

BUSINESS COMMUNICATION SYSTEMS IN BANKING COMPANIES:

A LITERATURE REVIEW

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Abstract

The key elements of communication are harmony and understanding between the communicator and the communicant during the communication process. Communication is more than just conveying information from one person to another. However, it serves as a guide for coordinating all ongoing activities within a particular business. The importance of communication in an organization cannot be ignored because this is crucial to achieving success in a company. Without effective and efficient communication, company success will be difficult to be achieved. It is very important that communication is established between government agencies and society to create a stronger synergy between them. This will help any organization to achieve success and promote a dynamic market. In the banking industry, many national and international banks are actively providing credit, making the current loan agreements even more critical.

Keywords: *Business Communication. Banking Companies*

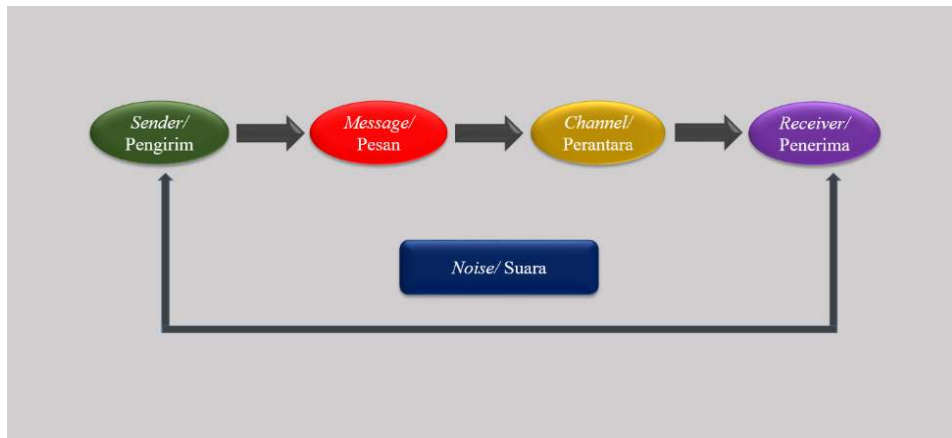
A. Introduction

In many areas of human life, communication plays a crucial role. One of these fields is the economic sector, particularly the business or banking sector. Based on the opinion of Solihin (2014) in the era of conceptual, where creativity, productivity, and contribution are the most valued qualities, communication has an important role in everyday life. Therefore, competition becomes increasingly difficult because human interaction is indispensable in various fields of life. In addition, Rozalena (2020) also explained that the communication process must include two or more individuals by transferring messages from one person to another through spoken or written language and various non-verbal symbols.

Some experts state that communication is a continuous process that involves the exchange of ideas, thoughts, and feelings between speakers and listeners both orally and written to create meaning and understanding between two or more people. Furthermore, Rozalena (2020) also explains that the function of communication is to manifest what is in our minds and perceptions. As a result,

communication between one person and another is not always constant. The functions of communication are very important for everyday life. One of those functions is as a medium for self-actualization, maintaining physical health, increasing awareness, and conveying one's abilities effectively. Moreover, Safitri (2011) also describes that communication is a person's capability to produce precise and accurate information. In line with Safitri, Saurabh & Chattopadhyay (2013) also explain that communication plays a very crucial role in transferring information in every organization. To communicate effectively members within an organization must get satisfaction in the communication activities within the organization.

To have effective communication, one should fulfill several components of communication. The figure proposed by Kajmakova (2008) below explains those components:



Picture 1. Process of Communication and its components adapted from Kajmakova (2008)

Based on the picture above, the communication process must fulfill several components, namely the sender that sends the message either verbally or in written form, then there must be a message to be conveyed, a channel or intermediary which can be in the form of electronic or human media, then one other important component in the communication process is the receiver, which is an individual who receives data or messages in the communication process which is then represented as noise or sound.

Communication is needed in daily life including in the banking industry. The way of communication can be one of the indicators of the success or failure of the bank itself. The figure below shows the importance of communication in supporting consumers' satisfaction with the bank industries around the world.

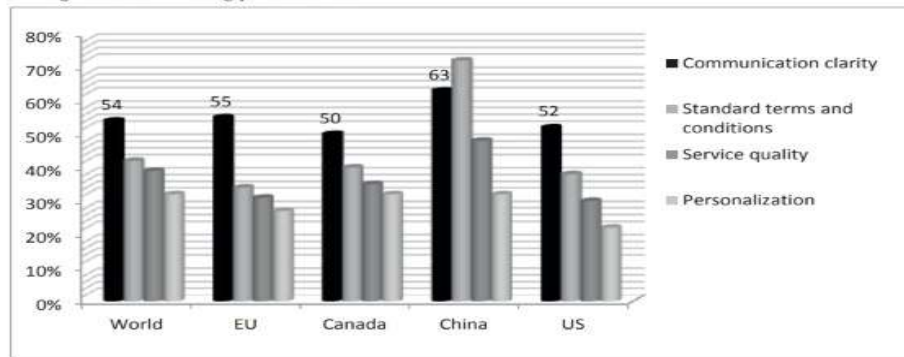


Fig. 2: Satisfaction improvement main ways in customers' opinion
 Source: Global Consumer Banking Survey 2012 (Ernst & Young, 2012).

Figure 2. Global Consumer Banking Survey (2012) Ernst & Young (2012).

Based on the opinion of Erns & Young (2012) regarding the Global Consumer Banking Survey, it has been proven that the communication system in the banking world occupies the top level of the indicator influencing consumers' satisfaction. Therefore, communication is considered paramount in determining the success or failure of the banking business.

In today's highly competitive business environment, specifically in the era of globalization, business people hope to improve their position in the midst of the intensity of competition and interests. A business company that is unable to face the competition and improve its qualifications in society will collapse sooner or later. When the economy and business strategies continue to deteriorate, businesses must develop strategies and good communication practices to maintain the safety of their operations and to be successful in achieving the goals for the sustainability of banking companies.

The rapid development of business affects the significance of communication. According to Sudariyono (2022), business is various activities carried out by institutions to distribute goods and services needed for community needs. In addition, Manullang (2013) argues that business is the exchange of money, goods and, services to gain profit. While business communication is one thing that is very important in supporting the business itself. To communicate effectively in a particular business or in a banking company, business communication is not only aimed at providing information and awareness to other parties, but this communication is also a means of persuading or influencing them to take some decisions and actions in certain projects.

Babyuk (2014) states that

"...the difference between informal communication and business communication is that there are specific goals and aims in business communication, involving a certain decision-making and not allowing a participant to end the communication process with business partners until the decision has been made and the problem has been solved."

Thill & Bovee (2014) explains that business communication is a process that facilitates relationships between people involved in exchanging information, establishing relationships, and so on. Meanwhile, according to Badrianto (2022), business communication is all forms of communication used to achieve certain business goals including verbal, non-verbal, and other types of communication. Besides, Badrianto also emphasized that in the implementation of business communication, there are six main points include:

1. Has a certain goal which means there is a target to be achieved and the communication that is being initiated must be aligned with the goals of a particular institution or authority.
2. There is a transfer of information, where there are at least two components namely communicators and communicants.
3. Ideas, views, information, and directions are all types of instructions, which can be used as a reference in accordance with the objectives of the condition and situation.
4. Utilizing personal and impersonal networks both face-to-face and through certain media that involve many people at close and far distances based on possible situations.
5. Achievement of institutional goals based on the agreement of every member which can be marked by profit, network, and productive power.

Someone can make a profit by increasing the selling price of goods and services by conducting business communications. Without communication, the products sold will not be recognized by customers. Communication can be done face-to-face or through appropriate promotional means to increase profits.

Purwanto (2004) explains that in the business world, communication (both verbal and non-verbal) is the basis of all business activities to achieve the desired business goals. It is also in line with Rozalena (2020), that there are five business communication best practice activities, namely:

1. Business-related communication activities have objectives that can be achieved through verbal and non-verbal signals
2. Communication activities carried out by looking between messages from two or more people as senders and recipients of messages
3. Messages can be derived from available data sets such as information, opinions, orders, ideas, and instructions, all of which can be said to really depend on the situation, conditions, and goals.
4. It is very important in the selection of personal and impersonal channels in face-to-face using media to reach more customers outside the company.
5. Symbols and networks can be used as tools or methods to get an easier understanding.

Communication in the banking business plays an important role in increasing professionalism. Kirakosyan & Dănăiațăb (2014) explained that in order to understand the character of consumers, banking management must create good relationships with these consumers. Furthermore, Parajuli et al (2020) state that good banking communication will help to improve and strengthen the relationships with stakeholders and team formation to achieve profitable performance which will lead to a successful banking organization.

Paudel et al (2020) state that the level of response from the bank in conveying information about various bank service products and updates related to banking institutions will increase customer satisfaction in addition to the communication services provided by the bank.

Based on the background above, the writers then formulate the research problems in the following:

1. How is business communication in banking companies?
2. What is the role of good business communication in a banking company?
3. What are the principles of business communication from banking companies?
4. What are the obstacles that occur in the implementation of business communication in banking companies?
5. What is Corporate Communication?

Purpose

1. To find out how is business communication in banking companies.
2. To know the role of good business communication in banking companies.
3. To find out what are the principles of business communication of banking companies.
4. To find out what are the obstacles that occur in the implementation of business communication in banking companies.
5. To know about Corporate Communication.

B. Literature Review

Banking Communications and Customer Relations

Banking communication is the process of collecting information from customers on a regular basis to accommodate criticism, suggestions, perceptions, concerns, and attitudes, as well as conveying information by banks on a regular basis using various purposes to handle customer complaints. Kotler & Armstrong (2007) stated that the conventional communication tools used by banks to communicate with their customers include advertising, sales promotion, publication, public relations, and personal selling. Today customers expect more responsive, active, and faster communication with the bank.

One-way communication between the bank and the customer is outdated; banks need to analyze their communication mechanisms. E-mail, web forms, instant messages, and telephone calls are the means used by banks to communicate with customers. Oly & Kok (2005) argue that communication in the banking world can be seen from the relationship between the bank and potential customers, providing reliable information and services and communicating actively when problems occur.

Banking communication provides a medium for customers to express their needs, perspectives, and assessments of the services provided by the bank. If banks are able to communicate professionally with them then this will help reduce the use of technology, reduce operational functional costs, and resolve their complaints more quickly. Also, the distribution process of banking product sales can explore new areas to attract customers which will help strengthen the relationship between the bank and other customers.

Customer relationship is one of the key indicators of bank profitability which should be a bank's attention gradually to move towards better communication. The quality of banking services plays an important role that will result in higher satisfaction and loyalty to banking products and services. Khartabeil & Saydam (2014) concluded that bank services will increase customers' desire to deal with banks on an ongoing basis and also assist in obtaining advice and input for the common good of both the bank and customers. The relationship between a bank and its customers is a relationship between debtors and creditors who are bound by certain obligations that distinguish them from other normal debtors and creditors.

The Importance of Communication in the Banking Business

For better communication practices, banks must have free access to information among all stakeholders. Coelho & Hensler (2012) also observed that customization has a positive impact on quality, loyalty, satisfaction, and trust. In banking institutions, customers are the main and important stakeholders. Despite major developments in banking communications around the world, the banking sector has undergone a paradigm shift and started emphasizing the communication tools and techniques used in its services and they believe that good communication will benefit the bank itself.

Nabi et al (2017) identified that one of the vital tools for the banking sector that cannot be ignored is communication. This can be achieved by accommodating effective input from employees to produce better output which is impossible without effective communication so banks must emphasize the importance of communication in carrying out their management to encourage banks to achieve success. Besides, proper communication also leads to job satisfaction among employees

Communication Theory

In 1949, Claude Shannon and Warren Weaver introduced the first model of communication. This model assumes that information is the main source that is transmitted through certain media to the receiver. Sound (noise) can occur in the communication process. In 1956 the general model of communication was developed by George Gerbner. This suggests two dimensions to communication: perceptual, which implies that everyone responds to the information provided differently and meaningfully, and the control dimension, which implies that they need a medium to convey information.

Next is the communication model developed by Saussure which has a bigger role in building modern communication theory which states that communication is no longer focused on text and context but on the language system stored in the brains of individual language users. The communication model developed by Flensburg relates to the process of transferring knowledge between humans which describes the same structure and data in absorbing information, while the communication model developed by Lenski is a communication process used to understand the type of relationship between information and knowledge which describes how bankers can communicate information to customers and make them understand the information conveyed.

The Effective Leadership Communication Model developed by Luthra & Dahiya explains how effective communication can direct an organization towards a better leadership path, which can develop understanding between employees and customers, develop trust between the organization and customers, develop a better environment for employees and increase productivity in an organization. Agnihotri et al (2016) stated that there is a link between the use of social media, effective communication, and how it leads to customer satisfaction.

Empirical Study of Banking Communications

The literature on banking communication shows that there is a close relationship or synergy between banks and their customers. In the 1990s the banking sector carried out word-of-mouth communication demanding professionalism in the service sector. It can be emphasized that the right response to customer questions will directly affect the betterment of the bank's performance. Therefore, managers should focus on developing skills and competencies in communicating with customers.

C. Method

Researchers used a descriptive qualitative method in this study by carrying out a literature review. The data collection is done by digging up information from various studies that had been carried out by previous researchers. Based on the opinion of Zed (2008) there are differences that are quite crucial between field research and library research. In field research, searching for library materials is one of the first steps in preparing supporting research data to be carried out. This

aims to explore and deepen theoretical studies while in library research, the aims of the researcher are not only to dig up information but also to focus their activities on the data collection in the library without doing field research.

D. Results and Discussion

1. Business Communication in Banking Companies

Business communication is the only type of interaction that takes place between individuals verbally and written. Business communication within an organization is quite similar to business communication that occurs normally, such as business communication between company owners and employees or business communication in product offerings.

The most important factor that must exist in every company in order to achieve success is the existence of good communication in a business. Communication in the business world is a type of interaction that occurs between individuals within an organization to develop mutual progress. Effectiveness in business communication will be well established if it is explained in detail to each employee, as well as managers and leaders to commit to completing their duties.

Successful business communication within an organization or a company depends on the role of the individual or subject in it. In this case, good communication means something that can be understood and communicated clearly by all employees. Business communication within a company can be described as effective if the management team and every employee work together to maintain their egos to maximize the benefits of teamwork. There should be an effort to establish good communication both orally and written so that the mission in the company can be achieved. Whatever happens, everyone must use good communication to achieve the desired goal.

2. The Role of Good Business Communication in a Banking Company

In every company, business communication is something that cannot be separated to support the success or failure of the company. In other words, communication between businesses plays an important role in the progress of the company. Business communication is necessary, and there are several roles for business communication both in public companies and banking companies, namely:

- a. The existence of business communication within an organization can reduce the level of miscommunication or misunderstanding. Successful business communication involves overseeing various related issues, especially those affecting the daily life, of both internal and external organizations. In this way, one group member can quickly identify the problem they wish to elaborate on, and unnecessary hysteria can be prevented.

- b. To increase the productivity of the employee: it is necessary to ensure that information flows smoothly. This makes it easier for employees and at-risk groups to get advice and instructions about their work. Having more time to share accurate information increases productivity both inside and outside the business.
- c. Allows for synergy in communication between divisions; information-gathering procedures do not always involve members of one division facing off against each other. Communication within company divisions also includes the need to share information with each other when necessary. Information shared through business communications can strengthen the relationship across divisions and make organizations more capable of meeting challenges.
- d. The process of company activities is more effective and efficient with good business communication.
- e. Without effective business communication, there is likely to be a lot of irrelevant information in the company that can cause employees to quickly feel stressed, frustrated, and withdrawn. Likewise, when business communication is carried out effectively, employee engagement and satisfaction also tend to increase, which helps reduce turnover within the company.

3. Banking Company Business Communication Principles

There are several principles related to company business communication. They are:

- a. *Clarity*. Business Communication must be clear and easy to understand. In the sense that it must be clear from ambiguity and must be reasonable. Ambiguity when communicating can create obstacles in delivering more detailed messages in business communications.
- b. *Accuracy*. Business communication must be carried out as soon as possible after getting the message. Delays in providing feedback can cause discrepancies in sending responses, for example forgetting to provide responses or poor feedback in communication. However, the speed in responding to messages is crucial in Business Communication.
- c. *Validity*. Business communications must be honest and reliable to support their level of effectiveness. If the information provided constitutes inappropriate feedback, the recipient may perceive it as biased or unreliable/accountable.
- d. *Completeness*. Extensive business communication is necessary for its effectiveness. The recipient must be able to respond and answer all the sender's questions. Incomplete feedback may cause misunderstanding or distrust between parties and may even cause confusion for various parties.

- e. *Specific.* Business communication from any point of view must be clear and specific. Specific responses can help the sender to understand the message easily.

4. Obstacles to the Implementation of Business Communication in Banking Companies.

When conducting business communication in one organization, it is impossible to escape the obstacles that arise during the process. The obstacles that often occur in both conventional and banking companies are as follows:

- a) **Technical Barriers in Communication.**
Technical constraints can contribute to the development of rigid business communications within an organization. These technical barriers are caused by technical environmental conditions that cause communication disruptions. Such a technical communication strategy emphasizes the availability of the necessary telecommunications infrastructure, equipment, technology, and networks. The technical aspects mentioned above include the public's desire to communicate using the latest methods and communication media.
- b) **Semantic Communication Barriers.**
This obstacle occurs during the process of delivering information from the sender to the receiver. This problem is related to the use of language and the understanding of the recipient of the information so that miscommunication occurs.
- c) **Barriers to Human Communication.**
Barriers to human communication cannot be separated from the background of each individual. These backgrounds include education, social, economic, age, character, etc. Having a good educational background, and socioeconomic status can help people to be more confident in giving or receiving information. Business practices are always changing all the time so it requires supporting facilities that are able to support this change. In addition, human communication also tends to be accompanied by a sense of security and fairness in everyone's perception of work and the environment.
- d) **Communication Barriers Related to Company Culture.**
Culture in a company is one of the things that influence the emergence of communication barriers. A company culture that is developed quickly can result in ineffective communication.

5. Corporate Communications

Corporate Communication is the first step in building a positive public perception of a company in society. This is done by using a communication strategy or system that has been approved by professionals. The main function of corporate communication is to increase public trust and is expected to have a good impact on

a company's long-term strategy. Corporate communication is not only created to communicate with external parties; communication with the company's internal parties is also important in order to create a solid workforce and increase productivity so that the company's mission and objectives can be carried out successfully.

Corporate communication can be understood as an integrated communication structure that connects the stakeholders with the company. Corporate Communication is a system that provides opportunities for companies to implement any form or type of communication strategically. Corporate communication also means the practice of all organizations in sending messages to the public. "Public" here means (Stakeholders, employees, capital owners, external parties, corporate partners, government, media, industry, the education community, and soon.

Corporate Communications has a responsibility to look after its stakeholders, including the government and the financial sector. In addition, the current situation is also open to potential crisis management for businesses. Corporate communication includes various activities, such as internal and external communication, product promotion, maintaining company reputation, advancing CSR initiatives, and overcoming potential crises.

E. Conclusion

Business communication is a process of exchanging information between internal and external stakeholders of the organization. As a creature, humans need communication that makes them possible to be involved in a business organization and understand each other in order to achieve common goals. Every business must develop good internal communication to reduce misunderstandings and increase work efficiency within the company.

Effective business communications will support the process of developing a strong relationship with customers, clients, or other stakeholders, internally or externally in the business organization. Business communication is an essential component of any organization. Without proper procedures and steps, various serious business problems can arise.

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