05 which is then used to prove the results of hypothesis testing in the discussion section.

4.5. Discussion

Based on the results of hypothesis testing, a detailed discussion will be carried out, including:

H1: Customer trust has an effect on competitive advantage.

Based on construct bootstrapping output customer trust affect competitive advantage, this can be seen from the value of the t-statistical path coefficient of 2,708, which is greater than 1.96 (a constant) and has a significance level of 0.007, which is smaller than 0.05. Thus the results of testing the first hypothesis in this study can be accepted. Therefore, the results of this study have proven that customer trust is the right competitive advantage to be maintained and maintained in the face of technology-based business competition and digitalization has created opportunities for new players in the banking business (*How Can Banks Transform for a New Generation of Customers_*, nd) (Wahab, Azila, Noor & Ali, 2009). Online trust is also considered important in improving the performance of Customer Relationship Marketing (CRM) and trust is considered important in the relationship between banks and customers, including competitive advantage (Adi, Jasfar & Arafah, 2021). According to Sodikin (2020) Companies that have a competitive advantage can always understand changes in market structure making it easier to choose effective marketing as a competitive advantage. In companies engaged in services, brand trust is very important to achieve competitive advantage (Nurjanah, Solihat, Rahmayani, Trijkumansyah & Iskandar, 2020). It is more clear that customer trust in digital banking is so important because according to (Kornelis, 2022) consumer protection of digital banking services is needed. So with the urgency of legal protection for users of banking digitalization products, it will increasingly make customers or anyone who will use bank products/services digitally more comfortable and accurate, this indicates the high trust given by these customers to the digital transformation of banking at Bank Sinar Mas Rantapratap as a strong competitive advantage in winning the market in the future.

H2: Customer trust affects banking digital transformation.

Based on construct bootstrapping output customer trust affect banking digital transformation, this can be seen from the acquisition of the t-statistical path coefficient value of 28,797, which is greater than 1.96 (a constant) and has a significance level of 0.000, which is less than 0.05. Thus the results of testing the second hypothesis in this study can be accepted. Therefore, the results of this study prove that customers support digital banking transformation innovations that aim to provide convenience in transactions Susilawaty & Nicola (2020) confirming the trend of digitization in the banking world was also acknowledged by Bank BCA, where it was proven that 97 percent of transactions at Bank BCA had been carried out online. Besides that, that convenience, functional quality, digital banking, service quality, brand/trust, employee, customer engagement, and digital banking innovation have a significant effect on customer satisfaction performance. In addition, according to (Mufarih, Jayadi & Sugandi, 2020). The results of the study describe the perception of trust and perceived risk as having a dominant role in influencing user attitudes. (Kaur, Kiran, Grima & Rupeika-Apoga, 2021) revealed that digital banking customers are completely satisfied with the quality of services provided. It can be concluded that the customer trust of Bank Sinar Mas Rantauprapat has been built for a long time so that service development innovations switch to the new system and customers respond well so that with customer trust it helps banks to develop digital transformation more easily in the future. (*Building Trust In Digital Banking Through Seamless And Personalized Interactions*, 2021). Through customer trust, you can also build relationship marketing (Nugraha, 2021). Other studies that corroborate the results of research on digital banking transformation according to (Arifin, 2016). The presence of internet banking services is an alternative media facility in providing convenience for customers in conducting transactions. As we all know, internet banking is part of the transformation of digital banking services, so it is very natural for every customer to give high hopes (trust) to the bank company through digital banking transformation to provide a high level of convenience in transactions.

H3: Banking digital transformation affects competitive advantage.

Based on construct bootstrapping output banking digital transformation has an effect on banking digital transformation, this can be seen from the acquisition of the t-statistical path coefficient value of 7.742, which is greater than 1.96 (constant) and has a significance level of 0.000, which is smaller than 0.05. Thus the results of testing the first hypothesis in this study can be accepted. Therefore, the results of this study succeeded in proving that banking digital transformation influence on competitive advantage and become one of the brilliant strategies in banking marketing. According to Kolodiziev et al. (2021), currently, the digitalization process in banking is a way to expand the range of banking products and help shape competition policies and become a competitive advantage. According to Hadi & Hmood (2020) that the implementation of a digital transformation strategy by banks will provide many advantages. This is reiterated by (Kitsios, Giatsidis & Kamariotou, 2021) that digital transformation in the banking sector is a continuous process that affects both the external and internal environment. Besides that (Alexandrova, Poddubnaya, Shalenaya & Savvidi, 2020) in his research that enabling digital technologies contribute to optimizing routine procedures and enabling cost reductions while increasing profitability. (Amelda et al., 2021) emphasized that the financial and banking industry needs to innovate by incorporating digital technology in interacting with customers. Research result (*OPTION _ Banking Digital Transformation Finally Touches Core Banking*, nd) also reinforces the statement that the digital transformation of banking has finally touched the core

banking, this means that digital banking transformation can provide highly innovative and competitive business needs.

5. CONCLUSION

Conclusion of this research shows that:

1. Customer trust has an effect on competitive advantage.
2. Customer trust has the most dominant influence on banking digital transformation.
3. Banking digital transformation affects competitive advantage.

Furthermore, as for the recommendations in this study, it is better for other researchers to develop research by conducting comparative studies in exploring the implementation of digital service transformation through a more in-depth customer perceived point of view by choosing company objects such as Islamic banking or private financial technology (fintech) companies and non-bank financial institutions. by using a more relevant sampling technique and taking a wider sample scale so that research development will be found on the effects of digital service transformation for all banks in Indonesia through the readiness of human resources.

Implication

This research implies that the role of information and communication technology in the banking world is absolute and non-negotiable, because the success of the banking system will definitely be supported by the stimulus for the role of information technology. If you go deeper into the meaning of information technology, it contains complexity for companies because banks must provide convenience in transactions, meaning that the more varied and complex variety of technology adoption, the more difficult it is to avoid. From this study we can describe the application of technology in the banking world to facilitate internal banking operations, especially to customers. In addition, in the banking business, almost all of the products are similar, only with different names and other backgrounds. so that the key point of every banking company is how to provide accurate and precise products to customers. When it comes to technology, the obstacles that make banking companies adopt it are the high costs of information technology. Emphasis on information technology in the banking system will require the availability of supporting human resources, meaning that if there are human resources at Bank Sinar Mas Rantauprapat who do not understand and master technology, this will be an unintentional negligence, it can be said to be a waste that is detrimental to the company, then Bank Sinar Mas Rantauprapat should be able to study and conduct research on technology needs that are closely related to virtual services. However, Bank Sinar Mas Rantauprapat is a company in which there are human resources who have a strong basis for the need for digital banking transformation because the activities and application of this technology are long-term. This study provides important information, especially for customers of Bank Sinar Mas Rantauprapat that customer trust is not only a factor but a catalyst for the formation of relationship marketing which is closely related to customer satisfaction. The implementation of digital services in banking in the era of the industrial revolution 4.0 has an important role and this is due to the innovation of diversifying Bank Sinar Mas Rantauprapat services to its customers. Furthermore, The digital transformation of banking owned by Bank Sinar Mas Rantauprapat so far has really provided comfort and convenience in transactions for its customers. This can be called the success of Bank Sinar Mas Rantauprapat in carrying out digital banking transformation which is the key to realizing customer trust so that through this trust it becomes a foundation of competitive advantage that is always maintained and maintained by Bank

Sinar Mas Rantauprapat in winning the increasingly fierce competition. The prominent competitive advantage of Bank Sinar Mas Rantauprapat is the readiness of human resources (employees) involved in providing digital services, which also affects the position of a banking company. This is the path of Bank Sinar Mas Rantauprapat as one of the banks that has an effective and efficient digital service system in the future. Customer trust is very important in the business practices of the financial or banking industry, this is because customer trust is the most effective weapon in the digital transformation-based banking service industry because banking services will increase customer satisfaction and even customer loyalty and attract new customers. Digital transformation in the banking world is an important phenomenon as access to the realization of customer-company interactions through information and communication technology, making it easier for companies to win the competition and become a competitive advantage for banks.

Research Limitations

Various studies on the limitations of this research should be in revealing the role of digital technology and so on, it must pay attention to the size of the population and sample with the object being studied so that researchers who read can develop methods of determining population and samples. In addition, conducting research development by taking the object under study is not only Bank Sinar Mas Rantauprapat but other conventional banks so that the scope of digital technology owned can be known. Although this research was conducted at the district level, the scope of the research needed to be increased, such as a review of the readiness of human resources for technology so that the implementation of digital service transformation in Indonesia can be seen evenly.

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