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Intellectual Capital and Financial Sustainability

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ABSTRACT

The competition among companies in the industrial era 4.0 no longer relies on ownership of tangible assets but on the ability to control information, develop innovation, manage organizations and own resources. Companies increasingly emphasize the importance of knowledge assets to improve their performance and sustainability. The purpose of this study is to figure out the effect of intellectual capital, consisting of human capital, structural capital and relational capital on marketing performance, financial strategy performance and financial sustainability. The research was conducted in rural banks, which also known as Bank Perkeditan Rakyat (BPR) operating in Bali. The data analysis technique used SEM PLS. The results showed that human capital and relational capital positively effects marketing performance, financial strategy performance and financial sustainability. Meanwhile, the relational capital variable does not have effect on financial strategy performance and financial sustainability.

Keywords: Financial Strategy Performance, Financial Sustainability, Intellectual Capital, Marketing Performance, Rural Bank

INTRODUCTION

The intense competition in business makes companies undertake many strategies to maintain their sustainability. Strong sustainability would enable the company to achieve above-average profitability and increase shareholder wealth (Adams, Thornton, & Sepehri, 2010). Leon (2001) explained that financial sustainability is the capacity of an organization to earn income and maintain its productive processes at a stable or high level to produce a profit.

Financial sustainability is a crucial concern that can be achieved by a company. To sustain its existence, the company must have a competitive advantage over their rivals, it can be obtained by doing an innovation. Innovation is one of the main tools for growth and has become an important step in gaining a competitive advantage over the rivals in today's economic environment. Companies that have a competitive advantage are companies that implements a different strategy, which cannot be imitated by their rivals (Barney, 1991). Strategy planning is carried out in the company's effort to find the basis for competitive advantage from a generic strategy, which are pursuing overall cost leadership in the industry, creating unique products for various customers and serving the special demand of one or several groups or industries (Prasetyaningtyas, Maariif, Sobir, & Hermawan, 2019). Innovation ability is one of the determining factors of company performance. By doing an innovation, companies are capable of surviving and earn profits to maintain their financial sustainability. Innovation is the driver factor of company growth, directing company to success and driving the company to survive in the competitive global economy. Lee and Tsai (2005); Lin and Chen (2007) stated that the higher the level of company's innovation ability, the higher the company's performance.

The era of globalization has made innovation as requirement for business entities to operate in a competitive global market (Gunasekaran, Okko, Martikainen and Yli-Olli, 1996). If management is able to explore business opportunities, it would become a strategic position to develop innovations and new products produced by the company. Company competition in the industrial era 4.0 no longer relies on ownership of tangible assets, but on the ability to control information, develop innovation, manage organizations and own resources. Companies increasingly emphasize the importance of knowledge assets to improve their performance and sustainability.

Technological innovation and competition in the era of globalization encourage organizations to manage their management well in order to have advantages and be able to increase their current capacities. The capacity and effectiveness of the company in producing and conveying information would determine the value and advantages of the company in the long term (Bontis, Keow, & Richardson, 2000). Stewart (2002) stated that intellectual capital seen as knowledge and experience used to create wealth.

The components of intellectual capital or IC, which affect organizational performance are still very varied. Several studies have found elements of IC that affect organizational performance in different ways. A number of empirical studies prove that IC affects financial performance with various measurement proxies. Khanqah, Khosroshahi and Ghanavati (2012) on 28 public companies in Tehran; Guerrini, Romano and Leardini (2014) on 218 companies listed in Italy, and Ozkan, Cakan and Kayacan (2017) examined 44 banking companies operating in Turkey, all of them figured out that IC positively affects the financial performance of a company. Different results regarding the effect of IC on performance were found from the study conducted by Bentoen (2012) on 96 companies in Greece, it found that IC significantly and negatively affects ROA and ROE. The research conducted by Firer and Williams (2003) found that IC does not have

effect on performance of public companies in South Africa, and this finding supported by research conducted by Puntillo (2009).

This study tends to figure out the influence of intellectual capital's components, which are human capital, structural capital, and relational capital on marketing performance, financial performance strategy and financial sustainability. Research on the components of intellectual capital was carried out comprehensively and simultaneously on marketing performance and financial strategy performance which ultimately affects financial sustainability. Several studies have shown inconsistent results regarding the influence of the components of intellectual capital on marketing performance and financial strategy performance. Meanwhile, the research about the influence of the intellectual capital component on financial sustainability is still limited.

This research was conducted in Rural Bank in Bali. Fierce competition with other financial institutions such as commercial banks, rural credit institutions and cooperatives faced by rural banks in Bali. This requires rural banks to innovate to be able to develop their businesses, to carry out business strategies for business sustainability. The competitiveness of Rural Bank lies not only in the ownership of tangible assets but also in innovation, information systems, organizational management and their resources.

LITERATURE REVIEW

The Resource-Based View Theory (RBV)

Barney and Clark (2007) stated that one of the approaches used to have a competitive advantage is the resource-based view theory. Resource-Based View theory or RBV is an idea that has been developed in strategic management theory and company competitive advantage, which convinced that a company would achieve superiority if it has superior resources. Barney (1991) and Grant (1991) stated that RBV explained that companies with valuable and scarce assets have a competitive advantage and allow them to get superior returns, and companies whose assets are difficult to imitate would have superior sustainable financial performance. RBV considers the company as a bunch of resources and capabilities. This view is based on the assumption that differences in the company's resources and capabilities with competitors would provide a competitive advantage. The existence of heterogeneous resources provides their own unique character for each company. Several criteria for companies that can achieve competitive advantage (Barney & Clark, 2007) as follow: First, resources must add positive value to the company. Second, resources must be unique or rare among existing competitors. Third, resources must be difficult to imitate and resources cannot be replaced with other competing resources.

Financial Sustainability

According to Leon (2011), financial sustainability is the ability of an organization to mobilize, manage and use its resources efficiently to achieve goals. Financial sustainability is the ability of an organization to earn income by maintaining its productive processes at a stable or high level to produce a profit. Guntz (2011) stated that there are two things to see the sustainability of financial institutions, operating self-sufficiency (OSS) and financial self-sufficiency (FSS). OSS is the concept of operational independence that measures the percentage of operating income from operations and financial expenses, including allowance for loan losses. If an OSS ratio greater than 100 %, financial institutions can cover all costs through their own operations and be independent of donor contributions or subsidies. Meanwhile, the FSS describes the ability to cover all costs, which shows the ability of the institution to operate without subsidies. Financial sustainability in a bank is the bank's ability to compare all costs (financial costs, such as interest expenses on loans, and operating costs, such as

employee salaries, and equipment) with the money or income received from activities carried out (Almilia, Shonhadji, & Angraini, 2009).

The Strategy of Financial Performance

The rapid change in the business environment as a result of the development of science and information technology, as well as regional and global conditions with market liberalization, has made the level of competition among organizations increasingly tight. Every organization is encouraged to always improve performance and competitive advantage in the long run (sustained competitive advantage). In a full dynamic of business environment, business management must be able to create satisfying services for customers and at the same time be able to compete effectively in the local, regional and global context. Companies are required to develop strategies that anticipate new trends in achieving and maintaining their corporate position.

Marketing Performance

Marketing performance is identified as an effort to measure the level of strategic performance implemented by sales volume, sales growth and company profit levels. Marketing performance can be measured, among others, through sales volume and sales growth (Bagozzi, 1980). Sales growth is a concept to measure the market performance of a product. Sales growth is a source of market share growth, which is often used by all researchers as one of the variables to form market performance. Chang, Chen & Ho (2012) stated that the evaluation criteria for marketing performance based on a financial perspective are sales, sales growth, cash flow, and return on investment.

Intellectual Capital

As a concept of intellectual capital, it is often interpreted differently. The concept of intellectual capital refers to non-physical or intangible capital related to human knowledge and experience and the technology used. From a broader spectrum, intellectual capital is seen as the ideas and perceptions of the components of the material assets owned by the organization. Intellectual capital can be seen from an accounting, economic and managerial point of view. In organizations, intellectual capital is mostly associated with human capital or knowledge and intellectual capital is an intangible asset. Bounfour and Edvinsson (2005) stated that intellectual capital is a value in companies, organizations, and directly related to the knowledge of individuals. Fazlagic (2013) stated that intellectual capital is not only seen from the perspective of the employee's mind, but also from the point of view of intangible structural capital. Chatzkel (2002) stated that intellectual capital has three basic elements that dynamically interact, which are human capital, structural capital, and relational capital.

The Relationship among Intellectual Capital, Marketing Performance, Financial Strategy Performance, and Financial Sustainability

Human capital in a business has the full potential to build a market orientation for consumers. Human capital such as expertise, work motivation, creativity, and intelligence as capital in maintaining customer loyalty, providing satisfaction to consumers and functioning in providing a unique set of skills for businesses to be able to survive in the market. Chang and Hsieh (2011) figured out in their study that human capital positively effects marketing performance. Studies conducted by Chen, Cheng and Hwang (2005), Tayles, Pike and Sofian (2007), Ahangar (2011) and Subramony, Segers, Chadwick, and Shyamsunder (2018) figured out that human capital in company positively related to sales growth as a measure of company performance. Kouhzadi, MirHesami, Rashidi and Kouhzadi (2019) concluded that human capital can increase a company's marketing ability.

Research conducted by Kamukama, Ahiauzu and Ntayi (2010) showed that human capital and financial performance are positively and significantly related to each other

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and prove that human capital is a major factor in influencing financial performance. Research conducted by Roca-Puig, Beltran-Martin and Cipres (2012), Clarke, Seng and Whiting (2011), and Gates and Langevin (2010) found that human capital and company performance positively related to each other. Research conducted by Komnenic and Pokrajcic (2012) figured out that human capital increases company productivity and profits. The same result was also found from research conducted by Al Amin (2012) that human capital positively affects financial performance of the company.The studies conducted by Khan and Park (2020), Sheikh and Wepukhulu (2019), Xu, Haris and Yao (2019) and Xu and Li (2019) found that human capital is an important factor and effects positively organizational performance. Effective management of human capital within the company would be able to encourage the success of corporate strategies in the financial sector so financial performance will increase.

Research conducted by Marr (2003) stated that business success is supported by human capital in companies including soft skills, proficient in a particular field and having a good attitude, as well as improving the quality of human resources by paying attention to the level of education, experience, interests and skills of employees, including producing professionals that have an impact on business sustainability. Research conducted by Naz, Salim, Rehman, Ahmad and Ali (2019) found that human capital has a positive correlation with the financial sustainability of an organization. The same results were found from research conducted by Sheik and Wepukhulu (2019) that human resources are very important for financial sustainability.

Thus, the hypotheses are:
H1: Human capital effects positively marketing performance
H2: Human capital effects positively financial strategy performance
H3: Human capital effects positively financial sustainability.

Structural capital also includes the development of information and technology developed by the company to sustain the company's performance in the market. The more integrated technology and capable of providing actual information needed by the company to dominate the market, the marketing process will run well and will be followed by increasing company sales. Research conducted by Chang and Hsieh (2011) found that structural capital positively effects marketing performance. Research conducted by Tayles, Pike and Sofian (2007), Chen, Cheng and Hwang (2005) found that structural capital in a company positively related to sales growth.

Structural capital is an organizational capability that has constructive value in the form of IT equipment, work systems and procedures in providing support to employees to achieve company performance. If the organization's operating system has good constructive values, capable of reflecting and respond to the demands of globalization, whether it is in the form of IT equipment, procedures, and work systems, the company will produce performance in conditions where the financial strategy has been successfully achieved. The results of research conducted by Clarke, Seng and Whiting (2011) found that structural capital positively related to the company's business performance. The same result were found in studies conducted by Al Amin (2012), Xu, Haris and Yao (2019), Xu and Li (2019), Sheikh and Wepukhulu (2019) that structural capital and firm performance positively related to each other.

Bontis (2000) stated that the point of structural capital is knowledge embedded in company routines. Structural capital is all the capabilities of the organization to support the workforce in producing performance, the accumulation of capabilities the company has and the core of competencies. Each company aims to produce good performance to maintain the continuity of the company's business. Good performance results from the interaction between one system and another, continuously through a coherent and

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periodic process. Research conducted by Naz, Salim, Rehman, Ahmad and Ali (2019) showed that structural capital significantly and positively effects financial sustainability. Sheik and Wepukhulu in their research (2019) found that structural capital effectively and efficiently helps to develop company organizational activities in facilitating the growth of small businesses in Nairobi, Kenya.

Thus, the hypothesess:
H4: Structural capital effects positively marketing performance
H5: Structural capital effects positively financial strategy performance
H6: Structural capital effects positively financial sustainability

Relational capital is a good relationship between the company and parties, both internal and external, that are built to maintain and develop, as well as support the company's activities in achieving its goals. What is important in relational capital is how the company is able to maintain good relations with all parties that have an interest in the company for an unlimited period of time, either through direct interaction or by building and maintaining trust.

Relational capital is capital referring to the value of the company in maintaining the relationship with main agents, customers, suppliers, and other partners, as well as the value of maintaining organizational relationships with other parties socially around the organization. A good relationship with customers is needed by companies to maintain market share and develop a wider market. Research conducted by Idowu and Ogundipe (2013), Febrian, Sukresna and Ghozali (2020), Nuryakin and Ardyan (2018) provided support that relational capital affects positively marketing performance. Research conducted by Mubarik, Devadason and Govindaraju (2020) showed that relational capital positively affects customer attitudes and loyalty, as well as positively related to marketing performance.

Relational capital is the knowledge of the organization in maintaining relationships with the parties that influence the organization, both outside the organization and inside the organization. Companies that are able to build good relationships with various parties with interest in the company will be able to provide consistency to the company's performance so that the company's financial strategy can be achieved properly. Research conducted by Cabrita and Bontis (2008), Kamukama, Ahiauzu and Ntayi (2010), Bramhandkar, Erickson and Applebee (2007), Sharabati, Jawad and Bontis (2010) found that relational capital effects positively company performance.

Relational capital is important for companies to create products and services with customers on an ongoing basis, and if customers are satisfied with their needs, they will quickly provide feedback to the company. E-business and technology have created tremendous new opportunities to grow and build extensive relational databases that can provide fast response to customers. Strong relationships and interactions among all components in the company, both internal and external, make the company climate better. Internal support and cooperation with external parties can realize the company's targets that have been set earlier so that the continuity of the company's business is more sustainable. Research conducted by Naz, Salim, Rehman, Ahmad and Ali (2019) showed that relationship capital significantly and positively effects financial sustainability.

Based on the description above, the hypotheses are:
H7: Relational capital effects positively marketing performance
H8: Relational capital effects positively financial strategy performance
H9: Relational capital effects positively financial sustainability

Marketing performance is a measure of the company's performance from whole activity of company's marketing process. Marketing performance shows the market achievements attained by a product produced by the company. Marketing performance is the organization's ability to transform itself in facing challenges from the environment with a long-term perspective. Marketing performance shows the effectiveness and efficiency of an organization's marketing activities related to the objectives of reaching the market, namely revenue, growth, and market share. Odalo et al., (2016) showed that sales growth effect positively financial performance as measured by return on assets. Zhou and Saunders (2019) showed that marketing agility effects positively company financial performance, and innovation ability is a mediating variable between marketing agility and financial performance.

Saeko, Chuntarung, and Thoumrungroje (2012) stated that marketing performance is the key to a successful business as a result of this market strategy for customers, markets, and financial organizations. The company's success in implementing market strategies with broad market control and being able to retain customers and develop market share is the key to the company's success in facing business competition so as to increase the capacity of a company in order to earn income and maintain its productive processes at a stable level. Sheikh and Wepukhulu (2019) found that customer satisfaction resulting from the marketing process can improve financial sustainability.

Based on the description above, the formulated hypotheses are:
H10: Marketing performance effects positively financial strategy performance
H11: Marketing performance effects positively financial sustainability

Based on the theory and the review of previous studies, the conceptual research framework is shown in Figure 1 below:

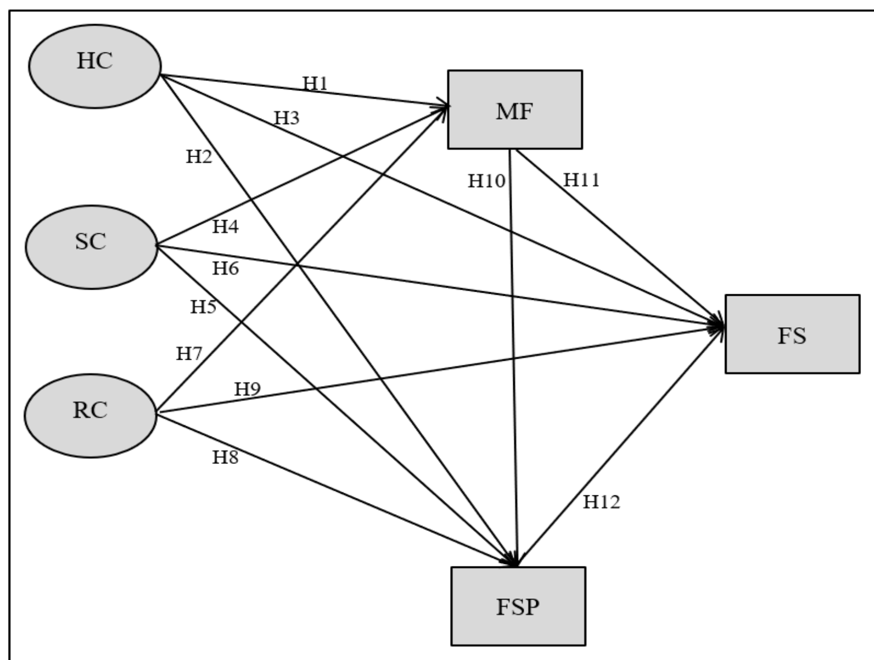

Figure 1. Conceptual Framework

RESEARCH METHOD

This research was conducted at 127 Rural Banks (BPR) in Bali Province. The data was collected through a questionnaire distributed to the leaders of rural credit banks, only for the variables of human capital, structural capital and relational capital, while other variables such as marketing performance, financial strategy performance and financial sustainability were obtained from the calculation of the financial statements of each rural bank. The data analysis technique used SEM-PLS. There are 6 variables examined in this study, human capital (HC), structural capital (SC), relational capital (RC), marketing performance (MP), financial strategy performance (FSP), and financial sustainability (FS). Human capital measurement indicators used a questionnaire developed from the research concept of Mayo (2000), Han, Lin, Chen, YI and Yeh (2008), and St-Pierre and Audet (2011). Structural capital from research conducted by Liebowitz and Suen (2000), and Pablos (2003). Relational capital is developed from research conducted by Jardon and Martos (2009; 2012), St-Pierre and Audet (2011). Marketing performance measurement used sales growth. FSP measured by using the CAEL ratio, which are Capital, Asset Quality, Earning, and Liquidity US. FS measured by using operating self sufficiency (OSS) ratio and financial self sufficiency (FSS).

RESULTS

To determine the validity, reliability of the indicators and research latent variables, assessment of the outer model was carried out. Validity measured by using convergent validity and discriminant validity, while the reliability measured by using the indicator reliability value and the internal consistency reliability value. The value of convergent validity is measured from the value of the loading factor and discriminant validity with the Average Variance Extracted (AVE) value. The measurement indicators meet the requirements of convergent validity and each indicator is valid in measuring the variable in question if the factor loading value of all indicators is above 0.5 and the AVE value is above 0.5. Reliability testing used the composite reliability value and Cronbach's alpha value. The latent variable is reliable if the composite reliability value and Cronbach's alpha value are above 0.7.

Table 1. Validity and Reliability Test

Variable / Indicator	Outer Loading	Average Variance Extracted (AVE)	Composite Reliability	Cronbach's Alpha	Explanation
Human Capital (HC)					
HC.1	0.773	0.668	0.933	0.928	Valid and reliable
HC.2	0.801				
HC.3	0832				
HC.4	0.869				
HC.5	0.893				
HC.6	0861				
HC.7	0.765				
HC.8	0.731				
Structural Capital (SC)					

SC.1 SC.2 SC.3 SC.4 SC.5 SC.6 SC.7 SC.8	0.787 0.722 0.818 0.738 0.739 0.753 0.810 0826	0.596	0.922	0.903	Valid and reliable
Relational Capital (RC)					
RC. 1 RC. 2 RC. 3 RC.4 RC. 5 RC. 6 RC. 7 RC. 8	0.787 0.722 0.818 0.738 0.739 0.753 0.810 0826	0.638	0.933	0.917	Valid and reliable
Marketing Performance (MP)					
MP	1,000	1,000	1,000	1,000	Valid and reliable
Financial Strategy Performance (FSP)					
CAR HOOD ROA BOPO CR LDR	0.783 0.781 0.804 0.740 0842 0.737	0.610	0.903	0.874	Valid and reliable
Financial Sustainability (FS)					
OSS FSS	0.966 0.973	0.940	0.969	0.936	Valid and reliable

Following are the values of each R Square, as shown in Table 2.

Table 2. Value Coefficients of R Square

Variable	R Square	R Square Adjusted
Marketing Performance	0.242	0.219
Financial Strategy Performance	0.710	0.698
Financial Sustainability	0.912	0.907

Based on Table 2 above, the R square value for the marketing performance variable is 0.242 %, meaning that 24.20 % of the variation in marketing performance can be explained by human capital, structural capital, and relational capital, the remaining 75.80 % is explained by other variables outside the research model. The financial strategy performance variable is 0.710, which means that 71.00 % of the variation in financial strategy performance can be explained by human capital, structural capital, relational capital and marketing performance, the remaining 29.00 % is explained by other variables outside the research model. The R square value of the financial sustainability variable is 0.912, meaning that 91.20 % of the variation in financial sustainability can be explained by human capital.

The predictive relevance of the Q square (Q2) value in a structural model is used to measure how well the observed value generated by the model and also its parameter estimates. The Q square value is calculated by the formula:
Q2 = 1- (1-R12) (1-R22) (1-R32) = 1- 0.019 = 0.981

The value of Q2 has a value in the range 0 < Q2 <1, where closer to 1 means the better the model. The results of the calculation of the value obtained from Q2 are equal to 0.981, so it can be concluded that the model has predictive relevance. Thus, it can be explained that the contribution of the variable human capital, structural capital, relational capital, marketing performance, and financial strategy performance as a whole to the financial sustainability variable is 98.10 %, while the remaining 1.90 % is the contribution of other variables not included in this model.

DISCUSSION

The accepted hypothesis can be calculated from the results of the path coefficient and the significance of the model based on the t statistic and p-value. In path coefficient, the relationship between two variables can be categorized as significant, if the t statistical value is greater than 1.96 and the p value is smaller than 0.05. The results of hypothesis testing are as in Figure 2 and Table 3 below:

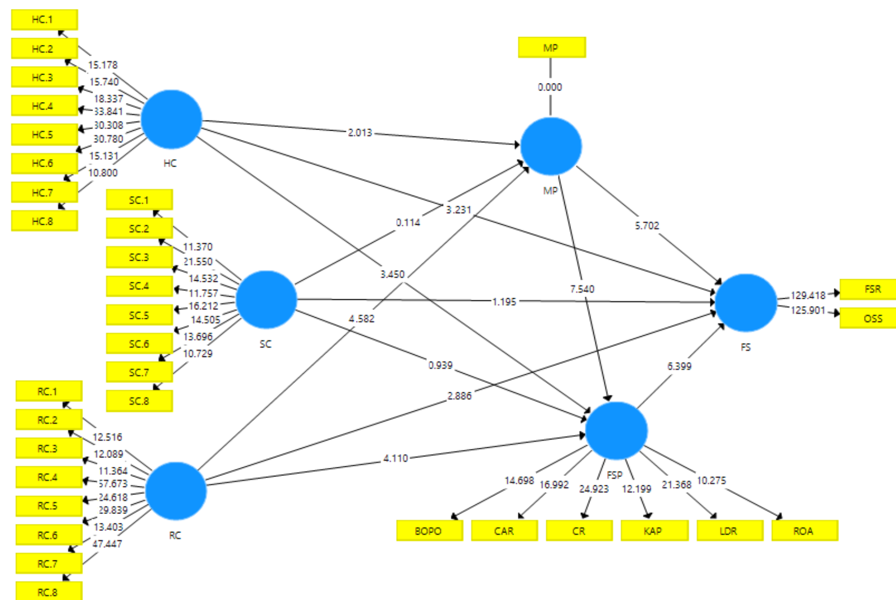

Figure 2. Measurement Model of PLS Results

Table 3. Path coefficients and specific indirect effects

Between Path Variables	Coefficient	t Statistics	p-Value	Information
HC → MP	0.304	2013	0.045	Positive and Significant
HC → FP	0.313	3,450	0.001	Positive and Significant
HC → FS	0.220	3,231	0.002	Positive and Not Significant
SC → MP	0.015	0.114	0.909	Positive and Not Significant

SC → FSP	0.104	1,195	0.348	Positive and Not Significant
SC → FS	0.082	0.939	0.233	Positive and Significant
RC → MP	0.415	4,582	0.000	Positive and Significant
RC → FSP	0.398	4,110	0.000	Positive and Significant
RC → FS	0.117	2,886	0.004	Positive and Significant
MP → FSP	0.513	7,540	0.000	Positive and Significant
MP → FS	0.462	5,702	0.000	Positive and Significant
FSP → FS	0.541	6,399	0.000	Positive and Significant

The Effect of HC on MP, FSP, and FS

The results of data analysis showed that the path coefficient value of the human capital effect on marketing performance is 0.304, the p-value is 0.045 and the t-statistic value is 2.013. The effect of human capital on financial strategy performance is 0.313, the p-value is 0.001 and the t-statistic value is 3.450 and human capital on financial sustainability is 0.220, the p-value is 0.002, and the t-statistic value is 3.231. Based on these values, it shows that human capital has a positive effect on marketing performance, financial strategy performance and financial sustainability. Effective human resource management implemented by Bank Perkreditan Rakyat is able to encourage the success of company strategies and make marketing performance improvements and encourage higher financial performance. Employees who work at Rural Bank receive training and are given support to develop initiatives in carrying out work so that it can become an accommodative and adaptive learning institution that creates high employee motivation, and satisfaction, and has an impact on the sustainability of rural bank business.

The Effect of SC on MP, FSP, and FS

Based on the results of the analysis, the path coefficient value for the effect of SC on MP is 0.01, the p-value is 0.909, and the t-statistic value is 0.114, the SC on FSP is 0.104, the p-value is 0.348 and the t-statistic value is 1.195. The effect of SC on FS is 0.082, the p-value is 0.233 and the t-statistic value is 0.939. Based on these values, it shows that SC has no effect on MP, FSP, and FS. The equipment and application of information technology are inadequate in supporting the implementation of activities at Rural Banks in Bali Province. This is because the procurement of equipment and information system technology requires a large amount of money, while the business capital of Rural Banks in running their business is limited. The system built by the Rural Bank was not sufficient to support personnel in carrying out work. The organizational structure that describes the duties and functions of each section has not been carried out optimally. On average, rural banks in Bali Province have not been effective in implementing a periodic follow-up program to improve the quality of work. These things make the structural capital owned by the Rural Bank in Bali Province unable to encourage increased company performance and the business continuity of Rural Banks.

The Effect of RC on MP, FSP, and FS

The results of data analysis show that the path coefficient value of the effect of RC on MP is 0.415, the p-value is 0.000 and the t-statistic value is 4.582. The effect of RC on FSP is 0.398 with a p-value of 0.000 and a t-statistic value of 4.110 and RC to FS of 0.117, a p-value of 0.004 and a t-statistic value of 2.886. Based on these values, it indicates that RC positively affected MP, FSP and FS. BPRs in Bali Province are able to build good relationships with various parties with an interest in the company such as relationships with customers, relationships with surrounding communities, and cooperation with other BPRs.

CONCLUSION

The study found that human capital and relational capital positively affected marketing performance, financial strategy performance, and financial sustainability. These results indicate that effective human resource management implemented by Rural Bank is competent to encourage the success of company strategies and increase marketing performance, as well as encourage higher financial performance. BPR or Rural Bank is able to build good relationships with various parties with interest in the company such as relationships with customers, relationships with surrounding communities, cooperation with other BPRs, relationships with Perbarindo, and good relationships with the government through the financial services authority. Meanwhile, marketing performance, financial strategy performance, and financial sustainability are not influenced by the structural variable capital. The equipment and application of information technology are inadequate in supporting the implementation of banking activities. This is because the procurement of equipment and information system technology requires a large amount of money, while the business capital of Rural Banks in running their business is limited.

Rural Bank regularly conducts continuous training to update the knowledge and skills of employees and BPR leaders and to maintain a balance of knowledge on developments in information technology according to current developments. The development of digital-based Rural Bank products and services is a necessity for most people, and it certainly must be a concern for management. The step that can be taken is to cooperate with business associations, other banks, and information technology service providers to organize an information system at a cost that can be optimized.

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DECLARATION OF CONFLICTING INTERESTS

The authors have declared no potential conflicts of interest concerning the study, authorship, and/or publication of this article.

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