STRATEGY TO INCREASE ANNUAL PREMIUM EQUIVALENT (APE) FROM BANCASSURANCE PRODUCTS AT BCA REGIONAL OFFICE V MEDAN

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Abstract

This study discusses strategies to increase Annual Premium Equivalent (APE) for bancassurance products at BCA Regional Office V Medan. The main focus is to utilize internal strengths, such as digital technology through BCA Mobile, to support efficient distribution and expand product reach. The analysis shows opportunities from increasing public awareness of the importance of insurance, supported by financial inclusion and technological developments. However, tight competition and stricter regulations are challenges that need to be overcome with product innovation, customer education, and the use of big data to personalize offers. The strategy involves strategic collaboration with agents and brokers, as well as optimizing digital channels for marketing and distribution. The resulting recommendations can significantly increase APE through product diversification and expansion of distribution networks, while also responding to the needs of the growing market.

Keywords: *Bancassurance, Annual Premium Equivalent (APE), Technology Digital, Marketing Strategy and Product Innovation*

1.INTRODUCTION

This collaboration provides benefits for both parties, namely to expand the market reach for the insurance company itself and increase sources of income/profit in the form of Fee Base Income (FBI) for banks.who work together. PT Bank Central Asia Tbk (BCA) has long been implementing Bancassurance as part of its product diversification strategy. In terms of bancassurance, BCA chose to cooperate and market AIA Financial Insurance (AIA) products since 2007 and is still running until now. The APE value describes the premium value generated from the sale of insurance policies in one year and is an important benchmark in evaluating the effectiveness of the marketing and sales strategy of Bancassurance products. However, although there has been an increase in Bancassurance product sales at BCA, there are still challenges in achieving the desired APE growth target. Several factors that influence this achievement include service quality, customer trust, product innovation, and the effectiveness of marketing and sales strategies.

2.LITERATURE REVIEW

2.1. Strategic Planning

Planning begins with determining the goals to be achieved in the organization, determining the strategy to be carried out comprehensively, and providing a proper foundation for integrated school activities in work planning documents in achieving school goals and objectives set out in the vision and mission. This is not only about planning but also about all the changes that will occur. Strategic planning aims to create and work on business and items to meet targets, benefits and development. Strategic planning creates a structure on the company's activities that can build the company's responsiveness and performance. Strategic planning helps managers by developing a clear idea about the company.

2.2. Vision, Mission, Values and Goals

Every organization or company must have a vision to achieve its success. Vision is what the company wants in the future. Vision can provide aspirations and motivation in addition to providing guidance or signs in developing company strategies. An effective vision statement is to clearly describe the image of the company that

wants to be developed. Vision is used as a guide to change things related to the company. Vision explains to employees where we are going.

2.3. PESTEL Analysis

PESTEL analysis is a valuable tool for understanding market development and decline, position, potential and business performance. PESTEL analysis is a business estimation tool. PESTEL stands for Political, Economic, Social and Technological, which are commonly used as estimation instruments for businesses or organizations. The side effects of PESTEL analysis are usually promising opportunities or threats for organizations that can be used in the test.

3.METHOD

This study uses a qualitative descriptive research method. This study provides an accurate description and explanation of the conditions or symptoms faced. According to (Sugiyono, 2020) qualitative research methods are research methods used to research natural object conditions, where researchers are key instruments, data collection techniques are carried out by triangulation (combination), data analysis is inductive, and qualitative research results emphasize meaning rather than generalization.According to (Sugiyono, 2016) qualitative descriptive method is a research method based on post-positivism philosophy used to research natural object conditions (as opposed to experiments) where the researcher is the key instrument.

Data collection techniques are carried out by triangulation (combination), data analysis is inductive/qualitative, and qualitative research results emphasize meaning rather than generalization. The data collected after being analyzed is then described so that it is easy to understand by others. This study is intended to provide an overview, describe and interpret the existing conditions related to the Annual Premium Improvement Strategy.Annual Premium Equivalent (APE) Increase Strategy, then the next stage is to utilize the data or information to formulate a strategy. The tools used to compile the Annual Premium Increase strategy factors *Equivalent*(APE) is a SWOT matrix because according to (Rangkuti, 2014), the SWOT matrix can clearly describe how external threats and opportunities faced by a company can be adjusted to the strengths and weaknesses it has.The SWOT matrix can produce four sets of possible alternatives which can be depicted in the following diagram:

Table SWOT Matrix

EFAS / IFAS	Strengths (S) ☐ Determine 5-10 weakness factors internal	Weakness (W) ☐ Determine 5-10 strength factors internal
Opportunities (O) ☐ factor Identify 5-10 external opportunities	SO Strategy Create a strategy that uses strengths to Take Advantage of Opportunities	WO Strategy Create strategy which minimizes weakness to exploitopportunity
Treats (T) factor ☐ Identify 5-10 external threats	ST Strategy Create strategy who uses powerto overcome the threat	WT Strategy Create strategies that minimize weaknesses and avoid threats.

Source: Rangkuti, 2017

This analysis is commonly referred to as the quantitative strategic planning matrix. Which forms stage 3 of the analytical framework for strategy formulation. This technique objectively shows which strategy is best. QSPM uses the input analysis from stage 2 to objectively determine which strategy to pursue among alternative strategies. That is, the EFE matrix, IFE matrix, and Competitive Profit Matrix that make up stage 1, plus the SWOT matrix and IE Matrix that make up stage 2, provide the information needed to construct the QSPM (stage 3). QSPM is a tool that allows strategists to objectively evaluate alternative strategies, based on previously identified external and internal critical success factors.

4.RESULTS AND DISCUSSION

4.1 Summary Description of Bancassurance

*Bancassurance*is a form of cooperation between banks and insurance companies that allows banks to offer insurance products and services to their customers through the bank's distribution network. This concept combines banking and insurance functions to provide a more holistic financial solution to the community. Etymologically, the term bancassurance comes from a combination of French words, namely "banque" (bank) and "assurance" (insurance). In practice, bancassurance allows banks to sell life insurance, health, credit, or other insurance products, either as additional products or as primary products.

4.2. External Environmental Analysis - Pestel

The PESTEL (Political, Economic, Social, Technological, Environmental, Legal) method is used to analyze external factors that influence the strategy to increase the Annual Premium Equivalent (APE) of bancassurance products at BCA Kanwil V Medan.

4.3 External Environmental Analysis and Strategy Formulation

Based on analysis external use approach *good resource based view*, the strengths and weaknesses of BCA's bancassurance products can be identified from the opportunities and threats in the market. Here are the details of each step in formulating the strategy.

5. CONCLUSION AND SUGGESTIONS

5.1.Conclusion

Based on the analysis conducted in this study, it can be concluded that to increase the Annualized Premium Equivalent (APE) of Bancassurance products at BCA Kanwil V Medan, it is necessary to implement an integrated strategy that focuses on existing strengths and opportunities. Several key factors that support the increase in APE include:

1. Utilization of Digital Technology The use of digital platforms such as BCA Mobile can strengthen the distribution of bancassurance products, increase efficiency, and attract more customers. Technologies such as mobile applications and big data play an important role in personalizing insurance product offerings.
2. Market Opportunities and Supporting Policies The Medan market shows great potential for increasing sales of bancassurance products, supported by increasing public awareness of the importance of insurance and government policies that support financial inclusion.
3. 3.Competition and Regulation Challenges Tight competition with other insurance companies that also utilize digital platforms as well as strict government regulations require adjustments to marketing strategies and product development to remain competitive.
4. 4.Development and Education Strategy Increasing customer education through seminars and digital media, product innovation that is in line with market needs, and collaboration with insurance agents and brokers are important steps to increase APE and expand the distribution network.

5.2.Suggestions

Based on the conclusions above, here are some suggestions that can be implemented by BCA Regional Office V Medan to increase the APE of Bancassurance products:

1. 1.Customer Education and Awareness Enhancement BCA can hold more seminars, webinars, and training on finance and insurance to increase public understanding and trust in bancassurance products.
2. 2.Development and Optimization of Digital Technology BCA needs to continue to develop mobile applications and other digital platforms to make it easier for customers to purchase, manage, and submit insurance claims online, as well as utilize data-based marketing campaigns for more effective promotions.
3. 3.Market Analysis and Product Personalization Conduct in-depth data analysis to identify potential market segments and customize insurance products according to customer demographic and behavioral needs, as well as develop competitive pricing strategies.

4. 4.Service Improvement and Strategy Evaluation Conduct regular training for employees to improve skills, optimize customer service through a feedback system, and form a special team to monitor and adjust marketing strategies periodically.

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