

Competitive Intelligence to Improve Business Performance of the Banking Industry in Indonesia

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Abstract: The banking industry faces challenges from economic and political turmoil. The emergence of various new competitors and technological developments pose threats and vulnerabilities to the banking world. The various challenges, threats and opportunities facing the banking industry today constitute a VUCA (Volatility, Uncertainty, Complexity and Ambiguity) situation. In facing these conditions, it is important for the banking industry to be able to have adaptive capabilities to all existing changes, vulnerabilities and threats. The strategy that can be implemented is competitive intelligence (CI). This research uses a qualitative approach with a literature study method in conducting analysis. This research analyzes changes, vulnerabilities and threats faced by the banking industry. This research then provides analysis and recommendations for implementing competitive intelligence (CI) strategies so that companies have adaptive capabilities and strategies in competing. The analysis was carried out based on 4 aspects of CI, including: commercial and marketing intelligence, competitor intelligence, technological intelligence, and strategic and social intelligence.

Keywords: Competitive Intelligence, Banking Industry, Resilience, Threats.

INTRODUCTION

The development of the times has created significant changes in global business and pushed competition to become more competitive. The occurrence of change and competition in the business world can be described with the concept of VUCA¹. VUCA is an acronym for *Volatility, Uncertainty, Complexity and Ambiguity*. Through the concept of VUCA, it can be explained that currently the banking industry is facing rapid, irregular, and unplanned changes. Various new banking companies have emerged with increasingly diverse products. In

¹ Maria. Puspitasari, "Diversity and Inclusion Management in the World of Work. in the Book Contemporary Management," *Badung: Infes Media*. (2024).



addition, various new competitors in the financial finance industry, such as insurance companies, *leasing*, *multifinance* are also increasing and also influential in decreasing the market share and strength of the banking industry².

Businesses in the banking industry are also experiencing uncertainty today. Existing policies and products are often considered irrelevant to current conditions. The problems faced are also getting more complex. More and more factors and variables are interconnected and must be considered in making decisions. The conditions of this undirected development era make companies in the banking industry face various opportunities, challenges, and threats that must be faced. These various conditions are threats and vulnerabilities for the banking industry. Organizations, both profit-oriented and non-profit-oriented, that cannot adapt in the face of these changes, threats, and vulnerabilities, will experience stagnation, decline in business performance, and even failure. This condition can be seen from the case of bank failures experienced by First Republic Bank and Silicon Valley Bank. The two banks went bankrupt due to the wrong implementation of risk management strategies. In addition, it is also due to policy changes related to the increase in the Fed Fund Rate which affects the decline in asset securities prices. The two banks were unable to survive and adapt in overcoming these conditions and changes, resulting in bankruptcy.

In the case of Indonesia, a number of banks experienced bankruptcy. Since 2020, a total of 30 banks in Indonesia have experienced bankruptcy. The collapse of several banks is caused by poor management governance, the implementation of wrong business strategies and risk management, or fraud. This shows that these banks do not have the right competitive strategy and business strategy, so they cannot survive with existing conditions and changes. Other causes are that the bank is unable to carry out recovery in accordance with the provisions, management is not based on the principle of prudence, the management and shareholders fail to carry out recovery, the financial condition worsens and the owner is unable to restore it to health.³

Meanwhile, external factors that contribute to bank bankruptcy include several important aspects, including changes in government policies that can affect bank stability and operations. In addition, macroeconomic conditions, such as inflation and recession, also have a significant impact on bank financial performance. The rapid development of information technology has also changed the landscape of the banking industry, where banks that are unable to adapt to technological innovation and changes in consumer behavior can lose

² Maria Victoria Roman Gonzalez and Mario Martinez Guerrero, "New Competitors in Banking Services," *Journal of Financial Services Marketing* 9 (2004): 126-137.

³ Zefanya Aprillia, "Terungkap, Ini Penyebab 12 Bank Bangkrut di 2024." *CNBC Indonesia* (2024). <https://www.cnbcindonesia.com/market/20240607092830-17-544649/terungkap-ini-penyebab-12-bank-bangkrut-di-2024>



market share. The combination of these factors creates a tough challenge for banks to survive and operate effectively in an increasingly complex environment.

From the conditions defined as VUCA and reflecting on the case of the bank that experienced bankruptcy, we learned that it is important for banks to be able to adapt in the face of various changes, vulnerabilities, and threats that exist. This condition requires banks to carry out various evaluations and developments ranging from procedures, products, ways of working, services, organizational structures, and business models. Changes in banking business models are related to changes in customer preferences, transaction methods, and the entry of various non-bank competitors. The process of change in evaluation and development certainly needs to be supported by the right strategy to be able to meet the company's goals⁴.

Furthermore, human resources in the industry also face challenges as a result of changes and developments in information technology. Employment not only requires knowledge but at the same time high adaptability to the changes that occur. This has an impact on the need to understand what changes are happening and how to respond to them⁵. Therefore, the ability of human resources is also the key to improving banking business performance. Services in banking must also be improved so that it is more indulgent and easier for customers. It is important for banks to have and prepare human resources (HR) who have skills in the field of information technology, understand customer desires, and are oriented to customer needs⁶.

An adaptation strategy that can be applied in the face of various changes, vulnerabilities, threats, and opportunities is *Competitive Intelligence* (CI). Competitive Intelligence (CI) is the process of supporting strategic and tactical decisions. Competitive Intelligence is also a systematic and planned process and practice for collecting, analyzing, and interpreting information about competitors, markets, and industry trends⁷. To support the implementation of CI, organizations need systems and processes to collect and analyze reliable, relevant and timely information available in large quantities about competitors

⁴ Cemal Zehir, Tuğba Karaboğa, and Doğan Başar, "The Transformation of Human Resource Management and Its Impact on Overall Business Performance: Big Data Analytics and AI Technologies in Strategic HRM," *Digital Business Strategies in Blockchain Ecosystems: Transformational Design and Future of Global Business* (2020): 265-279.

⁵ Puspitasari, "Diversity and Inclusion Management in the World of Work. in the Book Contemporary Management."

⁶ Annisa Indah Mutiasari, "Perkembangan Industri Perbankan Di Era Digital," *Jurnal Ekonomi Bisnis Dan Kewirausahaan* 9, no. 2 (2020): 32-41.

⁷ Hildah Wambui Mugo, Kenneth Wanjau, and Eunice Ayodo, "An Investigation into Competitive Intelligence Practices and Their Effect on Profitability of Firms in the Banking Industry: A Case of Equity Bank" (2012).



and market⁸. CI is very fundamental and affects the management and business competition strategy of a company. CI emphasizes doing the right thing rather than doing something without knowing whether it is right or not.

The Competitive Intelligence strategy allows companies to better understand how the external environment conditions are and have a strategy in competing⁹. Banks can policy and develop products on target to meet the increasingly diverse and complex needs and desires of customers. Competitive Intelligence also gives the Bank the ability to analyze its competitors. Banks can determine the right strategy in competing and have information about competitors that will be useful in planning the marketing of their products, prices, channels, and effective promotions.

In addition to CI, digitalization is a key strategy that can be implemented by banks to face VUCA conditions. By adopting modern information technology, such as mobile banking applications and digital payment systems, banks can significantly improve operational efficiency. Digitalization enables faster and safer transaction processes, and provides easy access for customers to carry out various banking activities anytime and anywhere. With the mobile banking application, customers can not only transfer funds, but also monitor balances, pay bills, and apply for loans more easily. This not only improves customer experience but also helps banks respond to rapid market changes and adapt to evolving customer needs. So by implementing digitalization, banks can remain competitive and relevant amidst the uncertainty and complexity faced in the banking industry today.

Competitive strategies also contribute to improving the bank's reputation in the eyes of customers and the public. Banks that focus on good customer service and product innovation will build customer loyalty and increase customer satisfaction. In addition, the implementation of competitive strategies that are responsive to market needs can improve the bank's ability to adapt to changes in the business environment, so that they are able to face emerging challenges better. Research by Prasetyo shows that the implementation of a low-cost advantage strategy can increase the number of customers.¹⁰ This is supported by an evaluation from Nur Rahmawati who stated that the competitive advantage of Bank XYZ Purna Bakti has been running well, namely by carrying out differentiation. The company has had long-term added value, which is difficult for its competitors to imitate,

⁸ John J McGonagle Jr and Carolyn M Vella, "Competitive Intelligence in Action," *Information management* 38, no. 2 (2004): 64.

⁹ Marilyn M Helms, Clay Dibrell, and Peter Wright, "Competitive Strategies and Business Performance: Evidence from the Adhesives and Sealants Industry," *Management Decision* 35, no. 9 (1997): 689–703.

¹⁰ Prasetyo, Andrenov. "Analisis Strategi Bersaing Dalam Upaya Meningkatkan Jumlah Nasabah Bank BRI Syariah Kantor Cabang Palu." PhD diss., IAIN Palu, 2018.



supported by a reliable and effective management team so that it can integrate all resources, capabilities, and core competencies owned by the company. The main competitive advantage is in terms of different services compared to competitors, both for partners and customers.¹¹

Several previous studies, such as Nadia Hanif, 2022 research, have examined how competitive intelligence strategies have a positive influence on the performance and business performance of companies, especially banking companies in Pakistan¹². Then Mugo's research (2012) also explains how competitive intelligence practices can provide greater profits in the commercial banking industry in Kenya. The third is the research by ¹³ which explains that competitive intelligence has the ability to support better decision-making in a company¹⁴. Various previous studies have examined how the benefits of Competitive Intelligence are applied to the banking industry in various countries around the world. However, there has been no research that explains how to apply the competitive intelligence strategy to banking industry companies, especially in Indonesia. This research will explain and provide recommendations related to how to apply Competitive Intelligence strategies to improve business performance in banking industry companies.

LITERATURE REVIEW

Competitive Intelligence

Competitive Intelligence (CI) is the process of collecting, analyzing, and distributing information about a competitive and changing business environment¹⁵. This process involves gathering information about competitors, customers, and markets, as well as analyzing them to identify opportunities and threats that may affect the performance of an organization or company. Organizations can use competitive intelligence information to develop more effective business strategies and improve their market performance.

Competitive intelligence is important for an organization because it can help organizations to track, analyze, and act on competitors' movements in the market. Competitors are becoming more numerous and agile, so the ability to

¹¹ Rahmawati, Nur. "Evaluasi Keunggulan Bersaing Bank XYZ Unit Bisnis Purna Bakti." *Jurnal Perspektif* 19, no. 1 (2021): 83-90.

¹² Nadia Hanif, Noman Arshed, and Hasan Farid, "Competitive Intelligence Process and Strategic Performance of Banking Sector in Pakistan," *International Journal of Business Information Systems* 39, no. 1 (2022): 52-75.

¹³ Tanya Du Plessis and Mzoxolo Gulwa, "Developing a Competitive Intelligence Strategy Framework Supporting the Competitive Intelligence Needs of a Financial Institution's Decision Makers," *South African Journal of Information Management* 18, no. 2 (2016): 1-8.

¹⁴ Mugo, Wanjau, and Ayodo, "An Investigation into Competitive Intelligence Practices and Their Effect on Profitability of Firms in the Banking Industry: A Case of Equity Bank."

¹⁵ Hamid Tahmasebifard, "The Role of Competitive Intelligence and Its Sub-Types on Achieving Market Performance," *Cogent Business & Management* 5, no. 1 (2018): 1540073.



track, analyze, and act on their movements is increasingly important. This is related to new products launched, marketing strategies, prices, and so on. By having a good understanding of competitors, organizations can take appropriate actions to maintain their position in the market and even win over the competition. Organizations can use competitive intelligence to develop better products, adjust prices, or improve marketing strategies. With a competitive intelligence strategy, organizations can gain a sustainable competitive advantage in the market.

Research by Shuyi Liao, 2022 explains that data collection for competitive intelligence (CI) can be done through various sources, both internal and external to the company¹⁶. Some of the internal sources that can be used are financial data, sales data, production data, employee data, and other operational data. Meanwhile, external sources that can be leveraged are mass media, industry publications, competitor financial reports, competitor websites, and other sources of information available outside the company. In addition, companies can also utilize the services of external competitive intelligence agencies, government agencies, information agencies, and for-profit institutions to collect competitive intelligence data.

Data collection for CI can also be done by utilizing big data technologies such as Knowledge Discovery in Database (KDD) to help companies extract practical intelligence from large amounts of data. In this case, the data becomes the core of the analysis to reveal the hidden correlations between the data. Data collection for CI should be done systematically and comprehensively, involving a combination of internal channels, competitor approaches, and social environment approaches. In this case, different paths work together to strengthen intelligence gathering and improve the quality of strategic decision-making.

Aspects of Competitive Intelligence

Wijianto (2021) explained that the aspect of competitive intelligence consists of 4 parts, namely¹⁷:

- (1) Commercial & marketing intelligence covers current customer trends, customer wants and needs, new trends, innovative and opportunity market segments; as well as the changes and distributions that occur in the market.

¹⁶ Shuyi Liao, Keyi Lu, and Lei Xv, "Competitive Intelligence Gathering in Strategic Decision Making," in *2022 6th International Seminar on Education, Management and Social Sciences (ISEMSS 2022)* (Atlantis Press, 2022), 3061–3071.

¹⁷ Aldo Wijianto, "Implementation of Competitive Intelligence in Improving Company Performance of Power Plant in Indonesia," *Turkish Journal of Computer and Mathematics Education (TURCOMAT)* 12, no. 3 (2021): 3368–3376.



- (2) Competitor intelligence includes the process of evaluating competitors' competitive strategies in sequence to address changes in 14 competitors (e.g. structural changes, new products) and new competitors in the industrial market. Competitor aspects consist of competitors' goals, strategies, strengths, weaknesses and reactions.
- (3) Technological intelligence contains an assessment of the costs and benefits of using technology for the present or future business, as well as evaluating future technological changes.
- (4) Strategic & social intelligence includes individual knowledge of law, finance, politics, economics, social resources as well as the availability of human resources.

Competitive Intelligence Process

Every system that is implemented certainly has a process that is practiced by a company. Process Competitive Intelligence (CI) is described as a loop to identify ongoing processes that end up in product development decisions. The implementation process is divided into several stages, which include planning and direction, information collection, information screening, information analysis, intelligence dissemination, decision-making, processes and structures, organizational and cultural awareness, and feedback.

The Competitive Intelligence Framework is a process or practice that follows a predetermined phase. The competitive intelligence process is described as a continuous circle where the final product of one phase is the input for the next phase¹⁸. In business, competitive intelligence often uses a four-phase cycle model. The four-phase CI model cycle is much more appropriate and simple, and its application can be adjusted to the specific circumstances of government organizations. But today's business practices face competitive intelligence globally with a much tougher task. These problems can be solved by using a five-phase model of the competitive intelligence cycle¹⁹. There are influencing factors that come into play during the CI process.

Leadership Theory: VUCA (Volatility, Uncertainty, Complexity, Ambiguity)

The concept and term VUCA originated from the leadership theory that developed in the training of the United State Army War College. The theory was first explained by Warren Bennis and Burt Nanus in 1987. In this case, VUCA itself is an illustration to show the geopolitical conditions that occurred after the cold war. The concept of VUCA then developed and was adopted in the world of business, companies, the economy, and the public sector²⁰. VUCA

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ardy Firmansyah and Novi Savarianti Fahrani, "Rencana Suksesti Pegawai Negeri Sipil Di Era Vuca," *Jurnal Kebijakan Dan Manajemen PNS* 13, no. 2 Nov (2019): 1–14.



is essentially a state in which full change occurs that takes place quickly and is accompanied by uncertainty²¹. Further definitions related to VUCA are as follows²².

The first is Volatility. The changes that are currently occurring can be said to be at an unpredictable pace. The frequency of large and small changes is unpredictable, this is the cause of instability or volatility. This volatility not only affects the technology and business sectors, but also the social and economic sectors. The second is Uncertainty. In the process of achieving the goal, there is uncertainty. Uncertainty will certainly be found in each stage. With the information and understanding that has been obtained, the possibility of uncertainty will be smaller. However, in this era, even though we have gathered a lot of information for anticipation, there are still other variables that cannot be known exactly.

Next is Complexity. Complexity will arise along with the continuous development. The more development is carried out, the more layered the components that are the content, the more complex the existing problems will be. The last one is Ambiguity. The current condition experiences various ambiguities that lead to a message that comes from the information that has been obtained. The information obtained cannot give rise to one clear goal and instead show a double meaning, so it is in this condition that ambiguity arises.

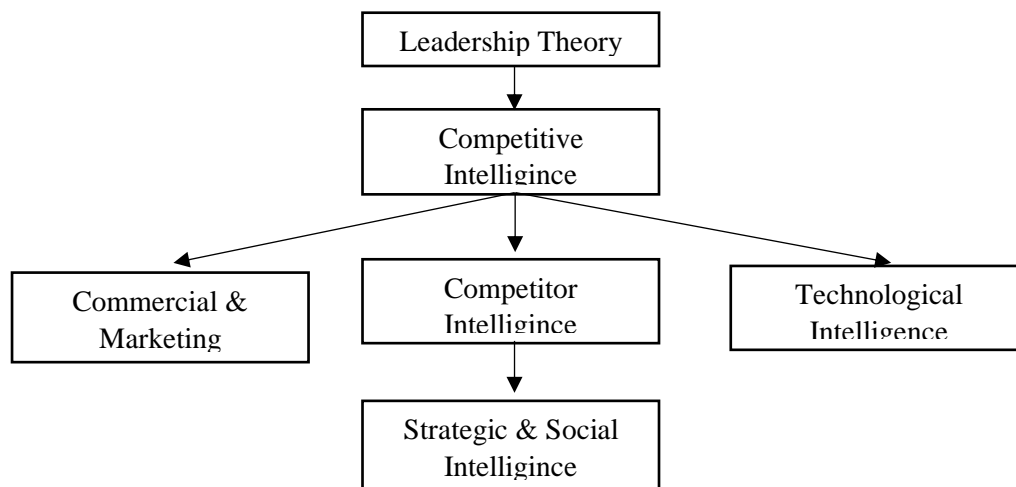


Figure 1. Theoretical Framework

²¹ H Aribowo and A Wirapraja, "Innovation Strategy in the Framework Of Maintaining Business Sustainability in Facing the Era of Volatility, Uncertainty, Compelxity, and Ambiguity (Vuca)," *Journal Knowledge Management and Accounting Applied (JIMAT)* 9, no. 1 (2018): 51–58.

²² Nadia Aurora Soraya, Salsa Ayuning Tias, and Kristina Ayu, "Nasionalisme Bangsa Di Era Vuca (Volatility, Uncertainty, Complexity Dan Ambiguity)," *Jurnal Kewarganegaraan* 6, no. 1 (2022): 1238–1243.



RESEARCH METHODS

This research uses a qualitative approach. Qualitative research tends to be more concerned with words than numbers²³. The data collection technique in this study is the literature study method that uses secondary data, namely from literature studies, namely a research method with a series of research activities through collecting library data, reading and recording, and managing research materials. Related to past or existing events, data collection must be through sources or data that already exist. In addition to literature studies, researchers conduct observations and document analysis by utilizing journal articles and documents and other articles that are relevant to banking issues in the midst of the VUCA situation in the study of competitive intelligence perspectives.

RESULTS AND ANALYSIS

Banking Industry in the Midst of the VUCA Situation

The various challenges, threats, and opportunities facing the banking industry today are facing rapid change, high uncertainty, increasing complexity, and the emergence of ambiguity in the banking business world. The world is facing a global economic crisis that has hit major countries in the world including the United States, Japan, and China. Inflation, weakening exchange rates, economic growth that has experienced a significant decline, the collapse of stock exchange indices and a number of banks/financial institutions/corporations in various countries around the world are facing financial difficulties and even experiencing bankruptcy.

The global economic crisis is exacerbated by the occurrence of various global conflicts such as the Russia-Ukraine, Israel-Palestine, China-Taiwan, and so on, which will certainly affect global economic conditions. The global economic turmoil will certainly also have an impact on the economy of Indonesia. Among others, there is a decline in liquidity, soaring interest rates, falling commodity prices, weakening of the rupiah exchange rate, and weakening growth of capital sources. Likewise, the decline in the level of consumer confidence, investors, and the market in various financial institutions has led to a weakening of the capital market. Then the 2024 election and various other events also had an influence on Indonesia's state economy. The various global and national events that occur are a tangible form of changes and uncertainties that occur in the current era.

Banking faces extraordinary challenges from economic and political turmoil as described above. But not only that, the banking industry also faces challenges with the emergence of various new competitors such as Financial Technology (Fintech) companies. In 2016, as many as 6 fintechs have been officially registered and licensed by the OJK. Then in 2017 it grew to as many as 22 fintechs. Until then, this figure grew

²³ Alan Bryman, *Social Research Methods* (Oxford university press, 2016).



rapidly until in 2023, as many as 101 fintech companies have operated and obtained permits from the OJK. This condition indicates that Fintech continues to grow rapidly and grow in Indonesia.

These companies offer a variety of similar products and replacements sold by banks. Fintech also offers various conveniences when compared to conventional banks. These companies follow the companies of the era where they use technology to offer various conveniences. This is their advantage and causes many people to prefer Fintech products when compared to conventional banks. This condition is certainly a threat to conventional banking companies. Fintech has captured some of the market segmentation from conventional banking, especially among young people.

The rapid development of technology, digitalization, and fintech in Indonesia can also be seen from the figures of Indonesia's digital economy, which experienced a rapid surge of USD77 billion throughout 2022, with a projection of USD130 billion in 2025. Not only that, Bank Indonesia's Monetary Policy Report for the third quarter of 2023 also stated that the value of electronic money transactions reached IDR 116.54 trillion, while QRIS transactions soared to IDR 56.92 trillion. More than 41.84 million users and 29.04 million traders are involved, many of whom are MSMEs. In addition, OJK also mentioned that outstanding peer-to-peer lending loans as of September 2023 reached IDR 55.7 trillion.

The growing fintech industry also results in increasingly fierce competition and market competition. Nabilah (2023) said that the majority of fintech users, 70.8% come from people in the age group of 26-35 years, as many as 23.1% of the age group of 36-50 years, and as many as 6.1% of the age group of 18-25 years. Of all these age groups, fintech users are dominated by the middle class. This condition certainly illustrates how fintech has seized part of the existing market. The banking industry has lost some of the market it previously had.

Currently, industry and customer trends have also changed. Banking companies are competing to innovate their Mobile Banking applications. Starting from transactions using Qris, opening an account, applying for a loan, making deposits, and so on, everything can be done through the Mobile Banking application. This is done to keep up with changes in customer trends that occur. Currently, people prefer things that are fast, practical and easy. The number of people who come directly to the Bank to make transactions has been greatly reduced. People want everything to be done only through the palm of their hand, namely through their smartphones.

The development of technology, digital economy, and fintech, of course, makes competition even more fierce, so the banking industry must continue to develop increasingly diverse and increasingly complex products. This is because the needs of the community are also increasingly diverse, complex, and demanding practicality. Therefore, banking products are expected to be more specialized and in accordance with needs. The banking industry must be able to keep up with the times and know the needs of the community, and immediately make products that meet these needs.



The development of technology and digitalization also makes the problems faced by banks more complex. Banking is faced with various cyber attack and hacking issues related to data, information systems and technology. A real example of a cyber attack case was experienced by Bank BSI in May 2023. There was a ransomware attack that resulted in the leakage of 15 million customer data, employee information, and other internal data of 1.5 Terabytes. Then the case of a cyber attack was also experienced by Bank BCA which experienced a data leak of 6.4 million BCA credit card users in July 2023. A similar case was also experienced by Bank BTN in July 2024 which experienced a data leak of 370 thousand of its customers. In addition to these three examples, there are many more examples of cyber attacks against banking companies that cause losses and other threats. This condition certainly makes the threats and challenges faced by the banking industry more complex. The banking industry today also faces various dilemmas and ambiguities. Security is often inversely proportional to comfort. On the one hand, banks must carry out various existing procedures to uphold security. But on the other hand, banking must also provide convenience, comfort, and practicality for customers and the community. Banks are required to meet people's needs for convenience and convenience, but they must still be safe in accordance with existing banking procedures.

Various changes in rules and regulations by Bank Indonesia and OJK as regulators are also a challenge for the banking industry that creates ambiguity. Banking companies want to run operations, run businesses and sell products for profit. However, it is often limited by various existing regulations from regulators. In fact, BI and OJK continue to issue regulatory developments every year, causing banks to continue to make adjustments to these regulations. This causes the banking industry to continue to adjust to the various developments in the existing regulations.

The various conditions above are real examples of the challenges and threats faced by banks. Companies that do not have a strategy to compete, cannot survive and face the current conditions. This is also due to increasingly sharp and competitive competition. Therefore, Competitive Intelligence is needed by the banking industry to implement the right strategy based on the development of threats, challenges, and opportunities experienced and faced. Competitive intelligence strategies can be carried out by referring to four aspects of CI, including Commercial and marketing intelligence, Competitor intelligence, Technological Intelligence, and Strategic and social intelligence²⁴.

Commercial & marketing intelligence

In this digital era, the condition of customer trends such as those related to the evolving desires and needs of customers needs to be considered²⁵. Therefore, it is important for the Bank to collect data related to the development of current customer

²⁴ Wijianto, "Implementation of Competitive Intelligence in Improving Company Performance of Power Plant in Indonesia."

²⁵ Mamduh Rihadatul Aisy, "Tren Bisnis Online: Analisis Perubahan Konsumen Dan Strategi Pengembangan Bisnis Di Era Digital," *Journal of Comprehensive Science (JCS)* 3, no. 3 (2024): 750–755.



trend conditions ²⁶. Banks can collect data by conducting customer satisfaction surveys to find out what the current level of customer satisfaction is and what customers want in the future. Furthermore, the Bank can collect external data through mass media, social media, or through research institutions. This is done so that the Bank can evaluate, innovate and get opportunities to make products that are more targeted in accordance with the current trends of customer wants and needs.

Furthermore, banks need the right marketing strategy to be able to sell their products. This aspect is related to how marketing strategies are widely applied and strategies carried out by each marketing individual. Banks need to evaluate whether the strategies currently implemented are appropriate and efficient²⁷. This can be done by conducting studies and collecting data related to sales goals and segmentation of the products owned, customer distribution, as well as customer wants and needs.

In addition to the marketing programs owned by the Bank, the strategies and capabilities possessed by each marketing are also very important. Banks need to have a workforce that has the right abilities and capabilities as a marketer. However, banks must of course continue to provide guidance and direction to their marketers. Banks need to socialize related to the products they want so that marketers understand well the products they will sell. Banks can provide regular training in order to improve their marketing capabilities and performance. Until finally the bank can also evaluate the shortcomings and advantages of the strategy carried out by each marketing based on the sales performance produced.

Competitor intelligence

Competitors or competitors can be divided into primary competitors, secondary competitors and tertiary competitors²⁸. The main competitors are companies that are engaged in the same field and sell the same products. Secondary competitors are companies that offer some of the same products and services, or are engaged in the same field. However, it can differ in terms of product variety, demographics, and customer segmentation that is the target of sales. While tertiary competitors are companies that do not sell the same products or services, but still attract the same type of customers. Tertiary competitors can turn into secondary competitors or even primary competitors if they expand their product offerings.

In the banking business industry, it is important for a company to collect data and analyze other banking competitors. Banks can start conducting research related to who are the companies that are the primary, secondary and tertiary competitors. In relation to the main competitors, banks can create strategies and innovate to have an

²⁶ B Ismaeel and M M Alzubi, "The Impact of Marketing Intelligence on the Market Share of the Jordanian Commercial Banks," *Suntex Review Of Economics And Business* 1, no. 3 (2020): 1–8.

²⁷ Ibid.

²⁸ Wijianto, "Implementation of Competitive Intelligence in Improving Company Performance of Power Plant in Indonesia."



advantage over these main competitors. This is so that the seller sees a certain advantage and aspect that only the company has, even though it sells the same product as other companies. Such as by improving the quality of service, having attractive programs or promotions, or having lower interest rates than other competitors who have similar products.

In relation to secondary competitors, banks can carry out strategies and innovations to develop their products in order to attract a wider customer segmentation. Secondary competitors can be a threat because customers may move to buy other products that are considered more competitive, more attractive and as needed. In this case, the Bank can create more innovative and more diverse products targeted at specific customer segments. Such as priority banking customer products aimed at the upper-middle class, retirement credit products aimed at retired customers, and collaborating with various partners to be able to create other innovative products.

The third is the tertiary competitor. These types of competitors are often overlooked and unpredicted by companies. This is because tertiary competitors do not sell the same type of products or services. These tertiary competitors can be a dangerous threat because they attract the same type of customers. It is important for the banking industry to identify and be aware of various companies that can become tertiary competitors and pose an indirect threat. Customers owned by the company may move to buy other types of products or services sold by the tertiary competitor. In relation to the banking world, these tertiary competitors are various startup industries, online investment and financial technology. They become a threat because customers can start to abandon the products offered by the bank. This is because customers consider the products sold by these various to be more modern, practical, and attractive.

Technological intelligence

In today's modern era, technology is the basis for running a banking business²⁹. Digitalization has been carried out on almost all aspects of banking. The current condition of customers also always wants to be given comfort and convenience. Therefore, it is important for the Bank to continue to innovate to provide comfort and convenience to customers by taking advantage of technological developments and information systems. Such as the ease of opening an account only through a mobile phone, electronic money products, replacing ATM cards in less than five minutes, 24/7 online customer service, and so on. Banks do not need to be afraid to spend money in the context of development and improvement in the technology and information systems sector. Investment in technology will be a useful asset for the future and in the long term.

Furthermore, it is important for banks to collect data and conduct studies related to information technology developments. Banks need to conduct studies related to the

²⁹ Gita Putri Maulidya and Nur Afifah, "Perbankan Dalam Era Baru Digital: Menuju Bank 4.0," in *Proceeding Seminar Bisnis Seri V*, 2021, 278–288.



assessment of the costs and benefits of using technology that has been used now and in the future³⁰. Banks can analyze and evaluate the current condition of technology and information used, especially those that have been used by competitors and other companies.

Strategic & social intelligence

In achieving the company's vision and mission, strategic planning is needed. Such as related to the recording and management of the company's overall finances, the strategic plan owned by the company, and the company's profit target. Companies must be able to project the condition and position of their company in the future and in the long term. Therefore, banks need to collect data related to the strategic and social aspects of banking companies³¹. Data collection is carried out on all aspects that can affect the sustainability of banking companies. Such as information and data related to stakeholders, applicable laws and regulations, state political conditions and stability, state and global economic conditions, and related to bank financial projections in the future. Furthermore, banks need to pay attention to how the social aspects experienced or affect the bank. The role of banks in the social life of the community is important and needs to be considered. This social aspect will affect how the company's reputation and image are in the eyes of the public. So that it will be able to affect the banking business aspect.

The last thing that is very important is related to human resources. It is important for the Bank to have competent human resources and be able to adapt to the VUCA situation that occurs. By having good human resources, it will certainly improve the company's performance and encourage the achievement of the company's vision and mission³². Therefore, the Bank needs to collect data related to the availability of labor and the distribution of human resources in the community. Until the last, banks can also evaluate the performance of human resources that they already have. Banks can conduct training to improve the competencies and abilities of their employees.

The four aspects and explanations above are the keys to the application of competitive intelligence strategies in the banking business. Various explanations related to the strategies above can be done according to the competitive intelligence process cycle. This starts from planning and direction, information collection, information filtering, information analysis, intelligence dissemination, decision-making, processes and structures, organizational and cultural awareness, and finally feedback. The implementation of the Competitive Intelligence strategy will be able to support and improve business performance in the banking industry.

³⁰ Wijianto, "Implementation of Competitive Intelligence in Improving Company Performance of Power Plant in Indonesia."

³¹ Ibid.

³² John Suprihanto, "Penilaian Kinerja Dan Pengembangan Sumber Daya Manusia," *Yogyakarta: BPFE* 88 (2000).



Impact and Benefits of Competitive Intelligence

Du Plessis (2016) explained that competitive intelligence (CI) has the greatest contribution to strategic management. CI has the capability to support better decision-making in a company³³. CI can be a strategic framework and planning tool that can be used to find ways to improve an organization's strategic planning capabilities. CI can present a strategic framework as a planning tool in the financial services industry and map the process of developing the planning tool. CI also provides financial institutions with the ability to better meet the needs of decision-makers. CI is needed in terms of its contribution to strategy development, decision-making, gaining an edge over competitors, and improving the financial performance of the organization. The benefits of implementing CI in the banking sector are also supported by research by ³⁴ which explains that all components of the CI process affect the strategic performance of banks. It is important to implement CI because it has a significant positive impact on the bank's strategic performance. Companies that implement CI practices have higher performance and business performance. Until the last, research by Mugo (2012) also supports that CI can increase the profitability of commercial banks³⁵.

Increase Resilience, Adapt, and Transform with Competitive Intelligence

It is important for the banking industry to be resilient in the face of various problems, threats, and challenges. Competitive Intelligence is a useful strategy in overcoming problems and increasing the resilience of the banking industry. CI allows companies to take steps, strategies and decisions more precisely. Furthermore, in situations and conditions defined by the VUCA concept, it is important for companies to be able to adapt to these conditions. CI allows companies to adapt to current situations and conditions. In the end, CI allows companies to transform as needed and in keeping up with existing conditions.

Without Competitive Intelligence, the enterprise industry will not have the resilience and strategy in facing changes and existing threats. Economic, political turmoil, and various existing threats will produce various problems in the banking industry. This condition will make the banking industry unable to compete and experience a decline in business performance. Until finally the banking industry can experience failure and destruction.

CONCLUSION

The various challenges, threats, and opportunities that the banking industry faces when it becomes a vulnerability and threat. Banking faces

³³ Du Plessis and Gulwa, "Developing a Competitive Intelligence Strategy Framework Supporting the Competitive Intelligence Needs of a Financial Institution's Decision Makers."

³⁴ Hanif, Arshed, and Farid, "Competitive Intelligence Process and Strategic Performance of Banking Sector in Pakistan."

³⁵ Mugo, Wanjau, and Ayodo, "An Investigation into Competitive Intelligence Practices and Their Effect on Profitability of Firms in the Banking Industry: A Case of Equity Bank."



challenges from economic and political turmoil. The emergence of various new competitors and technological developments also exacerbate this condition. Competitive Intelligence is needed by the banking industry to implement the right strategy in dealing with these conditions. The application of the Competitive Intelligence strategy in the banking industry can refer to 4 aspects of competitive intelligence, including: commercial and marketing intelligence, competitor intelligence, technological intelligence, and strategic and social intelligence. This research provides recommendations for the implementation of Competitive Intelligence strategies so that the banking industry in Indonesia can increase resilience, adapt, and transform in facing the existing situation. So that in the end it can improve business performance in the banking industry in Indonesia

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