

Digital Transformation of Banking Institution: Need Analysis of Digital Mindset for Training Model

Carlia Isneniwati^{1*}, Robinson Situmorang², Cecep Kustandi³,

^{1,2,3}Universitas Negeri Jakarta, Indonesia

*) Corresponding author: carliacm@gmail.com

Abstract

Technology has helped people do their jobs by creating, collecting, transforming, transmitting and storing data. Today, data transformation happens in much greater volume and speed through a variety of devices. From a business perspective, digital transformation enables organisations to implement new innovations and reimagine business processes by leveraging technology. From this point of view, digital transformation involves a form of re-engineering that is not only related to the way systems work together, but also includes the entire business itself. This research aims to analyse the needs of banking institutions to develop a training model through digital mindset. This research uses qualitative with a case study approach. The participants in this study were managers in banking institutions conducted at ASK Learning. The results of this study show that corporate culture plays an important role in digital transformation. Organisations that have a culture open to innovation, risk and learning tend to be more ready to adopt a digital mindset. For this reason, the understanding and application of digital transformation required by managers is crucial for each individual. Thus, the need for a digital mindset based on blended learning is necessary to integrate digital transformation through the application of technological tools in classroom learning.

Keywords: digital transformation; digital mindset; training model; blended learning.

Introduction

The ongoing era of digital transformation has a profound impact on almost all aspects of human life and various industrial sectors (Iden & Bygstad, 2024). This transformation marks a shift from conventional systems to a more digital approach in carrying out various activities, ranging from social interactions, business, to public service procedures (Abiodun et al., 2023). Transformasi digital tidak hanya melibatkan penggunaan teknologi baru, tetapi juga memerlukan perubahan dalam budaya kerja, proses bisnis, dan strategi (Nguyen-Thi-Huong et al., 2023). For example, the corporate world, including large companies, is now implementing digital work methods that allow operations to be more efficient and meet the demands of a fast-paced era. Employees are also faced with the

adaptation of technology-orientated skills and working methods.

Companies want a workforce that is motivated and productive, has up-to-date skills, and can quickly learn new skills to meet the changing needs of customers and markets in the era of digital transformation (Scott et al., 2023). Despite the prevalence of job hopping, companies want to provide a work environment and training and development opportunities that will help them become an employer of choice for talented employees. Employees want to develop skills that are not only useful for their current job, but also align with their personal interests and values. With increasing demands on working time, employees also have an interest in maintaining a balance between work and non-work interests (Li et al., 2024; Akter et al., 2023; Imran et al., 2021).

In the organisational structure of the company, there are basically people who are placed as managerial level (Arandara & Takahashi, 2023). A manager in a company is the one who must first integrate technology into his own life and then introduce it into the life of the company (Ichsan et al., 2023). However, not all managers adopt technology at the same pace. Some feel very comfortable with technology, while others don't trust it at all. Some consider it imperative to integrate technology within the organisation, while others think time spent on social networks or blogs is a waste of time and resources (Yaw Obeng & Boachie, 2018). After all, it is the level managers who determine the success of the company through the choices they make. To understand the impact of the digital revolution on a company's success, determining the factors that make a company successful is crucial.

The increasing use of internal social media in the workplace does not necessarily mean that companies and their employees know how to use it optimally (Javed et al., 2022). When organisations try to transition to digital transformation, they often jump on the technology and then try to figure out how it can fit into their organization (Yaw Obeng & Boachie, 2018). Instead, companies need to define their specific goals first, and then think about how certain digital tools can help them achieve those goals. Of course, this does not only apply to executives, but also to managers and employees. Hence, the Digital mindset enables individuals to utilise digital tools to improve efficiency and productivity in their daily work (Da Costa et al., 2024). An understanding of digital technologies and skills helps individuals perform tasks faster, more efficiently, and with better quality.

Training can contribute to a company's competitiveness. Competitiveness refers to a company's ability to maintain and gain market share in an industry (Awwad et al., 2022). Despite their different business types, companies have training practices that help them gain a competitive advantage in their markets. That is, their training practices have helped them grow their business and improve customer service by equipping employees with the knowledge and skills they need to be successful (Bahl et al., 2022). The banking business is no exception. Several previous

studies conducted reviews related to the exploration of digital mindset in business (Höyng & Lau, 2023; Allen, 2020). Bertel et al. (2021) shows that digital transformation is needed by organisations to increase innovation in order for businesses to survive. Therefore, digital transformation is inseparable from the utilisation of technology. The utilisation of technology in education provides the possibility to collect a 'digital footprint' of each activity that can be used for evidence-based decision-making at the learner and curriculum levels. However, this can also have an impact on business performance measurement. Learning analytics provide a way to track learner interactions and assist in the collection, analysis, and reporting of data about learners during the learning process, which in turn can improve the overall learning experience.

The utilisation of technology does not only focus on the world of education but also the banking business. The banking business is a service business related to finance. Thus, this research aims to analyse the needs of banking institutions to develop a training model through digital mindset.

Method

This research uses a qualitative approach to analyse the needs of the digital mindset to be developed (Creswell, 2017). Data collection was conducted through in-depth interviews with five participants who have a background as managers in banks. Thus, the selection of these participants used purposive sampling technique in accordance with the research needs. The interviews were conducted by researchers in each participant's office for 100 minutes per participant. Researchers used structured interviews with interview guidelines. The questions given to participants related to the understanding of digital mindset, the form of training that has been followed, the benefits of attending digital mindset training and the need for blended learning. This research analysis technique uses the stages of Miles and Huberman (1994).

Result and Discussion

Companies in the industrialised world should start considering digital transformation

and synchronise their business rhythm with the development of the world. Digital transformation is the integration of digital technology in all areas of business, fundamentally changing the way it operates and delivers value to customers. Companies adopt innovative digital technologies to make cultural and operational changes that better adapt to changing customer demands. This research provides an overview of the digital transformation needs desired by banks as a service company (Lóska & Uotila, 2024).

The banking business is a service business based on the principle of trust so that the issue of customer trust is a very important factor determining the success of this business. In conditions of increasingly fierce competition, every company must try to survive, not only survive, but the company must be able to compete and develop. One of the important things that companies must do in order to survive and develop is to retain existing customers. Retaining customers is not only limited to maintaining service quality but also improving the quality of human resources in the business (Gupta & Kiran, 2024).

The results of our interviews with five participants (three women and two men) provide a pattern of digital transformation needs from banking institutions, namely digital mindset, form of training, and benefits of training materials.

Table 1. What do you know about digital mindset?

| No | Participants | Statements |
|----|--------------------|---|
| 1 | H (Women, 49 y.o.) | I think digital mindset is related to digital developments that inevitably enter our lives, organisations, companies. (February, 2024) |
| 2 | S (Women, 30 y.o.) | I have heard about digital mindset from the office environment during meetings with other work units. However, I do not understand the meaning of digital mindset and have never participated in training specifically on this material. (February, 2024) |

Table 1 shows that both participants have a different understanding of digital mindset.

Although both participants came from the same business field. However, both have different meanings related to digital mindset. H explained related to the understanding of digital mindset related to digital developments. Then, the researcher deepened by asking the source of information related to the understanding of the digital mindset.

“I learnt about digital mindset through discussions in the office. In terms of training, I think I have, maybe e-learning, or during enrichment at workshops or divisional meetings.”(H, February 2024)

From the results of the interview with H, there were doubts related to the understanding of the digital mindset. However, H felt that he had attended training related to the digital mindset. In contrast to S who gave an answer that he did not understand the digital mindset. Digital mindset is a behaviour and mindset in viewing and utilising technology. Therefore, several previous studies have shown that digital mindset is not only related to the ability to use technology but also analyses how individuals see and interpret data to create innovation.

“Classroom training (face-to-face) on digital mindset has been conducted at the training centre. However, training that is held for several days, with dense material, does not rule out the possibility of causing participant fatigue, so that it can be an obstacle for participants to understand the material well.” (EB, March 2024)

To carry out digital transformation, it is good that the training conducted requires adjustments with time. The use of digital mindset is in accordance with technological advancements. Thus, the tremendous acceleration of technological change requires individuals to adopt a digital mindset to stay relevant and adapt quickly to new technological developments (Hughes et al., 2023). Digital technology has fundamentally changed the employment landscape. Individuals with a digital mindset have a competitive advantage in finding a job and building a successful career, as they can adapt to change, have the necessary digital skills, and can innovate digitally (Krohn & Jantos, 2022).

“If the material is not directly related to work, training is usually more for broadening horizons, and not relatively less implemented in the workplace. It is possible to forget about the training material.” (AH, March 2024).

“It is possible that the purpose of attending e-learning training is more to fulfil obligations. Thus, understanding or mastery of the material is less important. After completing the e-learning, I just pass by, not understanding the material.”(H, February 2024).

In addition to time adjustments, training with a digital mindset model must also analyse work-related materials. This is to make it easier for participants to implement the training in the work process. In the digital era, training and lifelong learning are important. Individuals with a digital mindset have access to unlimited online learning resources. They can continue to develop new skills, gain up-to-date knowledge, and stay relevant in their careers. Digital mindset fuels innovation and creativity (Neeley & Leonardi, 2022). Individuals with an open mind towards digital technology can find new solutions, utilise technology to create new experiences, and face challenges with innovative approaches.

“Training on digital mindset, intended by the company so that management and management of the company have the same understanding, and can implement and educate and invite staff to make part of the implementation of work operations, part of the perspective and part in facing the challenges and opportunities that exist.”(TT, March 2024)

Based on the results of interviews that have been conducted, training related to digital mindset is seen as a new experience for banking institutions to face the challenges and opportunities that exist in digital technology.

Thus, digital technology enables unlimited collaboration and connectivity. Individuals with a digital mindset can utilise technology to collaborate with people from different parts of the world, share knowledge, and build an extensive professional network.

“hybrid (blended) training, seems to be a combination of online and offline. I have never participated in a training model like this. If you use logic, I think this type of training is ok. Logically, this training must have been developed to combine the strengths of in-class or offline training and online training. And minimise the shortcomings of both face-to-face and online training.” (TT, March 2024)

Referring to the results of interviews with participants, the need for hybrid-based training is important to be implemented in banking. In other words, digital mindset learning material training is needed and important to be applied to manager-level employees of banking institutions (Hughes et al., 2023). Education on digital mindset material is crucial in supporting work and operational activities, by adjusting the scope of work (Solberg et al., 2020). Such as application development, increasing work speed and effectiveness, as well as product development and communication facilities. However, banking managers' busy work routines make it difficult for them to fully participate in digital mindset learning. Therefore, hybrid training (blended learning) can be an effective learning delivery solution due to its time flexibility (Mahmud et al., 2020). In addition, Job analysis for a modern manager relating to digital mindset will include a deep understanding of the role in a fast-changing digital environment.

The results of this study provide an overview of the need for a digital mindset in the training process to improve the competence of a manager. However, digital mindset alone is not enough, so the application of blended learning is needed in the training

process. Hence, the role of training and development in today's banking organisations to do important to understand what training and development tools are in the broader business context (Mulla & Krishnan, 2022). Digital mindset is a new approach to understanding and utilising data and technology. These attitudes and behaviours enable people and organisations to see new opportunities and plan for the future. Several key digital, and digital transformation forces such as big data, algorithms, AI, robotic teammates, internal social media, blockchain, experimentation, statistics, security, and rapid change have changed the way we live and work. These forces also affect interactions with colleagues and demand organisational restructuring to remain competitive.

Conclusion

This research concludes that to encourage digital transformation in banking, digital mindset training is needed for employees at the manager level. In other words, the digital mindset training that needs to be developed must be integrated with a blended learning system. The use of blended learning to provide a better learning experience to the trainees. Therefore, this research has implications for banking institutions in improving human resources through training. This research has limitations on research methods. So, in future research, academics can develop blended learning-based digital mindset training using various development models.

References

- Abiodun, T., Rampersad, G., & Brinkworth, R. (2023). Driving Industrial Digital Transformation. *Journal of Computer Information Systems*, 63(6), 1345–1361. <https://doi.org/10.1080/08874417.2022.2151526>
- Akter, S., Biswas, K., Vrontis, D., Cooper, S. C. L., & Tarba, S. Y. (2023). Mastering digital transformation in workforce management. *Production Planning and Control*, 1–8. <https://doi.org/10.1080/09537287.2023.2270465>
- Allen, S. J. (2020). On the Cutting Edge or the Chopping Block? Fostering a Digital Mindset and Tech Literacy in Business Management Education. *Journal of Management Education*, 44(3), 362–393. <https://doi.org/10.1177/1052562920903077>
- Arandara, A. M. P., & Takahashi, S. (2023). Productive managers, productive branches, and the rewards. Evidence from the cooperative banks in Sri Lanka. *Applied Economics*, 55(54), 6391–6409. <https://doi.org/10.1080/00036846.2022.2155609>
- Awwad, R. I., Aljuhmani, H. Y., & Hamdan, S. (2022). Examining the Relationships Between Frontline Bank Employees' Job Demands and Job Satisfaction: A Mediated Moderation Model. *SAGE Open*, 12(1). <https://doi.org/10.1177/21582440221079880>
- Bahl, K., Kiran, R., & Sharma, A. (2022). Impact of Drivers of Change (Digitalization, Demonetization, and Consolidation of Banks) With Mediating Role of Nature of Training and Job Enrichment on the Banking Performance. *SAGE Open*, 12(2). <https://doi.org/10.1177/21582440221097393>
- Bertel, L., Askehave, I., Brohus, H., Geil, O., Kolmos, A., Ovesen, N., & Stoustrup, J. (2021). Digital Transformation at Aalborg University: Int - erdisciplinary Problem- and Project-Based Learning in a Post-Digital Age. *Advances in Engineering Education*, 1–13.
- Creswell, J. W. (2017). *Research Design: Qualitative, Quantitative Mixed Methods Approaches*. SAGE Publication.
- Da Costa, R. F., Brauer, M., Victorino, L., & Abreu, L. (2024). Clave Digital Mindset Scale: Development and validity evidence. *Revista de Administracao Mackenzie*, 25(1), 1–27. <https://doi.org/10.1590/1678-6971/eRAMC240124.en>
- Gupta, M., & Kiran, R. (2024). Sectoral Comparison of Sustainable Digital Financial Inclusion of Women Workforce with the Mediation of Digital Banking Adoption Intention: An Empirical Analysis. *SAGE Open*, 14(2), 1–24. <https://doi.org/10.1177/21582440241258288>
- Höyng, M., & Lau, A. (2023). Being ready for digital transformation: How to enhance employees' intentional digital readiness. *Computers in Human Behavior Reports*, 11(May). <https://doi.org/10.1016/j.chbr.2023.100314>

- Hughes, L., Seddon, J. J. M., & Dwivedi, Y. K. (2023). Disruptive change within financial technology: A methodological analysis of digital transformation challenges. *Journal of Information Technology*, *10*(2). <https://doi.org/10.1177/02683962231219512>
- Ichsan, M., Sadeli, J., Jerahmeel, G., & Yesica, Y. (2023). The role of project management office (PMO) manager: A qualitative case study in Indonesia. *Cogent Business and Management*, *10*(2). <https://doi.org/10.1080/23311975.2023.2210359>
- Iden, J., & Bygstad, B. (2024). Sociotechnical micro-foundations for digital transformation. *European Journal of Information Systems*, 1–16. <https://doi.org/10.1080/0960085X.2024.2347950>
- Imran, F., Shahzad, K., Butt, A., & Kantola, J. (2021). Digital Transformation of Industrial Organizations: Toward an Integrated Framework. *Journal of Change Management*, *21*(4), 451–479. <https://doi.org/10.1080/14697017.2021.1929406>
- Javed, S., Rashidin, M. S., & Xiao, Y. (2022). Investigating the impact of digital influencers on consumer decision-making and content outreach: using dual AISAS model. *Economic Research-Ekonomika Istrazivanja*, *35*(1), 1183–1210. <https://doi.org/10.1080/1331677X.2021.1960578>
- Krohn, M., & Jantos, A. (2022). Digital Mindset als wichtigste Voraussetzung im Lern- und Lehralltag der Zukunft. *Lessons Learned*, *2*(2), 1–5. <https://doi.org/10.25369/ll.v2i2.66>
- Li, X., Zhong, Q., & Yang, G. (2024). Commercial bank digital transformation, information costs, and corporate financial constraints. *China Journal of Accounting Studies*, *12*(1), 140–163. <https://doi.org/10.1080/21697213.2024.2336094>
- Lóska, G., & Uotila, J. (2024). Digital Transformation in Corporate Banking: Toward a Blended Service Model. *California Management Review*, *66*(3), 93–115. <https://doi.org/10.1177/00081256231207429>
- Mahmud, M. M., Ubrani, M. B., & Foong, W. S. (2020). A Meta-Analysis of Blended Learning Trends. ... , *E-Management, and E-Learning*.
- Miles, M. B., & Huberman, A. M. (1994). *Qualitative Data Analysis: An Expanded Sourcebook*. (Second). SAGE Publication.
- Mulla, Z. R., & Krishnan, V. R. (2022). Impact of employment on newcomer's values: Role of supervisor's transformational leadership. *IIMB Management Review*, *34*(3), 228–241. <https://doi.org/10.1016/j.iimb.2022.09.001>
- Neeley, T., & Leonardi, P. (2022). Developing a Digital Mindset. *Harvard Business Review*, 50–56.
- Nguyen-Thi-Huong, L., Nguyen-Viet, H., Nguyen-Phuong, A., & Van Nguyen, D. (2023). How does digital transformation impact bank performance? *Cogent Economics and Finance*, *11*(1). <https://doi.org/10.1080/23322039.2023.2217582>
- Scott, N. P., Martin, T. W., Schmidt, A. M., & Shanks, A. L. (2023). Impact of an Online Question Bank on Resident In-Training Exam Performance. *Journal of Medical Education and Curricular Development*, *10*, 0–4. <https://doi.org/10.1177/23821205231206221>
- Solberg, E., Traavik, L. E. M., & Wong, S. I. (2020). Digital Mindsets: Recognizing and Leveraging Individual Beliefs for Digital Transformation. *California Management Review*, *62*(4), 105–124. <https://doi.org/10.1177/0008125620931839>
- Yaw Obeng, A., & Boachie, E. (2018). The impact of IT-technological innovation on the productivity of a bank's employee. *Cogent Business and Management*, *5*(1), 1–19. <https://doi.org/10.1080/23311975.2018.1470449>