Research article

Bank Jatim's Strategy in Increasing the Number of Laku Pandai to Increase Banking Profitability by Using SWOT Analysis

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Abstract: This study aims to analyze the strategy carried out by Bank Jatim in increasing the number of East Java Agents (Laku Pandai) over the last 5 years and identify the opportunities and challenges faced. The approach used is qualitative descriptive with data collection techniques in the form of in-depth interviews with Bank Jatim and active agents, as well as literature studies. The results of the analysis using the SWOT model show that Bank Jatim has strength in terms of its extensive institutional network, credibility as a regional bank, and sustainable agent assistance system. However, there are still weaknesses, such as limited digital infrastructure and inadequate transaction tools. Opportunities open up through community approaches and agent recruitment programs, while threats come from fintech competition, limited tools such as EDC machines, and administrative requirements that limit the recruitment of new agents. This research recommends improving technology infrastructure, digital promotion innovations, and internal policies that are more adaptive to the needs of agents. The next study is suggested to use mixed methods to strengthen the validity of the data and conduct comparative studies between regional banks in the Laku Pandai program.

Keywords: *East Java Agents, Banking Strategy, SWOT, Financial Inclusion*

INTRODUCTION

The rapid development of technology and information has encouraged the banking sector to continue to innovate in providing services to customers. If, in the past, banking activities could only be carried out directly through branch offices, now people can carry out various banking transactions anytime and anywhere without having to visit a bank office physically. This is possible thanks to the presence of technology-based services such as telephone banking, SMS banking, mobile banking, internet banking, electronic money, and Automated Teller Machines (ATMs). Not only that, the latest innovation that also supports financial inclusion is the presence of digital financial services (LKD) through banking agents, which is part of the concept of bank services without branch offices, known as branchless banking (Prabowo, 2019).

This service is the answer to the needs of the community, especially in remote areas that are not yet accessible to conventional banking services. One of the flagship programs that is in line with this effort is the Laku Pandai (Officeless Financial Services in the Framework of Inclusive Finance) program initiated by Bank Indonesia and supported through regulations issued by the Financial Services Authority (OJK), such as POJK Number 19/POJK.03/2014 and SEOJK Number 6/SEOJK.03/2015. In addition, POJK Number 12/POJK.03/2018 also regulates the implementation of digital services by banks, which emphasizes the importance of digital transformation in the banking world.

Bank Jatim, as one of the regional development banks, also encourages the growth of banking agents through the East Java Agent program. The strategy carried out by Bank Jatim in increasing the number of Laku Pandai agents over the last 5 years has become an important focus in supporting financial literacy and inclusion in the East Java region. Research by Fitrani and Putri (2022) shows that the existence of Laku Pandai agents significantly increases public access to banking services, especially in remote areas that have not been reached by branch offices. In addition, another researcher, Nugroho and Sari (2021), highlighted that the digitalization strategy of banking services implemented by regional banks has a positive correlation with increasing people's financial literacy. In this context, it is important to examine more deeply the strategies used by Bank Jatim, as well as identify the opportunities and challenges faced in the development of East Java Agents as part of digital financial services in the era of the Industrial Revolution 4.0.

In facing the digital era, Bank Jatim has taken innovative steps through JConnect's digital services as well as the development of financial services without a branch office known as Laku Pandai (East Java Agents). This service is in line with national financial inclusion efforts and allows people, especially in remote areas, to access banking services easily and safely. With an extensive operational network throughout East Java, Bank Jatim has great potential to expand the reach of East Java Agents over the last 5 years.

The urgency of this research is based on the increasing demands on regional banks, such as Bank Jatim, to not only play a role as financial intermediation institutions but also as a driving force for financial inclusion in their regions. In the midst of the rapid development of digital technology and the increasing penetration of fintech-based financial services, Bank Jatim needs to strengthen its competitiveness through a strategy to increase the number of Laku Pandai agents (East Java Agents), which are not only quantitative but also quality in their services.

Along with the direction of government policies in encouraging the acceleration of national financial inclusion, Bank Jatim's ability to expand the reach of East Java Agents will be an important indicator of the successful implementation of digital transformation and the economic empowerment of grassroots communities. However, major challenges still emerge, such as the lack of digital literacy in rural communities, limited infrastructure, and the low capacity of agents to provide optimal services. Therefore, an in-depth analysis of Bank Jatim's internal strengths, weaknesses that need to be addressed, external opportunities that can be exploited, and threats that need to be anticipated.

The use of SWOT analysis in this context is a very relevant strategic tool to effectively formulate steps to increase the number of Laku Pandai agents. This research is not only important to provide an empirical overview of Bank Jatim's strategy in the last five years but also to make a real contribution in proposing a more adaptive strategy formulation in facing the challenges of the industrial revolution 4.0 and the flow of financial digitalization. Thus, this research plays a vital role in formulating strategic measures that have a direct impact on increasing banking profitability through optimizing the network of banking agents in the East Java region.

In the process of developing East Java Agents, Bank Jatim cannot be separated from various dynamics and challenges, both from internal and external aspects. On the one hand, there are internal advantages such as infrastructure and regulatory support, but obstacles such as limited agent resources, low financial literacy, and challenges from fintech-based competitors are concerns that must be overcome.

Bank Jatim was chosen as the subject of this study because of its strategic role as a regional development bank (BPD) owned by the East Java Provincial Government, which has a mission not only to seek profits but also to encourage inclusive regional economic development. With a network of offices spread across various districts and cities and a high commitment to community service, Bank Jatim has great potential to reach remote areas through the East Java Agent program as an implementation of Laku Pandai. In addition, East Java is one of the provinces with the second largest population in Indonesia and has a significant level of inequality in financial access between urban and rural areas (OJK, 2021).

Bank Jatim's active role in expanding financial services through banking agents is very crucial. Research by Wibowo and Kurniawan (2022) shows that the success of Laku Pandai at the local level is highly dependent on the adaptation of banks' strategies to the socio-economic characteristics of their respective regions. In this case, Bank Jatim faces a double challenge: maintaining the company's profitability while carrying out its social function of encouraging financial inclusion.

Strengthening the number and quality of East Java Agents is considered a strategic instrument in maintaining customer loyalty, expanding the customer base, and increasing Third Party Funds (DPK), which ultimately has an impact on the bank's overall profitability. Therefore, it is important to examine the strategies used by Bank Jatim in increasing the number of agents from time to time in more depth, especially through a SWOT analysis approach that is able to map strengths, weaknesses, opportunities, and threats in the development of financial services.

To understand the strategy implemented by Bank Jatim in increasing the number of Laku Pandai (East Java Agents), the SWOT analysis approach is used as a tool to identify the strengths, weaknesses, opportunities, and threats faced by banks.

Research on the role of Laku Pandai in supporting financial inclusion has been conducted by many academics and practitioners. A study by Nurkholis and Haris (2020) shows that the existence of Laku Pandai agents has contributed significantly to the increase in the number of new deposit accounts in rural areas, especially for people who previously did not have access to formal banking services. This research emphasizes the importance of technology support and ongoing training for agents to be able to carry out their roles effectively.

The research conducted by Sari and Widodo (2021) examined the strategy to strengthen the capacity of Laku Pandai agents in regional development banks. The results show that a community-based approach and the provision of incentives for agents are able to increase agent loyalty and encourage the growth of financial transactions in a sustainable manner.

The research is also supported by Dewi and Prasetyo (2022), who examine the influence of banking digitalization strategies on the development of Laku Pandai services at Bank Jatim. Their findings indicate that the strengthening of digital platforms such as JConnect, the integration of payment systems, and the simplification of administrative processes are essential factors that affect the increase in the number of agents and the effectiveness of services in rural areas. The three studies provide a comprehensive overview of the importance of an integrated strategy in the development of Laku Pandai and become a relevant basis for tracing Bank Jatim's strategy through a SWOT analysis approach.

Profitability is the leading indicator in assessing the financial performance of a bank. According to Kasmir (2016), profitability describes the ability of a company, in this case, a bank, to generate profits in a given period, which ultimately reflects the efficiency of management in managing the assets and liabilities it has.

For the banking industry, profitability is not only important to maintain business continuity, but also a key basis for attracting investors, increasing customer confidence, and strengthening financial resilience to macroeconomic risks and market volatility. In the context of banking, commonly used profitability ratios include Return on Assets (ROA) and Return on Equity (ROE), which provide an overview of the extent to which banks are able to utilize their assets and equity to make a profit (Rivai & Veithzal, 2018).

Increasing profitability is a challenge for banks, especially in the midst of increasingly fierce industry competition and the need to reach customers in untapped segments. One of the strategies that is considered effective in increasing profitability is through the development of a network of financial services without offices or branchless banking, such as the Laku Pandai program.

By expanding access to financial services through Laku Pandai Agents, banks not only increase financial inclusion but also expand their customer base, transaction volume, and potential third-party funds that can be raised. This will indirectly have an impact on increasing fee-based income and operational efficiency because the cost of establishing a branch office can be minimized. Therefore, Laku Pandai not only functions as a tool for financial empowerment of the community, but also becomes a strategic instrument for banks in encouraging sustainable profitability growth.

LITERATURE REVIEW

Profitability

Profitability is a very important indicator of financial performance in the banking world because it reflects the bank's ability to generate profits from all its operational activities. According to Kasmir (2018), profitability is the ability of a company to generate profits over a certain period by using the resources it has, such as assets, capital, and sales. In the context of banking, profitability is seen not only in net profit but also in financial ratios such as *return on assets* (ROA), *return on equity* (ROE), and *net interest margin* (NIM). This is reinforced by Rivai and Arifin (2013), who stated that profitability serves as the main benchmark in assessing the effectiveness of bank management in managing assets and liabilities to obtain optimal income.

Profitability is also the main consideration when determining a bank's business strategy. The higher the level of profitability, the greater the bank's ability to maintain its business continuity, expand its service network, and improve the welfare of shareholders and customers. On the other hand, low profitability can indicate structural problems in the management of bank operations, both in terms of efficiency and competitiveness. Therefore, efforts to increase profitability are very relevant through service innovation and market reach expansion (Kuncoro & Suhardjono, 2011).

One of the strategies that is currently being intensively implemented to increase profitability is through financial inclusion programs such as Office-Free Financial Services or Laku Pandai. By expanding the network of banking agents to remote areas, banks can reach previously untapped market segments, potentially increasing third-party funding sources and transaction volumes. This will ultimately have a positive impact on the bank's income and profit, which in turn encourages a sustainable increase in profitability (Dendawijaya, 2009).

In practice, profitability is greatly influenced by the bank's ability to manage operational efficiency and market expansion strategies. According to Brigham and Houston (2019), sustainable profitability is the result of a combination of operational efficiency, good risk management, and wide market penetration. In the banking world, the increase in profitability comes not only from conventional products such as credit and savings but also from the innovation of service distribution models, one of which is through the banking agent system. Bank agents allow financial institutions to reach the community more widely without having to build expensive and time-consuming new branch offices, thus supporting cost efficiency and increasing transaction volumes (Lestari & Yulianto, 2020).

This approach is very relevant to the concept of financial inclusion launched by the government and OJK, where the main goal is that people who were previously untouched by formal financial services can be accessed through simpler and more affordable methods. Wider market penetration through bank agents such as Laku Pandai provides opportunities for banks to increase revenue from various transaction services, account opening, deposits, withdrawals, and payments, all of which contribute to profitability (OJK, 2023). In this framework, Bank Jatim's strategy in increasing the number of Laku Pandai agents not only plays a role in supporting financial inclusion but also becomes a strategic step in creating new sources of income that are more distributed, efficient, and have a direct impact on the company's profitability.

Smart Practice

Laku Pandai stands for Office-Free Financial Services in the Framework of Inclusive Finance, which is a program launched by the Financial Services Authority (OJK) and Bank Indonesia to expand public access to formal financial services, especially in remote areas that have not been served by bank branch offices. According to OJK (2014), Laku Pandai allows banks to provide financial services through a third party called an agent without the physical presence of a branch office.

Laku Pandai is motivated by the spirit of financial inclusion, which is a condition where every individual has adequate and quality access to formal financial services at an affordable cost (Bank Indonesia, 2020). This program is also the government's effort to improve financial literacy, reduce economic inequality, and expand the reach of banking services nationally.

Laku Pandai agents can be individuals or business entities that have collaborated with the organizing bank and use devices such as Electronic Data Capture (EDC), mobile applications, or internet-based systems to make transactions. According to Wahyudi (2017), Laku Pandai's services include opening a savings account, depositing and withdrawing cash, paying bills, purchasing credit, and distributing social assistance. This allows people in remote areas to access financial services without having to go far to bank branch offices. So, regulatively, the implementation of Laku Pandai is regulated in several provisions, such as OJK Regulation Number 19/POJK.03/2014 concerning Officeless Financial Services in the Framework of Inclusive Finance, as well as OJK Circular Letter Number 6/SEOJK.03/2015 which explains the technical implementation of these services. This program also supports the achievement of the National Strategy for Inclusive Finance (NSIF) set by the government.

Laku Pandai Agents are an extension of banking services that function as intermediaries between banks and the public, especially in areas that do not have access to bank branch offices. Bank Jatim, one of the regional banks owned by the East Java provincial government, also participated in the Laku Pandai program by launching a service known as the East Java Agent.

According to Bank Jatim (2022), East Java Agents are present as a form of commitment to encouraging financial inclusion in the East Java region through official financial services. East Java agents can handle various banking transactions such as account openings, cash withdrawals, bill payments, credit purchases, and fund transfers. This service can be accessed through devices such as EDC (Electronic Data Capture) machines or mobile-based applications.

The role of East Java Agents is very strategic, especially in reaching people in rural, coastal, and remote areas that have not been served by the bank office network. According to Rismawati & Wicaksono (2021), the existence of bank agents such as East Java Agents not only facilitates financial transactions but also builds people's financial literacy and strengthens local economic networks. To become an agent, a person must meet the requirements set by the bank, including having a permanent business, a strategic place of business, and a commitment to carrying out the agent's duties professionally. In addition, Bank Jatim provides training, supervision, and technical support to agents to ensure that services run optimally.

Strategy

A strategy is a long-term plan that is systematically prepared to achieve organizational goals by utilizing internal strengths and facing external challenges. According to Wheelen and Hunger (2012), strategy is a series of managerial actions designed to achieve a competitive advantage and achieve organizational goals in a dynamic environment. Strategy in the context of business organizations, including banking, includes the establishment of a vision, mission, and efforts to respond to emerging opportunities and threats in the market.

In banking, the strategy is more focused on how financial institutions design measures to improve services, expand market reach, and create added value for customers. According to Porter (1985), competitive advantage in the business world can be achieved through three main approaches: cost leadership, differentiation, and focus strategy. In the banking world, this approach can be adopted through operational cost efficiency, product service innovation, and focusing on certain segments of society, such as MSMEs or rural areas.

Banking strategy is also closely related to innovation and digital transformation policies. According to Kotler and Keller (2016), strategies in the service industry must be customer-centric and value creation-oriented, meaning banks must be able to understand customer needs and offer relevant technology-based solutions. Therefore, today's banking strategy depends not only on the physical expansion of branch offices but also on the development of digital service networks such as mobile banking, internet banking, and official financial services through agents.

The strategy of strengthening East Java Agents is also carried out through cooperation with local governments, BUMDes, cooperatives, and other partners that have the potential to become an effective financial distribution network. This is in line with the results of research by Prasetyo (2020), who stated that the success of the Laku Pandai program is greatly influenced by collaboration between banks, local governments, and local business actors.

Marketing strategies in banking services are a very important approach in maintaining customer loyalty while attracting new users, especially in today's digital and competitive era. According to Kotler and Keller (2016), marketing banking services must be oriented to customer needs, create added value, and rely on the strength of long-term relationships.

In Laku Pandai Agents, marketing strategies not only include product promotion but also how banks are able to build trust and expand financial access through the role of agents spread across remote areas. On the other hand, the implementation of the Laku Pandai program by other banks, such as BRI through BRILink or BNI with Agents, has already shown success in building a vast network with the support of digital technology, including the use of EDC machines, integrated applications, and structured agent incentive programs.

This comparison shows that the effectiveness of marketing strategies and technological approaches greatly determines the success of the Laku Pandai program. Therefore, Bank Jatim needs to adopt lessons learned from other banks' strategies, especially in digital promotion, strengthening the agent application system, and providing attractive incentives as part of a holistic marketing strategy in the development of East Java Agents.

According to David (2011), an effective strategy is one that utilizes strengths to take opportunities (*Strengths–Opportunities*) and strategies to reduce weaknesses and face threats (*Weaknesses–Threats*). This is relevant for banks such as Bank Jatim in facing competition from fintech, maintaining public trust, and ensuring the security of agent transactions.

SWOT Analysis

SWOT analysis is a strategic planning method that was first introduced by Albert S. Humphrey in the 1960s as part of a research project at the Stanford Research Institute (Humphrey, 2005). SWOT stands for *Strengths*, *Weaknesses*, *Opportunities*, and *Threats*, which are used to evaluate an organization's internal and external conditions in formulating the right business strategy. Gurel and Tat (2017) emphasized that SWOT helps organizations understand their position in the midst of environmental dynamics and provides a basis for strategic decision-making.

In the context of banking, SWOT analysis is very relevant to designing an agent-based financial services development strategy such as Laku Pandai, especially in facing the challenge of financial inclusion in areas that have not been reached by conventional banking services. For example, Bank Jatim can identify internal strengths such as digital technology infrastructure support (*JConnect*), public trust as a regional bank, and regulatory support from the OJK and local governments. Internal weaknesses may include limited public financial literacy, lack of agent training, or reliance on the physical location of the agent's business.

External opportunities can be seen from the high need of the community for easy access to financial services, increasing internet penetration in rural areas, and national policy support through the National Strategy for Inclusive Finance (SNKI). On the other hand, threats can come from competition for financial technology-based services (*fintech*), cybersecurity risks, to low public trust in digital services.

In its application, SWOT analysis not only helps organizations recognize their position in the market but also provides strategic direction that can be executed through various forms of planning. According to David & David (2017), SWOT is part of the strategic management tools used to align internal and external factors so that the organization can survive and thrive in a competitive environment. In addition, Wheelen and Hunger (2015) stated that the use of SWOT analysis will be effective if it is accompanied by SWOT matrix mapping, which is then used as a basis for formulating short-term and long-term strategies.

The use of SWOT analysis in the context of East Java Agent development is very crucial. Strengths and opportunities-based strategies (SO *Strategy*), for example, can be carried out by optimizing the advantages of digital infrastructure and a wide network in East Java to expand the number of agents in rural areas. The WO (*Weaknesses-Opportunities*) strategy can be used to improve agent training and digital literacy in the community in response to opportunities to increase the need for financial services. Meanwhile, the ST (*Strengths-Threats*) strategy can help leverage internal strengths such as government support to mitigate threats from fintech. The WT (*Weaknesses-Threats*) strategy encourages Bank Jatim to minimize internal weaknesses while avoiding threats through increasing transaction security and diversifying digital services.

Thus, SWOT analysis provides a holistic and flexible framework for designing strategies to increase the number of Laku Pandai agents. The success of this strategy not only contributes to increasing financial inclusion but also has a positive impact on the profitability and competitiveness of regional banks in the midst of the digital era..

METHOD

This study uses a descriptive qualitative approach, which is an approach used to provide a systematic, factual, and accurate picture of the facts researched based on data in the field and literature review. This approach was chosen because it is suitable to explore the strategy implemented by Bank Jatim in increasing the number of Laku Pandai (East Java Agents), as well as understanding the opportunities and challenges faced from various perspectives, both from the bank's internal parties and from agents. As explained by Moleong (2019), qualitative research aims to understand phenomena in a natural context and focuses on the meanings, processes, and social interactions that occur.

This type of research is descriptive because it aims to explain or describe in detail the conditions that actually occur in the field related to Bank Jatim's strategy. Researchers do not conduct manipulations or experiments but only collect, present, and analyze data as it is. This research is also a case study because the focus is on one object, Bank Jatim, especially in the Laku Pandai (East Java Agent) program.

In collecting data, this study used *in-depth interview techniques* with informants from Bank Jatim and several Laku Pandai agents as the main source. In addition, data is also obtained from official documents, annual reports, and library sources such as journals, books, and relevant related regulations. The following data collection techniques are carried out through several stages, namely:

1. In-depth *interview:* Interviews are conducted with parties who play a direct role in the development of East Java Agents, such as Bank Jatim employees in the digital services and agent network development, as well as several active agents who run Laku Pandai services. The questions in the interview are focused on four SWOT aspects: strengths, weaknesses, opportunities, and threats.
2. Literature review: This research is also supported by relevant theories and previous research results, which are used to strengthen the theoretical framework and as comparative material

Data analysis is carried out through a SWOT *(Strengths, Weaknesses, Opportunities, Threats)* analysis model to identify Bank Jatim's strategic position in the development of East Java Agents. This method allows researchers to evaluate the internal and external factors that affect the success of the Laku Pandai program and develop more adaptive and innovative strategies. The results of this analysis will be the basis for formulating strategies that can be implemented by Bank Jatim in the future.

To maintain the validity of the data, a triangulation technique is used, namely by comparing and cross-checking information from various sources and methods, such as comparisons between interview results and documents, as well as observation results with existing literature. This triangulation is important so that the research results have high validity and reliability and can be trusted. Through this method, it is hoped that the research can provide a comprehensive overview of how Bank Jatim developed and implemented a strategy to increase the number of East Java Agents over the last 5 years, as well as understand what factors are the drivers and obstacles in the process.

RESULTS

Results of SWOT Analysis on Bank Jatim's Strategy

Strengths

In an effort to increase the number of East Java Agents (Laku Pandai) in a sustainable manner, Bank Jatim utilizes a number of internal advantages, both in terms of institutional network, debtor quality, and a sustainable coaching system. One of the concrete strategies is to invite debtors of People's Business Credit (KUR) to join as agents. This is considered effective because KUR debtors have gone through a selection process and assessment of business feasibility by the bank so that they are considered to have financial credibility, stable transaction records, and sufficient authorized capital readiness to carry out their functions as agents. This approach also indirectly strengthens the relationship between banks and customers and creates added value for both parties.

In addition, Bank Jatim has built a fairly systematic assistance system for agents. The mentoring process is carried out from the beginning, namely when submitting and installing the agent application (through a digital link on a mobile phone), to the stage of performance evaluation on a regular basis every month. In the evaluation, agents were gathered to review their activities, discuss obstacles faced in the field, and were given the opportunity to submit questions or suggestions directly to the bank. This approach not only increases agent capacity but also builds emotional closeness and a sense of belonging between the agent and the institution.

Bank Jatim's strength in increasing the number of Laku Pandai Agents (East Java Agents) is closely related to its internal advantages as a regional development bank that has been operating in East Java for a long time. One of the main strengths of Bank Jatim is the reputation and trust of the public, which has been formed over decades as a regionally owned financial institution that consistently supports local economic development. This reputation is a strong social capital in building relationships with prospective agents and the service user community. In addition, another internal advantage lies in a solid institutional structure and a decentralized management system, which allows each branch office to play an active role in the process of recruiting, training, and mentoring agents. Bank Jatim also has adequate technology infrastructure, such as the use of the JConnect Agent application which facilitates financial transactions without having to go to a branch office. This supports the smooth operation of East Java Agents in the field, especially in areas with minimal digital infrastructure.

Another advantage lies in the public's trust in Bank Jatim, which is already established and has an image as a regional bank that is close to public services. This is reflected in the public's high enthusiasm for utilizing East Java Agents, especially for the payment of obligations such as Land and Building Tax (PBB), which currently can only be done exclusively through Bank Jatim services. The availability of this service is a differentiating factor that makes East Java Agents more relevant and needed in the community, especially in areas that do not have branch offices or adequate access to digital banking.

In terms of human resources, Bank Jatim utilizes professional and experienced internal personnel to foster micro-business partners such as KUR (People's Business Credit) debtors, who are then directed to become agents. This strategy not only expands the agent network but also takes advantage of the credibility and financial readiness of customers who already have a good relationship with the bank. This approach provides positive synergy because the chosen agent already understands the banking business process and has its own customer base in the surrounding environment. In the context of SWOT, this strength is an internal factor that drives the effectiveness of the East Java Agent's expansion strategy while increasing Bank Jatim's competitiveness in facing challenges from competitors, including fintech institutions and national private banks. By utilizing internal strengths and advantages optimally, Bank Jatim is not only able to increase the number of agents quantitatively but also maintain the quality of services provided, which ultimately has an impact on increasing profitability and contributing to national financial inclusion targets.

From the overall strategy that has been implemented, it can be seen that Bank Jatim is able to make optimal use of its internal resources, including a wide banking network in the existence of bank operational units that are evenly distributed throughout East Java Province, ranging from urban areas to remote rural areas. Bank Jatim has its headquarters in Surabaya and is supported by hundreds of branch offices, sub-branches, cash offices, and service networks such as ATMs and mobile cash cars. The existence of this network not only facilitates the internal coordination process but also accelerates the process of coaching and supervising Laku Pandai agents in various regions. The physical network is strengthened with digital infrastructure such as the JConnect mobile application and an integrated *back-end* system, allowing Bank Jatim to reach the public more effectively, even in areas that do not have strong access to internet technology. Moreover, the credibility of the institution is already known to the public, and the selective and relationship-based agent recruitment mechanism has been established. This strategy shows Bank Jatim's systematic efforts in building Laku Pandai services that are not only quantitative in the number of agents but also quality and sustainable in implementation.

Weaknesses

Although Bank Jatim has shown a strong commitment to expanding East Java Agent services as part of the Laku Pandai program, there are a number of internal weaknesses that are still challenges in the development process. One of the main obstacles is limited technological infrastructure, especially in rural or remote areas, which are the main targets for agent expansion. Based on the results of the interviews, many agents operate in locations with unstable internet network conditions. This certainly has a direct impact on the smooth operation of agents, especially in carrying out application-based transactions that require real-time Internet connectivity.

In addition to network constraints, the limitation of transaction tools is also an important concern. Currently, many East Java agents are only equipped with Bluetooth printers, not EDC *(Electronic Data Capture) machines* commonly used in modern banking services. Bluetooth printers only function to print transaction receipts, while EDC machines are able to process transactions directly with an ATM or QRIS card. This condition is a serious obstacle, especially because most of the village people are not familiar with m-banking services and still rely heavily on physical transactions such as cash withdrawals through ATM cards. As a result, although people want to take advantage of the services of agents, they have difficulties due to the limitations of the devices provided.

Another weakness found is related to the order in which the fees are reported and given to agents. From the information obtained, there were complaints from agents regarding the transaction result reporting system and fee distribution, which was considered to be less orderly, especially after updating the application system. Previously, agents could directly see the accumulated fees in real-time, but in the new version of the system, this feature is not available, making it difficult for agents to monitor their revenue. This has an impact on agent satisfaction and motivation to carry out their role as bank partners.

Although the evaluation of agent performance has been carried out regularly every month through central meetings and reporting, these technical and administrative weaknesses show that there is still considerable room for improvement, both in terms of technical support and operational management. If not addressed immediately systematically, this weakness can hinder the effectiveness of Bank Jatim's strategy to continuously increase the number and quality of agents.

Opportunities

Bank Jatim has a number of strategic opportunities in the development of East Java Agent services. One of the main opportunities is the potential for expansion to remote areas in East Java that are still difficult for branch offices to reach. The focus of expansion on these areas opens up space for the growth of the number of new agents who can reach the community directly.

Outreach to local communities is also a significant opportunity. For example, the cooperation that has been established with the orange farming community in the Malang area shows that Bank Jatim can establish strategic partnerships through community figures or leaders who are also bank debtors. This model is effective in expanding the network because communities that already have a close relationship with agents will more easily receive and utilize banking services.

In addition, Bank Jatim also utilizes a word-of-mouth promotion strategy through the "Agent Get Agent" program, where active agents are incentivized to recruit new agents. The program not only expands the network, but also strengthens the agent's personal involvement in the growth of the service. When combined with social media and visual promotions such as billboards, the chances of market penetration can increase significantly.

Threats

In the midst of the rapid development of financial technology, Bank Jatim faces a number of external threats. The main threat comes from fintech and e-wallet companies such as GoPay, DANA, and ShopeePay that provide financial services instantly and diversely. The presence of fintech has shifted some of the people's preferences, especially the younger generation and digital service users who prefer convenience without having to transact through physical agents. The main threat comes from fintech and e-wallets which are increasingly used by the public.

Although currently PBB is still exclusively paid through Bank Jatim, this condition can change with regulatory and technological developments. Another challenge is the limitations of transaction tools. East Java agents currently only accept Bluetooth printers without EDC machines.

Internal provisions are also an obstacle in attracting new agent candidates. One of them is the condition of being free from bad credit. Even so, Bank Jatim still strives to maintain transaction security through OTP codes.

The limitations of digital infrastructure are also a serious challenge. East Java agents are currently only equipped with Bluetooth printers that have limited functions, in contrast to other banks that provide more multifunctional EDC machines. This causes limitations in cash withdrawal services for people who are not familiar with mobile banking. Dependence on m-banking is an obstacle for people who are not yet digitally literate.

Transaction security risks are also a concern. Although Bank Jatim has provided an OTP code for every transaction, education and a stronger security system are still needed so that public trust in agents is maintained. On the other hand, internal regulations that require agents to be free from bad loans also limit the number of prospective agents, even though in fact the public's interest in joining is quite high.

Table 1. SWOT Table

Strengths	Weaknesses
Wide network in East Java	Limitations of digital infrastructure (networks & tools)

Potential KUR debtors become agents	No EDC machine, only Bluetooth printer
A positive image of regional banks	Irregular fee reporting, application system complaints

Source: Results of Researcher Interviews

Opportunities	Threats
Expansion into hard-to-reach areas	Fintech and e-wallets are growing in popularity
Community-based approach	The absence of EDC restricts withdrawals
Get Agent & Promotion Program	Bad credit-free conditions hinder recruitment
Exclusive PBB is still via Bank Jatim	Digital competition and the need for security education

Source: Results of Researcher Interviews

The SWOT table above summarizes Bank Jatim's strategic position to increase the number of Laku Pandai (East Java Agents). In terms of strengths, Bank Jatim has an extensive banking network in the East Java region, as well as credibility as a regional development bank that is close to the community. Internal strategies such as recruiting KUR debtors as agents also show a selective but effective approach because they involve individuals who have been financially verified and have good relationships with the bank. In addition, support in the form of periodic assistance and an agent performance evaluation system is an important capital in ensuring that service quality is maintained.

A number of *weaknesses* are also challenges that cannot be ignored. Limited digital infrastructure, especially in rural areas, hinders the smooth operation of agents. Bank Jatim also faces various threats from outside. The rapid growth of the fintech industry and e-wallet platforms presents aggressive competition with all-digital and practical services. In the long term, people can switch to these services if Bank Jatim does not immediately accelerate its digital transformation, including in terms of ease of access and transaction flexibility. Another challenge is the limited equipment provided to agents, as well as internal provisions that require prospective agents to be free from bad loans.

The lack of support for tools such as EDC machines makes the situation worse, especially because most of the villagers are not used to using m-banking services, making cash transactions difficult. In addition, agents' complaints about the lack of transparency in the fee reporting system and changes in application features that cause confusion also have an impact on partner satisfaction and operational effectiveness.

One of the main strengths of Bank Jatim is its extensive network throughout the East Java region. To maximize this potential, a practical step that can be taken is to form a joint marketing and MSME team to actively recruit Laku Pandai agents in transaction-heavy points, such as traditional markets and MSME centers in the city of Malang and its surroundings. Recruitment is carried out by contacting KUR active debtors who meet certain criteria, such as paying smoothly and having a permanent business, then being offered online training via WhatsApp Group and cash incentives directly after officially joining.

Bank Jatim can also disseminate visual testimonials from successful MSMEs to social media and village offices, as well as invite local figures to become bank ambassadors, in order to strengthen the pro-MSME narrative and public trust in Bank Jatim as a safe and trusted local institution.

Regarding *weaknesses*, the limitations of digital infrastructure and the absence of EDC machines in many agencies are operational challenges. As a practical solution, Bank Jatim can launch a small (<5MB) lightweight agent application that can be used through Android. To support the completeness of the service, agents are also given cheap Bluetooth printers on a subsidized basis (for those who have transactions >20 times per month).

The distribution of EDC machines is carried out in stages with priority to the 100 most active agents in each region, city or district. For complaints of irregular fees and complicated applications, Bank Jatim needs to simplify the appearance of the application and improve the digital reporting feature. Helpdesk services via call centers and technical WA groups must also be improved, accompanied by agent technical training at least once every three months.

In terms of opportunities, great opportunities exist in hard-to-reach areas. Bank Jatim can collaborate with the village government, teachers, and religious leaders to organize a roadshow around the village using the "Edukasi Laku Pandai" mobile car.

Community-based strategies can be strengthened by providing direct incentives (e.g., Rp25,000 credit or e-wallets) to community leaders who successfully recommend prospective agents. The "Get Agent Agent" program can also be maximized by a digital referral system (using QR Codes) and the installation of invitation banners at active agent stalls. The optimization of PBB payments through agents is also strengthened by training special agents for PBB payments and providing a fixed fee of IDR 2,000/transaction.

There are threats that the increasing popularity of fintech and e-wallets can be faced with active campaigns through short educational videos that are sent regularly through WhatsApp agents, explaining the advantages of the cash withdrawal and bank account opening features.

The absence of EDC in many places was addressed by the launch of cash withdrawal methods via SMS OTP without machines, especially in low-signal areas. To overcome recruitment barriers due to bad credit exemption requirements, alternative routes were created in the form of RT/RW recommendation letters and community social verification, as well as additional incentive programs for those willing to improve their credit scores.

Digital competition is responded to by improving applications based on direct feedback from agents, transaction security training for customers and agents, and providing real-time transaction monitoring dashboards by the head office.

SWOT Aspects	Factor	Strategy & Solutions
Strengths	Wide network in East Java	Forming a special task force from the marketing team and MSME team to recruit agents in dense

		economic activity points such as Malang and its surroundings and use bank transaction data to identify potential locations
	Potential KUR debtors become agents.	Screen active KUR customer data based on payment history and residential location, then offer intensive training via WhatsApp Group and Zoom, with direct registration fee incentives if they join.
	A positive image of regional banks	Print testimonials from successful MSMEs and distribute them in the form of posters and videos in village offices and traditional markets as a form of the "Bank Jatim Pro-MSME" campaign. Also, local community leaders should be invited to become ambassadors of Laku Pandai.
Weaknesses	Limitations of digital infrastructure	Develop a lightweight <5 MB Android-based app for agents, containing only cash withdrawal and balance check features. Distribute portable (thermal) Bluetooth printers to agents that have more than 20 transactions/month.
	No EDC machine	Prioritize the 100 most active agents in the regions, cities, or districts with the highest

		transactions to get EDC subsidies. Create an online registration form specifically for agents who want to apply for an EDC, accompanied by a training video for use.
	Fee reporting is not orderly, and the application system is complained about	Improve reporting systems and applications, conduct training, and provide open technical assistance services.
	PBB exclusive via Bank Jatim	Optimize agents as a PBB payment point to increase agent fees and attract incoming transactions.
Opportunities	Expansion into hard-to-reach areas	Establish formal cooperation with village heads and RTs to hold an educational roadshow for Laku Pandai around the hamlet (using a mobile car) at least once a month.
	Community-based approach	Study figures, youth organizations, and PKK will be involved as agent recruitment partners. Give a direct incentive (Rp50,000 cash) to each agent recommended by the community.
	Agent Gain Agent & Promotion Program	Launch a referral program with prizes such as IDR 25,000 credit/successful agent. Distribute printed flyers and QR Codes for registration via active agents.
	PBB exclusive via Bank Jatim	Instruct active agents to convey to citizens that PBB payments can only be made through them,

		and give a fixed fee per transaction of Rp2,000 to make it attractive.
Threats	Fintech and e-wallets are growing in popularity.	Cash security and advantage education: Create a short educational video (max 2 minutes) about the cash withdrawal feature and new accounts, then distribute it via WA status of agents and village groups.
	The absence of EDC restricts withdrawals.	Develop the cash withdrawal feature via application without EDC using a manual QR or PIN OTP via SMS. Agents enter the number and confirm via OTP code.
	Bad credit-free conditions hinder recruitment.	Create an alternative recruitment path based on letters of recommendation from the head of RT and RW. Agents can still be accepted if they pass social verification and a short interview via phone.
	Digital competition & and security education needs	Conduct monthly online training for agents and customers on how to secure transactions. Provide offline educational posters at agent stalls and village offices.

Source: Researcher Results

While it aims to maintain quality, it indirectly screens out a large number of potential potential agents who actually have a strong social network in their community. The security aspect of transactions must also continue to be improved, even though the OTP system has been implemented at this time. The public needs to be given comprehensive education so that they have a sense of security and trust in using the services of East Java Agents regularly.

Considering the overall results of the SWOT analysis, it can be concluded that the development strategy of East Java Agents must be designed adaptively, by optimizing the strengths and opportunities it has, while continuing to improve weaknesses and anticipate threats that arise along with the development of the times and technology.

CONCLUSION

Based on the results of the SWOT analysis and interview data that has been conducted, it can be concluded that Bank Jatim's strategy in increasing the number of Laku Pandai (East Java Agents) has great potential to encourage financial inclusion in the East Java region, especially in areas that have not been reached by conventional banking services. Bank Jatim has taken advantage of internal strength in the form of a wide institutional network, credibility as a regional development bank, and strong relationships with debtors as a basis for agent recruitment.

In addition, the routine mentoring and evaluation system shows that serious efforts have been made to maintain the quality of East Java Agent services. However, there are a number of weaknesses that need to be considered, such as the limitation of technological infrastructure, the absence of EDC machines that limit public access to cash services, and the fee reporting system that is still considered less transparent by agents. In the external context, Bank Jatim is faced with challenges from fintech and e-wallets that offer ease of digital-based transactions, as well as internal policy limitations that limit the growth space of new agents.

Development opportunities remain wide open, especially through expansion into remote areas, community-based approaches, and more aggressive promotions such as the Get Agent program. In order for this program to run sustainably, innovation in marketing strategies and strengthening digital infrastructure is needed. Bank Jatim must also pay attention to the needs of operational complements such as the provision of EDC machines, and improving the quality of applications to be more user-friendly for agents.

As a method recommendation, the researcher suggests that further research can use a mixed-method approach (qualitative and quantitative) in order to explore a broader perception of customers and agents through surveys, as well as strengthen the findings with statistical analysis. In addition, researchers can further expand the scope of the study by comparing strategies between other regional banks in the implementation of the Laku Pandai program to get a more comprehensive and contextual picture.

Policy recommendations that can be proposed include the need for the formulation of special incentives from local governments for bank agent partners operating in disadvantaged areas, as well as regulatory encouragement from the OJK so that regional banks receive support in the procurement of adequate digital infrastructure. In addition, Bank Jatim needs to design an internal policy that is more flexible in the agent recruitment process while maintaining the principle of prudence, for example, through a rehabilitation program for problematic debtors who want to become agents. This program not only increases the number of agents but also promotes the transformation of the local economy based on inclusive finance.

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