Sanskara Ekonomi dan Kewirausahaan
Vol. 4, No. 03, June 2026, pp. 155-168
ISSN: 2985-7791, DOI: 10.58812/sek.v4i03

Strategic Design for Optimizing Productive Assets in Banking: A Case Study of PT Bank ICBC Indonesia

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Info Artikel

Article history:

Received May, 2026
Revised Jun, 2026
Accepted Jun, 2026

Kata Kunci:

Aset Produktif; IFE–EFE; matriks IE; QSPM; Strategi perbankan; TOWS

Keywords:

Banking Strategy; IE Matrix; IFE–EFE; Productive Assets; TOWS Strategy

ABSTRAK

Optimalisasi aset produktif merupakan faktor penting dalam meningkatkan kinerja dan stabilitas perbankan. Penelitian ini bertujuan untuk mengidentifikasi faktor internal dan eksternal yang mempengaruhi optimalisasi aset produktif PT Bank ICBC Indonesia serta merumuskan strategi yang mendukung peningkatan kinerja Bank. Penelitian menggunakan pendekatan studi kasus dengan analisis manajemen strategis melalui kombinasi matriks IFE, EFE, IE, TOWS, dan QSPM. Pengumpulan data dilakukan melalui wawancara dengan narasumber internal serta studi dokumentasi perusahaan. Hasil analisis menunjukkan bahwa skor matriks IFE sebesar 2,84 dan skor matriks EFE sebesar 3,32, yang menempatkan posisi Bank pada Matriks IE berada pada kategori grow and build, serta mencerminkan potensi ekspansi melalui strategi pertumbuhan. Formulasi strategi melalui TOWS yang diintegrasikan dengan matriks IE menghasilkan beberapa alternatif strategi yang dievaluasi menggunakan matriks QSPM untuk menentukan prioritas strategi. Prioritas strategi utama berdasarkan QSPM adalah penguatan pembiayaan korporasi Tiongkok yang berinvestasi di Indonesia dan korporasi Indonesia yang memiliki hubungan bisnis dengan Tiongkok, serta pengembangan layanan keuangan berbasis ekosistem bisnis RMB. Kedua strategi dinilai paling efektif untuk meningkatkan optimalisasi aset produktif serta memperkuat daya saing Bank.

ABSTRACT

The optimization of productive assets is an important factor in improving bank performance and financial stability. This study aims to identify internal and external factors influencing the optimization of productive assets at PT Bank ICBC Indonesia and to formulate strategic recommendations to enhance the Bank's performance. The research employs a case study approach using strategic management analysis through the integration of the IFE, EFE, IE, TOWS, and QSPM matrix. Data were collected through interviews with internal informants and document study of the company. The results show that the IFE matrix score is 2.84 and the EFE matrix score is 3.32, which places the Bank's position in the IE matrix falls within the grow and build category, and reflecting strong potential for expansion through growth strategies. Strategy formulation through TOWS integrated with IE matrix generated several alternative strategies, which were further evaluated using QSPM to determine strategic priorities. The results of the QSPM analysis indicate that the top priotity strategies are strengthening corporate financing for Chinese companies investing in Indonesia as well as Indonesian companies with business linkages to China, and developing RMB-based financial services. Both strategies are considered the most effective in optimizing productive assets while strengthening the Bank's competitiveness.

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1. INTRODUCTION

According to Financial Services Authority Regulation (POJK) Number 40/POJK.03/2019 concerning the Assessment of Asset Quality for Commercial Banks, productive assets refer to the provision of bank funds to generate income. Productive assets include placements, securities, loans, derivative receivables, acceptance receivables, equity participation, and other forms of fund provision. This definition confirms that the optimization of productive assets is not merely related to credit growth, but also covers the overall portfolio allocation strategy that considers prudential principles, asset quality, and the bank's risk profile. Therefore, productive asset management is a strategic issue because it directly determines the effectiveness of the intermediation function and the bank's ability to generate sustainable income. In the modern financial system, banks play an important role in mobilizing public savings, allocating capital to productive sectors, and facilitating risk management in the economy (Demirgüç-Kunt & Levine, 1999).

In modern banking literature, a number of empirical studies show that asset structure and diversification have significant implications for bank stability and performance. Proper asset diversification can reduce risk and strengthen resilience against external shocks (Abbas & Rehman, 2025). Empirical evidence from developing countries shows that diversification contributes positively to bank stability in both crisis and non-crisis periods. However, this relationship is non-linear, as over-diversification may instead increase risk exposure (Adem, 2022). Other findings indicate that diversification effectiveness is not universal because it is influenced by bank size, structural characteristics, and institutional context (Chowdhury, 2024). Asset composition and portfolio maturity structure also affect systemic risk profiles (Secrest, 2020), while capital and liquidity act as mediating variables in the relationship between asset allocation and bank stability (Vu & Ngo, 2023). In the context of emerging markets, Rahman & Abbas (2025) emphasize that asset diversification strategies need to be aligned with internal capacity and external environmental dynamics in order to improve performance sustainably. In addition, regional studies show that the impact of diversification on bank stability differs across asset types and is strongly influenced by the quality of governance and the institutional structure of each country (Shahriar et al., 2023).

In addition to internal factors related to asset structure and diversification, bank stability and performance are also influenced by external environmental dynamics, particularly macroeconomic conditions. Economic uncertainty can increase banking credit risk by raising the probability of borrower default and reducing the bank's ability to predict investment outcomes accurately. These conditions can ultimately suppress bank profitability and increase risk exposure in the banking system (Zhang et al., 2022). Several empirical studies also show that diversification of bank income sources, particularly through the development of non-interest income activities, can expand revenue sources, improve profitability, and strengthen bank stability and liquidity in facing dynamic business pressures (Duong, 2025; Zhao et al., 2025). Research on the Indonesian banking industry also shows that operational efficiency is an important factor in improving bank competitiveness amid increasingly intense industry competition, regulatory changes, and financial technology development (Ischak et al., 2024). Other empirical studies find that banking efficiency is influenced by several main factors, including asset diversification, bank risk, bank size, and liquidity, which together determine bank performance and operational sustainability (Alhadi & Fasa, 2025). These findings confirm that asset allocation strategies cannot be universally generalized, but must take into account structural and institutional characteristics as well as changing economic conditions.

Bank profitability is a key indicator that reflects a bank's ability to manage assets and generate sustainable income. Bank profitability is determined not only by the expansion of productive assets, but also by internal factors such as operational efficiency, capital adequacy, and the quality of risk management, which directly affect Return on Assets (ROA) performance (Endri et al., 2025). The development of financial technology (FinTech) has also changed the structure of the banking industry by increasing competition and influencing banks' traditional revenue models, thereby affecting the profitability of banking institutions (Yuan et al., 2025).

Although many studies have examined factors affecting bank stability and performance, most prior studies have used quantitative econometric approaches to test relationships among variables. These approaches make important contributions to understanding the statistical relationships among factors that influence bank performance, but they have not extensively integrated a strategic management perspective into the asset allocation decision-making process at the organizational level. Studies that specifically analyze the optimization of productive asset structures through a strategic management approach based on the identification of internal and external factors remain relatively limited in the banking literature.

From a corporate strategy perspective, resource allocation decisions are part of portfolio strategy that determines long-term value creation (David, 2016). In multi-business firms, portfolio strategy serves as an important mechanism for determining resource allocation across business units in order to maximize corporate value (Dyer et al., 2020). This approach emphasizes the importance of simultaneously evaluating industry attractiveness and business-unit strength to produce rational investment decisions. Nevertheless, banking literature has not sufficiently linked productive asset composition decisions with strategic management frameworks such as IFE–EFE and TOWS, which can translate environmental analysis into an implementable agenda.

This gap becomes increasingly relevant for foreign subsidiary banks operating in emerging markets. In such entities, asset allocation decisions are not determined solely by domestic conditions, but are also influenced by centralized risk management policies from the head office (parental control). Global control mechanisms, including the determination of group credit limits and risk appetite policies, may restrict the flexibility of local credit expansion, thereby creating a trade-off between stability and intermediation. In this context, productive asset optimization is not only an issue of financial efficiency, but also a matter of strategic alignment between the head office and the subsidiary in responding to local market dynamics.

PT Bank ICBC Indonesia, as a subsidiary of Industrial and Commercial Bank of China Ltd., faces challenges in optimizing its productive asset structure amid increasingly competitive banking industry conditions (Indonesia, 2023, 2024, 2025). Empirical data indicate inefficiency in asset allocation, reflected in the low contribution of credit to total productive assets and the increasing portion of placements in low-risk instruments. This condition indicates idle liquidity and potential asset allocation inefficiency that may suppress the Bank's intermediation margin and profitability in the long term.

Based on this background, this study has two main objectives: first, to identify internal and external factors that influence the optimization of the Bank's productive asset allocation through the Internal Factor Evaluation (IFE) and External Factor Evaluation (EFE) matrix approaches; and second, to formulate concrete strategies to improve the optimization of the Bank's productive assets for 2026–2028 through the TOWS strategy approach. This study contributes to banking literature by integrating a strategic management perspective into the analysis of productive asset management, particularly in the context of a foreign subsidiary bank operating under both domestic regulatory constraints and global risk management policies.

2. RESEARCH METHOD

2.1 Type of Research

This study uses a single case study method with a qualitative-descriptive approach. The qualitative-descriptive approach aims to provide a factual and systematic description of phenomena based on informant perspectives and empirical organizational data (Lambert & Lambert, 2012). The single case study design was used because the research focuses on one specific entity, namely PT Bank ICBC Indonesia, which has distinctive characteristics as a foreign subsidiary bank in an emerging market (Yin, 2018). This approach enables an in-depth exploration of internal and external determinants that affect the optimization of the Bank's productive assets. This research also falls under the category of applied research because it aims to produce strategic recommendations that can be implemented during the 2026–2028 period (Sekaran & Bougie, 2016).

2.2 Research Object

The research object is PT Bank ICBC Indonesia, with a focus on the Bank's productive asset management, which includes: loans, securities, placements with Bank Indonesia, and other productive asset instruments. The analysis focuses on the 2022–2025 period to capture changes in the post-pandemic asset structure and shifts in portfolio composition. Data Sources and Collection Methods. This study uses a combination of primary and secondary data to ensure triangulation and the validity of findings (Yin, 2018). Primary data were obtained through semi-structured interviews with three (3) key internal informants involved in strategic planning, namely the Business Director, the Head of the Financial Management (FM) Department, and the Head of the Strategy Management & Investor Relations (SMIR) Department. Semi-structured interviews were selected because they provide flexibility to explore internal and external factors in depth while still following a strategic question framework (Sekaran & Bougie, 2016). In addition, the researcher conducted direct observations in management forums, including strategic meetings and performance discussions, to understand the decision-making process related to productive asset allocation. Secondary data were obtained from PT Bank ICBC Indonesia's financial statements for the 2022–2025 period, annual reports and the Bank Business Plan (RBB), publications from OJK and Bank Indonesia, industry data (Infobank and other official publications), and regulations related to productive assets (POJK No. 40/POJK.03/2019). Secondary data were used to analyze trends in productive asset composition and to provide the basis for assessing external industry factors. Sampling Technique. The sampling technique used was purposive sampling, with the following criteria: (1) having authority in strategic decision-making related to productive assets, (2) understanding global credit limit and risk management policies, and (3) being involved in the Bank's business planning process. Data Analysis Method. This study analyzes two main dimensions, namely the company's external environment and internal environment, as the basis for strategy formulation. External environmental analysis was conducted using PESTEL and Porter's Five Forces approaches to identify opportunities and threats affecting productive asset optimization. The Five Forces model was developed by Porter (1985) to analyze the intensity of industry competition and market attractiveness structure. This approach helps identify competitive pressures that influence the bank's asset allocation strategy. Internal environmental analysis was conducted using the Resource-Based View (RBV) through the VRIO framework (Barney, 1995). This approach was used to evaluate whether the Bank's resources and capabilities are Valuable, Rare, Inimitable, and Organized so that they can create sustainable competitive advantage. The VRIO framework was then used to identify strengths and weaknesses in productive asset management. The identified internal and external factors were then mapped into the Internal Factor Evaluation (IFE) and External Factor Evaluation (EFE) matrices. The concepts of IFE and EFE matrices are part of the comprehensive strategic management model developed by David (2016). Each factor was assigned a weight based on its level of importance, with a total weight of 1.00, and a rating on a scale of 1–4 to reflect the company's response to that factor.

The total IFE and EFE scores were then mapped into the Internal-External (IE) matrix to determine the company's strategic position. This position provides general strategic directions such as grow and build, hold and maintain, or harvest and divest. Based on the position in the IE matrix, alternative strategies were formulated using the TOWS matrix, which combines Strengths, Weaknesses, Opportunities, and Threats to generate SO, WO, ST, and WT strategies (David, 2016). Furthermore, the strategy alternatives generated from the TOWS matrix were integrated with the strategic direction from the IE matrix to ensure consistency between strategy formulation and the Bank's strategic position.

To determine the most optimal strategic priorities, this study uses the Quantitative Strategic Planning Matrix (QSPM). QSPM evaluates alternative strategies that have been integrated based on the IE and TOWS matrices by assigning Attractiveness Scores (AS) and calculating the Total Attractiveness Score (TAS) for each strategy (David, 2016).

Thus, the analysis process was then translated into strategic recommendations for optimizing the productive assets of PT Bank ICBC Indonesia for the 2026–2028 period.

3. RESULTS AND DISCUSSION

The Bank's vision is to become the "Preferred Bank" and to "Deliver Excellence" for trade and economic interaction between Indonesia and China. The Bank's mission is to become an Integrated Bank, Local Bank, International Bank, and Professional Bank. Based on this vision and mission, this study analyzes the external and internal factors that affect the optimization of PT Bank ICBC Indonesia's productive assets.

3.1 External Factor Analysis

External factor analysis uses the Porter Five Forces and PESTEL approaches to identify opportunities and threats that influence the Bank's productive asset optimization strategy. The results show that economic relations between Indonesia and China provide significant strategic opportunities for the Bank. Increased Chinese investment in Indonesia, supported by various bilateral policies and economic cooperation projects such as the Belt and Road Initiative (BRI), Local Currency Settlement (LCS), and Two Countries Twin Parks, creates substantial financing potential for the banking sector.

In addition, the development of cross-border payment systems and the use of the Renminbi (RMB) in international transactions also create opportunities for the Bank to strengthen its role in the RMB ecosystem. The implementation of payment systems such as RMB Clearing and the Cross-Border Interbank Payment System (CIPS) provides opportunities for the Bank to expand cross-border settlement services and strengthen its position in international trade transactions between Indonesia and China.

Digital transformation in the banking industry also creates opportunities to improve operational efficiency and accelerate credit and banking transaction processes. Digitalization can increase the Bank's operational productivity and strengthen services for corporate and institutional customers. However, the external factor analysis also identifies several strategic challenges. Global geopolitical risks, including trade wars and changing international relations, may affect cross-border trade and investment flows. In addition, interest rate volatility and monetary policy can also affect funding costs and financial stability.

From the perspective of the domestic banking industry, the dominance of major banks in the KBMI 4 and Himbara groups creates significant competitive pressure in corporate financing. These banks have large capital capacity, strong low-cost funding bases, and broad business networks. In addition, large corporate customers generally maintain banking relationships with several banks at once. This condition creates relatively low switching costs for customers, thereby increasing the intensity of competition among banks in obtaining project financing or corporate credit facilities.

The development of alternative financing through the capital market, including the issuance of corporate bonds, is also a factor that may reduce demand for bank financing in certain segments. Based on the above analysis, it can be concluded that although there are strong growth opportunities from Indonesia–China economic relations, the Bank also faces significant competitive pressure from the domestic banking industry and global economic dynamics. The evaluation of external factors through the External Factor Evaluation (EFE) Matrix shows a total score of 3.32 (see Table 1), indicating that the Bank has a relatively good ability to respond to opportunities and threats from the external environment.

Table 1. EFE Matrix of PT Bank ICBC Indonesia

Opportunities and Threats	Rating	Weight	Weighted Score
Opportunities			
Bilateral support between Indonesia and China (BRI, LCS, Two Countries Twin Parks, central bank cooperation)	4	0.09	0.36
Increased Chinese investment and trade in Indonesia	4	0.09	0.36
Development of cross-border payment systems (RMB clearing, CIPS)	4	0.09	0.36
Acceleration of credit process and banking transaction digitalization	2	0.09	0.18
Threats			
Global geopolitical risk (trade war, tariffs, conflict)	3	0.10	0.30
Downgrade of Indonesia's rating (2026)	3	0.10	0.30
Global interest rate volatility and monetary policy	3	0.09	0.27
Prudential regulation (CAR, RWA, BMPK, CKPN)	4	0.07	0.28
Dominance of KBMI 4 and Himbara in homogeneous corporate credit market	3	0.05	0.15
Large corporate customers have multiple banking relationships and low switching costs	3	0.06	0.18
Price-sensitive funding	3	0.06	0.18
Alternative financing through bonds and capital markets	3	0.04	0.12
China desks at local banks and non-Chinese foreign banks	4	0.07	0.28
Total Weighted Score		**1.00**	**3.32**

Source: Processed by the Researcher (2026)

3.2 *Internal Factor Analysis*

Internal factor analysis uses the Resource-Based View framework through the VRIO approach to identify the Bank's strengths and weaknesses in optimizing productive asset management. The identification results show that the Bank, as a subsidiary of ICBC Ltd., has several strategic advantages. One of these is the Bank's position in supporting bilateral relations between Indonesia and China, including participation in various economic cooperation initiatives such as the Belt and Road Initiative (BRI), Local Currency Settlement (LCS), and the development of the Two Countries Twin Parks industrial zone. This position provides stronger access to the business ecosystem of Chinese companies operating in Indonesia.

In addition, the Bank also benefits from the global network of ICBC Group, which enables cross-border transaction support, including international trade financing, RMB settlement, and access to the network of Chinese corporations operating globally. This advantage is strengthened by the relatively integrated RMB ecosystem through cross-border payment systems such as the Cross-Border Interbank Payment System (CIPS). These capabilities provide strategic differentiation that most domestic banks do not possess.

Another internal strength is the competence of human resources with bilingual capabilities and an understanding of Chinese business culture. This capability plays an important role in building relationships with Chinese companies operating in Indonesia, particularly in project financing and international trade processes.

However, the analysis also reveals several structural weaknesses that affect the optimization of the Bank's productive assets. One major weakness is credit growth that has not optimally captured the increase in Chinese investment in Indonesia. Although credit expansion opportunities are quite large, the Bank's ability to increase credit disbursement is still influenced by various factors, including limitations in the domestic funding structure and risk management policies from the head office.

In addition, the funding structure in Rupiah (IDR) is relatively less competitive than that of large domestic banks with stronger low-cost fund bases (CASA). This condition results in relatively higher funding costs, which affect the Bank's competitiveness in corporate credit financing. Another identified weakness is the suboptimal integration of cross-selling across business units. Coordination among the credit, treasury, and retail business units has not fully generated synergies capable of strengthening overall customer relationships. In addition, the contribution of the retail business unit to the Bank's funding structure and profitability remains relatively limited and has not significantly strengthened the Bank's liquidity structure.

Overall, the analysis results show that the Bank has a strong foundation of strategic capabilities in businesses related to the Chinese ecosystem. Nevertheless, productive asset optimization still requires strengthening in funding structure, internal business integration, and credit expansion capacity. The evaluation of internal factors through the Internal Factor Evaluation (IFE) Matrix shows a total score of 2.84 (see Table 2), indicating that the Bank has fairly strong internal capabilities but still needs improvement in several strategic aspects.

Table 2. IFE Matrix of PT Bank ICBC Indonesia

Strengths and Weaknesses	Rating	Weight	Weighted Score
Strengths			
ACCD Bank status and Indonesia-China bilateral position	4	0.09	0.36
Global ICBC network and cross-border support	4	0.09	0.36
Network and relationships with Chinese corporations in Indonesia	4	0.10	0.40
Integrated RMB ecosystem capability (CIPS)	4	0.10	0.40
Bilingual human resources and understanding of Chinese business culture	4	0.10	0.40
Weaknesses			
Credit growth has not optimally captured the increase in Chinese investment	2	0.15	0.30
IDR funding structure is less competitive	2	0.13	0.26
Cross-selling integration among business units is not yet optimal	2	0.13	0.26
Retail unit contribution to funding structure and profitability remains relatively limited	1	0.10	0.10
Total Weighted Score		**1.00**	**2.84**

Source: Processed by the Researcher (2026)

3.3 *IE Matrix Analysis*

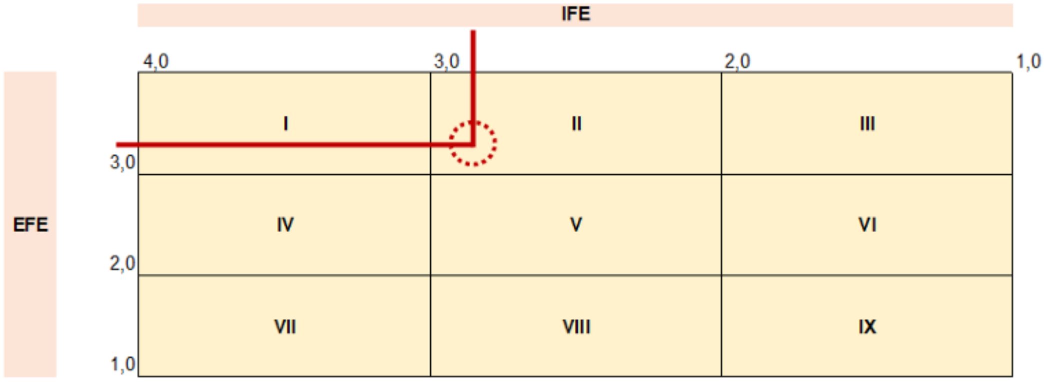

Figure 1. IE Matrix of PT Bank ICBC Indonesia

Based on the mapping results in Figure 1, the Bank's strategic position is located in the Grow and Build cell of the IE matrix. This position indicates that, in general, the Bank has relatively supportive external environmental conditions and fairly strong internal capabilities to carry out business expansion.

Within the corporate strategy framework, the Grow and Build position generally leads to strategies such as market penetration, market development, product development, and integration strategies to expand the business base and increase competitiveness. In the context of PT Bank ICBC Indonesia, this expansion strategy can be focused on strengthening corporate financing related to Chinese investment in Indonesia, developing RMB-based cross-border financial services, and improving the integration of banking services to strengthen relationships with corporate customers.

3.4 *TOWS Strategy Formulation*

Based on the analysis of external and internal factors, strategy formulation was carried out using the TOWS matrix, as shown in Table 3, to identify alternative strategies that can support the optimization of the Bank's productive assets.

Table 3. TOWS Matrix Strategy

Internal Factors / External Factors	**Strengths (S)**	**Weaknesses (W)**
	o Bank ACCD status and Indonesia–China bilateral position (S1) o ICBC global network and cross-border support (S2) o Network and corporate relations with Chinese corporations in Indonesia (S3) o Integrated RMB ecosystem capability (CIPS) (S4) o Bilingual human resources & understanding of Chinese culture (S5)	o Credit growth has not yet been optimal in capturing increased Chinese investment (W1) o IDR funding structure is less competitive (W2) o Cross-selling integration between units is not yet optimal (W3) o Retail unit contribution to funding structure and profitability remains relatively limited (W4)
Opportunities (O) o Indonesia–China bilateral support (BRI, LCS, Two Countries Twin Parks, central bank cooperation) (O1) o Increasing Chinese investment and trade in Indonesia (O2) o Development of cross-border payment systems (RMB clearing, CIPS) (O3) o Acceleration of digitalization of credit processes and banking transactions (O4)	**SO Strategies** o Strengthen corporate financing for Chinese companies investing in Indonesia and Indonesian companies with business links to China. (S1, S2, S3, O1, O2) o Develop RMB ecosystem-based treasury services through increased *trade finance* transactions, cross-border settlement, and RMB-based treasury services. (S4, O3) o Develop digital platforms that support trade financing services, international transactions, and cross-border cash management. (S2, S4, O3, O4)	**WO Strategies** o Strengthen the financing pipeline by reinforcing cooperation with Chinese corporations expanding in Indonesia. (W1, O1, O2). o Develop retail products, digital transaction services, and increase inter-unit business integration to strengthen the domestic funding structure (W2, W3, W4, O4).
Threats (T) o Global geopolitical risks (trade wars, tariffs, conflicts) (T1) o Downgrade of Indonesia's credit rating (2026) (T2) o Volatility of interest rates and global monetary policy (T3) o Prudential regulations (CAR, RWA, BMPK, CKPN) (T4) o Dominance of KBMI 4 & Foreign Banks in the homogeneous corporate credit market (T5) o Large corporate customers have *Multiple Banking Relationship* and low *switching cost* (T6)	**ST Strategies** o Leverage ICBC's global network, Chinese corporate relations, and RMB ecosystem to offer integrated cross-border services. (S2, S3, S4, S5, T9) o Strengthen strategic relationships with corporate customers through a *relationship-based banking* approach and provide comprehensive financing services. (S2, S3, S5, T6, T8)	**WT Strategies** o Strengthen credit risk management, improve operational efficiency, and optimize funding structure to increase the Bank's resilience in facing global economic uncertainty, interest rate volatility, and prudential regulatory pressure. (W1, W2, W3, T1, T3, T4, T7).
Funding (T) o *Price-sensitive funding* (T7) o Alternative financing through bonds and capital markets (T8) o China desk at local and non-China foreign banks (T9)		

Source: Processed by the Researcher (2026)

3.5 *Integration of IE Matrix and TOWS Strategies*

The Bank's strategic position generated from the IE matrix was integrated with the strategy formulation from the TOWS matrix, as follows:

1. Market Penetration

   Strengthening strategic relationships with corporate customers through a relationship-based banking approach and providing comprehensive financing services. This strategy reflects a market penetration strategy aimed at improving customer service and strengthening customer loyalty.
2. Market Development

   Strengthening corporate financing for Chinese companies investing in Indonesia and Indonesian companies with business linkages to China. This strategy aims to expand the Bank's market share into customer segments that are directly connected to the Chinese business ecosystem.
3. Product Development

   Developing RMB ecosystem-based financial services by increasing trade finance transactions, cross-border settlement, and RMB-based treasury services. This strategy can create added value through specific service innovations, particularly for the needs of cross-border customers. It also includes developing a digital platform that supports trade financing services, international transactions, and cross-border cash management.
4. Integration Strategy

   Developing retail products and digital transaction services, and improving integration across business units to strengthen the domestic funding structure. This strategy can be categorized as an integration strategy to enhance synergy across business units while improving service integration for customers in order to strengthen the Bank's liquidity.

In addition to the above strategies, there are supporting strategies aimed at maintaining the Bank's stability and business sustainability, namely strengthening credit risk management, improving operational efficiency, and optimizing the funding structure to enhance the Bank's resilience in facing global economic uncertainty, interest rate volatility, and prudential regulatory pressure.

Overall, the integration results show that the Bank's main strategy is oriented toward growth through market expansion and product development based on the Chinese business ecosystem, supported by strengthened service integration and risk management.

3.6 *Strategy Selection through the QSPM Matrix*

Based on the integration of TOWS and IE, the selected alternative strategy priorities are as follows:

1. Market Development: Strengthening financing for Chinese corporations in Indonesia and Indonesian corporations with business linkages to China. (S1).
2. Market Penetration: Strengthening relationship-based banking and comprehensive services. (S2).
3. Product Development: Developing RMB business ecosystem-based financial services (trade finance, cross-border settlement, treasury). (S3).
4. Integration Strategy: Strengthening the Bank's liquidity through retail products, digital services, and business-unit synergy. (S4).

Table 4. QSPM Matrix

Strategic Factors	Weight	S1		S2		S3		S4	
		AS	TAS	AS	TAS	AS	TAS	AS	TAS
Opportunities									
Bilateral support between Indonesia and China (BRI, LCS, Two Countries	0.09	4	0.36	2	0.18	3	0.27	2	0.18

Strategic Factors	Weight	S1		S2		S3		S4	
		AS	TAS	AS	TAS	AS	TAS	AS	TAS
Twin Parks, central bank cooperation)									
Increased Chinese investment and trade in Indonesia	0.09	4	0.36	2	0.18	3	0.27	2	0.18
Development of cross-border payment systems (RMB clearing, CIPS)	0.09	3	0.27	2	0.18	4	0.36	2	0.18
Acceleration of credit process and banking transaction digitalization	0.09	2	0.18	3	0.27	3	0.27	4	0.36
Threats									
Global geopolitical risk (trade war, tariffs, conflict)	0.10	2	0.20	2	0.20	2	0.20	2	0.20
Downgrade of Indonesia's rating (2026)	0.10	2	0.20	3	0.30	2	0.20	2	0.20
Global interest rate volatility and monetary policy	0.09	2	0.18	3	0.27	2	0.18	4	0.36
Prudential regulation (CAR, RWA, BMPK, CKPN)	0.07	2	0.14	1	0.07	2	0.14	3	0.21
Dominance of KBMI 4 and Himbara in homogeneous corporate credit market	0.05	3	0.15	3	0.15	3	0.15	2	0.10
Large corporate customers have multiple banking relationships and low switching costs	0.06	3	0.18	4	0.24	2	0.12	2	0.12
Price-sensitive funding	0.06	2	0.12	2	0.12	2	0.12	4	0.24
Alternative financing through bonds and capital markets	0.04	3	0.12	3	0.12	2	0.08	2	0.08
China desks at local banks and non-Chinese foreign banks	0.07	3	0.21	3	0.21	2	0.14	2	0.14
Strengths									
ACCD Bank status and Indonesia-China bilateral position	0.09	4	0.36	2	0.18	3	0.27	2	0.18
Global ICBC network and cross-border support	0.09	4	0.36	3	0.27	3	0.27	2	0.18
Network and relationships with Chinese corporations in Indonesia	0.10	4	0.40	3	0.30	3	0.30	2	0.20
Integrated RMB ecosystem capability (CIPS)	0.10	3	0.30	2	0.20	4	0.40	2	0.20
Bilingual human resources and	0.10	3	0.30	3	0.30	4	0.40	2	0.20

Strategic Factors	Weight	S1		S2		S3		S4	
		AS	TAS	AS	TAS	AS	TAS	AS	TAS
understanding of Chinese business culture									
Weaknesses									
Credit growth has not optimally captured the increase in Chinese investment	0.15	4	0.60	3	0.45	3	0.45	2	0.30
IDR funding structure is less competitive	0.13	2	0.26	2	0.26	2	0.26	4	0.52
Cross-selling integration among business units is not yet optimal	0.13	2	0.26	3	0.39	4	0.52	4	0.52
Retail unit contribution to funding structure and profitability remains relatively limited	0.10	1	0.10	2	0.20	2	0.20	4	0.40
Total Score		**5.61**		**5.04**		**5.57**		**5.25**	

Source: Processed by the Researcher (2026)

Based on the total score in the QSPM matrix above, the main strategic priorities for the Bank in optimizing its productive assets are: (1) strengthening corporate financing for Chinese companies investing in Indonesia and Indonesian companies with business linkages to China; and (2) developing RMB ecosystem-based financial services by increasing trade finance transactions, cross-border settlement, and RMB-based treasury services.

4. CONCLUSION AND RECOMMENDATIONS

4.1 Conclusion

The results show that the optimization of productive asset management at PT Bank ICBC Indonesia is influenced by a combination of external and internal factors that shape the Bank's strategic position in the Indonesian banking industry. From the external environment perspective, economic relations between Indonesia and China create significant growth opportunities for the banking sector, particularly in investment financing, international trade, and the development of RMB-based cross-border financial services. Bilateral cooperation initiatives such as the Belt and Road Initiative (BRI), Local Currency Settlement (LCS), and the development of the Two Countries Twin Parks industrial zone further strengthen the potential for business expansion related to the activities of Chinese companies in Indonesia.

On the other hand, the Bank also faces various strategic challenges arising from the dynamics of the domestic banking industry and global economic conditions. Strong competition from major banks in the KBMI 4 and Himbara groups, volatility in global macroeconomic conditions, and the development of alternative financing through the capital market increase the intensity of competition in corporate financing. In addition, the characteristics of large corporate customers who maintain relationships with several banks at once make competition in obtaining project financing increasingly intense.

From the internal perspective, the study shows that the Bank has several strong strategic capabilities, particularly those related to the Chinese business ecosystem. These advantages include support from the global network of ICBC Group, relationships with Chinese companies operating in Indonesia, RMB-based cross-border financial service capabilities, and human resource competence in understanding the Chinese language and business culture. These capabilities provide strategic differentiation that most domestic banks do not possess.

Nevertheless, this study also identifies several internal limitations that affect the optimization of the Bank's productive assets. Credit growth that has not optimally captured Chinese investment opportunities, a relatively less competitive domestic funding structure, suboptimal cross-selling integration across business units, and the limited contribution of the retail unit to the funding structure are factors that need to be strengthened to support the Bank's sustainable business expansion.

The strategic position mapping results show that the Bank is in the Grow and Build position, indicating that the Bank has opportunities to improve performance through targeted expansion strategies. Based on the QSPM matrix results, the most effective strategic priorities for improving the optimization of the Bank's productive assets are: (1) strengthening corporate financing for Chinese companies investing in Indonesia and Indonesian companies with business linkages to China; and (2) developing RMB ecosystem-based cross-border financial services.

4.2 *Recommendations*

Based on the research findings, the Bank is advised to utilize its strategic advantages in the Chinese business ecosystem to strengthen its competitive position in corporate financing related to investment and trade between Indonesia and China. Financing for Chinese companies operating in Indonesia and Indonesian companies with business linkages to China needs to be strengthened in a more structured manner to improve credit expansion and productive asset quality. In addition, the development of cross-border financial services based on the RMB business ecosystem needs to be strengthened through the integration of trade finance services, cross-border settlement, and RMB-based treasury services. Strengthening these services can increase added value for corporate customers

with international business activities and strengthen the Bank's differentiation in the domestic banking industry. To support business expansion, the Bank also needs to strengthen its domestic funding structure through the development of retail business and digital transaction services. Improved integration across business units, particularly credit, treasury, and retail, is important to increase cross-selling effectiveness and strengthen long-term relationships with customers. On the other hand, risk management and operational efficiency must continue to be strengthened to maintain the Bank's performance stability amid global economic uncertainty and regulatory pressure. A more balanced asset portfolio management approach will be a key factor in supporting sustainable growth. For future research, studies on productive asset optimization in banking are recommended to integrate strategic management approaches with quantitative analysis and conduct comparative studies among banks. Such an approach is expected to provide a more comprehensive understanding of portfolio asset management dynamics in the continuously evolving global banking industry.

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