CHAPTER I

INTRODUCTION

I.1.   Background of the Study

As the world economy $80 trillion mark (World Economic Forum, 2018), it's hard to imagine that anyone can lived without any paper currency. Money is very ubiquitous to people's daily lives, as people earn and spend it on anything from food to medicines.

According to the recent report made by OECD (2018) The Economy of southeast Asian nations are considered robust with estimates at 5.2% in growth from the year 2018 – 2022, with Indonesia's growth above average growth of 5.4%, such growth is made due to healthy fiscals. With recent reports made by Bloomberg (2018) shows that Indonesia's economy growth contribution is the 4th highest, it's important to learn about Indonesia's potential especially in the banking industry.

Indonesia is the 4th largest country in the world in terms of population totaling at 262 million, with 55.3% of the country's population living in urban conglomerations in 2017 (Central Intelligence Agency, 2018).

A growing economy also means that people are constantly trying to find ways to store their income this has become very apparent as according to the Global Findex (2017), approximately around 69% of the world's population have a bank account, a significant increase from 62% in 2014. The use of smart devices allowed individuals to access their banking account through various ways, with more than 47% of them use it (Nielsen, 2016).

While the world has made great strides into trusting a lot of banks for the money that they own and earn, Indonesia in general is still lagging behind a lot of countries with recent reports stating that only 36% of Indonesians have bank accounts (Hartomo, 2017).

However, as the economy grows, so does its banks. This became apparent as the latest report from PwC's latest Banking survey shows that 83% of respondents from banks operating in Indonesia shows they are optimistic in seeing growth when it comes to banks net income (PwC, 2018).

Indonesian banks are unique to the fact that four of the five largest belonged to the central government. The largest non-governmental bank is Bank Central Asia or better known as BCA. BCA was founded on February 21, 1957 by Liem Sioe Liong. Knowing that BCA is the largest private owned bank in Indonesia, the need of being competitive is very evident especially their presence in bigger cities throughout Indonesia. On top of that, they are not publicly funded by the Government meaning that they have to find ways to maneuver around the market and hold onto their loyal customers (BCA, 2017).

I.2.   Problem Identification

According to an article written by Euromoney (2017), BCA is the largest private-owned bank in Indonesia. While it is the largest private-owned bank it has its own set of challenges. First, the bank itself heavily relied on their public fundings unlike the other four large banks that are owned by the government such as *Bank Rakyat Indonesia, Bank Mandiri, Bank Negara Indonesia, Bank Tabungan Negara*.

BCA have to be even more competitive than it already is considering that their market share only stands at 11% according to the recent data made by Kontan (2017).

According to the data reported by Finansial (2016), BCA's customers stands at 15 million, which compared to *Bank Mandiri's* 17 million shows a significant gap between them. BCA have made strides in trying to expand while maintain their existing customers with a lot of ways and strategies, and one of the very recent move made by BCA was by creating BCA EXPOversary.

As a private bank, BCA needs to defend the position as a private bank market leader in Indonesia. Therefore, BCA needs to further promote and persuade their existing customers to use BCA as their main bank for any transactions.

BCA EXPOversary is an annual event conducted by BCA in various major cities throughout Indonesia. It is conducted in a three day format within each cities with different dates. The event was created by inviting various tenants cooperating with BCA to make limited time promotions, and promotions made by BCA for their services, such promotions offer competitive rates outside of their usual rates (such as mortgages).

While BCA is planning to make this event an annual continuous event until years to come, the event itself however has only been conducted from 2017. The very event could do great things for existing BCA customers and BCA themselves, thus it is only natural to see the steps that are being taken and the strategies that BCA used within the event in order to maintain customer loyalty for their existing customers through the use of Customer Relationship Management strategies.

Customer Relationship Management itself is an important tool for banks like BCA that hold unto a lot of information regarding their customer behavioural spendings, Customer Relationship Management programs are created to enhance customer loyalty, thus they can create programs in such a way that would incite long-term loyalty with customers through a personalized experience in BCA EXPOversary. (Clow & Baack, 2016).

I.3.   Research Question

What are the Customer Relationship Management Strategies used by Bank Central Asia (PT BCA Tbk.) to maintain customer loyalty through BCA Expoversary?

How did BCA (Bank Central Asia) Implement their Customer Relationship Management Strategies through BCA Expoversary?

I.4.   Research aims and objectives

The objective of this particular descriptive research is to the describe the steps of customer relationship strategies that is being utilized by PT. Bank Central Asia through their annual event of BCA Expoversary.

I.5.   Significance of Research

The findings made by this study could be benefited by the general audience whose concerns might be stated and documented within this study:

Practical:

1. This research could be used as a reference for BCA as a contribution for them to better the quality of their services for their next BCA Expoversary.

Academic:

1. This particular research could also be used as a reference for other similar research conducted within the same base and means.

2. To further understand what it means to use Customer relationship management strategies within events like BCA Expoversary.

I.6.   Organization of the Study

This particular research would be divided into 6 chapters as follows.

1. **Introduction**

   Within this chapter, the researcher will give a brief explanation regarding the background, problem identification, research question, research aims and objectives, significance of research, and the organization of the study.

2. **Research Object**

   The research object will be BCA Expoversary itself that is conducted by PT. Bank Central Asia or BCA.

3. **Literature Review**

   This chapter would tackle on research and theories that is related to the research that is going to be conducted, theories that are in relation to customer relationship.

4. **Research Methodology**

   The research methods that are going to be used would be discussed within this chapter.

5. **Research Findings and Discussions**

   This chapter would focus on the findings of the research based on the methods used from the previous chapter, and later discussed.

6. **Conclusion and Suggestion**

   This chapter would close on to concluding the main concern that was raised from the previous chapter while giving suggestion for further and better accuracy.