Improving Customer Data Quality on Pension Bank Loans in Palembang-South Sumatra

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Abstract: *The bank has transferred the retirement loan application service to the cooperative as one of its subsidiaries. The phenomenon that often occurs is misinformation from cooperative officers when explaining the number of credit applications that should be made. The purpose of this research is to find the right pattern and form for applying the latest data technology so that it can provide the right information in the credit application process. Measurement and analysis of research data are qualitative, with a descriptive explanation level. Viewed by place and classified as field research. Types and research strategies, including Case Studies. Retrieval, collection, and analysis techniques were carried out repeatedly and simultaneously until the data was saturated and credible. The research yields findings about internal customer data connection patterns that are accurate and up-to-date. The form of credit data management by providing recommendations and internal references to customer performance, so that process and procedure connectivity is guaranteed between Bank Financial Institutions (LKB) and Non-Bank Financial Institutions (LKBB). The conclusion from the research is that the track records or data records of retired customers at the bank must be properly and up-to-date so that when applying for the same credit at a subsidiary of the institution, there is no misunderstanding of information and guaranteed correct and correct data.*

Introduction

In this digital era, there is an increase in public interest in applying for pension loans as there are more pressing and urgent needs. Several banks are trying to transfer the function of the continuous pensioner credit process to subsidiaries in order to obtain optimal target achievement. The cooperative is one of the subsidiaries within the scope of the bank's financial institution. In reality, applying for a sustainable pension loan often fails to continue the process. It is alleged that there is an information error between the outstanding data and the high administration fee deductions, so that the disbursement funds that will be received by customers are small and not as expected. Continuation of pension credit: there are no recommendations or references from the bank to the cooperative to support the smooth running of the credit process.

Some of the articles that discuss pension credit include a study (Steinbach, 2023) that examines how divorce affects people's pension rights in Germany and the various patterns affected by the divorce separation system. The personal pension rights of single and divorced West German women are greater than those of married or widowed women. The article (Vlachantoni et al., 2017) reveals that members of certain black and minority ethnic groups can reduce their chances of receiving a state or private pension but, on the other hand, increase their receipt of pension credits. In this article (Vlachantoni et al., 2017), there are findings with empirical evidence of ethnic disparities in pension receipt.

In distributing pension credit, the officer who processes it first needs to clearly detect the reasons for applying for the loan. Economic analysis and community engagement are discussed in (Milne & Gibb, 2016). More detail is provided in this study on the importance of marginal analysis in designing policies to increase community engagement, where there is unclear reasoning in the case of working tax credits and pension credits. Related to the distribution of pension credit is also studied by (Cordova et al., 2022), which describes the gender wealth gap focusing on pension wealth and statutory pension rights.

This article describes the employment characteristics of women and men by identifying the effect of redistribution of pension rights that can reduce the gender wealth gap.

The role and performance of employees in financial institutions are closely related to the compensation management applied. The most important factor in compensation management is having to pay attention to equality, the effects of rewards, and everything related to the operation and supervision of human resources, as explained in scientific writings (Beqiri & Aziri, 2022).

In the submission process, the role of employees is very important in providing accurate and correct information about the ins and outs of loan products. This is to avoid initial data and information errors. The good quality of employee work in conveying information needs to get positive appreciation from companies, in this case financial institutions, so a study is needed regarding the impact of compensation management on the quality of employee performance. On research by Cahyono (2020) discusses various considerations for the elements of the human resource compensation system, including compensation equality, reward effects, and other factors as operational control tools in aligning organizations and employees with the aim of improving performance. Attention to employees in the form of awards will increase the activity of financial institutions, especially those that manage pension loans.

External factors also play an important role in increasing the growth rate of pension lending. Besides that, there is a need for collaboration with investors in supporting credit funds that will be distributed to the public. This funding discussion is detailed in the article (Urban & Wójcik, 2019). Meanwhile, the continued investment of investors will greatly support the competitiveness of financial institutions in distributing pension loans (Rahmawati, 2021). Total Quality Management (TQM) has an important role to play in improving and enhancing performance in service businesses as it is the key to achieving excellence in service.

However, TQM practices have not been fully utilized, especially on the service innovation side of the service business. In the article (Al-Ababneh et al., 2022) showed a significant effect of the impact of TQM practices on service improvement and the mediating role of service innovation. Credit distribution is also inseparable from government intervention in the form of assistance and social security, which aims to increase the opportunities for retirees to meet their needs and become entrepreneurs (Cahyono, 2020).

Financial institutions are very careful when selecting customers. Distribution of pension credit in the long term has a considerable risk, so a guarantor for pension benefits is needed. The most important factor in establishing cooperation with customers is trust in the ability to repay loans and bank performance (Dayag & Trinidad, 2019). Financial institutions that distribute pension loans are one of the financial inclusions that aim to remove obstacles that hinder obtaining financial assistance (Bhattacharya, 2019).

From the explanation of previous phenomena and research, there are data information problems that occur in the credit application process, so there is a need for synchronization and connectivity of the Customer Information File to all internal lines related to the process. In this case, cooperatives acting as an extension of the Bank to carry out the follow-up process for old customers must be able to present accurate, thorough, and correct quality data so that customers who have a current track record in installment payments or credit refunds can be followed up properly. Some of the questions that arise in this research are: 1) How to create accurate and up-to-date customer data quality connectivity within the bank's internal environment; 2) Why was there no initial coordination to retain old customers in this type of pension loan?; 3) How to handle old customers who are current but do not continue the credit process; 4) How to expose the target of increasing pension credit to quality customers; 5) How to shorten the process of disbursing high-quality pensioners' loans.

Writing articles is very important to find patterns and forms that are of good quality and directed toward carrying out the process of applying for pension loans that are delegated by the bank to subsidiaries. The end result is the achievement of target satisfaction on both sides, namely current customers and credit-processing financial institutions.

Literature Review

References to previous research related to Pension Credit:1) (Vlachantoni et al. 2017) discusses how pension receipt is determined by the way pension contributions and lifetime circumstances interact with various eligibility rules. The results suggest that certain ethnic groups receive small amounts of state pensions, but have high chances of obtaining pension credits.; 2) Research (Milne & Gibb, 2016) on the importance of marginal analysis in designing public visibility policies, especially in the case of pension credits where the reasons are unclear; 3) Research on pension credit was also put forward by Fong et al. (2021); and Kish (2022) both scientific articles describe the expertise or intelligence of the elderly in managing finances in retirement so that there is no deficit and finances become safe. Several other previous studies that also discussed pension credit were carried out by researchers: (Bernstein 2021; Deliema et al. 2020; Jung and Kang 2021; M.Ed 2021; Zurlo, Chen, and Rutgers 2021).

Furthermore, previous studies on banks were referred to as follows:(Alam, Banna, and Hassan 2022; Dikau and Volz 2021; González 2022; Gupta and Mahakud 2020; Hoque and Liu 2023; Isayas 2022; Linggadjaya, Sitio, and Situmorang 2022; Mirzaei, Saad, and Emrouznejad 2022; Siddique, Khan, and Khan 2022; Ur Rehman, Aslam, and Iqbal 2022). Whereas references to Financial Institutions in the form of Cooperatives refer to several previous studies, including: (Kang, Wang, and Lin 2022; McKillop et al. 2020; Munir, Prajawati, and Basir 2021; Purnama and Kusumawardhani 2022; Rustariyuni et al. 2022; Sugiyanto and Setiawan 2022; Yu and Cui 2022).The literature on Customer Data refers to several studies as: (Billiam, Abubakar, and Handayani 2022; Le Dinh et al. 2022; Hallikainen, Savimäki, and Laukkanen 2020; Kang et al. 2022).

Method

Measurement and analysis of research data, including qualitative data with a level of descriptive explanation. Judging by place, this research is classified as field Research. The type and strategy of research discovery are described in a case study. Data collection and analysis techniques were carried out simultaneously and repeatedly in order to obtain saturated and credible data. Instruments for data collection by observation in the form of participant observers and in-depth interviews. The key informants in this study are customers of a bank that manages pension loans and have applied for advanced retirement loans to a cooperative, which is a subsidiary of the bank. The research was conducted for approximately 1.5 (one and a half) years. The research did not disclose data (documents in the form of pictures and other things, as well as names of institutions and persons) in a transparent manner to protect and anticipate confidential and private data in financial institutions and informants.

Result and Discussion

Financial institutions consist of Bank Financial Institutions (LKB) and Non-Bank Financial Institutions (LKBB). Various types of loan or credit products introduced to the public, which have the aim of increasing the achievement of asset distribution targets and increasing the productivity and quality of human resources. The following shows the credit process flow applied at financial institutions:

The pension credit process flow does not run smoothly with prospective customers or old customers not proceeding to the next stage or financial institutions rejecting loan applications. In this case, the researcher divides the customer criteria into prospective customers and old customers. The term prospective customer is a person who is applying for credit for the first time at the financial institution. Whereas old customers are people who have obtained credit disbursement, then resubmitted new credit or

customers whose credit is ongoing, but submits a loan ceiling with an amount that is greater than the outstanding or ongoing loan principal balance.

Customers who have paid off and applied for credit with the hope of obtaining a minimum loan amount equal to before.
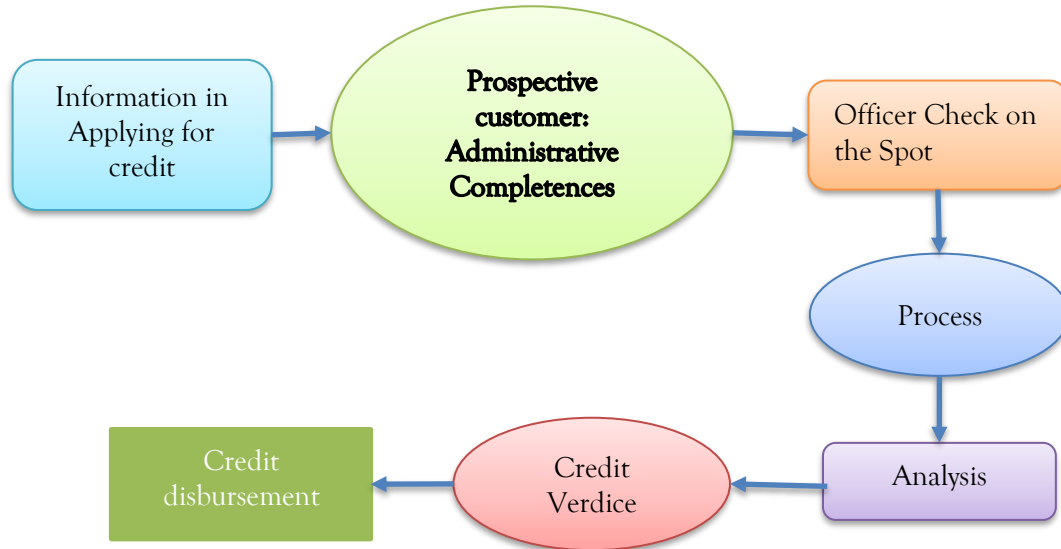

Figure 1. Credit Process Flow

In this study there were cases of failure to continue the pension credit process due to an error in the customer data information system which caused the cost deduction to be made twice, so that the amount of credit disbursement to be obtained was unable to meet customer needs. The costs charged to pensioner credit customers are in the form of administration fees, provision fees and Credit Life Insurance (AJK) costs, and if the old credit has not been completed, then there is a repayment fee. The amount of several fees that must be paid and deducted immediately at the time of disbursement ranges from 13% to 21% of the total disbursement. Meanwhile, the total costs to be incurred by old customers are in the range of 23% to 31%.

There are 3 (three) groups of old customers applying for pension loans: (1) A customer who is currently on a loan with a long remaining term, but has the desire to increase the credit ceiling, expects that there will be a difference in excess of the outstanding or principal balance of the existing loan and a longer term; (2) Customers who are almost paid off and apply for a retirement loan, with the aim of getting a minimum loan amount equal to the previous credit nominal; (3)

In cases in the field, the 1st and 2nd groups of old customers often cancel the credit process because they obtain information on the amount of credit that can be submitted that does not match the customer's expectations. This is due to the large percentage of administration fee deductions with a high percentage so that the amount of credit to be obtained is relatively small and does not meet customer needs.

Financial institutions must consider the various costs incurred so that they can relieve customers who apply for pension loans. The application of dispensations and percentage discount fees for old customers really needs to be considered. In general, the costs incurred are provisional fees ranging from 1% - 2%, administrative or operational or management costs of 2% - 3%, credit life insurance costs in the range of 12% - 14.6%. The percentage is calculated from the number of approved loans.

Calculation data can be explained as shown at Table 1.

The results of the above calculations can be interpreted as indicating that there has been no data connectivity in the internal environment of the financial institution, so

that provision, administration and insurance costs have been deducted twice. In general, customers who are in the process of repaying a loan are only subject to one-time fee deductions, for example operational costs for cooperatives or banks. In this case, the financial institution as the place for the credit process has the right to charge these costs.

Table 1. Loan Data Illustration

A	b	c	d	e	f	g
A	20.000.000,-	10.000.000,-	1.000.000,-	1.600.000,-*	5.200.000,-*	2.200.000,-
B	20.000.000,-	2.000.000,-	200.000,-	1.600.000,-*	5.200.000,-*	11.000.000,-
C	20.000.000,-	-	-	800.000,-	2. .000,-	16.600.000

Information:

A = Old customer, who has a relatively long remaining credit term

B = Old customer, the remaining credit period is only a few months.

C = Prospective customers or new customers

a = customer group

b = Estimated ceiling or amount of credit to be approved (in Rupiah)

c = Outstanding or last loan principal balance (Rp.)

d = Average cost of paying off all (Paid off) = 10% (Rp.)

e = Average administration and provision fees = 4% (Rp.)

*Customers A and B are subject to 2 (two) deductible fees, namely for Banks and Cooperatives.

In the process of maintaining current customers, the bank will provide a fee discount or fee elimination or exception fee. Another treatment that should be applied by the bank or financial institution as a place for previous credit processes is to provide support in the form of good and targeted recommendations and references to customers who are considered current who will raise the ceiling at the subsidiary or group of financial institutions, in order to expedite the submission and subsequent credit process.

Financial institutions really expect disbursed credit payments to run smoothly, so that various efforts need to be made to retain current customers. For this reason, customer data connectivity should be presented in the form of sophisticated and up-to-date information technology within the institution's internal environment, so that operational functions can be accessed quickly, especially in the implementation of credit processes.

The management or management of the Information and Technology (IT) system in this financial institution should be good and directed. Internal data connectivity can be summarized in a Customer Information File (CIF) connected to a system based on the International Comprehensive Banking System (ICBS). The ICBS system is not only used in the banking environment, but also applies to subsidiaries or non-bank financial institutions involved in the process of Assets and Liabilities. In this case, ICBS can be applied internally to financial institutions.

IT parties in financial institutions must be able to present customer data in the form of the latest outstanding, fees charged, estimated amount of credit approved, exception fees for current customers, so as to be able to provide accurate and thorough information. Pension credit processing officers can measure the ceiling or loan amount that can be submitted by looking at the ability to pay (capacity and capability) of the pay slip, where the pension credit stipulates a pay slip and a pension decree (SK) as collateral or collateral. Submission of a pension credit can be made by the person concerned or his partner or family member who is listed on the family card. The following is a flow chart of old customers who have or have received pension loans at the Bank and then apply for the next pension credit, where the credit process is transferred to a cooperative with the status of a subsidiary of the Bank:

The credit process requires up-to-date quality customer data. Data quality can be maintained properly by maintaining information and frequently updating
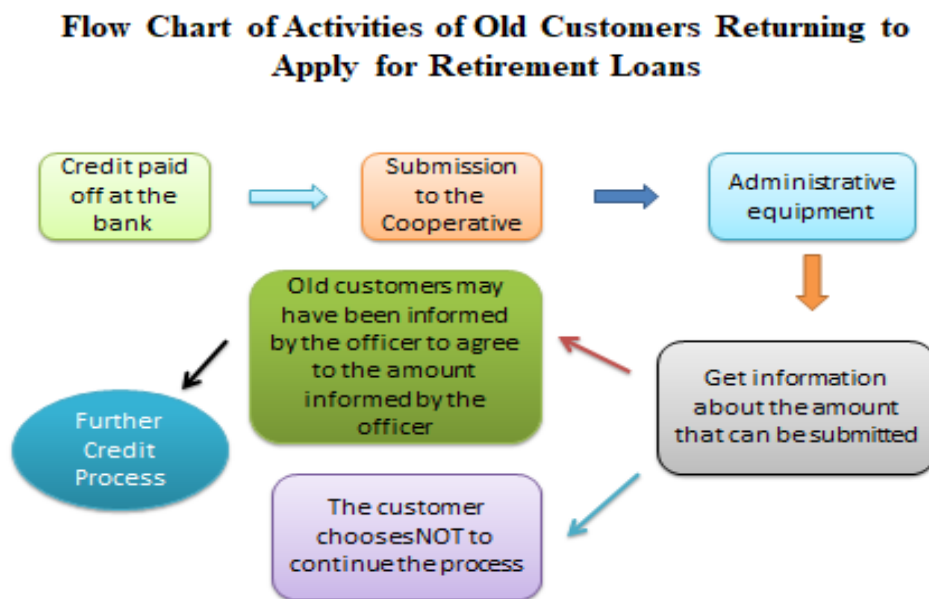
Figure 2. Activities of Old Customers Returning to Apply for Retirement Loans

programs. Challenges that must be achieved in presenting the best data quality aiming to foster relationships with customers (in this case customers) are reflected in decentralized data storage, inconsistencies in input and storage, inadequate integration of different data sources and defects and the trend of decreasing quality of decentralized data storage time , inconsistencies in inputs and storage, inadequate integration of sources and defects of different data and a tendency to decrease in quality over time (Petrović, 2020).

Therefore, good quality data collection needs to take into account the problem of the cost of maintaining data quality, which is interpreted in the form of big data and open data (Zahay et al., 2012). Credit analysis and decision-making teams really need accurate and thorough data quality. Total data quality management is the source of quality management activities and customer satisfaction. Complete and up-to-date data quality will contribute to customer satisfaction.

Financial institutions need to invest in implementing total quality management based on big data management. Disclosure about data quality management greatly influences customer satisfaction in the public sector.

Management of third-party data (in this case customers) must be handled in a practical, consistent and quality way (Kim, 2020). Meanwhile, the development of quality dimensions for service marketing should be data-based to achieve customer satisfaction or in this case credit customers (Taufique Hossain et al., 2017).

The common thread of the results and discussion shows that good, focused and up-to-date data quality greatly determines customer satisfaction, especially pension loans, which in turn has an impact on the ability to present data that meets the win-win solution criteria for financial institutions (banks and cooperatives) by customers. By increasing the satisfaction of pension credit customers, it will increase the achievement of the target of lending or credit. The internal environment of financial institutions must support each other in maintaining current types of customers because it will increase prestige and achievement in achieving credit targets.

Conclusion

As a result, this discussion can lead to the following conclusions: Updating and connecting customer data in the internal

environment of financial institutions is mandatory by summarizing it in the Customer Information File (CIF) contained in the International Comprehensive Banking System (ICBS); Coordination must be carried out for customers who have enjoyed credit disbursement and will continue the loan, in the form of providing recommendations and references, especially for customers classified as current; Maintenance and follow up of current customers who will be paid off and have been paid off must be carried out as soon as possible by providing the best service and always keeping in touch, including visits or Check On the Spot and communicating via social media or telephone; Sorting customer data that is classified as current must be carried out more exclusively, intensely and consistently by conducting correspondence in the form of remembering the day of birth and the day of joining as a customer; Improving Information and Technology systems and internal and external services must pay close attention to maintain the quality of data and services.

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