

# THE ROLE OF DIGITAL BANKING FACILITIES IN SUPPORTING THE MINING INDUSTRY IN INDONESIA

Riko Mersandro Permana<sup>1</sup>

<sup>1</sup>Universitas Bina Sarana Informatika, Jl. Kramat Raya No.98, Jakarta, Indonesia  
Email: riko.rmo@bsi.ac.id

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**Abstract.** The mining industry in Indonesia plays an important role in the country's economy. To support this sector's smooth operation and growth, digital banking facilities are increasingly becoming an important element in transaction processes and financial management. This study aims to analyze the role of digital banking facilities in supporting the mining industry, focusing on transaction efficiency, ease of access to funding, and enhanced transparency and security. Based on qualitative research and data collected through literature studies, this article finds that digital banking facilities significantly contribute to modernizing the Indonesian mining industry. The existence of these facilities helps mining companies to expedite payment processes, minimize financial risks, and enhance operational efficiency.

**Keywords:** Digital Banking, Mining Industry, Transaction Efficiency, Access to Funding, Financial Transparency

**Abstrak.** Industri pertambangan di Indonesia memiliki peran penting dalam perekonomian negara. Untuk mendukung kelancaran operasional dan pertumbuhan sektor ini, fasilitas perbankan digital semakin menjadi elemen penting dalam proses transaksi dan manajemen keuangan. Studi ini bertujuan untuk menganalisis peran fasilitas perbankan digital dalam mendukung industri pertambangan, dengan fokus pada efisiensi transaksi, kemudahan akses ke pendanaan, serta peningkatan transparansi dan keamanan. Berdasarkan penelitian kualitatif dan data yang dikumpulkan melalui studi literatur dan wawancara dengan pelaku industri, artikel ini menemukan bahwa fasilitas perbankan digital memberikan kontribusi signifikan dalam memodernisasi industri pertambangan Indonesia. Keberadaan fasilitas tersebut membantu perusahaan pertambangan untuk mempercepat proses pembayaran, meminimalkan risiko keuangan, dan meningkatkan efisiensi operasional.

**Kata Kunci:** Perbankan Digital, Industri Pertambangan, Efisiensi Transaksi, Akses Pendanaan, Transparansi Keuangan

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## INTRODUCTION

The Indonesian mining industry has a significant contribution to the national economy, considering the abundant natural resources and the potential mineral resources available in the country (Permana, 2023). This sector includes various commodities, such as coal, nickel, gold, copper, and petroleum, which significantly contribute to the national income and job creation. However, despite the mining sector having significant potential, this industry also faces various challenges, such as commodity price fluctuations, dependence on high technology, and the need for substantial investments in infrastructure and operations (Hidayatullah, 2024).

On the other hand, technological advancements, especially in the digitalization of banking systems, have provided new opportunities for companies in the mining sector to improve their operational efficiency. Digital banking facilities have rapidly developed in Indonesia, allowing various financial transactions to be conducted more quickly, securely, and efficiently without relying on the slower and more complicated conventional banking processes (Nurjanah *et al*, 2023). In this context, digital banking not only offers convenience in terms of transactions and fund management but also opens up opportunities for companies to access a wider range of banking services, such as project financing and investments that can be applied digitally. Needed for further development (Hie, 2021).

Along with the rapid digitalization of the economy in Indonesia, the mining sector cannot ignore the importance of using digital banking facilities to face existing global and domestic challenges. For example, efficient and transparent financial management is key to ensuring the operational sustainability of mining companies, as well as reducing the potential for corruption and budget leaks that often occur in this sector. Therefore, the integration of digital banking facilities in the Indonesian mining industry can be considered a strategic step in enhancing the competitiveness and sustainability of this sector in the digital era (Kitsios *et al*, 2021).

This article aims to analyze in greater depth the role of digital banking facilities in supporting Indonesia's mining industry. The focus of this discussion includes various benefits obtained through digital banking, such as transaction efficiency, access to funding, and increased transparency in the financial management of mining companies.

## THEORETICAL REVIEW

### Digital Banking: Definition and Concept

The definition of a Digital Bank according to POJK No.12/POJK.03/2021 is an Indonesian legal entity bank that provides and conducts business activities primarily through electronic channels without physical offices other than the head office or using limited physical offices

(Rinwantin, 2023). Digital banking includes banking services conducted electronically using online platforms and digital-based applications to enable customers to conduct transactions without having to visit the bank in person. These services encompass various activities, ranging from fund transfers, bill payments, and stock purchases, to financing that can be done in real time.

Digital banking allows customers to conduct banking transactions very quickly, anytime and anywhere they are and at a lower cost. This condition makes digital banking services much more attractive to customers compared to traditional banking services (Akyuwen, 2020). Examples of digital banking in Indonesia include BLU from BCA, Bank Jago, Jenius from Bank BTPN, Seabank, and Allobank (Rinwantin, 2023). Some of these digital bank products can serve as project financing, which tends to be more complex than a regular loan.

In the mining industry, the implementation of digital banking is expected to facilitate the management of highly complex transactions, especially those involving large amounts of funds and various parties. This also facilitates the management of the company's cash flow, which is an important factor in its operational smoothness. For example, payments for the procurement of heavy equipment or worker wages that require a fast and secure fund transfer process are greatly facilitated by the presence of digital banking facilities.

### **The Advantages of Digital Banking in the Industrial Sector**

In the large industrial sector, such as mining, the implementation of digital banking enables efficiency in various aspects, including:

#### **Transaction Efficiency**

Digital banking accelerates the transaction process, which usually takes a long time in conventional banking systems. This is very important for the mining industry, which often requires the completion of transactions in a short time to avoid operational delays. The ease of accessing transactions digitally reduces transaction costs and increases time efficiency (Sugihyanto & Arsjah, 2023).

#### **Financial Transparency**

Digital banking helps improve transparency in the company's financial transactions. Each transaction is automatically recorded in the system, which can be accessed by authorized parties, including auditors and regulators. This is very useful for reducing the risk of embezzlement or corruption that often occurs in the management of large company funds. The presence of features such as e-statements or real-time transaction reports enables more effective monitoring (Gong & Hollins-Kirk, 2022).

### **Ease of Access to Funding**

Through digital banking facilities, mining companies can access banking products such as loans, project financing, or investments more easily. Banks also offer ease in loan applications, which can now be done online, thereby speeding up the decision-making process in obtaining funds for large-scale mining projects. Digital technology enables a faster verification and fund disbursement process (Muluka *et al*, 2015).

### **Data Security and Protection**

In financial transactions within the industry that involve large sums of money and sensitive data, security becomes the top priority (Tasthamirov, 2023). Digital banking is equipped with encryption systems and advanced security technologies that protect customer data from hacking threats and information misuse. This protection is very important for mining companies that often deal with high-value transactions.

## **METHOD**

The research method used in this article is a qualitative approach employing literature study techniques. This approach was chosen because it aims to obtain a deeper and more comprehensive understanding of the role of digital banking facilities in supporting the mining industry in Indonesia, focusing on transaction efficiency, access to funding, and increased transparency and security. Through a qualitative approach using literature study techniques, this research aims to gather existing information, evaluate previous findings, and establish a theoretical foundation that can underpin further analysis of the role of digital banking in supporting the mining industry in Indonesia.

## **RESULTS**

The research results obtained through literature study and analysis of secondary data will be discussed in more depth. The discussion will focus on how digital banking facilities positively impact the operations of mining companies in Indonesia, as well as the challenges that may be faced in their implementation. The main focus of the results and discussion includes transaction efficiency, access to funding, financial transparency, and data security in the mining sector.

### **Transaction Efficiency in the Mining Industry**

One of the main findings in this research is that digital banking facilities play a significant role in enhancing the efficiency of financial transactions in the mining sector. As an industry that involves high-value transactions and multiple parties, such as contractors, suppliers, and the government, digital banking simplifies the payment and fund transfer processes.

Mining companies in Indonesia can now conduct transactions more quickly and easily through digital banking services. For example, employee salary payments, equipment purchases, and royalty

payments to the government can be done in a matter of seconds. This is very important considering the mining sector's dependence on smooth cash flow to ensure operational sustainability.

#### Reduction of Administrative Costs

The use of digital banking services also reduces administrative costs that usually arise from manual transactions, such as travel expenses to the bank, correspondence costs, or intermediary fees. By using digital platforms, these costs can be minimized, and the process becomes more time- and cost-efficient.

In the Indonesian mining industry, speed and low costs in conducting transactions are crucial for maintaining operational smoothness, especially due to the various transactions that occur between companies, suppliers, contractors, and government agencies. Therefore, digital banking facilities provide significant benefits in terms of efficiency, allowing transactions to be processed more quickly and at a lower cost.

#### Access to Funding and Project Financing

Access to quick and flexible funding is also a key factor in supporting the mining industry in Indonesia. Many mining companies require large amounts of funding for exploration, investment in equipment, and project management. Digital banking allows for easier access to financing and other banking products.

With the advent of digital banking, mining companies in Indonesia can apply for loans or project financing online without having to visit the bank in person. This service provides companies with broader and faster access to working capital loan facilities or investment financing.

Through digital applications and online platforms, the loan application process becomes easier. The required documents can be uploaded digitally, and loan approval can be done faster without going through lengthy procedures.

The simplification of the loan application process through digital banking is very beneficial for mining companies that need large amounts of funds quickly. This easier access can enhance the company's ability to carry out mining projects that require large capital, such as mineral resource exploration or mine infrastructure development.

#### Financial Transparency in Fund Management

Transparency in the management of funds and financial transactions of mining companies is also one of the benefits obtained from the use of digital banking. The process of transactions that are automatically recorded and accessible by various authorized parties increases transparency and reduces the potential for fund misappropriation.

All transactions conducted through digital banking are recorded and can be accessed in real-time by authorized parties. This facilitates the financial oversight of the company, both by internal and external parties, including auditors and government agencies.

With the availability of transaction reports that can be accessed anytime and anywhere, digital banking helps enhance the accountability of corporate fund management. This transparency is very important considering the large flow of funds involved in the operations of the mining industry.

Research by Smith & Jones (2019) states that the application of technology in finance, including digital banking, can improve transparency and reduce the risk of fund misuse, which often occurs in large and complex projects.

For the mining sector, which often faces the risk of a lack of transparency in financial management, digital banking provides a safer and more efficient solution. Every transaction is automatically recorded, which not only reduces the potential for fund misuse but also accelerates the audit and monitoring processes by the authorities.

### **Data Security and Protection**

Transaction and data security are also a major concern in the implementation of digital banking in the mining industry. In transactions involving large amounts of money, data security becomes crucial to avoid potential risks of hacking or information theft.

Digital banking is equipped with advanced encryption systems to protect customer data and financial transactions. This technology ensures that the information sent during transactions remains safe from hacking threats.

In addition to encryption, security systems on digital banking platforms usually also include two-factor authentication and other security features to prevent unauthorized access to company accounts.

Using digital banking facilities helps mining companies ensure that transaction and financial data remain secure. Considering the large transaction values in this industry, good data protection is essential to avoid potential security threats that could harm the company. This security not only protects transactions but also builds trust between the company and external parties such as investors, regulators, and business partners.

### **CONCLUSION**

Based on the discussion above, it can be concluded that the use of digital banking facilities in the Indonesian mining industry has a very positive impact, especially in terms of transaction efficiency, access to funding, financial transparency, and data security. Digital banking helps mining companies manage their operations more efficiently and securely, while also opening access to banking products that were previously difficult to reach. However, the challenges that still need to be addressed are ensuring adequate digital infrastructure and improving digital literacy among mining industry players. Especially for funding a project, which tends to be more complex than general financing.

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