

## **Competitive Differentiation Through Sustainability: Bank Jago's Strategic Response to Inter-Firm Competition**

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### **ABSTRACT**

This study aims to analyze the strategic responses of Bank Jago, a leading digital bank in Indonesia, to the evolving competitive landscape shaped by fintech innovation and regulatory dynamics. Employing a qualitative case study approach, this research draws on Bank Jago's annual reports, industry analyses, and news sources, applying PESTEL, Porter's Five Forces, SWOT, SPACE matrix, and Strategic Sustainability frameworks to comprehensively evaluate the bank's external environment, competitive position, internal capabilities, and competitive differentiation through sustainability. The findings indicate that Bank Jago benefits from supportive government policies, rapid technological advancements, and a growing urban, tech-savvy customer base, while facing challenges such as stringent regulatory requirements, rising competition from regional fintech firms, and economic volatility. Strategic partnerships, particularly with fintech platforms like Gojek, and innovative digital banking services such as the 'Pockets' feature, have strengthened Bank Jago's market position. The SPACE matrix analysis suggests an aggressive strategic posture, emphasizing growth and innovation to capitalize on market opportunities. The study concludes that Bank Jago's adaptive strategies, focused on digital transformation, customer-centric innovation, regulatory compliance, and environmental sustainability, will be pivotal for its sustained competitive advantage and expansion in Indonesia's digital banking sector.

**Keywords** - Bank Jago, Digital Banking, Strategic Management, PESTEL Analysis, Sustainability

### **INTRODUCTION**

PT Bank Jago Tbk (hereafter referred to as Bank Jago) represents a prominent example of digital banking innovation in Indonesia, with a strategic emphasis on financial technology (fintech) (Boston Consulting Group, 2023). Originally established in 1992 under the name PT Bank Artos Indonesia, the institution underwent a significant transformation following its acquisition in 2020 by PT Metamorfosis Ekosistem Indonesia a firm owned by Patrick Walujo and Jerry Ng culminating in its rebranding as Bank Jago (PwC Indonesia, 2023). Bank Jago has positioned itself as a pioneer of the "bank in your hand" concept, integrating comprehensive banking services through a mobile application designed for ease of use and accessibility. Its digital offerings encompass savings accounts, time deposits, loans, and investment products. Furthermore, the bank has actively pursued strategic collaborations with fintech and e-commerce platforms to broaden its service ecosystem (Bank Jago, 2024).

By prioritizing technological advancement and user-centric innovation, Bank Jago has successfully engaged younger demographics and urban populations who seek seamless financial

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management and transactional convenience. This case illustrates the evolving landscape of digital banking in Southeast Asia and highlights the role of adaptive strategies in fostering financial inclusion and customer engagement (Accenture, 2023; Frost & Sullivan, 2023).

### LITERATURE REVIEW

This study employs industry and competitive analysis frameworks to comprehensively understand the external and internal factors influencing the selected organization. The research focuses on the interconnectedness of competitive forces and macro-environmental elements, exploring how these dynamics collectively impact the industry landscape and the organization's strategic positioning.

#### **1. The primary analytical tools used include:**

PESTEL Analysis:

This framework systematically examines the Political, Economic, Social, Technological, Environmental, and Legal factors that shape an organization's external environment. It is extensively applied in strategic planning and risk assessment to identify critical opportunities and threats (Belsare, 2025).

Porter's Five Forces Analysis: Developed by Michael E. Porter, this model evaluates the competitive forces that determine industry profitability by analyzing the threat of new entrants, bargaining power of suppliers and buyers, threat of substitutes, and competitive rivalry. It provides crucial insights into industry structure and competitive intensity (Porter, 1979).

SWOT Analysis: As a strategic management tool, SWOT assesses internal strengths and weaknesses alongside external opportunities and threats. This analysis synthesizes insights obtained from PESTEL and Porter's Five Forces frameworks to guide informed strategic decision-making (Wheelen & Hunger, 2012).

Strategic Position and Action Evaluation (SPACE) Matrix Analysis: The SPACE matrix is utilized to evaluate four key dimensions—Financial Strength, Competitive Advantage (internal factors), Industry Strength, and Environmental Stability (external factors)—to determine the organization's strategic posture and recommend appropriate strategic actions, such as aggressive growth, conservative tactics, defense, or competitiveness (David et al., 2020).

These complementary frameworks collectively enable a multidimensional understanding of both the macro-environment and competitive landscape, thereby facilitating robust strategic analysis for the case analysis.

#### **2. Details strategic initiatives of Bank Jago from The 2024 annual report.**

As a leading actor in Indonesia's digital banking sector, Bank Jago faces intense competition from other digital banks, fintech companies, and conventional banks transitioning toward digital services. To sustain and enhance its market position, Bank Jago has implemented several core strategies centered on innovation, collaboration, and user experience enhancement (Bank Indonesia, 2023). The following outlines the bank's principal strategic initiatives:

##### **2.1. Product and Service Innovation**

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Bank Jago continuously innovates to deliver products and services aligned with market demands, particularly targeting younger generations and urban communities. Key innovations include:

**User-Friendly Mobile Application:** Bank Jago has developed an intuitive mobile application featuring advanced functionalities such as instant account opening, fee-free money transfers, and integrated investment services.

**Personalized Banking Services:** Leveraging artificial intelligence (AI) and big data analytics, Bank Jago provides personalized financial solutions tailored to individual customer needs and preferences. For example, the app offers product recommendations based on user profiles.

**Environmentally Friendly Financial Products:** Bank Jago has begun introducing sustainable financial products, including green financing for renewable energy projects and corporate social responsibility (CSR) programs focused on environmental sustainability.

### 2.2. Collaboration with Fintech and E-Commerce Platforms

Bank Jago has established strategic partnerships with various fintech and e-commerce platforms to expand the reach and accessibility of its services (CNBC, 2023). Notable collaborations include:

**Partnership with Gojek:** Bank Jago collaborates with Gojek to deliver integrated financial services through the Gojek application. This partnership enables Gojek users to conveniently access Bank Jago's banking features within a familiar digital ecosystem (Fintech News Indonesia, 2023).

**Integration with Tokopedia:** Bank Jago also partners with Tokopedia to provide payment and lending services tailored to small and medium-sized enterprises (SMEs), thereby supporting financial inclusion and entrepreneurial growth (World Bank, 2023).

**Alliances with Other Fintech Firms:** Bank Jago engages with a range of fintech companies to offer services such as online lending, digital payments, and investment solutions, enhancing its value proposition and technological agility (Forbes Indonesia, 2023).

### 2.3. Emphasis on Customer Experience

Bank Jago recognizes that customer experience is critical to sustaining client loyalty. To enhance user satisfaction, the bank has implemented several initiatives:

**24/7 Customer Service:** Bank Jago provides round-the-clock customer support through multiple channels, including chat, phone, and email.

**Fee-Free Transactions:** The bank offers various cost-free services, such as interbank transfers and bill payments, to attract and retain customers.

**Financial Education:** Bank Jago actively promotes financial literacy through webinars, articles, and educational content embedded within its mobile application.

### 2.4. Market Expansion and Segmentation

Bank Jago continues to pursue market expansion by targeting high-growth segments. Key strategies include:

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**Targeting Younger Generations:** The bank focuses on millennials and Generation Z, who are tech-savvy and more receptive to digital banking services.

**Urban and Rural Outreach:** While maintaining a strong presence in urban markets, Bank Jago is also extending its reach to rural areas by offering accessible banking services via smartphones.

**SME-Oriented Products:** Bank Jago develops specialized products for small and medium-sized enterprises (SMEs), such as working capital loans and digital payment solutions, to support business growth.

### 2.5. Security and Trust

Security is a fundamental aspect of digital banking. Bank Jago continuously enhances its security systems to maintain customer trust. Measures include:

**Advanced Security Technologies:** The bank employs technologies such as data encryption, two-factor authentication (2FA), and biometric verification to safeguard customer data.

**Compliance and Certification:** Bank Jago ensures that all services comply with regulations set by the Financial Services Authority (OJK), including cybersecurity and data protection standards.

**Transparency:** The bank maintains transparency across all transactions and services provided to customers.

### 2.6. Marketing and Branding Strategy

Bank Jago utilizes creative and effective marketing strategies to build brand awareness and attract new customers. These include:

**Digital Campaigns:** The bank actively engages in digital marketing through social media, online advertising platforms, and influencer collaborations to reach younger audiences.

**Referral Programs:** Bank Jago offers attractive referral incentives for customers who invite friends or family to join the platform.

**Events and Promotions:** The bank frequently organizes engaging events and promotional activities, such as cashback offers, discounts, and rewards for active users.

### 2.7. Strengthening Technological Infrastructure

Bank Jago continues to invest in technological infrastructure to support its business growth. Key initiatives include:

**Cloud Computing:** The bank utilizes cloud computing to enhance the scalability and reliability of its services.

**Big Data and AI:** Bank Jago leverages big data and artificial intelligence for customer data analysis, market trend forecasting, and product development.

**Application Development:** The bank regularly updates its mobile application with new features to facilitate seamless financial transactions and management.

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## 2.8. Commitment to Sustainability

Bank Jago's Sustainability Report stated that Bank Jago has begun integrating sustainability principles into its operations and product offerings. Notable initiatives include:

**Green Financing:** The bank provides financing for environmentally friendly projects, such as renewable energy and waste management.

**CSR Programs:** Bank Jago actively participates in corporate social responsibility (CSR) programs focused on education, environmental stewardship, and community empowerment.

## METHODOLOGY

This study employs a qualitative case study approach focused on Bank Jago, utilizing comprehensive data from multiple sources to ensure an in-depth and holistic analysis. The primary data sources include the Bank's latest annual reports, credible news articles, and industry analyses related to the banking sector. The research design integrates established strategic analytical frameworks to evaluate both the external and internal environments affecting Bank Jago, specifically:

**PESTEL Analysis:** This framework is used to systematically examine the macro-environmental factors—Political, Economic, Social, Technological, Environmental, and Legal—that influence the banking industry in Indonesia and, more specifically, Bank Jago's operating environment.

**Porter's Five Forces Analysis:** This analysis assesses the competitive forces within the banking industry—threat of new entrants, bargaining power of suppliers and buyers, threat of substitute products or services, and industry rivalry—to determine the level of competition and profitability.

**SWOT Analysis:** Based on the insights derived from the PESTEL and Porter's Five Forces analyses, a SWOT analysis is conducted to identify Bank Jago's internal strengths and weaknesses and the external opportunities and threats it faces.

The SPACE Matrix provides a structured to evaluate a company's current strategic position by balancing internal strengths and weaknesses against external opportunities and threats. It helps senior management identify which broad strategic direction—aggressive, conservative, defensive, or competitive—is most justified based on their specific context. This method complements other tools like SWOT analysis and guides effective strategy formulation and resource allocation.

The purpose of these analyses is to identify and understand key factors shaping Bank Jago's strategic position, assess their implications for the bank's competitive advantage, and anticipate potential challenges and opportunities in the sector's future growth.

Data analysis involves qualitative content analysis of the gathered materials, drawing on theoretical frameworks from academic literature and industry standards to infer strategic insights. The study concludes by synthesizing findings from the macro-environmental and SWOT analyses to provide actionable recommendations and strategic implications for Bank Jago's sustained growth and competitive positioning.

## RESULTS

### 1. PESTLE Analysis

#### 1.1 Political Factors

**Domestic Politics:** The Indonesian government's supportive policies toward fintech development and financial inclusion present significant opportunities for Bank Jago. Initiatives

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such as the National Non-Cash Movement (GNNT) and the Financial Services Authority's (OJK) endorsement of banking digitalization enable Bank Jago to expand its services. However, stringent regulations from OJK—such as minimum capital requirements and data protection rules—pose operational challenges (Kompas, 2023).

**Regional Geopolitics:** Economic integration within ASEAN through the ASEAN Economic Community (AEC) offers Bank Jago the potential to extend its services to regional markets. Nevertheless, competition from digital banks in countries like Singapore and Malaysia is intensifying.

**Global Geopolitics:** Global political instability, including the Russia–Ukraine conflict and tensions between the U.S. and China, may affect economic stability and global financial markets. These dynamics influence foreign capital flows and investment in Indonesia, potentially impacting Bank Jago's growth trajectory (The Jakarta Post, 2023).

### **1.2 Economic Factors**

**Domestic Macroeconomics:** Indonesia's steady economic growth rate of approximately 5% provides a favorable environment for Bank Jago to increase market penetration. However, inflation and exchange rate fluctuations may affect consumer purchasing power. Rising prices of essential goods and energy could also reduce the public's capacity to save or invest.

**Global Macroeconomics:** The global economic slowdown and interest rate hikes by central banks in developed countries—such as the U.S. Federal Reserve and the European Central Bank—can influence capital flows and investment in Indonesia. This may lead to financial market volatility and affect Bank Jago's performance (IDN Financials, 2023).

### **1.3 Social Factors**

**Demographic Shifts:** Tech-savvy millennials and Generation Z are Bank Jago's primary target segments. These groups are generally more receptive to digital banking services and prefer fast, convenient transactions.

**Urbanization:** With over 58% of Indonesia's population residing in urban areas, demand for accessible digital banking services is rising. Urban communities tend to rely more heavily on technology for daily needs, including financial services.

**Financial Literacy:** Although financial literacy in Indonesia remains relatively low (around 38%), government and OJK initiatives continue to promote educational programs. This creates opportunities for Bank Jago to attract and educate new customers.

### **1.4 Technological Factors**

**Technological Advancements:** Bank Jago leverages technologies such as Artificial Intelligence (AI), big data, and blockchain to enhance service delivery and transaction security. AI is used for customer data analysis and service personalization, while blockchain strengthens transaction integrity.

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Digital Infrastructure: The development of internet and smartphone infrastructure in Indonesia supports the growth of digital banking services. With internet penetration exceeding 70%, Bank Jago can reach a broader customer base through its mobile application (McKinsey & Company, 2023).

### **1.5 Environmental Factors**

Environmental Issues: Bank Jago can capitalize on sustainability trends by offering environmentally friendly financial products, such as green financing for renewable energy projects and CSR programs focused on environmental stewardship.

### **1.6 Legal Factors**

Banking Regulations: Bank Jago must comply with stringent regulations from OJK, particularly concerning data protection and cybersecurity. New legislation, such as the Personal Data Protection Act (PDP), adds further complexity to the bank's operational landscape (Otoritas Jasa Keuangan, 2023).

## **2 Porter's Five Forces Analysis**

### **2.1. Industry Rivalry – High Intensity**

Competition within the digital banking sector is intense, with key players such as BCA Digital, Jenius (Bank BTPN), and DANA offering similar services with innovative features. Bank Jago must continuously innovate to maintain its market share and remain relevant in a rapidly evolving landscape (Kontan, 2023).

### **2.2. Threat of New Entrants – Moderate**

Despite regulatory barriers, the emergence of new fintech startups presents a potential threat. These entrants often specialize in niche services such as online lending or digital payments, which can attract consumer interest and fragment the market (Tech in Asia, 2023).

### **2.3. Threat of Substitutes – High**

Non-bank financial services, including e-wallets (e.g., GoPay, OVO) and fintech lending platforms (e.g., Kredivo, Akulaku), offer appealing alternatives to traditional banking. Their ease of access and promotional incentives may reduce consumer reliance on conventional banking services.

### **2.4. Bargaining Power of Buyers – Moderate**

Consumers have a wide array of digital banking options, compelling Bank Jago to innovate continuously to retain customer loyalty. Moreover, customers are increasingly discerning, seeking services that align closely with their financial needs and preferences.

### **2.5. Bargaining Power of Suppliers – Low**

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Bank Jago holds strong bargaining power over technology suppliers due to its operational scale. However, its reliance on technological infrastructure also exposes it to risks such as supply disruptions or rising costs.

### **3. Strengths - Weaknesses-Opportunities - Threats (SWOT) Analysis.**

#### **3.1 Strategic Strengths (S) of Bank Jago:**

S1. Digital Innovation – Fully Digital Banking Services with Fintech Integration  
Bank Jago offers a fully digital banking experience, enabling all transactions and services to be accessed via a mobile application without the need for physical branch visits. The bank is also integrated with various fintech platforms, allowing customers to access additional financial services—such as investments, payments, and loans—directly through the Bank Jago app.

S2. Strategic Partnerships – Connected with Gojek, Tokopedia, and Other Fintechs  
Bank Jago has established strategic partnerships with major companies such as Gojek and Tokopedia, as well as other fintech firms. These collaborations expand the bank's service reach, enhance accessibility, and offer additional features like digital payments and integration with the GoTo ecosystem (Gojek and Tokopedia) (Gojek, 2023).

S3. Pockets Feature – Flexible and Organized Financial Management  
The "Pockets" feature allows customers to allocate their funds into various categories, such as savings, shopping, or investments. This functionality supports more organized and flexible financial management tailored to individual needs.

S4. Low Fees – No Administrative Charges and Competitive Savings Interest Rates  
Bank Jago offers low or zero administrative fees for certain services, such as interbank transfers. Additionally, it provides competitive interest rates on savings, appealing to customers seeking higher returns.

S5. Easy Registration – 100% Online Account Opening Without Physical Documents  
Account registration at Bank Jago is entirely online, requiring no physical documents or branch visits. This makes the onboarding process faster, easier, and more convenient for prospective customers.

S6. 24/7 Access – Usable Anytime, Anywhere  
Bank Jago's services are accessible 24 hours a day, 7 days a week via its mobile application. Customers can conduct transactions, save, or manage their finances anytime and anywhere without time constraints.

S7. Advanced Financial Management – Auto-Saving and Budgeting Features  
Bank Jago provides advanced financial management tools, including auto-saving and budgeting features. These tools help customers automate their savings and control spending based on predefined budgets.



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S8. OJK Regulation – Strict Oversight Enhancing Credibility  
Bank Jago is closely supervised by the Financial Services Authority (OJK), Indonesia's banking regulator. This oversight enhances the bank's credibility and customer trust, ensuring that its services comply with established security and regulatory standards.

S9. Digital Wallet Integration – Seamless Transfers to E-Wallets  
Bank Jago is integrated with various digital wallets (e-wallets) such as GoPay, OVO, and DANA. This enables customers to transfer funds easily to multiple digital payment platforms without leaving the Bank Jago app.

S10. Fast Customer Service – Quick Response via Digital Channels  
Bank Jago offers responsive and efficient customer service through digital channels, including chat, email, and phone. This ensures that customers receive timely assistance and solutions when facing issues or inquiries related to banking services.

### **3.2 Strategic Weaknesses (W) of Bank Jago**

W1. Intense Competition – Numerous Rivals such as Jenius and SeaBank  
Bank Jago faces strong competition from other digital banks, including Jenius (Bank BTPN) and SeaBank. These competitors offer similar services with competitive features, requiring Bank Jago to continuously innovate to maintain its market share.

W2. Low Brand Awareness – Less Recognized Compared to Major Banks  
Despite its rapid growth, Bank Jago's brand recognition remains lower than that of major conventional banks such as BCA, Mandiri, or BRI. This necessitates increased marketing and branding efforts to attract a broader customer base.

W3. Lack of Physical Branches – Challenging for Customers Needing In-Person Services  
Bank Jago operates with minimal physical branches, which may be a barrier for customers who prefer face-to-face interactions or require direct assistance from customer service representatives.

W4. Cybersecurity Risks – Vulnerability to Hacking and Need for Security Education  
As a digital bank, Bank Jago is exposed to cybersecurity threats such as hacking, fraud, and data breaches. Additionally, customers must be educated on digital security practices to mitigate these risks.

W5. Limited Operational Scale – Smaller Network than Conventional Banks  
Bank Jago's operational scale is more limited compared to traditional banks, particularly in terms of distribution networks and accessibility. This may restrict its service reach, especially in rural areas or regions with limited digital infrastructure.

W6. Technological Dependence – System Disruptions Can Impede Services  
Bank Jago relies heavily on technology to deliver its services. System disruptions, such as server outages or technical failures, can hinder operations and negatively impact customer satisfaction.

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W7. Limited Credit Products – Minimal Loan and Investment Offerings  
Bank Jago's credit and investment product portfolio remains limited compared to conventional banks and other digital competitors. This may reduce its appeal to customers seeking diverse financial solutions.

W8. Lack of Differentiation – Features Similar to Other Digital Banks  
The features offered by Bank Jago closely resemble those of other digital banks, such as Jenius and SeaBank. This lack of differentiation may make it difficult for Bank Jago to stand out in a highly competitive market.

W9. Partner Dependence – Vulnerable to Policy Shifts by Strategic Partners  
Bank Jago is highly dependent on strategic partners such as Gojek and Tokopedia. Changes in policies or strategies by these partners could significantly affect Bank Jago's operations and service delivery.

W10. Not Suitable for All Segments – Some Users Still Prefer Physical Banking  
Digital banking services may not be suitable for all customer segments. Certain users—particularly older individuals or those less familiar with technology—still require physical banking services that Bank Jago does not provide.

### **3.3 Strategic Opportunities (O) for Bank Jago**

O1. Rapid Growth of the Digital Banking Industry  
Indonesia's digital banking sector is experiencing rapid expansion, driven by increased internet penetration, widespread smartphone usage, and shifting consumer preferences toward digital services. Bank Jago can leverage this trend to grow its market share.

O2. Rising Adoption of Digital Financial Services  
Indonesian consumers are increasingly accustomed to using digital financial services such as mobile banking, e-wallets, and online payments. Bank Jago can capitalize on this momentum by continuously enhancing its digital features and offerings to attract more customers.

O3. Strategic Partnerships with Other Digital Ecosystems (E-Commerce, Fintech)  
Bank Jago has the opportunity to form strategic alliances with other digital ecosystems, including e-commerce platforms (e.g., Tokopedia, Shopee) and fintech providers (e.g., GoPay, OVO). These partnerships can expand service reach and deliver added value to customers.

O4. Supportive Regulations for Digital Innovation in Banking  
The Indonesian government and the Financial Services Authority (OJK) continue to promote digital innovation in the banking sector through more flexible regulatory frameworks. Bank Jago can utilize this regulatory support to develop innovative products and services.

O5. Growth in Cashless Transactions and Open Banking  
Cashless transactions and the concept of open banking—interoperable financial services across platforms—are gaining popularity in Indonesia. Bank Jago can seize this opportunity by offering faster, more seamless, and integrated digital payment solutions.

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**O6. Potential Expansion into ASEAN Regional Markets**  
Bank Jago has the opportunity to expand into ASEAN regional markets, particularly in countries with rapidly growing digital economies. Such expansion could increase its customer base and revenue streams.

**O7. Product Diversification into Wealth Management and Digital Investment**  
Demand for wealth management and digital investment services is rising, especially among younger generations. Bank Jago can develop new offerings in this domain, such as mutual funds, equities, or crypto assets.

**O8. Growing Demand for Sharia-Compliant Financial Services**  
The demand for Islamic (sharia-compliant) financial services continues to grow in Indonesia. Bank Jago can tap into this market by developing digital Islamic banking products and services.

**O9. Advancements in Blockchain and AI Technologies in Banking**  
Blockchain and artificial intelligence (AI) are increasingly utilized in banking to enhance security, efficiency, and service personalization. Bank Jago can adopt these technologies to offer advanced features such as secure transactions and AI-driven financial management.

**O10. Potential to Increase Customer Loyalty through Enhanced Experience**  
By improving customer experience, Bank Jago can strengthen customer loyalty. This can be achieved through more responsive customer service, intuitive features, and attractive reward programs.

### **3.4 Strategic Threats (T) to Bank Jago**

**T1. Intense Competition from Other Digital Banks and Fintechs**  
Bank Jago faces fierce competition from other digital banks (e.g., Jenius, SeaBank) and fintech platforms (e.g., GoPay, OVO, DANA). These competitors offer similar services with competitive features, requiring Bank Jago to continuously innovate to retain its market share.

**T2. Cybercrime and Data Breach Risks**  
As a digital bank, Bank Jago is vulnerable to cybersecurity threats such as hacking, online fraud, and data breaches. These incidents can damage the bank's reputation and erode customer trust.

**T3. Evolving Regulations That May Hinder Innovation**  
Regulatory frameworks in the banking and fintech sectors are constantly evolving. New regulations may pose challenges to innovation, requiring operational adjustments and potentially increasing compliance costs.

**T4. Dependence on External Digital Infrastructure (Cloud, APIs, Servers)**  
Bank Jago relies heavily on external digital infrastructure, including cloud services, APIs, and servers. Disruptions in these systems—such as server outages or technical failures—can impair service delivery and reduce customer satisfaction.

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**T5. Economic Uncertainty and Potential Global Recession**  
Global economic instability, including high inflation, rising interest rates, or recessionary pressures, may affect consumer purchasing power and reduce demand for digital banking services.

**T6. Limited Digital Financial Literacy in Certain Segments**  
Not all segments of the population possess adequate digital financial literacy. This may hinder the adoption of Bank Jago's services, particularly in rural areas or among older generations.

**T7. Low Switching Costs Leading to Potential Customer Attrition**  
In the digital banking industry, switching costs are relatively low, making it easy for customers to move to competitors if dissatisfied. This increases the risk of customer churn.

**T8. Open Banking Trends Increasing Market Entry for Competitors**  
The rise of open banking facilitates cross-platform financial service integration, enabling more competitors to enter the market. This trend intensifies competition and may reduce Bank Jago's market share (Hoppe et al, 2024).

**T9. Capital Market Volatility Affecting Investment and Funding**  
Volatility in capital markets—such as fluctuations in stock prices or crypto assets—can impact Bank Jago's ability to secure funding or develop investment products.

**T10. Threat of Technological Disruption from Emerging Innovations**  
Emerging technologies such as blockchain, artificial intelligence (AI), and decentralized finance (DeFi) platforms may disrupt traditional digital banking services. Bank Jago must continue to innovate to remain relevant amid technological shifts.

### **4. Strategic Position and Action Evaluation (SPACE) Matrix Analysis.**

The SPACE Matrix is a strategic analysis tool used to determine a company's strategic position based on internal factors (Financial Position and Competitive Position) and external factors (Stability Position and Industry Position).

It is employed to assess the strategic stance of a brand—in this case, Bank Jago—through four key dimensions:

1. Financial Position (FP)
2. Industry Position (IP)
3. Competitive Position (CP)
4. Stability Position (SP)

### **5. Bank Jago's Strategic Sustainability Approach**

Bank Jago's sustainability efforts, as outlined in its official reports, reflect a deliberate alignment with sustainable finance principles and the United Nations Sustainable Development Goals (SDGs). Its key initiatives and competitive strategies include:

Sustainable Finance Framework

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1. In partnership with UNEP FI, Bank Jago has developed a framework rooted in the Principles of Responsible Banking.
2. It promotes ethical lending practices, particularly for the lower-middle-income segment, offering fast, affordable, and transparent financial products enriched with financial wellness guidance.

### ESG Integration

1. ESG principles are embedded across Bank Jago's operations to foster balanced economic, social, and environmental progress.
2. Through digital banking, the bank advances financial inclusion and drives innovation.

### Product Innovation & Green Financing

1. Lending products are tailored to support sustainable enterprises, including green bond investments.
2. A significant portion of its assets is directed toward environmentally and socially responsible business activities.

### Financial Literacy & Community Empowerment

1. Social programs like *Jagoan Baca* aim to boost financial literacy among children and mothers.
2. The *Jago Digital Academy* nurtures digital talent, preparing future professionals for the evolving financial landscape.

### Recognition & Innovation

1. Bank Jago has earned national recognition as a leading young innovator for its SDG-aligned business strategies.
2. Its participation in the SDG Innovation Accelerator highlights its commitment to responsible lending and sustainable growth.

### Competitive Differentiation through Sustainability

1. By embedding sustainability into its products, strategy, and community outreach, Bank Jago sets itself apart in a competitive market.
2. Its focus on digital transparency, financial education, and social impact builds long-term value and trust, especially in underserved segments.

## DISCUSSION

Based on PESTLE Analysis, Bank Jago operates in a dynamic environment shaped by supportive domestic political policies that promote fintech growth and financial inclusion, enabling expansion opportunities. However, the bank faces challenges from stringent regulatory requirements and data protection laws that demand careful compliance. Regionally, ASEAN economic integration presents avenues for market expansion, though rising competition from established digital banks in neighboring countries requires Bank Jago to strengthen its competitive edge. Globally, geopolitical tensions and economic uncertainties may impact foreign investment flows, creating an unpredictable external environment (KPMG, 2023). Economically, Indonesia's steady growth and expanding urban market provide a fertile ground

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for Bank Jago's digital banking services. Nonetheless, inflation, exchange rate volatility, and global economic slowdowns pose risks that could affect consumer behavior and financial markets, necessitating adaptable strategies (Nielsen, 2023).

On the social front, the bank's focus on tech-savvy millennials and Generation Z aligns well with rising digital banking demand driven by urbanization and improving financial literacy. These demographic factors offer strong growth potential if coupled with effective customer education initiatives.

Technological advancements and improving digital infrastructure empower Bank Jago to innovate through AI, big data, and blockchain, enhancing customer experience and security. This technological foundation is crucial for sustaining competitiveness in an evolving digital banking landscape (Deloitte, 2023).

Environmentally, Bank Jago has the opportunity to leverage growing sustainability trends by integrating green financial products and corporate social responsibility efforts focused on environmental impact, aligning with broader societal values and regulatory expectations.

Legally, compliance with rigorous banking regulations, especially around data protection and cybersecurity, remains a critical operational focus, with new laws increasing complexity but also strengthening customer trust.

Overall, Bank Jago stands well-positioned to capitalize on favorable political, economic, social, and technological trends while navigating regulatory and competitive challenges. Strategic emphasis on innovation, compliance, customer engagement, and sustainability will be key to fostering long-term growth and resilience in Indonesia's digital banking sector.

Based on Porter's Five Forces analysis, the digital banking industry in which Bank Jago operates is characterized by high competitive pressure. The presence of numerous market players—such as Jenius and SeaBank—and the proliferation of alternative financial services like digital wallets intensify the competitive landscape. Additionally, consumers wield considerable bargaining power due to the ease of switching between providers.

While the threat of new entrants remains moderate due to regulatory constraints, supplier power is relatively low given the abundance of technology providers. To remain competitive, Bank Jago must prioritize service differentiation by offering unique features not available from competitors. Furthermore, strategic collaboration within the digital ecosystem and enhanced cybersecurity measures are essential to maintaining customer trust and reinforcing its position in this highly contested industry.

### Strategic Recommendations:

1. **Expand ATM and Branch Network**  
Enhance accessibility for customers, particularly in rural areas, by increasing the availability of physical banking infrastructure.
2. **Support QRIS Integration**  
Incorporate QRIS (Quick Response Code Indonesian Standard) payment features to improve competitiveness and facilitate seamless digital transactions.
3. **Broaden Platform Integration**

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Establish partnerships with additional platforms and marketplaces to enhance service value and customer engagement.

### **4. Strengthen Digital Literacy**

Promote education and outreach initiatives to help customers better understand and utilize digital banking features.

By leveraging its strengths and addressing existing weaknesses, PT Bank Jago Tbk can improve its internal performance and strengthen its competitive position within the digital (Katadata, 2023).

Based on the SPACE Matrix analysis, Bank Jago is positioned in the competitive/aggressive quadrant. This indicates that the company holds strong financial and industry positions but faces challenges in terms of competitive pressure and environmental stability.

## **Strategic Recommendations**

### **1. Market Expansion**

Bank Jago should prioritize market expansion, particularly by increasing market share and reaching new segments such as MSMEs (Micro, Small, and Medium Enterprises) and rural communities (Ernst & Young, 2023).

### **2. Product Innovation**

Continuous innovation in products and services is essential. This includes developing more advanced and user-friendly features to enhance customer experience.

### **3. Enhancing Customer Loyalty**

Bank Jago needs to strengthen customer loyalty through reward programs, cashback incentives, and improved customer service.

### **4. Addressing Stability Challenges**

The bank must remain vigilant toward external environmental changes, such as intense competition and evolving regulations, by formulating effective risk mitigation strategies.

## **CONCLUSION**

By implementing these strategies, Bank Jago can sustain its position as one of the leading players in Indonesia's digital banking industry.

### **1. Enhance Digital Literacy**

Implement educational campaigns and outreach programs to improve public understanding of digital banking services.

### **2. Strengthen Technological Innovation**

Leverage government support and technological advancements to develop more innovative products and services.

### **3. Market Expansion**

Target underserved segments, particularly in rural areas, to broaden market reach and promote financial inclusion.

### **4. Strategic Collaboration**

Form partnerships with fintech firms, e-commerce platforms, and technology companies to expand the service ecosystem and create added value.

## 5. Strategic Sustainability

Bank Jago's responsible lending, ESG integration, and community-driven innovation not only advance sustainable development but also serve as a strategic lever to strengthen its competitive edge in the banking industry.

Bank Jago holds significant potential for growth within Indonesia's digital banking market, particularly by leveraging technology and innovation. However, the company must also confront challenges such as intense competition and stringent regulations. By maximizing its strengths, addressing its weaknesses, capitalizing on opportunities, and mitigating threats, PT Bank Jago Tbk can sustain its position as one of the leading players in Indonesia's digital banking industry.

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