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Financial Technology Implementation Strategy in Islamic Banking to Increase Public Financial Inclusion: SWOT Analysis at Bank Syariah Indonesia Branch Office Old Mountain

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ABSTRACT

The financial system, particularly Islamic banking, has undergone significant changes as a result of advances in digital technology. Fintech, or financial technology, has emerged as a key tool to improve public access to formal financial services and support increased financial inclusion. However, fintech implementation in non-metropolitan areas of Indonesia continues to face several challenges, including inadequate digital infrastructure, low levels of technological literacy, and threats to digital security. By investigating the implementation of fintech in Islamic banking branches in Indonesia, this study contributes to the non-metropolitan area characterized by limited digital infrastructure. This study aims to analyze using SWOT analysis techniques to investigate how financial technology is used at Bank Syariah Indonesia KCP Gunungtua to improve financial inclusion in the community. This study combines field research methodology with descriptive qualitative methods. Five informants—Branch Operations and Service Managers, Operations Staff, Account Officers, Tellers, and Customer Service—at Bank Syariah Indonesia KCP Gunungtua were interviewed to collect research data. Using a SWOT matrix, internal and external elements were identified as part of the data analysis process. The research results show that fintech implementation has strengths in terms of ease of transaction access, service efficiency, and increased financial service reach. The main weaknesses are limited internet networks, suboptimal technological infrastructure, and low digital literacy among the public. Opportunities for fintech implementation are evident in the benefits of the Islamic banking system and the increasing public demand for digital financial services. Meanwhile, threats include the risk of cybercrime, competition between digital financial institutions, and the gap in the public's technological capabilities. Recommended strategies include strengthening digital security, increasing fintech literacy, expanding service networks through digital agents, and developing technological infrastructure in underserved areas.

INTRODUCTION

System global finance has experience change significant as consequence from progress digital technology. The emergence technology finance, or *fintech,* which provides various service, is indication digital revolution in the sector finance finance based technology with characteristics fast, easy, and efficient. The development of fintech is not only occurs in institutions finance traditional, but also a component important in development industry Islamic banking (Gomber, Koch, & Siering, 2017).

In context Islamic banking, fintech implementation has role strategic in Increase accessibility service formal finance for public general. Financing inclusive is metric important in matter This development economy Because related with ability public in get service finance based on what they need. People who previously own access limited to institution finance now can do it through digital services can get convenience in do transactions, saving funds, and get financing (Demirgüç -Kunt et al., 2022).

Indonesia has huge potential For develop sector Islamic banking because is a country with largest Muslim population. One of the effort For increase system Islamic finance in this country is the establishment of Bank Syariah Indonesia (BSI), which is results merger three state- owned Islamic banks. One of them tactics what BSI does is development digital services through utilization technology finance For increase quality services and expand range service to public (Bank Syariah Indonesia, 2023).

However Thus, the implementation of fintech is not always running optimally, especially in non-metropolitan areas. Areas with condition geographical certain Still there is a number of challenges, including low digital literacy, infrastructure technology that is not inadequate, and limited internet access. Conditions This makes it difficult for Islamic banks to provide access fair finance (Hiyanti et al., 2019).

A number of study previously has discuss about Fintech's contribution to expansion inclusion finance in industry Islamic banking . However , some big studies Still focusing on the development of fintech in general general or conducted in urban areas . A study on fintech implementation strategies in offices branch Islamic banking in non-metropolitan areas is still relatively limited, especially with approach SWOT analysis of internal and external forces . (Abadi et al., 2021).

Based on condition said , the study This study in a way deep implementation of fintech at the Gunungtua Branch Office of Bank Syariah Indonesia, along with solutions that can used For overcome various internal and external factors. It is expected studies This can give contribution intellectual for progress Islamic fintech research at the same time give recommendation useful For Islamic banking in increase finance inclusive public.

Research purposes This is For evaluate advantages, disadvantages, possibilities, and dangers implementation technology financial services of Bank Syariah Indonesia KCP Gunungtua to develop effective solutions finance inclusive through approach SWOT analysis.

RESEARCH METHODS

Study This combine technique study field with methodology qualitative descriptive . Qualitative techniques chosen Because objective study This is For understand fully phenomenon implementation *financial technology* in sharia banking as well factors that influence improvement finance inclusive society (Sugiyono , 2019).

Study The research was conducted at Bank Syariah Indonesia, Gunung Tua Branch Office, located in North Padang Lawas Regency, North Sumatra. chosen with understanding that the operational area of BSI KCP Gunung Tua has characteristics areas that are still face challenge in access digital technology and infrastructure.

Subject Retrieval sample aiming, who chooses informant based on knowledge and experience they related with object research, used For choose sample Research. Five employees of Bank Syariah Indonesia KCP Gunung Tua, Branch Operations and Service Manager, Staff Operational, Account Officer, Teller, and Customer Service are made informant research (Yusuf, 2014).

Research data consists of from primary and secondary data. Interviews deep with informant used For collecting primary research data about fintech implementation, factors supporters, obstacles, opportunities, and development strategies digital services. Secondary data collected from notes company, work scientific and publications study previously, and sources supporters other.

Interviews and documentation used as method data collection. Three phases Data analysis was carried out : data reduction , data presentation , and compilation conclusion. For determine internal and external elements that influence research , study this also uses SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) of fintech implementation at BSI KCP Gunung Tua.

Use technique triangulation source, which compares data from Lots source study For ensure data consistency and validity.

RESULTS AND DISCUSSION

1.1 Implementation of *Financial Technology* at Bank Syariah Indonesia KCP Gunung Tua

Findings study show that the use of fintech by Bank Syariah Indonesia KCP Gunung Tua has influential give change to pattern service banking . Utilization digital technology makes it possible client For do various more online transactions easy without must always come to office branch.

Service digital-based providing benefit especially in aspect efficiency time , convenience access, as well as improvement quality service . Condition the show that fintech can become instrument strategic in support improvement finance inclusive, especially through expansion access public to service formal finance (Muzdalifa, 2020).

However Thus, the implementation of fintech in the BSI KCP Gunung Tua work area is still face different challenges compared to urban areas . Geographical factors , limitations internet network , and capabilities public in use technology become aspect matter This must attention so that digital transformation can be functioning as good as Possible.

1.2 SWOT Analysis *of Financial Technology Implementation* at BSI KCP Gunung Tua

Based on the results of interviews and research observations, it was found that fintech implementation is influenced by internal and external variables of inclusive finance.

a. *Strength*

The research results show that the implementation of fintech at BSI KCP Gunung Tua has several strengths that support the improvement of banking service quality. First, fintech provides easy transaction access for customers because digital services allow banking activities to be completed anywhere, anytime, and without the need for physical bank offices. Second, the use of technology in banking services can improve operational efficiency by accelerating transaction processes, thereby increasing the effectiveness and responsiveness of services offered. Third, fintech contributes to increased access to financial services, especially for members of the public. have limited distance and access to conventional banking facilities. These findings demonstrate a close relationship between the digitalization of banking services and the concept of financial inclusion, as it provides more accessible, reasonably priced, and affordable financial services that can be utilized by all levels of society.

b. *Weakness*

In addition to its various strengths, the implementation of fintech at BSI KCP Gunung Tua also faces several obstacles that hinder the optimization of digital banking services. One of the main obstacles is limited digital infrastructure, particularly in several service areas where internet network issues persist, which can hinder the smooth use of technology-based services (Ansori, 2019).

Furthermore, the low level of digital literacy among the public also poses a challenge to fintech implementation , as some users still have limited understanding of how to operate digital banking services and require ongoing education. Geographical factors also contribute to obstacles, particularly due to the considerable distance between regions, which makes monitoring, developing supporting facilities, and expanding services such as ATMs and digital services more complex. These conditions indicate that the success of fintech implementation is not only determined by technological readiness, but also influenced by the readiness of human resources, the quality of digital infrastructure, and adequate environmental support.

c. *Opportunity*

The implementation of fintech at BSI KCP Gunung Tua offers significant potential to support the development of Islamic banking services in the digital era. One key opportunity stems from the growing public demand for fast, easy, and practical financial services, along with changing consumer behavior that increasingly relies on technology for transactions. Furthermore, the use of digital services provides an opportunity for BSI to expand its market share by reaching communities that have previously underutilized banking services. The superiority of the Islamic banking system is also a supporting factor, as the characteristics of services based on Islamic principles can be an added value in building public trust in the fintech services being developed. Thus, the opportunity for fintech implementation demonstrates that digital technology can be a strategic tool for Islamic banking to increase financial inclusion, expand service reach, and strengthen the competitiveness of the Islamic financial industry.

d. *Threat*

The implementation of fintech at BSI KCP Gunung Tua also faces various threats that require attention in the development of digital banking services. One of the main threats is the increasing digital security risks along with the widespread use of technology-based services, such as the potential for cybercrime, data theft, and digital fraud, which can affect public trust in fintech services . Furthermore, the increasingly competitive development of the digital financial industry presents a challenge in itself as various financial institutions begin to offer technology-based services with diverse features and innovations. Another threat stems from the still limited technological capabilities of some people in using digital services, which can hinder the optimal growth of the number of fintech users . Therefore, strengthening digital security systems, increasing service innovation, and educating the public about technological literacy are important factors in addressing the various challenges of fintech implementation in Islamic banking.

1.3 SWOT Strategy Matrix for Fintech Implementation at BSI KCP Gunung Tua

The approach developed is based on the findings of the identification of internal and external elements. can be applied are as follows:

Table 1. Fintech Implementation Development Strategy Matrix at BSI KCP Gunung Tua Based on SWOT Analysis

Strategy	**Implementation**
SO (*Strength-Opportunity*)	Increase fintech education, expanding digital services, as well as increase amount BSI Link agent for expand access public
WO (*Weakness-Opportunity*)	Develop infrastructure network, improve digital literacy of society, and expanding facility supporters digital services
ST (*Strength-Threat*)	Strengthen system digital security, improving quality service, and maintain trust customers
WT (*Weakness-Threat*)	Do Work The same with provider internet network, improve fintech socialization, as well as strengthen system security digital applications

1.4 Fintech Implementation to Increase Financial Inclusion

BSI KCP Gunung Tua can adopt a number of priority strategies based on SWOT analysis:

a. Increased literacy Fintech to the public. Education about the benefits and how to use digital services is needed so that the public learns about security when conducting digital transactions in addition to using financial services.
b. Strengthening technological infrastructure. Expanding internet networks and improving facilities such as digital service agents are crucial factors in expanding the reach of inclusive finance.
c. Improving digital security. Banks need to strengthen their security systems to anticipate the increasing risk of cybercrime, which could erode public trust.
d. Developing collaboration with various parties, especially network providers and local governments, so that infrastructure barriers in remote areas can be minimized.

With Thus, the implementation of fintech at BSI KCP Gunung Tua is This functioning as tactics For expand access public to service Islamic finance, in addition to become A innovation service.

CONCLUSION AND SUGGESTIONS

Based on the results of the research and SWOT analysis, we can conclude that the use of *financial Bank Syariah Indonesia's fintech branch*, Gunung Tua, has played a strategic role in increasing financial inclusion through ease of access, service efficiency, and expanding the reach of Islamic banking. Fintech's primary strength lies in ease of transactions and improved service quality. However, internet networks, inadequate digital infrastructure, and low digital literacy are some of the challenges faced.

Externally, fintech offers significant opportunities through the growing demand for digital financial services and potential market expansion, but it also faces threats in the form of digital security risks and competition in the financial industry. Therefore, strategies are needed to strengthen digital security and improve digital literacy. Fintech, expanding service networks, and improving technological infrastructure support. The success of Fintech implementation depends not only on technological innovation but also on the readiness of human resources and supporting infrastructure.

Research Implications

This study own implications theoretical and practical. In theoretical, study This increase study about How technology finance contribute to inclusion more finances big in Islamic banking with consider factor technological, social, and geographical. In general practical, findings studies This offer suggestions to BSI KCP Gunung Tua for increase fintech services through strengthening digital literacy, infrastructure technology and mentoring society. In addition, research This can become reference for regulators in develop digital ecosystem of Islamic finance.

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