ABSTRACT

The development of financial technology or also known as fintech has changed the financial industry globally, including in Indonesia. Fintech offers various innovations that allow financial services to be more accessible to the wider community. However, the rapid growth of fintech also raises questions about its impact on conventional banking, particularly in terms of financial performance.

Taking into account the current economic dynamics and digitalization trends, this study aims to provide insights into the interaction between fintech and conventional banking and its implications on banks' financial performance. This analysis is important to assist conventional banks in formulating effective adaptation strategies in the digital era.

The research method used quantitative method with multiple linear regression analysis to determine the relationship between the independent variables, namely mobile banking, internet banking, and SMS banking, and the dependent variable, namely bank financial performance ratios such as ROA, ROE, and NIM.

The results of this study are mobile banking has a significant positive effect on ROA, while internet banking and SMS banking do not have a significant positive effect on ROA. Likewise, mobile banking, internet banking, and SMS banking have no significant positive effect on ROE and NIM.

It is hoped that the results of this study can be an evaluation for conventional banking companies to innovate appropriately in order to compete with competitors in providing digital services for customers to create convenience for customers. At the same time, it is expected as a consideration for policy makers as a consideration in establishing appropriate regulations and support for banks that want to adopt fintech.

Keywords: *conventional banking, fintech, financial performance, regression analysis, ROA, ROE*