

Local Development Bank Strategies to Face Local & Global Challenges

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Abstract

This paper discusses and analyzes the strategy and role of the Regional Development Bank, in this case the West Kalimantan Bank and its relationship in facing local and global challenges. Currently, West Kalimantan Bank is entering the Global business in the banking industry in Indonesia. The regional image attached to the Regional Development Bank gives its own color in international business competition in Indonesia. With the achievement of excellent performance from year to year, as well as international business growth opportunities, especially export-import transactions in Indonesia, making Regional Development Banks new to international business in Indonesia need to formulate the right strategy in order to survive in the face of competition with other banks. The purpose of this paper is to identify the strategies adopted by BPD in entering international business, analyze whether the strategies adopted by BPD banks in international business in Indonesia are appropriate and identify the Key Success Factors of BPD in international business. This is the biggest challenge for development banks. Regions (BPD) in encouraging regional economic competitiveness. The methodology used is qualitative with the method of literature review and interviews and the method of Focus Group Discussion. It also uses a SWOT analysis. The results obtained are a number of strategies must be carried out to increase the role of the West Kalimantan BPD in contributing to the welfare of the province of West Kalimantan.

Keywords

regional development bank;
West Kalimantan BPD; SWOT
analysis and global strategy



I. Introduction

Bank is a unit 1a business that collects funds from the public in the form of savings and distributes it for 1 community in the form of loans and other forms to improve people's living standards (Kasmir, 2004). Banks, on the other hand, have the main function of accepting deposits and payments, discounting securities, granting credit, and investing funds in the form of securities, based on certain individual/institutional documents. (Rosenberg, 1985). Banks must participate in domestic and international competition with other banks to act as intermediaries. This means that banks interact directly with other banks both nationally and internationally. The banking world is inseparable from human life, because all human activities involve finance and require banking facilities (Tarigan, 2020). Bank is a company engaged in the financial sector, meaning that the banking business is always related to financial matters (Rosmika, 2019). The bank is simply defined as a financial institution whose business activities are collecting funds from the public and

channeling these funds back to the community and providing other bank services (Dianto, 2020). This may include banks and non-banks. In theory, the interaction of banks and competitors in the financial sector creates an environment based on the level of interaction as intermediaries (Taswan, 2010). Besides, the environment Banking is an important indicator of the success of a bank in competing with other banks. both internal, external, global environment. In internal environment, banks interact to compete between banks, while in In the external environment, banks compete with non-bank financial institutions and borrower/credit market traders. On an international environment in which banks compete with international and non-banking institutions in providing loans to general customers. In today's competitive environment, it is the banking environment that offers savings and loans to general customers.

Bank development in lending is supported by Central Bank through the Indonesian Banking Architecture (API). API is the backbone the Indonesian banking system, is comprehensive and defines the shape, direction and structure of the banking sector for 5 to 10 years. The API has six API pillars. 1) Build a strong domestic banking structure that can meet the needs of the community and encourage sustainable national economic development. 2) Establishing an effective bank regulation and supervision system based on international standards. 3) Building a strong banking sector with high competitiveness and risk resilience. 4) The realization of good corporate governance to strengthen the internal health of the national banking system. 5) Realizing a complete infrastructure to build a healthy banking sector. 6) Realizing consumer empowerment and protection of banking services.

With the application of the API, banks are actively expanding their types of business, including the provision of micro credit and small loans. From a historical perspective, Bank BRI was the first bank to focus on providing micro and small loans. But currently, other commercial banks are also competing in the market micro and small credit market (Meagher et al, 2006; Thapa, 2009, Usman et al, 2004). This has an impact on the competitiveness of banks as commercial banks that expand their business to offer micro and small credit services. This is because the size of the bank affects its competitiveness in carrying out its economic business (Berger, 2004; Gilbert and Wheelock, 2007). Commercial banks can provide loans to corporate, medium, small and domestic customers. (Berger et al., 2007; Udell et al., 2004; Bexley et al., 2005; Jesswein, 2008). Commercial banks rely on technical aspects and quantitative data processing to conduct business in the small and small credit market. Commercial banks also rely on setting and adjusting interest rates to stimulate customer/public interest in credit products (Udell, 2004).

The Ministry of Trade of the Republic of Indonesia wrote in its 2015 book Towards the ASEAN Economic Community that the AEC has four blueprints, including (1) domestic market and regional production, and (2) a competitive AEC stage. It is said that there is a pillar in the photo. Regions, (3) regions/regions with equitable economic development, as well as (4) global economic integration. This problem shows that the economic development desired by the MEA is not related to the nation's economic development, but also to justice. The existence of the bank as a financial intermediary institution plays a major role in economic development. Considering that Indonesia's economic development is equal and evenly distributed at the regional level, therefore the most appropriate form of financial institution is BPD. Therefore, regional economic growth and development is largely determined by the performance and ability of the BPD.

Regional Development Banks are banks with more than 50% of the shares owned by local governments. Local potential can be utilized with the help of venture capital by BPD. Scope BPD is relatively broad, because it usually only handles state, regional and government level financing needs. In other federal states, there are very few BPD branches

and very few can open branches. 1999 Regulation of the Minister of Home Affairs (Kepmdagri) No.1 concerning Organizational Guidelines and Work Procedures of Regional Development Banks (BPD). Next, explain the use of local or regional banking systems. Local banks help accelerate economic development and accelerate regional development to improve the community's economy. BPD is a place to store local/regional finance and a source of income/basic regional income (PAD).

In the era of global competition, BPD must & must be the leader/winner in the region. The regional leader/winner means that the Regional Development Bank can become the most important financial institution at the regional level and outperform other banks. Regional economic growth depends on domestic production. The appropriate action taken by the Regional Development Bank is to develop its services and network into productive businesses, depending on the regional potential. Channeling capital to local companies indirectly encourages economic growth, because local companies can export their products, especially to ASEAN countries.

1.1 Problems

This study focuses on several questions related to whether regional development banks are ready to compete globally, namely:

1. BPD products & services, however, product packaging and socialization have not been maximized. The total number of branch offices is lacking and the service is not optimal. This has an impact on the number of consumers or customers at the bank due to the limited product knowledge of consumers and the difficulty of accessing BPD services. BPD customers are usually local government employees. Bank Indonesia, regional champion of BPD, emphasized that the portfolio of productive credit products is still relatively small. This can be seen from the distribution of BPD credit still relies on the consumer sector. On the other hand, loans to the production sector are still relatively small to stimulate the local economy, which is in line with the initial objective of establishing the BPD.
2. BPD Capital BPD uses third party capital (DPK) which is mostly sourced from shareholders. The largest share is the local government. However, the high placement of BPD funds in the form of Bank Indonesia Certificates (SBI). In fact, BPD funds generally come from the regional government (Pemda), and part of the regional government money comes from the APBN
3. The quality of human resources (HR) is still low. To become winners in their area, bank employees need to further develop their knowledge and skills. The ability of bank employees determines the performance of the BPD. These problems will greatly affect the expansion of the BPD market.
4. The minimum number of BPD partners does not have sufficient partnerships to establish banking cooperation. Partnerships are needed to raise funds and develop BPD services.
5. In the era of digitalization, this technology needs to be implemented immediately because all service concepts need to be prepared with the concept of digitization so that BPD goals can be implemented properly in global competition.

1.2 Purpose

BPD really needs to be ready to face the challenges of world economic integration, therefore this research aims to understand the following matters, namely: , and Cooperation partnerships 2. Designing appropriate & appropriate BPD strategies in facing international challenges.

II. Review of Literature

2.1 Strategy Definition

Strategy comes from the Greek word *strategos* which means general. Therefore, the word strategy literally means "art and general". This term refers to the primary concern of the top management of the organization. Strategies, among others, are the placement of the company's mission, setting organizational goals while maintaining external and internal strengths, formulating specific guidelines and strategies to achieve these goals, as well as the main goals and objectives of the organization. will be achieved. Ideas, planning and execution, activities within a certain period of time. A good strategy includes coordination of work teams, principles of rational idea implementation, funding efficiency, and identifying supporting factors according to tactics to achieve goals effectively. Two strategies indicate the general direction the organization is taking. To achieve that goal. This strategy is a big and important plan. Every organization to achieve that goal. This strategy is a big and important plan. Every well-managed organization has a strategy, even if it is not explicitly stated. Several definitions have been given for the following strategy definition.

According to Alfred Chandler, strategy is the setting & direction of goals, and the allocation of resources needed to achieve a goal. According to Kenneth Andrew, strategy is a pattern of goals, objectives, or goals of policies and plans. An essential plan for achieving this goal is developed by defining the nature of the organization or the methods of business and organization you are pursuing. According to Buzzel and Gale, strategy is an important management policy and decision that has a significant impact on financial performance. These policies and decisions usually involve important resources and cannot be easily replaced.³ According to Konichi Ohinea, business strategy is a competitive advantage. The plan's sole purpose is to gain, as efficiently as possible, the last defensible position against its competitors.

Therefore, corporate strategy is an attempt to change the strength of a company in relation to the strength of its competitors in the most efficient way. ³ Augustine Sri Wahiudi. Strategic Management, (Jakarta: Binarupa Aksara, 1996) S: 19 According to Griffin, strategy is a comprehensive plan to achieve business goals. (Strategy is a comprehensive plan in achieving company goals.) ⁴ Strategy is a comprehensive plan to achieve organizational goals. For business, strategy is not only necessary to achieve social and management processes for individuals and groups to get what they need through the creation and exchange of products and value with others. Efforts depend on the ability of the guide form to develop the strategies used. The company's strategy is very dependent on the company's goals, circumstances, and the existing environment. Strategy is a total effort to achieve your goals and develop a detailed marketing plan.

2.2 Indonesian Banking Concept

Banks are one of the sectors that drive the country's economy by providing financial services to its people. Hempel et al. (1994) Bank is defined as an organization that combines human and financial resources to carry out banking functions in order to meet the needs of the community and achieve the interests of bank owners. Sinkey (1998) defines a bank as a financial institution that offers a variety of financial services. Rosenberg (1985) focuses on accepting deposit sites, deposits and payments, discounting securities, granting loans and investing funds in securities, based on certain individual/institutional documents. It is defined as a functional institution. Jia et al. (2006) defines a bank as an institution that provides deposit, loan,

Commercial Bank is a traditional and/or sharia-based bank that provides payment transaction services as part of its business. In the economy, commercial banks can carry out

business activities. Namely: 1) Collecting funds from the public in the form of time deposits, savings, funds or other equivalent forms of savings. 2) Issuing a guilty plea. 3) Receive payment of securities bills and perform calculations with or between third parties (Herri, 2007; Asnur, 1999). There are several bank ratios, such as liquidity ratios, solvency ratios, and profitability ratios (profitability ratios) (Hempel et al., 1994). The liquidity ratio is an important number to measure the liquidity of a bank. The liquidity ratio is divided into asset to loan ratio, cash ratio and loan to deposit ratio (LDR). The solvency ratio is the ratio used to measure the efficiency of a bank in running its business. The solvency ratio is divided into capital adequacy ratio, capital adequacy risk and capital adequacy ratio. connection). Profitability is a measure of effectiveness in achieving the goals of a bank. The rate of return consists of gross profit margin, net profit margin, and return on equity.

2.3 Competitiveness Concept

The competitiveness of commercial banks affects their performance in the country's economic sector. Competitiveness can be defined as the ability to compete and have a good market compared to competitors through high constant profits. In the banking industry, competitiveness can be defined as the ability to develop and sell financial products and generate more wealth than competitors (Peng, 2006). Bank competitiveness can be seen from the transparency of performance, accountability, and level of service to consumers. An economically competitive bank is a bank that generates high and sustainable profits for its shareholders (Jia et al., 2006).

The competitiveness of commercial banks can be measured in the following ways:

- 1) Traditional methods include pricing and bank profitability, as well as non-traditional approaches such as access to credit and stability of the banking system (Berger, 2004).
- 2) Current competition indicators and methods of competition indicators. Here, current competition indicators include analysis of market size, capital adequacy, asset quality, return on equity, liquidity, and internationalized competitive strategies. Potential competitiveness indicators include human resources, information technology, financial innovation, services, corporate governance, and internal control.
- 3) Competitive assets and competitive process methods, competitive asset values are used to explain current competitiveness indicators, and competitive processes are used for future competition. Used to measure the bank's ability to deal with.
- 4) Competitive landscape test, equilibrium test and alternative specification methods, competitive landscape test is the ratio of total interest income divided by total assets, used instead of the selling price of loans, the total ratio is measured by an index. Interest expense divided by the amount of third party funds (TPF) as an input price approach, the ratio of labor costs divided by the total balance sheet as an approach to labor costs, and the ratio of other costs to administrative costs Divided by the total Sheet balance as an approach to entering the cost of equipment or factory. The equilibrium test uses the return on assets (ROA) approach. An alternative specification uses total income divided by total wealth and a non-interest income approach.

III. Research Methods

This study aims to understand the development and role of regional development banks in the era of global competition. To answer the questions in this paper, this paper was designed with a qualitative approach with this type of research using library research methods. The method of data collection was carried out by conducting a summary survey of book reports, literature, newspapers, magazines, and respondents. As the information gathered from library sources carries out the process of library research that is relevant to the

study in this article, this study also explains the general perception of the role of BPD in entering the era of global competition. Upgrade. Describes data generated by research institutes. Thus, this paper can explain the objectives to be achieved. namely making BPD a bank that is able to compete in the global arena. To get this expected result, BPD tries to optimize opportunities & strengths to reduce threats & weaknesses. The results of the study greatly influenced the BPD in determining the right strategy to enter international challenges.

IV. Discussion

4.1 BPD

Kusuma & Dewi (2005) describe that BPD was originally a regional-owned enterprise. However, because BPDs have only developed their commercial banking sector, some BPDs have changed their status in the form of limited liability companies (PT). All of this is taken to assist banks in developing their business further, but with the integrity of the capital, equipment (supported by Network & technology), the capabilities of the bank's employees, the integrity of their goods/products & of course, the services they provide to their customers. Types The legal form of BPD is based on Article 21 of Law Number 10 of 1998, and according to the latest provisions, the institutions engaged in the banking sector are (1) (PT) limited liability companies. .. (2) Cooperation; (3) Local business. Bank Central Indonesia's banking statistics in 2012 show that the business activities of Regional Development Banks continued to increase from 2006 to 2010. Indicators included in business activities such as payment of funds, income from third party funds (DPK), & capital structure or bank reserves. These three indicators are closely related to bank stocks & assets. The performance of BPD continues to improve, but the problem is that BPD is not included in the big 10 investment banking until 2012.

4.2 BPD Transformation Program Strategy

Becoming a Competitive, Strong Bank, and Contributor to Regional Development Regional Development Banks (BPD) are transformed due to several basic problems that need to be addressed structurally need to do it. Still low, as reflected in the relatively small portion of productive loans, only +/- 26%.

- 1) Poor GCG, talent, infrastructure & Risk management increased the increase in bad loans in the productive segment.
- 2) BPD remains uncompetitive due to inadequate product and service quality. BPDs need to overcome these structural weaknesses, strengthen their organizational foundations, grow, become more competitive and transform to be able to play a bigger role in the regional economy in the future. There is The Financial Services Authority (OJK) and the Association of Regional Development Banks (ASBANDA) have developed a BPD transformation program framework that is holistic and balanced between business, risk and support (Foundation) aspects.

The vision of the BPD Transformation Program is to "become a highly competitive and strong bank that makes a significant contribution to sustainable economic growth and equity in the region". National banking sector. The BPD Transformation Program has three objectives: (I) Increasing competitiveness. (ii) Strengthen system resilience. (iii) Increase contribution to regional development. To achieve these three objectives, there are six strategies to improve the effectiveness of business processes and risks.

- (i) Service management;
- (ii) Marketing development;
- (iii) Network management.
- (iv) Portfolio management.

(v) Strengthening liquidity and capital.

The six strategies were developed, coordinated and synergistically integrated through Media Briefing Materials for the BPD Strategic Group BPD Transformation Program to realize business efficiency and effectiveness and risk management both at the group level and at each BPD. With the formation of the BPD Strategy Group, each BPD will remain independent, but will provide a synergistic effect on the development and platform of its business activities. The above business processes are supported by strengthening the organizational foundation. It is:

- (i) Organizational, personnel and cultural management.
- (ii) Technology and infrastructure management.
- (iii) Preparation and standardization of operational guidelines (SOP).
- (iv) Strengthening corporate governance, risk management and compliance.

The implementation of the BPD Transformation Program is divided into three stages, namely as follows:

- Phase I. The stage of building the foundation. The goal is to build supporting processes (governance, risk, compliance) and strong capital with high quality talent, work culture and reliable information systems through BPD Group synergy as the foundation for Phase II growth. is.
- Phase II. growth acceleration). We aim to grow faster by strengthening our core business processes, entering the commercial loan business, strengthening syndicated loans, strengthening BPD Group synergies, and strengthening our corporate culture.
- Phase III. Market leader (market leader). The aim is to establish itself as a market leader with respected core competencies and supporters through the transformation of the BPD (Holding) Group so that BPD can make a significant contribution to the local economy. Each BPD enters each phase and sets business goals and objectives based on its capabilities and readiness.

For the implementation of the BPD Transformation Program, ASBANDA has established five Transformation Workstreams, namely:

- (i) Strategic Group BPD;
- (ii) Human resource development;
- (iii) Development of products and services.
- (iv) Strengthening corporate governance and risk management. And
- (v) Development of information technology and systems.

BPD Workflow Transformation creates blueprints and implementation plans for each sector. The implementation of the BPD Transformation program is supported by the coordination & cooperation of all parties involved, especially the local government, OJK, the Ministry of Home Affairs and ASBANDA as well as the DPRD. To that end, an intensive communication program will be implemented with all parties involved in raising awareness, involvement and support in the BPD Transformation Program one of the serious implementations of the new strategy formulated in the Bank's Market Development Grand Strategy. Based on the grand strategy, there are five main programs that must be implemented by BPD in order to expand the market further.

a. New Image Program

Because this new image program is a top priority in market expansion, BPD Indonesia has a new image that can attract all people without exception. Therefore, BPD needs to establish itself as a bank that supports each other, supported by various unique selling points of B, such as ethics. Updating user-friendly IT systems and tools for investment and finance professionals.

b. Market Segment Development Program

Since banks are profit-oriented institutions, bank marketing activities are one of the most important strategies and requirements to be carried out. Therefore, banks, including BPDs, need to combine their marketing efforts in an integrated and professional manner to ultimately meet the needs and desires of their customers who continue to trust their partnership with BPD. Of course, by understanding the profile of market segmentation, BPD can develop better marketing strategies to reach a wider market. The portrait of Indonesian banking customers generally understands the advantages of traditional banks, namely excelling in a wide, reliable network and having various service facilities.

c. Product Development Program

In order to realize the image of the banking sector, BPD needs to continue to develop product innovations so that they can explore various financial systems while prioritizing differences from traditional banking businesses. .. Islamic banks can undertake several initiatives, such as reflecting international banking products and services and encouraging foreign banks to bring successful products overseas. This program is mandatory and clearly shows its uniqueness compared to traditional banks.

d. The Customer Satisfaction

Survey included in the Grand Strategy Service Improvement Program shows that the quality of BPD services is superior to the core services offered. Meanwhile, satisfaction with traditional bank loans and other Islamic banks also increased. Therefore, we need to continue to improve the quality of service in the areas of uniqueness and generality.

e. Universal and Open Communication Program

Various promotional and communication efforts carried out by BPD need to consider the reach of the market segmentation map they want to achieve in order to create a new image of modern Indonesian BPD. Open to all levels of society (comprehensive) and serve all Indonesian people without exception. Various support programs need to be implemented in terms of positioning as a bank that benefits both parties (banks and customers).

4.3 Regional Development Bank SWOT Analysis

a. Identifying Weaknesses, Strengths, Threats & Opportunities

1. Strength

The formation of BPD shows the central government's regional autonomy policy. Regional autonomy gives local governments the flexibility to control the potential advantages of their regions. In line with the vision of regional leaders/winners, Regional Development Banks must be able to compete with other regional banks and be able to develop small industries in the regions. If the steps taken are successful, it will increase economic growth and development as well as equal opportunities for children. BPD can increase customers by implementing several advantages & strengths. The strengths & advantages of BPD are a good deposit rate & a ratio that is in accordance with normal risk (high CAR above minimum).

2. Weakness

1. If the BPD with a limited number of branches succeeds in expanding its branch network abroad to direct funds for loan financing to other areas in need. This strengthens (complements) the role of the BPD itself which acts as a regional development bank not only in the area but also in other areas (Sugiarto, 2003).
2. If you have many business partners in BPD that are not optimal and lack management and organization, there are many advantages. Partnerships can help Regional

Development Banks increase capital, services, information technology and branch offices.

3. Deposits & savings are quite low as well as limited goods and services. Part of time deposits & savings are bank capital. Regional development banks have less savings and deposits than others. The downside is that BPD's services & products are limited. This deficiency affects the total customer, because the quality of the bank is influenced by customer preferences.
4. Insufficient capital
The capital of Regional Development Banks is very small due to the small number of shareholders. Creditors consider the brand image of the bank in which they invest. The local government is the largest shareholder of the BPD among all shareholders. But very ironically, the budget used comes from the APBND. Because (BPD) adds capital, the state budget is reduced. Meanwhile, if you collect money from shareholders whose BPD is too large, the ownership will change.
5. Limited technology & information on capital problems still results in a lack of technology information at BPD. Technology & Information can make service easy & customers will be satisfied
6. Small Productivity Loan Portfolio
Bank Central Indonesia Regional Champion BPD said that BPD lending was still focused on the consumer business sector rather than the productive sector. As a result, it can reduce the role and function of the BPD, while at the same time it can raise funds for the production and real sectors, which can result in losses for the BPD in the future. It ends with the other parties. According to the Minister of Cooperatives and the Ministry of SME, there were 26 BPD banks in early 2012, of which 13 were involved in the issuance of People's Business Credit (KUR). BPD. The target for KUR distribution by BPD this year is IDR 5.2 trillion.

3. Opportunity

Regional Development Banks for Regional Outreach have a potential market share. Sunarsip (2008) explains that in order to maintain the sustainability of the BPD in the future, the efforts of the bank should not be limited, both in terms of goods/products sold/offered as well as in the field of implementation. If the BPD is truly functioning, it must be allowed to extend beyond the Federated States so that later there is no need to question the boundaries of its operational areas (BPD). There are many positive opportunities (BPD) for the community. There are opportunities to increase local revenue, such as local economic development. Another possibility is that the BPD can cooperate with the Ministry of Cooperatives to participate in distributing KUR funds. Neither of these possibilities can be achieved without the support of the government with the right arrangements. A great opportunity for (BPD) also to dare to develop the sharia system through sharia companies with a focus on the micro sector. Bank Central Indonesia Regulation No. 8/4/PBI/2006 has been refined with PBI No.8/14/PBI/2006 regarding the Implementation (GCG) of Good Corporate Governance for Commercial Banks. The regulation states that the implementation of (GCG) must be based on 5 basic principles: transparency, accountability, responsibility, independence, and impartiality.

4. Strategic to Manage Opportunities

- Sharia bank development-Opening of BPD/UUS
- Looking for additional non-regional government capital
- Bank Indonesia Regulation No. 8/4/PBI/2006, implemented by PBI No.8/14/PBI/2006 Good Corporate Governance Will Be Done. Commercial Bank Governance (GCG) Expanding partnerships in obtaining other funding sources

- Develop a proper & good work culture and train bankers
- Establishment of branch offices
- Productive credit service launch
- BPD market expansion
- Optimizing MSMEs in the regions by channeling loans, participating as intermediaries (KUR) of the Ministry of Cooperatives
- Merger/unification with Islamic system bank / Open UUSS

The all of strategies mentioned above, the one that has just been implemented is the development of Sharia (BPD). The Regional Champion (BPD) will be issued by Bank Central Indonesia, when (BPD) develops Sharia systems, from (1) UUS Sustainable Development, (2) BPD which already has a UUS, and (3) UUS belonging to BPD. Turn. Fryanto & Sulistyono (2005) explain why BPD opened a business unit: Targeted at the regional level. Of course, you can now prove your existence as a bank like any other bank. This means having a nationwide network of sales offices, (2) increasing funding & marketing, and (3) improve service to the community, especially our customers. (4) Promoting, accelerating & supporting regional government financial activities, the main ones being related to with the existence of regional autonomy and various other interests resulting from the opening of a business.

5. Strategic in Overcoming Threats

BPD) must perform performance repositioning through institutional strengthening so that BPD is more competitive than other banks. The strengthening of the system shows that BPD is a reliable bank. Customer trust has started to grow. In this position, BPD has the opportunity to conduct research and collaborate with external banks in order to expand market segments.

BPD plays a strategic role as a partner of the government and as an engine to accelerate regional development. When a country's economy shrinks or slows down, one of the actions that the government usually takes is to ask banks to increase their loans so that the wheels of the economy can turn. BPD is one of the banks that can take advantage of customer proximity, cultural understanding, and community sociology to gain a comparative advantage. As one of the banks in the national banking system, BPD plays an important role in the context of regional economic development because it can open up service networks in areas that are economically impossible for private banks. Law Number 13 of 1962 concerning the Principles of BPD Regulation states that BPD acts as a regional economic development agency, promoting regional economic development to improve people's living standards, funding regional development, and providing regional funds and finances. Union for procurement. Local cash/warehouse holders other than doing banking activities).

A growing BPD is a bank that is ready to predict that local government funds will not fall and replace it with cheaper funds. The cost is relatively low, although there are regional challenges due to lower costs and expensive raw materials in the archipelago because it is located between islands. To overcome the challenges ahead, BPD needs to immediately improve and be prepared to face increasingly fierce competition. BPD requires innovation in banking services to meet the latest needs of the community, in addition to increasing people's income, advances in information technology, and growing demographics. It is hoped that the development of information technology can be carried out soon. Financing growth is also expected to increase in line with the easier information technology sector in accessing banking services for the wider community.

V. Conclusion

The problem of lack of capital faced by the Regional Development Bank (BPD) is a key factor in expanding the market. (BPD) also has problems with management organization, staff quality, & use of technology. To make (BPD) more competitive, this issue needs to be resolved. Therefore, BPD needs to improve services and information technology to conduct inter-bank transfer transactions and reduce disruption to general transactions when withdrawing money through ATMs. This increase will increase the trust of customers and prospects, improve services and enlarge the market. (BPD) must also strengthen partnerships and shareholder cooperation, especially with all parties (economic actors) other than local governments, in order to expand services to increase competitiveness. (BPD) also needs to improve talent skills at all levels to balance the quality of talent in other banks. With quality talent, BPD can easily conduct strategic competition with other banks. (BPD) also needs to increase the capacity (GCG) of Good Corporate Governance to increase the credibility of the BPD as a regional financial institution. The problem of robbery in BPD carried out by employees should never happen again because it can show poor implementation of GCG so that people can feel uncomfortable and rely on other banks. By implementing this strategy, BPD is ready to compete not only at the local level, but also at the global level.

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