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# The Importance of Priority Banking Services in Indonesia

Nabsiah Abdul Wahid<sup>a,\*</sup>, Syafrizal<sup>b</sup> and Ishak Ismail<sup>c</sup>

<sup>a</sup>School of Business, Universiti Sains Malaysia, 11800 Minden, Pulau Pinang, Malaysia.

<sup>b</sup>Faculty of Economics, Andalas University, Kampus Unand Limau Manis, Padang 25000,

<sup>c</sup>School of Management, Universiti Sains Malaysia, 11800 Minden, Pulau Pinang, Malaysia.

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### ABSTRACT

The aim of this study is to identify factors that leads to the importance of priority banking services in Indonesia through available secondary data found in the literature. The factors include bank customer's characteristics, the amount of bank deposits and investments made in retail banks, and the range of products/services offers by different banks. The study also describes the definitions and characteristics of priority banking services. Using categorization of customer's segments, the authors explain why this service and customers are both important to the Indonesian banking industry in particular retail banks to date and in future.

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### 1. Introduction

Retail banking business has been developing in Indonesia since two decades ago (1990s). It contributes importantly to third party funds, interest income from consumer credits, and fee based income obtained by banks especially after world's financial crisis in 1997. The crisis was the turning point for banking industry in Indonesia as acquisition and mergers activities were carried out actively as instructed by the Central Bank of Republic of Indonesia (CBRI) in the attempt to improve banks' capital growth (Syafrizal, Abdul Wahid and Ismail, 2012). Nv Nederlansch Indische Spaar En Deposito Bank (Bank NISP), Bank International Indonesia and Bank Buana are examples of bank acquisition outcomes whereas Bank Export Import, Bank Dagang Negara, Bank Bumi Daya, and Bank Bapindo were the result of the merger actions. The outcome of all these actions is the acknowledgement of retail banking as the new source of growth for the bank industry in Indonesia. To help accelerate the growth of the retail banking sector, banks have carried out a series of serious effort and investment (and this continues today), like, adding more bank branches to improve bank's network, increasing the number of automatic teller machines (ATMs) at various strategic places, adding and refining electronic data capture (EDC), expanding on the use of information technology and introducing more new bank product/services to customers. These efforts and investments are very much related to customer relationship management (CRM) concept which promotes the belief that they can help banks in creating, maintaining and enhancing their relationship with their customers (e.g. customer satisfaction, loyalty) (Syafrizal, Abdul Wahid and Ismail, 2011). It is observed that these efforts have indeed helped the retail banking to grow rapidly since year 2000, three years after the financial crisis happened. Now, the retail bank sector is competitive with many players, totalling

109 banks altogether (Syafrizal et al., 2012). Today, the big names in the marketplace include Bank Mandiri, Bank Rakyat Indonesia, Bank Central Asia, Bank Negara Indonesia, and Bank CIMB Niaga.

Yarman (2008) observed that the Indonesian retail banking customers today are categorized into three main segments based on how much volume customer deposit in the bank; i.e. mass (bank deposits are less than US\$50,000/500 million rupiah), affluent (bank deposits are between US\$50,000/500 million rupiah to US\$1,000,000/10 billion rupiah) and high net worth individual (HNWI) (bank deposits are more than US\$1,000,000/10 billion rupiah). As Yarman (2008) further explains, banks provide different services to accommodate the needs of these three different customer segments. The different requirements on the bank's minimum deposits for each of the three segments are strategically used by the banks to differentiate the range of products offered and/or services they provided for each segment.

### 2. The Emergence of Priority Banking Services in Retail Banking

With continued changes that have happened within the banking industry in Indonesia, it is observed that retail banking has transformed itself to be the financial 'supermarket' for individual customers. Depending on what individual customers need, retail banks now offer them with wide ranges of financial assistance. As an example, the range of services provided for individual customers can be from merely helping them to open savings accounts (with simple purpose of depositing and/or withdrawing money) to a more complicated wealth management services like advising customers on total management of their financial affairs (usually for select, wealthy, high end customers).

Tele:

E-mail addresses: [ajosyafrizal@yahoo.com](mailto:ajosyafrizal@yahoo.com)

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In general, wealth management service refers to the advisory discipline which combines and tailor made financial planning, investment, portfolio management, tax and estate planning and inter-generational wealth transfer (www.hubbis.com) together as needed. With the increased number of retail banks around and intense competition amongst them, the Indonesian banks have taken note of the wealthy or affluent customers' existence as the opportune niche market or segment that can contribute to profitable bank's growth. The recognition of this customer segment's importance leads to the labeling of them as the priority banking customers (PBC) as well as the introduction of a new kind of bank service known as priority banking services (PBS). Purnomo (2011), a retail bank's practitioner in Indonesia estimated that the country today has more than 1.1 million affluent customers. The increased number of bank's wealthy customers justifies the need for banks to offer the PBCs with a wide range of banking and financial products and services that they may need.

### 2.1 Definition of Priority Banking Services

According to the Central Bank Republik of Indonesia's regulation (*surat edaran BI No.13/29/DPNP, tanggal 9 Desember 2011*), PBS or *layanan nasabah prima* is part of bank business that provides product and/or activity with certain privilege for premium (*prima*) customers. In this regulation's definition, premium customers are referred to individual customers who fulfill a certain criteria as stated/determined by the bank in order to use bank facilities with certain privilege compared to the other general/regular bank's customers. There are two important aspects that should be noted from this definition; the first is on the type of bank's product and/or activity which focuses on the ones that are tied with certain privilege(s) (i.e. it is specially packaged); while the second is on the type of select customer group to be served by the bank (i.e. the premium customers, or PBCs) who are the target of the PBS. In line with the PBS's definition above, retail banks in Indonesia have since design a special product package for PBS that applies the concept of 'one stop financial services centre' for the wealthy affluent customers (or PBCs). In this special package, the customers are not only offered a wide range of bank's products, but also offered other types of investment products such as mutual fund, bond, mortgages, stock and bank insurance to complete their financial needs. To facilitate a smooth delivery of PBS activity, retail banks provide their PBCs with special outlets or bank lounges that come with luxury interior design and managed by a special team of bank's employees. A number of dedicated relationship managers are also assigned for these customers to manage their assets in the bank following closely the wealth management concept. This is considered worthwhile as the PBCs are premium and affluent customers whose investable assets are between US\$50,000 to US\$1,000,000 (more than 500 million rupiah) in total. Thus, it is justified that the offer of PBS for these affluent customers should be different from the regular bank services offer meant for bank's mass customers; and that the affluent customers are treated with privileges rather than for the mass customers.

As earlier stated, affluent customers are wealthy customers and they usually have special financial and banking needs. Without PBS, in the past, these customers have to deal with many bank and/or financial related institutions before they can purchase or consume the full set of financial products/services they require. For example, in the case of an affluent customer needed to purchase an insurance scheme, a mutual fund and opening a saving account; s/he has to deal with each specific insurance, mutual fund and saving institutions or agencies to

ensure that all of the financial products/services can be purchased. However, today, with the introduction of PBS, the affluent customer who is now treated as the PBC will be personally attended to by the bank with the help of a relationship manager that has been assigned to him/her to settle all of these financial needs/purchases. In other words, the PBC has the advantage over the other mass customers whereby s/he can be sure that all of his/her wide ranges of financial needs (e.g. saving account, mutual fund, mortgage, bond, insurance, etc.) are purchased and efficiently managed in the time s/he requires with the help of the relationship manager (the 'one stop financial services centre') by the retail bank in question.

### 2.2 Characteristics of Priority Banking Services

There are three main characteristics of PBS which have been observed to be displayed in the marketplace.

a. PBS offer value added banking products (Mubarak, 2010; www.bni.co.id) – The value of PBS lie in the 'one stop centre of financial assistance' offer packaged for consumers which includes the availability of various investment products, bankassurance, etc. apart from the available range of bank products.

b. PBS display an exclusive, upper class image for PBC (Gemes et al., 2008; www.hlb.com.my) through the delivery of personalised service served in exclusive priority outlets or bank's lounges (i.e. the priority outlet is designed with luxury interior design equals with five star hotel to welcome customers for banking transaction and/or consultation activities; PBS's relationship manager enjoys immediate access to customer and product information to provide prompt response to customer's request; and meeting with fund manager or insurance sales agent can be booked in advance). As Gemes et al., (2008) noted, the affluent customers of Citibank (Citigold members) can meet with either the relationship manager or any other special officer that deals only with mass affluent customers at all times as they choose.

c. PBS offer other benefits or privileges not necessary related to bank's main products (Sen 2009; www.hlb.com.my; www.mandiri.co.id) - Apart from bank's financial products and services, PBS offer other product/services such as free magazine, medical advisory, travelling advisory, customer gathering, life style and business seminars, entertain invitation, concierge services, airport handling, airport transportation, birthday gift, etc. to fulfill the customer's life style. For example, Bank Mandiri is known to offer various non financial services to its PBCs such as free magazines (two life style magazines and one priority magazine sent to PBC's home address), medical second opinions (domestic or foreign based), special invitations to attend social events or activities (e.g. entertainment, seminars, customer gathering, sport tournament), special gift and assistance (e.g. birth day gift, airport baggage wrapping, concierge services, golf clinic and golf privilege card). According to Molyneux and Amarini (2008), traditional/basic retail banking offers (or referred to as standard banking products) are provided by retail banks for all customers i.e. targeted for the mass segment customers; whereas the priority banking and private banking offers (this refers to a provision of a one stop centre services for selected customers) by the banks are primarily targeted for the affluent and HNWI customers only.

### 2.3 Characteristics of Priority Banking Customers (Affluent Customer)

With assets between US\$50,000 to US\$1,000,000, retail banks in Indonesia realized the importance to understand their affluent customer segment that is the main target for PBS.

**Table 1. Number of Deposit Account in Indonesia in 2010-2011**

No	Group of Deposit	Number of Deposit Account			Deposit Value		
		2010	2011	Growth (%)	2010	2011	Growth (%)
1	<500 juta rupiah	89606.48	98266.82	9.66	708.36	784.34	10.73
2	> 500 juta rupiah	501.66	543.42	8.32	1292.26	1597.74	23.64
		90,108.14	98,810.24	0.0966	2,000.62	2,382.08	19.07

Sources: LPS 2011.

**Table 2. Portrait of Priority Banking in Top 5 Retail Banking in Indonesia in 2011**

No	Bank	Priority Customers (2011)	AUM 2010	AUM (2011)	Growth of AUM
1	Mandiri	50,000	95 <sup>a</sup>	102.5 <sup>a</sup>	8%
2	BRI	10,000	10 <sup>b</sup>	14 <sup>b</sup>	40%
3	BCA	90,000	100 <sup>c</sup>	na	-
4	BNI	11,250	24.8 <sup>d</sup>	32 <sup>d</sup>	29%
5	CIMB Niaga	45,000	na	30 <sup>e</sup>	-

Sources: a= Arthur Gideon (2011), b= Jakarta (IFT) (2011), c= Guritno, Manuputty and Birdieni (2010), d= Satrio Purnomo (2012: April) e= Rifki Maulana (June, 2012)

**Table 3. Product and services of priority banking of some retail banking in Indonesia**

No	Name of Priority Services	Banking Products/Services	Investment/ wealth mgt services	Other Benefits/Services
1	BCA Prioritas	<ul style="list-style-type: none"> <li>✓ Value added retail banking product.</li> <li>✓ Safe deposit box</li> <li>✓ Bankassurance</li> <li>✓ BCA priority lounge</li> <li>✓ etc</li> </ul>	<ul style="list-style-type: none"> <li>✓ Wealth management</li> <li>✓ Mutual fund</li> <li>✓ Retail bond (ORI/SUKUK)</li> <li>✓ Insurance</li> <li>✓ Dedicated RM</li> <li>✓ Etc</li> </ul>	<ul style="list-style-type: none"> <li>✓ Medical advisory</li> <li>✓ Airport executive lounge</li> <li>✓ Customer gathering</li> <li>✓ Free Magazine</li> <li>✓ Seminar series</li> <li>✓ Entertainment invitation</li> <li>✓ etc</li> </ul>
2	BRI Prioritas	<ul style="list-style-type: none"> <li>✓ Deposit (saving account, current account, deposit account),</li> <li>✓ Bancassurance.</li> <li>✓ BRI Pension</li> <li>✓ Center of Priority Service</li> <li>✓ Call Center Services 24-hour,</li> <li>✓ Meeting Room facilities</li> <li>✓ etc</li> </ul>	<ul style="list-style-type: none"> <li>✓ Mutual Funds,</li> <li>✓ Retail bond (ORI/SUKUK)</li> <li>✓ Insurance</li> <li>✓ Exclusive Priority Banking Officer (RM)</li> <li>✓ the management of wealth</li> <li>✓ etc</li> </ul>	<ul style="list-style-type: none"> <li>✓ Airport Executive Lounge,</li> <li>✓ Car parking in all outlets,</li> <li>✓ Appreciation Event,</li> <li>✓ Personal Travel Assistant,</li> <li>✓ Personal Travel Insurance,</li> <li>✓ Privilege Lifestyle,</li> <li>✓ Charity Event,</li> <li>✓ Intellectual Seminars,</li> <li>✓ Gala Dinner,</li> <li>✓ Orchestral,</li> <li>✓ Seminar of Economics and Business,</li> <li>✓ Religion Day celebration,</li> <li>✓ Resto Discount Promo,</li> <li>✓ Free Magazine,</li> <li>✓ Concierge Service,</li> <li>✓ Free tickets cinema in particular time and place.</li> <li>customer gathering.</li> </ul>
3	Mandiri Prioritas	<ul style="list-style-type: none"> <li>✓ Free Annual Fee Mandiri Platinum credit card,</li> <li>✓ Safe Deposit Box, Meeting room</li> <li>✓ Consolidated statement of customer account.</li> <li>✓ Various value added banking products/services</li> <li>✓ Priority outlet</li> <li>✓ Bankassurance</li> <li>✓ etc</li> </ul>	<ul style="list-style-type: none"> <li>✓ Wealth Management</li> <li>✓ Mutual fund</li> <li>✓ Retail bond (ORI/SUKUK)</li> <li>✓ Insurance</li> <li>✓ Dedicated RM</li> <li>✓ Etc</li> </ul>	<ul style="list-style-type: none"> <li>✓ lifestyle magazine,</li> <li>✓ priority magazine,</li> <li>✓ Souvenir (welcoming pack),</li> <li>✓ Birthday gift,</li> <li>✓ Airport Executive lounge</li> <li>✓ Airport, handling</li> <li>✓ Airport Baggage Wrapping,</li> <li>✓ Golf clinic &amp; golf privilege card,</li> <li>✓ Medical second opinion,</li> <li>✓ Lifestyle,</li> <li>✓ concierge,</li> <li>✓ SMS market update,</li> <li>✓ Merchant discount,</li> <li>✓ Event eksklusif,</li> <li>✓ Free Magazine</li> <li>✓ etc</li> </ul>
4	BNI Emerald	<ul style="list-style-type: none"> <li>✓ The diversity of banking products,</li> <li>✓ Discretion in cash withdrawal transactions,</li> <li>✓ Free Save Deposit Box,</li> <li>✓ Emerald Lounge,</li> <li>✓ Complimentary BNI Platinum Visa,</li> <li>✓ Privilege of MasterCard Worldwide,</li> <li>✓ Bancassurance</li> <li>✓ Emerald benefit For you and your prosperity</li> <li>✓ Emerald benefit For your daily banking</li> <li>✓ Emerald experience</li> <li>✓ Get exclusive service only in BNI Emerald</li> <li>✓ Our Emerald outlet more than just a regular branch.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Wealth management</li> <li>✓ Money Market,</li> <li>✓ Mutual Fund Investing 100% Fixed Income,</li> <li>✓ Fund Invest minimum 80% in debt securities,</li> <li>✓ Equity Fund Investing in securities minimum 80% stake,</li> <li>✓ Government Bonds,</li> <li>✓ Corporate Bond,</li> <li>✓ Retail Bonds,</li> <li>✓ Dedicated RM</li> <li>etc</li> </ul>	<ul style="list-style-type: none"> <li>✓ International &amp; Domestic Medical Assistance,</li> <li>✓ Travel Assistance,</li> <li>✓ Concierge Services and other exclusive services.</li> <li>✓ Executive Airport Lounge,</li> <li>✓ Free Gift &amp; Greeting Card,</li> <li>✓ Free Magazine,</li> <li>✓ Member Gathering,</li> <li>✓ Special Discount on preferred merchants.</li> </ul>

Sources: www.bni.co.id; www.mandiri.co.id; www.bca.co.id; www.bri.co.id.

The bank's ability in understanding the customers' characteristic is crucial as it allows the bank to design and offer appropriate PBS. The literature has noted the characteristics of these affluent customers. For example, they are known to be mobile, sophisticated and busy (Gemes et al., 2008). Asian affluent love to engage themselves in a global lifestyle like enjoying the international cuisine, going for global travel and displaying to others their above average ownership of high-end luxury brands such as Louis Vuiton, Armani, Rolex, Nordstorm, etc. (Chipongian, 2011). In addition, Asian affluent are also called the style setter as they exhibit strong interests in fashion, style and shopping ([www.mediapost.com](http://www.mediapost.com)).

According to [neilsen.com](http://neilsen.com) blog, the affluent in Indonesia love to engage in conspicuous consumption behavior in order to get recognition. They tend to show others that they can afford luxury goods or are able to engage in luxury activities such as attending musical concert, play golf, attend Formula One competition, etc.; they demand to be given special attention and treatment; and that they want to be perceived as a distinctive and privilege group. In addition, according to [www.stevensonfinancialmarketing.wordpress.com](http://www.stevensonfinancialmarketing.wordpress.com), the affluent want more for their money - the more money they put in a bank, the higher they put their expectation of the service(s) they use or consume. However, they are also known to worry about their children's college education ([stevensonfinancialmarketing.wordpress.com](http://stevensonfinancialmarketing.wordpress.com)); that in Indonesia, they are observed to have started to invest for the future prospect of their children ([blog.nielsen.com](http://blog.nielsen.com)). Although they wish to leave their inheritance to their children, they also save and invest more for their future than they spend; as they worry about replacing their paycheck in retirement; on which it was reported that they save between US\$4,000 and US\$10,000 monthly for their retirement ([stevensonfinancialmarketing.wordpress.com](http://stevensonfinancialmarketing.wordpress.com)). In addition, Charles B. Wendel's (2008) study found that 38% of his affluent respondents view retirement asset as the most important financial asset. The finding makes sense and is in line with the other reports on the affluent segment's perception that stresses on the importance for them to be able to enjoy their life in their old age.

What these documented characteristics of affluent customers show is that they can serve as the primary inputs or factor for retail banks when designing PBS and other service privileges or benefits for the PBCs. As an example, the affluent customers' global life style can be the basis for retail banks to offer this group with products like travelling insurance, debit and credit cards that can be used internationally with higher limit of payment and discount facilities in many merchants, airport transportation, airport handling, concierge service, traveling assistant, etc. which the group seem to need and love to have. In other words, PBS will be best designed by retail banks that show comprehensive understanding of their affluent customers.

The importance of PBS to be offered by retail banks is in line with many findings and suggestions made in the literature. For example, according to Bank of America, half of mass affluent customers are lacking in written financial plan and almost a third of them never had one ([stevensonfinancialmarketing.wordpress.com](http://stevensonfinancialmarketing.wordpress.com)). The lack of ability to plan and manage their finance issues is seen by banks and other financial institutions as opportunity to offer special wealth management services. Sallie Krawcheck, who runs the global wealth business for Bank of America, was quoted to say that the bank is targeting customers who "haven't shown a

fondness for financial planning" ([stevensonfinancialmarketing.wordpress.com](http://stevensonfinancialmarketing.wordpress.com)).

As affluent customers are mobile, sophisticated, very busy, and Gemes et al., (2008) in their study found that affluent customers' demand association with only financial advisors that are equipped with specialized knowledge, as well as demand flexibility to schedule meetings with these advisors easily. As much as 84% affluent customers with investment less than US\$500,000 were found to choose bank as their main financial provider (Wendel, 2008). While the importance of bank is indicated, unfortunately, previous studies also found that 3 out of 10 respondents surveyed stated that they do not trust the financial advisor(s)/relationship manager(s) in their main bank ([www.stevensonfinancialmarketing.wordpress.com](http://www.stevensonfinancialmarketing.wordpress.com)); mainly because nearly half of the respondents stated that many of these relationship managers contact the affluent customers only to sell the product rather than to develop relationship (i.e. only to sell and push something) ([www.stevensonfinancialmarketing.wordpress.com](http://www.stevensonfinancialmarketing.wordpress.com)).

These findings posit on the need to offer PBS as well as on the critical need to develop a strong relationship between bank's relationship manager and affluent customers to gain and enhance their customers' trust so that they continue to choose the bank as their main bank for their finance issues. Retail banks have to be ready to appoint the right relationship managers that are equipped with financial and CRM knowledge as well as committed to make the relationship works. In short, the relationship manager, through his/her frequent interactions with his/her affluent customers, should be able to develop a better understanding of his/her customer's financial condition, financial goals, financial objectives, and customer's risk preferences which will then be used in the design and proposal of suitable investment products and advices for them and continue to do so in the future to ensure maximum returns.

### 3. Methodology

Previous sections have described the definitions and characteristics of PBS as well as its customers. The findings from the secondary data have been used to provide opportunity evidence and suggestion for the creation of PBS by retail banks in Indonesia. To further achieve the aim of identifying factors that leads to the importance of PBS in Indonesia, more secondary (statistical) data found in the literature (e.g. information on deposits by Indonesian Deposit Insurance Corporation (LPS 2011), information on priority banking by [infobanknews.com](http://infobanknews.com), Gatra, [indonesiafinancetoday.com](http://indonesiafinancetoday.com)) are extracted and used for further analysis.

## 4. Findings and discussion on importance of PBS in Indonesia

### 4.1 Deposit accounts

Data in Table 1 which are extracted from Indonesian Deposit Insurance Corporation (IDIC 2011) report shows that the number of deposit account with deposit above 500 million rupiah (US\$50,000) has increased by 8.3% (from 501,660 accounts in 2010 to 543,420 accounts in 2011). In addition, the data shows that the volume of deposit for deposit account above 500 million rupiah (US\$50,000) has also increased by 24% (from 1,292.26 trillion rupiah in 2010 to 1,597.74 trillion rupiah in 2011).

Table 1 statistics show us that there are 543,420 number deposit accounts with deposit above 500 million rupiah. Meanwhile, according to Purnomo (2011) there are 1.1million of affluent customer in Indonesia in 2011. If we assume the total number of affluent customer and HNWI customers in Indonesia are currently 543,420 customers, it implies that the potential

market in priority banking is still big enough. Regarding the high potential market in this affluent and HNWI segment, retail banks have increased their speed to develop infrastructure of priority banking by developing priority outlet/lounge especially in every big city. Beside that retail bank also acquire or establish cooperation with other financial institution such as insurance and securities companies in order to provide various investment products for customers.

The increased number of customer's deposit accounts in Indonesian banks indicate that the number of wealthy, affluent customers have also increased concurrently. Since they are known to be mobile, sophisticated and busy, while at the same time are very concerned about their savings and investments for retirements, the increased number of these affluent customers in Indonesia means that banks are provided with golden opportunity to offer them with various financial products they require like PBS. The increased need of PBCs with various financial and lifestyle products that they want to be delivered to them via exclusive/premium service can be considered as the factor for retail banks to offer PBS in Indonesia.

#### 4.2 Development of Priority Banking

Data in Table 2 which have been extracted from many sources exhibits the portrait of priority banking of top five retail banks in Indonesia in 2011.

The data shows that there is variation condition in PBS performance in Indonesia by 2011. The variation may be due mainly to the fact that the banks started to offer their PBS at different times; as well as the fact that this act is closely related to each bank's positioning and marketing strategy in the marketplace. Within the top five retail banks, Bank Mandiri, BCA and BNI show better PBS performance than the other banks. This is reflected from the value of asset under management (AUM) of these banks which are higher than others. The result is expected as the three banks have large customer bases and have better banking infrastructure than the others. Thus, the banks may not find it difficult to convert affluent customers to be PBCs. However, the data also show that although BRI is categorized as one of the top five retail banks, its PBS performance is still low. This may be due to the fact that this bank is a late comer and is relatively new in PBS (it started PBS in 2008). However, it is possible for this bank to show better performance over time.

#### 4.3 Products and Services of Priority Banking in Indonesia

Table 3 displays the items of the range of products and services offered by selected Indonesian banks. Data for this is extracted from various published sources by the banks (e.g. websites, brochures, campaigns, etc.). From this table, it can be seen that PBS are offered through three groups of products/services; namely, banking product and services; investment product, insurance and wealth management services (by appointed relationship manager); and other benefit or non financial services.

Linking PBS to its characteristics, i.e. it can be seen that PBS offered by these banks are value added in nature; the deposits and consumer credit are filled with various features that suit the customer's need. This means that PBC can distribute his/her money among various deposit products that offer various benefits to him/her. For example, a customer of Emerald Saving Deposit can transfer his/her money through ATM up to 100 million rupiah per day, are given a spending limit of BNI Emerald Card up to 25 million rupiah per day for a select merchants, etc.. BNI emerald customers can enjoy an array of benefit from BNI Visa Infinite Credit Card, such as, travel insurance with benefits of up to Rp 10 billion, overseas medical

insurance with benefits of up to Rp 300 million, emergency medical evacuation & repatriation with the benefit of up to Rp 300 million, personal accident benefit up to Rp 150 million, purchase protection with benefits of up to Rp 150 million, travel inconvenience to \$6 million if the flight has been delayed for more than 6 hours.

To complement the deposit and consumer credits, priority outlets are also provided to deliver privilege service to PBCs. The priority outlets are designed with luxury interior design and facilities equals five star hotels to welcome customers for banking transaction and/or consultation activities (e.g. luxury meeting rooms, free food and beverages, wifi facilities). For example, in BNI Emerald priority outlet, customers can receive many services such as banking service, consultation and city check-in and ticketing for most of world class airline, as well as access to the many facilities provided, such as meeting room, food and beverage, wifi, fax and etc

Beside financial product and services, PBS also offer other benefit such as free magazine, medical advisory, travelling advisory, customer gathering, life style and business seminars, entertain invitation, concierge services, airport handling, birth day gift and etc to fulfill customer life style. For example, Bank Mandiri offers various non financial services to priority customers such as free magazine (two life style magazine and one priority magazine), medical second opinion, special invitation (e.g. entertainment, seminars, customer gathering, sport tournament), special gift and assistance (e.g. birth day gift, airport baggage wrapping, concierge services, golf clinic and golf privilege card).

#### 5. Conclusion

PBS is 'one stop financial services centre' provided for affluent customers or PBCs. The services have many characteristics and they are meant to serve only select customer segment, i.e. PBC that will contribute towards bank's profits and growth. This study identifies three factors that contribute to PBS importance in Indonesia; namely they are: bank customer's characteristics, the amount of bank deposits and investments made in retail banks, and the range of products/services offers by different banks. Affluent customers have been identified as the target market for PBS as they love to engage in a global life style, concern about their children education, want to be perceived as privileged people, and show concern with their retirement plans.

PBS is important for retail banks in Indonesia as it contributes to fee based income that result from investments made by PBCs and the availability of third party fund. In regards to the stable economic growth in Indonesia in the future, the growth of affluent customer is predicted to also increase well. Therefore, retail banks in Indonesia should focus to serve this segment as a main source of profitability and growth, now and the future.

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