Nahdlatul Fikr
International Journal of Islamic Studies, Education, and Humanities
Volume 1, Number 2, (2025): April Edition
https://doi.org/10.5281/zenodo.21263943

From Queues to Clicks: A Case Study on Service Transformation Using Byond by Bank Syariah Indonesia

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Article History
Received: December 19, 2024 | Revised: March 20, 2025 | Accepted: April 10, 2025 | Published: April 30, 2025

Citation (APA Style)
Rizqiyah, B., Setiawan, J., Chasanah, K. R., Muzakky, M. R., & Abrahem, M. M. (2025). From queues to clicks: A case study on service transformation using Byond by Bank Syariah Indonesia. *Nahdlatul Fikr*, 1(2), 54–70.

Abstract

Background: Digital transformation has become a strategic priority for Islamic banks to improve service quality while maintaining compliance with *Sharīʿah* principles. Bank Syariah Indonesia (BSI) introduced the Byond application as an integrated digital banking platform to enhance customer experience and operational efficiency.

Methods: This study employed a qualitative case study at Bank Syariah Indonesia KCP Banjar. Data were collected through semi-structured interviews, observations, document analysis, and institutional publications, then analyzed using thematic analysis.

Results: The findings show that Byond has transformed banking services from a branch-centered model into an integrated digital ecosystem. The platform improves service quality by enhancing reliability, responsiveness, assurance, empathy, and digital user experience while simplifying transactions, increasing accessibility, and improving operational efficiency.

Discussion: The findings indicate that successful digital transformation is driven not only by technological innovation but also by the integration of service quality, customer trust, and *Sharīʿah* governance, which together strengthen the competitiveness and sustainability of Islamic banking.

Conclusion: Byond has improved Islamic banking services through efficient, customer-oriented, and *Sharīʿah*-compliant digital solutions, supporting sustainable banking development in Indonesia.

Novelty: This study proposes an integrated perspective demonstrating that digital transformation, service quality, *Sharīʿah* compliance, and customer trust are mutually reinforcing dimensions that shape the sustainability of Islamic digital banking.

Keywords: Bank Syariah Indonesia; Byond; Digital Banking; Islamic Banking; Service Transformation.

INTRODUCTION

The rapid advancement of digital technology has fundamentally transformed the global banking industry, reshaping how financial institutions deliver services, interact with customers, and establish sustainable competitive advantages. The transition from conventional banking to digital banking is no longer viewed merely as technological modernization but as a strategic response to changing customer expectations and the increasing demand for efficient, secure, and customer-oriented financial services. The emergence of Industry 4.0, characterized by the integration of artificial intelligence (AI), big data analytics, cloud computing, and the Internet of Things (IoT), has accelerated this transformation by enabling financial institutions to digitalize not only banking operations but also broader Islamic financial services and governance ecosystems (Aligarh et al., 2023; Adinugraha et al., 2024; Hakim et al., 2024; Ghobakhloo et al., 2024). These developments have equally influenced Islamic banking institutions, which are expected to remain competitive while preserving compliance with *Sharia* principles and ethical financial governance (Abdul et al., 2022; Avdukic & Asutay, 2024). In Indonesia, Bank Syariah Indonesia (BSI) has become one of the leading institutions driving digital transformation through the introduction of Byond by BSI, a digital banking super application designed to integrate diverse financial services within a single platform. Beyond facilitating financial transactions, the application aims to enhance operational efficiency, improve customer accessibility, and strengthen the competitiveness of Islamic banking while maintaining *Sharia* compliance (Assari, 2022; Hidayat & Kassim, 2024). Consequently, digital innovation has become an essential strategy for Islamic banks to sustain long-term growth and respond to the increasingly dynamic landscape of financial services.

Service quality has consistently been recognized as one of the most influential determinants of customer satisfaction, trust, and loyalty in the banking industry. According to Kotler and Fox (1995), service quality comprises five fundamental dimensions: reliability, responsiveness, assurance, empathy, and tangible evidence. In conventional banking, these dimensions primarily refer to employees' competence and physical service environments. However, within digital banking ecosystems, they evolve into broader indicators encompassing system reliability, application usability, cybersecurity, transaction accuracy, response speed, interface design, and the effectiveness of digital customer support (Silva et al., 2024; Liu et al., 2024). Reliability reflects the ability of digital platforms to perform transactions consistently without interruption, whereas responsiveness concerns the institution's capacity to resolve customer inquiries and technical issues promptly. Assurance is closely associated with customers' confidence in transaction security, privacy protection, and institutional credibility. Empathy is demonstrated through personalized digital services that accommodate individual customer preferences, while tangible evidence is represented by intuitive application interfaces and user-friendly digital experiences. For Islamic banks, these dimensions possess additional strategic importance because customers evaluate not only technological performance but also institutional commitment to transparency, ethical conduct, and *Sharia* compliance. Therefore, improving digital service quality has become a strategic priority for strengthening customer confidence and sustaining competitive advantage within the increasingly competitive Islamic banking industry (Ichsan et al., 2024; Wasim & Zafar, 2024; Warno et al., 2025).

The development of Byond by BSI represents a significant milestone in the digital transformation of Islamic banking in Indonesia. Rather than functioning solely as a mobile banking application, Byond has evolved into an integrated digital ecosystem that combines transactional banking, digital account opening, QRIS payments, cardless cash withdrawal, investment facilities, and other financial services within a unified platform. Such innovation reflects the broader global movement toward digital financial ecosystems capable of improving customer experience while expanding financial inclusion and operational efficiency (Kumala & Asutay, 2023; Alam & Miah, 2024). The acceleration of digital adoption following the COVID-19 pandemic further reinforced customers' preferences for remote banking services that offer convenience, flexibility, and uninterrupted accessibility regardless of geographical limitations (Hidayah & Anggraeny, 2023; Al-Shameri et al., 2024; Fitriyah & Adnan, 2025). Consequently, digital banking has become an indispensable instrument for Islamic financial institutions seeking to strengthen institutional resilience, reduce operational costs, and expand market reach. Nevertheless, the sustainability of digital banking innovation depends not only on technological sophistication but also on the institution's ability to provide reliable, secure, inclusive, and *Sharia*-compliant services that continuously satisfy evolving customer expectations.

Despite these opportunities, digital transformation also presents substantial challenges for Islamic banking institutions. The migration from branch-based services to digital platforms has intensified concerns regarding cybersecurity, personal data protection, system reliability, and customer trust, all of which significantly influence customers' willingness to adopt and continuously use digital banking services. Unlike conventional banking, where trust is often established through direct interpersonal interaction, digital banking requires customers to place confidence in technological infrastructure and institutional governance (Hipni, 2019; Ardi et al., 2024). Furthermore, Islamic banks encounter additional governance challenges because every technological innovation must remain consistent with *Sharia* principles, regulatory requirements, and ethical financial practices. The successful implementation of digital banking therefore depends on the effective integration of technological capability, institutional governance, and *Sharia* supervision to ensure that innovation enhances customer value without compromising religious compliance (Alam & Miah, 2024). These conditions demonstrate that sustainable digital transformation requires a balanced approach that integrates technological advancement, customer-oriented service quality, sound governance, and Islamic ethical values.

Although previous studies have examined digital transformation, digital banking adoption, *Sharia* governance, and financial technology within Islamic banking, empirical evidence regarding how an integrated Islamic digital banking platform enhances perceived service quality remains limited. Existing studies predominantly focus on technology adoption models, digital ecosystem development, governance frameworks, or institutional transformation, whereas relatively little attention has been devoted to evaluating how digital banking innovation influences the multidimensional quality of customer services in Islamic commercial banks (Rabbani et al., 2021; Abdurrahman, 2024). This gap is particularly important because service quality constitutes the primary mechanism through which digital innovation generates customer satisfaction, strengthens trust, and promotes long-term loyalty. Accordingly, this study investigates the role of Byond by BSI in improving digital banking service quality by examining its contribution to reliability, responsiveness, assurance, empathy, and digital tangible experience from customers' perspectives. The findings are expected to contribute to the growing literature on Islamic digital banking by providing empirical evidence regarding the relationship between digital platform innovation and service quality while offering practical recommendations for Islamic banking practitioners, regulators, and policymakers seeking to develop customer-centered, technologically advanced, and *Sharia*-compliant financial services capable of supporting the long-term sustainability and competitiveness of Islamic banking in Indonesia.

LITERATURE REVIEW

Banking institutions play a fundamental role in supporting economic development by mobilizing financial resources, facilitating investment, and promoting financial inclusion. Traditionally, banks function as financial intermediaries that collect funds from surplus units and redistribute them to deficit units through various financing mechanisms, thereby stimulating productive economic activities and improving social welfare. In Indonesia, the legal foundation of banking is established under Law No. 10 of 1998, which defines banks as business entities authorized to collect public funds in the form of deposits and redistribute them through credit or other financial services. Alongside conventional banking, the Indonesian financial system recognizes Islamic banking as an independent banking model operating under Law No. 21 of 2008 on Islamic Banking. Unlike conventional institutions that primarily rely on interest-based transactions, Islamic banks conduct their operations according to *Sharia* principles, which prohibit *riba* (interest), *gharar* (excessive uncertainty), *maysir* (gambling), and investments in unlawful (*haram*) business activities. Instead, Islamic banking emphasizes fairness, transparency, profit-and-loss sharing, and ethical investment as the foundations of financial intermediation. Financing products are implemented through contracts such as *murābaḥah*, *muḍārabah*, *mushārakah*, and *ijārah*, each designed to ensure that financial transactions remain linked to legitimate economic activities while promoting justice and mutual benefit between financial institutions and customers. Consequently, Islamic banking is distinguished not merely by the absence of interest but by its commitment to integrating commercial objectives with ethical responsibility, social welfare, and compliance with *Sharia* principles (Abdul et al., 2022; Hakim, 2023; Avdukic & Asutay, 2024; Hartini et al., 2025).

The advancement of digital technology has substantially reshaped the operational landscape of Islamic banking by encouraging financial institutions to integrate digital innovation into service delivery and customer engagement. Digital banking extends beyond the simple digitization of financial transactions; it represents the transformation of banking into an interconnected digital ecosystem capable of providing integrated, efficient, and customer-centered financial services. Through mobile applications, cloud-based systems, artificial intelligence, and data analytics, Islamic banks are increasingly able to improve operational efficiency while expanding financial access for broader segments of society. Nevertheless, digital transformation within Islamic banking differs from that of conventional banking because technological innovation must remain aligned with *Sharia* principles and institutional governance. Digital financial products, electronic contracts, automated transactions, and online investment services must therefore comply with Islamic legal requirements while maintaining transparency, accountability, and ethical standards. This dual commitment to technological advancement and religious compliance has become one of the defining characteristics of contemporary Islamic digital banking. Previous studies have demonstrated that successful digital transformation strengthens customer convenience, increases institutional competitiveness, expands financial inclusion, and supports the long-term sustainability of Islamic financial institutions. Accordingly, digital innovation should be understood not merely as technological adoption but as a strategic capability that integrates operational excellence, customer experience, and *Sharia* governance within a rapidly evolving financial environment (Kumala & Asutay, 2023; Darmawati et al., 2023; Abdurrahman, 2024; Hidayat & Kassim, 2024; Alam & Miah, 2024).

The effectiveness of digital banking innovation is ultimately reflected in the quality of services experienced by customers. Service quality has long been regarded as a critical determinant of customer satisfaction, trust, and loyalty because it shapes customers' evaluations of institutional performance and influences their continued intention to use banking services. The service quality framework developed by Kotler and Fox (1995) identifies five principal dimensions: reliability, responsiveness, assurance, empathy, and tangible evidence. Within digital banking environments, these dimensions have evolved considerably. Reliability refers to the ability of digital platforms to provide secure, accurate, and uninterrupted transactions, while responsiveness concerns the speed with which institutions resolve technical issues and respond to customer inquiries through digital channels. Assurance encompasses customers' confidence in data security, privacy protection, and institutional credibility, whereas empathy reflects the provision of personalized digital services that accommodate individual customer needs and preferences. Tangible evidence is represented by application design, interface usability, navigation efficiency, and the overall digital experience that shapes users' perceptions of service excellence. For Islamic banks, these dimensions extend beyond technological performance because customers also evaluate whether digital services consistently reflect *Sharia* values, ethical conduct, transparency, and institutional integrity. Consequently, improving digital service quality requires the integration of advanced technology, customer-oriented innovation, and effective *Sharia* governance to strengthen trust and maintain sustainable competitive advantage in the increasingly competitive Islamic banking industry (Silva et al., 2024; Ichsan et al., 2024; Liu et al., 2024; Wasim & Zafar, 2024; Warno et al., 2025).

The sustainability of digital Islamic banking depends not only on technological capability but also on the effectiveness of *Sharia* governance in ensuring that innovation remains consistent with Islamic legal and ethical principles. Unlike conventional digital banking, Islamic financial institutions are required to balance technological advancement with compliance mechanisms that safeguard the legitimacy of every financial transaction. This governance framework encompasses regulatory oversight, internal risk management, and the supervision of *Sharia* compliance through the *Sharia* Supervisory Board (SSB), whose role is to evaluate financial products, digital contracts, and operational procedures according to Islamic jurisprudence. The presence of an effective governance system enhances institutional credibility by ensuring that digital financial services are transparent, accountable, and free from practices involving *riba*, *gharar*, and *maysir*. In addition, rapid digitalization has increased the importance of cybersecurity, personal data protection, and system reliability because customer trust is largely determined by the perceived security and integrity of digital platforms. Consequently, Islamic banks are expected to integrate technological innovation with sound governance structures that

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International Journal of Islamic Studies, Education, and Humanities
Volume 1, Number 2, (2025): April Edition
https://doi.org/10.5281/zenodo.21263943

simultaneously strengthen operational efficiency, regulatory compliance, and customer confidence. Previous studies have emphasized that the successful implementation of digital Islamic banking requires a comprehensive governance framework in which technological innovation, ethical responsibility, and *Sharia* compliance operate as complementary rather than competing objectives (Elamer et al., 2020; Ichsan et al., 2024).

Although previous studies have extensively discussed digital transformation, *Sharia* governance, financial technology adoption, and the development of Islamic digital banking, several important issues remain insufficiently explored. Existing literature has primarily examined institutional digitalization, technology acceptance, regulatory compliance, and the strategic opportunities created by digital ecosystems, while relatively limited attention has been devoted to understanding how integrated Islamic digital banking platforms influence customers' perceptions of service quality. In particular, empirical evidence concerning digital super applications that combine comprehensive banking services within a single *Sharia*-compliant platform remains scarce, especially in the Indonesian context. Most previous studies have concentrated on organizational performance or technology adoption models without comprehensively examining how digital innovation enhances reliability, responsiveness, assurance, empathy, and digital tangible experiences from customers' perspectives (Rabbani et al., 2021; Abdurrahman, 2024). This limitation indicates the need for further investigation into the relationship between digital platform innovation and multidimensional service quality in Islamic banking. Accordingly, this study positions Byond by BSI as an empirical case for examining how digital transformation contributes to the improvement of service quality while maintaining *Sharia* compliance. By integrating the perspectives of digital banking innovation, service quality, and *Sharia* governance within a single analytical framework, this research extends the existing literature and provides practical insights for Islamic banking practitioners, regulators, and policymakers seeking to develop customer-centered, technologically advanced, and ethically sustainable digital financial services. The findings are also expected to enrich the discourse on Islamic digital banking by demonstrating that sustainable digital transformation is achieved not merely through technological adoption but through the successful integration of innovation, governance, customer trust, and adherence to *Sharia* principles.

METHODOLOGY

This study employed a qualitative case study design to investigate how the implementation of Byond by BSI has transformed digital banking services at Bank Syariah Indonesia (BSI). A qualitative approach was selected because it enables an in-depth exploration of participants' experiences, perceptions, and interpretations within their natural setting, thereby providing a comprehensive understanding of digital service transformation in Islamic banking (Creswell & Poth, 2018). The research was conducted at BSI KCP Banjar, Indonesia, which was purposively selected due to its active implementation of the Byond application and its accessibility for field investigation. The unit of analysis focused on the utilization of Byond as an integrated digital banking platform and its contribution to improving service quality while maintaining compliance with *Sharia* principles. Data were collected from both primary and secondary sources. Primary data were obtained through semi-structured interviews with bank employees responsible for digital banking operations and customers who had actively used the Byond application in their daily financial transactions. Informants were selected using

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purposive sampling to ensure that each participant possessed sufficient knowledge and practical experience relevant to the research objectives. Interviews were conducted either face-to-face or through online communication platforms and lasted approximately 30–60 minutes. The interview guide explored participants' experiences regarding application usability, transaction efficiency, service responsiveness, customer satisfaction, perceived security, and the implementation of *Sharia*-compliant digital banking services. To enrich the interview findings, non-participant observations were also undertaken to document the operation of digital banking services and customer interactions with the application. Secondary data were collected through a comprehensive review of academic publications, institutional reports, official regulations, and other relevant documents concerning Islamic banking, digital banking transformation, and the development of digital financial services in Indonesia. These complementary sources provided contextual information that supported the interpretation of empirical findings and strengthened the overall analytical framework of the study (Abdurrahman, 2024; Hidayat & Kassim, 2024).

The collected data were analyzed using thematic analysis following the six-stage analytical framework developed by Braun and Clarke (2006), consisting of data familiarization, initial coding, theme generation, theme review, theme definition, and report production. All interview recordings were transcribed verbatim before being carefully reviewed to identify meaningful statements relevant to the objectives of the study. Codes representing similar meanings were subsequently grouped into broader categories, from which major themes describing the transformation of digital banking services were developed. Observation notes and documentary evidence were integrated throughout the analytical process to enhance the depth and consistency of interpretation. The emerging themes focused on customers' experiences in using the Byond application, including perceptions of service efficiency, transaction reliability, digital accessibility, application usability, customer support responsiveness, data security, and confidence in *Sharia*-compliant financial services. Rather than testing predetermined hypotheses, thematic analysis enabled the researchers to identify patterns emerging directly from participants' narratives while maintaining close connections between empirical evidence and theoretical interpretation. This analytical approach is particularly appropriate for qualitative case studies because it provides flexibility in examining complex social phenomena and facilitates a comprehensive understanding of how digital innovation influences banking service transformation within the context of Islamic financial institutions (Braun & Clarke, 2006).

To ensure the credibility, dependability, and transparency of the research findings, several strategies for establishing trustworthiness were implemented throughout the study. Data triangulation was conducted by comparing information obtained from interviews, field observations, documentary analysis, and relevant institutional publications to verify the consistency of emerging findings. Throughout the analytical process, the researchers continuously compared evidence across different sources to minimize subjective interpretation and strengthen analytical rigor. Reflective field notes and analytical memos were also maintained to document methodological decisions, record emerging insights, and improve the transparency of the research process. Ethical considerations constituted another important aspect of the study. Before each interview, participants received a clear explanation regarding the objectives of the research and voluntarily provided informed consent to participate.

Confidentiality and anonymity were guaranteed by removing all personal identifiers from interview transcripts and reporting findings using anonymous participant codes. All research data were securely stored and utilized exclusively for academic purposes. Although this qualitative case study was conducted within a single branch of Bank Syariah Indonesia and therefore does not seek statistical generalization, it provides rich contextual evidence concerning the implementation of Byond by BSI and its contribution to the digital transformation of Islamic banking services. The methodological approach adopted in this study offers a rigorous foundation for understanding how digital innovation supports service improvement within *Sharia*-compliant banking institutions and may serve as a reference for future comparative or quantitative studies examining digital banking transformation in broader institutional settings.

RESULTS AND DISCUSSION

Digital Service Transformation through Byond by BSI: From Conventional Banking to an Integrated Digital Ecosystem

The findings demonstrate that the implementation of Byond by BSI represents a fundamental transformation in the delivery of Islamic banking services from a branch-oriented operational model to an integrated digital ecosystem. Prior to the introduction of Byond, most banking services remained dependent on face-to-face interactions, requiring customers to visit branch offices for account opening, financing administration, customer verification, and various non-financial services. Although BSI Mobile had previously facilitated basic digital transactions, its functionality was primarily limited to payment services, fund transfers, and account inquiries. Byond significantly expands these capabilities by integrating multiple banking services into a single digital platform that enables customers to access financial products, investment services, digital account management, and customer support through one application. Interviews with bank employees revealed that this integration has substantially reduced operational bottlenecks, shortened service delivery time, and improved transaction efficiency. Customers similarly reported that banking activities have become more flexible because transactions can be completed regardless of location or banking hours. These findings indicate that digital transformation within Islamic banking is no longer confined to the digitization of conventional services but has evolved into the development of a customer-centered digital ecosystem capable of providing comprehensive, accessible, and continuous financial services. This transformation reflects the broader evolution of Islamic banking institutions toward digital competitiveness while preserving their institutional identity and commitment to *Sharia* principles (Abdul et al., 2022; Aligarh et al., 2023; Kumala & Asutay, 2023; Abdurrahman, 2024; Hidayat & Kassim, 2024).

The empirical findings further indicate that Byond has transformed the nature of customer interaction with Islamic banking by simplifying service procedures and reducing dependence on conventional administrative processes. Customers explained that activities previously requiring multiple visits to branch offices can now be completed through digital verification and integrated online services. Bank officers also emphasized that the application has reduced service queues, minimized manual administrative workloads, and enabled employees to allocate more time to advisory and relationship-building activities rather than repetitive

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operational tasks. Consequently, digital transformation benefits not only customers but also enhances organizational efficiency and resource utilization. This shift illustrates that technological innovation functions as an organizational capability rather than merely a technological upgrade. The transition from branch-centered services toward digital interaction also strengthens institutional agility by allowing banks to respond more rapidly to changing customer expectations and technological developments. Such findings reinforce previous studies suggesting that digital transformation enhances operational effectiveness while creating more adaptive and customer-oriented banking institutions capable of sustaining competitiveness in an increasingly digital financial environment (Hakim, 2023; Ichsan et al., 2024; Abdurrahman, 2025).

The transformation identified in this study extends beyond operational efficiency to encompass the creation of an integrated digital banking ecosystem. Rather than functioning solely as a transaction platform, Byond combines financial transactions, account management, investment services, financing information, and customer communication within a unified digital environment. This integration reduces service fragmentation and provides customers with a seamless banking experience that is consistent with the principles of convenience, accessibility, and efficiency. Interview data indicate that customers particularly value the ability to complete multiple financial activities without switching between different applications or visiting branch offices. Bank employees likewise reported that integrated digital services improve data consistency, accelerate internal coordination, and facilitate more responsive customer service. These findings suggest that digital transformation should be understood as an institutional restructuring process in which technology supports organizational integration, operational efficiency, and customer engagement simultaneously. In this respect, Byond exemplifies how Islamic banking institutions can successfully combine technological innovation with service integration while maintaining ethical financial practices and compliance with *Sharia* values.

Table 1. Transformation of Banking Services Before and After the Implementation of Byond by BSI

Service Aspect	Before Byond	After Byond
Service model	Branch-centered services	Integrated digital ecosystem
Customer access	Limited by branch operating hours	Accessible anytime and anywhere
Transaction process	Manual and partially digital	Fully integrated digital transactions
Customer interaction	Face-to-face dominant	Digital self-service supported by customer assistance
Operational efficiency	Administrative procedures relatively longer	Faster, simpler, and more efficient
Service integration	Separate banking functions	Multiple banking services available within one platform
Customer experience	Transaction-oriented	Customer-centered digital experience

Source: Authors' analysis (2025).

The findings summarized in Table 1 demonstrate that the transformation initiated through Byond extends beyond technological modernization by fundamentally reshaping the delivery of Islamic banking services. The transition from fragmented and branch-dependent operations toward an integrated digital ecosystem enables customers to obtain faster, more flexible, and more comprehensive financial services while simultaneously improving institutional efficiency. This evidence also indicates that digital transformation in Islamic banking should be viewed as a strategic organizational process involving technological innovation, service integration, and customer-centered value creation rather than the simple introduction of new digital applications. Consequently, the implementation of Byond contributes to strengthening BSI's competitive position within Indonesia's increasingly digital financial sector by improving accessibility, operational responsiveness, and service continuity without compromising *Sharia* compliance. These findings support the argument that sustainable digital transformation is achieved when technological innovation is integrated with organizational capability, customer needs, and Islamic ethical principles, thereby establishing a resilient digital banking ecosystem capable of addressing the evolving expectations of contemporary financial service users (Abdurrahman, 2024; Barkah et al., 2024).

Improving Digital Service Quality through the SERVQUAL Dimensions

The empirical findings reveal that the implementation of Byond by BSI has significantly enhanced digital service quality across the five dimensions of the SERVQUAL framework: reliability, responsiveness, assurance, empathy, and tangible evidence. Interviews with customers consistently indicated that the application has simplified banking activities by providing a stable platform for financial transactions while reducing waiting times and administrative procedures commonly experienced in conventional banking services. Participants emphasized that routine activities such as fund transfers, balance inquiries, bill payments, QRIS transactions, and account monitoring can now be completed within minutes through a single integrated application. Bank employees similarly acknowledged that the migration toward digital services has reduced manual workloads, allowing customer service personnel to focus on handling more complex financial consultations rather than routine administrative requests. These findings suggest that digital transformation has shifted the focus of service delivery from transaction processing to customer experience management. Rather than evaluating service quality solely through physical interactions at branch offices, customers increasingly assess service excellence based on application performance, transaction accuracy, accessibility, and digital convenience. This finding is consistent with previous studies arguing that digital banking quality depends not only on technological capability but also on the institution's ability to deliver reliable and customer-oriented financial services through integrated digital platforms (Hidayat & Kassim, 2024; Ichsan et al., 2024; Wasim & Zafar, 2024; Warno et al., 2025; Abdurrahman, 2025).

Among the SERVQUAL dimensions, reliability emerged as the most influential factor affecting customer perceptions of service quality. Most interview participants reported that Byond provides consistent transaction performance, rapid processing time, and relatively stable system availability, enabling them to conduct financial activities with minimal interruption. Customers emphasized that transaction confirmation is received almost instantly, thereby increasing confidence in the application's operational reliability. The second important

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dimension is responsiveness, reflected in the bank's ability to provide prompt assistance through digital customer service channels whenever technical problems or transaction inquiries arise. Participants appreciated the availability of multiple communication channels that facilitate faster problem resolution without requiring visits to branch offices. Assurance was another dominant theme identified throughout the interviews. Customers expressed confidence in the application's security features, including authentication mechanisms, transaction verification procedures, and data protection systems that safeguard financial information. From the perspective of Islamic banking, assurance extends beyond technical security to encompass confidence that digital financial services remain fully compliant with *Sharia* principles. Meanwhile, empathy was reflected in the application's ability to accommodate diverse customer needs through intuitive navigation, personalized menus, and accessible digital services suitable for users with varying levels of digital literacy. Finally, the tangible dimension was represented by the application's modern interface, attractive visual design, organized dashboard, and user-friendly navigation, all of which contributed to a more satisfying digital banking experience. Collectively, these findings indicate that digital service quality is determined by the integration of technological functionality, customer-centered design, and institutional credibility rather than by technological sophistication alone (Alam & Miah, 2024; Hidayat & Kassim, 2024; Ichsan et al., 2024; Wasim & Zafar, 2024; Warno et al., 2025; Sari et al., 2025). To synthesize these findings, Table 2 summarizes how each SERVQUAL dimension was reflected in participants' experiences during their use of Byond by BSI.

Table 2. Improvement of Digital Service Quality Based on the SERVQUAL Dimensions

SERVQUAL Dimension	Empirical Findings
Reliability	Stable transactions, accurate processing, and consistent application performance.
Responsiveness	Faster customer assistance through digital service channels and reduced complaint resolution time.
Assurance	Secure authentication, protection of customer data, and confidence in *Sharia*-compliant transactions.
Empathy	User-oriented application design, personalized features, and accessibility for diverse customer groups.
Tangible Evidence	Modern interface, intuitive navigation, attractive visual appearance, and integrated digital features.

Source: Authors' analysis (2025).

The synthesis presented in Table 2 demonstrates that improvements in digital service quality are multidimensional and extend beyond technological efficiency. Customers evaluate digital banking services holistically by considering operational reliability, institutional responsiveness, security assurance, personalized experiences, and interface quality simultaneously. These dimensions interact to shape overall customer satisfaction and strengthen long-term relationships between customers and Islamic banking institutions. Bank employees likewise confirmed that improvements in digital service quality have reduced operational inefficiencies while increasing customers' willingness to adopt digital financial services. Such evidence indicates that digital transformation creates value not only by

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accelerating banking transactions but also by improving organizational responsiveness, strengthening customer trust, and supporting sustainable service innovation. Consequently, the implementation of Byond illustrates that the success of digital Islamic banking depends on the effective integration of advanced technology, customer-centered service quality, and *Sharia*-based governance. This finding extends previous research by demonstrating that digital service excellence is achieved through the interaction of technological innovation, organizational capability, and ethical banking principles rather than through technological investment alone. Therefore, the SERVQUAL dimensions remain highly relevant for evaluating digital Islamic banking performance because they capture both technological and relational aspects of service quality within an increasingly competitive digital financial ecosystem (Abdurrahman, 2024).

Sharia Compliance, Customer Trust, and the Future of Islamic Digital Banking

The findings indicate that the success of Byond by BSI is influenced not only by technological innovation and service quality but also by its ability to maintain *Sharia* compliance while strengthening customer trust. Interviews with both customers and bank employees consistently revealed that trust remains the primary determinant of continued use of digital Islamic banking services. Although respondents acknowledged the convenience and efficiency offered by the application, they emphasized that their willingness to conduct financial transactions through Byond largely depends on their confidence that all banking operations conform to Islamic principles. Customers perceived that the digitalization of Islamic banking should not merely replicate the services of conventional banks in an electronic format but should preserve the ethical values that distinguish Islamic financial institutions. Bank employees likewise explained that every digital product, financing facility, and transaction mechanism introduced through Byond is designed within the framework of existing *Sharia* regulations and institutional governance. Consequently, digital innovation is regarded as a mechanism for strengthening, rather than replacing, the ethical foundations of Islamic banking. These findings reinforce previous studies suggesting that the sustainability of digital Islamic banking depends on balancing technological advancement with *Sharia* governance, thereby ensuring that innovation remains consistent with Islamic legal principles while enhancing institutional credibility and public confidence (Elamer et al., 2020; Alam & Miah, 2024).

A prominent finding emerging from this study concerns the close relationship between *Sharia* compliance and customer trust in digital banking environments. Unlike conventional digital banking, where customer trust is primarily associated with cybersecurity, transaction reliability, and institutional reputation, trust within Islamic banking incorporates an additional dimension related to religious legitimacy. Interview participants stated that they were more willing to adopt and continue using Byond because they believed that its financial products, transaction mechanisms, and operational procedures had been developed under the supervision of competent *Sharia* authorities. Respondents also associated trust with the transparency of transaction records, the clarity of financing contracts, and the availability of secure authentication systems that protect personal and financial information. These findings demonstrate that trust is multidimensional, encompassing technological security, institutional integrity, regulatory compliance, and adherence to Islamic ethical principles. Furthermore, bank employees highlighted that continuous digital innovation must always be accompanied by improvements in governance, customer education, and information transparency so that

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customers fully understand the religious and operational legitimacy of digital banking services. Therefore, *Sharia* compliance functions not merely as a legal obligation but as a strategic organizational asset capable of strengthening customer loyalty and sustaining the long-term competitiveness of Islamic financial institutions. This finding extends earlier research by demonstrating that digital trust in Islamic banking is constructed through the interaction of technological capability, ethical governance, and institutional accountability rather than technological sophistication alone (Hidayat & Kassim, 2024; Wasim & Zafar, 2024; Warno et al., 2025). To summarize these findings, Table 3 presents the principal factors contributing to customer trust and the sustainable development of digital Islamic banking through Byond by BSI.

Table 3. Key Factors Supporting Sustainable Digital Islamic Banking through Byond by BSI

Strategic Dimension	Empirical Findings	Implications
Sharia Compliance	Digital services operate according to Islamic principles and institutional governance.	Strengthens religious legitimacy and institutional credibility.
Customer Trust	Customers perceive transactions as secure, transparent, and ethically accountable.	Encourages continued use and customer loyalty.
Digital Innovation	Integrated services improve accessibility, efficiency, and customer convenience.	Enhances operational competitiveness and service excellence.
Institutional Governance	Internal controls and *Sharia* supervision support accountable digital operations.	Maintains regulatory compliance and organizational sustainability.
Future Development	Continuous technological improvement accompanied by ethical governance.	Supports sustainable digital transformation in Islamic banking.

Source: Authors' analysis (2025).

The synthesis presented in Table 3 demonstrates that sustainable digital transformation within Islamic banking cannot be explained solely by technological advancement. Instead, the findings reveal a mutually reinforcing relationship between digital innovation, *Sharia* compliance, institutional governance, and customer trust. This integrated relationship constitutes the principal contribution of the present study. Previous studies have generally examined digital transformation, technology adoption, or *Sharia* governance as separate research domains, whereas this research demonstrates that these dimensions operate simultaneously in shaping digital service quality and customer acceptance of Islamic banking platforms. Accordingly, the implementation of Byond illustrates that digital Islamic banking should be conceptualized as an integrated ecosystem in which technological innovation is continuously aligned with ethical values, regulatory compliance, and customer-centered service delivery. This perspective contributes to the growing literature on Islamic digital banking by proposing that long-term institutional sustainability is achieved through the integration of innovation capability, governance quality, and public trust rather than through technological investment alone. From a practical perspective, these findings provide valuable implications for Islamic banking managers and policymakers by highlighting the importance of strengthening digital infrastructure, enhancing *Sharia* governance, improving digital literacy, and continuously developing customer-oriented innovations that preserve the ethical identity of Islamic banking while responding to the rapidly evolving demands of the digital financial ecosystem (Rabbani et al., 2021; Abdurrahman, 2024; Abdurrahman, 2025.

CONCLUSION

This study demonstrates that the implementation of Byond by BSI has fundamentally transformed the delivery of Islamic banking services from a conventional branch-centered model into an integrated digital ecosystem. The findings confirm that digital transformation extends beyond the adoption of new technology and represents a comprehensive organizational change that reshapes service delivery, customer interaction, and operational efficiency while maintaining adherence to *Sharia* principles. Through the integration of diverse banking services into a single digital platform, Byond enables customers to conduct financial transactions more efficiently, flexibly, and securely without being constrained by physical branch operations or banking hours. The study further reveals that digital transformation has strengthened institutional responsiveness by reducing administrative workloads, accelerating transaction processing, and improving the accessibility of Islamic banking services. Consequently, the research objective of examining how Byond transforms banking service delivery has been achieved, demonstrating that digital innovation functions as a strategic organizational capability that supports sustainable service development and enhances the competitiveness of Islamic banking institutions in Indonesia.

The findings further indicate that the improvement of digital service quality is reflected across the five SERVQUAL dimensions: reliability, responsiveness, assurance, empathy, and tangible evidence. Customers perceived the Byond application as reliable, secure, user-friendly, and capable of providing responsive and personalized financial services. More importantly, the study shows that customer trust is not determined solely by technological performance but also by confidence in the bank's commitment to maintaining *Sharia* compliance throughout its digital operations. This finding highlights that digital innovation and *Sharia* governance are complementary elements that jointly strengthen customer confidence, institutional credibility, and long-term service sustainability. The principal novelty of this research lies in proposing an integrated analytical perspective that combines digital transformation, digital service quality, *Sharia* compliance, and customer trust within a single conceptual framework. Unlike many previous studies that examine technology adoption, digital banking, or *Sharia* governance independently, this study demonstrates that the successful implementation of Islamic digital banking depends on the interaction among these four dimensions. Accordingly, the research contributes to the growing body of literature on Islamic digital banking by providing empirical evidence that sustainable digital transformation is achieved through the integration of technological innovation, ethical governance, and customer-centered service quality rather than technological advancement alone.

Despite these contributions, this study has several limitations that should be considered when interpreting the findings. The research adopted a qualitative case study approach focusing exclusively on BSI KCP Banjar, which provides rich contextual insights but limits the statistical generalizability of the results to other branches or Islamic banking institutions. In addition, the relatively limited number of participants means that the findings primarily reflect the experiences of selected customers and employees involved in the implementation of Byond. Future research is therefore encouraged to employ mixed-methods or quantitative approaches involving multiple branches of Bank Syariah Indonesia or comparative studies across different Islamic financial institutions to validate and extend the findings presented here. Further investigations may also examine the influence of digital literacy, financial inclusion, customer loyalty, and emerging technologies such as artificial intelligence, blockchain, and predictive analytics on the sustainability of Islamic digital banking. Such studies would enrich the understanding of digital transformation while providing broader theoretical and practical implications for strengthening the competitiveness, governance, and long-term development of Islamic banking in Indonesia and other Muslim-majority countries.

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