Competitive Strategy Of Digital Financial Services Through Branchless Banking at PT Bank Mandiri (Persero) Tbk, Micro Banking Region I / Sumatera 1

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ABSTRACT *: Basically, inclusive financial policy is a form of financial service deepening aimed at the public in the bottom of the pyramid to utilize formal financial products and services such as a means of storing safekeeping, transfers, savings and insurance loans. Banks as intermediaries are very instrumental in supporting economic growth, especially for healthy and efficient banks. Efficient banking will support sustainable economic growth and public welfare. Branchless Banking is one of the programs established by regulators to help the development of inclusive finance in Indonesia. This study aims to see the impact on the financial performance of PT. Bank Mandiri (Persero) Tbk prior to the implementation of Branchless Banking and after the implementation of Branchless Banking which was measured through financial ratios represented by the Loan to Funding Ratio (LFR), Capital Adequency Ratio (CAR), Return of Assets (ROA) and Operational Income Operating Costs (BOPO) is measured through the paired sample t-test method and formulates alternative strategies to complete with Digital Financial Services to improve financial performance through Branchless Banking at Bank Mandiri by means of SWOT Analysis. This study showed that the paired sample t-test ratio represented by LFR, CAR, and BOPO had significant differences before and after the implementation of Branchless Banking, while the ratio represented by ROA had no effect and did not have a significant difference.*

KEYWORDS – *Branchless Banking, Financial Ratio, Paired Sample t-test, SWOT Analyze*

I. INTRODUCTION

Basically financial inclusive policy is a form of financial *service deepening* aimed at the people *in the bottom of the pyramid* to utilize formal financial products and services such as means of keeping money safe, transferring, saving and insurance loans. Banks as intermediary institutions play an important role in supporting economic growth, especially banks that are healthy and efficient. Efficient banking will support sustainable economic growth and public welfare. However, there are still many Indonesians who have not banking either saving or getting financing facilities.

Branchless banking is a financial service that is provided by a bank without relying on the physical branch office of the bank. Branchless Banking service activities are specifically intended for the lower middle segment or unbanked . However the purpose of Branchless Banking is to accelerate financial access in the community (Financial Inclusive). The obstacles faced by banking financial institutions include limited area coverage in expanding office networks. On the other hand, to increase the office network in remote areas, banks are faced with the issue of the relatively expensive establishment costs. So Branchless Banking is expected to bridge these obstacles to bring banking services to the public, especially those far from the bank office.

Based on World Bank survey results, less than 50% of Indonesia's population has a bank account in a formal financial institution (bank) and only 17% of the population has access to credit. Furthermore, the results of a household survey conducted by Bank Indonesia in 2010 showed that 62% of households have no savings at all. The number of Indonesian people's account ownership is still considered low even in ASEAN. With a financial inclusion position in Indonesia of 36%, meaning that out of 100 Indonesians, only 36 people use the services of bank and non-bank financial institutions. If it does not want to be left behind regarding financial inclusion, Indonesia must continue to improve, improve the quantity and quality of public access to the financial sector.

II. LITERATURE REVIEW

2.1. Inclusive Finance

Financial inclusion is all efforts aimed at eliminating all forms of price and non-price barriers to public access in utilizing financial services. Inclusive finance is one of national strategy to encourage economic growth through income distribution, poverty alleviation and financial system stability.

The term financial inclusion became a trend after the 2008 crisis mainly based on the impact of the crisis the groups in the bottom of the pyramid (low income and irregular, living in remote areas, people with disabilities, workers who do not have identity documents legally, and in rural communities) which is generally *unbanked* and recorded very high outside developed countries.

The success of development is marked by the creation of a financial system that is stable and benefits all levels of society. In this case, financial institutions play as important role through their intermediary functions to encourage economic growth, income distribution, poverty alleviation and financial system stability achievement. It's just that the financial industry that is growing very rapidly is not necessarily accompanied by access to adequate finance. Even though access to financial services is an important condition for broad community involvement in the economic system.

In the National Inclusive Financial Strategy, inclusive financial strategies are spelled out in 6 pillars namely financial education, public financial facilities, financial information mapping, supporting policies/regulations, intermediation and distribution facilities, and consumer protection. Inclusive finance is very relevant to support the effectiveness of the functions and duties of Bank Indonesia both in terms of monetary, payment systems and especially macroprudential.

Inclusive finance helps reduce pressures in terms of liquidity (liquidity risk) and credit risk in the banking sector. In terms of liquidity, banks obtain retail funding sources that are relatively more stable even in a state of shock. In terms of credit, the opening of new retail markets, especially micro and small loans, helps to diversify portfolios and credit risk. Furthermore, inclusive financial programs also help improve the capabilities of the community by the emergence of responsible finance due to financial education and consumer protection programs.

2.2. *Branchless Banking*
2.2.1. Definition of *Branchless Banking*

Branchless Banking meaning is a service activity service payment system and limited banking that is not done through a physical office bank, but with Agent services and technological means. (Bank Indonesia, 2014).
Branchless banking is a financial service that uses digital technology facilities, such as cellular phones and EDC (Electronic Data Capture) machines , through third parties (agents). Services offered through branchless banking include the Basic Saving Account (BSA), microcredit, and microinsurance. Branchless banking is aimed at populations that have not been touched by banking. Through branchless banking , people who have not been touched by banks can enjoy financial services in the form of depositing funds through BSA, making installment and bill payments, purchasing electricity tokens, pulses, etc., and sending funds. (Safira , 2017)

2.2.2. *Branchless Banking* Model

Financial services with *Branchless Banking* can be divided into two types, namely:

1. Bank Led Model

Bank Led Model , in this model banks use telecommunications services or agents or both to serve the needs of the community. Customers can deposit deposits or withdraw money and even transfer funds. In appointing *retail agents* by banks, there are two types of agents used, namely:

a. Super Agent:
Super Agent is a legal entity in which the bank formed a partnership for the distribution of financial services. These legal entities generally have extensive networks and businesses that are already running . *Super Agents* that can be used by banks include PT Pos Indonesia, distributor companies that have extensive networks, and telecommunications companies.

b. Sub Agent:
Sub Agent is a network of super agents spread throughout the region. *Face to face* transactions with customers will take place with sub-agents.

2 . Telco Led Model

Technology companies provide the most basic banking services without involving banks in business processes, or banks for that matter only as a support. The *Telco Led Model* is a branchless banking scheme where all licensing and operational processes are carried out by non-bank institutions. The institution provides the most basic banking services and banks are not directly involved in business operations. The customer does not have a contractual relationship with the bank and the product offered is *electronic money (e-money)* .

3. Hybrid Led Model

According to Bank Indonesia (2011) the *Hybrid Led* scheme is a branchless banking scheme in which there is collaboration between banks and non-bank institutions (telecommunications operators, agents and others) in the form of joint ventures or partnerships, to provide full banking services for customers via mobile phones. Both sides, between banks and telco, utilize their respective advantages to dominate the intended market. Services related to telecommunications networks such as sending money via SMS, replenishing electronic balances, etc. are the responsibility of the MNO, while mobile banking services are related to savings or savings management, transfers between accounts, checking savings balances, and other is the responsibility of the bank.

2.3. Digital Financial Services (LKD)

Studies from various countries, it was realized that banks could not carry out branchless banking activities efficiently on their own, but needed collaboration with other parties, namely especially telecommunications companies. In addition, the original purpose of which only sought to expand financial access, now increasingly developed into an effort to increase technology-based economic activity.

With this in mind, branchless banking was expanded to become Digital Financial Services (DFS). LKD is the service activities of payment system services and/ or limited finances that do not through a physical office, but by using technological means, among others, mobile based or web-based and services of third parties (agents), with a target of public service *unbanked* and *underbanked* . (Bank Indonesia , 2014)

2.4. Implications of *Financial Inclusion* through *Branchless Banking*

2.4.1 Towards Community Economic Acceleration

At present the poverty alleviation approach by reducing the unemployment rate is one of them being carried out with the access to financial institutions approach. World Bank surveys around the world show that the financial sector has an important and significant role in alleviating poverty, reducing income disparity, and increasing economic growth. Looking at the wide income gap in Indonesia, access to financial institutions as a tool to accelerate income distribution becomes relevant and strategic to do.

2.4.2 Against National Resilience

The Gini index data in Indonesia in 2012 amounted to 0.41, indicating that the income gap is still very high, so a real policy is needed to support the acceleration of economic equality, especially the distribution of public income. This innovative policy is very necessary, considering that if there is inequality in people's income, it will disrupt the national development process. Furthermore, it was realized that if national development was hampered, this would result in the weakness of Indonesia's National Resilience.

2.5. Competitive strategy

2.5.1. Understanding Strategy

The word strategy comes from the Greek " *strategy* " which is interpreted as " *the art of the general* " or the art of a commander who is usually used in warfare. In a general sense, strategy is a way to win or achieve goals. Strategy is basically an art and science that uses and develops power (ideology , politics, economics, socio-culture) to achieve predetermined goals. Strategy is a set of decisions and actions that result in the formulation and implementation of plans designed to achieve company goals . Strategy is a managerial effort in developing the company's strength to exploit business opportunities that arise in order to achieve the objectives of the company that have been determined in accordance with the specified mission.

2.5.2. Understanding Competitive Strategies

A competitive strategy is developing a plan for how the business will compete, what should be its objectives and what policies are needed to achieve that goal. Definition of *Competitive Marketing Strategy* is a combination of the end (goals) fought by the company with the tools (wisdom) and the company tries to get there. The main formulation of a competitive strategy is to connect the company with its environment, even though the relevant environment is very broad, encompassing social and economic forces.

2.5.3 Generic Strategy Theory and Competitive Advantage

Competitive advantage has two different but interrelated meanings. According to Wahyudi (2016), defining competitive advantage is: "something that enables a company to obtain a higher profit compared to the average profit gained by competitors in the industry. The stronger the advantages, the higher the profits of the company and vice versa.

2.6 . Banking Financial Performance

The performance of a company is crucial for the community's preferences both *stakeholders* and *shaareholder* to invest is largely determined by the company's performance. In assessing company performance, many indicators are used, including *financial statements* in the form of a balance sheet that shows the company's financial position at a certain time, as well as an income statement which is a report on the company's operations during a certain period. In addition, performance can also be measured by financial ratios consisting of liquidity ratios, solvency, profitability and efficiency.

2.6.1 Bank Liquidity

A bank can be said to be liquid if the bank is able to fulfill its obligations immediately (Kasmir 2003). One indicator is the *Loan to Deposit Ratio* (LDR). The LDR states the ratio between the size of the entire volume of credit extended by banks and the amount of funds received from various sources. The purpose of this LDR calculation is to find out and assess the extent to which the bank's health condition in managing its operations or business activities in other words as an indicator of banking intermediation to determine the soundness of a bank.

This ratio can be formulated as follows:

$$L\,DR = \frac{Total\ Funding\ given}{Total\ Third\ Party\ Funds} \times 100\% \quad (1)$$

This *Loan to Deposit Ratio* (LDR) policy is regulated in PBI No.15/11 /PBI / 2013 concerning Statutory Reserves for Commercial Banks in Rupiahs and Foreign Currencies for Conventional Commercial Banks. But in accordance with Bank Indonesia Regulation No. 17/11/PBI/2015, the use of *Loan to Deposit Ratio* (LDR) is changed to *Loan to Funding Ratio* (LFR).

2.6.2 Bank Solvency

Bank solvency is a measure of a bank's ability to find funds to finance its activities. A bank is said to be *solvent* when the total value of its assets is greater than its debt. Conversely, when a bank's debt or liabilities are greater than the total value of a bank's assets, the bank is declared *insolvent* . One of the ratios to measure the bank's sovability is CAR (*Capital Adequacy Ratio*). CAR is an indicator of a bank's ability to cover a decline in assets as a result of bank losses caused by risky assets (Dendawijaya 2003). The ratio can be formulated as follows:

$$CAR = \frac{Capital}{Risk\ Weighted\ Assets} \times 100\% \quad (2)$$

2.6.3 Bank Rentability

Profitability is often called profitability. Profitability is the ability of a bank to make a profit based on the investment it does. Profitability can be measured using the ratio of *Return on Assets* (ROA). This ratio is used to measure the ability of bank management in obtaining overall profits. The greater the ROA of a bank, the greater the level of profit achieved by the bank and the better the bank's position in terms of asset use. The amount of ROA can be formulated as follows:

$$ROA = \frac{Profit\ before\ Tax}{Total\ assets} \times 100\%$$

2.6.4. Bank Efficiency

In addition, to measure efficiency, you can use the BOPO ratio. This ratio is used to measure the ability of bank management in controlling operational costs against operating income. Operational Costs are all costs directly related to bank business activities, while operational income is all revenue generated directly from business activities received by the company. The smaller this ratio means the more efficient operational costs incurred by the bank concerned so that the possibility of a bank in a problematic condition getting smaller and increasing profitability.

This ratio can be formulated as follows:

$$BOPO = \frac{Operational\ Costs}{Operating\ Income} \times 100\%$$

2.6.5. SWOT analyst

SWOT analyst is systematically identifying various factors to formulate a company's strategy. This analysis is based on the logic that maximizes the power streghts and opportunities, but simultaneously to minimize the weakness and threats (Rangkuti 2013). The strategic decision making process is always related to the development of the company's mission, goals, strategies and policies. Thus the strategic planner must analyze the company's strategic factors in the current conditions.

2.7. Previous research

Following are some of the previous studies on the implementation of *Branchless Banking* including the following : Factors affecting the efficiency of banking costs in the ASEAN 5 region were examined by Alfin Apriyana, Hermanto Siregar and Heni Hasanah which gave estimation results using the SFA method of efficient cukuo operations with an average average efficiency value of 71.84%. The Bank's characteristic variable, ROE, is very influential on total costs, while the ETA variable has no significant effect on total costs.

Previous research by Rifka Mustafida " *Branchless Banking: Towards the Role of Islamic Banking in Achieving Financial Inclusion* ". The research aims to determine the implementation of *branchless banking* in Islamic banking, to find out the SWOT analysis of the policy and to know *branchless banking* policy can

achieve *financial inclusion* . The method used in this research is to use a descriptive qualitative method with a quantitative approach using ANP. The results of the study stated that the problem related to the implementation of *branchless banking* policies was due to HR, IT and social factors. The main strategy that must be carried out by Islamic banking related to the implementation of *branchless banking* is cooperation with other companies such as telecommunications companies.

In Hidayati Sarah's research, entitled *The Impact of Branchless Banking on the Financial Performance of PT Bank Muamalat Indonesia Tbk* where the method used in the study was to use primary and secondary alternative data with descriptive statistics. The results of the study stated that the impact of branchless banking on the financial performance of PT Bank Muamalat Indonesia in terms of solvency, efficiency, and profitability became better after the existence of branchless banking.

III.   RESULTS & DISCUSSION

3.1 Descriptive Analysis

After conducting financial analysis before and after *Branchless Banking* , hypothesis testing is then performed on four financial ratios which include LF R, CAR, ROA, and BOPO. Paired sample t-test was conducted to analyze the financial performance of the first segment before the implementation of *Branchless Banking* an after the implementation of *Branchless Banking.* Data were processed using SPSS Statistics 24 and the level of significance (α) = 0.05 or 5%. The data are processed to be implemented before Branchless Banking taken from financial statements of Bank Mandiri started from the year 2010 to 2013, and the data processed for Branchless Banking after the Financial Statements taken in the implementation of the Bank started from the year 2014 up to 201 7 . *Branchless Banking* at Bank Mandiri begins in 201 4.

Table 3.1 Financial Performance of Bank Mandiri
before and after *Branchless Banking is* implemented

No	Financial Performance Ratio	Before				Financial Performance Ratio	After			
		2010	2011	2012	2013		2014	2015	2016	2017
1	LDR	65.44%	71.65%	77.66%	82.97%	LFR	82.02%	87.05%	85.86%	87.16%
2	CAR	13.36%	15.34%	15.48%	14.93%	CAR	16.60%	18.60%	21.36%	21.64%
3	ROA	3.50%	3.37%	3.55%	3.66%	ROA	3.57%	3.15%	1.95%	2.72%
4	BOPO	66.43%	67.22%	63.93%	62.41%	BOPO	64.98%	69.67%	80.94%	71.78%

** Data source: Bank Mandiri Financial Statements 2010 to 2017

3.2 Analysis of Difference Test / Paired Sample T-Test

Table 3.2 shows the results of paired sample t-test tests on four financial ratios related to the financial performance of Bank Mandiri before and after *Branchless Banking* .

Table 3. 2 Paired Sample T-Test Results on Financial Performance
Bank Mandiri before and after *Branchless Banking*

No	Financial Performance Ratio	Test result	Sig ((T <= t) two-tailed)	Conclusion
1	LFR	-3,756	0.033	H0 Rejected / H1 Accepted
2	CAR	-5,331	0.013	H0 Rejected / H1 Accepted
3	ROA	1,793	0.170	H0 Cannot Be Rejected
4	BOPO	-1,686	0.019	H0 Rejected / H1 Accepted

* * significant at α = 5%

3.3 Analysis and Evaluation

As one tool for strategy formulation, SWOT analysis cannot be separated from the overall strategic planning process. In general, the preparation of strategic plans through several stages, including:

3.3.1 Data Collection Stage
1. Primary data
a.   Interview about *Branchless Banking* at Bank Mandiri
b.   Interview regarding *Branchless Banking* regulations

2.   Secondary Data

The data used is the Financial Statements 2010 to 2017 PT. Bank Mandiri (Persero) Tbk and monitoring of productive results in 2015-2017 at PT. Bank Mandiri (Persero) Tbk, Micro Banking Region I / Sumatra 1, Data on Branchless Banking and Bank Indonesia Regulations (PBI)

i.   Data Analysis Stage
1.   EFE and IFE matrix

Calculation of weight and rating values for the EFE and IFE matrices are as follows:
A.   Matriks EFE

Table. 3.3 Calculation of Weight Weight and EFE Matrix Rating

NO	DOMINAN EXTERNAL FACTOR OPPORTUNITIES	TOTAL	RATING	WEIGHT %	WEIGHT X RATING
1	There is a clear foundation in the form of an Inclusive National Finance Strategy	24	4	0,08	0,31
2	Almost some people in the interior still do not have access to financial services	23	4,0	0,08	0,30
3	Many Indonesian people live in remote and underserved areas	24	4	0,08	0,31
4	The potential for SME financing	24	4	0,08	0,31
5	More and more mobile users are very tall	24	4	0,08	0,31
6	The broad network of banking agents throughout Indonesia	24	4	0,08	0,31
7	Branchless Banking Regulation	24	4	0,08	0,31
8	As a distributor of goverment social assistance programs	24	4	0,08	0,31
NO	DOMINAN EXTERNAL FACTOR THREATS	TOTAL	RATING	WEIGHT %	WEIGHT X RATING
1	Fraud from customers	21	3	0,07	0,21
2	Violations committed by banking agents	21	3	0,07	0,21
3	Low level of community understanding	24	4	0,08	0,31
4	CDD Regulation (Customer Due Diligent)	24	4	0,08	0,31
5	There is competition from competitor banks, causing competitors	24	4	0,08	0,31
	TOTAL	**305**		**1,00**	**3,86**

The calculation results for the EFE matrix show the factors of Opportunities and Threats obtained at **3.86,** which means that Digital Financial Services through Branchless Banking at Bank Mandiri has responded quite well to the opportunities and threats that are around. From the opportunities in the EFE matrix above, it is known that the most significant factor is the market where there is still a large amount of public interest to save, so it is very potential for companies and agents.

B. **Matrix IFE**

Table. 3. 4 Calculation of Weight Value and Matrix Rating IFE

NO	DOMINAN INTERNAL FACTOR STRENGTHS	TOTAL	RATING	WEIGHT %	WEIGHT X RATING
1	Strong Brand Image	24	4	0,10	0,40
2	Increasing the deposition of third party funds	24	4	0,10	0,40
3	Minimum operational costs of the bank or as a mini bank	24	4	0,10	0,40
4	Can reach remote areas	24	4	0,10	0,40
5	Easy to make cash withdrawals and transfers	24	4	0,10	0,40
6	Call center fasilities available for 24 hours	24	4	0,10	0,40
NO	DOMINAN INTERNAL FACTOR WEAKNESS	TOTAL	RATING	WEIGHT %	WEIGHT X RATING
1	Lack of socialization and promotion to provide understanding to the community	24	4	0,10	0,40
2	Vulnerable to fraud	24	4	0,10	0,40
3	Unable to monitor customer	24	4	0,10	0,40
4	Lack of Human Resources / Sales Personnel to look for Branchless Banking Agents	24	4	0,10	0,40
	TOTAL	**240**		**1,00**	**3,60**

The calculation results for the IFE matrix show a comparison between strengths and weaknesses obtained by **3.60** which means that Digital Financial Services through Branchless Banking at Bank Mandiri there is a very significant value difference so it can be concluded that Bank Mandiri can properly empower its strengths and try to cover up various weaknesses from his company This clearly shows that the Company has managed to manage its internal strengths and overcome its weaknesses well. That way, Digital Financial Services through Branchless Banking at Bank Mandiri means having a strong internal position (Strong Internal Position).

2. **SWOT Quadrant Matrix**
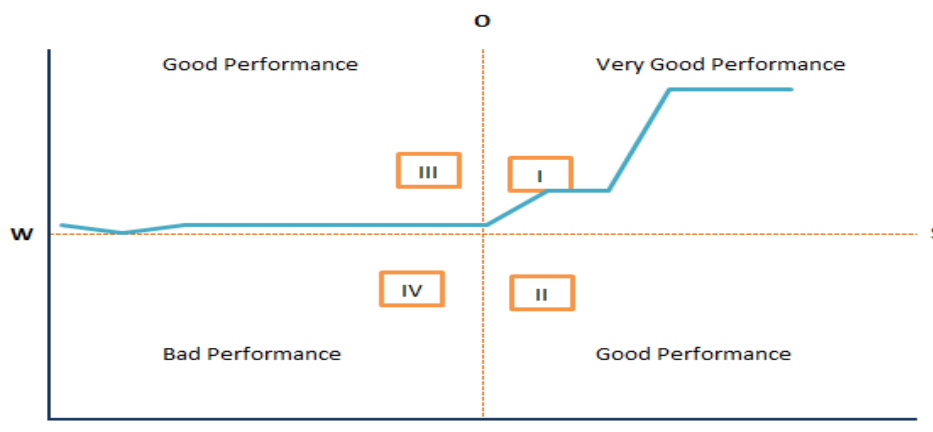To find out the company's current position strategy, we can see in the graph below:

Figure 3.1 SWOT Quadrant Matrix Chart

From Figure 3.1 above it can be seen how the SWOT Quadrant Matrix Chart can be explained as follows:

a.   Quadrant I (positive, positive)

This position indicates that the Company has sufficient potential and has significant opportunities. The recommended strategy is Progressive, meaning that the organization is in top condition and stable so that it is possible to continue to expand, and upgrade products to be better than other competitors. It also provides service features and tools for customers more fully so as to add experience that affects the purchase value of this product wherein the community will show considerable interest in Digital Financial Services through Branchless Banking and increase growth and achieve maximum progress for companies and agents as partners of the company.

b.   Quadrant II (positive, negative)

This position indicates the Company's position is quite strong but faces a big challenge. The recommended strategy is Strategy Diversification, which means that the Company is in a stable condition but faces a number of severe challenges so it is estimated that the Company will experience a little difficulty if it only relies on the previous strategy. Therefore, the Company is advised to immediately increase the variety of tactical strategies or expand programs and promotions that are interesting so that people are more interested in this product.

c.   Quadrant III (negative, positive)

This position indicates that the Company is quite weak but very likely. The recommended strategy is Change Strategy, which means that the Company is advised to change the previous strategy. Because the old strategy was feared difficult to be able to capture the opportunities that exist while improving the performance of the Company. The company is also directed to be able to provide solutions and help agents to attract the attention of local people towards Digital Financial Services through Branchless Banking at Bank Mandiri.
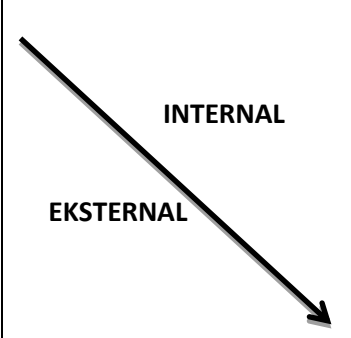
d.   Quadrant IV (negative, negative)

This position indicates a weak company and faces a big challenge. The recommended strategy is Defense Strategy, which means that the Company's internal conditions are at a dilemma. Therefore the organization is advised to use a survival strategy, controlling internal performance so as not to fall further. This strategy is maintained while continuing to improve. The company must conduct a performance analysis in order to determine the next strategy. The company can help overcome problems with unproductive agents and provide solutions to attract the interest of agents as partner companies can contribute to the local community towards Digital Financial Services through Branchless Banking at Bank Mandiri.

3.   SWOT Matrix

SWOT matrix analysis is a continuation of the analysis of internal and external factors. The SWOT matrix matches the factors of strengths, weaknesses, opportunities, and threats that influence the Branchless Banking at Bank Mandiri.

Table. 4.5 SWOT MATRIX

	STRENGTHS	**WEAKNESS**
INTERNAL / **EKSTERNAL**	1. Strong Brand Image 2. Increasing the deposition of the amount of third party funds 3. Minimum operational costs of the bank or as a mini bank 4. Can reach remote areas 5. Easy to make cash withdrawals and transfers 6. There is a 24-hour call center facility	1. Lack of Socialization and promotion to provide understanding of the community. 2. Vulnerable to fraud 3. Can not monitor customers. 4. Lack of HR / Sales Personnel to look for Branchless Banking Agents

OPPORTUNITY	**STRATEGY -SO**	**STRATEGY -WO**
1. Fraud from customers . 2. Violations committed by Banking Agents . 3. Low level of community understanding 4. CDD (Customer Due Diligent) Regulation 5. There is competition from competing banks, causing competitors . 6. The number of competing networks that have developed in remote areas.	1. Products *Basic Savings Account* without minimum limit (S1, S2, S3, S4, T3) 2. Increased customer protection (S6, T2, T3, T4)	1. Increase / Upgrade variations of innovative quality products to be able to compete with competitors (W1, T5) 2. Creating a quality network / program system so as to maximize the principle of prudence to mitigate risks such as fraud, misuse and money laundering. (W1, W2, W3, W4, T1, T2, T3T, 4 T5) 3. Increasing the productivity of HR / salespeople who are more qualified by providing incentives and rewards to HR / salespeople and banking agents. (W4, W3, W4, W5)

THREATS	STRATEGY -ST	STRATEGY -WT
		4. Creating an application / program where the banking agent can directly conduct transactions / other services online so that it can speed up in helping services needed by customers. (W2, W3, W4, T2, T4, T5, T6)
1. Fraud from customers . 2. Violations committed by Banking Agents . 3. Low level of community understanding 4. CDD (Customer Due Diligent) Regulation 5. There is competition from competing banks, causing competitors . 6. The number of competing networks that have developed in remote areas.	1. Products *Basic Savings Account* without minimum limit (S1, S2, S3, S4, T3) 2. Increased customer protection (S6, T2, T3, T4)	1. Increase / Upgrade variations of innovative quality products to be able to compete with competitors (W1, T5) 2. Creating a quality network / program system so as to maximize the principle of prudence to mitigate risks such as fraud, misuse and money laundering. (W1, W2, W3, W4, T1, T2, T3T, 4 T5) 3. Increasing the productivity of HR / salespeople who are more qualified by providing incentives and rewards to HR / salespeople and banking agents. (W4, W3, W4, W5) 4. Creating an application / program where the banking agent can directly conduct transactions / other services online so that it can speed up in helping services needed by customers. (W2, W3, W4, T2, T4, T5, T6)

ii.   Decision making stage

The Competitive Profile Matrix (CPM) is a key success factor compared to competing companies (Nilasari, 2014: 67). This matrix can be used as a comparison for companies in determining the company's next strategy.

Table. 36 CPM MATRIX

NO	Critical Success Factor	Total sample			Total All	Average	Strategy Market Penetration		
		1	2	3			RATING	WEIGHT %	WEIGHT X RATING
1	Registration Customer / Agent	24	24	24	76	25	12,7	2,1	26,7
2	Products obtained by the Customer	24	24	24	76	25	12,7	2,1	26,7
3	Agent Tools	18	24	24	70	23	11,7	1,9	22,7
4	Tools for Customer	18	24	18	60	20	10,0	1,7	16,7
5	Service Features	24	24	24	76	25	12,7	2,1	26,7

The use of agents as partners is a solution that can help the Company in reaching remote areas. In the Digital Financial Services business model through Branchless Banking , the manual acquisition process is a major issue for the Company, considering the large potential of agents and customers, which makes it a competitive factor for competitors who have online acquisitions. The company needs to innovate in terms of technology so that the acquisition process can be done online, thus helping the Company in accelerating the acquisition process of Agent and agent customers. While restrictions on the types of customers that can be served by agents and service features are also the main factors that influence customer transactions that save at agents. This affects the customer's experience and also affects the intensity of customer transactions.

IV.   DISCUSSION

Based on research results at Bank Mandiri Region I / Sumatera 1 , the analysis results obtained to improve financial performance and competitive strategies through Branchless Banking include the following:

4.4.1 Impact of Branchless Banking on financial performance at Bank Mandiri

In several indicator ratios used for this study, there are significant differences after Branchless Banking is implemented compared to before Branchless Banking was implemented . This looks at the test results of paired-sample t test with variable Loan to Funding Ratio (LF R) indicates that the Sig = 0.033 (<0.05), then Ho denied that the company's financial performance is represented by LFR after Branchless Banking implemented there were significant differences compared to before Branchless Banking was implemented . This shows that

the financial performance based on LFR has improved with the existence of Branchless Banking . Third Party Fund (DPK) Bank Mandiri tend to increase after their Branchless Banking, the possible number of customers of the E-cash and Savings SiMakmur has contributed quite big on the addition of DPK in Bank Mandiri . In addition, funding is channeled through Branchless banking has a large portion so LFR differ as between before and after Branchless Banking .

Furthermore, the Capital Adequacy Ratio (CAR) variable shows that Sig = 0, 013 (> 0, 05), then Ho is rejected, namely the financial performance of the company represented by CAR after Branchless Banking has a significant difference compared to before Branchless Banking was implemented . A negative t-value indicates the average CAR after Branchless Banking is lower than the average CAR before Branchless Banking. This means that Bank Mandiri is not optimal in financing bank operations and channeling financing more optimally to increase bank profitability.

On the Return On Asset (ROA) variable shows that Sig = 0.1 70 (> 0 ,05) then Ho cannot be rejected, ie the financial performance represented by ROA after Branchless Banking is no different than before Branchless Banking. A negative t-value indicates that the average ROA after Branchless Banking is no different than the average ROA before Branchless Banking . After the establishment of Branchless Banking , Bank Mandiri achieved operating income that was not too significant difference compared to before the existence of Branchless Banking , this can be seen from the ROA ratio that increased in 2010 to 201 7 .

Finally, the BOPO variable shows that Sig = 0.01 9 (<0 ,05) then Ho is rejected, namely the financial performance of companies represented by BOPO after Branchless Banking is significantly different than before Branchless Banking. A positive t-count value indicates the average BOPO after Branchless Banking is smaller than the average BOPO before Branchless Banking . This is due to a decrease in Bank Mandiri operational costs due to cost efficiency.

4.4.2 Bank Mandiri's Strategy to Compete Through Branchless Banking
1. Financing for Micro Small Business and Installment Payment Facilities
2. Expand cooperation with communities, cooperatives, fintech and more eligible businesses
3. Create a Basic Account product without a minimum limit
4. Increased Protection for Customers
5. Providing intensive training to banking agents
6. Facilitating t banking agents to carry out promotions and socialization to the public
7. Adding HR / Sales Force to accelerate the achievement of potential banking t agents in remote areas so that it can help the Bank in increasing third party funds
8. Increasing the productivity of higher quality HR / sales force by providing incentives and rewards to HR / sales personnel and banking agents
9. Creating applications / programs where banking agents can directly conduct transactions / other services online so that they can speed up in helping services needed by customers

4.5 Managerial Implications
4.5.1 For Bank Mandiri
Bank Mandiri, which has been running Branchless Banking, should continue to maintain and develop Branchless Banking in accordance with Bank Indonesia Regulations (PBI) . In this effort, Bank Mandiri needs to do the following:
a. Conducting periodic monitoring for each activity Agent t Banking which is closest branch office of the bank
b. Conduct training and education related to operationalization, customer protection, APU (anti money laundering) and PPT (prevention of financing of terrorism) to agents
c. Perform multiply educate all public about the product so that every user of basic banking services through agents are aware of and understand the benefits and the risks it faces.
d. Ensuring customer protection, including confidentiality, transparency, notifications and complaints.
e. The success rate of the Branchless Banking service will depend very much on the level of customer adoption of the service . Therefore, the design of a good user interface will greatly help the success of the service. In addition, Bank Mandiri is also required to pay attention to security factors, both physical security and information security.
f. Future banking services will be dominated by Mobile Banking such as the Internet, ATMs, EDCs, Call Centers and Social Media.

4.5.2 For Regulators

Bank Indonesia and the Financial Services Authority in supporting the implementation of a national inclusive financial strategy should work in harmony to make regulations and supervision of Branchless Banking conducted by banks. The roles of BI and OJK as regulators to support Branchless Banking are as follows:

a. Coordinating Branchless Banking activities with related institutions, namely coordinating with banking institutions in planning and implementing Branchless Banking programs.
b. Mapping the potential of the region as a basis for determining programs and priorities in Branchless Banking activities, namely the economic sector, the recipient of the program and related stakeholders.
c. Overseeing the performance of banks that carry out Branchless Banking.
d. Evaluating Branchless Banking activities , which is evaluating the development of Branchless Banking for future improvement and improvement materials.

V. CONCLUSIONS AND SUGGESTIONS

5.1 Conclusions

1. Impact of Branchless Banking on the financial performance of PT Bank Mandiri based on the results of paired sample t-test shows that the financial performance of PT Bank Mandiri in terms of liquidity, solvency, efficiency and profittability are differences after the existence of Branchless Banking . This has not been fully influenced by Branchless Banking products because many other factors are measured in the company's financial performance. Besides the increase in operating profit of the bank acquired from operational cost efficiency of banks indicated by operational burden decreases , through Branchless Banking Bank does not need to spend big to set up branches or outlets are large in order to collect funds communities in unserved areas that save at Bank Mandiri. It can be concluded that the Branchless Banking influential and greatly reduce cost infrastructure for a branch office, so that proved to be efficient after their Branchless Banking, and also Branchless Banking greatly assist the Bank to obtain a potential increase in third party funds throughout region, So that the management should make optimal use of the potential of Branchless Banking.

2. There is a significant difference in the financial performance that serves as a benchmark for this research, namely the LFR, CAR, ROA and BOPO Ratios before the implementation of Branchless Banking and after the implementation of Branchless Banking.

3. Alternative the competitive strategy of the Financial Services Digital through Branchless Banking at PT. Bank Mandiri (Persero) Tbk to do bank Mandiri to improve financial performance through Branchless Banking by performing financing for small business micro, expand the network of cooperation with the Government, increase customer protection, making product Bassic Account with no minimum limit, facilitating agents banking for the promotion and dissemination to the public and reducing agents banking who have been close to a branch office of Bank Mandiri, Expanding cooperation with communities, cooperatives, fintech and businesses are more eligible, provide intensive training to the agenct banking , facilitating agent banking for promotion and socialization to the community , Increasing HR/Sales Personnel to accelerate the achievement of potential agents banking in remote areas so that it can help the Bank in increasing third party funds and Increasing the productivity of HR/sales force that is more qualified by providing incentives and leasing rd to HR/sales force and banking agents.

5.2 Suggestions

The Bank can innovate in the form of creating a quality network system / program so as to maximize the protection of customers from the possibility of risky things such as fraud, misuse and money laundering. Banks can work together with regulators to increase counseling / socialization to the local community regarding operations, customer protection, APU (anti money laundering) and PPT (prevention of financing of terrorism) and the public can be educated so that they are able to know the latest information and are sufficient to help the community- people in the interior to know more and be careful in facing possible risks that will occur such as fraud, abuse and money laundering. So this is very useful for the Customer, Banking Agent , Regulation and the Bank Mandiri.

Banks can create applications / programs where banking agents can directly conduct transactions / other services online so that Agent Banking can facilitate the acceleration of transaction services / other banking services online so as to accelerate the process of service needed by customers, and also more effective in accelerating acquisition customers of competitors. For companies, it can be more accurate to monitor activities / transactions carried out by banking agents and can provide support for banking agents that are less productive. It is also an effort that can be done to monitor and avoid anti-money laundering (AML) and Preventing Terrorism Funding (PPT) .

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