Financial Technology Innovation to Improve Digital Services of Bank Perekonomian Rakyat (BPR)

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Abstract

The purpose of this study is to analyse how financial technology (fintech) innovations can be effectively applied in enhancing digital services at People's Economic Banks (BPRs), in order to expand financial access and improve operational efficiency. This research is motivated by the limitations of digitalisation in the BPR sector which causes a service gap compared to large financial institutions. The method used in this study is directed at identifying the application of technological innovation in BPR, as well as measuring its impact on service quality, transaction efficiency, and customer satisfaction. The results show that the application of fintech such as digital payment systems, mobile banking applications, and artificial intelligence-based data analytics can accelerate service processes and expand the market reach of BPRs, especially to MSME players in suburban areas. The discussion shows that the successful implementation of fintech is strongly influenced by the readiness of digital infrastructure, regulatory support, and the competence of human resources within BPRs. On the other hand, barriers such as the lack of technological literacy among customers and limited funds for innovation are challenges that must be overcome through synergy between BPRs, regulators, and technology partners. The conclusion of this study is that fintech innovation is a vital strategy for BPRs to remain relevant and competitive in the digital financial ecosystem, provided it is supported by policies that favour digital transformation and a collaborative approach across sectors.

Keyword: *Financial technology, BPR, Digital Services, Financial Inclusion, Technology Innovation.*

INTRODUCTION

Digital transformation has become a global phenomenon that has changed the face of the financial industry in the past decade. Financial technology (fintech) innovation has emerged as a disruptive force that not only revolutionises the way transactions are conducted, but also fundamentally changes the business model of financial institutions. Fintech has become an important instrument in improving operational efficiency and expanding financial inclusion, especially in developing countries such as Indonesia that still have major challenges in reaching the non-bankable population. (Qur'anisa et al., 2024).

In the national context, People's Economic Banks (BPRs) play a vital role as financial institutions that serve grassroots sectors such as MSMEs and informal workers in the regions. However, most BPRs have not fully adapted to the development of digital technology. They still face limitations in terms of information technology, infrastructure, and inadequate human resources. (Nisa et al., 2025). This has led to a widening digital divide between BPRs and commercial banks, despite both being in the same financial ecosystem.

The adoption of fintech is expected to be a strategic solution to improve BPR's competitiveness and service quality. Technologies such as mobile banking, digital payment gateways, and online lending platforms have the potential to boost operational efficiency and provide a better user experience (Soekapdjo et al., 2019). However, this digital transformation is not without challenges. Many BPRs face internal constraints such as limited budget for technology investment, low digital literacy, and external challenges such as limited internet networks in certain areas.

The challenge of BPR digitisation also involves regulatory aspects. A rigid regulatory environment that is less responsive to innovation can actually be a barrier to technology adoption in this sector (Abubakar & Handayani, 2022). Therefore, policies are needed that not only provide consumer protection and maintain financial system stability, but also provide flexibility for BPRs to innovate. Collaboration between regulators, industry players and technology providers is essential to create an inclusive and sustainable digital finance ecosystem (Shabri, 2022).

A number of studies have shown that digital transformation in banking has had a positive impact on increasing competitiveness and market reach (Oktoviyanti & Murwaningsari, 2023). Banks that have integrated digital technology are able to speed up service processes, reduce operational costs, and increase customer satisfaction. Some cases of BPRs that have successfully digitalised have proven to have significantly improved performance, both in terms of efficiency and customer loyalty (Rasyad et al., 2022).

However, the level of readiness of each BPR to embrace the digital era varies widely. Factors such as the availability of funds, the quality of human resources, and managerial capacity are the main determinants of the success of digital transformation in these institutions (Putra, 2024). BPRs that are able to develop adaptive strategies and have a long-term transformation vision are more likely to be able to compete in the changing financial landscape (Chandra et al., 2024).

On the other hand, the development of fintech also opens up collaborative opportunities for BPRs to expand services. Instead of building its own costly digital infrastructure, BPR can collaborate with fintech startups to adopt technology efficiently. This approach can reduce the initial investment burden while accelerating digital adoption through knowledge and technology transfer (Maulidya & Afifah, 2021). However, this synergy still requires a clear framework in terms of supervision, risk sharing, and consumer protection.

The urgency of digitalisation is increasingly felt given the trend of consumer behaviour that has shifted towards digital-based services. The younger generation as the largest users of financial services in the future prefer services that are fast, practical and accessible at any time. BPR needs to transform in order not to lose relevance and be able to answer the needs of the times (Setiani et al., 2020). Digitalisation is not only a demand of the times, but also an urgent need for the survival of local financial institutions such as BPRs.

With this in mind, this study aims to analyse how fintech can be effectively applied to improve BPR's digital services. The main focus includes the identification of relevant technologies, institutional readiness in the digitalisation process, and its impact on service quality, transaction efficiency, and customer satisfaction. The results are expected to serve as a strategic reference for BPRs in developing an adaptive and sustainable digital transformation roadmap amidst the dynamics of the national digital economy.

METHOD

This research uses a qualitative approach with a descriptive method to deeply understand the application of financial technology (fintech) innovation in improving digital services at the People's Economic Bank (BPR). This method was chosen because it is able to present a complete and detailed picture of complex social realities, including how the process of technology adoption and implementation is carried out by small-scale financial institutions. Data collection was conducted through a literature study of various relevant sources, such as scientific journals, academic books, financial institution reports, and policy documents related to the digitalisation of the banking sector. Literature study was chosen as the main technique because it is able to present various in-depth and theoretical perspectives, while enriching the understanding of trends and policies that affect digital transformation in the BPR environment (Rukin, 2019).

Data were analysed using a thematic approach, identifying important themes, patterns of relationships between concepts, and the context contained in the various sources of information reviewed. This process involved examining keywords, narratives and recurring indicators from the documents to gain a deeper understanding of BPR digitalisation practices. The findings generated from this thematic analysis are systematically organised to illustrate the drivers, challenges, and strategic implications of fintech utilisation in BPR operations. As such, this approach is not only exploratory, but also provides a strong conceptual basis for understanding digital developments in micro banking in the digital economy era.

RESULTS AND DISCUSSION

1. Fintech Improves BPR's Digital Service Quality

The implementation of financial technology (fintech) in People's Economic Banks (BPRs) has brought a significant positive impact on the quality of banking services. Before the digital era, administration and transaction processes in BPRs were still done manually and took a relatively long time. This caused limitations in providing fast and efficient services to customers, especially those living in remote areas. However, with the advent of digital technologies such as internet banking, mobile banking, and electronic payment systems, services have become much more practical, fast, and accessible. This transformation answers people's needs for flexible and modern financial services.

Digitalisation in the BPR sector also provides easy access for customers, so they can conduct transactions anytime and anywhere without having to come to the branch office (Qur'anisa et al., 2024) emphasise that the role of fintech is crucial in expanding access to inclusive finance. BPRs that used to operate only during business hours are now able to serve customers for 24 hours thanks to digital platforms. This not only increases customer satisfaction, but also strengthens the competitiveness of BPRs against other larger and more established financial institutions in terms of technology and service coverage.

Fintech innovations adopted by BPRs enable the development of digital services that suit local needs, such as app-based microloan services and automated financial reporting systems (Chandra et al., 2024) mentioned that this digitalisation strategy enables BPRs to adjust to market competition, especially amid pressure from commercial banks and other digital financial platforms. By leveraging technology effectively, BPRs can establish closer relationships with customers through personalised services and faster response to requests.

The advantages of digital services are also strengthened by advances in information and communication technology. According to Maulidya and Afifah (2021), the development of digital banking towards Bank 4.0 requires financial institutions to continue to innovate to create technology-based products that are adaptive and responsive to market dynamics. Fintech is a strategic tool to answer this challenge. Service speed, transaction security, and payment system integration are the main benchmarks in assessing service quality. BPRs that are able to integrate these systems demonstrate the capacity to compete in the midst of the digital banking revolution.

Digital transformation also has a positive impact on BPR's operational efficiency. Administrative processes that were previously time-consuming can now be automated, so that employee workload is reduced and focus can be shifted to developing service quality. Abubakar and Handayani (2022) explain that strengthening digital regulations is an important element in supporting the acceleration of fintech adaptation by banking institutions. With a conducive regulatory environment, BPRs have the opportunity to improve cost efficiency, expand market share, and improve risk management and internal governance more systematically.

The implementation of digital services by BPR is also one of the efforts to support financial inclusion nationally. Negarawati and Rohana (2024) emphasise that the adoption of fintech is able to reach people who were previously unserved by the formal financial system, especially in rural areas. By offering easy-to-use and accessible digital financial products, BPR has a strategic role in narrowing the financial services gap. Digitalisation is not only a system modernisation effort, but also part of a social mission to create equitable access to financial resources.

This digitalisation step needs to be balanced with an education strategy for the community, so that they understand and trust the digital financial services system. Rasyad et al. (2022) underline the importance of digital education and financial literacy in encouraging community participation in BPR fintech services. Without adequate understanding, sophisticated technology will not be fully utilised optimally. Therefore, the synergy between technology development, government policy, and public education is key to the success of BPR digitalisation in improving service quality and achieving institutional sustainability.

2. Digital Transformation Increases BPR Competitiveness

As Rural Banks (BPRs) compete with digital banks and non-bank fintech institutions, digital transformation has become a strategic imperative. Digitalisation enables BPRs to remain relevant in the evolving financial ecosystem, while maintaining competitiveness in an increasingly competitive market. Through the application of digital technology, BPRs can improve operational efficiency, lower service costs, and expand customer reach, especially in the millennial and generation Z segments that are accustomed to using digital financial applications. Putra (2024) emphasises that financial institutions that fail to adapt to digital developments risk a decline in existence due to shifting consumer behaviour that is increasingly digital-minded.

Digitalisation also has a direct impact on BPR's ability to offer faster, more transparent and accessible services. Innovations such as mobile banking, QR code-based payment systems, and digital onboarding processes allow BPRs to provide a banking experience that meets the expectations of modern consumers. By introducing these conveniences, BPRs can close the gap between conventional services and more efficient technology-based services. Maulidya and Afifah (2021) explain that the application of technology in the banking sector is no longer optional, but a basic necessity in welcoming the Bank 4.0 era.

Marketing strategies have also experienced a significant shift along with the digital transformation process. Chandra et al. (2024) revealed that digital marketing through social media, mobile applications, and collaboration with local influencers has become an effective option to reach the younger generation. This approach is proven to be more cost-effective and able to create more intense interactions between BPRs and customers. Some BPRs have even started to develop internal digital platforms or establish strategic partnerships with fintech startups to accelerate the digitisation process. As a result, there has been an increase in the number of customers, asset growth, and customer loyalty who feel that BPR services are more modern and competitive.

Digital transformation also demands a change in work culture within BPR. Technology adoption requires increased digital literacy and employee adaptability to new systems and procedures. This means BPRs need to conduct ongoing training and even recruit human resources with expertise in information technology. Abubakar and Handayani (2022) emphasise that strengthening regulations and policy support from financial authorities are important factors for effective digital transformation, especially for BPRs that have limited resources compared to large banks.

The application of technology also has a broad impact on the financial sustainability aspects of BPRs. Oktoviyanti and Murwaningsari (2023) note that digital innovation contributes to increasing cost efficiency, improving internal control systems, and facilitating system-based financial reporting. This financial sustainability is important for BPRs to withstand market pressures and continue to grow in the long term. By utilising fintech, BPRs not only become more operationally resilient, but are also able to attract investors and business partners who see the potential of technological development as a competitive advantage.

On the social side, digital transformation also strengthens BPR's contribution in promoting national financial inclusion. Digital technology enables BPRs to reach communities in remote areas that were previously difficult to access formal financial services. Qur'anisa et al. (2024) mentioned that digitalisation opens up great opportunities for underbanked groups to gain access to credit, savings, and financial education. Thus, this transformation is not only economically beneficial, but also promotes equitable development and reduces social inequality.

Despite these opportunities, the process of digitalisation in BPRs still faces a number of challenges. Some of these include limited digital infrastructure, data security, and regulatory readiness in accordance with the characteristics of BPRs. Nisa et al. (2025) highlighted that successful transformation depends not only on technology adoption, but also on managerial readiness and adaptive regulatory support. Therefore, the synergy between regulators, BPR associations, and technology industry players needs to be continuously strengthened so that the digital transformation carried out by BPRs truly has a sustainable positive impact.

3. Infrastructure and Human Resorces Challenges in Fintech Adoption

While the adoption of financial technology (fintech) brings various benefits in improving service efficiency and expanding the operational reach of People's Economic Banks (BPRs), many BPRs still face serious challenges in terms of technology infrastructure readiness. Some BPRs, especially those located in remote areas, do not yet have adequate information technology (IT) systems to optimally operate digital services. Problems such as limited internet network, outdated hardware, and lack of integrated systems cause digital transformation to be slow and uneven (Putra, 2024). In addition, the high initial investment cost for digital infrastructure development is a major obstacle, especially for BPRs with limited capital capacity (Rasyad et al., 2022).

These infrastructure limitations have a direct impact on the service gap between BPRs in urban and rural areas. In many cases, digital services can only be applied effectively in big cities or areas that already have supporting infrastructure, so the main goal of fintech in expanding financial inclusion is hampered (Qur'anisa et al., 2024). This inequality creates disparities in access to finance that widen the economic gap between regions. According to Negarawati & Rohana (2024), fintech should be a bridge to expand financial access, but this is difficult to achieve if basic infrastructure is not evenly available.

Infrastructure constraints cannot be separated from weak regulatory support. Accelerating digital transformation requires clear and progressive regulatory alignments, especially in providing incentives and ease for BPRs to adopt technology. Several studies note that government policies and financial authorities have not fully supported the inclusive and comprehensive digitalisation of BPR (Abubakar & Handayani, 2022). Without the active role of regulators in encouraging innovation and providing legal clarity, many BPRs choose to stick with manual systems that are no longer relevant to the needs of the times.

Apart from infrastructure challenges, human resources (HR) is also a crucial factor in the fintech adoption process. Many BPR employees do not have sufficient digital skills to implement new technology effectively and efficiently. Low digital literacy makes the digitalisation process often hampered at the implementation stage because not all staff can adapt to changes in technology-based work systems (Maulidya & Afifah, 2021). This condition shows that sophisticated technology will not be optimal without the readiness of the people who manage it.

HR capacity building is an urgent need for BPRs that want to survive in the digital era. Continuous training, both internally and through cooperation with external institutions, should be a top priority in the digital transformation strategy. According to Nisa et al. (2025), the success of digitalisation in the banking sector is highly dependent on the quality and readiness of the existing workforce. The training provided needs to include an understanding of digital risk management, data security, and technology-based services in order to create an adaptive and innovative work culture.

Another significant challenge is the ability of BPRs to keep up with the fast-growing dynamics of the digital ecosystem. Fintech is a highly dynamic industry, so BPRs are required to be responsive to technological trends and changes. However, rigid regulations and limited internal innovation have left many BPRs behind compared to other financial institutions that are more flexible and aggressive in digital innovation (Njatrijani, 2019). In this context, dynamic and flexible policies are needed to support the adaptation process of BPRs to changing technology.

Collaboration between BPRs, the government, banking associations, and technology companies is a potential solution to these challenges. Through this synergy, it is hoped that BPRs can gain access to training, technical assistance, and assistance in developing digital strategies that suit the capacity and needs of each institution. According to Chandra et al. (2024), a collaborative strategy is key for BPRs not to be left behind in the increasingly digitalised and competitive market. With this approach, the digitalisation process is not just a discourse, but can be implemented in a real and sustainable manner.

4. The Problem of Digital Literacy

Low digital literacy is a significant challenge in the utilisation of financial technology (fintech) services by People's Economic Bank (BPR) customers. People in rural areas and the elderly still face difficulties in understanding how digital financial services work, such as the use of mobile banking applications or cashless transactions. This lack of basic knowledge about technology hinders the adoption of services that are actually designed to facilitate access to finance. This condition shows that digital transformation is not enough to provide infrastructure or technology platforms, but also needs to be balanced with user capacity building (Qur'anisa et al., 2024).

This gap in understanding has led to limited utilisation of digital features provided by BPR, such as digital payment services, interbank transfers, and real-time transaction reporting. Most customers are still more comfortable conducting conventional transactions through counters, as they perceive digital transactions to be more complicated and risky. This perception hinders the overall digitalisation of banking services, and creates a dependency on traditional service models that are slower and require more manpower (Putra, 2024).

The challenge of digital literacy is further exacerbated by the limited direct education from BPR to its customers. Often, digital service promotions are only carried out visually or through social media which may not be accessible to the target community segment. This one-way communication creates an information gap between service providers and users, so that digital services are often misunderstood or even rejected. When education does not touch the practical and emotional side of users, resistance to new services is inevitable (Nisa et al., 2025).

Low digital literacy also opens up opportunities for the emergence of cybercrime risks, digital fraud, and misuse of personal data. Customers who do not understand the digital security system become easy targets for financial criminals. In this context, lack of understanding is not only an obstacle but also a serious threat to the sustainability of digital services themselves. Therefore, increasing digital literacy needs to be aligned with strengthening consumer protection regulations and a more user-friendly security system (Abubakar & Handayani, 2022).

Setiani et al. (2020) emphasize the importance of educating the public as a primary strategy in increasing the effectiveness of fintech implementation, especially in supporting MSMEs to be more technologically literate. Through education, small business actors can understand the benefits and risks of digital financial services, as well as increase efficiency in managing finances. Contextual and field-based education has the potential to create changes in people's financial behavior. That way, digital literacy not only creates technical understanding, but also builds trust in the digital system as a whole.

Efforts to overcome low digital literacy cannot be solely the responsibility of BPRs. Collaboration between BPRs, local governments, the Financial Services Authority (OJK), and educational institutions and local communities is key. Through training programs, counseling, and direct simulations of the use of digital services, the community can be involved in a participatory digital transformation process. Community-based strategies like this have proven to be more effective in reaching culturally and geographically vulnerable groups (Rasyad et al., 2022).

Increasing digital literacy among the community will be a strong foundation for creating an inclusive and sustainable financial services ecosystem. Digital transformation does not only rely on technological aspects, but also on the mental and social readiness of the community in adopting innovation. With adequate literacy, the community will be more adaptive to change, more empowered in making financial decisions, and more protected from digital risks. This is in line with the long-term vision of Indonesian banking towards a system that is efficient, safe, and supports the welfare of the wider community (Maulidya & Afifah, 2021).

5. The Need for Regulations that Support Digital Transformation

Digital transformation in the banking sector, especially Bank Perekonomian Rakyat (BPR), is a necessity amidst the industrial revolution 4.0 which continues to move forward. Changes in people's consumption patterns that are increasingly digital, accompanied by the need for efficiency and speed of service, encourage BPR to immediately adopt digital technology. However, this progress cannot occur optimally without supporting regulations. Abubakar and Handayani (2022) emphasize the importance of strengthening regulations as a strategic step in accelerating banking digitalization in order to remain competitive in the digital economy era.

However, rigid regulations that are not responsive to technological dynamics can actually be an obstacle. Innovation requires room to move, and if regulations are too slow to adapt, the potential for digitalization can be hampered from the start. This is where adaptive and progressive regulations are needed, namely policies that are able to answer the challenges of the times while encouraging the emergence of new innovations in the banking sector. The Financial Services Authority (OJK) has a great responsibility to formulate policies that are not only binding, but also able to be a catalyst for digital transformation, especially for small banking institutions such as BPR.

Legal certainty is an important element that must be provided in the form of clear, structured, and comprehensive regulations. BPRs as relatively small institutions often face limited resources, so clarity in regulations will be very helpful in determining the direction and strategy of their digitalization.

OJK needs to issue comprehensive guidelines regarding customer data protection, system security, digital governance, and technology-based risk management. According to Njatrijani (2019), ongoing supervision from regulators can prevent potential misuse of technology such as cybercrime and money laundering, which risk damaging the credibility of digital banking services.

In addition, regulations must also be able to provide space for experiments and trials of new digital innovations. In this context, the sandbox regulation approach is one solution that can be considered. Through the sandbox, financial institutions are given space to test technology-based products or services in a safe and controlled environment before they are actually launched to the market. Maulidya and Afifah (2021) said that this approach not only provides protection to consumers but also provides an opportunity for regulators to understand the potential risks and benefits of technology empirically and contextually.

However, good regulation is not enough to be top-down from the government or authorities. Strengthening institutional capacity at the BPR level is also very important so that they are able to understand, interpret, and implement regulations effectively. Many BPRs still have difficulty in understanding the technical aspects of digital banking, let alone in managing digital risks. In this case, active collaboration is needed between the OJK, BPR associations, academics, and fintech industry players to improve digital literacy, provide regular training, and build a sustainable mentoring ecosystem (Putra, 2024).

Successful digital transformation is only possible if regulations are also able to evolve. The digital world moves fast, and policies must follow that rhythm. Static regulations actually risk leaving BPRs behind in competition with large banks or fintechs that are more digitally agile. Rasyad et al. (2022) stated that the success of digital transformation is not only about technological readiness, but also about clear, targeted, and future-oriented policy support. Therefore, the creation of regulations must not be reactive, but must be visionary, responsive, and able to anticipate various future scenarios.

With dynamic and collaborative regulations, BPR can be part of an inclusive and competitive national digital ecosystem. Not only as a financial institution serving small and medium communities, but also as an agent of change in encouraging digital financial inclusion in the regions. Strong, adaptive, and forward-looking regulatory support will enable BPR to grow sustainably, while bridging the digital divide in communities that have not been fully accessed by modern financial services.

6. Fintech Growth and Innovation Opportunities in BPR

Digital transformation has opened the door for Bank Perekonomian Rakyat (BPR) to make a big leap in developing financial services. With the increasingly digitalized financial ecosystem, BPR has a great opportunity to expand market reach, increase operational efficiency, and create more adaptive and inclusive service innovations. Collaboration with financial technology (fintech) companies is one of the strategic steps in responding to the challenges of the times. Through technology integration, BPR can offer services such as application-based digital loans, non-cash payment systems using QR codes, to online platform-based financial education (Negarawati & Rohana, 2024).

Partnerships between BPR and fintech have proven to accelerate the digitalization process in the microfinance sector. According to Suharbi and Margono (2022), this synergy allows BPR to access technology that was previously difficult to reach independently due to limited capital and human resources. Fintech brings digital solutions that are more efficient and can be tailored to local needs. For example, the implementation of alternative data-based credit scoring can help BPR in assessing customer risk without having to go through a long manual process. This innovation increases the speed of service and expands access to people who were previously unreachable by the conventional banking system.

This collaboration also produces added value in the form of data analytics utilization that helps BPR understand customer behavior and preferences in more depth. Through big data processing, BPR can design more personalized products, according to the characteristics of the market segments served. This plays an important role in building customer loyalty amidst tight competition with commercial banks and large fintech platforms (Rasyad et al., 2022). In addition, this data-based approach also strengthens risk mitigation strategies, increases the accuracy of credit distribution, and reduces the number of non-performing loans.

In the context of communication and marketing, digitalization requires BPR to adjust its branding and engagement strategies with customers. Maulidya and Afifah (2021) emphasized that the existence of BPR in the digital era is highly dependent on the ability to build a strong and relevant brand image, especially in the eyes of the younger generation who are now starting to become active economic actors. The use of social media, interactive websites, and mobile banking applications are key to attracting attention and building closeness with customers. According to Chandra et al. (2024), consistent digital marketing not only increases BPR visibility but also strengthens customer trust in local financial institutions.

In order for digital transformation to run effectively, BPR must have a planned and integrated strategy. This includes the readiness of technological infrastructure, strengthening HR capacity, to updating business models that are in line with current developments. Abubakar and Handayani (2022) stated that digital transformation in the banking sector cannot be separated from strong internal regulatory support. BPR needs to design internal policies that encourage innovation while still upholding the principles of prudence and consumer protection. Adaptive regulation is an important foundation for maintaining the sustainability of long-term transformation.

Despite its many potentials, digital transformation in BPR also faces various challenges. Among them are limited investment funds, employee resistance to technological change, and uncertainty about the direction of government policy regarding banking digitalization. Nisa et al. (2025) noted that several BPRs in the regions still face difficulties in migrating manual systems to digital due to technical limitations and minimal training for employees. Therefore, a collaborative approach with various stakeholders such as regulators, technology providers, and educational institutions is needed to ensure that the transformation process is inclusive and sustainable.

Overall, digitalization is a strategic path that must be taken by BPR to remain relevant amidst the dynamics of the digital economy. When managed well, digital transformation will not only strengthen competitiveness but also expand financial inclusion to areas and communities that have not been reached by formal banking services. BPR has great potential to become a bridge between technology and grassroots communities, as long as it is able to adapt quickly and establish solid partnerships. With a spirit of innovation and the right regulatory support, BPR can become a new force in democratizing financial access in Indonesia (Oktoviyanti & Murwaningsari, 2023).

CONCLUSION

The implementation of fintech in the Bank Perekonomian Rakyat (BPR) environment has been proven to bring significant improvements to the quality of digital services. This transformation answers the community's need for more practical, fast, and easily accessible access to financial services, especially for customers in remote areas. Technological innovations such as internet banking, mobile banking, and digital payment systems are able to shorten the administrative process, increase operational efficiency, and strengthen the relationship between BPR and customers through responsive and personal services.

Digital transformation not only improves service quality, but also increases BPR's competitiveness amidst competition with digital banks and technology-based financial institutions. BPR's ability to adopt digital service systems such as online onboarding, application-based transactions, and social media-based digital marketing strategies shows that they are able to adapt to the needs of a new generation of technology-savvy consumers. This innovation supports asset growth and customer loyalty, while shifting BPR's image to be more modern and relevant in the digital era.

However, the success of this digitalization is highly dependent on the digital literacy of the community, the readiness of BPR human resources, and regulatory support from the government and financial authorities. Educating customers about the use of financial technology is crucial so that fintech adoption can run optimally. In addition, BPR also needs to continue to improve internal competencies and establish strategic partnerships with external parties to ensure that this digital transformation is sustainable and can make a positive contribution to national financial inclusion.

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