

Digital Transformation, Public Trust, and Banking Challenges: A Comprehensive Mixed-Methods Analysis

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ABSTRACT

Digital transformation creates both opportunities and challenges for banks. The study aims to analyze the challenges and opportunities of digital transformation and public trust in Makassar's banking sector and develop strategic recommendations to enhance its sustainability and competitiveness. By using a mixed-methods approach that combines qualitative and quantitative elements, this research explores various aspects, ranging from digital promotions, changes in consumer behavior, service quality, and collaboration between financial institutions. The SWOT analysis identifies strengths in effective promotion, opportunities in financial institution collaboration, weaknesses in service quality and digital education, as well as threats in infrastructure complexity and intensification of competition. Through the use of the MICMAC analysis tool, key factors are placed in the context of interdependence relationships and their impact on the banking system. The research results provide in-depth insight into the problems facing the banking sector in Makassar. A number of policy suggestions were proposed, including increasing digital promotion, digital financial literacy, collaboration with financial institutions, and continuous evaluation and monitoring. These policy recommendations can help the banking sector address digital transformation challenges and strengthen public trust. The SWOT and MICMAC analyses provide a foundation for developing effective strategies in the digital banking era.

Keywords: Digital Transformation, Makassar Banking, MICMAC Analysis, Public Trust, SWOT Analysis.

INTRODUCTION

The banking sector plays a crucial role in maintaining economic stability and supporting sustainable development (Korneev et al., 2023). In Indonesia, the importance of a resilient banking system became particularly evident during periods of economic uncertainty, including the global financial crisis. Government Regulation in Lieu of Law of the Republic of Indonesia Number 2 of 2008 concerning the Second Amendment to Law Number 23 of 1999 concerning Bank Indonesia represents a strategic milestone in strengthening financial system stability. This regulation was issued in response to the 2008

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global financial crisis, reflecting the government's commitment to addressing banking sector challenges and maintaining economic resilience (Financial Services Authority, 2013; Demirgüç-Kunt et al., 2021). It granted Bank Indonesia authority to provide short-term credit or financing based on Sharia principles to banks facing liquidity difficulties for up to 90 days, highlighting the importance of timely policy intervention to safeguard financial stability under dynamic economic conditions.

In recent years, the banking industry has experienced a significant transformation driven by technological advancement and the increasing adoption of digital financial services. The emergence of digital payment systems, mobile banking applications, internet banking, and other financial technologies has changed the way customers interact with banking institutions (Hazar & Babuşcu, 2023). These developments have created opportunities for greater efficiency and financial inclusion, while simultaneously introducing new challenges related to customer acceptance, service quality, cybersecurity, and public trust. Consequently, banking institutions must continuously adapt to evolving customer expectations and technological innovations in order to remain competitive and maintain long-term sustainability (Thakor, 2020; Ozili, 2021).

Makassar City, as one of Indonesia's major economic and financial centers, provides a relevant context for examining contemporary banking challenges. The city has experienced substantial growth in digital financial transactions and financial technology adoption, making it an appropriate setting for understanding the dynamics of digital transformation in the banking sector. Research conducted by Ramadhan et al. (2023) regarding public perceptions of the QRIS non-cash payment system highlights the importance of understanding and responding to changes in consumer behavior toward financial technology. Their findings provide valuable insights for developing effective marketing and promotional strategies that can enhance public acceptance of digital payment systems in the era of digital transformation. However, technological adoption alone is insufficient to ensure successful banking performance. Service quality remains a fundamental determinant of customer satisfaction and loyalty. Rahman et al. (2023) found that the service quality of Bank X Somba OPU Branch significantly influences customer satisfaction and contributes positively to customer loyalty. These findings emphasize the importance of maintaining high-quality services to strengthen customer trust and foster long-term relationships with financial institutions.

Beyond technological and service-related factors, consumer behavior in the banking sector is also influenced by psychological and personal considerations. Karim (2022) demonstrated that customer loyalty and decisions regarding banking preferences are shaped by various psychological factors that extend beyond functional service attributes. Understanding these psychological dimensions is increasingly important as customer expectations evolve alongside digital transformation. Trust, perceived security, habits, and personal preferences continue to influence customers' banking decisions and their willingness to adopt new financial technologies.

Although prior studies have explored digital payment adoption, service quality, and psychological factors in banking preferences, these variables are still examined separately (Karim, 2022; Rahman et al., 2023). Few studies integrate technological, service, psychological, and trust dimensions into a unified framework for analyzing banking challenges in Makassar (Ramadhan et al., 2023). In addition, most research remains quantitative, limiting its ability to capture complex stakeholder perceptions and interrelationships among factors. This gap indicates the need for a mixed-method approach that combines quantitative and qualitative insights to better identify the key determinants of banking performance and public trust.

To address this gap, the present study employs a mixed-method approach supported by SWOT analysis and MICMAC analysis to identify and prioritize key banking problems based on community perspectives. The integration of SWOT and MICMAC provides a novel contribution by not only identifying strengths, weaknesses, opportunities, and threats within the banking sector but also examining the influence and dependence relationships among critical factors. Through this approach, the study aims

to develop a comprehensive understanding of the challenges and opportunities associated with digital transformation and public trust in Makassar's banking sector, as well as to formulate strategic recommendations that can support the sustainable development and competitiveness of financial institutions in the region.

LITERATURE REVIEW

Digital Transformation in the Banking Sector

Digital transformation has become a strategic necessity in the banking industry, particularly in responding to technological developments and changing consumer behavior. The banking sector in Makassar faces challenges related to digital transformation and public trust, especially in adapting to financial technology innovations such as QRIS and digital banking services. Digital transformation is expected to improve efficiency, accessibility, customer satisfaction, and competitiveness in the financial sector. Broby (2021) explained that financial technology has significantly transformed banking services through digital payment systems, innovative service models, and customer-oriented platforms. Similarly, Windasari et al. (2022) found that digital-only banking experiences among Generation Y and Generation Z are strongly influenced by convenience, accessibility, and service personalization.

Digital transformation is also closely associated with sustainable banking practices and governance quality. Silalahi et al. (2023) emphasized that governance and regulatory mechanisms significantly influence green banking disclosure among Indonesian banks. Their findings indicate that stronger governance structures improve transparency and accountability in banking operations, which are essential for building public trust and supporting sustainable financial systems. Furthermore, Panjaitan et al. (2025) revealed that the implementation of green banking and Environmental, Social, and Governance (ESG) practices positively affects financial performance, suggesting that banks adopting sustainability-oriented strategies tend to achieve better organizational outcomes and stronger stakeholder confidence.

Public Trust in Banking

Public trust is a critical factor influencing the sustainability, reputation, and performance of banking institutions. A high level of trust encourages customers to continue using banking services, while a decline in trust can negatively affect customer retention and the overall stability of financial institutions. Public trust is often challenged by financial security incidents, service failures, and concerns regarding the reliability and transparency of banking operations. According to Van der et al. (2021), trust in financial institutions is shaped by prudent organizational behavior, transparency, financial stability, and service quality. Banks that consistently demonstrate responsible management practices and provide reliable services are more likely to maintain customer confidence and strengthen long-term loyalty. Therefore, building and preserving trust has become an essential strategic objective for banks operating in increasingly competitive and digitalized financial markets.

In the context of digital banking, cybersecurity and transparency play particularly important roles in strengthening customer trust. Alzoubi et al. (2022) explained that cybersecurity threats can significantly undermine customer confidence if banks fail to provide adequate protection for customer data and digital transactions. Concerns about fraud, data breaches, and online security risks may discourage customers from adopting digital financial services. Furthermore, Supriyanto et al. (2021) found that service quality significantly influences customer satisfaction, which subsequently affects customer loyalty and trust. These findings suggest that continuous improvements in cybersecurity measures, transparency, and service quality are essential for maintaining customer confidence and fostering long-term trust in banking institutions.

Consumer Behavior and Financial Technology Adoption

Changes in consumer behavior have significantly accelerated the adoption of digital financial services and banking technologies. Consumers increasingly demand transaction systems that are fast, secure, convenient, and accessible through digital platforms. The growing use of smartphones, internet services, and cashless payment methods has encouraged banks to continuously innovate and improve their digital offerings to meet evolving customer expectations. According to Kosim and Legowo (2021), several factors influence consumers' intention to use QR payment systems, including perceived trust, perceived risk, social influence, promotional benefits, and regulatory support. Their findings suggest that customers are more likely to adopt digital financial technologies when they perceive them as useful, secure, and easy to use. These factors highlight the critical role of trust and perceived value in encouraging the acceptance of digital banking services.

Karim (2022) further explained that psychological and personal factors strongly influence customer loyalty and banking preferences. Consumer decisions are not solely determined by technological convenience but are also shaped by emotional and psychological considerations, such as trust, habits, confidence, and perceived compatibility with financial needs. In addition, Sharma et al. (2020) found that internet banking adoption is positively influenced by performance expectancy, facilitating conditions, and social influence, while perceived risk negatively affects customer intentions to adopt digital banking services. These findings indicate that successful digital transformation in the banking sector requires not only technological advancement but also efforts to strengthen customer trust, reduce perceived risks, and provide a user-friendly digital experience that aligns with consumer expectations and financial behavior.

Service Quality, Banking Performance, SWOT, and MICMAC Analysis

Service quality remains one of the key determinants of customer satisfaction and loyalty in the banking sector (Islam et al., 2021). Customers expect responsive, reliable, and accessible banking services that support their financial activities efficiently. Rahman et al. (2023) revealed that service quality significantly influences customer satisfaction and positively contributes to customer loyalty in banking institutions. Banks that consistently provide customer-oriented services tend to maintain stronger customer retention and competitiveness (Gazi et al., 2025). Banking performance is also influenced by financial and operational indicators. Fadila et al. (2025) compared the performance of Islamic banks in Indonesia and Malaysia using the Islamic performance index and financial ratios. Their study found differences in performance efficiency and financial stability between Islamic banking institutions in both countries, highlighting the importance of effective financial management and operational strategies in improving banking performance. These findings indicate that service quality, financial performance, and operational efficiency are interconnected factors that contribute to customer trust and banking sustainability.

SWOT and MICMAC analyzes are commonly used strategic tools for identifying factors influencing organizational performance and policy development. SWOT analysis evaluates strengths, weaknesses, opportunities, and threats, while MICMAC analysis identifies the relationships and influence among variables within a system. Suryade et al. (2022) explained that MICMAC analysis helps determine trigger variables that have a strong influence on system performance. Variables such as lack of promotion, public trust issues, and global economic uncertainty often become critical factors influencing banking dynamics. Cheng et al. (2021) also argued that SWOT analysis enables organizations to formulate strategic responses systematically by maximizing strengths, overcoming weaknesses, utilizing opportunities, and mitigating threats. Through the integration of SWOT and MICMAC analyzes, banking institutions can develop more effective digital transformation strategies, improve service quality, and strengthen public trust to support sustainable banking development in the digital era.

RESEARCH METHODS

This research applies a mixed-methods approach that integrates both qualitative and quantitative elements to obtain a comprehensive understanding of banking dynamics in Makassar. The study employs multiple data collection techniques, including interviews, matrix questionnaires, and observation. Interviews are conducted to gain in-depth insights from customers and stakeholders, allowing the researcher to capture narratives, perceptions, and direct experiences related to digital banking services and public trust. In addition, matrix questionnaires are distributed to provide a quantitative dimension by collecting structured numerical data on the interrelationships among identified factors, which are then systematically analyzed. Observation is also utilized to complement the other methods by recording real-life behaviors, service interactions, and contextual conditions that may not be fully captured through interviews or questionnaires (Mazhar et al., 2021). The combination of these three techniques ensures a more holistic and reliable dataset for analysis.

To process the collected data, this study employs MICMAC (Matrix of Cross-Impact Multiplication Applied to Classification) analysis. MICMAC is used to identify and evaluate the degree of interdependence among variables, as well as to determine which factors have the most significant driving and dependent power within the system (Riniwati et al., 2023). Through this analysis, the study is able to map the structural relationships between key factors influencing banking performance and public trust in the context of digital transformation. Furthermore, SWOT analysis is applied to develop strategic directions by identifying internal strengths and weaknesses as well as external opportunities and threats (Sholihah, 2020). This analytical combination allows the research to not only identify key problems but also formulate practical and strategic solutions for improvement. This mixed-methods approach provides a robust analytical framework that integrates qualitative depth with quantitative structure. It enables a more comprehensive and contextual understanding of the challenges faced by the banking sector in Makassar while also supporting the development of effective and implementable strategies to strengthen digital transformation and public trust in financial institutions.

Figure 1 illustrates the research workflow that begins with observations and interviews to identify community complaints related to banking services in Makassar, which are then synthesized into 10 key influencing factors. These factors are further assessed through a matrix questionnaire distributed to banking employees, academics/researchers, and customer representatives, followed by a Focus Group Discussion (FGD) to determine the mode of responses. The validated data is then analyzed using MICMAC to identify interrelationships among variables and reduce them into 3 key driving factors. Subsequently, SWOT analysis is applied to formulate strategic solutions and policy recommendations, which are directed to government and banking stakeholders. The entire process ultimately leads to the achievement of research goals focused on strengthening banking performance, accelerating digital transformation, and enhancing public trust in the banking sector in Makassar.

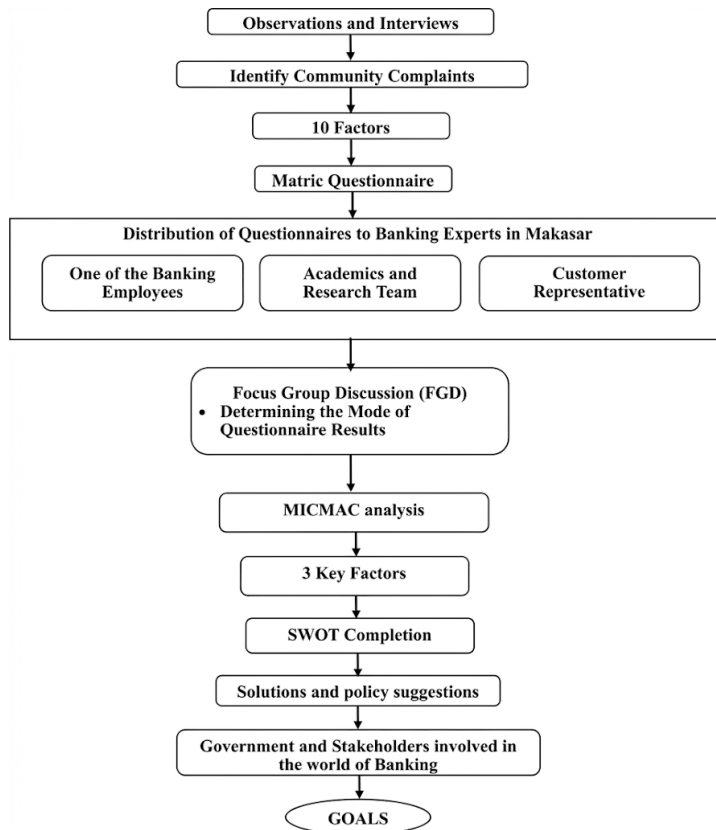


Figure 1. Analysis Plan

RESULTS

Observation and Interview Results

The results of interviews with stakeholders related to banking in Makassar illustrate a number of crucial problems faced by this sector. Respondents highlighted the challenges in increasing public trust in banking services, especially after several financial security incidents that affected several financial institutions. These incidents have heightened public concerns regarding the security and reliability of banking services, particularly in the context of increasing digitalization. As a result, strengthening trust has become a strategic priority for banks seeking to maintain customer confidence and encourage the adoption of digital financial services (Van der et al., 2023).

In addition, there are difficulties in overcoming changes in consumer behavior towards financial technology innovations, especially in adopting non-cash payment systems such as QRIS. Factors such as a lack of education regarding the security of digital transactions and a lack of effective promotion are the main causes of the low level of acceptance of new financial technology among the public. In addition, economic uncertainty caused by global conditions also puts additional pressure on local financial stability (Korneev et al., 2023). The interview results also revealed concerns regarding the quality of banking services, with complaints regarding long service times, limited access to banking services in certain areas, and a lack of ease in carrying out transactions (Islam et al., 2021). From the results of this interview, it can be concluded that banking problems in Makassar are not only related to technological aspects but also involve factors of public trust, education, and service quality, which require serious attention in formulating solutions and improvement strategies. The following are 10 factors that can be identified from public complaints about banking in Makassar.

Table 1. Factors, Abbreviations, and Descriptions

No	Long Label	Short Label	Description
1	Lack of Public Trust	LPT	Respondents reported low public trust in banking services following financial security incidents that damaged the sector's reputation. Trust is influenced by economic conditions, institutional behavior, consumer characteristics, and financial stability, while prudent management and quality service positively enhance public trust (Van der et al., 2021).
2	Changes in Consumer Behavior	CCB	This study highlights low user interest in QR payments despite growing financial technology innovation. User intentions are significantly influenced by factors such as business expectations, social influence, trust, perceived risk, regulatory support, promotional benefits, and demographic characteristics, including age and experience (Kosim & Legowo, 2021).
3	Lack of Digital Transaction Security Education	LDTSE	Empirical analysis indicates that business expectations, social influence, trust, perceived risk, regulatory support, promotional benefits, performance expectancy, facilitating conditions, and demographic factors significantly influence the behavioral intentions of QR payment users (Kosim & Legowo, 2021).
4	Lack of Promotion	LP	Limited promotion of the benefits and security of financial technology reduces public awareness of non-cash payment systems. Promotional activities and perceived usefulness significantly increase users' repurchase intentions toward e-wallet services (Fikri & Lisdayanti, 2020).
5	Global Economic Uncertainty	GEU	Global economic uncertainty creates challenges for financial stability, while differences in customer experiences across regions require banks to develop adaptive strategies that address diverse emotional, cognitive, and behavioral expectations (Bolton et al., 2021).
6	Unsatisfactory Service Quality	USQ	Complaints about service delays, limited accessibility, and transaction difficulties remain key concerns in banking services. Although service quality does not directly affect customer loyalty, it significantly improves customer satisfaction, which indirectly enhances loyalty (Supriyanto et al., 2021).
7	Community Education Level	CEL	Limited public understanding of banking products and services hinders participation in the banking sector. Service quality and religiosity positively influence saving intentions, highlighting the importance of improving bank performance to attract and retain customers (Febrian & Budiarto, 2023).
8	Infrastructure Conditions and Accessibility	ICA	Infrastructure and accessibility issues remain barriers to banking service adoption. Internet banking usage is positively influenced by performance expectancy, effort expectancy, social influence, and facilitating conditions, while perceived risk reduces adoption intentions and customer satisfaction (Sharma et al., 2020).
9	Intense Competition	IC	Intense competition requires financial institutions to adopt innovative strategies such as customer retention, customer acquisition, banking-as-a-service, and social media payment platforms. Despite digital transformation, trust remains a fundamental driver of banking success (Broby, 2021).
10	Lack of Cooperation between Financial Institutions	LCFI	Limited cooperation among financial institutions can reduce service efficiency and quality. Trust plays a crucial role in strengthening interbank relationships, facilitating funding activities, and enhancing collaboration within the financial system (Allen et al., 2020).

By identifying these factors in Table 1, banks can focus on strategic improvements to improve service quality, security, transparency, and responsiveness to customer needs. From these factors, a matrix questionnaire is made, which will be filled out by the experts. This assessment matrix will ask experts or stakeholders to provide assessment scores ranging from 0 to 3 for the columns in the questionnaire (Adegoriola et al., 2023). The following are the results of the matrix questionnaire, whose mode has been determined by the experts who filled out the questionnaire.

Table 2. Results of Completing the MICMAC Questionnaire: Dependency between factors

Variables	LPT	CCB	LDTSE	LP	GEU	USQ	CEL	ICA	IC	LCFI
1. Lack of Public Trust (LPT)	0	3	3	2	2	3	1	2	2	1
2. Changes in Consumer Behavior (CCB)	3	0	3	2	3	3	1	2	1	1
3. Lack of Digital Transaction Security Education (LDTSE)	3	2	0	2	1	2	2	3	1	1
4. Lack of Promotion (LP)	2	2	3	0	2	3	2	3	1	2
5. Global Economic Uncertainty (GEU)	2	2	2	1	0	1	2	2	3	3
6. Unsatisfactory Service Quality (USQ)	3	3	2	2	2	0	1	3	1	2
7. Community Education Level (CEL)	3	1	1	2	1	2	0	2	1	1
8. Infrastructure Conditions and Accessibility (ICA)	1	2	2	3	2	1	2	0	1	1
9. Intense Competition (IC)	2	2	1	2	1	2	2	2	0	3
10. Lack of Cooperation between Financial Institutions (LCFI)	3	2	1	1	2	2	1	2	3	0

Based on Table 2, the matrix questionnaire presented reflects expert assessments, with the values already processed using the mode of each response. The experts provide responses to the relationships between factors that are relevant in the context of this research. From their assessments, valuable insights and knowledge regarding the interactions and influences between these factors are obtained (Alam et al., 2023). The matrix questionnaire filled out by experts will be the basis for carrying out further analysis of interactions between factors (Ali et al., 2022). The results of filling out the questionnaire will be further analyzed by the system in the MICMAC application. The following are the results of the MICMAC analysis.

MICMAC Analysis Results

The results of the Direct Influence/Dependence Map in MICMAC analysis show that each factor's role can be identified, divided into four quadrants that describe the role of that factor (Suryade et al., 2022). Factors in quadrant one are trigger factors or have a direct influence on other factors in the system, play a key role in influencing overall system performance, and are the main focus of the analysis because of their significant influence on other factors (Sukwika, 2021). Identification of trigger factors helps determine the main driving factors to achieve research objectives, especially those related to coastal women's education and gender equality. With direct influence/dependence map analysis, factors are placed in other quadrants. Quadrant two shows factors that are strongly influenced by other factors but have a lower influence (Asnawi et al., 2020). Quadrant three shows factors that have low influence and low dependence (Ahmad et al., 2019). Quadrant four shows factors that are strongly interdependent without significant influence on other factors in the system (Sharma et al., 2021). Through understanding the interaction of factors, researchers can identify key factors that have a major influence on the system and formulate effective strategies.

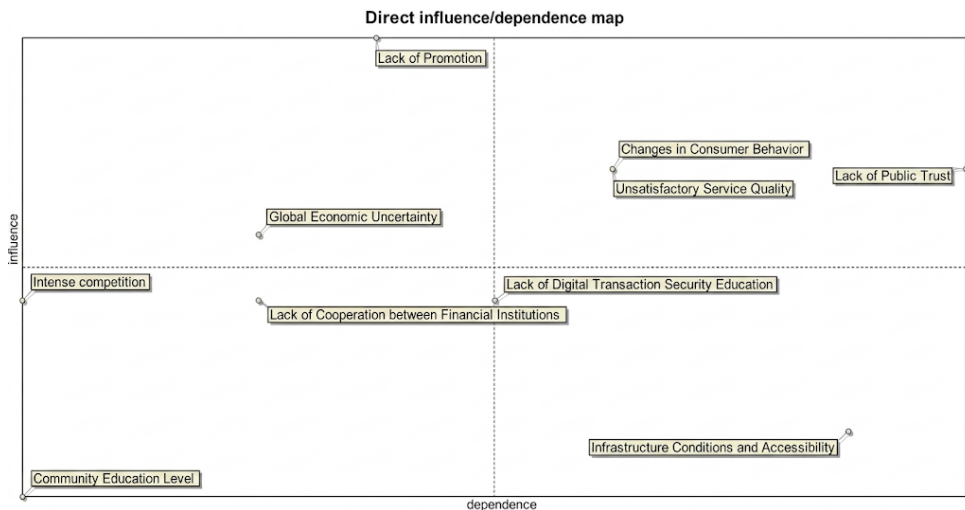


Figure 2. Influence and Dependency Map between Factors

The results in Figure 2, the MICMAC analysis, illustrate the complex structure of factors that influence banking problems in Makassar. From this analysis, factors can be identified that are the main triggers, influenced by interventions, or interrelated in the system. The placement of variables in MICMAC quadrants provides insight into the role of each factor in understanding and overcoming banking problems. The following is a summary of the results of the MICMAC analysis of banking problems in Makassar.

Table 3. Direct Influence–Dependence Classification

Rank	Direct Influence/Dependence Map		Information
	Variables	Quadrant	
1	Lack of Promotion	1	High Influence
2	Global Economic Uncertainty	1	High Influence
3	Changes in Consumer Behavior	2	Influence the system if it receives intervention
4	Unsatisfactory Service Quality	2	Influence the system if it receives intervention
5	Lack of Public Trust	2	Influence the system if it receives intervention
6	Lack of Digital Transaction Security Education	3	Influenced or impacted by other variables in the system
7	Infrastructure Conditions and Accessibility	3	Influenced or impacted by other variables in the system
8	Intense competition	4	Not significant in influencing system performance
9	Lack of Cooperation between Financial Institutions	4	Not significant in influencing system performance
10	Community Education Level	4	Not significant in influencing system performance

Table 3 shows, in the direct influence/dependence map analysis, several variables have been identified based on quadrants that show their role and influence on the system. Variables located in quadrant one, such as “Lack of Promotion” and “Global Economic Uncertainty,” show high influence and act as triggers in influencing system performance (Suryade et al., 2022). In quadrant two, variables such as “Changes in Consumer Behavior,” “Unsatisfactory Service Quality,” and “Lack of Public Trust” have quite a strong influence and can affect the system if they receive intervention (Sukwika, 2021). Variables in quadrant three, such as “Lack of Digital Transaction Security Education” and “Infrastructure Conditions and Accessibility,” are influenced or impacted by other variables in the system (Ahmad et al., 2019; Asnawi et al., 2020). Meanwhile, variables

in quadrant four, such as “intense competition,” “lack of cooperation between financial institutions,” and “community education level,” do not have a significant influence on influencing system performance (Sharma et al., 2021). The importance of recognizing and understanding the role of each of these variables helps in formulating intervention and development strategies to improve overall system performance.

SWOT Analysis Results of Key Factors

The results of this SWOT analysis are derivative results of the MICMAC analysis, where, for digital transformation in the Makassar banking sector, facing a number of factors that influence public trust, here 5 key factors are taken that can become the basis for renewable policies by stakeholders in the banking world:

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • Potential to increase trust through effective digital promotions. • Awareness of changes in consumer behavior allows strategy adjustments. 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • Lack of promotion can hinder system adoption and public trust. • Difficulty keeping up with changes in consumer behavior can reduce competitiveness.
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • Opportunities to expand reach and increase understanding through appropriate digital promotions. • Opportunities to face global challenges and take advantage of economic changes. • Opportunities to understand and respond to changing consumer behavior through innovation. • Opportunities to improve services and gain a competitive advantage. • Opportunity to build trust through transparency and positive interactions. 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • Weaknesses in promotions can give competitors an advantage. • Global economic uncertainty can create instability and risk. • An inability to adapt to changing consumer behavior can cause a company to fall behind. • Unsatisfactory service can lead to the loss of customers. • Public distrust can lead to a decrease in the number of customers and a poor reputation.

Figure 3. SWOT Analysis of MICMAC Results

Figure 3 illustrates that digital transformation in the Makassar banking sector presents both challenges and opportunities in building public trust. The strengths identified include the potential of digital promotion and awareness of changing consumer behavior, which can enhance transparency, customer engagement, and trust in banking services (Melović et al., 2020; Zulfahmi et al., 2021). However, limited promotional efforts and the inability to adapt to evolving consumer preferences remain key weaknesses that may hinder digital banking adoption and reduce competitiveness (Cheng et al., 2021).

The SWOT analysis further indicates that digital transformation offers significant opportunities for expanding customer reach, improving public understanding of banking services, and responding to global economic changes through innovation and adaptive strategies (Windasari et al., 2022). Nevertheless, inadequate promotion and slow adaptation to market changes pose substantial threats, potentially allowing competitors to gain advantages in the increasingly digital financial landscape (Pradhan et al., 2020). Therefore, effective strategies are required to strengthen public trust and support sustainable banking transformation.

Based on these findings, several policy recommendations are proposed. Banks should strengthen digital promotion through social media and emerging technologies while improving digital financial literacy and public awareness of transaction security to increase confidence in digital banking services (Fikri & Lisdayanti, 2020; Kosim & Legowo, 2021). In addition, stronger collaboration among financial institutions is needed

to create a more integrated financial ecosystem and improve service quality (Allen et al., 2020; Broby, 2021). Continuous monitoring and evaluation are also essential to ensure responsiveness to consumer needs, address service issues, and maintain long-term public trust in the banking sector (Supriyanto et al., 2021; Febrian & Budianto, 2023).

DISCUSSION

The results of this study indicate that banking problems in Makassar are strongly influenced by digital transformation challenges, public trust, and service quality. Based on interviews and observations, respondents expressed concerns regarding the low level of public trust caused by financial security incidents, limited understanding of digital transaction systems, and unsatisfactory banking services, such as long waiting times and limited accessibility. These findings are consistent with Van der et al. (2021), who explained that trust in financial institutions is closely related to prudent behavior, service quality, and financial stability. In addition, Rahman et al. (2023) emphasized that service quality significantly influences customer satisfaction and loyalty, which are essential for strengthening public confidence in banking institutions. This indicates that trust in the banking sector is not only shaped by financial performance, but also by customers' day-to-day experiences in accessing services and their perceptions of safety and transparency in digital transactions. Moreover, the persistence of these issues suggests that gaps in digital literacy and uneven service delivery continue to hinder the optimal adoption of banking innovations in the region.

The MICMAC analysis results revealed that “Lack of Promotion” and “Global Economic Uncertainty” are the most influential variables affecting the banking system in Makassar because they act as trigger factors within the system. Meanwhile, variables such as changes in consumer behavior, unsatisfactory service quality, and lack of public trust were categorized as influential factors that require strategic intervention. This finding supports the study of Kosim and Legowo (2021), which found that promotional benefits, perceived trust, and social influence significantly affect the intention to adopt digital payment systems. Furthermore, Sharma et al. (2020) stated that facilitating conditions and performance expectancy positively influence internet banking adoption, while perceived risk negatively affects customer intentions to use digital banking services.

The SWOT analysis further demonstrates that digital transformation provides both opportunities and threats for the banking sector in Makassar. Effective digital promotion and awareness of changing consumer behavior can become strategic strengths for improving public trust and competitiveness. However, weaknesses such as inadequate promotion, lack of digital financial literacy, and inability to adapt to technological changes may reduce customer confidence and institutional competitiveness. These findings align with Melović et al. (2020), who argued that digital transformation and digital marketing significantly improve brand positioning and electronic business performance. Therefore, banks in Makassar need to strengthen digital literacy programs, improve service quality, and enhance collaboration among financial institutions to support sustainable banking transformation and maintain public trust in the digital era.

The practical implications of this study suggest that banking institutions in Makassar need to prioritize an integrated strategy that simultaneously addresses trust-building, service quality improvement, and digital transformation readiness. Strengthening digital literacy programs for customers should be accompanied by continuous enhancement of cybersecurity systems to reduce perceived risk and increase confidence in digital banking services. In addition, banks are encouraged to redesign service processes to minimize waiting times and improve accessibility, both offline and online, while intensifying targeted digital promotion to increase public awareness and adoption of financial technologies. From a managerial perspective, collaboration between banks, regulators, and digital service providers is essential to create a more resilient and inclusive banking ecosystem that can adapt to global economic uncertainty and evolving consumer behavior (Shin & Cheng, 2023).

CONCLUSION

This study concludes that the banking dynamics in Makassar, analyzed through SWOT and MICMAC approaches, are shaped by several key strategic factors related to digital transformation and public trust. Effective promotion emerges as a major strength, as it enhances public awareness of banking services and supports efforts to strengthen trust, particularly in response to global economic uncertainty. However, weaknesses are identified in service quality and digital financial literacy, where limited digital security awareness and inconsistent service performance negatively influence customer perceptions and trust. On the other hand, collaboration among financial institutions represents a significant opportunity, as increasing economic pressures and competitive conditions encourage synergy, innovation, and efficiency in delivering financial services. Meanwhile, infrastructure complexity and intensifying competition are identified as key threats that require strategic anticipation, as they may hinder service optimization and slow down digital transformation efforts.

The main implication of this study is that banking institutions in Makassar must adopt an integrated strategy that simultaneously strengthens promotional effectiveness, improves service quality, and enhances digital literacy to build stronger public trust. Policymakers and banking practitioners are encouraged to prioritize collaborative initiatives and digital infrastructure development to ensure sustainable competitiveness in the financial sector. Despite its contributions, this study has several limitations. The analysis is primarily based on expert judgments and stakeholder perceptions, which may not fully represent the broader population of banking customers. Additionally, the use of MICMAC and SWOT provides a structural overview but does not measure causal relationships quantitatively. Future research is recommended to incorporate larger quantitative datasets and apply advanced statistical modeling, such as Structural Equation Modeling (SEM), to validate the relationships among variables. Comparative studies across different cities in Indonesia are also suggested to provide broader generalization and deeper insights into digital transformation and public trust in the banking sector.

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DECLARATION OF GENERATIVE AI STATEMENT: The authors declare that generative artificial intelligence (AI) tools were used only to assist in language improvement, grammar checking, and formatting during the preparation of this manuscript. All ideas, analyses, interpretations, and conclusions presented in this study are the original work and responsibility of the authors. The authors have carefully reviewed and validated all content to ensure the accuracy, integrity, and originality of the research.

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