

**ANALYSIS OF COMPETITIVENESS FOR MARKET SHARE
EXPANSION OF PT BANK JAGO TBK**

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Abstract

The Bank Jago is a commercial bank that should continue to provide the services in global competitiveness. The Bank Jago should continue to innovate and use the latest technology to excel in competition in the industry. Bank Jago collaborating with the e-commerce and lending ecosystem to provide digital financial services in the middle and mass-market segments that have not been fully served so far. The research is suggested that Bank Jago should make improvements to business processes identified as weaknesses because they can obscure their strengths, and Bank Jago should also evaluate the price of service solutions by considering the value of their products and the dynamics of market prices.

Keywords: Competitiveness, Quality, Education

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INTRODUCTION

Digital technology is now becoming a trend and a source of worry in the banking and financial services industries. Mastery of technology is helpful to internal firms in order to promote more productive and efficient corporate operations. Banks must capitalize on developments in digital technology by providing innovative customer service (Fang & Zhang, 2016).

Using the most recent technical advances, such as cloud-based platforms and Blockchain, by financial technology and telecommunications firms in order to deliver financial services that are more convenient and practical for the community. Technological advancements undoubtedly increase competitiveness in the banking and financial services industries. The emergence of start-up companies engaged in financial technology focuses on developing technology for electronic payments and develops services carried out by conventional banks such as distributing loan funds and credit for MSME entrepreneurs.

This Fintech dares to offer convenience, lower costs, and even higher investment returns than incumbent banking services.

The traditional banking sector's competitiveness has morphed into a technology battle between financial industry companies. Every sector, including banking, must speed up the adoption of digital banking in order to compete in providing services that are simpler, quicker, and more responsive to client requirements. Relevant regulators, including Bank Indonesia and the Financial Services Authority, continue to push for the development of digital banking. Electronic banking transactions are increasing year after year, according to data from the Financial Services Authority (Probank, 2016).

The trend of bank services leading to digital banking is reflected in the expansion of digital banking transactions, which are expected to continue. Several banks have already developed better solutions for offering digital banking and retail payment services to Indonesians. Companies that provide telecommunications and financial services are also less competitive for providing ease of digital transactions. The table below summarizes the digital financial services available in Indonesia.

Technological advancements undoubtedly create a new rivalry in the banking and financial services industries. Banks and Fintech start-ups compete in digital banking, followed by crowdfunding, peer-to-peer lending, and others. The emergence of start-up companies engaged in financial technology focuses on developing technology for electronic payments as well as developing services performed by traditional banks, such as distributing loan funds and credit to MSME entrepreneurs. This Fintech takes the risk of providing more convenience, cheaper prices, and even larger investment returns than traditional banking services (Linggadjaya, Sitio, & Situmorang, 2022).

Rivalry among traditional banking sector competitors has given way to technology competition among financial industry firms. Banks can no longer ignore the presence of digital banking because of technological competition. Every business, including the banking industry, must expedite the deployment of digital banking in order to compete and deliver services that are easier and faster to meet the expectations of customers. The desire to expand digital banking remains a priority for key regulators, including Bank Indonesia and the Financial Services Authority.

According to Financial Services Authority data, electronic banking transactions are increasing significantly year after year. The expansion of digital banking transactions, which is expected to continue, is consistent with the trend of bank services leading to digital banking. Banks' financial services include not just branchless banking but also retail payment system services to assist with cashless transactions. Several banks already have superior products in providing digital banking and retail payment services for the people of Indonesia.

Telecommunication and Fintech provider companies are also less competitive in providing convenience for digital transactions. In 2020, Bank Artos turned its name to PT Bank Jago Tbk.

Later in the same year, Gojek became a shareholder through its financial services and digital payment business, Gopay. In 2021, GIC Private Limited will commit to injecting funds to strengthen Jago in innovating to provide the best digital financial solutions. With a total capital of IDR 8 trillion, Jago is a bank with significant and robust growth and innovation opportunities. In fact, with the pandemic era, this digital trend was speeding up (Arner, Barberis, & Buckley, 2016).

The delivery of services becomes customer front-end or bank back-end operations. Bank Jago responded it would provide banking services according to customer needs. The reliability of the technology will affect the dependability of all existing services. There is a first strategy, including three initiatives of Bank Jago in trying to transform into a digital bank.

Bank Jago has a different perspective in offering its financial services. Skilled innovators take advantage of Bank Jago, which is supported by adaptive, innovative, and

modern technology. Apart from that, Bank Jago also provides additional value in comprehensive financial services, in collaboration with various reputable partners. In 2020, Bank Jago experienced a transformative period.

In 2020, to become a technology-based bank, Bank Jago underwent a major transformation in opening a comprehensive road. Bank Jago has made a strategic and substantial investment in technology and infrastructure to start the journey of transformational change under the mandate of the shareholders in 2020. The newly transformed Bank Jago has 4 main strengths in making itself unique, successful in the market, and unrivaled. Bank Jago reinvents “digital banking” into a “life-centered” banking approach that uses digital technology in its business DNA.

Although Bank Jago increased lending to support Bank Jago, the need for investment is very important in transforming the digital-based bank financed by other operations has increased significantly. Because of this, Bank Jago booked and recorded comprehensive losses in 2020 (see Fig. 1(a)). Bank Jago needs investment funds to increase the operating expenses used in the transformation process. The investment funds will be used for aspects of information technology, professional services, promotions, and human resources (Leu, 2005).

The transformation that is being carried out by Bank Jago has resulted in an increase in other operating expenses. Bank Jago's transformation process requires large investment amounts from various technologies of information, promotion, human resources, and also professional service aspects. In addition, in 2020 Bank Jago recorded a net non-operational expense of Rupiahs. Bank Jago must invest in large amounts after successfully increasing interest income, see Fig. 1(b) (Leu, 2005).

Given that the digital economy in Indonesia is growing rapidly, the exponential market expansion will be carried out by digital banking service providers. Based on the description above and considering the importance of competitive strategy in retail payments as a company's line of business, this study intends to examine the Analysis of Competitiveness for Market Share Expansion of PT Bank Jago Tbk.

The paper aims to plan a strategy to increase competitiveness for market share expansion by PT Bank Jago, Tbk. by using strengths (S) and weaknesses (W) as internal factors, and opportunities (O) and threats (T) as an external factor and conclude as SWOT matrix, and conduct the key success factors analyzes.

METHODS

Qualitative research in library research was conducted by examining various data from various references which were analyzed according to the existing problems. Search journals and books online through various related journal repositories, both from main data sources and supporting data sources, so that ideas can be found.

The source of the data used is secondary data that does not come from direct observation, but from the results of research conducted by previous researchers. This data is generated by looking for various references about the research subject, which is then presented as a description (Tumanggor, Tarigan, & Ompusunggu, 2020). Data collection methods are carried out in searching or digging up data from the literature related to the existing problems. After the data is obtained, the data is collected so that it becomes a document that can be used in answering the questions in this study.

HASIL DAN PEMBAHASAN

A. Research Object

The company run since 1992 in Bandung under PT Bank Artos Indonesia Tbk. In 2019, Artos Bank began to enter its new era after serving the community in a matter of 27 years for conventional banking products. This is marked because of the PT. The controlling and shareholders were won by MEI and WTT which acquired 37.65% shares (WEI) and 13.35% shares (WTT). To carry out the big aspirations within the bank, in 2020 the name was changed from PT Bank Artis Indonesia to PT Bank Jago. Bank Jago serves the needs of the market segment era with technology-based banking in banking products and services embedded in the ecosystem for Small and Medium Enterprises, Retail, and the mass market. Currently, Bank Jago still has a physical office network: 1 Non-Operational Head Office, 2 Branch Offices, 3 Sub-Branch Offices, 1 Cash Office, 1 Payment Point, and 5 ATMs. To access thousands of ATM accounts throughout Indonesia, Bank Jago is connected to ATMs and ALTO. Bank Jago's brief history:

Established in South Jakarta, PT MEI has a deed of establishment No. 51 dated March 14, 2014, as a shareholder and controlling share. MEI is in Jakarta and is a company engaged in management consulting. In addition, WTT is a company founded in Hong Kong and is engaged in investment, following Certificate of Incorporation dated March 28 2014 No. 2070088. WTT is domiciled in Hong Kong. Established in Jakarta, Non-Controlling Shareholder of PT Dompot Karya Anak Bangsa with a deed of establishment dated February 9, 2016 number 37 by partnering with other management consulting services. With the following vision of the digital economy to become one of the strongest banks in Indonesia (1) meets the middle and mass-market customer needs, (2) embedded in an ecosystem, and (3) uses technology. It has a mission to increase the growth opportunities of millions of people through digital financial solutions that focus on life.

B. Determine the Factors of the Competitiveness of PT Bank Jago Tbk

1. External Factor Analysis

In this study, the analysis of external factors was carried out at the macro and industry levels. The macro-level analysis uses the PESTEL framework to identify macro-influences on the banking business and its impact on Bank Jago. Meanwhile, the industry-level analysis uses Porter's Five Forces framework to recognize the sources of rivalry in an industry.

a. PESTEL Analysis

The macro-level analysis is carried out using the PESTEL framework, where the researcher identifies 6 (six) factors related to the company in carrying out its activities, namely politics, economy, social culture, technology, environment, and law (Islam, 2017).

1) Political Factor

The government, OJK, and BI affirm their commitment to continue to support the development and contribution of the Fintech industry to strengthening the national digital economy through regulations that can spur the birth of digital financial service innovations, as well as being able to provide optimal protection to the community who use Fintech services and their ecosystem.

The confirmation of the government's commitment was conveyed by the Minister of Finance of the Republic of Indonesia, Sri Mulyani Indrawati. Through accommodative regulations, the government will continue to provide support. The government has also invested in information and communication technology infrastructure development, one of the primary priorities apart from health and education, to speed up fair internet network access throughout Indonesia. The 2022 State Budget has allocated Rp25.4 trillion to continue various ICT infrastructure development programs.

Based on the description above, it is concluded that political factors provide opportunities for Digital Bank business because of government policies that support the development of technological innovation progress in the banking sector.

2) Economic Factor

Post-Covid economic conditions have improved. This proves that, with the easing of global panic and measures to handle the COVID-19 pandemic in Indonesia, the inflow has increased. The position of Indonesia's foreign exchange reserves at the end of April 2020 was 127.9 billion US dollars, an increasing stack up to the position at the end of March 2020 of 121.0 billion US dollars. Based on the description above, it is concluded that economic factors provide opportunities for Digital Bank business because of the improvement in post-covid-19 economic conditions.

During the challenges that arise from illegal industry players, the government expressly appreciates the actual contribution of Fintech as a government partner in supporting the success of various programs. Partnership programs with Fintech that have received high appreciation include online retail SBN sales through Fintech distribution partners.

It was stated that investors through Fintech media grew from 7.9% in ORI16 in 2019 to 11.9% in ORI17 in 2020.

3) Socio-Cultural Factors

Socio-cultural factors that affect providing network access are changes in people's lifestyles in adapting to internet use both before and during the COVID-19 pandemic. Changes in the lifestyle of people who have The tendency to work at home during the COVID-19 pandemic have provided positive growth for the digital banking industry. Indonesia is one country with the most significant potential for digital transactions, USD124 billion, with a large population of resources. Based on the description above, it is concluded that socio-cultural factors provide opportunities for Digital Bank business because of lifestyle changes that lead to digital during and after COVID-19. Many potential residents and millennials with digital literacy have made the development of Digital Banks multiply in the last two years.

4) Technological Factor

In the 2020-2024 national banking roadmap, OJK stated that in accelerating digital transformation, the government carried out:

1. Strengthen IT risk management and governance.
2. Encourage the use of IT game-changers (e.g. open API, cloud, blockchain, AI, Super App, omnichannel).
3. Encouraging collaboration on technology
4. Encouraging the implementation of advanced digital banking

Based on the description above, it is concluded that the technology factor provides opportunities for Digital Bank business because technology is developing very quickly, and government support in accelerating technology that supports the digital banking ecosystem.

5) Environmental factor

Another environmental factor that affects the digital banking business is the geographical condition of Indonesia. The geographical condition of Indonesia, which consists of many islands and is located in the ring of the fire zone, poses challenges in infrastructure development for network access providers because it requires quite an enormous cost. So that not all regions have a good internet network, even though the internet network is the backbone of the sustainability of digital banks. The threat presented is the high cost of building network access service production equipment due to Indonesia's

geographical conditions, so that not all regions have an internet network which is the backbone of the digital banking business.

6) Legal Factor

The OJK has just issued a regulation that has become the legal umbrella for digital banking. The era of digital banking is part of the industrial revolution 4.0 and 5.0, the rules that the OJK has just issued are the Financial Services Authority Regulation (POJK) Number 12/POJK.03/2021 regarding to Commercial Banks.

Furthermore, to complement the provisions of digital banks, OJK successively issued POJK Number 13/POJK.03/2021 regarding the Implementation of Commercial Bank Products and POJK Number 14/POJK.03/2021 Amendment to POJK Number 34/POJK.03/2018 concerning Assessment Back to the Main Party of Financial Services Institutions. There are at least six legal and regulatory challenges for the operation of digital banks:

1. Innovative and secure banking business model, this issue is so far where digital banking can be implemented by improving services to customers, but without compromising the security of customer transactions, the notion of transaction security refers to the absence of losses to customers due to the implementation of digital banking.
2. Prudent and sustainable digital banking business model. The phrase 'prudent' in digital banking is regulated in Article 24 letter (b) of POJK Number 12/POJK.03/2021, which is a derivative of Article 2 of the Banking Law, which stipulates that Indonesian banks conduct their business on the basis of economic democracy by using prudential principles.
3. The third legal challenge is, as required in Article 24 letter (c) of POJK Number 12/POJK.03/2021, that digital banking implementation must have adequate risk management. The definition of risk management refers to the assessment process and the feasibility of transactions both related to transactions with depositors and financing customers.
4. The fourth legal challenge is as described in Article 24 letter (d) of POJK Number 12/POJK.03/2021, which is related to governance and requirements for information technology capabilities for directors of digital banking.
5. The fifth legal challenge is, as described in Article 24 letter (e) of POJK Number 12/POJK.03/2021, digital banks' operations must protect customer data security. Data security is a significant challenge for the digital industry today, considering there are still many misuses of banking customer data.
6. Finally, as described in Article 24 letter (f) of POJK Number 12/POJK.03/2021, digital banking implementation must provide contributive efforts to developing a digital financial ecosystem. Financial inclusion related to these provisions it is necessary to make regulations that support each other between the implementation of digital banking and other supporting ecosystems, such as the use of digital money and the integration of the use of digital banks to trade practices/real sectors and e-commerce to achieve a cashless society and a cardless society. Based on the explanation above, it can be shown that legal factors threaten the digital bank business.

b. Porter's Five Forces Analysis

In the industry-level analysis carried out using Porter's Five Forces framework where researchers identify five fundamental competitive forces that affect the industry, namely the strength of the threat of new entrants, the intensity of company competition in the industry, the threat of substitute products, the bargaining power of buyers, and the competitive power of the company. Bargain supplier.

1) The Power of the Threat of New Entrants

The widespread adoption of digital wallets, driven by the presence of various start-up companies, to the expanding reach of financial technology services in forming a new financial ecosystem is another reason why digital banks are increasingly becoming a dream.

Not only that, at the end of October, OJK took the step that the public had been waiting for by launching a blueprint for digital banking transformation to accelerate digital transformation in the national banking industry. Prospects supported by the regulatory framework and policies implemented by the government as well as the enthusiasm of investors make Indonesian technology companies interested in owning a mini bank which will later be transformed into a digital bank.

2) The Intensity of Company Competition in Industry

The number of digital banks that have emerged has created a new competitive map in the digital banking industry. The development of digital banks has become attractive in the current era of disruption. Many parties are watching the prospect of a promising digital bank.

Based on the description above, it can be stated that the strength of the intensity of company competition in the industry in this segment has a substantial value because the competition in the digital banking business is very tight—the number of service providers and the existing facilities as well as the low switching costs of customers.

3) The Threat of Substitute Products

Digital banks have advantages when compared to conventional banks. The reason is because digital banks can reach a wider target through the use of information technology tools. This advantage is an opportunity for digital banks to obtain funding and potential income from the side of fast fee-based income as a source of profitability. Digital banks have the advantage of reaching more customers by relying on IT infrastructure.

However, even though most people have adopted digital technology, national digital literacy is still not evenly distributed. This is the background for BRI to form a hybrid bank, which combines physical and digital services. Digital has not been able to replace cash needs directly.

According to the description above, it showed that the threat of substitute products in this segment has a substantial value because there are still many Indonesians who are not fully ready for non-cash transactions and digitization, so it takes time to become a cashless society.

4) Buyer Bargaining Power

The number of digital banks that have emerged, as well as digital consumers who are still centered in big cities due to the unequal distribution of a good internet network, make the consumer's negotiating position relatively advantageous due to the many alternative digital bank service providers and the low switching costs when switching services between digital banks.

Based on the description above, it can be concluded that the threat from the bargaining power of buyers has a substantial value because of the many alternative service providers and low switching costs, which make it easy for customers to switch services between digital bank services providers.

c. Key Success Factor

In this study, critical success factors were identified from the literature. The following are the critical success factors identified in the digital banking business, namely:

1) Banks with Different Perspectives

For individual customers, Bank Jago makes financial planning and management simple, innovative, and collaborative so they can be closer to family and friends. Bank Jago also makes financial management of entrepreneurial customers easier to support their focus on growing their business.

2) Qualified and Up-to-Date Technology

Bank Jago needs to be a robust technology-based bank to support the delivery of its unique value proposition. Bank Jago utilizes advanced technology, consists of solid data analytics and AI, and generally carries out technology companies' work ethic and patterns. That is why Bank Jago innovates quickly and integrates into the digital ecosystem. This

makes Bank Jago operate at an efficient scale while ensuring the security of Bank Jago's customer data and money.

3) Partnership with Ecosystem as Strength

Bank Jago is present in the digital ecosystem of Indonesia. Bank Jago assists customers to live a more leisurely life where financial services are combined with lifestyle; banking services can be accessed through applications that they often use anytime and anywhere. Thus, the customer acquisition process for Bank Jago to achieve business scale becomes faster and more efficient.

4) Talent and Work Culture at Bank Jago

Bank Jago combines competence and experience with an open mind. Bank Jago's work culture combines ginger and recency like a technology company with the Bank's compliance and risk management. Thus, Bank Jago continues to broaden its horizons through cross-functional internal collaboration and all of Bank Jago's strategic partners.

2. Internal Analysis

Internal factor analysis is carried out to identify critical strengths and weaknesses that help companies capture opportunities and survive existing threats (Hunger and Wheelen, 2013).

a. VRIO Analysis

In the VRIO analysis, identification of Bank Jago's competitive strength in the Digital Bank business is carried out based on the resources of the company and capabilities. According to the results of the VRIO analysis of the resources and capabilities of Bank Jago, it was found that the digital banking business has become a sustainable competitive advantage and strengths, namely:

1) Free monthly admin fee

The first advantage of Bank Jago is that it is free of monthly admin fees. This means that saving at Bank Jago will not be subject to a monthly administration fee of IDR 7,000–15,000 per month, as is charged by conventional banks. Several digital banks rivaling Jago also do not charge their customers a monthly administration fee, such as Bank Neo Commerce and TWRW by UOB. However, Jenius they have charged an admin fee of IDR 10,000 per month since January 2021.

2) Free bank transfer

The following advantages of Bank Jago are free interbank transfers. Customers can make bank transfers for free with a Jago account if it does not exceed the maximum quota of 25 different monthly transfers. After that, if customers are still making inter-bank transfers, a fee of IDR 3,000 per transfer will be charged.

3) Personalize the Good Look

Customers can change the appearance of the application's home menu as desired. Through this "Personalization" feature, you can eliminate menus that are rarely used on the home page and then replace them with specific menus often used. That way, it will be easier to use the Jago application daily.

4) Can have multiple Visa debit cards and Pockets of Jago

At Jago, accounts are referred to as "Pockets". Each user can have a maximum of 40 different Smart Pockets (20 Savings Pockets and 20 Paying Pockets) for various purposes.

5) Can be used for foreign transactions and Paypal account verification

The Jago debit card can not only be used for domestic transactions such as interbank transfers, bill payments, and e-wallet top-ups but also various foreign transactions. For example, to pay bills for Netflix subscriptions, Spotify, buy goods on Amazon, so customers can also verify Paypal accounts.

6) Can make transaction plans, so customers do not forget to pay essential bills

The next advantage of Bank Jago lies in the Plan Ahead feature. This feature makes it possible to schedule payments easily, so customers do not forget to pay essential bills immediately, such as electricity bills, home/vehicle installments, WIFI bills, etc.

7) Flexible Investment in Locked Pockets

For customers who want to invest flexibly in Bank Jago, they can use the "Locked Pockets" feature. This feature is part of the "Saving Pockets", allowing customers to open a Jago savings account with an interest rate of 4% per year, which cannot be withdrawn before maturity.

8) Can connect to the Bibit account directly via the Jago application

The latest update of the Jago application makes it possible to link the Jago account with the Bibit account. So that customers can see the portfolio and total balance of Bibit's mutual funds directly in the Jago application.

9) Easily analyze expenses

Customers who want to check their spending history at Jago can use the Spend Analysis feature. This feature is intuitively designed to make it easier for users to view the history of their monthly expenses, which are divided by category.

The weaknesses that Bank Jago has in the digital banking business are:

1) There are not many ATMs available yet

One of the weaknesses of Jago is that there are not many ATMs available. Even though it provides relief with free admin fees of up to 5x if customers withdraw cash through ATMs of other banks, the rest will still be charged.

2) There is no nearest branch yet

Until now, there are not many Bank Jago branches. When there is a problem, it must be via email.

3) Verification process is quite long.

Making savings Jago has the advantage of being online without leaving the house. Nevertheless, customers need to be more patient in the verification process because it takes time.

4) Credit Card Not Available

Credit cards are one transaction tools that make it easier for customers to shop. However, this credit card is not yet available at Jago. So, customers have not been able to enjoy the services of a credit card.

5) Does not support the QRIS code to support smooth payments.

6) Has not provided loans to customers. Even though its competitors Digibank and Jenius have served online loan applications with competitive interest.

7) Not yet connected to major marketplaces, such as Lazada, Shopee, Tokopedia, etc.

CONCLUSION

According to the results of research that has been done at PT. Bank Jago, Tbk to identify alternative strategies in the digital banking business. Market share segmentation of middle income and mass-market serving MSME and retail customers. Implementation of various risk management and Anti-Fraud tools and improving documents and governance policies following applicable laws and regulations and best practices in the industry.

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