ENTERPRISE RISK MANAGEMENT, MANAGEMENT CONTROL SYSTEMS, AND DIGITAL BANKING TRANSFORMATION ANALYSIS ON THE EVALUATION OF SUSTAINABLE BANKING IN INDONESIAN BANKING

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ABSTRACT

Purpose: The aim of this study is to analyze the impact of enterprise risk management, management control system and digital banking transformation on the evaluation of sustainable banking in Indonesian banking. management control system.

Methods: The data collected came from the results of a questionnaire completed by 281 respondents from 31 banks in Indonesia. The obtained data were then analyzed using PLS-SEM. The research findings suggest that enterprise risk management, management control systems and digital banking transformation have a positive and significant impact on the evaluation of sustainable banking in Indonesian banking.

Results: The level of IT security control, whistleblowing system and the introduction of complaint management system in the management control system can have a significant impact on the assessment of Indonesian banking stability compared to previous studies. In the era of globalization and digitization, Indonesian banks need to focus more on IT operations and focus on stakeholder input and customer delight. Today information technology can spread good or bad information very quickly. Organizations that control IT and threaten customers' access and use will be more sustainable, as they will be able to take corrective actions more quickly and accurately to avoid consent to the information obtained.

Conclusion: This study is a step towards building management control systems as a more comprehensive package to ease control of information technology developments in the banking industry through reliable information technology security, a strict complaint management system and an integrated whistleblowing system. adds up. Management control of stakeholder happiness and customer happiness.

Keywords: sustainability banking, enterprise risk management, management control system, transformasi digital banking, knowledge management.

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GERENCIAMENTO DE RISCO EMPRESARIAL, SISTEMAS DE CONTROLE DE GESTÃO E ANÁLISE DE TRANSFORMAÇÃO DA BANCA DIGITAL NA AVALIAÇÃO DA BANCA SUSTENTÁVEL NA BANCA INDONÉSIA

RESUMO

Objetivo: O objetivo deste estudo é analisar o impacto da gestão de risco empresarial, do sistema de controle de gestão e da transformação bancária digital na avaliação da sustentabilidade bancária na banca indonésia.

Métodos: Os dados recolhidos foram obtidos a partir dos resultados de um questionário preenchido por 281 inquiridos de 31 bancos na Indonésia. Os dados obtidos foram então analisados com PLS-SEM. Os resultados da pesquisa sugerem que a gestão de risco empresarial, os sistemas de controle de gestão e a transformação bancária digital têm um impacto positivo e significativo na avaliação da banca sustentável na banca indonésia.

Resultados: O nível de controlo da segurança informática, o sistema de denúncia de irregularidades e a introdução do sistema de gestão de queixas no sistema de controlo de gestão podem ter um impacto significativo na avaliação da estabilidade bancária indonésia em comparação com estudos anteriores. Na era da globalização e da digitalização, os bancos indonésios precisam se concentrar mais nas operações de TI e nas informações das partes interessadas e na satisfação do cliente. Atualmente, a tecnologia da informação pode propagar informações boas ou ruins muito rapidamente. As organizações que controlam a TI e ameaçam o acesso e o uso dos clientes serão mais sustentáveis, já que poderão tomar medidas corretivas de forma mais rápida e precisa para evitar o consentimento com as informações obtidas.

Conclusão: Este estudo é um passo para a construção de sistemas de controle de gestão como um pacote mais abrangente para facilitar o controle dos desenvolvimentos da tecnologia da informação no setor bancário através de segurança de tecnologia da informação confiável, um rigoroso sistema de gerenciamento de reclamações e um sistema integrado de denúncia de irregularidades. Controle administrativo da felicidade das partes interessadas e do cliente.

Palavras-chave: banca de sustentabilidade, gestão de risco empresarial, sistema de controle de gestão, banca digital de transformação, gestão do conhecimento.

1 INTRODUCTION

Activities that pay attention to the sustaincapacity include construction activities where due to the lack of resources, increasing population, and increased pollution, buildings are needed with green concepts made from construction materials and technology that prioritize environmentally friendly as in Africa even though it is still hampered by several things between Other Rules and Human Resources (Nikyema & Blouin, 2020), applying technology and innovative environmentally friendly building materials in Zhejiang Province China (S. Wang et al., 2021), the use of digital technology related to the application of long sensing with the integration The age of trees in Malaysia used for housing components (Norizah et al., 2014), and the use of PET bottle waste to reduce the weight of the roof and increase the value of heat resilience in homes in Aceh
Indonesia Province (Munir et al., 2021). In the energy industry, where sustainable capacity activities are carried out, including the application of risk management to minimize the costs used in electricity production in state electricity companies in Iran (Golpîra et al., 2020), the use of renewable energy in replacing the fossil energy used by the community, like the energy of the wind, in the Netherlands (van Prooijen, 2019), China (Dong et al., 2019; Liu et al., 2020), Spain (Martí-Ballester, 2017), and the assessment of renewable energy use in America (Usman et al., 2020). The manufacturing industry also conducts sustainable activities, including calculating the use of energy in the American manufacturing industry so that the use of energy can be more influenceive (Nagarajan & Haapala, 2018), making environmentally friendly products in China (Du et al., 2020), attention to body shape Humans in aviation activities to reduce human risk factors for airlines in America (Yazgan, 2018), and the application of green and environmentally friendly culture to automotive companies in Mexico countries (García-Machado & Martínez-Ávila, 2019).

In the banking industry, several banks carry out sustainable activities, including the application of "green banking," which implements activities based on environmentally friendly practices in banks in India and Malaysia (Mir & Bhat, 2022), Sri Lanka (Herath & Herath, 2019), Malaysia (Bukhari et al., 2019), dan Bangladesh (Khatun et al., 2021). In addition to Green Banking, banks in Pakistan are implementing Corporate Social Responsibility (CSR) to ensure their long-term viability, (Bukhari et al., 2020; Jan et al., 2021), also in Malaysia (bakar & yusof, 2015; Jan et al., 2021), Bangladesh (Saha, 2019), dan Dubai (Litardi et al., 2019). This shows that most industries try to keep the industry sustainable by carrying out activities related to it.

The novelty of this research is that a Management System Control (MSC) is needed to improve the quality of banking presentation and supervision, as well as the rapid and unexpected development of business risks and stakeholder claims, as well as to prevent or reduce the risk of fraud (Vilas et al., 2023). In terms of these interests, banks are motivated to evaluate the execution of different types of MCS directed to achieve specific strategic objectives. Malmi and Brown (2008) developed a management system with a typology package that recognizes five main categories of control, namely: planning, cybernetics, rewards, culture, and administrative control. (Malmi and Brown, 2008). Currently, banks pay more attention to cost and efficiency to encourage the execution of various MCSs based on cost, total quality management and other budgeting
practices and operations-based presentation measurement systems. (Malmi and Brown, 2008). Based on previous study and issues that occur, this study will analyze the influence of enterprise risk management, management control systems, and digital banking transformation on the assessment of banking sustainability. The originality and novelty of this study is to add a dimension to the management control system's construction. In study conducted by Malmi and Brown (2008) and O'Grady and Akyord (2016), measurements related to the management control system consist of five dimensions, namely: (1) social controls; (2) arrangement controls; (3) cybernetic controls; (4) reward and recompence controls; and (5) administrative control (Malmi & Brown, 2008; O'Grady & Akroyd, 2016). In this study, the MSC measurement is modified according to the conditions of banking and finance companies in Indonesia as the main framework for integrating the components of the MCS package, which is a serious issue in the success of the corporation (O'Grady & Akroyd, 2016). In the MCS package framework, a control dimension is added, which is currently very much needed in the banking world, namely the control framework for digitalized information technology activities, which is needed due to the digital transformation carried out by Indonesian banking companies. This modified measurement becomes a new MCS package resulting from this study (Klimovskikh et al., 2023).

Based on these considerations, it can be seen to what extent banking companies in Indonesia apply the principles of risk management appropriately, especially in relation to the bank's business strategy for the company's sustainability and a consistently tailored evaluation of presentation that is tailored to the current condition of the company. In the study, MSC measurements using the MCS Malmi and Brown 2008 packages were then modified according to the conditions of banking and financial companies in Indonesia as the main framework for integrating components of the MCS package, which are critical factors in company success. (O'Grady & Akroyd, 2016). In the framework of the MCS Package carried by Malmi and Brown (2008) and by O'Grady and Crish (2016), there is a lack of control that is currently very necessary in the banking world, namely the control framework of information technology activities that are required due to the digital transformation carried out by Indonesian banking companies. Components that are modified so that it becomes a new MCS package, among others, additional dimensions are needed, including IT security control as a management control package that can prevent the abuse of information technology, the need for a whistleblowing system or
Speak Up Channel as a reporting channel or complaint. If there is abuse of assets by companies or violations of ethics and fraud so that the reporter feels safe, then one of the important controls also to be considered at this time is the customer's complaint channel, which is a customer service that must be active 24 hours a day if the problem of using bank product services such as blocking, PIN complaints, collectibility complaints, and so forth arises (Malmi & Brown, 2008; O’Grady & Akroyd, 2016).

1.1 HYPOTHESIS MUSTLOPMENT

The application of risk management is a key component in implementing and maintaining business sustainability, the conditions and challenges facing banking institutions today, and increased public scrutiny and sensitivity to financial institution failures. Given this, this keeps the business completely focused on the application. Risk Management (Fraser & Simkins, 2010). Bezzina et al. (2014) showed that financial firms in Malta practice sound risk management and that there is a positive relationship between value and presentation (Bezzina et al., 2014). This “enables organizations to more proactively and flexibly manage the uncertainty surrounding strategy.” According to Pritsch et al. (2008), using influenceive resources to implement best risk management practices and procedures, to be proactive and systematic in organizational strategy and strategic planning activities, and to support organizational sustainability, can give you a competitive advantage. Based on this, the hypotheses of this study are:

\[ H_1 = \text{Enterprise Risk Management has a positive influence on the assessment of sustainability banking.} \]

Long-term sustainability refers to a company's capacity to continue working in the future by achieving a strong economic representation and good financial position (Jeon et al, 2013). Lebach et al., (2013). Siwangaja (2013) shows that the internal control system used in SMMES in South Africa provides limited assurance of achieving business goals. Banks are now concerned with costs and efficiencies to facilitate the performance of various MCSs, such as activity-based spending, total quality control, other budgeting practices, and presentation measurement systems (Malmi and Brown, 2008; Peggy and Hartmann (2009) highlight institutional pressures such as the corporate environment, which increasingly encourages voluntary environmental strategies to influence visibly manage the environmental impacts of the products and services they produce. Based on this, the hypotheses of this study are:
H2 = Management Control System as a packet has a positive influence on the assessment of sustaincapacity banking.

According to Hoehle et al. (2012), although the use of databases has increased considerably, previous study has not yet identified all customer-related problems and that fractional methods of discovery and study may be limited, and have analyzed the influence of Internet experience on the perception of customer value Piryathaanan et al. (2015), arguing how to improve consumer experiences through digital banking. Reichheld (2003) shows that increasing customer service attributes can increase your profitcapacity. Sawy and Pereira (2013) confirm the capacity of this technology to compete and survive in the global economy. To consider competition in a strong and profitable situation, digital businesses must come from a proper digital ecosystem. Companies that use digital technology offer the possibility of obtaining great benefits, such as reducing transaction costs and increasing efficiency (La TTI, 2016).

These are the hypotheses:

H3 = The digital banking transformation has a positive influence on the assessment of sustaincapacity in banking.

Knowledge management is an organizational practice that follows the new concept of dynamic and functional organization. Knowledge management is an organizational discipline to acquire, modify, store, use and sell critical knowledge, create organizational value (Oliva & Kotabe, 2019) (Teece 2007; Easterby-Smith Dan Prieto, 2008; Oliva, 2014; Cegarra-Navarro et al., 2016). Manager Mundy (2010) says that it must achieve its objectives and, at the same time, create control and management systems that develop powerful management tools to take advantage of these characteristics. Thus, good knowledge management in institutions is based on practices that develop digital methods to improve the evaluation and influenceveness of purchases (Oliva, 2014; Prado et al., 2017). According to this, the most important hypotheses are:

H4_6 = Knowledge management can Increase the influence of Enterprise Risk Management, Management control systems, and digital banking Transformation on Sustaincapacity Banking Assessment.
2 METHODOLOGY

2.1 POPULATION AND SAMPLE

The population specified in this study was all executive officials who served and carried out authority over banking companies, including directors, division heads, heads of sections, branch heads, supervisors, and managers in registered banking companies, which were monitored by the Indonesian Financial Services Authority and classified as deepened Book 3 categories and Book 4 categories with a total of 31 banks. The population is determined because those who carry out digital banking transformation and have a more complex control structure and ERM are more complex than banks classified in Books 2 and 1, which represent the majority of regional development banks.

2.2 VARIABLE

One of the dependent variables (Y) used in this study is the bank's sustainability rating. Enterprise risk management (X1), management control system as a package (X2), and transformation digital banking (X3) are the independent variables. Knowledge management (X4) was the moderator variable for this study. Banking Sustainability Measure (Y) is based on the PricewaterhouseCoopers Institute (2012 and 2016) assessment of banking. The measurement consists of 3 dimensions and 12 indicators (PwC, 2012). The three dimensions are:

1) Improved customer and employee pleasure; (2) bank reputation risk; and (3) protection against regulatory risk. The Enterprise Risk Management (X1) variables are measured against his 2017 published framework by the Committee of Sponsors of the Treadway Commission (COSO). The measurement consists of 5 dimensions and 17 indicators. The measurement dimensions for enterprise risk management are:

2) Governance and culture; (2) Strategy and Objectives. (3) Presentation. (4) Review and Revision. (5) Information, Communication, and Reporting (COSO, 2017). Management and control system 'X2' Measured using metrics used by Malmi and Brown (2008) and O'Gradi and Chris (2016). The measurement consists of 8 dimensions and 28 indicators. Here are the measurements:

Administrative controls (Malmi & Brown, 2008; O'Grady & Akroyd, 2016). Regarding Transformational Digital Banking (X3), the metrics used come from his Mbama (2018) work. The measurement consists of 1 dimension and 9 metrics. The measuring dimension is “transforming the digital banking experience” (Mbama et al., 2018). Measurements from Knowledge Management (X4) using metrics performed by Farooq (2019). The measure consists of 1 dimension and 10 indicators. The dimension of knowledge management measurement is the direction of knowledge management. (Farooq, 2019).

3 RESULTS AND DISCUSSION
3.1 TEST RESULTS OF MEASUREMENT MODEL (EXTERNAL MODEL)

Assessment of measurement models (external models) includes checks for individual convergence validity (as seen from external load values), sample mean variance (AVE), discriminant validity, and combined relicapacity. The results of testing the measurement model using confirmatory factor analysis (CFA) for each study variable are shown below. Here are the test results for the external model:

3.1.1 Convergent Validity Test Results

The results of the converging validity test in this study show that for the sustaincapacity banking assessment variable, all indicators used have a value of > 0.5, where the smallest value is 0.594 and the largest is 0.812. Then the acquisition of the AVE value for all variables in the assessment of sustaincapacity in banking is 0.562. For enterprise risk management variables, all indicators used have a value of > 0.5, where the smallest value is 0.69 and the largest is 0.851. Then the acquired AVE value for the enterprise risk management variable is 0.629. For the variable management control system as a package, all indicators used have a value of > 0.5, where the smallest value is 0.602 and the largest is 0.828. Then the acquisition of the AVE value for the variable management control system as a package is 0.526. For digital banking transformation variables, all indicators used have a value of > 0.5, where the smallest value is 0.757 and the largest is 0.901. Then the acquisition of the AVE value for the variable management control system as a package is 0.681.
3.1.2 Composite Relicapacity Test Results

The results of the Composite Relicapacity test in this study can be seen in table 2.

<table>
<thead>
<tr>
<th>Latent variable</th>
<th>Cronbach's Alpha</th>
<th>Composite Relicapacity</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustaincapacity Banking Assesment</td>
<td>0.929</td>
<td>0.939</td>
<td>Reliable</td>
</tr>
<tr>
<td>Enterprise Risk Management</td>
<td>0.963</td>
<td>0.966</td>
<td>Reliable</td>
</tr>
<tr>
<td>Management Control System</td>
<td>0.966</td>
<td>0.969</td>
<td>Reliable</td>
</tr>
<tr>
<td>Tranformation Digital Banking</td>
<td>0.941</td>
<td>0.950</td>
<td>Reliable</td>
</tr>
<tr>
<td>Knowledge Management</td>
<td>0.959</td>
<td>0.964</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Source: Prepared by The Author (2023)

Based on the results in Table 1, it can be seen that each construct has a composite relicapacity score (CR) greater than 0.7 and an alpha (CA) score greater than 0.6, which means it is reliable. This indicates that all indicators consistently measure their respective structures.

3.2 STRUCTURAL MODEL (INTERNAL MODEL) TEST RESULTS

Structural models are models that relate external latent variables to internal latent variables, or models that relate relationships between internal variables and other internal variables. The results of the Structural Model Test (internal model) in this study are as follows.

3.2.1 Structural_Model_Equation Results

The results of the full SEM PLS structural model in this study can be seen in equation 2.

\[
PSB = \alpha + 0.278 \text{ERM} + 0.355 \text{MCS} + 0.3 \text{TGB} - 0.035 \text{ERM} \times \text{KM} - 0.091 \text{MCS} \times \text{KM} + 0.14 \text{TGB} \times \text{KM} + \epsilon_i \quad \text{......... (1)}
\]

Where:

a: Constant
\( \beta_i \) - \( \beta_6 \): Coefficient of each variable
PSB: Sustaincapacity Banking Assessment
ERM: Enterprise Risk Management
MCS: Management Control System
TGB: Tranformation Digital Banking
KM: Knowledge Management
e: Error
Equation 2 shows that the path coefficient value between external and endogenous variables for enterprise risk management is 0.278, management control system 0.355, transformation digital banking 0.3, enterprise risk management moderated knowledge management -0.035, management control system moderated knowledge management -0.091 and transformation digital banking 0.091.

### 3.2.2 R-Square Test Results

The results of the R-square test from the structural model in this study can be seen in Table 3.

<table>
<thead>
<tr>
<th>Dependent Variables</th>
<th>R-square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainca</td>
<td>0.627</td>
</tr>
</tbody>
</table>

Source: Prepared by The Author (2023)

Based on table 2, it can be seen that the R-square value for the Sustaincapacity Banking (PSB) variable is 0.627.

### 3.2.3 Hypothesis Test Results

The results of hypothesis testing from the structural model in this study can be seen in Table 3 below.

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ERM - &gt; PSB</td>
<td>+</td>
<td>0.278</td>
<td>3.157</td>
<td>0.001</td>
<td>+</td>
<td>0.362</td>
<td>3.840</td>
<td>0.000</td>
</tr>
<tr>
<td>2</td>
<td>MCS - &gt; PSB</td>
<td>+</td>
<td>0.355</td>
<td>3.954</td>
<td>0.000</td>
<td>+</td>
<td>0.241</td>
<td>2.546</td>
<td>0.006</td>
</tr>
<tr>
<td>3</td>
<td>TDB - &gt; PSB</td>
<td>+</td>
<td>0.300</td>
<td>3.385</td>
<td>0.000</td>
<td>+</td>
<td>0.334</td>
<td>3.891</td>
<td>0.000</td>
</tr>
<tr>
<td>4</td>
<td>ERM*KM - &gt; PSB</td>
<td>+</td>
<td>- 0.035</td>
<td>0.399</td>
<td>0.345</td>
<td>+</td>
<td>- 0.038</td>
<td>0.448</td>
<td>0.327</td>
</tr>
<tr>
<td>5</td>
<td>MCS*KM - &gt; PSB</td>
<td>+</td>
<td>- 0.091</td>
<td>1.042</td>
<td>0.149</td>
<td>+</td>
<td>- 0.097</td>
<td>1.136</td>
<td>0.128</td>
</tr>
<tr>
<td>6</td>
<td>TGB*KM - &gt; PSB</td>
<td>+</td>
<td>0.140</td>
<td>1.807</td>
<td>0.036*</td>
<td>+</td>
<td>0.141</td>
<td>1.880</td>
<td>0.030*</td>
</tr>
</tbody>
</table>

Notes: ERM: Enterprise Risk Management, MCS, Management Control System as a Package, TGB; Transformasi Digital Banking, KM; Knowledge Management.

Source: Prepared by The Authors (2023) *Level > significance 5%

According to table 3, the statistical value for all relationships is greater than $t_{table}$ (1.65) except for the relationship between enterprise risk management and the assessment of banking sustaincapacity, which is moderated by knowledge management at 0.399.
Regarding the P value, almost all relationships have a value of 0.05 except for the relationship between enterprise risk management, which is moderating knowledge management on banking sustaincapacity assessment, and the management control system, which is moderating knowledge management on banking sustaincapacity assessment, which has a value of 0.345 and 0.149, respectively.

3.2.4 Robustness Test Results

Based on the results of the sensitivity test in Table 3, it shows that with the addition of management control system dimensions consisting of IT control systems, whistleblowing systems, and complaint handling systems, it can increase the influence of the independent variable on the dependent in this study from 61.2% to 62.7%. This shows that companies that control their information technology systems, control fraud that occurs in the company, and pay attention to input from customers will be more sustainable than those that do not. With the advancement of technology and the current era of digitalization, banks must maintain tight control over information security in order to protect customer data (ISO 27001: 2013, 2021; Romney & Steinbart, 2018).

4 DISCUSSION

The test results of the descriptive statistical analysis showed that the average value of all the resulting variables showed that most of the respondents agreed or strongly agreed with the indicators given. This shows that the indicators given are in accordance with the results expected in this study.

Regarding the results of the convergent validity test, Table 1 shows that all variables in this study have a loading factor > 0.5, which indicates that all indicators used in this study are valid. Then, based on the AVE value, the variance of all indicators explained by the banking sustaincapacity assessment is 56.2%, enterprise risk management is 62.9%, management control systems as a package are 52.6%, digital banking transformation is 68.1%, and knowledge management is 73%. Based on the results of the composite reliacapacity test in Table 2, it shows that all the constructs studied are reliable, where each construct has a composite reliacapacity (CR) value of > 0.7 and a Cronbach alpha (CA) value of > 0.6. Furthermore, based on the results of the structural model analysis (inner model), it shows that each construct has an influence on the sustaincapacity banking assessment of 0.278 for enterprise risk management, 0.355 for
management control systems, 0.3 for digital banking transformation, -0.035 for enterprise risk management moderated knowledge management, -0.091 for moderated knowledge management control systems, and 0.14 for digital banking transformation moderated knowledge management. Furthermore, as measured by a total R-squared score of 0.627, this suggests a Sustaincapacity Banking (PSB) score of 62.7%, with a focus on enterprise risk management, management control systems as a package, and digital banking transformation. Formation can be described as: IP management. The remaining 37.3% are influenced by other uninvestigated variables. This indicates that the variables used in this study can affect the value of bank sustaincapacity ratings, which are very high in the Indonesian banking industry.

The findings of this study corroborate the work by O'Grady and Chris (2016), Becker (2014), Malmi & Brown (2008), which show that banks should respond to regulatory changes and demands from other stakeholders. Along with different types of MCS - executions that are executed to achieve set strategic objectives. The results of this study support those of Wijethilake et al. (2017) He notes that organizational change and its successes play a strategic role in institutional challenges and pressures on sustaincapacity, and that MCS plays a key role in the dynamics of institutional and regulatory change. I found This result indicates that banks are using his MCS as a more proactive response in developing control systems. Hypothesis test results then showed that the digital banking transformation of variables had a positive and important influence on the evaluation of sustaincapacity banking. Therefore, the hypothesis that digital banking transformation has a positive influence on banks' sustaincapacity ratings is accepted. This means that banks have taken digital transformation steps for corporate sustaincapacity. Banks are the most important institutions in the financial sector and need political action to keep their operations running smoothly. Prepare to enter the digital age, influencing the credibility and sustaincapacity of banks to face the challenges of the future. T.

The COVID-19 pandemic is having a digitally disruptive influence on banking organizations, a challenge that requires regulatory regulation to create a favorable competitive environment. The COVID-19 pandemic has accelerated digital service users, with one in three home users starting using digital services during the COVID-19 pandemic. Rapid digitization is forcing banks to make changes to ensure smooth and efficient operations. As time goes on, technology advances rapidly, so we need to create
an agile culture to face all the changes and challenges of the future. What is being felt now is the change and transformation banks are undertaking on several fronts, including:

(i) A culture that fosters inclusivity, diversity and innovation; (ii) focused, dedicated and competent staff; (iii) technology transformation, including data, automation and platforms; (iv) future workspaces, including physical and virtual workspaces, organizational collaboration and flexibility; The results of this study support those reported by Dootson et al. (2016), Kajetan et al. (2019), Remane et al. (2016) and El Sawy and Pereira (2013) found that companies that adopt digital technologies can reduce transaction costs, increase efficiency, enable digital banking transformation to improve banking presentation, and improve bank sustaincapacity. It suggests that important benefits can be achieved, such as improved sexual presentation. In theory, this transformation is one of the high expectations of stakeholders, as it can be explained that businesses should provide fast, secure, and simple services. In addition, structural changes will occur, allocating more resources to investment in information technology, especially in the area of information systems and technology, which play a key role in enabling digital transformation.

Finally, hypothesis testing results showed that knowledge management variables have negative and positive influences, as well as important and non-important independent variables, on the assessment of banking sustaincapacity. Therefore, the hypothesis that knowledge management could increase the influence of enterprise risk management, management control systems, and digital banking transformation on bank sustaincapacity assessments is rejected. The phenomenon that businesses face today when conducting banking operations is that they must comply with regulatory requirements. As such, there is no option to develop concepts and models according to business needs. This refers to the opinion Pritsch et al. (2008), that is, the quality of the instructions fosters the willingness to take risks, giving clear accounts of resources. According to Hagigi and Sivakumar (2009), influenceve risk management does not correspond to the entity's capacity to reduce or avoid risk, as well as the entity's capacity to develop risk strategies based on risk objectives and priorities. Since regulators supervise banking companies, banks always pay attention to their infrastructure to design and design control functions that allow the process to be carried out in collaboration with suppliers or advisors, so that management is only functional. Administrative instrument for the execution of these characteristics. Therefore, knowledge management is an important field in the learning
process of an institution; However, in a control management system, it is not only knowledge, but also creativity. Knowledge of the organization must be able to advance towards the organization itself; For the organization to survive, everyone in the organization must share knowledge.

5 CONCLUSION AND SUGGESTION

Findings on the Indonesian banking industry show that corporate risk management has an important positive influence on the sustain incapacity assessment of Indonesian banking. This proves that the better a bank implements enterprise risk management, the higher its sustain incapacity banking rating. Conversely, a bank's sustain incapacity rating will decline if its corporate risk management is poorly applied. The business management system as a whole has an important positive influence on the sustain incapacity assessment of Indonesian banking. Newly added aspects of the business control system, consisting of IT security system, whistleblower system and complaint management system, have an important influence on banks' sustain incapacity ratings from 61.2% to 62.7%. This study contributes to the findings by presenting the execution of management control systems as a whole, the higher the sustain incapacity rating of the banking system. Conversely, poorly implemented business management systems as a package will lower a bank's sustain incapacity rating. Likewise, the transformation of digital banking will have a positive influence on the sustain incapacity rating of Indonesian banks. The more digital banking is transformed, the higher the rating for sustain incapacity banking. Conversely, a decline in digital banking transformation will result in a lower rating for sustain incapacity banking. Regarding knowledge management, this variable cannot increase the influence of the independent variables on the bank's sustain incapacity rating. It is a bank management that enhances employee skills, competence, innovation and learning as well as managerial knowledge to maintain sustain incapacity in the world of banking, enabling them to compete for the benefit of the community. It shows that the commitment of the parties involved is also necessary. of the bank. A limitation of this survey is that relatively few respondents still hold board positions.
REFERENCES


