

RESOURCE-BASED VIEW (RBV) AND VALUE CHAIN BASED INTERNAL CAPABILITY ANALYSIS IN MAINTAINING COMPETITIVE ADVANTAGE IN BANKING SERVICES: A CASE STUDY OF PT BANK CENTRAL ASIA TBK.

Aditya Halim Perdana Kusuma ^{1*}, Ackhriansyah Ahmad Gani ¹, Muthia Indah Permatasari ¹, Andi Muh Adib Asharil ¹, Muh. Farhan Firman ¹

¹ Universitas Muslim Indonesia Makassar, Indonesia

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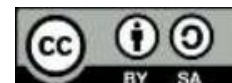
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ABSTRACT

The acceleration of financial technology (fintech) and digital banks (neobanks) has created a highly competitive landscape in the national banking industry. This study aims to analyze the internal capabilities of PT Bank Central Asia Tbk. (BCA) in identifying core competencies and mapping value creation to maintain its position as a market leader. The theoretical framework applied is the Resource-Based View (RBV) through the VRIO matrix (Value, Rarity, Inimitability, Organization) and Value Chain Analysis. The research method employs a descriptive qualitative approach with secondary data collection sourced from annual reports, corporate sustainability reports, and related scientific literature. The Value Chain analysis reveals that BCA generates superior value added in operational activities (IT system security) and services (customer service quality and omnichannel ecosystem). Furthermore, the VRIO analysis indicates that its brand equity as a secure transactional bank, massive low-cost funding base (CASA), and adaptive information technology infrastructure are strategic resources that meet the criteria for a sustainable competitive advantage. Conversely, the high investment cost for maintaining the physical network (branch offices and ATMs) is identified as an internal weakness in the digitalization era. This study recommends that BCA accelerate the migration of physical services to cloud-based digital platforms to reduce long-term operational costs.

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Corresponding Author:

Aditya Halim Perdana Kusuma | Universitas Muslim Indonesia Makassar, Indonesia

Email: adityahalimperdanakusuma@gmail.com

INTRODUCTION

The banking and financial services industry in Indonesia is undergoing a massive structural transformation as the digital era progresses. The emergence of financial technology (fintech) and the rise of digital banks (neobanks) in recent years have radically changed the competitive landscape. These new technology platforms offer easy access, flexibility without physical

branches , and faster financial inclusion for the public . As a result , conventional (incumbent) banks face intense pressure to continue innovating to avoid losing their transactional market share , particularly among younger customers who are highly adaptable to technology .

Amidst the onslaught of technological disruption and intense interest rate competition , PT Bank Central Asia Tbk . (BCA) has successfully demonstrated extraordinary and consistent business performance as the largest private bank in Indonesia. BCA has not only been able to maintain its loyal customer base , but has also successfully dominated the national digital banking ecosystem through the klikBCA platform , BCA Mobile, and the myBCA application . One indicator of BCA's financial strength is its ability to maintain a very high ratio of low-cost funds or Current Account Savings Account (CASA) (above 70-80% of total Third Party Funds). This high CASA ratio provides a strategic advantage in the form of a very low cost of funds , so that BCA is able to distribute credit with a healthy and stable net profit margin (Net Interest Margin).

BCA's success in leading the banking industry amidst external uncertainty has sparked a deep interest in the study of internal strategic management . In a volatile, complex, and ambiguous (VUCA) business environment , competitive advantage can no longer be guaranteed by simply looking at external market opportunities . Companies must focus on evaluating internal capabilities to identify the uniqueness of their resources . The Resource - Based View (RBV) approach is highly relevant for examining how intangible assets such as a reputation for system security , customer loyalty , and a culture of excellent customer service are tested through the VRIO (Value, Rarity, Inimitability, Organization) framework to see their potential as a source of sustainable competitive advantage .

In addition , the integration of Value Chain Analysis is needed to map how BCA configures all its functional activities from risk management , cybersecurity (IT security), to customer service interactions to create superior added value for customers . Although research on BCA's financial performance has been widely conducted , studies that combine the RBV/VRIO and Value Chain frameworks to explore BCA's internal strategic architecture in the digital banking era still need to be expanded . Therefore , this study aims to comprehensively analyze the internal capabilities of PT Bank Central Asia Tbk . in exploiting its core competencies to maintain competitive advantage in the financial industry .

LITERATURE REVIEW

Strategic Management and Internal Environmental Analysis

Strategic management is defined as the art and science of formulating , implementing , and evaluating cross- functional decisions that enable an organization to achieve its goals sustainably (David & David, 2017). In today's highly dynamic market , corporate success no longer relies solely on the ability to identify external opportunities and threats , but rather on management's ability to identify , develop , and mobilize the company's internal strengths (Wheelen et al., 2015). Internal environmental analysis is a comprehensive evaluation process of assets , capabilities , and competencies within a company's functional areas , such as operational management , marketing , finance , and information technology (Hitt et al., 2020).

In the highly regulated banking and financial services sector , internal environmental analysis plays a crucial role . The key characteristics of this industry are trust and risk management .

Therefore , internal scanning focuses not only on cost efficiency but also on how technology governance , risk management , and service quality capabilities are configured into a solid defense system in the face of economic volatility and technological disruption (Wheelen & Hunger, 2012) .

Resource-Based View (RBV) Approach

The Resource-Based View (RBV) approach developed by Barney (1991) shifts the strategic paradigm from an external orientation (industry structure analysis) to an internal orientation . RBV theory states that a company's sustainable competitive advantage is determined by its possession of a unique , valuable , and difficult- to - imitate bundle of resources and capabilities (Rothaermel, 2021) .

RBV theory rests on two main theoretical assumptions (Barney, 1991):

1. Resource Heterogeneity : The assumption that companies in the same industry have different assets , capacities , and internal competencies , so that no two companies are truly identical .
2. Resource Immobility : The assumption that differences in resources between firms can persist in the long run because some strategic assets cannot be easily purchased , moved , or replicated in a free market .

In the modern banking industry, tangible assets such as core capital and physical branch networks are now commoditized because all large banks tend to have them . In contrast , intangible assets such as cybersecurity reputation , brand equity strength , excellent service culture , and customer data processing algorithms have become key differentiators . Based on the RBV perspective , these intangible assets have a much higher strategic advantage because they are embedded in the history and social complexity of the organization , making them very difficult to imitate by new competitors or fintech (Barney, 1991).

VRIO Framework

To determine whether an internal resource or capability can serve as the foundation for long - term competitive advantage , Barney (1991) formulated an evaluation instrument known as the VRIO framework . This framework tests resource quality through four key indicators (Rothaermel, 2021) :

1. Value : Do these resources or capabilities enable the company to respond to market opportunities or neutralize external environmental threats effectively ?
2. Rarity : Is the resource or capability only controlled by a handful of existing competing companies ?
3. Inimitability: Do competitors face significant cost barriers , patents, historical conditions , or causal ambiguity if they try to replicate the resource ?
4. Organization (Organized): Are the company's organizational structure , control systems , business processes , and remuneration policies optimally designed to exploit the full potential of these valuable , rare , and difficult - to-imitate resources ?

Through VRIO analysis , management can map the company's competitive position into four levels : competitive disadvantage , competitive parity , temporary competitive advantage , or sustainable competitive advantage .

Value Chain Analysis of the Banking Sector

If the VRIO framework focuses on assessing the characteristics of resources , then Michael Porter 's Value Chain Analysis (1985) focuses on how these resources are mobilized through a series of daily business activities to create added value for consumers . Porter (1985) emphasized that the value chain concept is very relevant for service industries such as banking, by making functional adjustments to the components of its activities .

Internal banking activities are divided into two functional groups :

1. Primary Activities

Activities directly involved in the process of collecting funds, distributing credit , managing transactions , and interacting directly with customers :

- a. Inbound Logistics: The process of collecting public funds (Third Party Funds) through the management of savings , current accounts , and deposits , with the main focus on optimizing the ratio of low-cost funds (Current Account Savings Account/CASA).
- b. Operations : Transaction clearing process , online payment system management , creditworthiness processing and analysis (underwriting), and cybersecurity infrastructure management (IT security).
- c. Outbound Logistics : Provision of distribution channels and transaction accessibility for customers , both through physical networks (branch offices , ATMs) and digital channels (mobile banking, internet banking, API connections).
- d. Marketing and Sales : Promotional activities for savings and credit products , corporate customer relationship management (B2B), loyalty programs , and strategies to strengthen brand reputation as a credible financial institution .
- e. Services : Integrated customer complaint service center (call center), resolution of financial transaction problems , handling of system error claims , and priority customer service management .

2. Support Activities

Activities that provide infrastructure , expertise and supporting technology so that all main banking activities can run safely and efficiently :

- a. Firm Infrastructure : Good Corporate Governance structure , risk management function , regulatory compliance , and internal audit system .
- b. Human Resource Management : Recruitment of information technology and banking talents , service excellence training for tellers and customer service , and risk management expertise certification .
- c. Technology Development : Development and maintenance of Core Banking System, cloud computing architecture , artificial intelligence (AI) for fraud detection , and banking application interface (UI/UX) updates .

- d. Procurement : The process of partnering with vendors providing server hardware, cybersecurity software licenses , and mass - scale procurement of ATM/ EDC machines.

RESEARCH METHODS

Research Design

This research uses a qualitative approach with a descriptive method through a case study strategy . The qualitative descriptive method was chosen because it is able to provide an in - depth , contextual , and systematic picture of the reality of the company's internal capability governance (Sugiyono , 2018). The case study approach was applied because the focus of this research is directed at a single, contemporary , specific unit of analysis , namely PT Bank Central Asia Tbk . (BCA), in order to dissect how strategic assets and core competencies of the banking sector are configured in the midst of the digitalization era (Yin, 2018).

Data source

The data used in this study is entirely secondary data . Secondary data is data obtained indirectly by researchers from the research object , but rather through intermediaries or official documents collected and published by other parties (Sekaran & Bougie , 2016). The secondary data sources in this study include :

1. Annual Report and Sustainability Report of PT Bank Central Asia Tbk . for the last three years , officially downloaded through the information disclosure of the Indonesia Stock Exchange (IDX) and the official corporate website .
2. Academic Literature and Scientific Publications : Accredited journal articles , strategic management and banking textbooks , and business analysis reports from credible financial research institutions that discuss BCA 's operational performance and digital banking strategy.

Data Collection Techniques

The data collection techniques applied in this study are documentation and library research . Researchers conducted searches , recording , sorting , and reviewing written documents and digital data relevant to BCA 's banking operational value chain , asset ownership , and information technology capacity . The data inclusion criteria used were official documents published by corporate authorities or peer - reviewed scientific works to ensure the validity of the information analyzed .

Data Analysis Techniques

The data analysis process was conducted systematically, referring to the interactive analysis model (Miles, Huberman, & Saldaña, 2014), integrated with a formal internal strategic management framework . The data analysis stages are outlined as follows :

1. Data Reduction: Researchers filtered , categorized , and removed irrelevant information from BCA 's annual report . The focus of data reduction was directed at data related to the low-cost funds (CASA) ratio , information technology investment , service quality (service excellence), risk management structure , and office /ATM network operations .

2. Data Display: The reduced data is then grouped and presented into two internal strategy analysis instruments to facilitate visualization :
 - a. Value Chain Mapping: Categorizing BCA 's business activities into primary activities and support activities that are adjusted to the characteristics of the financial services industry according to Michael Porter 's model.
 - b. VRIO Matrix : Tests each of BCA 's core resources and capabilities based on four determining indicators (Value, Rarity, Inimitability, Organization) to map its competitive advantage position over competitors .
3. SWOT (Strengths and Weaknesses) Synthesis : The findings from the value chain analysis and VRIO matrix testing are synthesized to formulate Strengths and Weaknesses components that are internally valid for the corporation .
4. Conclusion Drawing: Drawing final conclusions regarding what internal capabilities are the driving force behind BCA 's sustainable competitive advantage and formulating solution-oriented managerial strategy suggestions.

RESULTS AND DISCUSSION

General Overview of PT Bank Central Asia Tbk .

PT Bank Central Asia Tbk . (BCA) is the largest private banking institution in Indonesia, founded in 1957. The company focuses its business model on the transactional banking segment and provides financial solutions for the corporate , commercial , SME, and consumer segments . In the era of digital transformation , BCA has solidified its position as a market leader through an omnichannel strategy that integrates physical networks with a massive digital ecosystem through the BCA Mobile platform, KlikBCA , and the myBCA application . BCA's main competitive advantage is reflected in its funding structure which is dominated by low-cost funds or Current Account Savings Accounts (CASA) which are consistently around 80 % of total Third Party Funds (DPK).

BCA Value Chain Analysis

Value chain analysis is used to map how BCA configures its operational activities to create low cost of funds efficiency and generate added value in the form of superior transaction convenience for customers .

Primary Activities

- a. Inbound Logistics: This upstream activity focuses on collecting public funds (DPK). BCA's main strength lies in its ability to attract low-cost funds (current accounts and savings) on a massive scale through the provision of reliable daily transaction features. By positioning itself as an " anchor bank " for business and personal transactions , BCA has successfully minimized dependence on high-cost funds (time deposits), resulting in a cost of funds that is much lower than the national banking industry average.
- b. Operations : BCA's operations encompass clearing management , real -time electronic transaction processing , credit underwriting , and data center management . Operations focus primarily on ensuring the reliability of its information technology systems and cybersecurity . BCA implements a layered IT architecture to mitigate the risk of transaction system failures that could disrupt customer cash flow .

- c. **Outbound Logistics** : This activity relates to providing service distribution channels to customers . BCA combines physical channels in the form of conventional branch offices and ATM/EDC networks with digital channels (mobile/internet banking and API connectivity). BCA's digital distribution channel portfolio manages billions of transaction volumes per year , effectively shifting the transaction burden away from physical branch offices and toward the efficiency of automated digital platforms .
- d. **Marketing and Sales** : BCA's marketing strategy focuses on building a reputation as a safe , trustworthy , and solution-oriented bank . Iconic marketing programs such as Gebyar Tahapan BCA have successfully built psychological bonds of loyalty with retail customers . Meanwhile, in the corporate (B2B) segment , BCA's relationship manager team implements a cross -selling strategy of cash management services that are directly integrated with the client 's accounting system .
- e. **Service** : BCA's customer service standards are recognized as among the best in the national service industry . Through its Halo BCA integrated service center , which operates 24/7 across various channels (telephone , chat, and social media) , the company ensures that all customer transaction complaints are resolved quickly . Responsive responses to system errors or indications of debit/ credit card fraud are a determining factor in BCA 's high customer retention rate .

Support Activities

- a. **Firm Infrastructure** : BCA has a very conservative and robust risk management , compliance , and corporate governance system , so that the company's non- performing loan (NPL) ratio is always maintained well below the regulator 's safe threshold .
- b. **Human Resource Management** : The company consistently instills a culture of Service Excellence through intensive training at the BCA Learning Institute. A performance - based compensation system and clear career paths are used to retain top digital and financial talent .
- c. **Technology Development** : Capital expenditure (CapEx) investments are allocated massively for updating the Core Banking System, developing artificial intelligence (AI) to detect suspicious transactions , and providing banking APIs that facilitate transaction integration with various e-commerce and fintech platforms.
- d. **Procurement** : The procurement process for technology infrastructure (such as servers , new ATM machines , and software licenses) is managed centrally through long -term partnerships with global technology vendors to achieve optimal cost efficiency .

Analisis VRIO (Resource-Based View)

In order to evaluate whether the internal capabilities mapped in the value chain are capable of being a source of solid defense against competition with digital banks and fintech platforms, testing was conducted using the VRIO framework as presented in Table 1.

Table 1. VRIO Analysis Matrix of PT Bank Central Asia Tbk .

Internal Resources / Capabilities	Value	Rarity	Inimitability	Organization	Competitive Implications

Dominant Low -Cost Fund Structure (High CASA Ratio)	Of	Of	Of	Of	Sustainable Competitive Advantage
Brand Reputation (Brand Equity) & Social Trust	Of	Of	Of	Of	Sustainable Competitive Advantage
Adaptive Digital Banking & API Ecosystem	Of	No	No	Of	Competitive Parity
Excellent Service Culture (Customer Service Culture)	Of	Of	Of	Of	Sustainable Competitive Advantage
Extensive Branch & ATM Network	Of	No	No	Of	Competitive Parity

Narrative Discussion of VRIO Analysis Results:

1. Low-Cost Funding Structure (High CASA Ratio): The ability to secure low-cost funds with a ratio of ~80% is a highly valuable asset because it reduces the cost of funds to a minimum . This characteristic is very rare and difficult to imitate (inimitable) by competitor banks or new digital banks that must burn cash by offering high deposit rates to attract customers . Supported by an optimal organization , this asset provides a Sustainable Competitive Advantage .
2. Brand Reputation and Social Trust : In the banking business , trust is everything . BCA's reputation as the safest and most liquid private bank has been tested by various economic crises . This historical and psychological value cannot be instantly replicated by new competitors through short -term digital campaigns , thus becoming a Sustainable Competitive Advantage .
3. Excellent Service Culture (Halo BCA & Branches): The standardization of friendliness , speed , and professionalism of BCA's frontline staff is formed through decades of accumulated work culture (social complexity). Competitors who rely on digital automation without a standardized human touch will find it difficult to replicate this level of customer satisfaction , resulting in Sustainable Competitive Advantage .

4. Digital Ecosystem & Physical Network : A mobile application platform and extensive ATM network are invaluable for facilitating transactions . However , the technological capabilities of the application and physical machines are now industry -standard commodities that other banks can purchase and build , positioning BCA at a level of Competitive Parity .

Internal Analysis Synthesis : Strengths and Weaknesses

Strengths :

1. Cost of Funds Well Below Industry Average: BCA's massive CASA ratio dominance frees it from the costly deposit interest rate war .
2. Absolute Level of Public Trust : Strong brand position as the national banking transaction security standard .
3. Superior Quality of Customer Complaint Handling : Halo BCA's responsive infrastructure is the main anchor in maintaining customer loyalty .
4. Very Healthy Asset Quality : Prudential risk management policies result in a very low non-performing loan (NPL) ratio .

Weaknesses :

1. High Physical Network Maintenance Costs : Amidst the digitalization trend , managing thousands of physical branches and ATM /EDC machines requires huge operational overhead compared to the asset - light cost structure of a pure digital bank .
2. Domestic Geographic Dependence : BCA's revenue and business growth are almost entirely dependent on the Indonesian market, resulting in high domestic macroeconomic risk exposure compared to ASEAN regional banks with a diversified international footprint .

CONCLUSION AND SUGGESTIONS

Conclusion

Based on the results of the internal capability analysis at PT Bank Central Asia Tbk . (BCA) using the Resource-Based View (RBV/VRIO) and Value Chain approaches , several main conclusions can be drawn as follows :

1. Value Chain Activity Configuration Excellence : Through Value Chain analysis , BCA has proven its ability to create superior added value in upstream activities (inbound logistics). Its ability to position itself as a major transactional bank has successfully attracted public interest in placing low-cost funds (current accounts and savings) on a massive scale . This has a direct impact on the creation of a very low cost of funds . Furthermore , in service activities , standardization of customer service governance has become a strong pillar of differentiation in maintaining customer loyalty .
2. Defensive Core Competency Ownership : The VRIO matrix test results show that BCA has a sustainable competitive advantage that is based on three main strategic assets , namely : a dominant low-cost funding structure (CASA ratio) , brand equity as a safe bank , and a deep-rooted service excellence culture . These three internal aspects are valuable , rare , and very difficult to replicate by conventional competitors or new

fintech players in the short term . Meanwhile , the application technology infrastructure (BCA Mobile/ myBCA) is in a competitive parity position because it has become a general industry standard .

3. Operational Structure Vulnerability : Despite its strong internal foundation , BCA faces a weakness in the form of high fixed operational overhead for maintaining its physical infrastructure network (branch offices and ATMs). In the digital era that prioritizes asset-light efficiency , this physical burden is a weak point in terms of long -term cost efficiency .

Suggestion

Practical /Managerial Advice for Companies:

- a. Physical Network Rationalization and Digitalization : BCA is advised to gradually transform its conventional branch offices into smart branches or automated digital outlets . This step is crucial for reducing routine operational costs (overhead costs) without sacrificing the company 's physical presence in strategic locations .
- b. Strengthening the Open Ecosystem (Open Banking via API): To face competition from digital banks, BCA needs to expand its strategic partnerships by providing secure banking APIs to various non- financial industry sectors (such as EdTech, AgriTech , and local e-commerce). This strategy will expand customer transaction data capture points without the need to build new physical infrastructure .
- c. Long- Term Regional Portfolio Diversification : To mitigate the risk of geographic dependence on the domestic market , BCA management can begin exploring strategic alliances or minority investments in digital financial corporations in the ASEAN region.

Suggestions for Further Research , further research is recommended to expand the scope of the analysis by combining this internal analysis with an external macro- environmental analysis (using the PESTEL or Porter's Five Forces framework) to produce a more comprehensive SWOT/TOWS analysis . In addition , further research can also use quantitative methods to test the correlation between the amount of BCA's information technology investment and long - term operational cost efficiency (BOPO ratio).

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