

CHAPTER II

THE ADVERTISING EXPOSURE OF DIGITAL BANK, USER EXPERIENCE ON MOBILE BANKING, DIGITAL BANK BRAND AWARENESS AND THE INTENTION TO CREATE AN ACCOUNT

This chapter encompasses further variables used within this study and explains the information regarding the ad's exposure of digital bank, user experience on M-Banking, and user's brand awareness toward the intention to create an account.

2.1. Advertising Exposure of Digital Bank

It is started with the challenges confronted within the bank industry. Digitalization, concurrently with the emergence of pandemic has increased the demand of a far more than a physical distance from one another, which inevitably requiring a cashless model of transaction for day-to-day activity. This opportunity then leads to a competition for existing banking corporation to newly joined company. The way they entering the market are also varies, expanding their branches from overseas bank, rebranding, changing business model or, creating a distinguished division of digital bank. As what Akulaku, Ajaib Group, and several other fintech company had done, they were taking a big step to took over small banks as their subject of acquisition and turned it to digital bank (Kontan, 2021). These corporate actions are part of their effort to join the competition of digital bank, turning small banks into digital by employing its centered technologies, where customers are able to do transactions, from registration, to dividing several savings in an account.

As an unorthodox way of banking, digital banks have to ensure their potential customer on their reliability as a financial company, more so, to attract new customer that have already settled with the way the M-Banking works.

The term of Digital bank emphasizes as a banking activity that are wholly done through digital platform, from registration to closing the account (OCBC, 2021). In Indonesia, there are expectedly 11 digital banks that have fully operated. This gives public the varieties of option when it comes to the decision to try the features of digital bank. In order to establish a digital bank in Indonesia, there are at least few requirements needed, which are; First, having a business model using

innovative and safe technology to serve customer needs. Second, having the ability to manage a prudent and sustainable digital bank business model. Third, have adequate risk management. Fourth, fulfill the governance aspects, including the fulfillment of directors who have competence in the field of information technology and other competencies as referred to in the OJK (Otoritas Jasa Keuangan) or financial services authority regulations regarding fit and proper test. The fifth and sixth requirements are to protect the security of customer data and provide contributive efforts to the development of the digital financial ecosystem and/or financial inclusion. OJK also instructs that the establishment of a digital bank can be done with two options, firstly the establishment of an Indonesian legal entity bank (BHI) to become a digital bank or transformation from a commercial bank to a digital bank (CNBC, 2021).

On the other hand, as the promising features given, it also comes with sum number of risks. In 2020, online fraud was recorded as 3rd highest cybercrime happened in Indonesia (Databoks, 2020). This shows that there is urgency to improving the cybersecurity system, along with the rapidly-improving technologies.

Advertisement made by Digital bank is one of their strategies to be able to exposed their potential customer. These banks are using any platform possible to advertised their product through creative and enticing content, suitable for their potential customer. It generates the possibility for the public to be tantalized by facilities provided by the Digital Bank that featured within the advertisement. As what Seabank by Shopee is doing, distributing pop-up ads in their own e-commerce apps that includes promotions, such as a vouchers and free delivery coupon bundled with its digital bank (Shopee, 2022). few efforts have been taken by the responsible parties to promote their company through the usage of advertisement, notably Nyala by Oversea-Chinese Banking Corporation, Blu by Bank Central Asia, and more companies intrigued by the market.

Therefore, the aim of advertising exposure of digital bank is to pursue the interest by the public for joining the rally of the new technology, along with already-available options in the market. Last but not least, it is predicted that in 2022, the trend to take over small banks by large fintech company in purpose to

turned it to Digital bank is only going to escalate. As what covered by Medcom, even Bank Negara Indonesia, the oldest state-owned banking industry has taken over a private-owned bank, Mayora bank and planning to remodel its business model as a digital bank to joined the competition with the others (2022).

2.2. User Experience on M-Banking

Mobile banking or M-Banking is an act of a banking company to make their facilities available through mobile phone. Facilities provided by mobile banking, however, only limited to certain model of financial transaction. First invented as SMS (Short Message Service) banking, M-banking has gained its accessibility through the improvement from the technology of smartphones, enabling its potential to be publicly used by their users in 2011. Focusing the scope toward the shifting behavior on digital transaction during the pandemic which increased in 2020, justifies that people are more adapted toward this technology (Kompas, 2020). More so, it is predicted that with current transaction model, there would be no ATM (Automatic Teller Machine) machine available if the system is fully established. Currently, there are more or less only 104.000 available atm machine in Indonesia (Katadata, 2020). Nowadays, almost everyone is enlightened by the usability of digitization. People realized that conventional activities can be done through smartphones, which helps them to minimize the effort to just several clicks on their phone. By the help of M-banking, people now are able to do financial transaction through their phone, with easy-to-use surface, it helps people in their day-to-day transaction.

M-Banking, like any other online transaction, also has its risk. There are few risks that can happened, such as; Pharming, where Fraudsters or hackers redirect from legitimate sites to fake sites without the victim knowing and realizing it. Then take the data entered by the victim so that it enters the area that is the game of the fraudster. Spoofing, it is the activity Using software to mask identity by displaying a fake e-mail address/name/phone number on a computer in order to hide identity. To commit fraud, they give the impression of dealing with reputable businessmen. Keylogger, it is a Software that can memorize the keyboard keys used without being noticed by the user. Phishing, or the act of

obtaining personal information such as user Identity (ID), Personal Identity Number (PIN), bank account numbers/credit card numbers illegally. This information is then used to access accounts, commit credit card fraud or guide customers to make transfers to certain accounts with the lure of prizes. Last but not least, Sniffing, the job is to intercept data packets passing by on the network.

User experience (UX), on the other hand, is an evaluative attempt to scores the on-hand experience by their users. It includes three assessing points which are physical, visual, and communicational aspects related to the product. Through these three key points, UX helps apps developer to enhance thus improve their software to be operatable by their users. UX plays a symbiosis relation for the brand and the users. It helps nurture the experience gained by their users through feedback and critics, allowing developer to improving the visual and usability so that it would create positive user experience. A positive user experience would lead to a loyalty toward the brand.

With the prevailing of the usage of digital transaction during the pandemic that initiated as a way to prevent the further transmission of the virus which caused the people to quickly adapted to the technology, and their experience in using the M-banking as a platform even before the strike of the COVID-19, is still an interesting topic to be discussed. Furthermore, the existence of digital bank has added more colors to the financial industry, providing a more all-in-one solution for public to be chosen. These two technologies that exists side-by-side has its own distinction in terms of the experience felt by their users, aside from the benefit of the digital bank which would not require their customer to come to their office instead, do all administration from anywhere. Nevertheless, the risk for cybercrimes is always there, and it is still need to be count as a vital for the business, both M-banking and digital bank.

2.3.Digital Bank's Brand Awareness

The first well-known digital bank in Indonesia is Jenius by Bank Tabungan Pensiunan Nasional (BTPN). It was launched on 11 August, 2016, available for android and IOS users (BTPN, 2016). It was first introduced as a financial apps that helps its users to easily control their financial life. In the

meantime, the terms “digital bank” was first introduced in 2019 and followed by its frequent usage in 2020 as the digital bank started booming in Indonesia. As the number of competitors increases, these banks are contributing towards brand awareness of digital bank.

Taken as an example of how digital bank's eager to secure their place in such a competitive market of the financial services industry, since 2019, OCBC NISP has been drastically shifted their focus to the youth by advertising their product called #TAYTB Nyala by OCBC NISP. these advertisements and media events are involving several well-known public figures that ranging from actors, content creators, musicians, stand-up comedians, and influencers, ranging from Youtube to Instagram. Moreover, in 2019 OCBC NISP, in collaboration with Brian Immanuel, or well-known as Rich Brian, a rapper thus songwriter tribute one song out of 12 songs in his album named "The Sailor", titled "Kids" to advertise their slogan #TAYTB Nyala and yield currently more than 11 million views (88Rising, 2019).

The employment of public figures that can be related to Nyala by OCBC NISP is as mentioned below, are in such endless note. This flock of well-known people is simultaneous, employing their various backgrounds, recommending Nyala by OCBC NISP through a program titled #TAYTB Show on YouTube. Celebrity can be described as people that possess the ability to be easily known by people thus having the contribution toward consumer's preference in engaging an experience through their display in terms of conveyance of information towards the product. This brand also focuses on the influencers sphere, which is possessing the public's attention in which can affect the judgment but also has effects to a certain degree on the audience (Fierero et.al., 2018). This enormous effort given by companies to pursue the awareness by the people is no other than to achieve the knowledge embedded within the mind of the people. Through collaboration with public figures and unique advertisement, people would slowly recognize what is digital bank through fragments of knowledge gained by exposure of digital ads. In addition, survey done by Katadata.id had resulted in top 10 digital bank known by the people where the first position is achieved by Jenius by BTPN, bank Jago, Digibank, Neobank, Line Bank, Permata Me, TMRW by

United Overseas Bank (UOB), Seabank, Blu by BCA, and Motion by Media Nusantara Citra (MNC).