

MAPPING DIGITAL TRANSFORMATION IN RURAL BANKING, A KOTTER BASED ROADMAP OF PT BPR

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Abstract

This study examines the strategic digital transformation of PT BPR BDE over a five-year period (2020–2024) through a structured roadmap analysis aligned with Kotter’s 8-Step Change Model. Positioned within the context of rural banking in Indonesia, the research utilizes content analysis of institutional documents, promotional materials, and regulatory frameworks to map organizational change year-by-year. Findings reveal that transformation is not solely driven by technological deployment, but by internal readiness, leadership commitment, communicative strategies, and regulatory compliance. The integration of Kotter’s framework with behavioral adoption theory (UTAUT2) and qualitative content interpretation (Krippendorff) offers a robust methodological model for evaluating digitalization in microfinance settings. PT BPR BDE’s approach demonstrates how strategic alignment and digital storytelling can institutionalize cultural change and enhance stakeholder engagement. This study contributes both theoretically and practically to strategic change management discourse in resource-constrained financial institutions.

Keywords: Digital Transformation, Strategic Change, Kotter’s Change Model, Microfinance Institutions, Rural Banking

INTRODUCTION

The advancement of digital technology has created significant disruption in the financial services sector, including microfinance institutions such as Bank Perkreditan Rakyat (BPR). Amid competitive pressure from digital banks, fintech companies, and increasingly digitalized consumer expectations, BPRs face an urgent need to transform their strategies and services. Digitalization is no longer optional it has become a strategic necessity to maintain relevance and expand local financial inclusion (Ghosh & Vinod, 2022; Offiong et al., 2024).

Globally, digital transformation in microfinance has shown mixed outcomes. Offiong et al., argue that innovation adoption in community financial institutions depends not only on technology readiness but also on internal strategic alignment and cultural adaptability (Offiong et al., 2024). In many developing contexts, digital onboarding and mobile-based solutions have helped institutions broaden outreach (Bathula & Mishra, 2023), yet success remains contingent on resource mobilization and user centered design.

In the Indonesian context, digital transformation in the banking sector has been guided by two key documents: Bank Indonesia’s Indonesian Payment System Blueprint 2025 and the Financial Services Authority’s (OJK) Roadmap for the Development and Strengthening of BPR-BPRS 2021–2025. These policies emphasize that BPRs must modernize their service systems through digital onboarding, technology-driven efficiency, and community-based digital services (BI, 2019; OJK, 2021). However, academic literature that examines how strategic

change unfolds gradually within BPRs remains limited. There is a need to explore whether small-scale institutions can navigate digital transformation systematically under regulatory pressure and competitive constraints.

PT BPR BDE, a BPR located in Yogyakarta, has explicitly declared its commitment to digital financial services in its annual reports. Beginning in 2020 with internal infrastructure strengthening, the institution developed a digitalization roadmap that culminated in the launch of the “BDE Easy” mobile application in 2023 and the enhancement of digital service promotion via social media. This transformation reflects a strategic shift from conventional service delivery to mobile-based digital front-end services targeting younger customers, especially millennials who seek immediacy, usability, and convenience (Timbula & Marvadi, 2023).

This transformation is also influenced by external factors such as regulatory pressure, shifts in consumer behavior, and the need for operational efficiency. According to Kotter (2012), strategic organizational change does not occur instantly but follows eight structured stages from creating a sense of urgency to building a new culture. This aligns with the digitalization process undertaken by BPR BDE, which shows strong indications of a gradual and structured change process shaped by institutional readiness and stakeholder communication (Ayala et al., 2022).

Studying strategic change in the context of microbanking is essential to understand how local organizations with limited resources respond to digital transformation pressures typically dominated by large institutions. Strategic Change Management theory enables an examination of internal organizational processes, emerging obstacles, and adaptive initiatives undertaken during the transition period (Hayes, 2018; Burnes, 2020). In the case of BPR BDE, this theory-based analysis reveals how the organization mobilized resources, built internal readiness, and created a digital system tailored to the characteristics of its community market.

Over the past five years, BPR BDE has demonstrated a phased progression from backend system digitalization (2020–2021), front end development and testing (2022), to full scale digital service launch and social media promotion (2023–2024). This journey is not only technical but also reflects fundamental changes in culture, organization, and value-based communication strategies. Thus, digitalization in this institution serves as a concrete example of adaptively and realistically managed strategic change in the community financial sector.

Practically, this study offers valuable insights for BPR managers in understanding strategic change stages that can be adopted based on technological and organizational readiness. Theoretically, it enriches the literature on digital transformation in the microfinance sector, particularly through the use of Strategic Change Management in a localized case study framework. This research also supports the importance of longitudinal assessment of digitalization roadmaps as a form of strategic accountability and sustainability.

Based on this background, the article aims to analyze the digitalization roadmap of PT BPR BDE from 2020 to 2024 using the Strategic Change Management approach. The analysis focuses on mapping the stages of digital transformation, identifying change drivers, internal adaptation strategies, and the forms of digital communication developed throughout the process. The findings

of this study are expected to serve as a reference for other BPRs currently undergoing or planning digitalization in the context of community-based microbanking services.

METHODS

Research Design

This study adopts a qualitative, descriptive-evaluative approach embedded within a single case study design. This method was chosen to provide deep contextual understanding of how a community based financial institution undergoes strategic digital transformation over five year period. PT BPR BDE was selected as a purposeful unit of analysis, reflecting both its institutional relevance and the public accessibility of its strategic documentation. The case study design enables a longitudinal exploration of change shaped by regulatory shifts, evolving consumer expectations, and internal cultural transitions within a microbanking environment.

Data Collection

The study utilizes secondary data sources that represent both institutional intent and public facing communication. The primary materials include:

1. Annual Reports (2020–2024): Documenting formal strategic decisions, performance indicators, and implementation narratives.
2. Digital Promotional Content: Published via the institution’s official Instagram account and supporting media, showcasing visual storytelling and financial education efforts.
3. Company Website and Regulatory Documents: Especially from Otoritas Jasa Keuangan (OJK) and Bank Indonesia, which position BPR BDE’s transformation within the broader policy framework.

These data were selected using purposive sampling techniques to ensure direct relevance to themes of digital transformation and organizational strategy. The diversity of sources allows the researcher to explore both internal mechanisms and external engagements as integral components of the change process.

Analytical Framework

The analytical framework integrates three complementary models to guide interpretation:

1. Kotter’s Eight-Step Change Model (2012), which offers a structured lens to analyze the transformation process across distinct stages from the creation of urgency to the institutionalization of culture.
2. Unified Theory of Acceptance and Use of Technology 2 (UTAUT2) (Venkatesh et al., 2012), which enriches the analysis by highlighting behavioral dimensions of technology adoption among internal stakeholders and end-users.
3. Content analysis methodology (Krippendorff, 2018), which enables the systematic decoding of strategic messages across textual and visual formats.

This triangulated framework allows the researcher not only to observe what the institution did, but to interpret how and why it progressed through its digital transformation journey.

Roadmap Construction and Interpretive Mapping

A central methodological outcome of this study is the construction of a digital transformation roadmap for PT BPR BDE. This roadmap was developed through chronological tracing of milestones based on annual reports and digital campaign materials. Each year’s activities were contextualized and mapped onto the relevant stages of Kotter’s model to evaluate the consistency and adaptability of strategic change.

Table 1 Presents the Actual Implementation Timeline and Strategic Focus of PT BPR BDE from

Year	Strategic Focus of Digitalization	Actual Implementation
2020	Initial planning of internal system and core banking digitalization	Enhancement of internal information systems; no customer-facing application yet
2021	Optimization of internal operations through IT	Modernization of recording and reporting; evaluation of digital front-end readiness
2022	Development of digital service roadmap and BDE Easy feature testing	Prototype of BDE Easy app; limited digital account opening
2023	Official launch of BDE Easy and customer digital service adoption	Online account opening, digital education, visual promotional campaigns on Instagram
2024	Consolidation of digitalization and integration of promotion with digital services	Cashback features, zero admin fees, community storytelling, omnichannel service enhancement

Source: Compiled from PT BPR BDE Annual Reports (2020–2024) and digital promotional documentation (2023–2024).

Table 2 Links These Milestones to Kotter’s Transformation Stages, highlighting the Sequencing and Consolidation of Organizational Change Efforts.

Year	Strategic Focus	Transformation Stage (Kotter Model)	Actual Implementation
2020	Initial planning of digital transformation	Create a sense of urgency	Strengthening core banking; internal digitalization planning
2021	Internal optimization & digital front-end preparation	Build a change team Develop vision & strategy	Formation of IT unit; internal roadmap development
2022	Application development & digital service	Communicate the vision Remove initial barriers	BDE Easy app testing; internal socialization

Year	Strategic Focus	Transformation Stage (Kotter Model)	Actual Implementation
			feature testing
2023	Launch of BDE Easy & external digital promotion	Short-term wins	App launched; active digital promotion via Instagram
2024	Digital service consolidation & value-based narrative strengthening	Sustain momentum Institutionalize new culture	Cashback promotion, omnichannel service, digital culture reinforcement

Source: Compiled from PT BPR BDE Annual Reports (2020–2024) and digital promotional documentation (2023–2024).

To ensure methodological rigor, the content analysis was conducted with attention to thematic coding, symbolic interpretation, and tone tracking across materials. These qualitative techniques enabled the researcher to uncover how PT BPR BDE utilized digital tools not merely for service delivery, but also to reinforce cultural transformation, build community trust, and ensure strategic alignment.

Triangulation across multiple data sources including institutional documents, digital media outputs, and relevant regulatory texts strengthened the credibility and trustworthiness of the interpretation. The result is a holistic evaluation of strategic digital transformation, analyzed not only through changes in infrastructure and services, but also through communicative narratives and mechanisms of behavioral adaptation.

RESULTS AND DISCUSSIONS

The findings of this study were derived through a content analysis approach applied to PT BPR BDE’s annual reports (2020–2024) and digital promotional data sourced from the institution’s official communication channels, including Instagram and its website. Each document was systematically examined to identify strategic statements, digital programs, and managerial narratives that reflect the organization’s transformation agenda.

Subsequently, the extracted information was thematically mapped onto the eight stages of organizational change based on John P. Kotter’s Eight Steps of Change Model (2012). This model conceptualizes organizational change as a sequential process, beginning with the creation of urgency and culminating in the establishment of a new organizational culture. Accordingly, the data were not only interpreted descriptively but also coded according to the following thematic categories:

1. Create a sense of urgency
2. Build a guiding coalition
3. Develop a strategic vision
4. Communicate the vision
5. Remove obstacles
6. Generate short-term wins

7. Sustain momentum
8. Institutionalize new culture

The purpose of this mapping process is to evaluate the consistency and continuity of BPR BDE’s digitalization strategy over the five-year period and to assess the extent to which the principles of structured organizational change were applied in practice. The year-by-year analysis aims to offer a clearer understanding of the transformation dynamics from the embryonic stage in 2020 to the phase of full consolidation in 2024. These developments will be presented in the following sections using summary tables and narrative interpretations.

Year 2020, Initial Planning Phase of Digitalization

Table 3 Strategic Focus and Actions

Component	Description
Strategic Focus	Awareness of the need for <i>digital transformation</i>
Key Activities	Strengthening <i>core banking</i> systems and internal digital records
Kotter Stage	Step 1 – <i>Create a sense of urgency</i>

Source: *PT BPR BDE Annual Reports 2020*

The year 2020 marked the initiation phase of PT BPR BDE’s digital transformation, centered on internal system enhancement and technological infrastructure readiness. According to the institution’s annual report, management began shifting focus from manual operational routines toward digital-based internal efficiencies signaling an early recognition that the institution’s conventional model was no longer adequate to address emerging demands.

This internal reorientation corresponds to the first step in Kotter’s Eight-Step Change Model creating a sense of urgency. The urgency was not only shaped internally but also driven externally by increasing competition from digital banks and fintech firms, which began targeting market segments traditionally served by community banks. The strategic decision to strengthen core banking systems served as a foundational move, indicating the bank’s intention to evolve beyond legacy infrastructure. As noted by Burnes, transformative change begins when organizations acknowledge that the status quo is unsustainable and start reimagining their roles within future-oriented service ecosystems (Burnes, 2020).

From a regulatory perspective, BPR BDE’s initial digital commitment aligned with the national digitalization agenda set by the authorities. Bank Indonesia’s Indonesian Payment System Blueprint 2025 mandates that all financial institutions, including BPRs, must enhance their technological capabilities and prepare for digital integration at an early stage (Bank Indonesia, 2019). Although no front end digital services were launched in 2020, the internal repositioning through infrastructure development demonstrated institutional awareness of both policy expectations and environmental shifts.

In conclusion, 2020 served as the institution’s organizational wake-up call where digital readiness shifted from an abstract concept to a strategic imperative. The establishment of urgency, shaped by external competition, internal evaluation, and regulatory direction, laid the groundwork for the development of change coalitions and a structured digital roadmap in the subsequent year.

Year 2021, Internal Strengthening and Roadmap Development

Table 4 Strategic Focus and Actions

Component	Description
Strategic Focus	Development of IT unit and <i>digital roadmap</i> planning
Key Activities	Evaluation of digital systems; formation of digitalization task structure
Kotter Stage	Step 2–3 – <i>Build a change team and formulate a strategic vision</i>

Source: *PT BPR BDE Annual Reports 2021*

In 2021, PT BPR BDE initiated key structural initiatives to strengthen its internal readiness for digital transformation. The establishment of a dedicated Information Technology (IT) unit and the formulation of a formal five-year digitalization roadmap emerged as central strategic priorities. These efforts align closely with the second and third stages of Kotter’s Eight-Step Change Model: building a guiding coalition and formulating a strategic vision.

The 2021 annual report underscores that organizational restructuring and investment in IT infrastructure were essential to preparing for the adoption of digital services. This shift reflects a transition from reactive planning to proactive institutional alignment. As Hayes asserts, a guiding coalition must possess formal authority, resource access, and sustained leadership support to effectively drive organizational change (Hayes, 2018). In the case of BPR BDE, the creation of an IT unit signaled a clear institutional commitment to developing digital capabilities beyond ad hoc experimentation.

Simultaneously, the development of a structured digital roadmap ensured that transformation efforts would unfold gradually, with defined benchmarks. This process resonates with Burnes (2020), who emphasizes that long-term change must be anchored in coherent strategic planning and shared ownership across organizational levels.

From a regulatory perspective, BPR BDE’s actions were closely aligned with OJK’s Roadmap for the Development and Strengthening of BPR–BPRS 2021–2025, which advocates for contextualized digitalization based on institutional scale and risk profile (OJK, 2021). By enhancing both its technological infrastructure and strategic direction, BPR BDE positioned itself for front end digital implementation with improved internal alignment and regulatory legitimacy.

In summary, 2021 served as a pivotal year of institutional preparation when vision, structure, and strategic intent converged. The foundational work completed during this phase enabled the organization to progress toward prototype development and customer-facing digital engagement in the subsequent stages.

Year 2022, Prototype Development and Digital Service Testing

Table 5 Strategic Focus and Actions

Component	Description
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Strategic Focus	<i>Application testing</i> and internal education
Key Activities	Initial development of <i>BDE Easy</i> ; internal communication of change
Kotter Stage	Step 4–5 – <i>Communicate the vision</i> and <i>remove barriers</i>

Source: PT BPR BDE Annual Reports 2022

The year 2022 marked the experimental phase in PT BPR BDE’s digital transformation roadmap. During this period, the development of the BDE Easy mobile application commenced. The app was designed to simplify account opening and transaction processes for prospective customers without requiring in-person visits to physical branches. Initial testing was conducted to evaluate the application’s technical feasibility, while internal socialization and staff training were prioritized to communicate the digital vision throughout the organization.

This phase aligns with the fourth and fifth stages of Kotter’s Eight-Step Change Model: communicating the vision and removing barriers to adoption. Effective internal communication became a central focus, as resistance to organizational change often stems from uncertainty, lack of clarity, or fear of disruption. Ayala et al. (2022) emphasize that communication during digital transition must be strategic, inclusive, and consistently delivered across platforms to build momentum and legitimacy. In anticipation of potential resistance, PT BPR BDE implemented phased training and feature simulations to ensure employee engagement and internalization of the digital roadmap before its public rollout.

These mitigation efforts also addressed risks commonly associated with early-stage digitalization, particularly within microfinance institutions operating under infrastructure and resource limitations. The gradual testing approach allowed the organization to reduce operational friction, gather employee feedback, and refine service mechanisms in preparation for full deployment.

From a governance standpoint, PT BPR BDE’s 2022 activities conformed with the regulatory expectations outlined in POJK No. 13/POJK.03/2018 concerning IT governance in rural banks, which underscores the importance of system readiness, internal training, and technical validation before introducing customer-facing digital platforms. The institution’s alignment with regulatory mandates reflects a prudent, compliance-oriented approach to innovation.

In summary, 2022 served as a strategic transition phase, moving the organization from foundational planning into early-stage adoption and internal capacity building. This experimental approach laid the groundwork for broader implementation and external engagement in 2023, underscoring the institution’s responsiveness to both internal culture and evolving regulatory standards.

Year 2023, Official App Launch and Digital Promotion

Table 6 Strategic Focus and Actions

Component	Description
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Strategic Focus	<i>App launch and digital promotion</i>
Key Activities	Launch of <i>BDE Easy</i> , online account opening, Instagram-based promotion
Kotter Stage	Step 6 – <i>Generate short-term wins</i>

Source: PT BPR BDE Annual Reports 2023; *Official Instagram content*

The year 2023 marked a pivotal milestone in PT BPR BDE’s digital transformation journey, representing a visible breakthrough in its strategic modernization. During this period, the BDE Easy mobile application was officially launched to the public, enabling customers to open accounts and perform basic transactions remotely eliminating the need to visit physical branches. The launch was supported by an intensive digital promotion campaign through the institution’s official Instagram account, featuring visual narratives that emphasized simplicity, convenience, and financial empowerment.

This phase corresponds to the sixth stage in Kotter’s Eight-Step Change Model: generating short-term wins. Such wins are crucial not only for validating external perceptions of strategic success but also for strengthening internal motivation and credibility. As noted by Kreuzer and Höflinger, early market adoption of digital service innovations offers tangible proof of change effectiveness, helping build momentum for broader organizational transformation. In the case of PT BPR BDE, initial user engagement with the BDE Easy app and increased interaction on social media platforms confirmed that its digital narrative resonated strongly with its target audience particularly digital-native millennials (Kreuzer and Höflinger 2021).

These outcomes also instilled a sense of accomplishment within the organization. Internally, the visible progress motivated cross-functional teams to iterate and enhance digital features, illustrating how external feedback can enrich internal innovation cycles. Although modest in scale, these achievements represented a turning point transforming digitalization from a conceptual initiative into an operational reality.

From a regulatory standpoint, the app’s launch complied fully with POJK No. 12/POJK.03/2021, which authorizes BPRs to conduct digital onboarding and offer electronic financial services. PT BPR BDE’s alignment with this policy framework demonstrated regulatory awareness and strategic maturity in balancing innovation with compliance.

In summary, 2023 marked the transition from planning to execution where strategic intent materialized into tangible digital products. This phase not only validated prior investments but also laid the emotional and operational foundation necessary for cultural institutionalization in the following year.

Year 2024, Service Consolidation and Digital Culture Strengthening
Table 7 Strategic Focus and Actions

Component	Description
Strategic Focus	Consolidation of <i>digital strategy</i> and cultural embedding
Key Activities	<i>Omnichannel</i> services, cashback promotions, community storytelling
Kotter Stage	Step 7–8 – <i>Sustain momentum and institutionalize culture</i>

Source: PT BPR BDE Annual Reports 2023; *Official Instagram content*

The year 2024 marked the consolidation phase of PT BPR BDE’s digital transformation, in which strategic efforts shifted from implementation to cultural integration. Following the launch of the BDE Easy application and the 2023 promotional campaigns, the institution progressed toward service consistency and long-term user engagement. This phase included the development of omnichannel service platforms, enhancement of storytelling-driven promotional content, and the introduction of cashback incentives and community-focused loyalty programs.

This stage aligns with the final steps of Kotter’s Eight Step Change Model: sustaining momentum and institutionalizing a new culture. The transformation focus moved beyond service deployment to reinforcing values, organizational habits, and emotional connections with stakeholders. As noted by Ghezzi et al., successful digital transformation requires embedding innovation into institutional culture and evolving the customer relationship not merely implementing new technologies (Ghezzi et al., 2020). In the case of PT BPR BDE, the transition from digital services to digital experiences reflects this deeper strategic maturity.

Offiong et al., further emphasize the importance of localizing digital culture through symbolic communication and storytelling (Offiong et al., 2024). PT BPR BDE addressed this by curating emotionally resonant content via Instagram and embedding its digital narrative into institutional identity positioning itself as more than just a financial service provider, but as a trusted community partner.

From a regulatory perspective, Bank Indonesia’s Indonesian Payment System Blueprint 2025 advocates for digitalization that promotes financial inclusion, cultural trust, and long term value creation. PT BPR BDE’s approach grounded in local relevance and value-based communication exemplifies both regulatory compliance and social responsiveness. At this stage, digital culture was no longer experimental, it had become an integral part of the institution’s branding, strategy, and customer experience.

In conclusion, 2024 represents the culmination of a five-year transformation arc where technological tools evolved into cultural assets, and digitalization became fully embedded within organizational behavior and customer interaction. The case of PT BPR BDE demonstrates that successful change in community banking must be iterative, locally contextualized, and emotionally intelligent.

In addition to its empirical insights, this study contributes methodologically by integrating Kotter’s organizational change framework, the behavioral constructs of UTAUT2, and Krippendorff’s content analysis principles. This combination allowed for a multidimensional evaluation of strategic

transformation not merely as a sequence of initiatives, but as a behavioral and communicative process. Through systematic coding of organizational documents and promotional materials, the study traced internal decision-making, emotional engagement, and regulatory alignment over time.

This integrative approach highlights that digital transformation in microfinance cannot be understood through a single theoretical lens. It requires a synthesis of organizational, behavioral, and narrative frameworks to reveal how institutions like PT BPR BDE adapt structurally and culturally in response to digital pressures. As such, this study offers a replicable model for assessing digital maturity and strategic change dynamics within community-based financial institutions operating under resource constraints.

CONCLUSIONS & RECOMMENDATIONS

The digital transformation of PT BPR BDE between 2020 and 2024 reflects a structured and adaptive strategic change process, systematically mapped through Kotter's Eight-Step Change Model (2012). The transformation began with urgency creation in 2020, followed by the establishment of internal readiness and a formal digital roadmap in 2021. In 2022, the institution advanced to application prototyping and internal communication. A strategic breakthrough occurred in 2023 with the public launch of the BDE Easy application and a dynamic digital promotion campaign. By 2024, these efforts matured into cultural consolidation through omnichannel service development and emotionally resonant storytelling signaling the institutionalization of digital transformation within the organization.

The findings of this study indicate that digital transformation in microfinance institutions extends beyond mere technological implementation. It is a multidimensional process shaped by organizational readiness, behavioral acceptance, strategic communication, and regulatory alignment. These findings support the perspectives of Timbula and Marvadi, who highlight the roles of institutional culture, leadership commitment, and user trust as critical drivers of technological adoption in resource-constrained contexts (Timbula and Marvadi, 2023). Moreover, BPR BDE's alignment with OJK and Bank Indonesia directives reinforced its strategic legitimacy, while localized storytelling and community-based messaging as emphasized by Offiong et al., (2024) enhanced customer engagement and built digital trust.

Methodologically, this research contributes a replicable analytical model by integrating Kotter's organizational change framework, the behavioral constructs of UTAUT2 (Venkatesh et al., 2012), and Krippendorff's content analysis approach (2018). This interdisciplinary integration enabled a nuanced evaluation of PT BPR BDE's transformation both as an internal strategy and a customer-facing communicative journey. Through systematic roadmap analysis and triangulation of textual and visual data, this study provides a grounded framework for assessing digital maturity and organizational culture change within community-based financial institutions.

RECOMMENDATIONS

1. Strengthen internal digital culture by investing in employee capacity building, fostering cross-departmental collaboration, and embedding digital values into day-to-day operations.
2. Conduct regular evaluations of the BDE Easy platform, focusing on usability, cybersecurity, and customer satisfaction, to ensure continuous innovation and service refinement.
3. Integrate with national digital infrastructures such as BI-FAST and QRIS to expand service reach, enhance transaction efficiency, and strengthen ecosystem interoperability.
4. Utilize consumer data analytics to inform personalized product development, optimize feedback loops, and support adaptive service strategies aligning with insights from Bathula and Mishra (2023) and Ghosh and Vinod (2022).
5. Encourage future research using quantitative or mixed-method approaches to explore user experience, technology adoption behavior, and digital literacy generating scalable insights for both policy formulation and institutional practice.

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