ACCELERATION OF BANKING FINANCIAL SERVICES TOWARDS THE ERA OF SOCIETY 5.0

Rahmayati and Siti Mujiatun
University of Muhammadiyah North Sumatera
Email : rahmayati@umsu.ac.id

Abstract

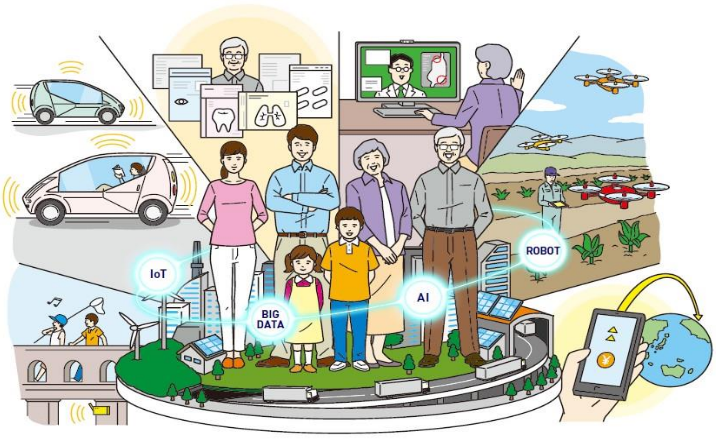
This study was conducted to find out how banking financial services can adapt to the conditions of industry 5.0. The methodology of this research was carried out using descriptive, analytic, qualitative methods equipped with references regarding the research discussion. The results of the study describe and explain that industry 5.0 provides an acceleration for banks to be ready to carry out strong designs towards industry 5.0. As a financial industry that cannot be separated from digitization. The conclusion of this study is that banks in Indonesia must be able to prepare a design for industrial financial services 5.0 with various elements that have technological capabilities that are competitive and highly innovate.
Keyword: Society 5.0; Banking Service; Acceleration

Globalization and digitalization make Indonesia increasingly develop its existence with various opportunities and challenges that occur as a result of the development of technological advances in every activity, especially in the financial industry. Thus, industry, finance and banking have entered the digitalization phase. This mission in realizing internationalization encourages all activities to adapt quickly in using technology in the era of Society 5.0. Coupled with the number of users of financial technology which is increasingly showing an extraordinary increase in every economic transaction.
Research conducted by Nugroho & Chowdhury (2016) states that in the latest technological era, competition is not only in the face-to-face business field, but also software, web, and internet-based businesses. Technological advances that are growing very rapidly provide convenience and a significant influence on all aspects (Astini, 2020).

Implementation in the use of the internet and technology certainly provides added value for banks, especially Islamic banking. Continuous innovation will also provide the best service, product and service improvements for the community that aim to dominate market share (Aryani et al., 2020). The use of technology for the organization or company internally will also save operational costs consisting of labor costs, general and administrative costs, and promotion costs.

Software, web, and internet-based companies are the entrances to the industrial revolution in Indonesia which has begun to show its existence. One form is economic transactions, namely financial technology or known as FinTech (Financial Technology). The shift in the scope of business has greatly affected progress in the world of economic transactions. Economic transactions can be done anywhere, there are no constraints on time and distance, with just the touch of a finger for FinTech applications (Gruschow et al., 2016; Muzdalifa et al., 2018).

The concept of Society 5.0 was originally introduced in 2015 in Japan, this is in accordance with research from Wang, Yuan, Yong, Wang, Xiao, and Qin (2018) and Wang, Li, Yuan, Ye, and Wang (2016) in political initiative strategies. (Keidanren, 2016; Harayama, 2017; Center for Research and Development Strategy: Japan Science and Technology Agency, 2017). For Prasetyo and Arman (2017) and Costa (2018), Society 5.0 to some extent follows Industry 4.0, and, while Industry 4.0 focuses on production, Society 5.0 seeks to put people at the center of innovation. Also taking advantage of the impact of technology and the results of Industry 4.0, by deepening the integration of technology in improving the quality of life, social responsibility and sustainability (Serpanos, 2018). As illustrated in Figure 1 below:



With these developments, people in this generation (referring to the theory of generations, namely generation Y and generation Z) tend to have the characteristics of liking things instantly, quickly, and practically. This is because of the emergence of instant gratification (fulfillment of needs or satisfaction very quickly) so that people now tend to be impatient and want everything they want to be fulfilled as soon as possible. This is a simple example of technological development that does not consider the humanities aspect.

There are several challenges to be faced, such as, for example, and according to Serpanos (2018), “software integration and upgrades, network interoperability, synchronization in real-time processes and applications, and most importantly, security. As maintained by Wang et al. (2018): “The basic theory of Societies 5.0 research is parallel intelligence, which is a new methodology that extends traditional artificial intelligence theory to emerging socio-physical-social systems.

Opportunities and challenges from Society 5.0 in banking there are also several things that need to be considered and adaptation strategies from industry 4.0 to 5.0. First, changes in consumption patterns and the desire of people who want something easy and fast. There is a change in people's behavior patterns in utilizing services from financial service institutions such as banking. Second, the proliferation of financial technology (fintech) for both payments and funding or peer-to-peer (P2P) lending. Third, the factor of trust in security provided by the digital banking platform. Fourth, is the issue of regulation or applicable regulations. This will be the basis for digital banking players to the extent of their work. Fifth, develop customer profiles and characteristics, especially millennial and non-millennial customers. This means expanding the market regarding the services provided so that they can be reached by various groups.

Some of the issues mentioned above have been realized by the banking industry by continuing to respond to rapid technological developments by transforming through digital banking services while managing risk by implementing POJK rules No 12/POJK.03/2018 Digital Banking Services. Based on these problems, a further discussion is how to accelerate banking services towards the Society 5.0 era.

Method

The research method is a step that is owned and carried out by researchers in order to collect information or data on the research. The method used in this research is in the form of library research or library research, namely collecting or collecting data by using written materials. This article aims to emphasize that banking as an intermediary financial institution must be able to adapt and develop its service products in the Society 5.0 industrial era. This research is the development of a conceptual model, by conducting a literature review from various sources, and trying to present an idea about a theory that is in accordance with the banking concept.

Findings and Discussion

The presence of the Internet of Things (IoT) in industry 4.0 creates a new idea from Japanese civilization, namely society 5.0. The idea stems from the response of the Industrial revolution 4.0 as a significant technological development, but the role of the community is very much a consideration for the occurrence of this 4.0 industrial revolution. Quoting from the World Economic Forum (WEF), Japanese prime minister Shinzo Abe's statement explained that society 5.0 is no longer capital but data that connects and drives everything, helping to fill the gap between the rich and the disadvantaged. Medical and educational services, from primary to tertiary level, will reach small villages. If society 4.0 allows people to access and share information on the internet, society 5.0 is an era where all technology is part of humanity itself (Yunda, 2019).

Internet is not only for information but for living life. So that technological developments can reduce human disparities and economic problems in the future. An example of a company is Astra. It is known that in 2014, Astra conducted a study starting from the transformation of the internet from a business enabler to a business driven. 2016 was a fundamental step for Astra to balance the presence of the industrial revolution 4.0 in the company's work order. In 2017, Astra accelerated its digital initiatives, especially addressing VUCA, namely Volatile, Uncertain, Complex, and Ambigue, which is a picture of the current situation in the business world. Until 2019, Astra has set digitalization as a milestone in its future business direction. Human resources are then not forgotten.

According to the characteristics of future work, competence is vision and business sense, customer focus, planning and driving action, analysis and assessment, team work, interpersonal skills to lead and motivate, and drive and courage. Astra's leadership competencies are at the core of the recruitment process, people mapping and development. Thus, Astra hopes that in the future it will be able to recruit human resources in the context of future work (Usman, 2019). Leading and motivating interpersonal skills, and drive and courage.

If society 4.0 allows us to access and share information on the internet. Society 5.0 is an era where all technology is part of humanity itself. The internet is not only for information but for living life (Mayasari, 2019), so that technological developments can reduce the gap in human and economic problems in the future. Indonesia is a developing country which can even be said to be only a small part of the people who know the Industrial Revolution 4.0 or society 5.0. Only academics are literate about the progress of the times, business people who do have an interest in business continuity, are also public policy makers who care. Educational institutions that are categorized as superior in Indonesia have not implemented industry 4.0 and society 5.0.

Changes and growth of digital information technology is very fast, so that all sectors, be it services, manufacturing, or agriculture, all lead and take advantage of the development of digital technology. Technology is expected to be more efficient, fast, precise, and accurate, as well as provide convenience for interested parties. We might think that any country that masters digital technology will certainly become a developed country or a super power.

The development of financial technology (Fintech) cannot be separated from the influence of global changes in financial innovation technology. However, measuring the configuration of Fintech development in Indonesia is still very limited. Based on existing data that can be used to determine and measure Fintech configuration, it is only limited to the number of companies, market size, and Fintech financial data (peer to peer lending).

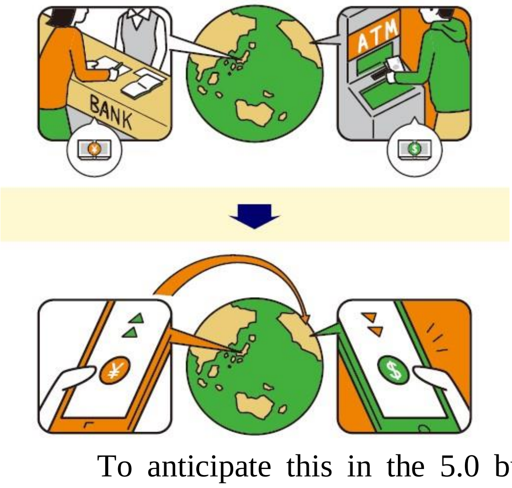
In facing the Industrial Revolution 4.0, there are many weaknesses in the Fintech field, where everything is required to be fully automated. On the one hand, this digital development is very beneficial in terms of efficiency and effectiveness. But on the other hand, the low intellectual capital of human resources from a country will be a weakness in that country in the rapid advancement of digital technology. So that the role of humans will be replaced by artificial intelligence-based robots, causing humans to be very dependent on these robots.

Japan and America have high technology in the field of Industry and automation machines, but their economic growth does not necessarily grow high, and even tends to decline. This is due to the higher the role of industry which is influenced by machines and digitization, the lower the role and function of humans, because they are replaced by machines.

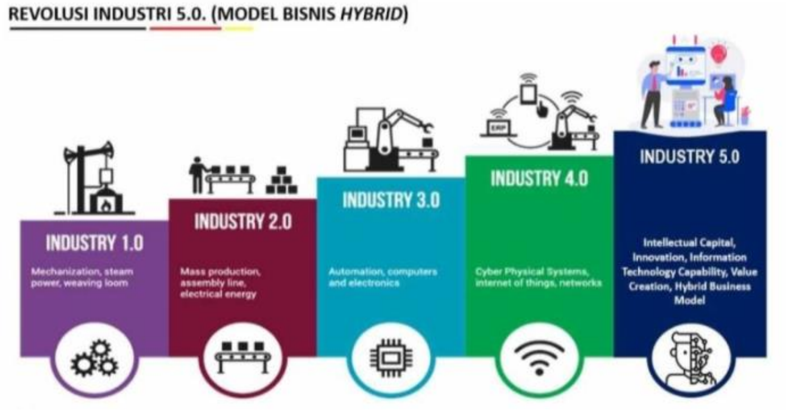
Population growth will be disrupted (social crisis), when people prefer to live alone, do not want to have a family or offspring, even choose their life partner/friend to vent with a robot or virtual assistant. The growth of the population and the minimal labor force will hamper the growth of the production of goods and services so that it will threaten the economic growth of a country. Dependence on technology that is too high will erode the norms of religion, culture, and social life which are the goals of human life in the state.

To anticipate this, collaboration with the human-based intellectual capital society is carried out. The so-called Hybrid Business Model or Business Model 5.0. This model is suitable to be applied in Indonesia and can be generalized to banking products and services.

A financial system that allows the allocation of incoming and outgoing funds effectively and efficiently for use by the community. This will increase people's financial literacy and affect everyone's financial cash flow. With this system, access to financial services will increase which will contribute to economic freedom due to a good financial management system. The implementation of this system is also beneficial for producing better financial results in the community. As in Figure 2 below:



To anticipate this in the 5.0 business model. This model is a synergy between intellectual capital which gives birth to innovation and information technology capability which results in value creation. So that the synergy of the two elements will produce a great power to improve the economy through the banking services industry. As in Figure 3 below:



Business Model 5.0. already has an element of novelty related to current developments, especially regarding the adoption of the Industry 4.0 Business Model. digital-based technology adopted from developed countries such as America and China and the Society's Business Model 5.0. based on Human which was adopted from Japan. Business Model 5.0. incorporates the Industry 4.0 business model. where the role of humans has been replaced by robots that can answer and solve all human needs, while in the Society 5.0 model. The role of humans is regenerated so that from the collaboration of the two, both the Industrial Business Model 4.0 and the Society 5.0 Model will produce a Hybrid Business Model that can be implemented in Indonesia.

The Hybrid Business Model is suitable to be applied in Indonesia due to cultural and religious boundaries so that the role of humans cannot be completely replaced by technology. The role of humans that cannot be replaced by technology is called Intellectual Capital. Intellectual Capital that produces Innovation. The innovation-based Hybrid Business Model is referred to as Business Model 5.0. To be able to build Intellectual Capital in the form of morals, attitudes, behavior, manners, religion, integrity, and compliance with rules and regulations.

Conclusions and Suggestions

Technology has a great impact on business research, especially on marketing. This is because technology is changing the way marketing managers do their jobs. These changes lead to major changes in topics that are important to study. In addition, technology provides a new way of conducting research so that information technology has an influence on marketing performance through the 5.0 business model as a synergy of intellectual capital that results in innovation and value creation.

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