

ABSTRACT

Digital transformation has reshaped the banking business model and driven a shift in revenue sources from interest-based income toward fee-based income. The development of digital services such as mobile banking, internet banking, and integration with electronic payment systems has created opportunities for banks to increase non-interest income. This study aims to examine the effect of digital transformation intensity, fintech adoption, SIZE, CAR, BOPO, and NPL on the Non-Interest Income (NII) ratio of conventional commercial banks in Indonesia during the period 2017–2024. The results indicate that digital transformation intensity has a positive and significant effect on NII, while CAR has a negative and significant effect. Meanwhile, fintech adoption, SIZE, BOPO, and NPL do not show statistically significant effects. These findings suggest that strategies to enhance fee-based income are more effectively driven by internal digital transformation rather than by bank size, operational efficiency, or credit risk characteristics..

Keywords: digital transformation, fintech adoption, SIZE, CAR, BOPO, NPL, Non-Interest Income

