

THE INFLUENCE OF ELECTRONIC BANKING TRANSACTIONS ON FEE BASE INCOME IN CONVENTIONAL BANKING LISTED ON THE INDONESIA STOCK EXCHANGE FOR THE 2018-2021 PERIOD

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Abstract : The background of this research is that there is still a research gap between the value of e-banking transactions and the value of fee-based income at several conventional banks listed on the Indonesia Stock Exchange. In addition, this research aims to find out how electronic banking transactions affect fee base income. The factors tested in this study are electronic banking transactions as the independent variable, while fee-based income is the dependent variable. The research method used is descriptive and verification method. The population in this study are conventional banks listed on the Indonesia Stock Exchange for the 2018-2021 period, totaling 41 banks. The sampling technique used is non-probability sampling with purposive sampling method, so that the total sample is 11 companies. The data analysis used is panel data regression analysis using Eviews. The results of the study show that electronic banking transactions and fee-based income in conventional banks listed on the Indonesia Stock Exchange for the 2018-2021 period tend to increase every year. In addition, the results of hypothesis testing show that electronic banking transactions have an effect on fee base income. The magnitude of the effect of electronic banking transactions on fee base income is 75.4%.

Keywords: Electronic Banking Transactions and Fee Base Income.

INTRODUCTION

Bank is a financial institution that has a function as an intermediary for the circulation of money by collecting funds from the public in the form of savings and then managing these funds by channeling funds in the form of credit to people who need them. (Undang-Undang Nomor 10 Tahun 1998). One of the functions of the bank is agent of trust, meaning that the public gives confidence to the bank that the public funds saved will be managed properly and not misused by irresponsible parties, and public savings funds can be reapplied according to provisions (Budisantoso & Nuritomo, 2017). The bank in carrying out its activities is oriented to get profit, therefore management always tries to improve its financial performance. One way investors do to evaluate financial performance is through financial reports. Ekaunaga reports are the media used to obtain information about the company's financial condition, one of which is information on the company's ability to generate profits can be seen from the financial reports. Profit is an important measure of effectiveness and efficiency (Anthony & Govindarajan, 2016:175). Profit is the excess of income over costs in connection with efforts to obtain that income during a certain period. Profit is one measure of the achievement of the company's financial performance. Through the profits obtained by the company can maintain survival and develop the company (Soemarso, 2018:4).

In fact, not all companies listed on the IDX show good financial performance, as experienced by the conventional banking sector. The decline in the profit growth performance of the conventional banking sector was also supported by information cited

in the 2020 www.keuangan.kontan.co.id article which stated that throughout 2019 the banking intermediation function experienced a decline. OJK data noted that banking credit in 2019 only grew 6.08%, lower than the achievement in 2018 of 11.8%. As a result, banking profit growth fell from 5.1% in 2018 to 4.9% at the end of 2019, this limited the bank's ability to generate profits (Sitanggang & Mahadi, 2020).

The decline in the ability of banks to generate profits could be due to a decrease in the banking's main revenue activities, namely fundraising and lending. Therefore it is important for banks to be able to improve their performance by optimizing income other than the bank's main operating income, one of which is fee-based income (non-interest income). One way to earn income is through fee-based income (Surachim et al., 2021). Fee-based income is defined as provisional income, fees or commissions earned by banks, which are not interest income (Latumaerissa, 2017:227). Types of fee-based income consist of fee and commission income, income from foreign exchange or foreign exchange, other income (Dendawijaya, 2015:111). Fee based income is another source of bank income generated from fees charged to customers for banking service transactions. The use of technology in today's banking world is a must. The need for fast information requires banks to create a technology that can improve banking performance, one of which is by increasing the use of e-banking transactions (Gumilang & Azib, 2019).

Based on the descriptions of several articles, it shows that the income performance of banks, especially commercial banks which are included in the large bank category such as BRI banks, still tends to be stable, even though the main banking income from lending activities tends to decrease, however, banks which are included in the large bank category are still supported by an increase in fee-based income. obtained from electronic banking services (Hutauruk & Mahadi, 2022). On the other hand, in contrast to banks that are included in the small category, it shows that the income of small banks is increasingly squeezed amidst the low demand for credit and the inability to increase commission-based income or fee-based income, due to limited electronic banking services (Wiratmini & Rini, 2020). E-banking transactions are services that enable bank customers to obtain information, communicate, and carry out banking transactions through electronic media such as ATM, EDC, POS, internet banking, SMS banking, mobile banking, e-commerce, phone banking, and video banking (Otoritas Jasa Keuangan, 2015:5).

The following will present data regarding a comparison of the value of e-banking transactions and fee-based income, namely as follows:

Table 1.
Data Comparison of the Value of E-Banking Transactions and Fee Based Income in Conventional Banking Registered on the Indonesia Stock Exchange for the 2018-2021 Period

No	Code	Number of E-Banking Transactions				Fee Base Income			
		2018	2019	2020	2021	2018	2019	2020	2021
1	AGRO	4,03	5,09	5,22	5,22	10,71	10,87	10,85	11,04
2	BBCA	9,79	9,93	10,06	10,21	13,25	13,33	13,32	13,35
3	BBKP	7,31	7,15	7,03	6,84	11,89	11,89	12,01	11,18
4	BBNI	9,32	9,42	9,45	9,47	13,06	13,14	13,13	13,21
5	BBRI	8,95	9,19	9,43	9,50	13,37	13,45	13,58	13,62
6	BBTN	7,93	8,01	8,07	8,10	12,32	12,32	12,40	12,37

No	Code	Number of E-Banking Transactions				Fee Base Income			
		2018	2019	2020	2021	2018	2019	2020	2021
7	BCIC	6,68	6,79	6,93	6,90	10,90	11,72	10,35	10,72
8	BJBR	5,88	7,67	8,14	8,32	11,97	12,01	12,16	12,24
9	BJTM	6,58	6,85	7,25	7,06	11,62	11,68	11,62	11,91
10	BMAS	5,33	5,53	5,55	5,63	10,49	10,58	10,83	10,75
11	BMRI	9,33	9,33	9,34	9,38	13,44	13,42	13,46	13,46

Source: Bank Annual Report (www.idx.co.id) (2023)

From Table 1. above will be explained as follows:

1. In 2018-2020 BBKP showed that the value of the number transactions has decreased, but this is inversely proportional to the value of fee-based income which tends to increase. This shows that there is a research gap between the value of the number of e-banking transactions and the value of fee-based income.
2. In 2019-2020, BCIC showed that the value of the number of e-banking transactions had increased, but this was inversely proportional to the value of fee-based income which tended to decrease. In addition, in 2020-2021 BCIC shows that the value of the number of e-banking transactions has decreased, but this is inversely proportional to the value of fee-based income which tends to increase. This shows that there is a research gap between the value of the number of e-banking transactions and the value of fee-based income. In addition, Widjaja Hendra, Business Director of BCIC, said that the company continues to strengthen capital. The future strategy of this bank is to strengthen capital. Furthermore, the company will develop a new core banking system to optimize fee-based income by digitizing and strengthening the network (Hutauruk & Laoli, 2022).
3. In 2019-2020 BJTM showed that the value of the number of e-banking transactions had increased, but this was inversely proportional to the value of fee-based income which tended to decrease. In addition, in 2020-2021 BJTM shows that the value of the number of e-banking transactions has decreased, but this is inversely proportional to the value of fee-based income which tends to increase. This shows that there is a research gap between the value of the number of e-banking transactions and the value of fee-based income.

Based on the description above, it shows that there is a research gap between e-banking transactions and fee-based income at BBKP, BCIC, and BJTM banks. This also contradicts the theory which states that e-banking transactions have a positive and significant effect on fee-based income. The more customers transact through e-banking, the higher the fee-based income (Utaminingsih & Sularto, 2015). E-banking transactions affect fee-based income (Permadi & Nurdin, 2018).

Electronic banking transactions are banking services that use electronic media such as computers, cellular phones, or other electronic devices which contain various features for transactions according to customer needs that can be accessed anywhere and anytime (Ikatan Bankir Indonesia, 2018:113). Electronic banking transactions in this study are measured based on the number of electronic banking transactions which include internet banking services, phone banking, mobile banking, ATM, DCM, and EDC (Ikatan Bankir Indonesia, 2018:235).

Fee-based income is one of the other incomes obtained from fees that do not come

from interest income. These costs arise because the bank provides benefits to its customers (Kasmir, 2019:129). Fee-based income in this study is measured based on the amount of other operating income (non-interest) earned by the bank which consists of fee and commission income, income from foreign exchange or foreign exchange, and other income (Dendawijaya, 2015:111).

Digital service transactions provided by banks include ATMs and mobile banking. Banking digital service transactions can increase fee-based income. Fee-Based Income is the profit obtained by the bank from the costs charged to its customers, such as administrative costs, shipping, billing and other costs. E-banking transactions in the form of ATM and mobile banking have an effect on fee-based income (Tasya & Nurhayati, 2022). One of the banking service products is electronic banking. In general, the customer service products (e-banking) that are marketed by all banks are the same as mobile banking, SMS banking, internet banking, phone banking, EDC and ATM, the difference is in the features in these products. In practice, this service product is charged for each transaction made by the customer, the amount of fees charged to customers varies depending on the type of transaction carried out, the fee paid by the customer for the services of this service product is called fee-based income. Increasing income from service products (e-banking) has an effect on increasing fee-based income (Ansyary et al, 2022).

Ho : Electronic banking transactions have no effect on fee-based income.

Ha : Electronic banking transactions affect fee-based income.

METHODS

The research method used in this study is a descriptive and verification method. The population in this study are conventional banks listed on the Indonesia Stock Exchange for the 2018-2021 period, totaling 41 banks. The sampling technique used is a non-probability sampling technique with a purposive sampling method, so that the total sample is 11 conventional banks. The types and sources of data used are secondary data, while the data collection technique uses documentation studies to compile annual reports (annual reports) of conventional banking listed on the Indonesia Stock Exchange for the 2018-2021 period. The independent variable is electronic banking transactions, while the dependent variable is fee-based income. The data analysis used is panel data regression analysis using the Eviews program.

RESULTS AND DISCUSSION

The following will present an overview of electronic banking transactions at conventional banks listed on the IDX for the 2018-2021 period, namely as follows:

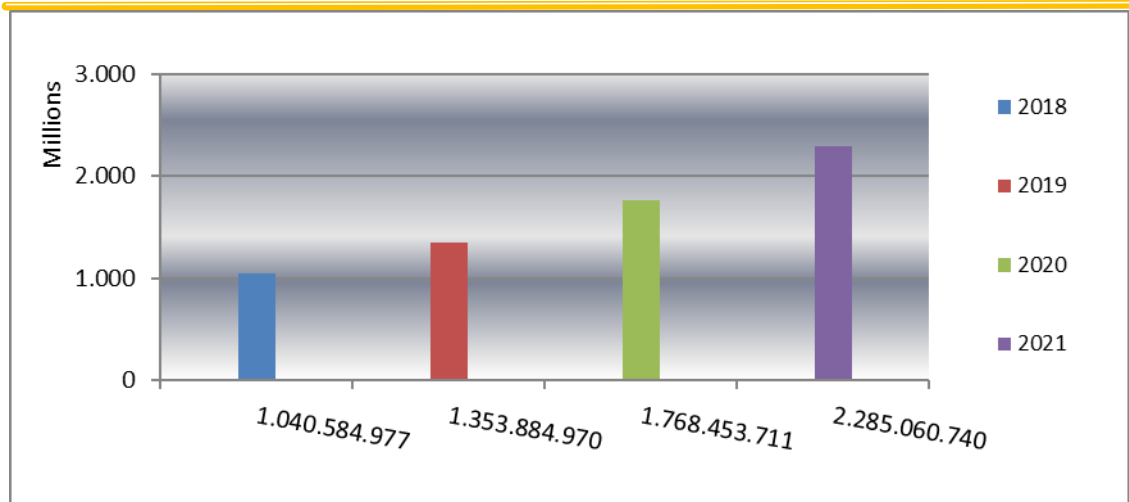


Figure 1 Graph of Electronic Banking Transactions in Conventional Banking Listed on the Indonesia Stock Exchange for the 2018-2021 Period

Source: Processed Data (2023)

From Graph 1. above, it shows that there is an increase in the average value of electronic banking transactions, meaning that the needs of customers in conducting electronic banking transactions at conventional banks tend to increase. The following will present an overview of fee-based income at conventional banks listed on the IDX for the 2018-2021 period, namely as follow

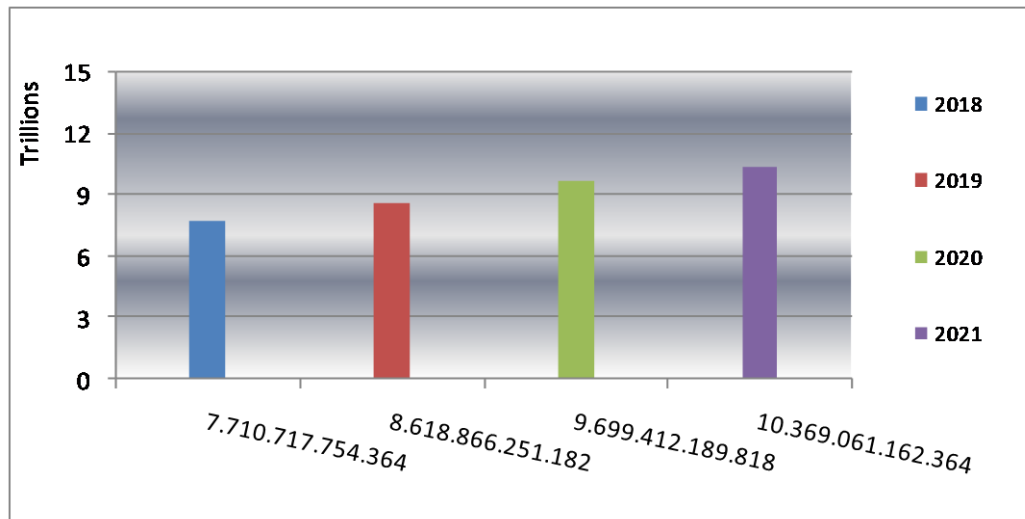


Figure 2.

Graph of Fee Base Income in Conventional Banking Listed on the Indonesia Stock Exchange for the 2018-2021 Period

Source: Processed Data (2023)

From Graph 2 above it shows that there is an increase in the average value of fee-based income, meaning that the income earned by banks from non-interest income

earned, namely the provision of commitments and banking services provided to customers tends to increase

Table 2. Panel Data Regression Analysis (Random Effect Model)

Variable	Coefficient
C	8.235628
E-Banking Transactions	0.508925

Source: Eviews Output Results (2023)

Based on table 2. above shows that the panel data regression equation model formed is:

$$Y = 8,235 + 0,508 X$$

Based on the regression equation above, it shows that if the value of the regression coefficient of the electronic banking transaction variable has a positive value of 0.508. The positive sign on the value of the regression coefficient indicates that electronic banking transactions have a positive effect on the fee base income. This means that the higher the electronic banking transaction, the higher the fee base income, and vice versa.

Tabel 3. Hypothesis Testing

Variable	t-Value	P-Value	Results
E-Banking Transactions	16,266>2,018	0,000<0,05	H _a Accepted

Source: Eviews Output Results (2023)

Based on table 3 above, it shows that the electronic banking transaction variable has a significant effect on the fee based income variable.

Table 4. Testing the Coefficient of Determination

Description	Value	Percentage
R-squared	0,754	75,4%

Source: Eviews Output Results (2023)

Based on table 4 above, it shows that the magnitude of the effect of the electronic banking transaction variable on the fee base income variable is 75.4%, while the remaining 24.6% is explained by other variables outside the research model.

The Influence of Electronic Banking Transactions on Fee Base Income

The result of descriptive statistical analysis research on conventional banking registered on the IDX in the 2018-2021 period for electronic banking transaction variables experience fluctuations every year. The highest electronic banking transaction value was obtained by BCA in 2021 of 10,210. This is presumably because electronic banking transaction conducted by BCA have reached 99.8% and the remaining 2% are transactions at branches. Thanks to this digitization, BCA was able to go through a difficult period due to the co-19 pandemic. Until now, BCA will continue to increase digital transactions because it can affect the growth of fee-based income. Meanwhile, BBRi showed the lowest electronic banking transaction value in 2018 of 4,030. It is

suspected that there is a problem in transforming into a digital bank, namely overlapping loans, so BBRI will eliminate this product and make it a high-frequency short tenor loan.

In addition, the fee-based income variable fluctuates every year. From the period 2018-2021 fee based Income PT. Bank Rakyat Indonesia Tbk, which experienced the highest Increase in 2021 of 13,620. The increase In fee-based income was dominated by sources of Income from e-channel & e-banking, deposit administration services, Investment services, trade finance services, and insurance product services, as the bank With the largest customer base, PT. Bank Rakyat Indonesia Tbk, is committed to always improving the quality of distribution channels both in terms of quantity, types of services customers can enjoy, as well as their reliability to encourage transactions through e-channels & e-banking. Meanwhile PT Bank J Trust Indonesia Tbk experienced a decrease In the value of fee-based income transactions that occurred in the 2020 period by 10,350. This is because PT. Bank J Trust Indonesia Tbk, is still hampered in changing or transforming digitally. To change PT. Bank J Trust Indonesia Tbk, to become a digitized bank so that it can Increase fee-based income, the company must first meet the core capital, if the core capital of 3 trillion has been reached, then PT. Bank J Trust Indonesia Tbk, can get permission to enter digitalization

The results of hypothesis testing show that electronic banking transactions have a significant effect on fee-based income variables. The magnitude of the effect of electronic banking transactions on fee-based income is 75.4%. In addition, the results of this study are also supported by the previous discussion which shows that e-banking is a product of the banking world that implements a computerized accounting information system. E-banking includes systems that enable bank customers, both individuals and businesses, to access accounts, conduct business transactions, or obtain information on bank products and services through private or public networks, including the internet. E-banking transactions are also useful to relieve customers, where customers are expected to be able to carry out their own transactions via electronic media, so they can save time and do not have to queue. E-banking transactions have a positive and significant effect on fee-based income. The more customers who make transactions through e-banking, the higher the fee-based income (Utaminingsih & Sularto, 2015).

E-banking transactions affect fee-based income (Permadi & Nurdin, 2018). Information technology investment has a positive effect on profitability and fee-based income. In addition, digital transactions have a positive effect on fee- based income. This shows that digital transactions increase fee-based income (Andi, 2020). Electronic banking has a positive and significant effect on profitability. The higher the e-banking transaction, the higher the profit the bank will get (Surachim.et al, 2021). The results of this study are in line with the results of previous studies conducted by Utaminingsih & Sularto (2015), Permadi & Nurdin (2018), Arisanti & Prihatiningsih (2019), Ansyary et al (2022), Gumilang & Azib (2019), Tasya & Nurhayati (2022), and Surachim.et al (2021). The results of his research show that electronic banking transactions have an effect on fee base income.

CONCLUSION

The research results show that shows that the average value of electronic banking transactions at conventional banks listed on the Indonesia Stock Exchange for the 2018-2021 period shows an increase, meaning that electronic banking transactions made by customers at conventional banks tend to increase. In addition, the average value of fee-

based income in conventional banking listed on the IDX for the 2018-2021 period shows an increase, meaning that the income earned by banks is not from interest income, but from non-interest income obtained from the provision of commitments and services. services provided to customers tend to increase. Meanwhile, the results of hypothesis testing show that electronic banking transactions have a significant effect on fee-based income.

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