

Future Banking: A Literature Review

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ABSTRACT

Nowadays, digital transformation is a buzzword in an academic and business environment. Business, education, banking, government, manufacturing – almost every industry is being “digitally transformed” in the period of the fourth industrial revolution. Many studies, specifically in the last 25 years, tried to discover the elements, drivers, and barriers of digital transformation and the value creation through digital transformation (Verina & Titko, 2019). There is a variety of digital technology strategies. The consumer behaviour triggers a series of technological advances, for every bank must continue to prepare for the future of banking. Conventional banks that currently still have customers, namely traditionalists who feel they don't need digital channels, must also be ready (Insight, 2020). Likewise, digital banking must be ready for the use of future technology. The failure of banks to adapt to consumer needs and the adoption of digital technology will have a significant impact. The speed or phase in digital transformation for banking, specifically in Indonesia, is not the same. Digital transformation in Indonesia's banking industry started quite late compared to other Asian countries, such as Malaysia, Singapore and South Korea. This is due to, among other things, the geographical conditions of Indonesia, which is an archipelago where digital literacy is not homogeneous, and people still have traditional beliefs and preferences for doing their banking in conventional physical branches (Winasis, 2020). The Indonesia Financial Services Authority (FAS) stated that by 2030 in Indonesia, all current banks would be digital, so it is expected that there will be no more branch offices. In addition, native/traditional banks are currently competing with challenger banks and fintech. Banking must be able to know its position in the middle of this digital transformation phase to find the right strategy for future requirements. There are many papers that study about the digital transformation in many industries including banking, but the research about the parameter that can be used to define the future banking itself still few. The purpose of the study is to enrich the existing literature about the future banking by collecting the parameter for the future banking and answer the research question: How the future banking looks alike?

Keywords: Future Banking, Digital Transformation, Open Banking, Banking Transformation, Indonesia Banking