Increase The Total Profit Achievement of Priority Unit by Analyzing Determinants of Total Profit Case Study: PT Bank SMS Balikpapan Branch Office

Melissa Marta Simanjuntak and Taufik Faturohman

ABSTRACT

Banks, as providers of financial services, according to their function as public fund collectors, have customers with various characteristics of different financial needs. In providing the best service to customers, banks must be able to classify the types of customers or create customer segmentation so that the services offered are right on target in meeting customers' emotional and transactional needs. In the banking business, one form of segmentation is priority service. Certain customer segments are expected to have a significant contribution to achieving bank profits, although there is a possibility that customer segmentation does not contribute positively to profit. Therefore, banks need to evaluate the profit contribution of customer segmentation to ensure that this segment contributes positively to company profits continuously. This study aims to analyze and examine the factors of the customer portfolio that affect the achievement of priority unit performance profits, including ownership of bank products, CASA, total credit usage (outstanding loan), time deposit, and investments. This study collects the portfolio of 721 customers at the PT Bank SMS Balikpapan Branch Office period 2019 to 2022 from PT Bank SMS internal data. This study uses a quantitative approach, panel data regression, with the help of Stata 17 software, to determine the variables that impact achieving profit. The results show that the total ownership of bank products, CASA, credit usage (outstanding loan), and time deposits positively affect the achievement of priority performance profit. Increasing ownership of bank products, CASA, outstanding loan, and time deposit will increase the profitability of priority unit performance. On the contrary, investment has a non-significant relationship to the achievement of profit. Therefore, the priority unit must have a strategy focusing on these four things to achieve profit targets. Priority units are expected to know the needs of customers and be able to provide solutions to customer needs. This study provides practical implications for the company by creating a collaboration program to achieve profit on priority performance. Priority units need assistance from other units related to knowledge of credit products and establishing customer relationships. For further research, the scope of research can be expanded by adding several independent variables such as cost factors, bank product variables detailed in each product, credit facility differentiated by the type of credit (productive or consumptive loan), credit collectability, and reserve value for non-performing loans.

Keywords: CASA, Credit Usage (Outstanding Loan), Investment, Ownership of Bank Products, Priority Services, Profit, Time Deposit (TDP).

I. INTRODUCTION

Priority service is a loyalty program the bank provides for customers with specific segments, creating a community for customers who get product solutions and special services as benefits from priority membership. Priority membership and benefits given specifically to priority membership are part of building customer engagement. Based on internal data of PT Bank SMS (not the real name), in 2022, 180,343 priority customers of PT Bank SMS (0.73% of total customers) contributed to 47.89% of the company's total profit achievement. PT Bank SMS Kalimantan Region covers 8 branches (Balikpapan, Samarinda, Pontianak, Banjarmasin, Kubu Raya, Palangkaraya, Singkawang, and Tarakan) and 5 out of 8 branches have VIP Room for priority customers. The number of priority customers in the five branches ranges from 0.85% to 1.04% of the total customers of each branch. The highest percentage of priority customers is at the Banjarmasin Branch Office of 1.04% of total customers, and the lowest is at the Kubu Raya Branch Office (0.85%). Even though the number of priority customers in the five branches is below 2%, the total profit from priority customers has a large
contribution to the achievement of branch office profits. Fig. 1 and Fig. 2 below describes comparison of priority customer to total customer in 2022 and the profit contribution from the priority customers of each branch.

The following is the percentage weight of priority’s KPI for the last three years and 2023.

<table>
<thead>
<tr>
<th>ASPECT</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services</td>
<td>30%</td>
<td>30%</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td>Business</td>
<td>70%</td>
<td>70%</td>
<td>80%</td>
<td>85%</td>
</tr>
</tbody>
</table>

Several criteria in the business aspect have changed every year. However, only one standard, namely the total profit aspect, has stayed the same and still weighs 20% of the business aspects for the last three years and in 2023. It can be concluded that the profit aspect is essential in the priority’s KPI. Concerning managing the portfolio and maximizing profit contribution as priority membership goals, this study focuses on achieving total profit.

Scatter, line, bar, and pie charts, and a table are used to visualise the profit achievement and the KPI of priority to illustrate the business issue. The priority customer to total customer in 2022 and the profit contribution from the priority customers of each branch are shown in the table and graphs.

II. BUSINESS ISSUE

Branch offices are expected to provide the right solutions to support customers' business and personal needs in the financial sector. Fulfilling these customer needs is expected impact the profit contribution to bank performance. Therefore, it is necessary to provide key performance indicators (KPI) for priority service. With KPI, priority units are expected to focus more on managing customer portfolios and maximizing profit contributions.

KPI of priority consists of 2 aspects: service and business. The service aspect measures whether the services provided are in accordance with the service principles determined by the Bank and obtained through a survey conducted for priority customers, both those who actively transact at the bank and priority customers who do not transact actively at the Bank. The business aspect measures priority customer portfolios consisting of growth in the number of members, quality of membership, funds, loans, investments, time deposits, and total profit.

The lowest profit contribution from priority customers was at the Balikpapan branch (14% of the total profit achievement), and the highest was at the Banjarmasin branch office, where 1.04% of priority customers at the Banjarmasin Branch Office have a profit contribution of 34% of the total profit at the Banjarmasin Branch Office. Therefore, customer segmentation is necessary so that Bank can manage customer equity carefully.

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However, in 2021 and 2022, when the economy is recovering, it will not be followed by the achievement of the profit aspect. Therefore, it is necessary to analyze the factors that influence the profit aspect in the priority unit.

A. Research Question

In formulating the best strategy to achieve maximum points in the profit aspect, the things that need to be analyzed in this study include the following:
1. What variables significantly affect the achievement of profit in priority performance?
2. How does the magnitude of the independent variables on the achievement of profit?

B. Research Objectives

Based on the research question, the research objectives are:
1. To empirically analyse variables that affect the profit achievement in priority performance.
2. To empirically analyse the magnitude of independent variables on the profit achievement in priority performance.

C. Research Scope and Limitation

The scope of this research relates to the achievement of priority performance, especially the achievement of total profit on priority unit performance. It is based on primary data (internal company data) in the form of portfolio data of 721 customers (consisting of funds, outstanding loans, investments, time deposits, and total ownership of bank products information) for 2019-2022. The data used in this study is customer portfolio data at the Balikpapan branch office.

III. LITERATURE REVIEW

The company in the mature stage need to have a strategy to retain customer. Customer Relationship Management (CRM) as a part of forth phase is a way or strategy in retaining customers and increasing customer value. Customer relationship management is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction (Kotler, 2021).

Customer relationship management (CRM) has always played a crucial role as a market strategy for providing organizations with the quintessential business intelligence for building, managing, and developing valuable long-term customer relationship (Tripathi, 2018). The dimensions of CRM include customer identification (customer segmentation), customer attraction, customer retention, and customer development. The importance of marketing not only acquiring customers but also keeping and growing them (Tripathi, 2018).

So, it can be concluded that CRM help business organization in developing high-quality and long-term customer-company relationships that increase loyalty and profits. From the definition and structure of the market segmentation variables it is obvious that the process of segmentation helps the organization to specify the customer group and helps to establish specific product or service groups (Bose, 2012). The banking industry in practice uses a customer relationship management strategy to create customer engagement between customer and Bank especially in providing priority membership services.

Banks have assets in the form of customer data that can be used to create value, products, determine customer satisfaction, and can be used to group customers in creating services that suit different customer segments (Grassi, 2022).

Priority membership service is a form of loyalty program. Customers who put their funds in a bank with an amount that meets the criteria are considered customers who have confidence in the bank so that the bank provides priority facilities. Bank hopes that this service can increase customer satisfaction and trust in the bank and then have an impact on profit contribution (Bose, 2012). Bank should manage customer (priority membership) portfolio carefully and should view customers as assets that need to be managed and maximized.

A. Determinant of Profit

Bank profitability generally results from fundraising activities and channeling funds (in the form of loans or investments). In carrying out its business, the bank collects public funds and then distributes them with the aim of gaining profit which is defined as asset management or margin management. From the funds collected, the bank then makes an allocation which includes maintaining liquidity (cash element), investing in securities, and channeling loans (to benefit from the net interest margin) (Al-Sadi et al., 2022).

The portfolio of each customer contributes to the achievement of bank profits. According to many previous studies, bank profitability can be influenced by internal and external factors. Internal factors that can affect bank profitability include size, bank capital, the level of credit risk, lending, revenue diversification, business bank or type of bank, efficiency, and shares (Bikker, 2017).

B. Bank Product

The bank provides several products to support customers' financial or cash management needs, such as savings, loans, transactional such as internet banking / mobile banking, and investment, where the bank becomes a government partner to market securities and bonds. In providing bank products, there are fees charged to customers, such as administration fees, fees and commissions, where these three things become income for the bank (Ikatan Bankir Indonesia, 2013).

C. Funds (Current Account, Saving Account, and Time Deposit)

Banks have several forms of fund products that can be classified into 2, namely low-cost and expensive. This classification is based on the interest given by the bank. Cheap fund products such as savings and current accounts. Meanwhile, expensive fund products such as time deposits offer higher interest rates if customers keep their funds for a certain period. According to Al-Harbi (2018). The greater the low-cost funds owned by the bank, the more flexible it is in pursuing business opportunities and having the ability to absorb any unexpected losses.

D. Outstanding Loan

Funds the bank collects are then channeled to customers with financing needs for additional working capital and consumption needs such as mortgage and car ownership. The

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income received by banks from channeling loans is in the form of a net interest margin derived from interest income after deducting the cost of funds. Based on the type, interest rates can be divided into fixed interest rates and floating interest rates. Meanwhile, based on the calculation method can be divided into effective, annuity, and flat methods. A large loan portfolio generates the vast majority of net interest income (Bikker & Vervliet, 2017).

### E. Investment

Increasing customer needs and banking competition have resulted in product innovation and the development of bank activities. The growth of the middle and upper segments (one of which is priority customer segmentation) provides business opportunities for banks to build wealth management services. Wealth management in relation to banking is a way of managing customer wealth so that customer assets placed in banks can develop and accumulate optimally. Wealth management or investment products banks offer can be in the form of securities, bonds, and mutual funds (Ikatan Bankir Indonesia, 2013).

### IV. CONCEPTUAL FRAMEWORK

Much research has analyzed variables that affect bank profit related to margin management (collecting funds from customers and then distributing them in the form of loans and investments). Based on previous study can affect that profit, from the internal data bank, there are 5 variable that are potentially affects profit consisting of bank product ownership, CASA, Outstanding Loans, time deposits, and investment products. According to the description of theoretical concepts and previous research, the conceptual framework was developed for this study, as shown in Fig. 4.

![Conceptual Framework](image)

**Fig. 4. Conceptual Framework.**

### V. RESEARCH METHODOLOGY

#### A. Research Variables

This study aims to achieve the target aspect of profit by looking for variables that affect total profit. According to Hair *et al.* (2014) multiple regression analysis used to analyze the relationship between single dependent variable and several independent variables. Regression model is one of quantitative model analysis. Therefore, the multiple regression method is calculated using the Stata program in this study. The variables used in the research are:

<table>
<thead>
<tr>
<th>Type of Variable</th>
<th>Variable</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dependent Variable</strong></td>
<td>Total profit for one year</td>
<td>Nominal (IDR)</td>
</tr>
<tr>
<td><strong>Independent Variable</strong></td>
<td>Soldex (Bank Products)</td>
<td>Number</td>
</tr>
<tr>
<td></td>
<td>CASA (Current Account Saving Account)</td>
<td>Nominal (IDR)</td>
</tr>
<tr>
<td></td>
<td>OS Loans (Oustanding Loans)</td>
<td>Nominal (IDR)</td>
</tr>
<tr>
<td></td>
<td>TDP (Time Deposit)</td>
<td>Nominal (IDR)</td>
</tr>
<tr>
<td></td>
<td>Investment</td>
<td>Nominal (IDR)</td>
</tr>
</tbody>
</table>

#### B. Data Collection Method

Quantitative data is collected from the company's internal monthly priority performance reports. The monthly report contains detailed information in the form of fund ownership, outstanding credit, the number of bank products owned by customers, investment holdings, and profit contributions from each customer.

#### C. Data Analysis Method

Data analysis in this study used the multiple regression method with the help of the Stata 17 software. The data used is panel data, a combination of time series and cross-sectional data, which is expected to provide a lot of information, be more varied, and minimize collinearity between variables.

In panel data observation, the same cross-sectional unit is surveyed over time. Thus, panel data have advantages of space as well as time dimensions. The use of panel data has several benefits including panel data method may consider such heterogeneity by allowing for subject-specific variables, panel data provide more informative data, more variability, less collinearity across variables, more degrees of freedom, and more efficiency by integrating time-series cross-section observations, good method to analyze adjustment dynamic, better at identifying and measuring impacts that are not detectable in pure cross-sections or time-series data, allow researchers to build and test more complex behavioural models and panel data can minimize bias by making data available for thousands of units (Gujarati & Porter, 2012).

Selection of the most appropriate model to manage panel data used in this study based on statistical considerations. This matter necessary to obtain accurate and efficient estimates. Considering statistical means through testing to select the most suitable model to be used in managing panel data, three methods can be carried out, namely Chow Test, Hausman Test, Lagrange Multiplier Test. The classical assumption test is carried out to ensure that the data used in this study is valid, unbiased, consistent, efficient, and meets the basic assumptions for panel data regression. Panel data must meet the BLUE (Best Linear Unbiased Estimator) requirements.

### VI. RESULT ANALYSIS

#### A. Descriptive Analysis

The data observed in descriptive statistics is 721 customers in 4 years, so the total data is 2884.

The result of descriptive statistical test on all variables can be seen in Table IV.
Based on the descriptive statistical analysis results, it is known that for the dependent variable, the minor profit contribution is Rp -34.73 million, a profit contribution from 1 customer in 2022. Meanwhile, the highest profit contribution is Rp 658 million, which is a contribution from 1 customer in 2019. As for variables, the smallest independent number is 0, meaning that customers do not have independent variables such as ownership of bank products (soldex), loans, time deposits (TDP), and investments. Of the six customers who do not have CASA, one customer does not have CASA during the 2019 - 2022 period. Meanwhile, for the soldex variable, two people did not have soldex. Six hundred fifty-fifty priority customers do not have outstanding loans, and 440 customers do not have investment products.

B. Multicollinearity Test

The multicollinearity test aims to test whether there is a high or perfect correlation between independent variables. A good regression model should not have a correlation between independent variables.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Profit</th>
<th>Soldex</th>
<th>CASA</th>
<th>OS Loan</th>
<th>TDP</th>
<th>Inv</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit</td>
<td>21,686,969</td>
<td>5,15</td>
<td>655,000,000</td>
<td>227,000,000</td>
<td>381,000,000</td>
<td>268,000,000</td>
</tr>
<tr>
<td>Soldex</td>
<td>5,15</td>
<td>1,74</td>
<td>928,000,000</td>
<td>1,030,000,000</td>
<td>779,000,000</td>
<td>815,000,000</td>
</tr>
<tr>
<td>CASA</td>
<td>655,000,000</td>
<td>1,030,000,000</td>
<td>11,700,000,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OS Loan</td>
<td>227,000,000</td>
<td>779,000,000</td>
<td>15,800,000,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TDP</td>
<td>381,000,000</td>
<td>815,000,000</td>
<td>12,900,000,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inv</td>
<td>268,000,000</td>
<td>815,000,000</td>
<td>12,100,000,000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If the correlation between independent variable below 0.8, the model does not have multicollinearity problem (Gujarati & Porter, 2012). The second way of measuring multicollinearity is by looking at the Variance Inflation Factor (VIF). If the VIF test result are lower than 10, it can be concluded that model free from multicollinearity issue.

<table>
<thead>
<tr>
<th>Variable</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soldex</td>
<td>1.76</td>
</tr>
<tr>
<td>CASA</td>
<td>1.48</td>
</tr>
<tr>
<td>TDP</td>
<td>1.23</td>
</tr>
<tr>
<td>Investment</td>
<td>1.15</td>
</tr>
<tr>
<td>OS Credit</td>
<td>1.10</td>
</tr>
<tr>
<td>Mean VIF</td>
<td>1.34</td>
</tr>
</tbody>
</table>

Based on the Table VI, the VIF value of each variable is obtained free from collinearity issue and mean VIF<10.

Table VI shows that there is no problem of harmful multicollinearity in the model.

C. Estimation Model Selection

In the following analysis, testing was conducted to select the best model between the PLS, FE, and RE models. From the results of the chow test using Stata software, it is known that the Probability Cross-section Chi-square value <0.05, so it can be concluded that the best model chosen is the fixed effect model. Then the next stage, the Hausman test is carried out to determine whether the chosen model is the FE or RE model.

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>(b)</th>
<th>(B)</th>
<th>(b-B)</th>
<th>sqrt(diag(V_B-V_B))</th>
</tr>
</thead>
<tbody>
<tr>
<td>fe</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>re</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Difference</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Std. err.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Fig. 5. Result of Hausman Test.

From the result of the analysis, b (fixed) is consistent under Ho and Ha (H1), while B (random) is only consistent under H0. Based on the previous chapter, if the probability value is less than 0.05, then the conclusion is that Ho is rejected, meaning there is no correlation between the error and the regressor. The best model chosen is the fixed effect. Conversely, suppose the probability value is more than 0.05. In that case, the conclusion accepts Ho, where there is a correlation between the error and the regressor, meaning that the best model chosen is the random effects model. Because the result of probability > chi2 = 0.4878 and greater than 0.05, it can be concluded that the random effect model is the best model from this panel data test. The Lagrange Multiplier test is performed in the next step to ensure that the RE model is the best selected.

Fig. 6. Result of Lagrange Multiple Test.
Based on the results of the Lagrange multiplier test, it is known that the Breusch-Pagan cross-section value $<\alpha$ (5%), which means that the selected model is a random effect model.

**D. Random Effect Model**

From Hausman and Lagrange Multiple Test result, the estimation model preferred is the RE model. Table VII shows the result of panel data regression between independent variables with profit as a dependent variable. The panel data regression result shows variables soldex, CASA, OS Loan, and TDP affect profitability of priority unit. The results of the analysis where the loan affects the achievement of profit are in accordance with previous research (Bikker & Vervliet, 2017; Al-Harbi, 2018; Petria *et al*., 2015; Kohlscheen, 2018). For CASA and TDP variables which are funds from customers affects the profitability as in previous research (Miroshnichenko, 2022). Of the five independent variables, only the investment variable does not affect profit achievement with probability value above 0.05.

<table>
<thead>
<tr>
<th>TABLE VII: RESULT OF RANDOM EFFECT MODEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROFIT</td>
</tr>
<tr>
<td>-----------------------------------------</td>
</tr>
<tr>
<td>SOLDEX 11661422***</td>
</tr>
<tr>
<td>(0.0000)</td>
</tr>
<tr>
<td>CASA 0.01668***</td>
</tr>
<tr>
<td>(0.0000)</td>
</tr>
<tr>
<td>OS LOAN 0.02708***</td>
</tr>
<tr>
<td>(0.0000)</td>
</tr>
<tr>
<td>TDP 0.06390***</td>
</tr>
<tr>
<td>(0.0000)</td>
</tr>
<tr>
<td>INVESTMENT -0.00101</td>
</tr>
<tr>
<td>(0.109)</td>
</tr>
<tr>
<td>Constant -2582021</td>
</tr>
<tr>
<td>(0.151)</td>
</tr>
<tr>
<td>No of Observation 2884</td>
</tr>
<tr>
<td>No of Customer 721</td>
</tr>
<tr>
<td>R-squared 0.7409</td>
</tr>
<tr>
<td>Hausman 0.4878</td>
</tr>
</tbody>
</table>

Notes: *p<0.1, **p<0.05, ***p<0.01

Table VII also shows that determination coefficient from data panel regression is 74.09%, which means that the independent variable affects the dependent variable by 74.09%. Hair *et al*. (2014) stated that an R squared value of 0.75 was included in the strong category, an R squared value of 0.50 was included in the moderate category, and an R squared value of 0.25 was included in the weak category (Hair *et al*., 2014). Therefore, it can be concluded that the independent variable is strong enough to influence the dependent variable.

Based on the result of data panel regression analysis, the regression models of this study as written and can be interpreted as (1).

\[
\text{Profit} = -2582021 + 11661422 \times \text{Soldex} + 0.01668 \times \text{CASA} + 0.02708 \times \text{OS Loan} + 0.00390 \times \text{TDP} + \epsilon
\]  

(1)

1. An increase in Soldex by one product is associated with an increase in profitability of priority unit by IDR 11,661,422
2. An increase in CASA by IDR 1 is associated with an increase in profitability of priority unit by IDR 0.01668
3. An increase in OS Loan by IDR 1 is associated with an increase in profitability of priority unit by IDR 0.02708
4. An increase in TDP by IDR 1 is associated with an increase in profitability of priority unit by IDR 0.00390
5. An increase in CASA by IDR 1 is associated with a decrease in profitability of priority unit by IDR 0.00101

**VII. BUSINESS SOLUTION**

After analyzing multiple linear regression related to the effect of bank product ownership (Soldex), CASA, OS Loan, time deposit (TDP), and investment on achieving profit, the following are business solutions to achieve profitability of priority unit performance.

**A. Bank Products**

Bank products are made based on customers' financial needs, and each customer has different financial needs. Therefore, to increase ownership of bank products, priority units should know each customer's needs and advise customers regarding products that can meet customers financial needs. The process of knowing the customer financial needs can be done by:

a) Planned relationship process.

b) Use potential data that has been provided.

**B. OS Loan**

Credit facilities banks provide to customers can be classified based on credit allocation and usage. Classification based on designation consists of productive loans used for business activities in the form of additional working capital and investment loans and consumer loans such as mortgages and car ownership loans used to meet the consumption needs of customers. Meanwhile, based on the use of credit consists of standby loans; namely, a credit limit is given, and customers can use it at any time. The customer only needs to pay interest on the amount of credit usage and installment credit, where credit is given once at the beginning. The customer pays principal and interest installments for a certain period.

In increasing customer outstanding credit, the priority unit needs to know and explore customer needs. The priority unit has a close relationship with priority customers. It is highly trained in providing the best service (following the objective of establishing the priority unit to offer special services for special customers). The closeness of the relationship will make it easier for priority units to identify customer credit needs. However, more than good relationships is needed, priority units need to know about credit products. Based on the results of previous discussions, it is known that priority units need help exploring credit-related needs because they need to have adequate credit knowledge, such as marketing employees. Therefore, for outstanding credit, the solutions offered are increasing knowledge related to credit products, recognizing what types of customers have credit needs, and understanding fundamental analysis in lending.

In addition, the priority unit can also monitor the loan portfolio of priority customers who are existing debtors, whether they have additional credit-related needs (additional credit or top-up of existing credit).
The priority unit must collaborate with the marketing team to monitor this loan portfolio.

C. CASA

Current Account Saving Accounts are customer funds placed in low-interest bank instruments. The bank obtains income from CASA through interest income from placing customer funds at Bank Indonesia.

With the low-interest customers earn from withdrawing funds in savings and current accounts, it is challenging for the priority unit to increase the customer's CASA portfolio. In their research, Brannon and Manshad (2022) stated that the things that influence personal savings orientation are the payment method and maintaining financial strength. Therefore, the priority unit must determine the client's financial transaction needs to improve CASA. The first thing that needs to be done is to look at the transactional characteristics of the customer. The company has big data that has been processed with the help of machine learning and priority units supported by tools to see customer transaction trends. Furthermore, by knowing customers' needs from the type of transactions carried out, the priority unit is expected not to sell bank products with the hard-selling method but to provide appropriate advice related to customer needs.

CASA improvement strategies can also be carried out by evaluating membership customers with CASA ownership close to the threshold of priority membership requirements. Priority work units also have membership quality targets with indicators measuring the percentage of customers affected by service fees (CASA balance under the criteria requirements). Approaches need to be taken for customers with CASA ownership that do not comply with the requirements so that customers can increase their CASA.

D. Time Deposit

Time deposit is a savings product within a certain period and offers higher interest than ordinary savings products. A deposit increase would impact profits if the funds placed in a time deposit are funds from outside the bank, not funds the customer has previously saved in a regular savings product (only transferring funds from ordinary savings to time deposit). Therefore, priority units can provide added value related to customer deposit placements. Priority units can introduce new features, namely opening deposits online through e-banking for customers who regularly open deposits so that customers do not need to spend time making transactions at the branch, the opposite also applies to closing deposits.

1) Business Partnership Program

From the explanation above, the researcher summarizes and proposes a collaboration program to achieve profit targets on the priority unit performance, namely "Business Partnership". This program is a collaborative program between priority units and marketing units. Following are the background of this program:

1. In establishing customer relationships, priority units need help exploring customer needs deeply. The limited number of priority unit members (maximum 15 people) and having to serve customers who transact at the bank is challenging to establish customer relationships. The Marketing unit has the flexibility to be able to make visits to customers so that they have the opportunity to be able to establish a relationship with customers and explore customers' financial needs.
2. The priority unit has a good relationship with customers, and the marketing unit comprehends credit products and analyzes lending. Both parties can synergize to provide the right solutions for the needs of customers' financial transactions, especially in terms of credit.
3. The marketing unit is responsible for monitoring a certain number of customers, and from existing data, more than 50% of priority customers are customers under the marketing unit monitoring.

Following the action plan for this business solution:

2) Knowledge enhancement

In increasing credit disbursement to priority customers, priority units must know about credit products and basic lending analysis. Knowledge of loans is necessary so priority units can provide good-quality credit referrals to marketing units. The possibility of increasing credit is greater if the referrals provided by the priority unit have the potential to facilitate the analysis process from the marketing unit.

3) Partnership process

With more than 50% of priority customers who are also customers monitored by the marketing unit, the relationship process needs to be carried out regularly, and potential existing data can be utilized optimally. Therefore, the priority and marketing units will be given 50 potential customer data every week for an in-depth relationship process. In addition, visiting five customers every week is carried out as a follow-up to the results of potential data.

4) Report

Priority units do not have access to credit disbursement reports, so they have difficulty knowing whether the credit references they have provided have been disbursed. Credit reports can also help priority units monitor their targets' achievement.

Meanwhile, for CASA and TDP, priority units require reports regarding customer transaction trends. With this report, the priority unit can conduct a follow-up process related to customer transaction habits (incoming and outgoing funds).
VIII. CONCLUSION

Based on achievement report for 2019 - 2022, it is known that the total profit aspect of priority performance has not been achieved in the last two years. The profit aspect is an important aspect of the priority unit performance. Therefore, it is necessary to carry out further study related to variables that affect the achievement of profit on priority performance. This study employs panel data regression on monthly report priority unit during 2019-2022. The following are the conclusions from this study:

1. Based on the analysis, the result show that of the five variables analyzed, namely bank product ownership (soldex), CASA, OS loan, time deposit (TDP), and investment, it is known that only the investment variable does not affect the achievement of profit priority performance. The growth of investment ownership will have a negative impact on achieving profit.

2. The most dominant variable influencing profit achievement is bank products (soldex). The increasing number of bank products will increase the profitability of priority unit performance. The next variable that dominantly affects the achievement of profit is OS Loan. Customers who have a loan with high usage positively impact achieving priority performance profit. The use of credit will provide revenue from interest charged for using credit facilities. CASA variable positively impacts achieving profit from interest earned by banks from placing funds at Bank Indonesia. CASA can be increased if the products owned by the bank can accommodate all customer transaction activities. The time deposit variable affects the achievement of profit. An increase in TDP can impact if the funds placed in the time deposit are external funds, not funds in CASA. The CASA ownership will have a negative impact on achieving priority performance. The growth of investment ownership will have a negative impact on achieving profit.

As a strategy for achieving profit aspects in priority unit performance, this study employs Business Partnership program, a collaboration program between priority units and marketing units. Priority units have strong relationships with priority customers, and marketing units have depth knowledge related to credit (loan products, seeing opportunities for credit needs, and credit analysis). The Business Partnership program involves:

- Deepening credit knowledge.
- Following up on potential data.
- Conducting regular follow-up visits to potential data for a predetermined period.
- Report, the achievement monitoring process is carried out by sending daily credit disbursement reports and transaction (in-out transaction) reports to the priority unit every 2 weeks.

This program aims to assist priority units in exploring customer needs deeply and equip priority unit human resources with credit knowledge. With the collaborative program of priority units and marketing units, achieving priority unit targets will contribute to the branch office business targets in general.

For further research, the scope of research can be expanded by adding several independent variables such as cost factors, bank product variables detailed in each product (as a dummy variable), credit facility differentiated by the type of credit (productive or consumptive loan), credit collectability, and reserve value for non-performing loans.

CONFLICT OF INTEREST

Authors declare that they do not have any conflict of interest.

REFERENCES


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