

# Research on the Development Process and Competitiveness of Central Asian bank in Indonesia

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**Abstracts:** This study aims to analyze the development process and current status of the Indonesian banking industry. In addition, we will investigate the founder, development process and current status of Bank Central Asia, an overseas Chinese bank that plays a central role in the Indonesian banking industry and analyze its competitiveness. Based on this analysis, we would like to propose practical implications and development strategies. Based on literature research, we will investigate the development process and current status of the Indonesian banking industry, the founders of Bank Central Asia, the development process and current status, and analyze its competitiveness. Using Porter's five forces analysis model, we want to analyze the competitiveness of Bank Central Asia. By utilizing SWOT analysis, we analyze the internal and external environment of Bank Central Asia. Bank Central Asia, although founded by overseas Chinese, is a leader in Indonesia's financial industry. Bank Central Asia has weaknesses in digital transformation, product innovation, customer experience, risk management, cooperation and innovation, but has strengths in network expansion, talent training, promotion and development system improvement. Based on this competitiveness, we have maintained a leading position in the Indonesian financial market. When formulating and executing strategies, Bank Central Asia must fully consider market trends, competitor dynamics, and changes in policies and regulations, make sound decisions, and monitor and adjust plans at any time. Bank Central Asia has maintained a good reputation and sustainable development based on external networks and internal competitiveness. A study on these overseas Chinese banks helps to understand the Southeast Asian economy.

**Keywords:** Overseas Chinese, Indonesia, Central Asian Bank, Competitiveness Analysis.

## 1. INTRODUCTION

With the 2022 G20 Summit coming to an end in Bali, Indonesia has been the center of attention of the world, with good economic performance and capital market returns making Indonesia, a populous country in Southeast Asia, one of the hot destinations for international capital in 2022. In recent years Indonesia's economic growth has been relatively fast, and economic development is mainly powered by domestic, all macroeconomic indicators have excellent development trend, and the economic structure is also more reasonable. In 2017, Indonesia's gross domestic product reached 1 trillion U.S. dollars, and Indonesia has the potential for sustained economic growth. The labor cost in Indonesia is relatively low compared to developed countries, and investment in Indonesia can effectively reduce costs. Moreover, Indonesia's population tends to be young, with a large population and great development potential, so Indonesia is chosen as the background of this research.

Wang Yonghui & Hu Yiyi (2016) demonstrate that Indonesia has more than 10 million overseas Chinese and is the country with the highest concentration of overseas Chinese in the world. The Chinese have become the third largest ethnic group in Indonesia. It is scattered throughout Indonesia. Most Chinese Indonesian come from the southern provinces of China, such as Fujian, Hainan and Guangdong. In the 2018 Forbes ranking of Indonesia's top 10 billionaires, Chinese Indonesian accounted for half of them, with overseas Chinese Huang Huizhong, who is originally from Fujian, firmly in control of the richest throne, followed by his older brother Huang Huixiang, whose family owns as much oil palm land as eight Singaporean countries. Overseas Chinese Indonesians play a very important role in Indonesia's economy.

Zou (2022) argues that Indonesia possesses a unique and multiple identities and power advantages, which are mainly manifested in the strong comprehensive national power, unique geo-strategic position, outstanding economic development. This is mainly due to its strong comprehensive national strength, unique geostrategic position, outstanding economic development and rising systemic importance, ASEAN's leadership role and its influence in the network of multilateral mechanisms. Among them, banks have an important intermediary role in the development of the economy, commercial banks are the closest to people's lives. Many people can use payment methods such as bank cards and cell phone banking, and all of these functions are closely related to the bank. However, there are not many studies on the banking industry in Indonesia, and it is difficult to find a study on Bank Central Asia, the largest bank in Indonesia or an overseas Chinese bank, despite its importance.

The number of Chinese enterprises in Indonesia has been increasing since the 19th century. The number of Chinese business enterprises in Indonesia has been increasing since the 19th century, and the number of overseas Chinese conglomerates has been growing, especially since 2010, when at least 1,000 subsidiaries of Chinese multinational corporations have flooded into Indonesia. This paper analyzes the competitiveness and success factors of Bank Central Asia as the largest privately owned bank in Indonesia by taking the example of Bank Central Asia(BCA), which was founded by overseas Chinese in Indonesia.

This research can contribute to the study of banking in Indonesia by helping Korea to enter the Indonesian market. By analyzing the competitiveness of Bank Central Asia and identifying the existing problems, and using the SWOT analysis to find out how to enhance the core competitiveness of the bank, and to explore and develop the bank's strengths.

## **2. Analysis of the current situation of the banking industry in Indonesia**

Liu (2023) insists that despite the ongoing global economic turmoil, Indonesia's economic development is still showing strong resilience and the outlook will remain positive. With a total population of over 270 million, Indonesia is the fourth most populous country in the world. It is also a young country with a predominantly young population, and the most populous Muslim country. The country is a founding member of Association of Southeast Asian Nations, and a member of Group 20. In 2017, Indonesia was the 16th largest economy in the world in terms of international exchange rates and the 7th largest in terms of purchasing power parity. Indonesia has the potential to contribute to the global economy as a large country with a young population.

Indonesia's banking industry was born after the country's independence, when the Indonesian government nationalized hundreds of Dutch and allied financial institutions in the 1950s and established Indonesia's own banks. After Suharto came to power in 1968, a major reform of the financial sector was carried out, which led to the rapid development of the banking industry in Indonesia. The banking network developed rapidly, social capital was well absorbed, the volume of loans increased rapidly, banks were given more autonomy, and the number of banks increased dramatically. By 1997, before the financial crisis, there were 144 domestic commercial banks, 4150 branch banks, 44 foreign and joint venture banks, and 1527 government banks in Indonesia. This expansion eventually led to the collapse of the Indonesian banking sector during the financial crisis.

The financial crisis in 1998 hit the Indonesian banking sector so hard that many banks were left with bad and doubtful debts, and Indonesian banks and the central bank were liquidated with a negative value, and the state spent up to 55% of GDP on the disposal of bad debts between 1997 and 2000. In order to revive the banking industry and restore market confidence, the government established the Indonesian Bank Restructuring Agency (IBRA) in 1998 to lay the foundation for the steady development of Indonesian banking industry today. In 1999, a new Banking Act was introduced and the National Banking Authority was established to further tighten the regulation of the banking industry, and four banks merged to form Mandiri Bank, which is currently the largest bank in terms of capital and size.

Yameen (2022) argues that the Indian financial market has been in need of credit risk management for a long time. There is a need for a solid mechanism to help manage its credit risk. Rahayu & Suhendro (2016) argues that given the complexity and challenging nature of the policy, it is therefore important for the government to adopt policies to improve the health of banks and reduce the risk of using them.

According to 2005 statistics, Indonesian banks had total assets of Rp 1,477 trillion, capital of Rp 163.30 trillion, net profit of Rp 22.65 trillion, deposits of Rp 1127.90 trillion and loans of Rp 730.20 trillion. The total bad debt ratio is 8.3% and the net bad debt ratio is 5.8%. The 10 largest banks with assets account for 75% of Indonesia's total assets. As of 2022, there are 107 different commercial banks in Indonesia. The data shows a decline in the number of commercial banks compared to previous years, especially in 2019, when five commercial banks in Indonesia failed (STATISTC database, 2022).

Bank Central Asia is now an integral part of Indonesia's financial industry. They offer a full range of wealth management services to affluent clients, including portfolio management, asset allocation, estate planning, tax planning and trust services. Bank Central Asia has also become part of the asset management divisions of large corporations, offering similar services to corporate clients.

Bank Central Asia's Private Banking is a financial service designed to provide comprehensive wealth management services to high net worth individuals and families. Private bankers are usually experienced and professionally qualified financial advisors or bankers who develop an in-depth relationship with their clients, understand their financial goals and needs, and provide personalized service and advice. Bank Central Asia's services typically include the following: Bank Central Asia builds a client's investment portfolio, manages the portfolio and provides investment advice based on the client's financial goals, risk tolerance and investment preferences. It assists clients in allocating assets to different investment areas to diversify risk and maximize returns, and helps clients plan how to pass on their assets, including the creation of wills and trusts. It also advises clients on tax planning to minimize the tax burden. Commercial Bankers usually keep their clients' finances confidential and provide private financial services to their clients. Clients receive a higher level of service and attention, and a close relationship with a professional financial expert.

Bank Central Asia is a commercial bank founded in Indonesia by the former richest man in Indonesia, overseas Chinese Lim Shao Liang, on February 21, 1957. In 2016, Bank Central Asia surpassed Singapore's DBS Bank to become the largest bank in Southeast Asia by market capitalization, with a market capitalization of \$24.5 billion (Wikipedia, 2023). Founded in 1957, Bank Central Asia originally belonged to Indonesia's former richest man, Lim Siew Leong, but in 1997, during the Asian financial crisis, there was a large-scale run on the bank, and in 1998, due to insolvency, the bank was taken over by a restructuring agency set up by the Indonesian government on the grounds of protecting small and medium-sized depositors. Bank Central Asia went public in 2000, and in 2002 the restructuring agency sold 51% of its shares to an investment company called Farindo. Falindo was initially co-owned by brothers Huang Huixiang and Huang Huizhong and U.S.-based investment firm Farallon Capital, with the Huang brothers holding a 9.36 percent stake through the investment firm and Farallon Capital holding 90.64 percent. Subsequently, the shareholding ratio between the two parties changed, with the Huang Brothers acquiring 92.18% of Falindo's shareholding, while Farallon Capital held the remaining shares. The control of Farindo fell into the hands of Huang brothers. After another very complicated takeover, the Huang brothers became the absolute controlling shareholders of Bank of Central Asia in 2010. According to the 'Asian Bank 300 Ranking' published by Asia Weekly in 2012, Bank Central Asia's total assets amounted to 43.5 billion U.S. dollars, annual profits amounted to 1.2 billion U.S. dollars, and the return on assets and return on shareholders' equity were 2.8% and 25.8%, respectively, which ranked 118th among the banks in Asia, and third among the banks in Indonesia, and it became the largest commercial bank in Indonesia.

Major Indonesian Banks, Bank Rakyat Indonesia is the largest bank in Indonesia in 2022. Together with Bank Mandiri and Bank Central Asia, they are the only Indonesian banks with total assets of more than IDR 400 billion (approximately USD 71 billion). Forbes published the 'Global 2000 Listed Companies' list for 2021, in which six Indonesian companies are listed. Bank Central Asia ranks second with total assets of US\$76.6 billion, which shows the strength of the company.

### **3. History of the Bank Central Asia**

The founder of Bank Central Asia (BCA), the former richest man in Indonesia, Lim Shao Leong, was born on July 16, 1916 to a prosperous peasant family in the village of Niu Zhai, Haikou Town, Fujian Province, China. BOCA was formerly known as Semarang Knitting Factory Trading and Industrial Company, founded in 1955 by Indonesian Chinese entrepreneur Lim Shao Leong and later became a member of Salim Group. The bank started its business on February 21, 1957, with its headquarters in Jakarta, and in 1977, Bank Central Asia was approved by the Indonesian Ministry of Finance

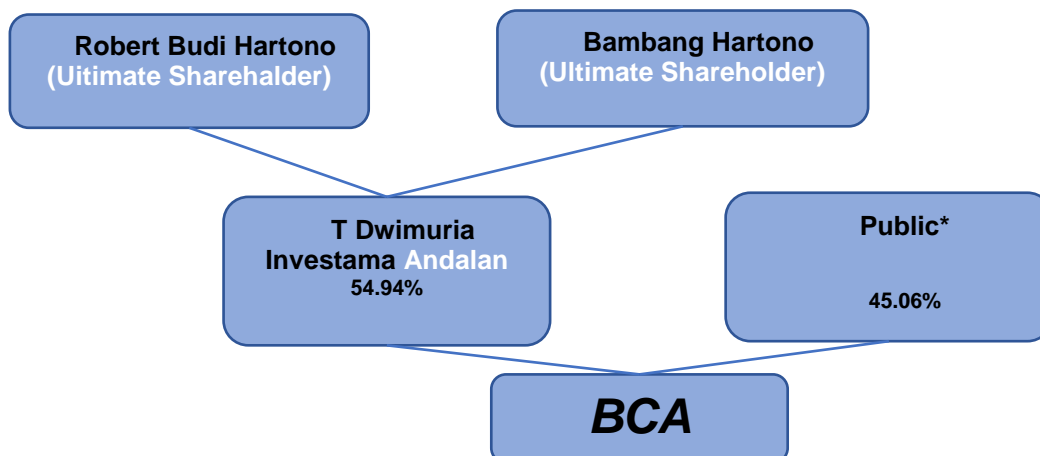
to become a foreign exchange bank, and in October 1988, the Indonesian government implemented policies related to financial liberalization of banks, allowing and relaxing conditions for the establishment of new banks and branch expansion. In 1990, Bank Central Asia developed another branch network through automated teller machines (ATMs), and around 1991, Bank Central Asia placed 50 ATMs in different locations in Jakarta. ATMs allow payment of telephone bills from Telekom Indonesia and credit card bills from Citibank.

The Asian financial turmoil of 1997 had a huge impact on the entire banking system in Indonesia, and in May 1998, riots broke out against the Chinese community in Indonesia, with the Lim Shao Liang family and the Samrin Group, close to Suharto, being one of the main targets; a large number of Bank Central Asia branch offices and ATMs were destroyed and a run on Bank Central Asia broke out. On May 28, 1998, Bank Central Asia was taken over by the Indonesian Bank Restructuring Agency. The bank resumed its previous level of operations later that year, and the bank's third-party funds returned to pre-crisis levels in December 1998. Eventually, Bank Central Asia was released from IBRA's control in 2001. Subsequently, Bank Central Asia took an important step towards going public. The bank sold 22.55% of its shares divested from IBRA in an initial public offering (IPO) in 2000. After the IPO, IBRA still controlled 70.3% of Bank Central Asia's total shares. IBRA conducted a second public offering in June and July 2001, in which IBRA sold an additional 10% of its shares in Bank Central Asia. 2002, IBRA sold 51% of Bank Central Asia's shares through a strategic private placement bid, which was won by Farindo Investment of Mauritius. In 2004, IBRA sold 1.4% of Bank Central Asia to domestic investors through a limited offering, and in 2005, the Indonesian government sold all the remaining 5.02% of Bank Central Asia through PT Perusahaan Pengelola Aset (PPA).

In 1957, Shao-Liang Lin founded Central Asia Bank, and later, after the financial crisis, the Huang brothers completed their absolute control of Central Asia Bank in 2010 through a transaction acquisition. On February 23, 2006, the Board of Directors approved the corporate core values of customer focus, honesty and integrity, teamwork and the pursuit of excellence. BCA's vision is to become the bank of choice and a mainstay of the Indonesian economy. With the mission to build a center of excellence in payment settlement and financial solutions for businesses and individuals, to understand the different customer needs and provide the right financial services to optimize customer satisfaction and enhance the value of our corporate franchise and stakeholders.

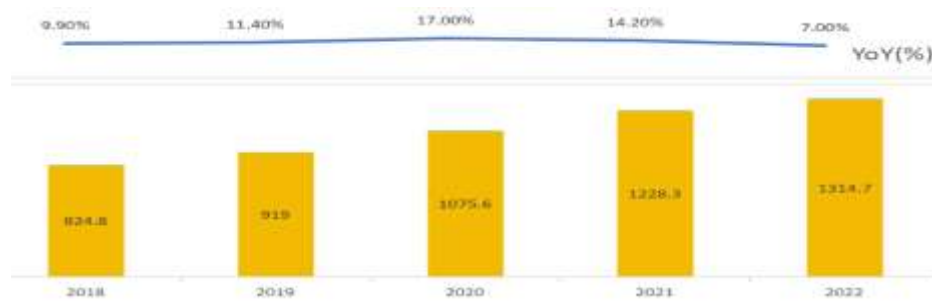
According to Central Asia Bank's corporate annual report, by the end of 2022, Central Asia Bank had 24,508 employees, Central Asia Bank employees by education level until high school graduation employees accounted for 10.5%, university degrees accounted for 85.2%, master's and doctoral degrees accounted for 4.3%, employees with university education level accounted for the vast majority, the core of business competition ultimately comes down to the competition of talent (core of an enterprise). BCA's employees are highly educated, have high professional knowledge and ability, and identify the bank's risk management capabilities can be further enhanced.

The final shareholder composition of Bank of Central Asia, the brothers Huang Huizhong and Huang Huixiang have 54.94% of shares in Bank of Central Asia. as of December 31, 2021, as shown in the following corporate annual report.



**Fig 1.** Composition of BCA shareholders

**Source:** Bank Central Asia, Inc. [www.bca.co.id](http://www.bca.co.id)



**Fig 2.** Asset Growth of Bank Central Asia 2018 to 2022

**Source:** Bank Central Asia, Inc. [www.bca.co.id](http://www.bca.co.id)

As the Fig 2 shows this bank's total assets have grown at a faster rate over the last five years, but the growth rate has fluctuated. In 2018 and 2019, the bank's asset growth rate is around 10% and then grows by 17% in 2020, probably due to pandemic-induced fiscal stimulus and easing of monetary policy. Then in 2021, the asset growth rate drops to 14.2%, probably because the economy starts to gradually recover and government stimulus gradually decreases. Finally, in 2022, asset growth declines again to 7% due to market saturation and increased competition.

Overall, these figures suggest that Central Asian banks have achieved relatively stable growth in different market environments. However, for any bank, maintaining good asset growth requires a keen insight into changes in the economic environment and market competition, and taking measures accordingly.

**Table 1.** Bank of Central Asia Net Income Growth 2018 to 2022

	net income (in trillion rupiah)	net profit growth rate
2018	25.9	10.90%
2019	28.6	10.50%
2020	27.1	-5.00%
2021	31.4	15.80%
2022	40.7	29.60%

**Source:** Bank Central Asia, Inc. [www.bca.co.id](http://www.bca.co.id)

The data in the above Fig 3 indicates that the bank's net profit growth rate has shown some volatility over the last five years. The bank's net profit growth rate is 10.9% and 10.5% in 2018 and 2019, respectively, showing a relatively stable growth trend. However, in 2020, the bank shows a decline in net profit growth rate of -5.0%. This decline may be related to the COVID-19 epidemic, which has led to increased risks and lower profits for the bank. However, the bank showed a more rapid growth in net profit growth of 15.8% and 29.6% in 2021 and 2022, respectively, indicating that the bank is gradually recovering from the impact of the epidemic. Overall, the fluctuations in the net profit growth rate of Central Asian banks indicate that the banks are in a rapid growth trend, suggesting that the business is in good shape.

**4. COMPETITIVE ANALYSIS**

#### 4.1 Five Force Model

In the 1980s, American management scientist Michael Porter, known as the "father of competitive strategy" in the business management community, proposed the Porter's Five Forces analysis model. This model has had an innovative and far-reaching impact on the development of business strategy in the future. The Five Forces model is based on economics and derives five forces that determine the competitive strength and market attractiveness of an industry. These five forces are bargaining power of suppliers, bargaining power of buyers, ability of potential competitors to enter, substitution power of substitutes, and present competitive power of competitors in the industry. Changes in different combinations of the five forces ultimately affect changes in the profit potential of the industry. The laws of competition in any industry, whether domestic or international, producing a product or providing a service, will be reflected in these five competitive forces. Porter's five competitive analysis model is widely used domestically or internationally, including the provision of products or the provision of services, and the rules of competition are included in the five of these five forces model.

Yang & Yu (2020) argues that in recent years, global economic growth has slowed down, the continued tense trade situation has caused commodity The balance of payments imbalance has increased in recent years as global economic growth has slowed, and persistent trade tensions have caused commodity prices to fall and many currencies to depreciate sharply against the U.S. dollar. Although the Indonesian banking sector has been supported by the Indonesian government, it is mainly dependent on its self-generated competitiveness in the free market due to the rising risk uncertainty in the international economic and financial sectors. By using the five forces model, it can help companies to recognize what kind of competitive environment they are in, and then make reasonable development strategies for them to improve their competitiveness in the whole environment. This research will analyze the competitiveness of Central Asian banks in the industry based on Porter's five forces model.

##### ▲ The competitiveness of competitors in industry

Bank Central Asia is the largest private bank within Indonesia, including other state-owned banks, rural banks and other private banks, etc. There are many competitors, and several major banks that can be found everywhere within Indonesia have a strong sense of competition. Some of the most common banks are Bank Rakyat Indonesia, Bank Mandiri and Bank Negara Indonesia. Bank Rakyat Indonesia (BRI) is one of the major state-owned commercial banks in Indonesia, established in 1895 and has been in existence for over 100 years. Bank Mandiri was established on October, 1998. Although it has not been in existence for as long as Bank Central Asia, Bank Mandiri was formed by the merger of the four former state-owned banks of Indonesia, which have a history of over 140 years and have contributed greatly to the economic development of Indonesia.

Bank Indonesia focuses on providing the best services to small and micro enterprises, and Bank Indonesia's corporate vision is to be the leading commercial bank that always puts customer satisfaction first. Bank Indonesia has the largest service network in the Indonesian banking industry and has a strong influence in the small business credit business.

##### ▲ Ability of potential competitors to enter

With high barriers to entry and technical barriers in the Indonesian banking industry, new entrants have many constraints and challenges. New entrants need to invest significant capital and resources to establish their brand and position. There are also government regulatory requirements and capital requirements for banks that place significant restrictions on the ability of potential competitors to enter. Therefore potential entrants are less of a threat to Bank Central Asia.

##### ▲ Substitute ability of substitutes

The substitutes are from the financial services provided by Internet companies similar to the traditional business of banks, which are also gradually influencing people's habits due to the rapid development of financial markets and technology. The capital requirements of small and medium-sized enterprises are increasing and the financial services are being updated. Recently crowdfunding has become a new type of financial product. Crowdfunding platforms have greatly improved the financing difficulties of SMEs and other problems. The development of crowdfunding can directly help companies to solve the problem of obtaining consumers and partners. Moreover, there is no interest on the money raised from crowdfunding, which greatly reduces the pressure for businesses. Crowdfunding is a viable option for SMEs in the less mature market of Indonesia. As the market continues to grow, it has some impact on banks.

##### ▲ Bargaining power of suppliers

In the past, the traditional financial market had a small selection of customers, the total amount of retail and SME deposits of bank savings was small, and the bargaining power of the supplier was weak. And now the gradual development of Internet industry, the financial industry is also increasingly prosperous, small and medium-sized customers of banks have other more options than depositing their savings in banks, they can deposit other financial institutions and other financial

products to obtain income, this trend will continue to strengthen with the development of the Internet, the supplier's choice is getting bigger and bigger. From this aspect, the bargaining power of suppliers gradually increased.

#### ▲ Bargaining power of purchasers

At present, the similarity of Internet financial products is high, and the stickiness of purchasers is not high. The purchasers can choose to buy a variety of financial products, and also share the risk, and according to Porter's five forces model, there are few purchasers but the volume of purchasers is large, accounting for a large proportion of bank sales. It is a buyer's market, a situation in which purchasers have a wide range of choices and the bargaining power of purchasers is enhanced. This rise in bargaining power of purchasers makes it easy for them to switch to other banks because prices and services do not meet their expectations, so it is extremely important for Bank Central Asia to retain their customers. Competition in the banking industry is gradually increasing and Bank Central Asia has the advantage of their brand image, reputation and high market share. As the financial market continues to develop, Bank Central Asia needs to improve the quality and efficiency of its services to meet the needs of its customers. Bank Central Asia also needs to actively transform, and improve its innovation capabilities to meet the diverse needs of the future market, and achieve sustainable development.

## 4.2 SWOT Analysis

SWOT analysis is based on the internal and external competitive environment and competitive conditions of the situation analysis, is closely related to the major internal strengths, weaknesses and external opportunities and threats. Using SWOT analysis, this research conducts a comprehensive, systematic analysis of Bank Central Asia.

#### ▲ Strengths (S)

**Diversified services:** Bank Central Asia offers a wide range of financial products and services, including personal banking, commercial banking, corporate banking, investment banking, e-banking and many other areas, which meets the needs of different customer groups and has a diversified business portfolio.

**High customer loyalty:** Bank Central Asia attaches importance to customer service and experience and is committed to meeting customers' financial needs. It has also established a strong customer relationship management system, provides personalized financial solutions, actively maintains customer relationships, and enhances customer loyalty.

**High visibility and market share:** Bank Central Asia is also a leading brand in Indonesia's financial industry and is the largest privately owned bank in Indonesia, and a strong market position with a large number of branches and ATM network in Indonesia and abroad.

#### ▲ Weaknesses (W)

**Limited international presence:** while Bank Central Asia has a strong domestic market position in Indonesia, its international presence is more limited and it lacks a diverse international business portfolio, leading to a greater business dependency in its domestic market.

**Business limited to offline:** Indonesia is the most adaptable country in the world for digital banking services. Reaching out to customers without a physical presence may lead to an increase in customers.

**Lack of experience in digital finance:** lack of technological know-how and slow implementation and execution of digital initiatives may be led by smaller competitors has more favorable position in terms of digital finance.

#### ▲ Opportunity (O)

**Rapid development of digital economy:** With the development of technology and the rise of digital economy, digital financial business is growing rapidly worldwide. Bank Central Asia can leverage its strong technology and digital capabilities to further develop its digital financial business, including mobile banking, online payment, and e-commerce, to meet the growing digital financial needs of its customers. Bank Central Asia need to enhance customer experience and expand market share.

**Digital transformation innovation:** Bank Central Asia can cooperate with fintech companies to jointly promote fintech innovation and digital transformation. Through cooperation, Bank Central Asia can learn from the technology and business models of fintech companies, improve their own digitalization and innovation capabilities, expand their business areas, and enhance their market competitiveness.

**Expanding international business:** With the economic exploration of the 'One Belt and Road', an international cooperation platform involving many countries around the world, in which Indonesia, as an important pivot country of the 'One Belt and Road', is exploring new points of economic growth, diversifying its business and diversifying its risks, and reducing its dependence on domestic projects. Bank Central Asia need to reduce dependence on domestic projects. With the gradual opening up of Indonesia's economy and the deepening of foreign cooperation, Bank Central Asia should

actively seek opportunities for overseas investment and cooperation, explore new markets, and increase the contribution of our international business.

#### ▲Threats (T)

**Industry Competition:** The Indonesian financial market is highly competitive and Bank Central Asia faces competition from Bank Danamon and financial institutions, including domestic and international banks, which may pose a threat to its market share and profitability. Bank Central Asia needs to continuously improve its competitiveness, including product innovation, customer service experience and marketing, to maintain its competitive edge.

**Regulatory constraints are stringent:** Bank Central Asia will need to adapt to comply with regulatory requirements to ensure compliance and to meet the challenges posed by possible regulatory pressures and changes in regulations. Increased regulatory requirements may increase Bank Central Asia's operating costs and administrative complexity, adversely affecting the business model and profitability.

**Digital security and privacy risks:** Bank Central Asia needs to strengthen its information security management to protect customer data and privacy from cyber-attacks, data breaches and other risks to maintain customer trust and business continuity.

**Rapid development of fintech:** Emerging technologies such as artificial intelligence, blockchain, and big data may change the way financial services are operated and delivered, impacting Bank Central Asia's traditional business and customer relationships. Bank of Central Asia needs to actively monitor the trend of technological change and strengthen technological innovation and digital transformation to maintain market competitiveness.

Overall, Bank Central Asia Indonesia, as a leader in Indonesia's financial industry, has diversified products and services, a customer-oriented business philosophy, and strong branding and market position. However, its offshore business dependence and risk management still have certain disadvantages, while facing threats such as fierce competition, regulatory pressure and economic uncertainty. Therefore, Bank Central Asia needs to continuously improve and innovate to increase its competitiveness in order to maintain its leading position in Indonesia's financial market. At the same time, Bank Central Asia can also take advantage of opportunities such as digital financial services, fintech cooperation and offshore business expansion to further drive its business and achieve sustainable growth. In the face of threats, Bank Central Asia needs to remain vigilant, flexible and responsive to changes in the external environment in order to protect and enhance its competitiveness.

Bank Central Asia has certain competitive advantages in Indonesia, including an extensive branch network, strong financial strength, diversified business and a foundation of customer word-of-mouth trust built up over the years. However, Bank Central Asia also faces a number of challenges, including external competition, supervisory pressure, digital security and privacy risks, economic and market risks, and technological changes and developments in the digital economy. To maintain a competitive edge and sustain growth, Bank Central Asia need to proactively address opportunities and threats, enhance digital transformation, product innovation, customer service and risk management, and strengthen cooperation with fintech companies to continuously improve their business and market resilience. Seizing the 'One Belt and Road' as a platform for international cooperation, Bank Central Asia need to actively expand their overseas business and reduce their dependence on domestic business. Bank Central Asia also needs to closely monitor market and economic changes and adjust its business strategies flexibly to maintain flexibility and innovation.

## CONCLUSION

Indonesia is the largest economy in Southeast Asia and the fourth most populous country in the world, with the largest number of overseas Chinese. Due to historical reasons and the continuous wars in China since history, many people had to leave their homes to live in Indonesia for a living. Most of the Chinese who went to the South China Sea came from China's Fujian Province and Guangdong Province. These coastal areas were originally the trading centers of various countries, and many Chinese stayed and settled down in Indonesia for business, and many of them made their fortune in Indonesia. Many Chinese made their fortunes in Indonesia. The founder of Bank Central Asia, Lin Shaoliang, was originally from Fujian Province, China. After Indonesia's independence, Lin Shaoliang founded Bank Central Asia in Indonesia, after the Indonesian banking industry from scratch, Bank Central Asia after decades of exploration to become Indonesia's largest private bank. Bank Central Asia is ranked second in the Forbes Indonesia Business Ranking 2021 with a market capitalization of \$76.6 billion. With more than 20,000 employees belonging to Bank Central Asia, it is the head financial



institution in Indonesia's banking sector and the head of Indonesian companies, with a huge advantage in terms of financial strength.

This paper analyzes in detail the opportunities and challenges existing in the banking industry in the context of the Indonesian market, which has been developing rapidly economically in recent years, through the theoretical basis and analytical methods of Porter's Five Forces model and SWOT analysis for Bank Central Asia. From the last five years, Bank of Central Asia's assets have been steadily increasing, and the annual growth rate of assets has remained at more than 5% since 2018, and the average growth rate of net profit in the last five years also stays above 10%, and the profitability of the enterprise is good. Under the tell-tale development of internet finance, it brings opportunities and challenges to the traditional financial industry. Most of Bank Central Asia's employees have bachelor's degree or above, and the quality of the personnel is good. It is also crucial to establish a perfect talent management system and retain talents for the healthy development of the enterprise. The business structure of banking industry is similar, and in order to maintain its leading position in the market, it is necessary to maintain its brand image and implement an excellent corporate culture. In-depth and serious study of the development status of the Indonesian banking industry to fill the research gap of Indonesian Chinese enterprises. Bank Central Asia is the largest private bank in Indonesia founded by Indonesian Chinese Lin Shaoliang.

Then, some strategic suggestions are made for the future development of Bank Central Asia. First, Bank Central Asia should focus on talent development, and establish a sound talent development and reward system, which is an effective way to attract and retain employees with high quality talents. It should also strengthen the professional skills training and service quality improvement of employees, cultivate digitalization and innovation ability, motivate the innovation spirit of employees, and promote the improvement of corporate culture. Second, Bank Central Asia should actively focus on cooperation with new fintech companies, partners and other types of financial institutions to promote business innovation and digital transformation. Bank Central Asia should also strengthen their ability to manage risk, set up effective internal control and risk assessment systems, strengthen supervision and warning mechanisms.

Third, Bank Central Asia should accelerate the pace of digital transformation, promote the development of digital and mobile banking, enhance the user experience of digital banking. Thus Bank Central Asia need to focus on information security and privacy protection to steadily improve their digital services and innovation capabilities, and meet the new and changing needs of customers. Fourth, Bank Central Asia need to remain innovative to meet the needs of different customer groups. For example, they should develop digital financial services that suit Indonesia's characteristics and cultural practices, as well as simple SME lending and rural financial service innovations. Fifth, Bank Central Asia can build customer loyalty and brand reputation by continuously improving customer service. This includes providing more convenient banking services, continuously improving customer consumption experience, providing more detailed and customized solutions, strengthening relationship management with customers, and focusing on improving customer satisfaction with use and retention.

Bank Central Asia Indonesia, the subject of this dissertation, as a leader in Indonesia's financial industry, possesses a range of competitive advantages and challenges. By strengthening digital transformation, product innovation, customer experience, risk management, cooperation and innovation, as well as focusing on the improvement of talent training and promotion development system, Bank Central Asia can further enhance its competitiveness and maintain its leading position in the Indonesian financial market. SWOT analysis provides Bank Central Asia with a comprehensive perspective to help Bank Central Asia to understand the strengths, weaknesses of its internal and external environment, opportunities and threats, and to develop strategies and initiatives based on these aspects.

In formulating and implementing its strategies, Bank Central Asia should take into full consideration market trends, competitor dynamics, and changes in policies and regulations to make the right decisions, as well as to monitor and adjust its programs at any time.

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