



Current Account and Saving Account: A Review of Banking strategic management and business model literature

Professor Shan Li cho

Winkly Research Institute for technology and science

Abstract- Business competition and new market opportunities that encourage the formation of new business models in the banking industry. This study aims to systematically identify the current account and saving account development strategy in the context of a banking business strategy and business model. This study uses a systematic literature review approach based on relevant literature on current accounts and saving accounts conceptualized in the new banking business model. The findings of this study indicate that the market penetration strategy is to optimize the position of the banking system which now has a network that is connected online throughout Indonesia as well as a customer base, a market development strategy that is to serve all levels of society by selectively entering unserved markets, a product development strategy, namely complement existing products with new features as well as create new products.

Keywords: Business model literature, Banking strategic management, market penetration

I. INTRODUCTION

Business competition and new market opportunities that encourage the formation of new business models in the banking industry [1-3]. Business model innovation is an important task for banks to be able to adapt to environmental changes in a flexible manner and encourage sustainable innovation [4]. Increased interest in understanding and evaluate banking business models to make them more profitable [5]. The right business model provides a perspective on banking activities and is a superior source of value creation [6, 7].

Research findings of [8] describes the speed at which the needs and behavior of banking customers change, forcing the ability of banks to immediately adapt or produce the right business model to maximize banking performance. [9] states that the main thing for banks is to understand value creation, develop banking business models and enhance cooperation. [10, 11] study explained that banks are increasingly rethinking the process of managing sustainable innovation activities. Trying to overcome barriers to open to sources of innovation is becoming increasingly important for banking [12].

The competitive level of competition in the banking industry has caused many government and private banks to develop and implement various business strategies in increasing the number of customers, such as offering competitive interest rates, maximizing advertising, and other innovative strategies [11]. As with [13] study, it explains that although many financial markets are developing, they can cause smaller current accounts, especially in countries that adopt an open financial market system, which has an impact on a significant increase in savings [14, 15].

Public funds or Dana Pihak Ketiga, among others, consist of demand deposits, savings, and time deposits. Savings and current accounts are important sources of funds for banks because they have higher revenue potential. The challenge to obtain these funds is getting bigger due to the higher number of current account and saving account ratios that affect the accumulation of Dana Pihak Ketiga holistically [16].

The ability of banks to raise cheap savings funds can be measured by using the CASA ratio to total Dana Pihak Ketiga, so that the higher the proportion of cheap funds, the better the bank's performance. Research by [17] states that the CASA ratio is an intense sensitive issue among academics and banking policy makers. Previous studies have paid attention to the importance of formulating the right strategy in combining savings and checking accounts so that customers are interested in saving money in banks [18-20]. This study aims to systematically identify the current account and saving account development strategy in the context of a banking business strategy and business model.

II. METHODS

A systematic literature review was conducted to explore articles that discuss current and saving accounts in identifying banking fund year development strategies. The fund year is a banking program that targets an increase in public savings from both time deposits and savings products, so that banks offer competitive interest rates to become people's preference. This study limits the literature review to high

quality reference sources that are aligned with the context of the banking fund year development strategy. All references are explicitly within the scope of the banking business strategy.

A systematic literature review was carried out in August-September 2020 with several stages. The search phase begins with searching the database, keywords, and relevant searches. The search was performed on the Scopus database. By typing in keywords for the terms "current account", "saving account", "business strategy", and "banking business model". The reference type of the article being searched is the most recent article (2019-2020). The search field is limited to banking strategies. At the following stage, review abstracts of articles based on elements in the funding year program to ensure relevance. The last stage, reviewing the article related to banking strategy then examining the article in full, to assess whether it fits the criteria in the issue of the fund year program.

III. DISCUSSION

The high inflation rate and the weakening of the economy at the local, national, and global levels have encouraged increased banking competition in the acquisition of third-party funds. Banks are working to increase the composition of low-cost funds so that the interest rates given to customers can be more competitive. Facing various challenges, banks can determine the optimal business strategy in achieving business growth targets, optimize banking service activities, expand access, and improve service quality. Savings as a source of low-cost funds that can grow relatively stable with higher growth compared to other types of savings.

Systematic literature review of the banking fund year development strategy based on key factors, prioritizing alternative strategies in the form of (a) optimizing the fulfillment of human resources, especially in the field of fund marketing, and improving policies in the manpower sector and its implementation, which in turn will help the realization of the network and human resources productive, (b) market development and market network expansion, (c) market penetration (optimization of the position of banks that now have online networks throughout Indonesia as well as a customer base), to expand the market by increasing marketing efforts consisting of from extensively distributing savings product offerings, and (d) developing products and services, namely serving all levels of society by selectively entering unserved markets, product development strategies, namely complementing existing products with new features and creating new products.

Alternative strategies are the main basis for banks to design business models for improvement as part of strategic implementation in increasing CASA funds. The market development, market penetration and product development strategies described in the business model can involve as many employees as possible in implementing these strategies. The formulation of a business model is important for banking because changes in the business environment and competition require new competitive advantages. The business model is capable of perfecting cooperation between the front stage and the backstage.

Customers are the center of the business model that provides benefits for banking. Customers are grouped based on the same needs, behaviors, and attributes so that banks can understand customer needs. The customer segment, specifically for the fund year development program, is the individual customer. Banking provides a variety of savings products that make it easy to place funds safely with high standard services. Introducing and promoting savings products, launching integrated marketing activities, and strengthening a presence channel. The relationship between the market penetration strategy and the business model is reflected in banking channels, both conventional and e-channel.

In maintain good relations with customers, banks take a customer priority approach, especially towards potential customers. The implementation of these programs aims to provide convenience and comfort to all customers. Identify banking service products and innovative product features, provide easy access, and provide convenience and attractive experiences to customers in conducting various banking transactions, thereby generating customer loyalty, and fostering the interest of new prospective customers in establishing long-term business relationships.

Network development, both physical and e-channel, is one of the marketing strategies to provide convenience and improve service to customers. This infrastructure development is carried out through an extensification and intensification strategy. The extensification strategy is carried out by opening work units while intensification is aimed at maximizing business potential. Increasing access to customer services through e-channels, which is focused on adding ATM networks and the spread of mobile banking, in addition to facilitate outreach to customers.

IV. CONCLUSIONS

The human resource aspect is one of the key elements in achieving quality growth and ensuring the continuity of business for banks as well as achieving targets in the banking fund year program. In managing and developing human resource potential, banks always strive so that all employees can develop into a catalyst for the growth and development of the creativity of other workers, thus creating positive value for all stakeholders.

Furthermore, individual and team competency development programs in all lines of human resources emphasize the importance of implementing tiered and structured training. The purpose of the training is so that human resources can recognize the potential and character of a qualified customer prospective, prioritize service to customers but at the same time uphold moral integrity in carrying out their duties.

The HR management and competency development strategy are translated into an HR management work program. These programs, among others, optimize recruitment and selection intensity, improve performance management policies and career development policies, improve reward systems, review disciplinary policy policies, and revitalize work culture. The program is part of a comprehensive, systematic, and scalable HR architecture framework. The results of this study are expected to become a reference and can be implemented to increase the quantity of savings funds.

Acknowledgments Thanks for the committee of ICSGS 2020 Conference (4th International Conference on Strategic and Global Studies).

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