

## TRANSPARENCY OF INFORMATION AS A FORM OF CONSUMER PROTECTION IN FINANCIAL SERVICES INDUSTRY (CASE STUDY ON LIVIN' BY MANDIRI MOBILE BANKING USER)

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**ABSTRAK:** Di masa pandemi Covid-19, layanan perbankan dituntut lebih akomodatif terhadap kebutuhan nasabah. Salah satu cara untuk memenuhi tuntutan tersebut maka perbankan harus mampu optimalkan pemanfaatan teknologi yang dimiliki. Sebagai salah satu Bank BUMN, Bank Mandiri telah memulai transformasi digital dengan diluncurkannya Livin' by Mandiri. Hal ini dipastikan dengan mengedepankan kemudahan akses, inovasi, dan keamanan data. Digitalisasi perbankan juga terbukti menjadi hal penting dalam penerapan inisiatif keberlanjutan Bank Mandiri. Digitalisasi membawa kemudahan dalam upaya mendukung pemulihan ekonomi pada masa pandemi, mendorong pengembangan UMKM, peningkatan inklusi keuangan masyarakat marjinal. Masalah yang dirumuskan dalam penelitian ini adalah tentang penerapan transparansi informasi kaitannya dengan perlindungan konsumen. Penelitian ini menggunakan metode analisis kuantitatif berdasarkan hasil kuesioner yang akan disebarluaskan kepada mahasiswa pengguna aplikasi Livin' by Mandiri. Variabel bebas penelitian adalah transparansi informasi dan variabel terikatnya adalah perlindungan konsumen. Hasil penelitian menunjukkan bahwa transparansi informasi produk perbankan dan transparansi informasi data pribadi nasabah memiliki pengaruh terhadap perlindungan konsumen.

**Kata kunci:** *transparansi informasi produk perbankan, transparansi informasi data pribadi nasabah, perlindungan konsumen, mobile banking*

**ABSTRACT:** *During the pandemic, banking services are required to be more accommodating to customer needs. One way to meet these demands is that banks must be able to optimize the use of their technology. As a state-owned bank, Bank Mandiri has started digital transformation with the launch of Livin' by Mandiri. This is ensured by prioritizing ease of access, innovation and data security. Banking digitalization has also proven to be important in implementing Bank Mandiri's sustainability initiatives. Digitalization makes it easier to support economic recovery during the pandemic, encourage the development of MSMEs, increase financial inclusion for marginalized communities. The problem that will be formulated in this research is the implementation of information transparency in relation to consumer protection. This research uses a quantitative analysis method based on the results of a questionnaire that will be distributed to students in Politeknik Negeri Jakarta who use the Livin' by Mandiri application. The research independent variable is information transparency and the dependent variable is consumer protection. The research results show that transparency of banking product information, transparency of consumer personal data have a significant impact on consumer protection.*

**Keywords:** *Transparency of banking product information, Transparency of consumer personal data, Consumer Protection, mobile banking*

## INTRODUCTION

During the Covid-19, banking services are required to be more accommodating to customer needs. One way to meet these demands is that banks must be able to optimize the use of their technology. Technology is an adaptive tool used to meet customer needs during the pandemic without physical contact with bank employees. In order to give the best service, banking industry must accelerate digital transformation plans by creating digital banking transaction systems (My Tens, 2022).

Digitalization also encourages the development of MSMEs, in addition to increasing financial inclusion for marginalized communities. Moreover, digitalization supports environmental conservation efforts by reducing paper and fuel use. Sustainability and digitalization cooperate to improve the economy, preserve the environment and improve people's welfare. Together with all components of the nation, Bank Mandiri continues to support the government in overcoming the pandemic and achieving the Sustainable Development Goals and Sustainability Report (BankMandiri, 2021).

One of the digital transformations carried out by Bank Mandiri is the Mandiri Mobile Banking application called Livin' by Mandiri which presents a consumer experience like a branch service in the palm of your hand specifically for retail consumers (<https://www.bankmandiri.co.id/> accessed 29 January 2024) provide digital single access services to consumer convenience and comfort in obtaining banking information. In terms of number of users, Livin' by Mandiri also continues to record an increase of 55% YoY in September 2023 to 21 million active users (<https://www.bankmandiri.co.id/> accessed 12 February 2024).

Nowadays, of the financial service providers still struggle with Product transparency issues (Widjiantoro et al., 2019). Giving the ideal condition of the various ease of access services provided and the high number of users, transparency is needed so that user rights can still be fulfilled. Although Mandiri have accomplished some achievement, Livin' by Mandiri is often asked to update apps. Therefore, the service operating system is erroneous or not functioning properly resulting in decreased consumer satisfaction in using this application due to slow responsiveness, or inconvenience in using some features (Aprianti et al., 2023)

Based on the review from consumer in Google Playstore, there are still many reviews of dissatisfaction with the performance of the Livin' by Mandiri application. Even though many people rated it 5 (five) stars, some of the consumers also gave 1 (one) star reviews. This shows that this application is not yet completely safe and private because the software still needs to be updated regularly. As a result, we can see that user rights have not been fully fulfilled so the implementation of consumer protection still needs to be improved.

Transparency is a core principle of Good Corporate Governance (Syofyan, 2021) which plays an important role in providing clarity regarding the risks and benefits inherent in banking Information disclosure is very important because transparency is the initial foundation of consumer relations between Financial Services Providers (<https://ojk.go.id/> accessed 12 February 2024). Transparency and openness and access to information on financial products and services is not only beneficial for society, but also give beneficial for Financial Services Providers. Transparency and openness of information will help the public in determining the choice of financial products and services to use according to their needs (<https://www.ojk.go.id/> accessed 12 February 2024).

Meanwhile, for Financial Services Providers, information disclosure can be a driving factor to win the competition by offering better quality financial products and services (<https://www.ojk.go.id/> accessed 12 February 2024) and (Ahimsa, 2022). Therefore, it is important for Bank

Mandiri as a Financial Services Providers to provide transparent information to its consumers regarding Mobile Banking service products, namely Livin' by Mandiri. This information must include product characteristics, benefits that can be obtained, risks that may occur, and technical steps that must be taken in dealing with changes at Livin' by Mandiri.

Problems between consumers and banks often begin due to an asymmetric information regarding the bank products. In this case, consumers tend to be in a weak position, in other words the bank has more control over the information about the products it issues. Therefore, there is a possibility for disputes to arise between banks and consumers due to gaps in information regarding the characteristics of bank products offered to consumers. As a result, consumers' rights to obtain complete, accurate, current and intact information are not fulfilled. Therefore, there is a need for transparent information regarding bank products to improve good governance in the banking sector. In fact, transparency and information disclosure as part of financial consumer protection have become a concern in the global financial context.

The majority of previous studies are theoretical studies in law perspective and do not directly researched the impact on respondents. Moreover, Consumer and Community Protection in the financial services provider which based on POJK no. 6 /POJK.07/2022 Article 2 already implemented in 2022. Thus, the gap and the uniqueness for this topic will increase knowledge regarding information transparency in the financial services sector, especially for banking sector.

With gaps still being explored regarding how to implement consumer protection in the Livin' by Mandiri application along with increasing the number of users.

Therefore, this research aims to: find out the the Impact of information transparency as a form of consumer protection in financial services providers, especially for users of the Livin' by Mandiri application. This will be linked to applicable regulations as a basis for determining problems and solutions that will be needed, PBI No.7/6/PBI/2005 concerning Transparency of Bank Product Information and Use of Consumer Personal Data and POJK No. 6 /POJK.07/2022 Article 2 concerning Consumer and Community Protection in the financial services Provider.

## **THEORETICAL FRAMEWORK AND HYPOTHESES**

### **a. Transparency and Openness of Information**

Is the principle that prioritizes clarity, accuracy, truth and no potential for misleading information regarding products and/or services either before, during or after the product and/or service is used by consumers, including the delivery of data and /or accurate information, as well as an explanation of the risk of loss that may arise due to certain causes (Explanation of POJK No. 6 /POJK.07/2022). Transparency is important for public companies because it is related to good corporate governance (GCG) (Syofyan, 2021). In this case, transparency of information to consumers is in the form of conveying what information consumers need to know about a product. The information that consumers must know about products is not only when the consumer has chosen to buy or join one of the products, but transparent information must be clearly conveyed by the bank before the consumer agrees to purchase or participate in a product.

One of the information delivery methods that is often used by banks is advertising media for introducing their products to the public in order to influence people's tendencies to use their products. The higher the level of information transparency, the greater the impact investors will have on decision making (Almilia & Budisusetyo, 2017). The Ideal transparency of information in banking is interpreted as balancing between the public interest in access to information and the protection of the bank's business. One of the strategic efforts in maintaining this balance is implementing

regulations for Law Number 14 of 2008 concerning Openness of Public Information specifically for banking by the Financial Services Authority which is based on the Implementation of Good Corporate Governance and the Implementation of Risk Management (Risk Management) in every business process implementing public information disclosure (Irianto & Ispriyarso, 2016).

#### b. Consumer Protection

In the financial services sector, the completeness and correctness of information is an important factor for consumers before determining their attitude in purchasing or using a financial product and/or service. If information is not conveyed completely and correctly, consumers cannot be sure whether the financial products and/or services they use are in accordance with their desires and needs (Financial Services Authority, 2017). The OJK's role in terms of consumer protection is in the form of consumer complaint services which include preparing adequate equipment, creating a consumer complaints mechanism, and facilitating complaint resolution.

In order to implemented an effective consumer and public protection, maintain consumer trust, and ensure compliance with statutory provisions, this Financial Services Authority Regulation stipulates that Financial Services Business Actors (PUJK) must fulfill the principles of Consumer and Public Protection, namely educate consumer for adequate, openness and transparency of product and/or service information, fair treatment and responsible business behavior, protection of consumer assets, privacy and data, as well as effective and efficient complaint handling and dispute resolution. Fulfillment of these principles is carried out in design activities, providing and delivering information, marketing, preparing agreements. Not only providing services for the use of products but also services, and handling and

resolving consumer complaints and disputes.

In accordance with POJK No. 6 /POJK.07/2022 Article 2 that Consumer and Community Protection in the financial services sector applies the following principles:

- [1] Adequate education;
- [2] Openness and transparency of information;
- [3] Fair treatment and responsible business conduct;
- [4] Protection of Consumer assets, privacy and data; And
- [5] Effective and efficient complaint handling and dispute resolution.

#### c. Mobile Banking

Usually abbreviated as m-Banking, known as banking transaction via mobile phone either in the form of an m-Banking application or a mobile operator's default application (<https://sikapiuangmu.ojk.go.id/> accessed 4 February 2024). Mobile banking is the first step in the evolution of banks into financial service providers (FSP). In the current digital era, the majority of people already use m-Banking for various daily activities because of the many conveniences and various services provided in one stop access.

Bank Mandiri as a public company continues to transform digital banking services. Livin' by Mandiri is present as a refinement of the Mandiri Online application to increase consumer convenience and comfort in accessing the company's banking services in the bank 4.0 era. The Livin' application is an electronic channel facility from Bank Mandiri, which can be accessed and used by Bank Mandiri consumers or prospective consumers using a smartphone (minimum iOS 12 or Android 7) by following the Livin' Terms and Conditions. Livin' by Mandiri contains the meaning of a friend or close friend who can be relied on for an easier and happier life (<https://www.bankmandiri.co.id/> accessed 4 February 2024).

As previously mentioned, there is still no previous research that has actually examined a similar topic. The majority are limited to theoretical studies. However, we summarize several previous studies which became a reference for our study, including Irianto & Ispriyarso (2016) who researched the practice of partially disclosing information to the

public before the issuance of Law Number 14 of 2008 concerning Public Information Openness. This legal product of public information disclosure is contrary to ethical principles in banking (especially limitations on providing information) and other legal products

Nurdin's research (2018) is normative research that examines consumer protection laws as contained in the UUPK. The research results show that the laws and regulations in the banking sector are generally in accordance with the regulations regarding consumer protection as regulated in the UUPK. So that consumer protection regulations in the banking sector can be used as benchmarking for the development of consumer protection in other sectors, and can also be used as input for changes to the UUPK. Sari Permata (2020) examines the importance of knowledge about consumer protection in the financial services sector. Christpratama et al., (2020) prove the influence of the legal system, economic development, inflation, cultural factors, size of the board of directors, proportion of independent directors, and ownership concentration on the level of disclosure in three countries, namely Indonesia, Singapore and Thailand, while Syafitri, (2021) examines the responsibilities of the Financial Services Authority (OJK) when disputes occur in the financial services sector. Only Ahimsa's research (2022) is closer to the topic, namely digging deeper into the transparency of principle information regarding financial products and/or services, based on domestic regulations and international best practices. So, based on the description of findings and theories through preliminary studies, we developed a hypothesis as follows:

- H1 Transparency of banking product information impacts on consumer protection
- H2 Transparency of consumer personal data impacts on consumer protection

consumer protection

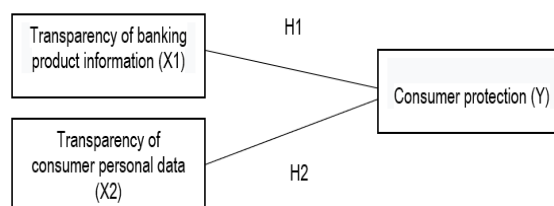


Figure 1. Hypotheses

**METHOD**

The object of this research is not only Information transparency of banking products, but also personal information transparency on Consumer Protection. The population in this study is all customers using the Livin Mandiri application with the number of population members unknown. The author uses the unknown population formula (Zahrowati and Suparwati, 2018). This formula is used for samples with an unknown population with an error rate of 5% and a confidence level of 95%. Sample calculation as follows:

$$n = \left( \frac{Z_{\alpha} \cdot \sigma}{e} \right)^2$$

- n = Number of samples
- Z<sub>α</sub> = Degree of coefficient 1,96
- σ = Standard deviation 0,25
- e = Standard error 5% = 0,05

Due to the unknown population formula, the sample size can be calculated as follows:

$$n = \left( \frac{1,96 \times 0,25}{0,05} \right)^2$$

$$n = 96,04 = 96$$

As calculated, the sample in this study was 96 respondents. However, researchers wanted to see a more even impact, the sample used was 100 people. Furthermore, the technique used for sampling in this research is a probability technique using random sampling. Consequently, that the entire population has the opportunity to be sampled by collecting respondents' answers using a 1-5 Likert scale. The reason for selecting Politeknik Negeri Jakarta student respondents is because the majority of Politeknik Negeri Jakarta students use Bank Mandiri accounts for paying tuition

fees and sending scholarship funds.

Data analysis in the research is descriptive statistics and multiple linear regression consisting of validity and reliability tests. Followed by the classic assumption test to describe the criteria that provide assurance that the regression equation obtained is accurate in estimation, unbiased, and consistent. The classic concept assumption test consists of the normality test, multicollinearity test and heteroscedasticity test. After the classic assumption test, namely the multiple linear regression analysis test. Furthermore, the final test for temporary presumptions in this research is the hypothesis test, this test consists of the T Test (Partial), F Test (Simultaneous) and coefficient of determination.

## RESULTS AND DISCUSSION

The stage in this testing is instrument data testing which includes validity and reliability tests. The validity test can be considered valid if the calculated R shows a number that is greater than the R table (0.1654). This research shows that the validity test on each variable produces a calculated R that is greater than the r table, then all variables in this study are valid. Moreover, according to Ghazali (2016:48) if the Cronbach's Alpha value is greater than 0.60 (60%), and the three variables' values are greater than 0.60 or can be said to be reliable.

If the data can be said to be valid and reliable, the research continues with classical assumption tests which include normality, multicollinearity and heteroscedasticity tests. This research produces an Asymp. Sig value of 0.073, where this value is greater than 0.05, so it can be said that the data in this research is normally distributed. The next test is the multicollinearity test, where in this research it is said that there is no multicollinearity because the two X variables produce a Tolerance value greater than 0.10 and the VIF value for the two X variables shows a value

smaller than 10. Finally, the classic assumption test is the heteroscedasticity test, The test in this study produced values for each variable increased.

Variable	t	Sig	F	Sig	R-Square
(Constant)	2,080	0,000	53,756	0,000	0,526
Transparency of banking product information (X1)					
	2,612	0,01			
Transparency of consumer personal data (X2)					
	6,057	0,00			

**Table 1.** Result of T test, F test and The Coefficient of Determination Test

*Source: data processed, 2024*

### **Transparency of banking product information on the consumer protection**

Based on the results, it shows that transparency of bank information has a significant impact on consumer protection. This shows that Livin Mandiri has provided bank product information in a transparent, adequate disclosure of information on banking products and easy way for customers to access anywhere and anytime regarding the risks, standards and conditions that apply to several products. For example, mutual fund investment product which offered on the Livin application. Therefore, by providing complete and transparent information, information asymmetry can be avoided and consumer protection for Livin Mandiri users can be

### **Transparency of consumer personal data on the consumer protection**

From research result can be explained that transparency of consumer personal data has a significant impact on consumer protection. The personal data that customers usually provide to the bank is identity that is needed only for the purposes of financial transactions with the bank. In this case, before the Livin application can be used, customers are asked to fill in a written consent column regarding the purpose and consequences of providing and/or disseminating the customer's personal data to other parties. This kind of agreement tend to increasing the protection of customers' personal rights in dealing with bank.

### **CONCLUSION**

From the research findings, it can be concluded that transparency of banking product information has a significant impact on consumer protection. Thus, openness of information regarding banking products is needed to avoid the possibility of irregularities that could bring consumer detriment. transparency of consumer personal data has significant impact on consumer protection. Furthermore, transparency of consumer personal data has a significant impact on the consumer protection providing that bank also can handle data carefully in order to guarantee the consumer protection.

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