

# Formulation Strategy for Improving the Financing Performance of SRB Amanah Ummah

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## ABSTRACT

The purposes of this research were: 1) to analyze the internal and external environmental factors that Affect the company's financial performance and the strategic position of the SRB (Sharia Rural Bank) Amanah Ummah for competing in the rural bank financial industry, and 2) to formulate accurate alternative strategies and priorities that can be recommended to companies in Achieving Reviews their goals. This research was conducted using qualitative methods through questionnaires to ten experts consist of management from Sharia Rural Bank Amanah Ummah and intentionally selected external parties. The initial stage is to identify the internal and external factors that was Analyzed using the IFE Matrix and the EFE Matrix. Then in the second stage, the CP Matrix analysis, IE Matrix analysis and SWOT matrix were conducted to Determine the company's current condition. In the final stage, a QSPM analysis was Carried out to Determine priorities for the formulation of alternative strategies. The priority recommendation strategies for Sharia Rural Bank Amanah Syariah in sequentially were: 1) market penetration strategy, 2) market development strategy, and 3) product development strategy. Recommendations from the three priority strategies were expected to be a reference for the Sharia Rural Bank Amanah Ummah in improving financial performance management.

**Key words:** sharia finance, strategies in increasing financing, sharia rural bank amanah ummah, QSPM.

## INTRODUCTION

Indonesia as a Muslim majority country has great potential for Islamic banking. Data from the Financial Services Authority shows that the growth of Islamic bank assets in Indonesia in June 2019 reached Rp 499 trillion. This growth was supported by the growth of third party funds of Rp 395 trillion and an increase in financing allocation to Rp 344 trillion. [1] This situation shows that Islamic banking is starting to become an alternative for the people of Indonesia. Therefore, so that Islamic banks can compete for both Islamic banks and conventional banks, it is necessary to have the right strategy for each Islamic bank in getting customers in both quantity and quality.

Each Islamic bank must have its own strategy in providing services or attract customers, so that customers can be interested in saving money or financing at the bank. Many aspects will always appear to be related steps to be carried out strategies for the development of the existing problems. Strategic management is a series of managerial decisions and actions in formulating long-term strategies [2] (Hunger and wheelen, 2001).

SRB (Sharia Rural Bank) Amanah Syariah is one financial institution of sharia-based banks. This SRB has experienced rapid development and has achievements from its formation in 1992 to 2019, which had assets of around Rp 279 billion at the end of December 2018. In 2018 net income reached Rp 6.97 billion, an increase of Rp

1.33 billion or 23.67% compared to the amount net profit in 2017 of IDR 5.64 billion. [3]

On Financing aspects, SRB Amanah Ummah in 2018 managed funds reached Rp 259.93 billion. Financing grew by 16.41% or Rp 36.64 billion for financing in 2017 amounted to Rp 223.28 billion. In the aspect of acquired assets SRB Amanah Ummah during 2018 reached Rp 279 billion, a growth of Rp 118 billion, or 15.29% compared to 2017 which reached Rp 242 billion. In the aspect of third party funds, SRB Amanah Ummah in 2018 received funds amounting to Rp 242.66 billion. This means that the growth in deposits of Rp 33.3 billion, or 15.9% of the acquisition in 2017 of Rp 209.35 billion recorded in the annual report 2018 SRB Amanah Ummah. [3]

On Funding to Funding ratio (FDR), SRB Amanah Ummah in 2018 reached 67%, decreased by 10% against the previous year's acquisition of 77%. This occurs due to an increase in the third party funds is not coupled with the speed in distributing or financing. According to Prasetya *et al*. [4] (2015), The third party funds is a source of strength from Islamic banking for allocation financing to its customers. The higher the Islamic banking third party funds obtained, the higher the acceleration ability to allocation financing. However, if this not accompanied by the speed of channeling in the financing, it will become a burden on the bank. This thing should not happen, because of there existence of public trust in banks in the form of the third party funds.

Therefore, the main problem of financial performance SRB Amanah Ummah is the performance of the allocation financing. This problem occurs because of some aspects. First, Improved third party funds can not be accompanied by speed to allocation financing SRB Amanah Ummah. This condition gives the impact such as; 1) the rising cost of third party funds because the proportion of deposits greater, 2) increasing the funds idle (idle funds) that are stored on the Interbank assets, and 3)

there is an imbalance between increased yields third party funds community with the acquisition yield of accounts Interbank assets.

The next aspect is Human Resources. This happens because human resources in the financing sector (in banks called account officers) in quantity and quality need to be immediately improved on performance. This condition has an impact on competition in financial institutions (SRB or financing institutions). In the area of Bogor Regency, SRB Amanah Ummah ranks first in the number of assets and profits obtained. However, when compared to some other SRB (whose total assets are not much different), SRB Amanah Ummah also needs to innovate and develop its business.

The next aspect that affects financing performance is IT development. The current condition of the development of information technology in SRB Amanah Ummah is still very limited. The use of technology is only used to view transaction data and cannot conduct banking activities. Another thing, SRB Amanah Ummah does not have an ATM, either in the head office or branch offices. Though ATM has a large function in facilitating customers in conducting banking transactions.

Therefore, Sharia Rural Bank Amanah Ummah must be able to develop and increase speed in channeling its financing. One of them is by having a good and superior strategy through strategy design. To make a good strategy design, we need a strategy management tool that is able to comprehensively see the perspective that exists in a company. The Quantitative Strategic Planning Matrix (QSPM) is a useful tool for evaluating strategies objectively on the basis of the main internal-external success factors identified in the previous stage.

This research was conducted with the aim of: 1) analyzing internal and external environmental factors that influence the financial performance of the SRB Amanah Ummah, and 2) formulating

an appropriate strategy in improving financial performance, specifically the speed in allocation financing and business development for the SRB Amanah Ummah. The results of this study also provide input to Sharia Rural Bank Amanah Ummah in developing and improving management and company performance.

## RESEARCH METHODOLOGY

The study was conducted in August to December 2019, at SRB Amanah Ummah, located at the Head Office, Jalan Raya Leuwiliang No. 9, Leuwiliang, Leuwiliang District, Bogor Regency, West Java. The study was conducted using primary and secondary data. Primary data obtained through interviews (in-depth interviews), discussions and observations on several key informants [president director, business director, head of the business division and three (3) branch heads and external respondents, namely (2) experts and customers] obtained through field surveys. The approach is taken to gather information carried out by measuring data with several instruments, namely questionnaires and interviews [5] (Tanjung and Devi, 2013). Secondary data is taken through sharia banking statistics, Financial Services Authority financial statements at [www.ojk.go.id](http://www.ojk.go.id) and company annual reports as well as various publication data, financial reports, related report information and other supporting information.

In this research in formulating strategies to improve financial performance and develop appropriate business models, referring to the concept of David [6] (2009), where in the formulation of alternative competitive strategies and developing business models using in several stages [7] (David *et al.*, 2009), as follows:

### 1) The Input Stage

At this stage what is done is to identify and analyze any internal factors in the company, in the form of strengths and weaknesses and external factors of the company, such as opportunities and threats.

The form of activities carried out by making questionnaires and distributing them to related parties, such as the management of SRB Amanah Ummah. Evaluation of internal factors is how to develop a list of company strengths and weaknesses that must be corrected immediately. David *et al.* [7] (2009), by evaluating the internal factors of the company can find out more about some of the strengths and weaknesses in the company. According to Rego and Nunes [8] (2010) why an evaluation of internal factors is needed is a way to identify the strengths and weaknesses of the company.

Furthermore, the evaluation of external factors is a list that was developed about the opportunities that benefit the company and the threats that must be avoided by the company. Dyson [9] (2000), said that the evaluation of external factors is used by strategists in evaluating and summarizing economic, social, cultural, demographic, environmental, political, government, legal, technological, and competitive information. The evaluation of external factors is not intended to develop a complete and comprehensive list of factors that can affect a business, but aims to identify key variables that offer a response to the action. It's just that the company is still responding, both offensively and defensively to various factors to formulate strategies that can take advantage of external opportunities or minimize the impact of potential threats.

### 2) The Matching Stage

a) CP (Competitive Profile) matrix, is a key success factor compared to competing companies [10] (Nilasari, 2014). CP Matrix is useful to position the main competitor by comparing companies, by determining the success factors or success criteria needed by the company. This analysis tool clearly illustrates the location of the strengths and weaknesses of the product or service to competitors. The assessment used based on the key success factors that considered by customers. Each key success factor measured by the same measurement and

compared among all key success factors assessed <sup>[11]</sup> (Harisudin, 2011).

b) IE Matrix (Internal External), is useful for positioning a company into a 9 cell matrix. This matrix grouped into three main strategies, as follows: (1) Grow and Build are in cells I, II or IV, (2) Hold and maintain cells III, V, or cell VII, (3) Harvest and Devest cells cupping VI, VIII, or IX.

c) SWOT matrix. This matrix is a formulation tool for making strategic decisions that are decision-making to determine the strategy adopted based on logic to maximize strengths and opportunities, but can simultaneously minimize the company's weaknesses and threats.

### 3) The Decision Stage.

The matrix used to make decisions is the QSPM (Quantitative Strategic Planning Matrix) Method. QSPM analysis is useful in evaluating strategies objectively on the basis of the main internal-external success factors that have been identified in the previous stage <sup>[12]</sup> (Ginting, 2006).

## RESULTS AND DISCUSSION

### Identification of Internal and External Factors

#### A. Identification of Internal Factors

Internal strategic factors undertaken are identifying and analyzing key internal success factors that influence the SRB Amanah Ummah in improving financing performance <sup>[13]</sup> (Widhitomo, 2014). Internal factors that influence the SRB Amanah Ummah in developing and improving financing performance, which consists of strengths and weaknesses. Factors that become strengths include: 1) management support in supporting company growth; 2) employee training and development programs; 3) the SRB Amanah Ummah brand in Bogor Regency; 4) sound financial performance; 5) competent and standardized human resources; 6) strategic location; and 7) rate/margin can compete

with other Sharia Rural Bank and Sharia Bank. While the factors that become weakness include: 1) the absence of a separate function of business research and development; 2) Financing performance is less adaptive because of the addition of third party funds; 3) the SRB Amanah Ummah branches are still small (There are 3 branches, namely the Central branch, Bogor branch, and Cileungsi branch); 4) lack of human resources Account Officer (AO); 5) the high cost of developing IT systems; 6) complexity of product requirements other than Murobahah financing; and 7) the absence of a Compliance Director.

#### 1. Strength

a. Support of SRB Amanah Ummah management. In the development and growth of SRB Amanah Ummah, management provided full support. This is evident from the business activities carried out in accordance with the company's vision and mission. Then management also paid attention to the growth of the SRB Amanah Ummah, shown by the support for the Bank's Business Plan, which grew by 13%.

b. Training and employee development programs. Every employee is given the opportunity to get training in accordance with their competencies and every week is always given an understanding in the form of training from management related to Islamic banking competencies. Then the training is supported by an employee development program. For anyone with outstanding employees, management provides an opportunity to develop their careers, and even an opportunity to acquire SRB Amanah Ummah shares. In addition, senior employees are given the opportunity to join the Umrah program. The impact of these policies makes employees loyal to the company.

c. *Brand* SRB Amanah Ummah in Bogor. SRB Amanah Ummah established already more than 25 years. In the West Regency area (Dramaga to Leuwiliang),

- the surrounding population or local people are familiar with SRB Amanah Ummah.
- d. Good financial performance. In the last five years (2014-2018), financial performance or soundness of SRB showed very healthy information with a composite value of 1, with an average value of 96.67%. This figure shows that the financial performance of SRB Amanah Ummah has good and safe performance for investment.
  - e. Human Resource Capability competent and standardized. Mean here the management or staff SRB Amanah Ummah own qualifications as a practitioner of Islamic banking. Subject is apparent from a number of competency training provided to employees and performance achievements SRB Ummah Amanah. According Rozalinda <sup>[14]</sup> (2016) financial institutions, especially the Islamic banking institution that shari'a is quite unique, because it involves people who have the qualifications and competence are not only experts in economics, finance and banking, but they must have the qualifications and competence of sharia.
  - f. Strategic location. In the SRB Amanah Ummah office, both located at the head office (Leuwiliang) or branches (Bogor, Cicurug, and Cullinan), the office position is always on the edge of the road and close to the market. This condition makes it easy for customers to come to the SRB office, both savings and financing activities. Specifically at the head office, AO is usually busy serving customers who come to the head office.
  - g. Rate/margin that can compete. The SRB Amanah Ummah margin compared to other SRB is far superior. SRB Amanah Ummah becomes the first choice compared to the surrounding SRB, with no difficult requirements and relatively more competitive margins.
2. Weakness
    - a. The business research and development function has not been running separately. The Business Director has carried out the business research and development function because this role and task does not exist in the organizational structure. In fact, this function is very instrumental in developing and improving company performance.
    - b. Non-adaptive financing performance with the pace of development of third party funds during the year. In fact, the financial performance target for the past five years has gone according to plan (Bank Business Plan). However, acceleration of third party funds exceeded the expected target, so the impact on the FDR ratio of the SRB Amanah Ummah has declined (although it is still relatively healthy). Ideally, management will immediately revise funding targets or adjustments due to the level of development of third party funds, but with various considerations changes are not made. Whereas nationally, almost all of them, both Sharia SRB and FDR ratios are above 90%, some even reach above 100%. This means that the financing performance needs to be improved, if not done immediately then this condition becomes a burden that will be borne by the company. Secondly, in 2018 financing figures of 20% have been distributed to other bank placements. This fact shows that financing performance needs to be improved. The Bank's Business Plan Targets achieved in 2018 appear to be caused by the right management strategy policy.
    - c. SRB Amanah Ummah branches are still classified as few. The age of SRB Amanah Ummah has exceeded 25 years, but the development of SRB related to branches is relatively slow. At present the number of SRB Amanah Ummah includes 1 head office and 3 branch

- offices (Bogor City, Cicurug, Cileungsi).
- d. Lack of a human resources Account Officer (AO). At the head office, the number of AO's human resources is 3 person and at the branch office, there is 2 person. The fewer AO HR officers, the greater the influence on the performance of the SRB Amanah Ummah financing.
  - e. The use of Information Systems Technology that has been used is still limited and the cost is very expensive for the development of IT systems. Currently, the IT system at SRB Amanah Ummah is still limited, but can still be used by customers and staff. The IT system basically facilitates access and speed of processes provided by staff and customers. Ease of access and speed is now a necessity for anyone. The main development constraints of IT systems always lead to high investment in developing IT systems.
  - f. Complexity of product requirements other than Murobahah financing. As a product, SRB Amanah Ummah has more complete product features than others. But the weakness of other financing products is the requirements given to customers. This aims to minimize the risk of non-performing financing, but it impacts the lack of customer interest in other financing products.
  - g. The absence of a Compliance Director. Based on POJK Number 24 / POJK.03 / 2018 concerning Implementation of Governance for Sharia Rural Banks that the SRB must have a Compliance Director. The absence of such personnel has affected the quality of SRB Amanah Ummah financing.

#### B. Identification of External Factors

External factors that influence the SRB Amanah Ummah in developing and improving financing performance, including opportunities or threats and threats. Factors that become opportunities include: 1) a microeconomic market that is still wide

open; 2) Development of IT that facilitates SRB communication, both to customers and stakeholders (investors and regulators); 3) public awareness about religion that grows and develops; 4) public trust in SRB Amanah Ummah has increased; 5) Islamic banking regulations; 6) competition for the microfinance business is increasingly competitive; and 7) competitor level/margin is higher than SRB Amanah Ummah. While the factors that become threat include: 1) uncertainty of political conditions that affect the economy and its impact on banks; 2) the slow economic growth of Bogor Regency; 3) purchasing power has declined in the community; 4) binding of imperfect financing; 5) the emergence of fintech and mobile bank business competition; 6) competitors (usually Sharia Commercial Banks) have a margin/level below the SRB Amanah Ummah; and 7) economic motives of business people who are still waiting and reading the situation after the presidential election.

#### 1. Opportunities

a. Micro-economic markets that are still wide open. The point here is that there are still many micro-markets that have not yet been explored, either by the Sharia Rural Bank or the Sharia Bank, especially in the West Bogor area (from Dramaga to Leuwiliang). Whereas the micro-segment promises large profits with financing facilities with limits that are not too large. Whereas SRB Amanah Ummah has not maximized financing potential in West Bogor. One of the reasons is due to the limited number of Human Resources AO which is small and is still focused on customers coming to the SRB Amanah Ummah office.

b. The extensive development of Information Technology that facilitates communication. The rapid development of IT has made the SRB Amanah Ummah also make improvements, if not done, the SRB will be left by other financial institutions. One of the things that have been done by SRB Amanah

- Ummah is revamping the IT system in reporting, services, and access to financing with an application called ISTANA (Amanah Savings Information).
- c. Public awareness of religion. Religious awareness gained is not only doctrinal coercion, but also depends on understanding religious teachings. Facts about the rise of religion in the public sphere are still important trends at various moments. In many parts of the world, religious revival emerged in various dimensions and implementations. Awakening and religious awareness have become a global phenomenon. The same thing happened in Indonesia, especially in Bogor Regency. A wave of religious revival which shows signs of increasing religious awareness from year to year.
  - d. Public trust in SRB Amanah Ummah. This condition can be seen from the increase in third party funds entrusted to the SRB Ummah Amanah. Over the past five years, the FDR ratio of SRB Amanah Ummah has never touched a figure above 80%. This happens because the acceleration of the increase in third party funds is not matched by the speed of the allocation financing. Therefore, SRB Amanah Ummah must make the best use of the trust given to the community.
  - e. Support of Islamic banking regulations. The regulation is in the form of Sharia Banking Law <sup>[15]</sup> (2008) and Sharia Banking provisions (Directors Decree or Regulations from BI and OJK). The regulation creates a conducive climate for the development of Islamic banking, one of which is the development of Sharia Rural Bank <sup>[16]</sup> (Aprinisa, 2018). Every year SRB assets experience growth, including SRB Amanah Ummah. In the last five years, SRB Amanah Ummah has grown, both in assets, financing and third party funds due to the support of Islamic banking regulations.
  - f. Competition in the microfinance business is increasingly competitive. The presence of fintech is mushrooming in society, the emergence of trends in smart behavior (financial services without an office in the framework of financial inclusion), and KUR is a challenge for every SRB. One thing that becomes a competitive advantage for SRB is emotional closeness with customers.
  - g. Competitor rate/margins are higher than SRB Amanah Ummah. The SRB margin given to customers on average has a fairly high level, this figure can reach the rate/margin which is equivalent to around 2% per month. High margins in other SRB make the SRB Amanah Ummah bargaining power higher than others.
2. Threat
    - a. Uncertain political conditions in Indonesia have weakened the economy in recent years. This happens because of global factors (US and Chinese trade wars) and government policies which in some cases are less strategic because of the controversial and polemic. Examples of government policies, namely electricity increases, BPJS premium increases, and rising fuel prices. The effect is to cause resistance from the public and public mistrust of the government. This condition is a threat to SRB Amanah Ummah, where the surrounding community is affected by political uncertainty that affects the people's economy. The NPF ratio is increasing and needs further resolution.
    - b. Slowing economic growth in Bogor Regency. Underdeveloped or economic growth has painful economic and social implications. Some things that will be felt by the community, namely the loss of population, loss of the poor, prosperity and social disruption <sup>[17]</sup> (Muchtolifah, 2011). Unstable national economic conditions also have an impact on the economy of the people of

- Bogor. Based on data from the Central Statistics Agency (BPS) of Bogor Regency, the rate of economic growth in 2018 is only 6.21 percent or an increase of 0.02 percent compared to 2017. That figure does indeed increase, but the growth rate does not increase significantly.
- c. Public purchasing power is decreasing. According to Swastha and Irawan <sup>[18]</sup> (2003), purchasing power can be influenced by several factors, namely income, tastes, and prices. In 2018, a global crisis will occur and have an impact on rising inflation. This has an impact on rising production costs which affect the increase in prices of goods and services. This condition has an impact on the decline in people's purchasing power which decreases and results in a decrease in demand for funds. Demand reduces the margins or profits of the company.
  - d. Binding of imperfect financing. The binding of collateral in financing has the objectives, among others: to give the right and authority to the bank to get a replacement from collateral when the client violates the contract, and to encourage the client to comply with the financing agreement in accordance with agreed conditions. Types of collateral approved by banks, namely collateral for movable property, collateral for immovable property and third party collateral <sup>[19]</sup> (Jamhur and Trihantana, 2017). Problems occur if between clients experience financing problems, and pose legal risks when the binding is not perfect, which in turn causes disputes.
  - e. Competition in the Fintech business. The development of fintech is now a serious threat to the financial services industry. Teng said the Fintech financing business in Asia since 2010 had increased 36 times and approached USD 30 billion. According to White <sup>[20]</sup> (2017) that large technological competition with banks can cause 20,000 banks worldwide to shrink to thousands and even fall to tens because banks generally do not fully respond to digitalization well.
  - f. Competitors (usually Sharia Bank) have a margin/level below the Sharia Rural Bank. At SRB Amanah Ummah, the margin given to financing customers is a maximum of 0.9% per month, while the margin at certain Sharia Commercial Banks (BUS) can reach a maximum of 0.5% per month. This condition needs to be considered by SRB Amanah Ummah that price/margin competition is not an alternative strategy in competing with Sharia Commercial Banks.
  - g. Economic motives of business people. 2019 is a year of domestic politics due to the presidential election. The condition will result in employers who are still waiting for domestic conditions and government policies that will be provided next year. This policy will bring the direction of the Indonesian economy. The impact is for SRB Amanah Ummah, whose market focus is on micro-financing, that is, some entrepreneurs in micro-businesses are waiting or refraining from taking financing.

### Analysis of Internal Factors

Internal environment analysis is done by determining internal factors to determine the strengths and weaknesses of the company. Then give weight and rank each variable. The main strength of SRB Amanah Ummah is management support and good financial performance. While the shortcomings that need to be fixed in the future are the minimum amount of AO (Account Officer) human resources and the limitations of the IT system at SRB Amanah Ummah. Based on calculations between the results of weighting and ranking using the IFE matrix so that the total weighting score rank 2.727. The table on the results of the IFE can be seen in Table 2. The total score shows the company's internal position in a strong position.



### Analysis of External Factors

EFE matrix analysis is the result obtained from the identification of external factors such as opportunities and threats that affect SRB Amanah Ummah in developing and improving financing performance. The main opportunity utilized by the company is increasing public trust in SRB Amanah Ummah. This trust factor is very important because the higher the public trust, the higher the third party funds that will enter the bank <sup>[21]</sup> (Wijayani, 2017). The result of

multiplication between the weighting average and the average rating rating will produce a total score. Based on the results of weighting and rating using the EFE matrix it can be seen that the total score of the EFE matrix is 2.799. The table of EFE matrix results can be seen in Table 4. This illustrates that the response of SRB Amanah Ummah against opportunities and threats from external factors faced is quite strong or responsive enough.

**Table 1 Internal Factor Interview Results on Rating**

No.	Key Success Factors Internal	rating
<b>Strength:</b>		
1	SRB Amanah Ummah Management Support	4
2	Training and Employee Development Program	3
3	Brand SRB Amanah Ummah in Bogor	4
4	Good financial performance	4
5	Competent and standardized Human Resource	3
6	Strategic location	3
7	Rate can compete with SRB and other Bank (Sharia Bank)	4
<b>Weakness:</b>		
1	The business research and development function has not been running separately	1
2	Performance is less adaptive financing for the addition of third party funds	2
3	Branch SRB Amanah Ummah	2
4	Human resource Account Officer (AO)	2
5	The use of IT that limited and costly development of IT systems	2
6	The complexity of the requirements of financial products in addition to Murabaha (sale and purchase)	2
7	The absence of the Director of Compliance	2

**Table 2 Internal Factors Evaluation Matrix**

No	Internal Factors Key Success	Thickness (B)	Rating (R)	Score (BXR)
<b>Strength:</b>				
1	SRB Amanah Ummah Management Support	0.082	4	0.329
2	Training and Employee Development Program	0.079	3	0.238
3	Brand SRB Amanah Ummah in Bogor	0.070	4	0.281
4	Good financial performance	0.075	4	0.300
5	Competent and standardized Human Resource	0.072	3	0.216
6	Strategic location	0.056	3	0.168
7	Rate can compete with SRB and other Bank (Sharia Bank)	0.065	4	0.262
<b>Weakness:</b>				
1	The business research and development function has not been running separately	0.065	1	0.065
2	Performance is less adaptive financing for the addition of third party funds	0.069	2	0.138
3	Branch SRB Amanah Ummah	0.074	2	0.148
4	Human resource Account Officer (AO)	0.078	2	0.156
5	The use of IT that limited and costly development of IT systems	0.078	2	0.156
6	The complexity of the requirements of financial products in addition to Murabaha (sale and purchase)	0.073	2	0.146
7	The absence of the Director of Compliance	0.063	2	0.125
	Total Internal Factors Evaluation Score	1.000		2.727

**Table 3 External Factor Interview Results on Rating**

No.	External Factors Key Success	rating
<b>Opportunities:</b>		
1	Micro-economic markets that are still wide open	3
2	IT development facilitates communication	3
3	Religious community awareness growing	3
4	Public confidence in the SRB Amanah Ummah increased	4
5	Islamic banking regulation as a legal umbrella	3
6	Competition microfinance business more competitive	3
7	Competitor rate/margins are higher than SRB Amanah Ummah.	3

Threat:		
1	Political uncertainty	3
2	Slow economic growth Bogor Regency	3
3	Public purchasing power is decreasing	3
4	Binding of imperfect financing	2
5	Competition in the Fintech business and mobile banks	2
6	Competitors (usually Sharia Bank) has a margin/rate under the SRB	2
7	Economic motives of businessman	2

**Table 4 External Factors Evaluation Matrix**

No.	External Factors Key Success	Thickness (B)	Rating (R)	Score (BXR)
opportunities:				
1	Micro-economic markets that are still wide open	0.080	3	0.241
2	IT development facilitates communication	0.077	3	0.230
3	Religious community awareness growing	0.072	3	0.216
4	Public confidence in the SRB Amanah Ummah increased	0.078	4	0.312
5	Islamic banking regulation as a legal umbrella	0.065	3	0.195
6	Competition microfinance business more competitive	0.064	3	0.191
7	Competitor rate/margins are higher than SRB Amanah Ummah.	0.064	3	0.193
Threat:				
1	Political uncertainty	0.083	3	0.250
2	Slow economic growth Bogor Regency	0.066	3	0.198
3	Public purchasing power is decreasing	0.071	3	0.214
4	Binding of imperfect financing	0.070	2	0.139
5	Competition in the Fintech business and mobile banks	0.071	2	0.142
6	Competitors (usually Sharia Bank) has a margin/rate under the SRB	0.068	2	0.136
7	Economic motives of businessman	0.071	2	0.142
Total Score Evaluation of External Factors		1.000		2.799

**Table 5 Analysis of CPM**

No.	Strategic factors	Weight	SRB AU		SRB AI US		SRB CBT	
			rating	Score	rating	Score	rating	Score
1	Price (Margin, Profit Sharing, Bonus)	0.150	3.33	0.501	3.00	0.451	2.67	0.401
2	Information Technology	0.133	2.67	0.354	2.67	0.354	2.00	0.265
3	Service	0.186	3.00	0.558	3.00	0.558	3.00	0.558
4	Quality SDI	0.168	3.33	0.560	3.00	0.504	3.00	0.504
Financial ratios								
1	CAR	0.088	3.67	0.324	3.00	0.265	3.00	0.265
2	FDR	0.088	4.00	0.354	2.67	0.236	2.33	0.206
3	NPF	0.097	4.00	0.389	3.67	0.357	1.00	0.097
4	BOPO	0.088	4.00	0.354	2.33	0.206	2.00	0.177
		1.000		3.395		2.932		2.475

### Analysis Matrix CPM

One way that can be done is to use management strategies to fight and map comparison positions with companies (SRB Amanah Ummah) through key factors that support the Competitive Profile Matrix [11] (Harisudin, 2011). CPM is a strategic management tool used to strengthen the strengths and weaknesses of key policies related to product or service strategies offered. In addition, CPM not only evaluates businesses based on company growth, but also sees the value of competitive advantage with other SRB industries [22] (Suherli, 2012).

In this case, the samples are SRB Cibitung and SRB Assalam. Consideration of SRB being a competitor in a competitive

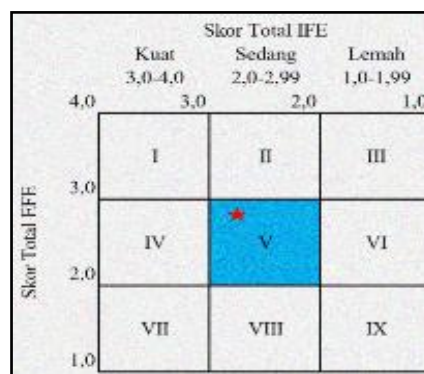
professional matrix analysis include: 1) located in the same province, West Java; 2) they have a SRB asset category between Rp 250-500 billion, 3) supports comparing only with the Regency or City of Bogor, the SRB that is in the asset is too far (not comparable). Competitors (usually Sharia Bank) have a margin/level below the SRB. At SRB Amanah Ummah, the margin given to financing customers is a maximum of 0.9% per month, while the margin at certain Sharia Commercial Banks (BUS) can reach a maximum of 0.5% per month. This condition needs to be considered by SRB Amanah Ummah that price/margin competition is not an alternative strategy in competing with Sharia Commercial Banks.

In Table 5, Competitive Profile Matrix Analysis is based on factors that must be considered by Islamic banks so that they can win the competition sequentially, (starting with the most important factors) include: services provided, quality of human resources, prices (margins, distribution profits, bonuses), information technology, and financial position starting with CAR, FDR, BOPO, and NPF. The total score of SRB Amanah Ummah was the highest at 3,395 compared to the total score of SRB Al Salam which was 2,293 and SRB HIK Cibitung which was 2,475. However, SRB Amanah Ummah in terms of financing is a record that needs to be corrected immediately. Compared to the other two SRB (SRB Al Salam and SRB HIK Cibitung), SRB Amanah Ummah in financing performance needs to be improved immediately.

### IE Matrix Analysis

IE Matrix based on the results of calculations from the IFE matrix and EFE matrix, then arranged into an IE matrix. The average value of IFE is 2.727 and the average EFE is 2.799. The matrix values are still above the average of 2.50, this shows that the company's management is able to maximize all the company's potential (strengths and opportunities), and is also quite capable of responding and anticipating weaknesses and threats that come from outside, so that it has an impact on profits company or company profits.

This value also illustrates the company's current position in the V cell quadrant. According to David [6] (2009), the company's position in the cell V diagram is a situation where the company is experiencing a period of growth and can be managed using guard and hold strategies. Alternative strategies that can be carried out by companies are market penetration strategies and product development strategies. IE matrix can be seen in Picture 1.



Picture 1 Matrix IE

### SWOT matrix

The SWOT analysis is a follow-up to the IFE and EFE matrix analysis, which matches internal factors (strengths and weaknesses) with external factors (opportunities and threats) which influence each other in improving the performance of SRB Amanah Ummah financing. This step aims to link the SWOT analysis with IE matrix so that it has harmonization between the stages of strategy analysis carried out and avoid the loss of substance of each strategy [23] (Awaluddin, 2013). This step is important to synchronize so that every strategic factor that has been identified in each analysis tool can be used as consideration for selecting alternative recommended strategies.

At this stage a SWOT analysis is needed in order to obtain detailed recommendations for functional strategies. Formulation of the strategy used in the SWOT analysis by combining internal factors (strengths and weaknesses) and external factors (opportunities and threats). The details of the strategy outline aim to improve the financing performance of SRB Amanah Ummah. To get the details of the strategy, the steps carried out consist of:

- The combined factors of strength and opportunities;
- The combined factors of weakness and opportunities;
- The combined factors of strength and threat; and
- The combined factors of weakness and threats.

Based on the SWOT matrix, a functional strategy breakdown obtained in enhancing the performance of the SRB Amanah Ummah financing, as follows:

1) SO Strategy (strengths-opportunities)

Strategies that maximize internal strength in the financial industry, especially SRB in utilizing external opportunities, where internal strength can take advantage of trends and events in the external environment. Detailed strategies that can be used include: a) intensifying collaboration with government agencies and community/community groups; b) increasing the promotion of the SRB Amanah Ummah for financing, by involving Management and authorized officials. (involvement and role of the Sharia Supervisory Board and Commissioners); c) provide rate/margin that can compete with Sharia Rural Bank and Sharia Bank; d) making user-friendly IT system applications (SRB Amanah Ummah mobile); and e) Qordhul Hasan financing for certain customers.

2) ST Strategy (strengths-threats)

Strategies that maximize power on internal factors with the aim of overcoming or avoiding the influence of external threats. Detailed strategies that can be used include: a) Making public relations/promotions/donations at every

religious event; b) increase economic absorption by channeling more financing to existing markets; c) Collection program at AO in order to improve the performance of AO, and d) the program in regulating the formation of a good SRB Amanah Ummah brand so that public trust in the SRB continues to increase.

3) WO Strategy (weakness-opportunities)

Strategies that seek to correct/minimize internal weaknesses by using the benefits of existing opportunities. Strategies that can be used include: a) opening a new branch/channeling supported by quality AO so that it can channel quality financing; b) the establishment of separate functions of business and research in organizational structures; c) improve the Bank's IT system in order to improve services, where all transactions can be done through online media; and d) there is a separate structure for business research and development.

4) WT Strategy (Weakness-threats),

Defensive strategy is carried out by minimizing internal weaknesses and anticipating external threats. The strategic steps that can be taken are as follows: a) the creation of the SRB Amanah Ummah ATM facility in collaboration with other Banks; and b) socialization of Islamic banking to religious institutions.

Table 6 Grouping Alternative Strategies

Strategy details	alternative Strategies
Intensify cooperation with government agencies and community/communities	Market penetration
SRB Amanah Ummah increased promotion for financing, involving the management and authorities.	Market penetration
Providing rate/margin that can compete with the SRB and Sharia Commercial Bank.	Market penetration
Making the IT system applications (SRB Amanah Ummah mobile) which is user friendly.	Product development
Hasan Qordhul financing to certain customers.	Market penetration
Public Relation/ promotion/donation at any religious ceremony.	Market penetration
Increase economic absorption by allocation more financing to existing markets.	Market penetration
Collection Program at AO to improve AO's performance, so they can focus on opening new markets.	Market development
The program in managing the formation of the SRB Amanah Ummah brand is great so that public trust in the SRB continues to increase.	Product development
The opening of new branches / distribution is supported by quality AO who can provide quality financing.	Market development
Add the amount of AO according to the standard and implement the targeted one.	Market development
Bank Improves IT systems to improve services, where all transactions can be done through online media.	Product development
Establishment of separate functions from business and research in organizational structure.	Market development
Making the SRB ATM facility a trustworthy collaboration with other banks	Market development
Socialization of Islamic banking to religious institutions.	Market penetration

Based on the explanation above regarding functional details of the strategy, the next steps of the strategy details are

grouped into alternative strategies. According to David [6] (2009), there are 4 types of alternative strategies that can be

applied by companies that are adapted to the current conditions of the organization. These strategies are integration strategy, intensive strategy, diversification strategy, and survival strategy. The results of the recommendations in the SWOT analysis above, then grouped and adjusted to the characteristics of alternative strategies (corporate strategy) are presented in table 6.

Based on table 6, there are 3 alternative corporate strategies that can be carried out in order to improve financing performance, namely the Market Development Strategy, Market Penetration Strategy, and Product Development Strategy. The three alternative strategies become the most crucial strategies that the company needs to do to improve financing performance.

### Quantitative Strategy Planning Matrix (QSPM)

Alternative strategies that have been obtained through the process of the approach of IE Matrix analysis and SWOT matrix analysis, then the priority strategy is determined by the QSPM (Quantitative Strategic Planning Matrix) analysis approach. David [6] (2009) said that QSPM analysis is a tool to be able to assess and evaluate alternative strategies that carried out objectively based on internal and external factors, which previously identified. Based on the results of the QSPM analysis conducted on SRB Amanah Ummah, the results obtained shown in table 7.

Table 7 Order Value TAS

No.	Strategy options	value TAS	Priority
1	Market Penetration Strategies	6.509	I
2	Market Development Strategy	6.255	II
3	Product Development Strategy.	5.972	III

Overall the strategies resulting from the QSPM analysis at the priority level are sorted and recommended to the SRB Amanah Ummah management, the explanation is as follows:

1) The priority is the Market Penetration Strategy, which seeks greater market share through more aggressive

marketing with TAS 6.509. Program recommendations that can be run, such as:

- a) Increase aggressive promotion in the financing sector by involving officials and management of SRB Amanah Ummah. Promotion needs to be done in collaboration with educational institutions, local governments and the private sector (offices). This promotional activity also involves management so that it has a greater influence than the previous promotional activity. This also arises because AO needs help from management (support), which is currently lacking in assistance.
- b) Providing rates/margins that can compete with SRB and Sharia Commercial Bank, especially major/loyal customers.
- c) Activity public relation/promotion/donations at every religious event, or religious community and learning environment while providing educational signals about Islamic banking and the prohibition of usury. Doing PR / promotion / donation at any religious ceremony or religious communities and the environment while providing nuanda study education about Islamic banking and the prohibition of usury.
- d) Collaborate with the education environment, both with schools or universities in Bogor Regency.
- e) Collaborate with Micro, Small and Medium Enterprises/communities with the theme of friendship/education/socialization of Islamic banking.

2) The second priority is the Market Development Strategy, which is a strategy that seeks to sell products that already exist in new TAS markets for 6.255. The program recommendations that can be implemented by the SRB Amanah Ummah, such as:

- a) Approach business research and development in new markets. The results of the study provide

- recommendations for strategies or practical steps for companies to enter the market that has never been entered by SRB Amanah Ummah.
- b) Open new branches in several strategic locations in Bogor Regency, both close to markets, or regional government offices.
  - c) Open channeling in some strategic areas, but no need to open new branches.
  - d) Add or recruit special AO Human Resources, both on a freelance or permanent status.
  - e) Establishment of the SRB Amanah Ummah ATM facility in collaboration with other Banks. For example Bank Muamalat.
- 3) The third priority is the Product Development Strategy, which seeks to increase sales by improving existing products/services and developed with a TAS of 5.972. The program recommendations that can be implemented by the SRB Amanah Ummah, such as:
- a) User-friendly IT system application (SRB Amanah Ummah). Although the scope of the IT system used is still limited by current Islamic banking regulations, the development of a mobile-based SRB Amanah Ummah system will assist customers or employees in conducting banking activities..
  - b) Product development in financing according to the character and needs of the Bogor people or product innovation for organizations/companies/religions. For example, marriage financing (needs to be reviewed by Sharia Supervisory Board SRB Amanah Ummah first, permissible through Shari'a or not).
  - c) Formation of special lines responsible for product development that will have an impact on improving the quality of products or services of the SRB Amanah Ummah. The products that need to be developed are financing products in the trade, agriculture and plantation sectors.

- d) Making linkage products in collaboration with Sharia Commercial Banks and Sharia Cooperatives. This program is a profitable partnership, where Islamic Commercial Banks can channel funds to the micro sector, while SRB Amanah Ummah gets funds to be distributed to micro-businesses.

## CONCLUSION

- 1) Alternative strategies obtained from the results of data processing using QSPM (Quantitative Strategy Planning Matrix), are market penetration strategies, market development strategies, and product development strategies.
- 2) The main priority results of the analysis are market penetration strategies with TAS 6.509.

## SUGGESTION

SRB Amanah Ummah can utilize the results of the study in planning strategies in order to develop and improve the performance of corporate finance. Subsequent research can make customers as respondents to consider marketing strategies. For subsequent research, using internal, external factor analysis methods, and strategy formulation, and it can combine using various rules, theories, and methods in the guidance of Islam (Sharia).

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