

The Effect of Digital Marketing Communication in Opening Letter of Credit at Bank Bni Bandung

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Abstract

This article explores the impact of digital marketing communication on the opening of letters of credit at Bank BNI, a leading bank in Indonesia. Digital marketing communication, the use of digital channels to communicate with customers and promote products, has become increasingly popular among businesses, including in the banking industry. The study aims to investigate the relationship between digital marketing communication and the number of letters of credit opened at Bank BNI. The article provides a literature review on banking, marketing, digital marketing, digital marketing communication, and letters of credit. The research methodology will include data collection, sources of data, methods of data collection, sampling strategy, and data analysis techniques. The findings of this study could provide valuable insights into the effectiveness of digital marketing in the banking industry, which can be used to develop more effective marketing strategies to attract and retain customers.

Keywords: *Digital Marketing, Marketing Communication, Letter of Credit*

I. INTRODUCTION

Digital marketing communication has become increasingly popular among businesses in recent years. With the growth of technology, digital marketing has opened up new opportunities for companies to reach their target audiences more effectively and efficiently. Digital marketing is the use of digital channels, such as search engines, social media, email, and mobile devices, to promote a product or service and connect with a target audience" (Chaffey & Ellis-Chadwick, 2019). One of the areas where digital marketing has had a significant impact is in the banking industry, specifically in opening letters of credit.

Bank BNI is a leading bank in Indonesia. According to a report by Euromonitor International, Bank BNI has been recognized as the second-largest bank in terms of total assets in Indonesia in 2020 (Euromonitor International, 2021). Bank has embraced digital marketing as a means of communication with its customers. Through its website, social media platforms, and mobile application, Bank BNI has been able to communicate more effectively with its customers and provide them with a better user experience. However, the impact of digital marketing communication on the opening of letters of credit at Bank BNI has not been fully explored.

The opening of letters of credit is an essential aspect of banking services, particularly for international trade, understanding the impact of digital marketing communication on the opening of letters of credit at Bank BNI can provide valuable insights into the effectiveness of digital marketing in

the banking industry. This information can be used to develop more effective marketing strategies that can help banks like Bank BNI to attract and retain customers in a highly competitive market. Digital marketing communication can provide banks with valuable data and insights into their customers' behaviors and preferences. This information can be used to develop more targeted marketing campaigns and improve the bank's overall customer engagement and satisfaction.

This study aims to investigate the effect of digital marketing communication on the opening of letters of credit at Bank BNI. Specifically, the study will explore the relationship between digital marketing communication and the number of letters of credit opened at Bank BNI. The study will also examine the role of different digital marketing channels, such as social media, email marketing, and mobile application, in influencing the opening of letters of credit.

II. LITERATURE REVIEW

a. Bank

Surya and Asiyah (2020) defined a bank as a financial institution that accepts deposits from customers and provides various financial services, such as loans, investment, and payment services. They further noted that banks play a critical role in the economy by facilitating the allocation of capital and liquidity, which supports economic growth and development.

According to Fitria, Munawar, and Pratama (2021), a bank provides financial services, and facilitate payment transactions. They also note that with the advancement of technology, banks now offer digital banking services such as internet banking, mobile banking, and SMS banking to cater to the changing needs of customers.

b. Marketing

According to Kotler, P. & Armstrong, G. (2022). Marketing is the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return. While Grewal, D., Levy, M., & Mathews, S. (2020), stated that Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

c. Digital Marketing

According to Kotler et al. (2019), digital marketing involves the use of various digital channels and technologies to create, communicate, deliver, and exchange offerings that have value for customers, clients, partners, and society at large.

In addition, digital marketing enables companies to collect vast amounts of data on customer behavior and preferences, which can be used to personalize marketing messages and improve the effectiveness of their marketing campaigns. The authors also highlight the importance of integrating digital marketing with other marketing channels to create a cohesive and effective marketing strategy.

d. Digital Marketing Communication

Digital Marketing Communication is the practice of using digital channels to communicate with customers, build relationships, and promote products or services. According to Kaur and Arora (2020), digital marketing communication includes a range of activities such as social media marketing, email marketing, content marketing, influencer marketing, and mobile marketing. The authors argue that digital marketing communication has become increasingly important in today's digital age, as it allows businesses to reach customers across multiple channels and engage with them on a more personal level.

Moreover, digital marketing communication enables businesses to track and analyze customer behavior and preferences, allowing them to create personalized marketing messages that resonate with their target audience.

d. Letter of Credit

According to Al-Amaren, Ismail, and Nor (2020), a letter of credit is a financial instrument commonly used in international trade transactions to reduce the risk for both the buyer and the seller. It is a guarantee issued by a bank that ensures the seller will be paid for their goods or services, provided that they meet the terms and conditions specified in the letter of credit.. It serves as a type of payment assurance for both the buyer and the seller, ensuring that the buyer will receive the goods or services they ordered and that the seller will receive payment for those goods or services. In the context of Bank BNI, a letter of credit would refer to a specific product or service offered by the bank in which it issues letters of credit for its customers engaging in international trade or other transactions that require payment guarantees.

RESEARCH PARADIGM

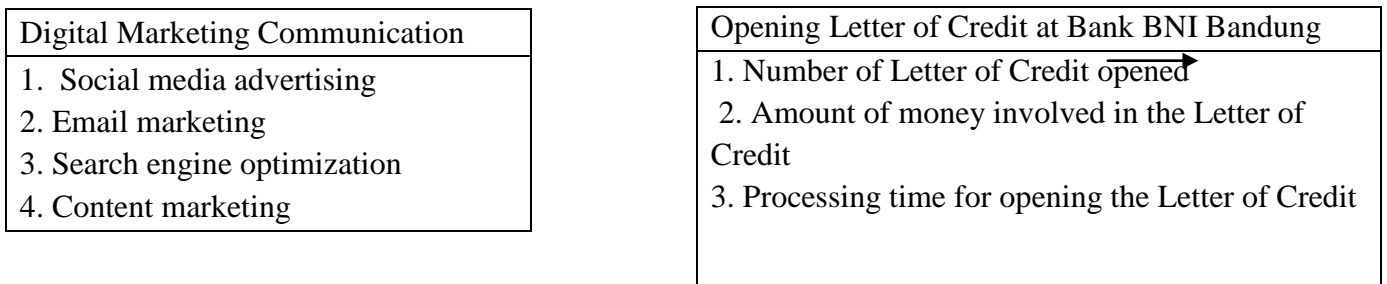


Figure 1. Research paradigm showing the relationship between variables

OPERATIONAL VARIABLE

Independent Variable: Digital Marketing Communication

Variable	Dimension	Indicator	Scale
Digital Marketing Communication	Reach	Social media advertising	Number of social media impressions, clicks, and engagement
Digital Marketing Communication	Direct response	Email marketing	Number of email opens, clicks, and conversions
Digital Marketing Communication	Visibility	Search engine optimization	Google search engine rankings, click-through rates, and organic traffic
Digital Marketing Communication	Content quality	Content marketing	Number of content shares, downloads, and backlinks

Figure 2. Operational Variable of Independent Variable

Dependent Variable: Opening Letter of Credit at Bank BNI Bandung

Variable	Dimension	Indicator	Scale
Opening Letter of Credit at Bank BNI Bandung	Quantity	Number of Letters of Credit opened	Count of Letters of Credit
Opening Letter of Credit at Bank BNI Bandung	Financial value	Amount of money involved in the Letter of Credit	The monetary value in IDR
Opening Letter of Credit at Bank BNI Bandung	Speed	Processing time for opening the Letter of Credit	Number of days or hours

Figure 3. Operational Variable of Dependent Variable

The operational variables table provided above consists of the independent and dependent variables for the research topic, "The Effect of Digital Marketing Communication in Opening Letter of Credit at Bank BNI Bandung". For each indicator, the table lists the variable, dimension, indicator, and scale used to measure the operationalized variable. The dimension refers to the specific aspect of the variable being measured, such as the type of social media platform used in social media advertising or the amount of money involved in the Letter of Credit. The scale refers to the numerical scale used to measure the indicator, such as the number of Letter of Credit opened or the amount of money involved in Indonesian Rupiah.

III. RESEARCH METHODOLOGY

According to Kadam and Bhalerao (2020), research method is the process of deciding the overall research approach that includes the type of data to be collected, sources of data, methods of data collection, sampling strategy, and data analysis techniques

In this study, the researcher used descriptive research design. Fraenkel and Wallen (2019) define descriptive quantitative research as a method that involves collecting and analyzing data in a way that aims to provide a rich, detailed, and comprehensive description of the phenomenon being studied. This method is used to explore complex issues, gather information about participants' perspectives, and understand their experiences, feelings, and thoughts. In line with Fraenkel and Wallen, Ary et al. (2020) stated that it involves collecting data through observations, interviews, and other qualitative methods such as questionnaires.

IV. RESULTS AND DISCUSSIONS

Path Analysis Results Using Smart PLS-SEM

Measurement Model Results (Outer Model)

The measurement model relates the latent variable to the observable variable. In this research, four latent variables are assessed using twenty-two indicators. Based on the Partial Least Square estimating approach, a complete path model diagram is generated, as illustrated in the picture below:

Validity test

a. Convergent Validity

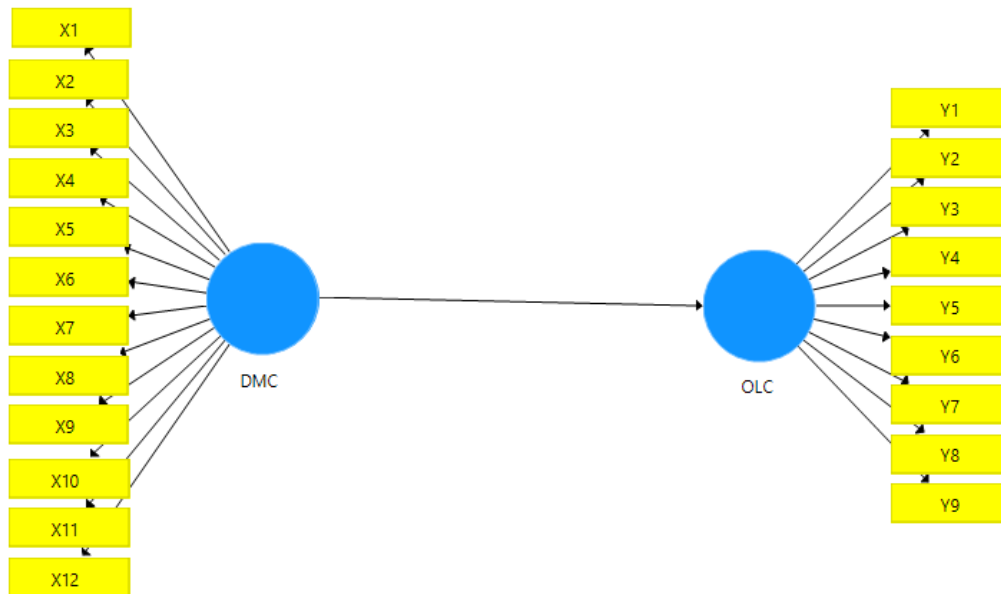


Figure 4.1 Outer Model
(Source: Researcher’s Processed Data)

The following are the findings of the convergence validity test, which contain the loading factor and AVE value for each study variable.

The following are the findings of a convergent validity test conducted using the SmartPLS version 3.2.9 software.

Table 4.1 Results of Convergent Validity

Variables	Indicators	Outer Loading	P Values	Conclusion
Digital Marketing Communication (X)	X ₁	0.592	0.000	Valid
	X ₂	0.785	0.000	Valid
	X ₃	0.760	0.000	Valid
	X ₄	0.650	0.000	Valid
	X ₅	0.741	0.000	Valid
	X ₆	0.876	0.000	Valid
	X ₇	0.745	0.000	Valid
	X ₈	0.591	0.000	Valid
	X ₉	0.758	0.000	Valid
	X ₁₀	0.720	0.000	Valid
	X ₁₁	0.605	0.000	Valid
	X ₁₂	0.625	0.000	Valid
Opening Letters of Credit (Y)	Y ₁	0.765	0.000	Valid
	Y ₂	0.840	0.000	Valid
	Y ₃	0.651	0.000	Valid

	Y ₄	0.795	0.000	Valid
	Y ₅	0.837	0.000	Valid
	Y ₆	0.756	0.000	Valid
	Y ₇	0.844	0.000	Valid
	Y ₈	0.800	0.000	Valid
	Y ₉	0.826	0.000	Valid

(Source: Researcher Analyses using SmartPLS 3.2.9 Software)

For convergent validity testing, outer loading or cross-loading factor values are used. According to (Ghozali, 2014), convergent validity is deemed satisfactory if the outer loading indicator is more than 0.70. However, the outer loading value between 0.5 and 0.6 is deemed adequate to fulfill the convergent validity criterion. Table 4.6 reveals all indications have an outside loading of higher of 0.5 and between 0.5 and 0.9. This indicates that the indicator has been deemed valid for research purposes and may be utilized for further study.

Testing the AVE value for each research variable is another way for validating the research variables. If the AVE value is more than 0.5, the items in a variable have enough convergent validity. The following is a convergent validity test with AVE, as shown in Table 4.22:

Table 4.2 Average Variant Extracted (AVE)

Variable	AVE
Digital Marketing Communication	0.503
Opening Letter of Credit	0.628

(Source: Researcher’s Processed Data)

Table 4.21 above shows that the AVE values of Digital Marketing Communication and Opening Letter of Credit are > 0.5. Thus, each variable has good convergent validity.

b. Discriminant Validity

The cross-loading value is used to evaluate discriminant validity. An indicator is said to have discriminant validity if the value of the cross-loading indicator on the variable is the highest among other variables. Table 4.23 contains the cross-loading value for each indicator:

Apart from comparing AVE values and their relationships, discriminant validity may also be determined by examining cross-loading values.

Table 4.3 Results of Discriminant Validity (Cross Loading)

	Digital Marketing Communication	Opening Letter of Credit
X ₁	0.592	0.416
X ₂	0.785	0.513
X ₃	0.760	0.539
X ₄	0.650	0.258
X ₅	0.741	0.536
X ₆	0.876	0.655
X ₇	0.745	0.500

X ₈	0.591	0.429
X ₉	0.758	0.618
X ₁₀	0.720	0.513
X ₁₁	0.605	0.328
X ₁₂	0.625	0.503
Y ₁	0.653	0.765
Y ₂	0.688	0.840
Y ₃	0.285	0.651
Y ₄	0.564	0.795
Y ₅	0.589	0.837
Y ₆	0.379	0.756
Y ₇	0.548	0.844
Y ₈	0.460	0.800
Y ₉	0.621	0.826

(Source: Researcher’s Analyses Using SmartPLS v.3.2.9 Software)

According to Table 4.22, each indication in the research variable has a greater cross-loading value on the variables it creates than others. Based on the acquired findings, it can be concluded that the indicators used in this research have high discriminant validity.

c. Reliability Test

The reliability test in Partial Least Squares (PLS) may use either Composite Reliability or Cronbach's Alpha. A variable is considered trustworthy if its composite reliability value is more than 0.70, and its Cronbach alpha value is more significant than 0.60 .

The following table summarizes the reliability test results obtained using the SmartPLS software version 3.0.

Table 4.4 Results of the Reliability Test

	Cronbach’s Alpha	Critical Value	Composite Reliability	Critical Value	Conclusion
Digital Marketing Communication (X)	0.908	> 0.60	0.923	> 0.70	Reliable
Opening Letter of Credit (Y)	0.926		0.938		Reliable

(Source: Researcher’s Analyses Using SmartPLS v3.2.9 Software)

According to the reliability tests in Table 4.23, the Composite Reliability and Cronbach's Alpha values for each variable are more than 0.70 and 0.60, respectively, indicating that the data has a high degree of reliability. All variables’ items included in the study’s questionnaire may be inferred as accurate or consistent.

Structural Measurement (Inner Model)

The measurement of the structural model (inner model) has the aim of testing the influence of other latent variables. In PLS, it can be measured using R-Square (R²) and path coefficient. The structural model test was carried out by considering the R² value of the endogenous latent construct (dependent) and the t-value of each exogenous (independent) latent variable on the endogenous latent

construct from the bootstrapping results. The following is a path diagram of the inner model in this study:

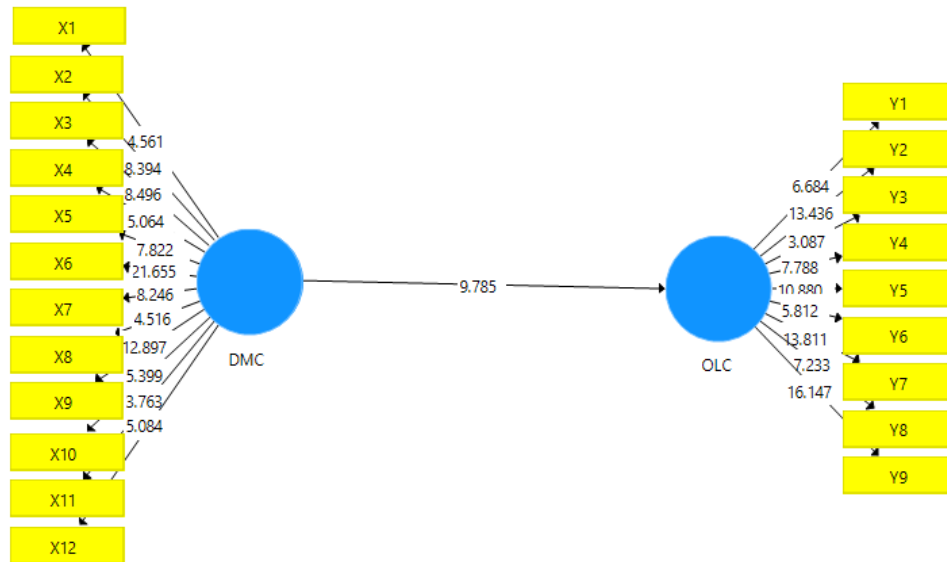


Figure 4.2 Inner Model Bootstrapping

(Source: Researcher’s Analyses Using SmartPLS v3.2.9 Software)

a. Path Coefficient

Based on the inner model shown in Figure 4.12, it is possible to explain that the influence of Digital Marketing Communication on Opening Letters of Credit is significant with a path coefficient value of 9.785.

According to the explanation of these findings, the variables in the inner model have a positive route coefficient. The bigger the path coefficient value from the independent variable to the dependent variable, the greater the effect of the independent factors on the dependent variable.

b. R-Square (R²)

According to Hamdalah (2020), the R-Square value is the endogenous construct's coefficient of determination. According to Chin and Ghazali (2013), the R² value of 0.67 or higher for endogenous latent variables in the structural model indicates that the influence of exogenous variables on endogenous variables falls into the "good" category. If the result falls between 0.33 and 0.67, it is classified as medium, and if it falls between 0.19 and 0.33, it is classified as weak. Based on R-Square testing, the following conclusions were reached:

Table 4.5 R-Square Results

Variable	R-Square
Opening Letters of Credit	0.491

(Source: Researcher’s Analyses Using SmartPLS v3.2.9 Software)

The R-Square value for the variable measuring the continuance use intention is 0.491, which is in the medium category.

c. Predictive Relevance

Q Square is used to evaluate how well the observed values produced by the model and parameter estimations correspond to the estimated values. If the value of Q Square is less than 0, the model has less predictive significance; however, if it is more than 0, the model has predictive relevance. Using the following formula, the inner model test with predictive relevance is computed:

$$Q^2 = 1 - (1 - R_1^2)(1 - R_2^2) \dots (1 - R_p^2)$$

$$Q^2 = 1 - (1 - 0.492^2)$$

$$Q^2 = 0.242$$

According to the formula applied above, the predictive relevance value is 0.242, which is more than 0 and indicates that the model has a meaningful predictive value.

4.1. Hypotheses Test

According to Sugiyono (2019: 220), the research hypothesis is a provisional solution to the formulation of a research topic that must be validated by the acquired data. To test the hypothesis, it is important to compare the t-statistic value (to) with the t-table value (t), where the t-table value in this research is 1.96 and acceptance of the hypothesis is contingent on the following conditions:

Table 4.6 Hypotheses Testing Results

Variable	Original Sample (o)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistics (o/STDEV)	P values	Result
Digital Marketing Communication > Opening Letter of Credit	0.701	0.751	0.073	9.666	0.000	H ₁ Accepted

(Source: Researcher’s Analyses Using SmartPLS v3.2.9 Software)

The following is an explanation of the hypothesis based on Table 4.25 above:

The Effect of Digital Marketing Communication on the Opening Letters of Credit

As the above table shows, the research significance value on hand is 9.666 > 1.96, the significance level is 0.000, less than 0.05, and the path coefficients value is positive 0.701, indicating that the link between Digital Marketing Communication is significant and in the positive direction. Therefore, this research concludes that the level of Digital Marketing Communication impacts the Opening Letter of Credit.

V. CONCLUSION

The study demonstrates good convergent validity, as indicated by the AVE values for Digital Marketing Communication and Opening Letter of Credit exceeding 0.5. The reliability tests confirm the high degree of data reliability, with Composite Reliability and Cronbach's Alpha values surpassing 0.70 and 0.60, respectively, indicating accurate and consistent questionnaire items. The path coefficient analysis reveals a significant positive influence of Digital Marketing Communication on Opening Letters of Credit, with a path coefficient value of 9.785. The discriminant validity analysis supports the conclusion that the indicators used in the research have high discriminant validity. The R-Square value for the variable measuring the continuance use intention is 0.491, indicating a medium level of influence.

Furthermore, the predictive relevance value of 0.242 indicates meaningful predictive value in the model. The hypotheses test demonstrates that the link between Digital Marketing Communication and Opening Letter of Credit is significant and positive, leading to the conclusion that the level of Digital Marketing Communication impacts the Opening Letter of Credit.

VI. REFERENCES

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