



# The Role of Digital Technology in Gold-Pawning Practice in Bank Syariah Indonesia (BSI)

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## ABSTRACT

Bank Syariah Indonesia (BSI) was only officially legalized and established on the 1st of February 2021. Albeit being a new bank, Bank Syariah Indonesia (BSI) was presented to provide more complete, varied products, a broader network, a better capital capacity, and novel service innovation aimed to ease customers. One of the products is gold pawn. This study aims to analyse the role of digital technology in the practice of gold-pawning in Bank Syariah Indonesia (BSI). This research uses a descriptive qualitative approach. The results indicate that digital technology in BSI's gold-pawning practice, both with the pick-up and drop-off method, affects the gold-pawn online application process through BSI mobile banking. Through BSI mobile banking, customers can simulate the gold estimate calculation, estimate the financing value, apply for the financing value, choose the gold-pawn service method. Additionally, they can enter the data for the location, date, and time of the pick-up service, insert pass photo, photo of Personal Identity Card (KTP), photo of the gold collateral, the desired BSI branch office, and they can fill in and check the financing data, debit authorization, extension method, AML (Anti Money Laundering) and KYC (Know Your Customer), Customer statement, and terms of financing application.

**Keywords:** *Digital Technology; Digital Banking; Gold Pawn; BSI Mobile Banking*

## 1. INTRODUCTION

The revolution in the world of digital technology has an impact on the world's banking business, including Indonesia. The key to the shift in the bank called Bank 4.0 is that technology no longer transforms the elements of the Bank but instead transforms the way humans relate to banks. The growth of digital banking in Indonesia is due to changes in the lifestyle of banking customers, including innovation and excellence that increasingly require the presence of digital banking. Among digital banking services, namely Automated Teller Machine (ATM), Cash Deposit Machine (CDM), Phone Banking, Short Message Service (SMS) banking, Electronic Data Capture (EDC), Point of sales (POS), Internet banking, and mobile banking

The gold pawn, which is one of the financing products at Bank Syariah Indonesia, is not immune from

the influence of digital technology so that it shifts to digital banking services. If so far the gold pawning service has been carried out by coming to the bank, where the customer brings the necessary documents and also the gold to be pawned and performs all the gold pawning processes at the Bank. But now, in the era of digital technology, customers can process pawnshops through the BSI Mobile Banking application.

Academic research on the issue of gold pawning practices at Bank Syariah Indonesia using digital technology has not been optimally carried out by scientists. This has not been optimal because Bank Syariah Indonesia itself is included as a new Islamic banking in Indonesia, which was inaugurated on February 1, 2021. Based on this, this study aims to analyse the role of digital technology in the practice of gold-pawning in Bank Syariah Indonesia (BSI). This research uses a descriptive qualitative approach.

## 2. METHOD

This research uses a descriptive qualitative approach. This study is a desktop study that analyses the available data or in-depth observation of the subject through a literature review of materials in textbooks, scientific journals, newspapers, government publications, articles, reports, laws and regulations, dictionaries, encyclopaedias, and other scientific works related to the subject. Those literatures are analysed to observe the role of digital technology in the gold pawn product of BSI and can be used by academics and practitioners in the banking and financing sector to improve digital banking in the future.

## 3. RESULT AND DISCUSSION

### 3.1. Results

The new digital technologies can create new expectation, but they can also disrupt traditional practices. The services of the Traditional bank are no longer relevant to the recent customer's needs. The customer needs a banking service that is safe, convenient, smooth, efficient, and can be performed anywhere [1]. Both conventional and sharia banks should ensure that the customers can access the banking products with a safer and convenient banking experience. Banks should create a platform that is attached and closed to the customers' lifestyles [4] One of the solutions for this problem is by utilizing digital technology. Banks should have switched to digital technology. in this era [2].

Without a doubt, technology digital will be a crucial part of the banking in the digital era [9]. Digital technology of banks allows to retain customers, expand your banking business through the use of modern channels, promote closer cooperation with customers and a clear representation of their preferences, reduce operating costs and increase competitiveness through modern digital services that attract new customers to the bank [7]

The revolution in digital technology has impacted the world's banking business, including Indonesia. The key to the banking shift called Bank 4.0 is that technology no longer transforms the elements of the Bank but instead transforms the way humans relate to banks. The growth of digital banking in Indonesia is due to changes in the lifestyle of banking customers, including innovation and excellence that increasingly requires the presence of digital banking. Among digital banking services, namely Automated Teller Machine (ATM), Cash Deposit Machine (CDM), Phone Banking, Short Message Service (SMS) banking, Electronic Data Capture (EDC), Point of sales (POS), Internet banking, dan mobile banking

The gold pawn, one of the financing products at Bank Syariah Indonesia, is not immune from the influence of

digital technology so that it shifts to digital banking services. The product of the gold pawning launched by Bank Syariah Indonesia has popularly gained a warm greeting from the public. The gold pawning of Bank Syariah Indonesia is one of fund distribution forms, purposively aimed to assist society, mainly customers, to obtain a loan by pawning their gold. Then, gold pawning has become one of the services in BSI. Customers can pawn their precious metals or fine-gold, jewellery, and Dinar coin by 16 up to 24 carats. Additionally, finance of gold pawning starts from Rp. 500.000 up to its maximal value of Rp. 250.000.000, and the financing term of pawn is 4 months. It also can be extended in accordance with the agreement between customers and BSI if customers intend to use their pawn fund when the maturity falls.

The gold pawning in Bank Syariah Indonesia can become one of the solutions for an easy, secure, and quick fund for society's necessity. This product, then, can be used by society for medication cost, education tuition, household shopping, business capital, additional business capital, and other emergency necessities. If so far, the gold pawning service has been carried out by coming to the bank, where the customer brings the necessary documents and the gold to be pawned and performs all the gold pawning processes at the Bank. However, now, in the era of digital technology, customers can process pawnshops through the BSI Mobile Banking application.

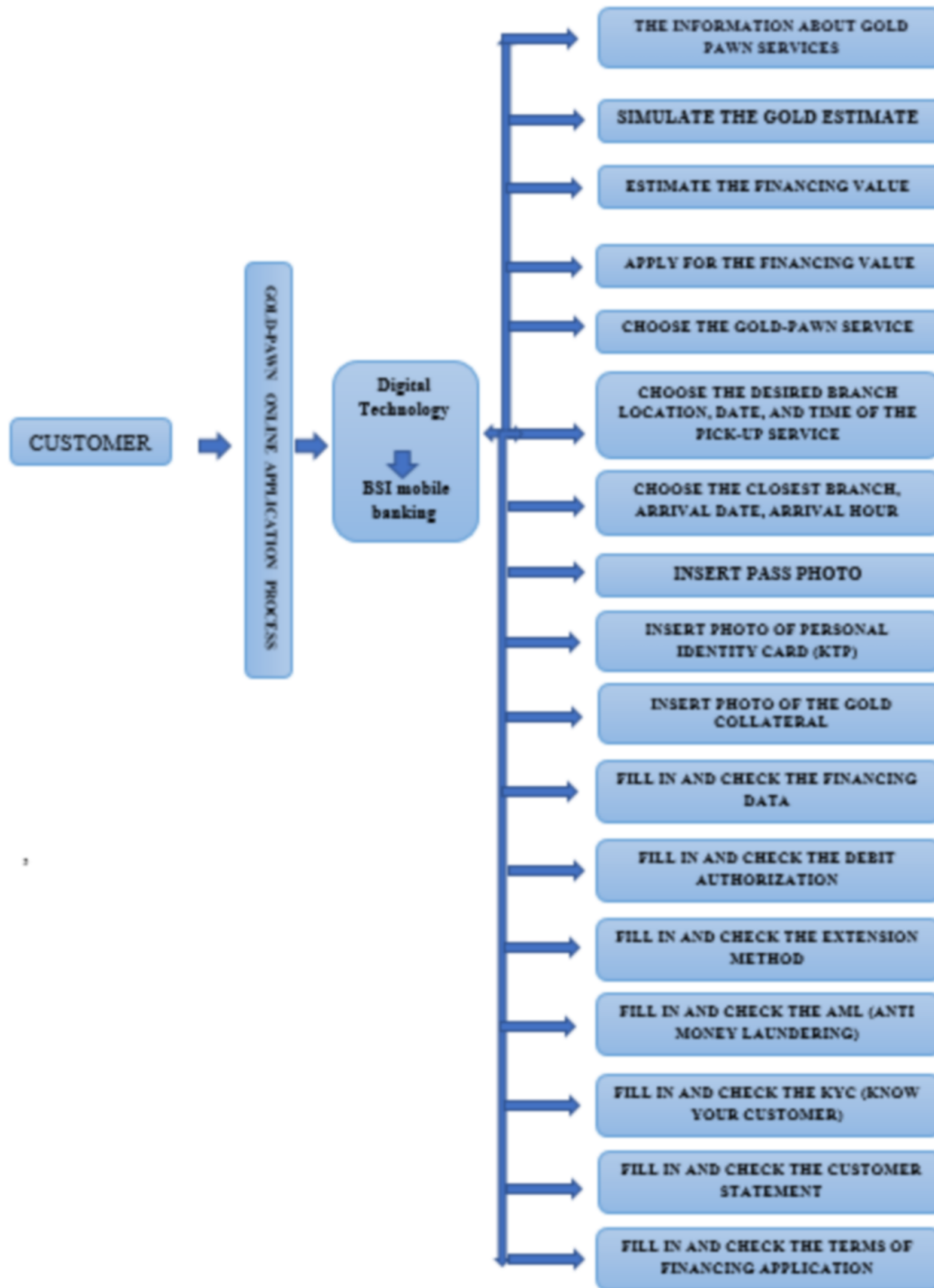
The gold pawning via BSI Mobile Banking application prevails for both practices of gold pawning, comprising of pick-up or walk-in service to the bank. The customers can access BSI Mobile, with a click on the icon of "e-mas". The process is continued by clicking the "Gadai Emas" option and followed by "Gadai Emas Physic" option. After that, the customers will find a description draft about the gold pawn services, including the object of gold pawn, financing period, financing values, FTV, types of fees, types of contract, and terms of the services.

After reading the information about gold pawn services, the customer can calculate the gold estimated value by inputting the data of collateral gold, such as type, carat, and weight of gold. Afterward, the customers will get the estimated value and the financing value. According to that calculation, the customers can process the value of loan financing.

Using BSI mobile banking, customers can select the application method of Gold Pawning either the pick up or walk-in service to the Bank. If a customer's select walk-in service to the bank, when using BSI mobile banking, they can choose the closest branch, arrival date, arrival hour, insert pass photo and photo of Personal Identity Card (KTP). However, if customers select the application method of Gold Pawning via pick-up service, they must insert the pickup location and the desired Branch, date of pick-up, arrival hour, pass photo, photo of Personal Identity Card (KTP), photo of the gold collateral.

Customers can fill in and check the financing data, debit authorization, extension method, AML (Anti Money Laundering) and KYC (Know Your Customer), Customer statement, and terms of financing application. After accessing the BSI Mobile, the receipt of pawning submission will be saved on the BSI Mobile inbox and the customer's e-mail account. Based on this, we find that all processes for submitting a gold pawn from entering

required data and documents and photos, filling in data and others to getting the receipt of pawning submission of a pledge are carried out using advanced digital technology modified through BSI mobile banking. Figure 1 clarify the understanding of The Role of Digital Technology in Gold-Pawning Practice in Bank Syariah Indonesia (BSI):



**Figure 1** The Role of Digital Technology in Gold-Pawning Practice in Bank Syariah Indonesia (BSI)

**3.2. Discussion**

It is assumed that past studies have discussed gold pawn products or digital technology, both in Indonesia

and outside. However, these studies have yet answered questions and aspects of the topic, thus needing more nuanced details and exploration. Therefore, this current research can be positioned to answer these questions and to fill the gaps. To sharpen the analysis and place this research among past related studies, this study will compare articles related to gold pawning with the current study to show that the topic is unique and has not been studied:

Benefits of Using Digital Services for Indonesian Sharia Bank Customers (BSI) Kcp Ipuh (Agustus 2021) This study aims to determine the benefits of using digital technology services for BSI Kcp Ipuh customers. The results of the research show that customers in Bank Syariah Indonesia (BSI) Kcp Ipuh gave an opinion or response that the benefits of using digital technology services are practical and easy to access, saves money and time, can be done anytime and also can withdraw cash [5]

Digital technology uses during COVID -19 pandemic: A Rapid review (August :2020). This paper presents a brief descriptive review of the related literature on digital technology use during the current COVID 19 pandemic. It addresses the following four topics: the specific digital technologies that have been used, the specific population who have used these digital technologies, the specific activities that individuals and groups have used these digital technologies and the specific effects of using these digital technologies on humans during the pandemics [3].

Credit Transaction Analysis of "Padang Gadai" Model As-Sharia Law Implementation in West Sumatera: A Systematic Literature Review (July 2021). This paper, using literature review, discusses in more depth the mechanism for pagang gadai, the transfer of land rights and its impacts on economic existence and the lessons learned for the society in Minangkabau. The Several studies have indicated that "pagang gadai" is no longer merely applying the principle of helping each other and cultural activity but has an economic motive and begins to change into usury partially. That is a shifting pattern leads to the holdover of wealth from one person to another to obtain financial benefits [11]

Gold Investment in a Sharia Portage During the Covid-19 Pandemic Time June 2021 Written by academics from the Sepuluh November Institute of Technology (ITS) Surabaya, where Syams Al-Duha is the main author. The purpose of this study is to determine and describe gold investment in Islamic pawnshops during the Covid-19 pandemic as protection against assets. From the search of previous studies, the researcher found that there was no research that examined the role of Digital Technology in Gold-Pawning Practice in Bank Syariah Indonesia (BSI) [10]

#### 4. CONCLUSION

This study discusses how digital technology has shifted the gold pawning system. Initially, it was submitted physically but is now replaced with online submission through BSI mobile banking. BSI mobile banking allows customers to process their gold pawn application and enter the required data and documents, similar to physical registration. This provides a seamless experience, saves time, and provides security and convenience for customers.

Further research can examine the practice of digital technology on gold pawn products in other countries and the effect of digital technology on gold pawn products on customer satisfaction. Subsequent articles can also examine other aspects, such as reviewing Islamic economic standards regarding gold pawn products through BSI mobile banking. Future studies can also examine the contracts of gold pawn products through BSI mobile banking and how these contracts conform to the prevailing practice in BSI gold pawning products. Interviews can be conducted with the authorities at Bank Syariah Indonesia, the National Sharia Council (DSN), and the Indonesian Ulema Council (MUI), in addition to conducting studies through the relevant literature.

It can contribute to socializing information for Moslem in Indonesia related to gold pawn practice in the perspective of Islamic economy. This will allow Moslem to eliminate any doubts and hesitance regarding the performed transaction and whether it is related to any gold pawn practice containing riba, maysir, gharar, and batil.

Specifically, this thesis can be a reference and source of reading for the following researchers conducting research related to gold pawn practice in Sharia Banking-completing and strengthening the dynamic of Islamic science in Universities. New ideas or existing concepts derived from this research are beneficial for product innovation of Sharia banking for small-fund financing, mainly in the gold pawn practice in either Indonesia or other countries.

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