

E-Channel strategy of Bank NTB Syariah

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Submission date: 20-Sep-2022 09:47AM (UTC+0800)

Submission ID: 1904105996

File name: E-Channel_Strategy.pdf (360.67K)

Word count: 7896

Character count: 44291

1

How to Cite:

Mas'ud, R., Ibnu, L. R., Azizurrohman, M., Aminy, M. M., Suhirman, G., & Yusup, M. (2022). E-Channel strategy of Bank NTB Syariah in improving service productivity during the COVID-19 pandemic. *International Journal of Health Sciences*, 6(S6), 797–816. <https://doi.org/10.53730/ijhs.v6nS6.10485>

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E-Channel strategy of Bank NTB Syariah in improving service productivity during the COVID-19 pandemic

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Abstract--This study aims to analyze the implementation of the E-Channel strategy in Bank NTB Syariah. The primary focus is elaboration, performance, and impact of E-Channel strategy in Bank NTB Syariah in improving service productivity during the COVID-19 pandemic. The basis of primary data is obtained from Bank NTB Syariah's main office, including Directors, General Managers of related divisions, and expert staff. The results showed that the E-Channel strategy implemented by Bank NTB Syariah in improving service productivity during the COVID-19 pandemic was a catalyst for implementing its E-Channel systems, such as adding office networks and building Main Offices, machines, features, booths, and ATM stickers based on the corporate branding. In terms of digital services, Bank NTB Syariah increased Electronic Data Capture (EDC) machines, Laku Pandai services, perfecting m-banking, and partnerships with other digital payments and the Quick Response Code Indonesian Standard (QRIS). The implementation of this E-Channel strategy has a significant impact on the productivity of Bank

NTB Syariah services, particularly in terms of efficiency and bank income from fee-based income, strengthening company branding, encouraging sustainable business growth, and providing Bank NTB Syariah with a competitive advantage.

Keywords---E-Channel, service productivity, COVID-19

Introduction

Due to the unstable state of industrial world, competition in numerous sectors is tight and dynamic, resulting in business uncertainty and volatile situations, as well as a lack of information. It caused anxiety from business leaders in the VUCA era (Statistics of Syariah Banks, 2020). Moreover, this was exacerbated by the COVID-19 pandemic in early 2020, which drastically altered the direction of the global economy. The COVID-19 pandemic is still escalating, and the risk of its second wave impacting the global economy is estimated to be worse. The era of VUCA and the COVID-19 brought insecurity and a significant effect on the international and domestic economy in 2020. The World Bank projects that more than 150 countries will experience a recession in 2020, the worst in the last 150 years (Anderson et al., 2020). In other words, almost all large economies faced severe economic contractions, and some countries formally entered a recession due to negative growth in two consecutive quarters.

Even the financial services industry, such as Sharia banking, has been swept away by the COVID-19 pandemic. In January 2020, there were 1,922 Sharia Commercial Bank Branch Offices across various parts of Indonesia, most of which were found to have COVID-19 cases. This shows that the working area of the Sharia Bank office is in the red zone (Statistics of Syariah Banks, 2020). The occurrence of the COVID-19 and the numerous problems faced by Sharia Banking in Indonesia, established in the last three decades, have not shown significant growth. It is seen from the number of Islamic Bank customers, who account for barely 10% of the 250 million Indonesians who are predominantly Muslim (Abduh, 2011). The following factors have influenced the expansion of the Sharia Banking industry: Indonesia's population, which is primarily Muslim, network coverage which has only reached 55 percent of cities/districts in Indonesia, low initial capital, and minimal banking products. If Sharia banks in Indonesia do not promptly execute the appropriate strategic model, the potential home market will be taken over by conventional banks and competitors from foreign countries.

Meanwhile, in NTB, the development of Sharia Banking is quite significant. Based on data from Bank Indonesia up to the current period, there were 33 commercial banks and 29 BPR/S in NTB. From 33 commercial banks, there were 22 conventional banks and 11 Islamic banks. Bank NTB Syariah becomes the Islamic bank with the largest market share in NTB. The market share position of Bank NTB Syariah in October 2020 to other banks in NTB from assets alone was 17.99 percent, financing distribution was 8.94 percent, and deposit collection almost reached 25 percent as shown in the following table:

Table 1
Market Share of Banks in NTB (in million rupiahs)

Market Share	Description	2018	2019	2020			
				Twr I	Twr II	Twr III	Oct*
Asset	Banks in NTB	48.125	54.019	59.509	57.858	60.679	60.679
	Bank NTB Syariah	7.039	8.640	9.885	10.224	11.249	10.914
	Market Share	14,63%	16,28%	16,50%	17,67%	18,54%	17,99%
Financing	Banks in NTB	49.149	58.856	63.663	66.189	69.482	69.482
	Bank NTB Syariah	4.869	5.582	5.667	5.846	6.072	6.211
	Market Share	9,91%	9,68%	9,24%	8,90%	8,74%	8,94%
Third-party funds	Banks in NTB	28.849	31.256	30.062	30.506	32.466	32.466
	Bank NTB Syariah	4.921	6.816	8.065	8.316	8.265	7.988
	Market Share	17,06%	19,12%	20,32%	24,45%	24,56%	24,61%

Source: Statistik Keuangan Daerah, 2020

The banking industry experienced highly volatile fluctuations. Nevertheless, Bank NTB Syariah achieved exemplary performance and posted profits on target during the pandemic throughout 2020, particularly noteworthy successes in E-Channel growth since the COVID-19 epidemic. Cited in Mardhiyaturrositaningsih and Muhammad Syarqif (2020), Kashif Malik conducted a specific study related to the impact of the COVID-19 on the microfinance industry. Meanwhile, Zbigniew Korzeb and Reyes Samaniego conducted research on Islamic Banks regarding operational strategy management in their function as intermediary institutions, both financing distribution and raising funds, during the COVID-19 pandemic, showed turmoil and fluctuation (Ningsih & Mahfudz, 2020). More precisely, Islamic banks require a plan to increase market share, where efficiency and productivity are crucial metrics in evaluating Islamic banks' operational performance to compete. The low rate of technological progress, rather than a decline in efficiency, is to blame for the stagnant level of productivity (Rusydziana et al., 2019).

The current COVID-19 pandemic crisis has resulted in many fundamental changes in the aspects of service and product creation and the management of banking services. This requires a shift in thinking, how to behave and how to respond to a crisis, especially when looking at the company's performance and consumer responses that have drastically changed (Ningsih & Mahfudz, 2020). The obstacles faced by Sharia Banking in the COVID-19 epidemic can be divided into three categories:

- There is a challenge of sustaining company existence and long-term growth and development.
- There is the problem of performing operations and providing services in compliance with procedures and standards, both company operational standards (SOP) and health protocol standards.
- There are difficulties in providing and expanding access to digital-based services.

According to Fatimah, Siti Bunga, and Achsanah Hendratmi's research, Bank Syariah Mandiri (BSM) is not aggressive in implementing the digital banking system, resulting in a lesser market reach poorer competitiveness (Fatimah & Hendratmi, 2020). To achieve this, PT. Bank NTB Syariah must continue to increase service productivity, particularly during the COVID-19 pandemic, by executing the appropriate strategy to become a bank with a competitive edge in delivering services and supporting the corporate transformation process. However, there has not been much research on the relationship between the E-Channel strategy and service productivity in Islamic banks in general, specifically in Bank NTB Syariah in Indonesia, particularly in the midst of the COVID-19 assault. This study establishes its validity in this context by elaborating on the strategy, implementation, and impact of deploying the Bank NTB Syariah E-Channel in improving service productivity during the COVID-19 pandemic.

Literature review

Generic strategy

Michael Porter stressed three strategic foundations that can assist corporates in gaining a competitive edge: cost advantage, distinctiveness, and focus. Porter identified three broad strategies (generic strategy) (Phillips, 2011). First, cost advantage stresses the production of standardized items at meager unit costs for price-sensitive consumers. Second, differentiation is a strategy targeted at developing things that give services that are deemed unique in the business and are directed at consumers that are unconcerned about price adjustments. Third, focus involves creating items and offering services that cater to the needs of a small number of customers (Tanwar, 2013).

Productivity

Husein Umar argues that "Productivity implies a comparison between the outcomes attained (output) and the total resources spent (input)" (Husein, 2001). Furthermore, J. Ravianto remarked, "Productivity is not a measure of output or productivity." Productivity measures how efficiently we use resources to achieve our goals (Ravianto, 1986). The achieved results are related to efficient outcomes while using minimal resources. Productivity is frequently characterized as a consequence of efficiency and effectiveness. Thus, activities that use resources efficiently and effectively, such as materials, money, and time, will result in comparatively high productivity. From this comparison, it is necessary to measure productivity indicators so that a straightforward calculation of the outcomes gained. The company will strive to achieve work productivity according to the targets that have been set by conducting performance evaluations such as

business reviews because there is a profit target to be achieved (Business Review of Bank NTB Syariah, 2020). The higher the work productivity, the greater the company's profit; hence productivity is a combination of effectiveness and efficiency. Productivity must also be directly linked to quality, effectiveness, and efficiency.

Banking business disruption during the COVID-19 pandemic

The term "disruption" was popularized by Clayton M. Christensen, who implicitly linked disruption to the digital world. Meanwhile, Paul Paetz believes that the digital environment hastens the disruption process. E-commerce is a prime example of disruption. Initially, online firms focused on the low-end market, mainly on low prices, with quality being the umpteenth number. This makes their presence less noticed by conventional department stores. Over time, the quality of e-commerce improves and slowly moves into the high-end market. Chandra Ahmadi and Dadang Hermawan (2013) reviewing the seller's reputation system is proof of how e-commerce moves from the lower market to the upper market with better quality. Another disruption also occurred in the media world with the presence of digital media. Currently, we are in a disruption era where almost all landscape and business models change due to the COVID-19 pandemic, which acts as an accelerator causing the need to utilize technology and the internet. There are several ways to do so: Improvement of Human Resources, Continuous Innovation, Technology Awareness, and Readiness for Change.

Digital banking

According to D Verma (2000), Digital Banking is concerned with providing customers with a consistent experience across all channels and interactions when accessing Financial Industry data that focuses on Analytics and process automation, and it necessitates changes in products and services, information technology, and human resources to achieve optimal economic value (Wake, 2021). According to POJK No.12/POJK.03/2018 concerning the Implementation of Digital Banking Services by Commercial Banks, Digital banking is an electronic banking service developed by optimizing the utilization of customer data to serve customers quickly, efficiently, and according to needs (customer experience), and that can be carried out entirely independently by the customer while considering security. Digital banks can also be defined as banks that engage in all digital-related operations. Some aspects that must be considered by companies that want to implement this digital-based service system are as follows:

- **Simplicity:** a display or online design that is simple, clear, and contains correct information.
- **Convenience:** Customers should have a variety of services and support channels to choose from.
- **Interactive:** Customers get a more dynamic and interactive online experience.
- **Consistency:** Customers expect the same and consistent presentation of service features, functionalities, and information.
- **Value:** services must be tailored to fit the demands of each individual.
- **Desirability:** appealing service design combined with interesting content
- **Brand:** digital services provide a way for users to develop a brand.

Electronic Channel (E-Channel)

Candra Ahmadi and Dadang Hermawan (2013) define E-Channel as a banking service using electronic media, be it mobile, SMS, internet, business internet, and mobile-ATM. With E-Channel, it is as if you are holding an ATM in your hand. Transactions performed over E-Channel are also secure because many institutions have built a layered security system that is guaranteed to be reliable. E-Channel is essentially the same as e-banking in that it refers to banking services that employ electronic media. According to Bank Indonesia Regulation No. 9/15/PBI/2007 concerning the Application of Risk Management in the Use of Information Technology by Commercial Banks, e-banking services are Banking Services through Electronic Media or from now on referred to as Electronic Banking or abbreviated as e-banking are services that enable Bank customers to obtain information, communicate, and conduct banking transactions through electronic media including ATM, phone banking, electrification, and electrification. E-banking services would allow consumers to access information, share, and complete banking transactions via the internet network. ATMs, debit cards, SMS Banking, Mobile Banking (m-banking), Internet Banking, Cash Management Systems (CMS), and LaKu Pandai are all examples of electronic channels and QRIS.

Data coverage

The West Nusa Tenggara Regional Development Bank (Bank NTB Syariah) is a bank owned by the Provincial Government of West Nusa Tenggara and the City/Regency Governments throughout West Nusa Tenggara (Bank NTB Syariah Website, 2021). On July 5, 1964, Bank NTB Syariah was created and began operations. According to the decision of the General Meeting of Shareholders on June 13, 2016, which authorized PT Bank NTB to carry out the conversion to Bank NTB Syariah, it provided renewed optimism for the establishment of a just people's economy in West Nusa Tenggara. Bank NTB Syariah has grown throughout the year and now has 55 offices, including 1 head office, 11 branch offices, 22 sub-branches, 4 cash offices, and 5 payment points. To support the service quality of Bank NTB Syariah, 155 ATMs are located throughout NTB's cities/regions. Bank NTB Syariah is backed by 740 staff and employees as of March 31, 2018.

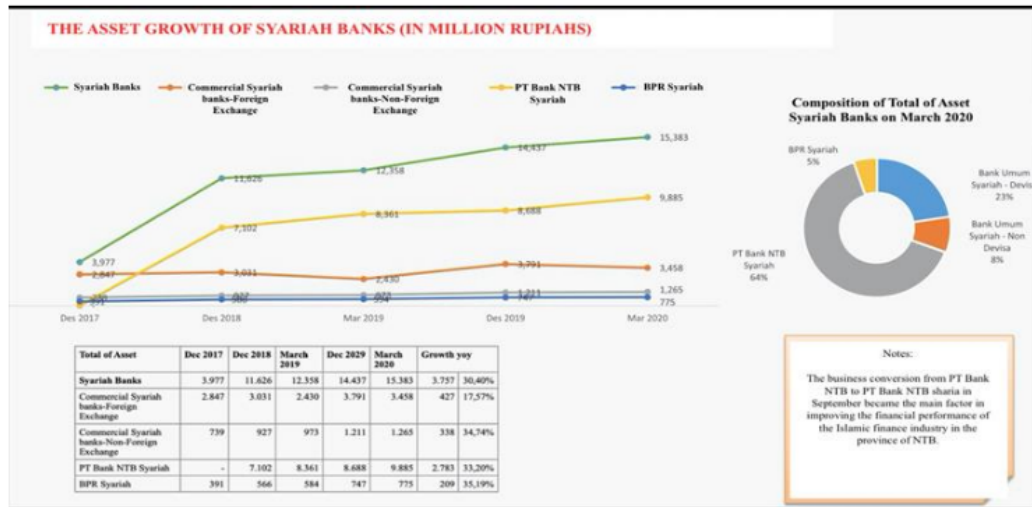


Figure 1. The asset growth of Sharia banks

E-Channel strategy of Bank NTB Syariah

According to the Bank's Business Plan (2020-2022), the following strategies have been implemented by Bank NTB Syariah:

- Strategies for collecting Third Party Funds (TPF) include, among other things, collaboration in financial management, non-cash transactions for salary payments, routine expenditures, and others at Government Agencies (Pemda) and Private Agencies (BUMD, Private Companies) via the Cash Management System; improving the type and quality of Bank E-Channel transactions via ATMs, EDCs, Mobile banking and SMS Banking services, and providing public confidence that the pattern of profit sharing for sharia banking "God willing, will be better and more blessed".
- Financing strategy, among others, by improving the productive and consumptive financing business processes, namely optimizing financing for dominant local entrepreneurs and MSMEs, literacy and sustainable socialization, construction financing for housing development, both FLPP and commercial with appropriate risk mitigation, developing new products and adjustment of consumer product policies according to market needs; maximize the acquisition of civil servant at least 60 percent of the number of existing civil servant in the NTB region; optimizing the supply chain concept in distributing financing during the pandemic to several health and educational institutions/agencies as well as other potential segments and expanding the network of cooperation in the distribution of consumer financing and distribution of financing that supports sustainable finance.

The COVID-19 condition influences changes in consumer behavior, the adoption of social and physical separation norms, the avoidance of crowds, and travel restrictions, all with the goal of preventing virus exposure. Customer activities for on-site services to banks or teller services have dropped in comparison to before the COVID-19 epidemic (Humaira, 2021). As a result, Bank NTB Syariah improves

E-Channel services or activities such as ATM, EDC, MBanking, Laku Pandai, SMS Banking, SMS Notifications, and QRIS (for QRIS, Bank NTB Syariah continues to collaborate with teamoney from Telkom) (Respondent 1). Responding to the increasing interaction of walk-in clients with banks, E-Channel service techniques during the epidemic include:

- Increasing marketing of E-Channel products by utilizing social media and call center services of Bank NTB Syariah Call 1500 667, and updating the Bank's website;
- Using data based on the customer database (Customer Information File/CIF) to activate m-banking, customers who do not have m-banking are contacted via telephone by the call center;
- The use of hand sanitizer at every ATM as an effort to prevent the spread of the virus;
- The use of the Website and social media as a means of product promotion and information on the use of E-Channel, especially m-banking because transactions can be carried out in the "hands," such as purchases, transfers, internal externals, payments, alms infaq, with continuous improvement of features for the safety and convenience of m-banking users.
- Continuing to improve and renew services in m-banking, such as additional postpaid PLN and vouchers, XL, Indosat data packages, Telkomsel, Flexi, Smartfren.
- Helping customers to make transactions at home with m-banking. It is impactful from the user side, the frequency and transaction value increases (data), and contributes to the Bank's fee-based income.

Bank NTB Syariah will continually improve E-Channel, mainly by updating the m-banking feature, which is currently 90% the same as leading bank services, only 10% is in the process, so it is hoped that this year it will be equivalent to that of national banks (Respondent 2). E-Channels are pretty beneficial in generating retail funds for customers, particularly in broadening the customer base beyond the captive market of the State Civil Apparatus (ASN). Bank NTB Syariah's strategy to raise retail funds (CASA/cheap funds such as savings and current accounts) is one of the strategies for utilizing and developing E-Channel services, namely (Respondent 3):

- This customer-based expansion can take advantage of the Laku Pandai facility, the Third-Party Funds savings BSA – basic saving account. The Laku Pandai service also encourages the public/prospective customers with convenience while making transactions.
- Laku pandai also generates a fee-based on the business side, and BSA is included in the retail third-party funds component, among others, by opening a new account number without going to the bank.
- The more the Laku Pandai services are used, the more protected customers will be from the virus according to social distance procedure and time-saving (real-time).

During a pandemic, the E-Channel service line is instrumental, assisting banks in their attempts to establish a solid money base, beginning with growth of reach.

Without expanding the client base, even if funds increase, they will not be stable since they are eroded by significant corporate funds that tend to dominate with no bit of profit sharing. Officeless Financial Services in the Context of Financial Inclusion, referred to as Laku Pandai, are activities to provide banking services and/or other financial services carried out not through an office network but collaboration with other parties and/or agents. As for the Laku Pandai products of Bank NTB Syariah, such as Savings with BSA (base saving account) called Laku Pandai Savings, namely savings that have Basic Saving Account (BSA) characteristics. Banks approved as Laku Pandai operators are required to provide savings with BSA characteristics in each of the Bank's office networks, making it easier for customers to open accounts without having to go to a branch office but can be done at Laku Pandai Agents.

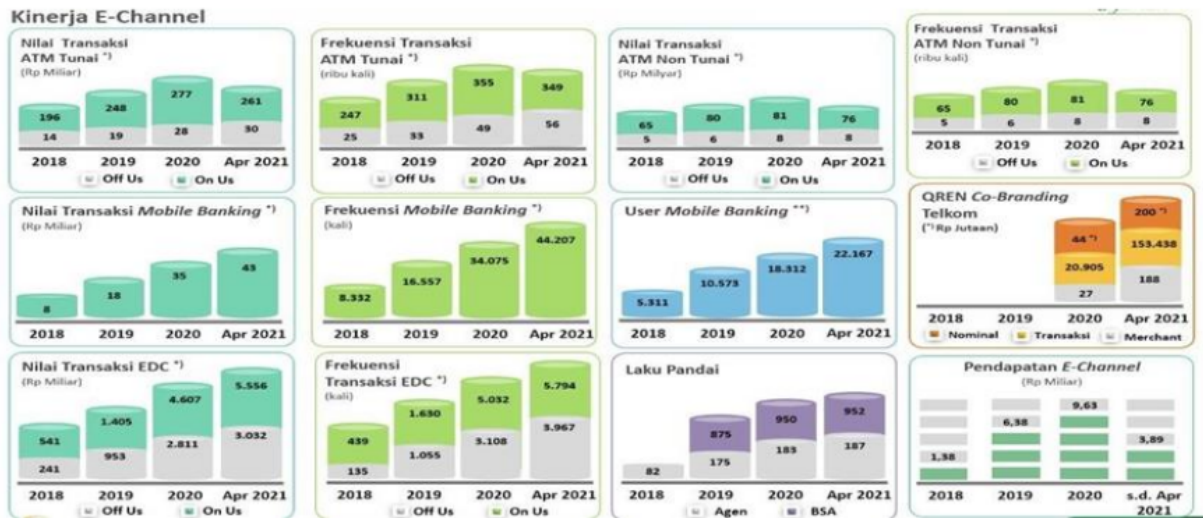
Data of E-Channel Improvement of Bank NTB Syariah

As of May 2021, Bank NTB has 55 office networks consisting of 1 head office, 1 main branch office, 11 branch offices, 24 sub-branch offices, 6 cash offices, and 12 payment points, as well as 230 ATMs spread throughout the province. West Nusa Tenggara and Surabaya (JKC devision & *E-Channel* PT Bank NTB Syariah). The growth of office and ATM networks is shown in the table below:

Table 2
Network Office and ATM Growth of Bank NTB Syariah during 2017 – 2021

Number	Description	2017	2018	2019	2020	2021*
1	Main Office	1	1	1	1	1
2	Branch Office	11	12	12	12	12
3	Sub-Branch Office	22	21	21	23	24
4	Other Network office)	9	9	10	18	18
	Network Office Total	43	43	44	54	55
5	ATM	113	151	200	203	230

Based on the table, it can be concluded that Bank NTB for the period 2017 to 2018 was more focused on increasing the number of ATMs, and there was no additional office network in the number of other office networks (Cash Offices and Payment Point), except for the change in status from KCP to KC which at that time was in the process of transitioning to BUS (Islamic Commercial Bank) while ATM increased from 113 to 151 units. After the conversion of Bank NTB into operation to become a Sharia NTB Bank for the period 2018 to 2021, growth in the number of office networks will increase significantly from 43 offices to 55 offices, along with the number of ATMs from 151 to 230 units (JKC devision & *E-Channel* PT Bank NTB Syariah). This is in line with the increase in the volume of ATM transactions in strategic positions. Currently, Bank NTB has a network of offices in all regencies and cities, and it is quite evenly distributed in all sub-districts. E-Channel has experienced an increasing trend post-pandemic compared to before COVID-19. This can be seen from the report on the performance of E-Channel which contributed to an increase in revenue from Rp. 6.3 billion in 2019 to Rp. 9.6 billion in 2020 and is predicted to reach Rp. 11 billion (Respondent 2).



*) Transaction value & frequency are monthly average

**) Users are accumulated from the previous period

Figure 2. Sustainable and Quality Business Growth

E-Channel impacts the bank's income/income through the charge (ujroh) received by the bank from the customer for the services provided. This income is called fee-based income (FBI). The FBI's increase from 2019 to 2020 is more than 50%. The COVID-19 pandemic has brought the world of Bank services to a digital-based customer-centric direction. Customers' behavior shows that the majority are loyal customers to the current bank. The factors that most influence customers in choosing a bank are trusted banks, many and scattered ATMs, friendly service, strategic branch offices, and easy and fast procedures. ATM and mobile banking are the two transaction channels most frequently used by customers to make cash withdrawals and transfers, followed by products for cashless payments or transactions. The use of ATMs, EDCs, and m-banking increases, especially from 2020 to 2021, which is most likely due to the influence of the pandemic that has hit more than a year since March 2020. This can be seen from the current number of m-banking users who have penetrated 18,000 users, a rapid increase compared to 2016 (1,359), 2017 (2,701), 2018 (5,311), 2019 (10,573), 2020 (18,312). The position in May 2021 has reached 23,154 users.

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The strategy of E-Channel in Bank NTB Syariah in improving service productivity during the COVID-19 pandemic

The COVID-19 pandemic has an impact on changes in service productivities; for instance, less of face-to-face interaction and access to digital services increase. To accommodate this, Bank NTB Syariah made improvements to E-Channel activity services such as ATM, EDC, m-Banking, Laku Pandai, SMS Banking, SMS Notifications, and QRIS. Currently, QRIS is still collaborating with the money team from Telkom (Respondent 1). A lockdown caused by the COVID-19 influences the customers' activities. Thus, during the pandemic it's necessary to improve the services such as; upgrading the E-Channel feature to serve the

communities' needs, increasing the number of ATMs, expanding the range of access to m-bankings, and launching QREN. NTB Sharia Bank continues to prepare infrastructure, mirroring warehouses with core banking (Respondent 2). E-Channel impacts the development of retail funds by optimizing customer data/customer base. The development of Laku Pandai expands the new customers because it provides convenience in signing an account without going to the bank. This service impacts on increasing fee-based income. Other e-channel services such as EDC machines encourage the public or prospective customers to become customers because they provide ease of transaction (Respondent 3).

Before COVID-19, Bank NTB Syariah had a strategy in developing e-channel. The COVID-19 pandemic became a catalyst which strengthened the demand to implement the strategy. The bank improves the marketing of e-channel products by utilizing both printing and electronic media such as; social media, company website, and call center. Bank NTB Syariah also optimizes the data bank by contacting the customers via call center who have not activated the *mBanking*. The Bank NTB Syariah also improves and upgrades the service features on *mBanking*, for instance, adding Postpaid PLN and telecommunication vouchers, such as XL, Telkomsel, Indosat, Flexi, Smartfren. 90% of the mBanking services owned by Bank NTB Syariah are equivalent to other banks, only 10% are in the process so by 2021 it is hoped that they will be in part with national banks (Respondent 1). Increasing access to e-channels during the pandemic affects the scope expansion of the customer base to get a stable fund base aimed to get a tremendous impact on business performance in making profits. The Internal e-channel services impact operational efficiency, for instance in the financing application process (FOS) and in the correspondence activities (DMS). NTB Bank continues to adapt and strives to meet customer needs (Respondent 4).

The implementation of E-Channel strategies of Bank NTB Syariah during the COVID-19 pandemic

The office network expansion strategy

The development of a bank office network is needed in order to expand the scope of services for the communities. This service concerns the development and improvement of cash services and face interactions which previously only 42 offices in 2018 then became 55 offices, including payment point services/cash offices. The strategy used is as follows (Respondent 2):

- Adding the Sub Branch Offices (SBO), upgrading the SBO status to Branch Offices (BO), Expanding the network of service offices (payment points) and cash offices in almost all sub-districts/Cities throughout NTB;
- Equaling the office buildings with the sharia brand, icl Furniture, and facades;
- Creating priority customer rooms for customers with funds above IDR 500,000,000;
- Moving the offices to strategic locations;
- Layouting the interior and office building based on corporate branding;
- Constructing of the Main Office building on Udayana street with a modern and futuristic design to create the bank's brand image.

From the implementation of those strategies, it is expected to build a brand image that gives convenient service to the customer and increases customer loyalty as well as customer pride as a trusted institution.

ATM Network Expansion Strategy

The development of E-Channel leads an ATM to have a very strategic role in which its existence must meet the customer's interests. The spread of ATMs will create many benefits for customers. In other words, the mobilization of public funds will be easier, which will reduce banking overhead costs to become relatively cheaper. In the banking context, it is very clear that banks that have many ATMs are also able to provide cheap service facilities compared to other banks that do not have many ATMs. According to the E-Channel General Manager of JKE Division of Bank NTB Syariah, the ATM development strategies implemented are (Respondent 1): Increasing the number of ATM machines, equaling booth and stickers based on corporate branding, replacing magnetic stripe ATM cards with the chip cards containing the GPN (National Payment Gateway) logo, designing more attractive ATM cards and co-branded, adding features and ATM payments, and update old machines and move them to more strategic locations.

M-Banking and SMS-Banking service strategy

In improving the security of the NTB Syariah mobile banking application on the Android platform, the bank conducts socialization and education to mobile Banking users to reactivate the Mobile Banking application in the following ways (Call Center of Bank NTB Syariah, 2021): updating the Bank NTB Syariah Mobile Banking application via google play store, reading the application terms then click "Agree", selecting the re-activation menu in the Mobile Banking application, reading the application terms and then click "Agree", entering data according to the application instructions consisting of (ATM card No, ATM Card Expiry Date and ATM Pin) then select continue, the process will be directed to send a registration code sms to 3699 (make sure the message is sent with the sim card number registered on the Mobile Banking portal and has a balance), returning to the Mobile Banking application and enter the password to login to the application (consisting of uppercase letters, lowercase letters and numbers) then select continue, entering MPIN consisting of 6 (six) digit numbers then select continue, make sure the activation is successful, after successful activation, then login to the Mobile Banking Application using the password and the Bank NTB Syariah Mobile Banking Application is ready to be used. The users of Android Version 5 are advised to upgrade to the latest version to avoid failures when using the application (Call Center of Bank NTB Syariah, 2021).

Partnership and payment convenience of GoPay

Bank NTB Syariah has a great synergy in supporting the government's efforts in maximizing the potential of regional income and implementing contactless transactions. This collaboration is also expected to increase the income of NTB Province. According to Bank Indonesia, regional income could increase significantly up to an average of 11 percent if local governments take advantage of non-cash transactions. The collaboration between GoPay and Bank NTB Syariah

provides ease in the transaction; the customers can pay land and property tax from their homes. The customers just need to use the GoTagihan feature in the Gojek application, namely GoPay. It is the first time in Indonesia that the Sharia Regional Development Bank can accept land and property tax payments through GoPay in the GoTagihan feature. Bank NTB Syariah is the first Sharia Regional Development Bank in Indonesia that provides convenience and flexibility in paying land and property tax for the communities in Mataram, Bima, Dompu & West Lombok via GoTagihan. In addition, by facilitating online property tax payment transactions, Bank NTB Syariah and GoPay also encourage contactless transactions that are useful for suppressing the spread of the COVID-19 virus.

Digital business platform change strategy

The sharia banking strategy in facing the new normal is developing digital-based products and services to immediately adapt to the current conditions by giving a relief payment to the customers who are financially affected due to COVID-19. Thus, expanding access to funding sources by maintaining the prudential aspect is the thing that needs to be considered in optimizing the funding strategy (Falatehah et al., 2020). Then, NTB Syariah mobile banking comes as one of the alternative media transactions that have equal features quality with other National Banks to meet the needs and increase the convenience of transactions made by customers. The service development strategies used by Bank NTB Syariah are providing e-channel service products including (Raharjo, 2020); cash management system (CMS), payroll package (JPP) services, mobile banking, and SMS banking, internet banking, ATM, Electronic Data Capture (EDC), e-retribution, e-samsat, and online payment of land & property tax. In addition, it also develops in terms of products and services such as technological capacity development (e-retribution, e-samsat, online payment of land & property tax), improvements to mobile banking features, and improvements to websites that provide complete product and service features. At the end of December 2020, Bank NTB Syariah did a mobile banking redesign to look more friendly and attractive where 80% functions and 90 transactions (Raharjo, 2020). The changes in the business model platform, utilization of big data with business strategy alignment through developing the information technology system infrastructure, increasing the use of E-Channel, and the growth of the FBI are seeking to meet customer needs through the development of digital banking-based products and services.

The impact of the implementation of the E-Channel strategy on service productivity at Bank NTB Syariah

Increasing an efficiency with a low-cost strategy

The pandemic has prompted management to strengthen the management function to mitigate risk and strengthen Good Cooperate Governance (GCG) to ensure a good predicate of banks. Management must ensure that during the pandemic, the human resources must still be productive and have a high spirit and passion. The development of Information & Technology (IT) should be maintained to meet the people's needs in this millennial era by nurturing efficiency by conducting stress tests to determine the right steps for the strategy

to be taken. It is evident from the Fee Base Income (FBI) as a result of the e-channel development that has been used by the communities (Fanani, 2020). The existence of COVID-19 did not have a significant impact on bank profitability because The Bank NTB Syariah civil servant dominated Regional Development Bank (RDB). Instead, this pandemic pushes cost-efficiency automatically, such as saving on official travel, delaying events, delaying training during the COVID-19 pandemic (Note Taking, 2020).

Increasing fee-based income

During the pandemic, the existence of E-Channel become popular except for ATMs due to changes in customers' activities and transactions. The influence of E-channels on the FBI increased from Rp.6.3 billion in 2019 to Rp. 9.6 billion in 2020, and it is predicted that in 2021 it will reach Rp. 11 billion (Usman, 2021). The E-Channel impacts the bank's income through the charge (ujroh) earned from the services provided to the customers. This income is called fee-based income (FBI). The FBI's increase from 2019 to 2020 is more than 50%. The income from e-channels currently contributes 10% to the FBI, which can be used to pay employee's salaries for two times salary payments. Then, if the development of e-channels is ten times more, it will be able to pay employee salaries in a year (Raharjo, 2021). Based on the research result, it can be concluded that E-Channel services are superior to meet customers' needs. When the growth of m-banking is higher, ATM transactions become lower. Thus, the m-banking services might reduce the number of ATM transactions because customers do not need to go to ATMs to make transfers and other financial activities.

Strengthen corporate brand

E-Channel is a branch of e-banking. Building branding is closely related to the development of e-banking. The development of e-channels has a retail customer base and millennials. Currently, e-channels still attempt to meet millennial expectations and compete with fintech and lead to the development of a business ecosystem. Currently, E-channel is still on the payment features, and soon it will become financing services. The branch and digital development strategy in 2020-2024 is the development of personal banking through physical branches for the middle-up segment, including the priority segment. Another strategy is developing a digital platform for customer acquisition in the middle low segment. The new normal has changed customer expectations, the customers ask for convenience, speed, security, 24 hours service in 7 days, availability to be accessed anytime, and understanding the customers' needs. *Customer-driven* conducted through (physical and electronic) and service features (Raharjo, 2021).

Encouraging the growth of business quality and sustainability

E-Channel has a positive correlation with the development of retail funds because all banks that want to develop retail funds must use digitalization. In the company's financial accounting records, especially at Bank NTB Syariah, the E-Channel is on the liabilities side but not on the asset side. So, the income from the E-Channel is used to fulfill the bank's obligations. The current challenge for Bank NTB Syariah is to inform the people that E-Channel in m-banking service

owned by Bank NTB Syariah is as reliable as the service provided by national banks, so it is hoped that public funds will last a long time in bank accounts. In terms of technology, today's challenge is that if Bank NTB Syariah wants to develop itself independently, it would require huge costs. However, if the bank chooses a partnership, the scheme used is profit sharing. Currently, the strategy used by Bank NTB Syariahs is conducting cooperation with a profit-sharing pattern, but on the other hand, parallel strategies to build independence are still being carried out.

As a competitive advantage

E-Channel services provide full features and ease of transactions connected to fintech, ZISWAF, and can top up electronic money (Barney, 1991). The advantages of this E-Channel service have contributed to Fee-based Income (FBI) but with a relatively small percentage even though the data frequency and volume of transactions continue to increase (Usman, 2021). Mostly, people tend to move to services that provide convenience, comfort, and completeness of features. Bank NTB Syariah has exclusive service features and is in line with industry developments, and the services provided must satisfy the consumers. Bank NTB Syariah believes that ATM transactions can still last for the next 6-10 years, then it will change to Laku Pandai, QRIS, and E-Channel services. So, the banks currently focus on providing understanding and socialization of E-Channel services (Nurul, 2021).

E-channel performance shows an increasing trend in terms of users, frequency, and value of transactions. Generally, during the pandemic, it showed promising results by continuing to generate profits without causing dismissal of the employee. Bank NTB Syariah continues to conduct socialization and literacy steps through printing and online media. This strategy has a significant impact on the development of E-Channel, especially in mobile banking to become a source of bank income that contains less risk and must be continued to make feature improvements.

Table 3
E-Channel Strategy of Bank NTB Syariah

No	E-channel	Strategies	Results
1	Office network	<ul style="list-style-type: none"> - Adding the Sub Branch Offices (SBO), upgrading the SBO status to Branch Offices (BO), Expanding the network of service offices (payment points) and cash offices in almost all sub-districts/Cities throughout NTB; - Equaling the office buildings with the sharia brand, icl.Furniture and facades; - Creating priority customer rooms for customers with 	<ul style="list-style-type: none"> - brand image, - convenient service - prestige - Customer loyalty - Customers' pride as a trusted institution

		<ul style="list-style-type: none"> - funds above IDR 500,000,000; - Moving the offices to strategic locations; - Layouting the interior and office building based on corporate branding; - Constructing of the Main Office building on Udayana street with a modern and futuristic design to create the bank's brand image 	
2		<ul style="list-style-type: none"> - Increasing the number of ATM machines - equaling booth and sticker based on corporate branding - adding features and ATM payments - update old machines and move them to more strategic locations. 	<ul style="list-style-type: none"> - increasing the number of transactions - Customers' convenience - Ease transaction
3	Mobile Banking	<ul style="list-style-type: none"> - Adding payment and features - It used friendly - Readneness 	<ul style="list-style-type: none"> - increasing the number of transactions - Customers' convenience - Ease transaction
4	SMS Banking	<ul style="list-style-type: none"> - Adding payment and features - It used friendly - Readneness 	<ul style="list-style-type: none"> - increasing the number of transactions - Customers' convenience - Ease transaction
5	EDC (Electronic Data Capture)	<ul style="list-style-type: none"> - moving the EDC machines that has been inactive for 3 months - no administration fees - convenience service 	<ul style="list-style-type: none"> - increasing the number of transactions - Customers' convenience - Ease transaction
6	Laku Pandai	<ul style="list-style-type: none"> - Adding Laku Pandai agents from shops, stalls, cooperatives, Islamic boarding schools, etc. - mutual benefits partnership - introducing QRIS 	<ul style="list-style-type: none"> - increasing the number of transactions - Customers' convenience - Ease transaction

From the E-Channel service strategies, Bank NTB Syariah seeks to answer the needs and desires of customers to transact easily, quickly, safely and comfortably, especially during the pandemic.

Conclusion

The e-channel strategy implementation of Bank NTB Syariah to increase service productivity during the pandemic in the office network aspect are renovation, relocation to strategic places, adding service space, uniform office branding, upgrading the office scale to meet business needs, and building the main office located in the heart of the city with a modern design. In terms of ATM services, Bank NTB Syariah has upgraded ATM machines, added ATM units in strategic locations, relocated ATM machines to more strategic places, added transaction features, and uniformed booths and stickers according to corporate branding. In digital services, the Bank improves banking and SMS banking services by adding features and partnerships with other digital payments. Bank NTB Syariah also provides payment services at merchants by increasing EDC machines for non-cash payments. Lastly, to increase service penetration to the broader community, Bank NTB Syariah developed Laku Pandai services.

The impact of the E-channel strategies implementation on Bank NTB Syariah service productivity is improving the service efficiency, increasing bank income through e-channel in fee-based income, strengthening corporate branding, encouraging sustainable business growth, and as a competitive advantage factor for Bank NTB Syariah. From the points above, Bank NTB Syariah has also fulfilled sharia rules, for instance, ease of transactions (*yassiru walaa tu'assiru*) and providing modern serving to the community by using digital banking. In general, the E-Channel strategy implemented by Bank NTB Syariah supports the Porters' generic strategy theory, which concerns on low cost. Its implementation has made Bank NTB Syariah survive during the COVID-19 pandemic and even expand market segments through aggressive efficiency and effectiveness. In addition, it increased the income through a fee base and expanded the customer base of retail fund customers.

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