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The Integration of Swot and Pestel as a Strategic Approach to Building Sustainable Competitiveness for Financing Companies in an Era of Global Uncertainty

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ABSTRACT
The financing industry is increasingly challenged by global economic uncertainty, digital disruption, tightening environmental, social, and governance (ESG) regulations, and changing consumer preferences, all of which threaten the long-term competitiveness of financing companies. This study aims to analyze the strategic position of a financing company by integrating SWOT and PESTEL analyses and to formulate adaptive strategies that support sustainable competitiveness under dynamic business conditions. A descriptive qualitative case study approach was employed, focusing on PT BRI Multifinance Indonesia. Secondary data were collected from annual reports, sustainability reports, Financial Services Authority (OJK) publications, industry statistics, and relevant academic literature. The data were analyzed through an integrated SWOT–PESTEL framework and further interpreted using the Dynamic Capability perspective consisting of sensing, seizing, and reconfiguring capabilities. The findings reveal that the company possesses significant strengths in digital innovation, strong institutional support, and risk governance. However, declining profitability, asset growth, and dependence on consumptive financing remain key weaknesses. Externally, ESG implementation, digital transformation, and MSME financing present major opportunities, whereas fintech competition, macroeconomic volatility, and regulatory complexity constitute significant threats. The study concludes that integrating SWOT and PESTEL with dynamic capability provides a comprehensive strategic framework for strengthening sustainable competitiveness through digital transformation, green financing, governance enhancement, portfolio diversification, and continuous organizational adaptation in an increasingly uncertain business environment.

INTRODUCTION

The national finance industry is facing double pressure due to the increase in global uncertainties that include macroeconomic volatility, changes in monetary policy, acceleration of digitalization, as well as demands for sustainable governance (Environemntal, Social, and

Governance / ESG). The Financial Services Authority or the Financial Services Authority noted that financing companies' financing receivables in 2024 grew by 6.92 percent (YoY) with Non-Performing Financing (NPF) gross at 2.70 percent and Return on Equity (ROE) of 13.78% (Financial Services Authority, 2025), during 2025 the financing industry will experience a growth of 0.61 percent with NPF quality gross is at 2.51% and ROE is 10.71% (Financial Services Authority, 2026). This slowdown in growth, although still showing positive figures, the ROE of the multifinance industry has decreased, with indicators gearing ratio which reached 2.31 times (2024) to 2.18 times (2025), still indicates that it indicates pressure in terms of financing demand, especially in the motor vehicle segment which still dominates the industrial portfolio, Indonesia's economic growth is still growing around 5%. Meanwhile, in terms of efficiency gearing ratio It is still enough in the midst of asset quality risks. This situation demands that finance companies not only maintain efficiency, but also devise adaptive strategies to continue to grow healthy, innovate and strengthen risk management in order to survive and grow in unstable and constantly changing external conditions (Suslikov & Klymenko, 2023; Zaslavska, 2024).

In addition to slowing growth and declining ROE, another striking phenomenon is the increasingly dominant external pressures based on regulations and social expectations such as the need to implement ESG principles, increased demands for transparency from regulators, and consumer preferences for digital services and green financing. Many finance companies are not fully prepared to integrate these issues into their business models. This unpreparedness creates a competitive gap that can weaken competitiveness in the long run.

In this context, the financing industry displays interesting dynamics, so in this paper a special study was conducted on one of the financing companies. As part of a financing institution under major national banks, the financing company PT BRI Multifinance Indonesia (Company X) recorded asset growth from IDR 7.57 trillion (2022) to IDR 9.18 trillion (2024), to IDR 4.25 trillion (2025), down 32.17% YoY, and recorded a net profit of IDR 206.31 billion (2023), to IDR 103.90 billion (2024), an increase of 1.97%, to IDR 90.88 billion (2025), down 12.53% YoY, with an ROE of 7.11% (2022), to 7.98% (2023) an increase of 0.87% YoY, then to 7.55% (2024) to 6.19% (2025) (Annual Report BRI Finance, 2022, 2023, 2024, 2025). However, it should be noted that more than 80% of financing portfolios are multipurpose or consumptive financing, which is sensitive to interest rate fluctuations and domestic consumption uncertainty. This dependency has the potential to be a weak point when economic pressures increase or there is a shift in market preferences towards green and digital financing. With various internal and external conditions, the phenomenon of slowing financing growth and declining ROE is not only present in this company, but is experienced by the entire financing industry in Indonesia.

Increasing global uncertainty has brought significant pressure to finance companies, not only in terms of the application of ESG principles, but also in the form of digital disruption, reliance on consumptive finance, interest rate fluctuations, and expectations for technology-based financial services. Company X, although still recording positive profit growth, faces real challenges in maintaining its relevance and strategic resilience, seen from the decline in assets, decreased profitability and ROE, which of course are the demands of the company's contribution to its parent company and to the finance industry in general. If these external

pressures are not responded to comprehensively and integrated, then the potential for a decline in competitiveness will be a medium- to long-term consequence.

However, studies on how finance firms deal with these multidimensional pressures strategically are still limited. Most previous studies have emphasized financial or technological aspects separately such as SWOT analysis Financial Technology (Marginingsih, 2019; Mazza Basya & Utami Silfia Ayu, 2020) or only PESTEL analysis at Bank Mandiri (Kirana et al., 2023). There have not been many studies that use the SWOT and PESTEL integrative frameworks simultaneously to map the competitive position and formulate adaptive strategies in the context of financing companies.

Based on this description, the main questions that this study aims to answer are: how is the position of companies in terms of strengths, weaknesses, opportunities and threats in the midst of the dynamics of the business environment and how can finance companies build sustainable competitiveness in the midst of ever-growing internal and external pressures? To answer this question, a study was conducted that adopted the SWOT and PESTEL analysis frameworks simultaneously to map the strategic position and identify the direction of strengthening the company's strategy in an era of global uncertainty. Combining SWOT and PETEL analysis, it can significantly improve strategic decision-making within finance firms by providing a comprehensive framework that addresses internal and external factors (Kansongue et al., 2022; Visconti, 2020).

METHOD

This study employed a descriptive qualitative approach using a case study design focused on a single financing company, PT BRI Multifinance Indonesia (Company X), a subsidiary of one of Indonesia's major state-owned banks. The case study approach was chosen because this research aims to develop an in-depth understanding of the company's strategic position amid the dynamics of the multifinance business environment, while also formulating adaptive strategies based on the company's specific internal and external conditions. To achieve this objective, the study integrates three analytical frameworks: SWOT analysis (Strengths, Weaknesses, Opportunities, Threats), used to identify internal factors strengths and weaknesses as well as external factors opportunities and threats faced by the company; PESTEL analysis (Political, Economic, Social, Technological, Environmental, Legal), used to map external factors in a more detailed and structured manner across six macro-environmental dimensions; and the Dynamic Capability framework, comprising three dimensions sensing, seizing, and reconfiguring used to analyze the organization's ability to respond adaptively and sustainably to changes in the business environment. The integration of these three frameworks allows the study not only to map the company's strategic position statically through SWOT-PESTEL, but also to evaluate the organization's dynamic capabilities in translating strategy into actual performance.

The data used in this study are secondary data drawn from BRI Finance's Annual Reports for the 2022–2025 period, the company's Sustainability Reports, official statistics and publications from the Financial Services Authority (OJK) including IKNB Statistics and the LPBBTI/Sustainable Finance Roadmap industry data from GAIKINDO on national motor vehicle sales, mass media coverage and economic-business news sources such as Antara News, Iconomics, SWA, IDX, and Trading View regarding the company's strategy and performance

over the past three years, as well as prior academic literature used as comparative material to strengthen the cross-country analysis. Data collection was conducted through documentary study techniques, namely by tracing, gathering, and analyzing the company's official documents and publications from authoritative institutions relevant to the company's financial performance, business strategy, and external environmental conditions during the 2022–2025 period.

Data analysis was carried out in several stages. First, internal and external factors were identified, with data from annual reports and other secondary sources mapped into a SWOT matrix to identify the company's strengths, weaknesses, opportunities, and threats. Second, each identified opportunity and threat was categorized into the six PESTEL dimensions to obtain a more systematic picture of the company's macro-environment. Third, the results of the SWOT-PESTEL mapping were then cross-matrixed to generate four types of adaptive strategies: SO (Strength-Opportunity), ST (Strength-Threat), WO (Weakness-Opportunity), and WT (Weakness-Threat) strategies. Fourth, a dynamic capability analysis was conducted by examining the company's qualitative data and quantitative indicators for the 2022–2025 period to assess its sensing, seizing, and reconfiguring capabilities in responding to changes in the business environment. Finally, the results of the internal company analysis were compared with findings from prior studies in various countries, such as Bangladesh, Vietnam, India, Pakistan, Ghana, and China, through a process of triangulation and comparative discussion, in order to strengthen the validity of the interpretation and provide a cross-country perspective.

RESULT AND DISCUSSION

Internal Factors: Strengths and Weaknesses

The results of the analysis show that Company X has prominent internal strengths, especially those sourced from its strategic affiliation with the parent company, one of the nation's major banks, digital penetration through technology-based financing applications, and relatively good risk management. The parent company's support opens up access to an extensive distribution network, competitive funding costs, and guaranteed brand credibility. In addition, the existence of an internal digital system shows maturity in the digitization of business and operational processes as a whole.

Table 1. Identify Internal Factors: Strengths and Weaknesses (*Weakness*) Company X

	Internal Factors	Key Findings	Data Source
1	*Strength*	As a subsidiary of National SOE banking, it can be a resource in the form of supporting the parent ecosystem, strengthening access to capital and reputation as well as an office network	BRI Finance Annual Report 2023-2024, Company Overview Section
2	*Strength*	Digital innovation through technology-based financing applications and automation systems	2023 Annual Report, Digitalization & Services Strategy
3	*Strength*	Asset growth from IDR 7.24 trillion (2022) to IDR 7.7 trillion (2023) grew 19.12%	Financial Report 2022–2023, Consolidated Balance Sheet

4	*Weakness*	Asset decline from IDR 6.45 billion (2024) to IDR 4.25 billion (2025), down 32.17% YoY	Financial Report 2024–2025, Performance Overview
5	*Weakness*	The decrease in net profit from IDR 102.15 billion (2023), to 103.90 billion (2024), up 1.97% YoY, to IDR 90.88 billion (2025), down 14.33% YoY	Financial Report 2022–2023, Statement of Income
6	*Strength*	Concentration of financing on multipurpose/consumptive vehicles, especially motor vehicles	Annual Report 2023, Financing Portfolio
7	*Weakness*	*Cost of Credit* is still a challenge, the quality of financing is shown with *Non-Performing Financing* (NPF) of 2.87% (2022), NPF of 2.70% (2023), NPF of 1.65% (2024), to NPF of 1.75% (2025)	Annual Report 2022-2025, Risk Management and Asset Quality, OJK Statistics
8	*Strength*	Strengthening governance is built by implementing the 4 Risk Management Pillars in accordance with OJK, GCG, ISO ERM and ESG, with a healthy level of health	Annual Report 2023-2025, Risk Management and Sustainability Report
9	*Strength*	Has good credibility with the issuance of bonds and received a positive response: Bond I *oversubscribed* 147%	2023-2024 Annual Report, Risk Management and Sustainability Report

Source: Company X Author Analysis

Based on the dynamics that occur in the above forces, when viewed from the perspective of the concept of dynamic capabilities, it is necessary to emphasize the importance of the organization's ability to respond to environmental changes adaptively through the creation and reconfiguration of internal resources. Company X's digitalization and synergy with its parent group entities reflects the strengths that enable organizations to navigate rapidly changing external dynamics.

The results of the identification of internal factors also show that Company X has strengths in the form of digitizing services, collaborating with the parent company of National State-Owned Banks, and has the potential to support improved funding performance. However, there are still weaknesses in the consolidation of the digital ecosystem. This is in line with the results of a study that affirms the importance of digital infrastructure and regulatory support of the OJK as a force in the digital financial sector, including its financing institutions (Marginingsih, 2019). In addition, Marginingsih also revealed that limited access and digital financial literacy in several regions is still a challenge, similar to the weaknesses found in Company X which still has difficulty reaching MSME customers *non-prime*. Risk management is something that needs to be strengthened, this is shown by the NPF of 1.75% (2025) increasing compared to the previous year which can affect the company's performance, although this figure is below the industrial NPF figure in the same period of 2.51%. This is in line with previous studies, namely asset quality refers to the credit risk experienced by lending and investing funds in diverse portfolios and affects income, thus requiring special procedures in determining creditworthiness

and maintaining asset quality. Asset Quality as a significant determinant of bank performance (Atahau & Cronje, 2022).

However, weaknesses are still seen in the aspects of asset growth, profitability and ROE. The decline in assets, net profit and ROE indicate that dependence on market segments is vulnerable to economic cycles. The company still faces internal weaknesses such as tight operating margins, dependence on the corporate segment, and limited service innovation in the micro segment. The imbalance of the product portfolio and the focus on financing that has not been optimal in the productive sector indicate the need to strengthen a more inclusive business model.

External Factors: Opportunities and Threats (PESTEL)

Externally, opportunities arise from the direction of government policies through the OJK that encourage financial inclusion and sustainable financing based on Environmental, Social, and Governance (ESG) principles. The national digital transformation also opens up space for expansion into the MSME segment and the adoption of technology-based services. In the OJK February 2025 report, it is reflected that digitalization and sustainability are the two main pillars of strengthening the financial services sector. However, Company X faces a number of significant threats that cannot be ignored. Competition with *fintech companies* and *digital lenders* is getting tighter, while global interest rate dynamics and economic fluctuations increase financing risks. Meanwhile, the complexity of ESG regulations demands quick adaptation and significant compliance costs.

Table 2. Identification of External Factors: Opportunities (*Opportunity*), Challenge (*Threat*) and PESTEL (*Political, Economic, Social, Technological and Legal*)

Factors		Key Findings	Data Source	PESTEL Dimensions
1	*Opportunity*	OJK's support for sustainable financing and financial inclusion through strengthening ESG regulations, as well as *Sustainable Finance* which opens up opportunities for green financing and EV *financing*	OJK RDKB February 2025 Infographic, POJK No. 51/2017, OJK Sustainable Finance Roadmap	*Polititical*
2	*Opportunity*	Indonesia's economic growth is still in the range of 5%, providing an opportunity to increase demand for consumption and productive financing	BPS, Bank Indonesia	*Economic*
3	*Opportunity*	The growth of the MSME segment and the need for digital services opens up opportunities for product expansion	BRI Finance Sustainability Report 2023, Annual Report 2023	*Social*
4	*Opportunity*	National digital transformation expands the potential of using technology in financing services	Digital Strategy Report, Service Transformation Plan 2023-2024	*Technological*
5	*Threat*	Fierce competition with fintech companies and digital lenders	Indonesia Financing Industry	*Technological*

Factors		Key Findings	Data Source	PESTEL Dimensions
			Report, OJK & Fintech Trends	
6	*Threat*	Interest rate pressures and global economic volatility have the potential to increase financing risks	Financial Report 2023, Economic Risk Analysis	*Economic*
7	*Threat*	Compliance with complex and dynamic ESG regulations demands strategic adaptation	Sustainability Report 2023, Governance Policy & ESG	*Legal*
8	*Opportunity*	Increasing demand for electric *vehicle* (EV) financing and green projects as a new source of multifinance growth	OJK Sustainable Finance Roadmap	*Environment*
9	*Threat*	Slowdown in multifinance financing growth in 2025 even though the economy is still growing by around 5%	Statistics IKNB OJK 2025	*Economic*
10	*Threat*	Fintech lending *growth* reached 25.44% YoY with an outstanding of IDR 96.62 trillion as of December 2025. Fintech is increasingly entering productive financing with an outstanding of IDR 31.37 trillion or 34.48% of total fintech financing	OJK Fintech List, 2025. OJK Roadmap LPBBTI 2025, in BAK UNAS 2026	*Technological*
11	*Threat*	The number of OJK-licensed fintech lending providers reaches 97 companies, increasing the intensity of digital financing competition	OJK Fintech List, 2025	*Legal*
12	*Threat*	National car sales in 2025 fell 7.2% YoY to 803,687 units, indicating weakening demand for motor vehicles. National vehicle retail sales in 2025 will decline by 6.3%, potentially suppressing the growth of automotive financing, which is still the main contributor to multifinance	GAIKINDO, 2025	*Economic*
13	*Opportunity*	GAIKINDO targets national car sales in 2026 to reach around 850,000 units or grow by around 5-6% compared to 2025,	GAIKINDO, 2026	*Economic*

Factors	Key Findings	Data Source	PESTEL Dimensions
	providing an opportunity to recover automotive financing		

In addition to the annual report and sustainability report, to get an overview of the company, the big themes regarding the strategy and its condition based on various external news about company X in the last 3 years are:

Table 3 Summary of External Strategic Themes Derived from Company X's Business News and Their SWOT–PESTEL Dimensions

Theme		Headlines	Data Source	SWOT-PESTEL Dimensions
1	Business Transformation	BRI Finance's business transformation focuses on BRI's captive market. The 2025 strategy focuses: growth of consumer financing, optimization of joint financing, digitization of business processes. The change from volume to growth through the captive ecosystem.	Antara News, 2025; Investor trust, 2025	*Strength – Economic*
2	Joint Financing becomes a Core Business Model	Strengthening business model: joint financing (JF), captive market. The change from standalone multifinance to ecosystem-based fianncing.	Antara News, 2025	*Strength – Economic*
3	Financial performance of profit remains positive	Corporate performance remains positive despite slowing growth and profitability pressures	Iconomics, 2025; SWA, 2026, IDX, 2026	*Strength – Economic*
4	Penguatan Risk Management	The emphasis on prudent growth, risk management, financing quality, transformation is carried out while still paying attention to risk management, market outlook and sustainability	Antara News, 2025	*Strength – Economic*
5	Digitization	Digitalization and collaboration as part of the joint transformation strategy of the parent company/BRIvolution	BRI Finance, 2025	*Strength – Economic*
6	Market Outlook	Responding to the Slowdown in the Automotive Industry: in the midst of declining vehicle demand, people's purchasing power is depressed, vehicle financing contracts, companies implement strategies to strengthen the captive market, focus on quality, and tighten screening.	BRI Finance, 2025; BCA Sekuritas, 2025	*Threat – Economic*
7	Funding	The company made adjustments to the funding structure and cost of funds became a	Trading View, 2026	*Threat - Economic*

Theme	Headlines	Data Source	SWOT-PESTEL Dimensions
	focus, as interest rates were high and bond yields increased. The company's strategy is to implement banking funding, bonds and *joint financing.*		

Judging from the PESTEL analysis, several important dynamics can be identified, including:

1. Politics and regulation: the government and OJK encourage productive financing and financial inclusion as well as government support for *electric vehicle*/EV, which opens up expansion space. However, ESG regulations (*Environmental, Social, Governance*) is a new pressure, especially for multifinance companies that are not ready to run it, in addition to global uncertainty that allows for changes in fiscal policy.
2. Economy: Indonesia's economic growth ±5%, interest rate fluctuations and potential increase *cost of fund*/COF, global inflationary pressures, and credit growth that has not fully recovered are threats to portfolio stability.
3. Social and technology: there has been a shift in consumer behavior towards digital and price-sensitive services, but there have also been digital inclusion challenges. Disruption from fintech and *embedded finance* also threatens conventional finance companies.

With the PESTEL framework, it is increasingly clear that political (inclusion and ESG policies), economic (global volatility), social (changing consumer behavior), technology (digital disruption), and law (ESG regulation) have an important role to play in shaping the financing business landscape. ESG pressures in particular have become a global concern. The performance and financial performance of companies in the field of finance and finance that take ESG seriously tend to be more stable, sustainable and have long-term competitiveness (Friede et al., 2015; Siddik et al., 2024). However, the implementation of ESG in finance companies is not easy, some of the main obstacles to the implementation of ESG in "green" practices or *Green* Among them are high transaction fees, high investment costs, culture *default*, weak credit rating, low customer awareness, limited expert staff and low transparency (Zhang et al., 2022; Zheng et al., 2021).

However, ESG is not just an opportunity, but can become an operational burden if not managed strategically. Studies on *Fintech* shows that the pressures of digitalization and financial technology innovation (*Fintech*) can be two opposite sides. One side drives the company *multifinance* to evolve faster, both in terms of products, processes, and distribution channel strategies, but on the other hand, it can be an operational burden if the company experiences *missed management* in its governance practice (Gomber et al., 2017). The implementation of ESG in the finance and banking industry can be seen in green finance practices (*green financing*) which is defined as the channelling of funds into sustainable development activities (Saeedi & Ashraf, 2024). The environmental aspect can be translated as activities to reduce emissions and negative environmental impacts, the social aspect as an inclusive financial activity, and the governance aspect as data-based regulatory compliance.

In the case of Bangladesh, the implementation of the *green banking* have a positive effect on the performance of the bank's environment, by *green financing* as the main mediator. Matter This can be achieved because long-term costs are successfully reduced and the reputation becomes better, thus increasing the company's competitiveness (Zhang et al., 2022).

Adaptive Strategy Formulation: SWOT Integration - PESTEL

After discussing the many challenges and benefits of ESG implementation, in this discussion a strategy is formulated to answer the challenge and take advantage of these opportunities, Company X needs to implement an adaptive strategy that integrates internal and external factors:

1. SO (*Strength–Opportunity*) Strategy: Uses the strength of the company's affiliates and parent ecosystem, namely SOEs, and digital capabilities to expand penetration into the MSME segment and green financing that the government is currently pushing.
2. ST (*Strength–Threat*) Strategy: Using technological capabilities to block threats from fintech through *co-creation* models or new digital services based on ecosystems.
3. WO (*Weakness–Opportunity*) Strategy: Develop product diversification to overcome dependence on certain financing as well as expand the inclusive segment.
4. WT (*Weakness–Threat*) Strategy: Building ESG *compliance* and *governance capabilities* so that they do not become liabilities in the face of regulations and stakeholder pressure.

These strategies must be implemented in a measured and integrated manner, as emphasized by (Kaplan et al., 2010) in the approach *Execution Premium*, that is, connecting long-term strategies with concrete measurement and operationalization systems

Table 4. Adaptive Strategy Based on SWOT and PESTEL Integration

Strategy Type		Key Factors SWOT-PESTEL	Adaptive Strategy
1	*SO (Strength–Opportunity)*	- *Strengths*: Digital innovation, collaboration support and the parent ecosystem of SOE Banks; - *Opportunities*: ESG, MSMEs, financial literacy (*Political, Social*)	Leveraging the support of collaboration and the parent ecosystem of National SOE Banks and the power of digitalization to develop sustainable financing and MSME segments.
2	*ST (Strength–Threat)*	- *Strengths*: Digitization and reputation of the parent; - *Threats*: *Fintech*, high interest rates (*Technological, Economic*)	Integrating digital innovations to improve service efficiency and strengthen competitiveness in the face of fintech and economic uncertainty.
3	*WO (Weakness–Opportunity)*	- *Weaknesses*: Narrow portfolio, declining profits; - *Opportunities*: OJK support, digital market (*Political, Social*)	Diversify the financing portfolio from consumptive to productive by utilizing ESG incentives and the growth of MSME digitalization.
4	*WT (Weakness–Threat)*	- *Weaknesses:* Consumptive dependence, NPF; - *Threats*: ESG regulation, global volatility (*Legal, Economic*)	Improve risk management and operational cost efficiency in response to profit pressures, high NPFs, and complex ESG regulations.

Source: Company X Author Analysis

The integration between SWOT and PESTEL results in the formulation of adaptive strategies that are not only responsive to internal and external conditions, but also take into account long-term dynamics. The SO strategy focuses on leveraging internal strengths to optimize opportunities, such as

the use of digital innovation and the support of the parent company as a National State-Owned Bank to expand ESG-based productive financing. The WO strategy emphasizes on improving internal weaknesses such as the concentration of consumptive financing by taking advantage of the momentum of regulatory support for MSMEs. Meanwhile, ST and WT's strategies are geared towards mitigating external risks, for example, through improving operational efficiencies and strengthening governance to address ESG regulatory demands as well as threats from *Fintech*. In the case of Lithuania, many banks then cooperated with *Fintech*. On one side *Fintech* Giving advantages to digital technology, fast service, and consumer experience, while banks have a large customer base, capital, and regulatory legitimacy. The collaboration between the two provides the advantage of banks to be more innovative and inclusive, while *Fintech* gain access to a stronger banking system and reputation (Ruihui et al., 2021).

From the integration between SWOT and PESTEL, the condition of declining asset growth, financing quality is maintained, but profitability and ROE are declining as shown by these figures are *symptoms*/symptoms, where in the multifinance industry there is also a slowdown in growth even though economic growth is still around 5%. From PESTEL's analysis, with car sales declining and purchasing power weakening (*economic*), fintech development grew by 25% (technological), ESG demands are increasing (*environmental*), and regulatory provisions are increasingly demanding to tighten *governance* (legal), showing that the external environment is increasingly complex.

Responding to these external conditions, based on the SWOT analysis, the company applied a focus on consumer financing, the strategy targeted the captive market, joint financing, strengthening *risk management*, and continuing to provide financing for EVs, but also experienced conditions like the multifinance industry in general, namely a slowdown in asset growth (even down), financing quality was smaller compared to the industry, but still experienced a decline in profitability and ROE (declining larger than industry).

With the existence of increasingly dynamic external conditions, this condition shows that it is not enough for finance companies to rely only on static resources (capital, network, products), but need *dynamic capabilities* to be able to survive and be sustainable. According to Teece, Pisano & Shuen (1997) and Teece (2007), *dynamic capabilities* consist of *sensing* (detecting opportunities & risks), *seizing* (taking advantage of opportunities), and *reconfiguring* (rearranging resources).

In the context of multifinance in Indonesia, the increase in the capabilities of company X in 2022-2025 is:

Table 4 Dynamic Capability Sensing Indicators Based on Annual Report Analysis (2022–2025)

Dimensi Dynamic Capability		Qualitative Indicators	Indicators in AR 2022-2025	Conceptual Meaning
1	*Sensing*	Ability to read changes in external environment	The company reads the 2022 automotive recovery, VUCA competition, digitalization needs, fintech, cybersecurity, regulation, and portfolio quality. The Board of Commissioners noted the trends of fintech, big data, collaboration between institutions and cybersecurity	It reflects *sensing capability* to conduct *environmental scanning,* identify opportunities

Dimensi Dynamic Capability		Qualitative Indicators	Indicators in AR 2022-2025	Conceptual Meaning
			as industry developments that need to be observed.	
2	*Sensing*	Ability to identify market opportunities, *captive market*	The company implements BRI Group's Single Gateway Auto Loan strategy and utilizes the BRI ecosystem. It was explained that the Board of Directors conducts market analysis, trends in customer needs, and macroeconomics. The company placed marketers at 182 BRI work unit points, captive financing grew 100.2% to IDR 1.23 trillion, setail financing grew 34.4% to IDR 1.79 trillion (2022).	This reflects market *sensing capabilities* that are able to identify opportunities into measurable growth channels.
3	*Sensing*	Ability to read changes in customer behavior and be aware of digitalization developments	The company is developing *branchless banking* (2022), myBRIf (downloaded 8,600 and generated 70 leads/day in 2023, the number of downloaders will increase to 16,421 in 2024), BRIMO leads, digital onboarding, self-service financing, and application submission tracking, as well as *the Fast Track* program.	This shows *sensing capabilility* over *technological disruption*
4	*Sensing*	Ability to read business risk, financing and regulatory risk	The company implements risk management based on four pillars, including active supervision, risk policies and limits, as well as risk identification, measurement, monitoring, and control processes, *credit risk scoring*, and AR management. The company's NPF of 1.65% (2024) is below the RAS limit of 2.18% and below the industry of 2.7%.	This reflects the risk sensing capability
5	*Seizing*	Ability to turn opportunities into business strategies	Optimizing Single Gateway Auto Loans, expanding BRI channels, digitizing business	It reflects *seizing capability*, capturing opportunities through the allocation of

Dimensi Dynamic Capability		Qualitative Indicators	Indicators in AR 2022-2025	Conceptual Meaning
			processes, and diversifying products. Financing disbursement increased by 37.2% to IDR 5.1 trillion (2022). EV financing amounted to IDR 39.7 billion (2024), outstanding EVs increased by 567% in the last 3 years.	resources, capital, and business processes.
6	*Seizing*	Ability to allocate resources on digital channels	Development of myBRIf, NEMO, *branchless financing* (2022), marketplace partnerships, and business digitalization with business partners.	This is resource *orchestration*, which is the use of resources and networks, as well as *seizing through digital innovation*
7	*Seizing*	Ability to develop new business models, products and segments	Financing to the captive market, EV financing, used car, refinancing, multipurpose financing, MSME financing, and *Joint Financing*	It indicates *strategic seizing*, allocating resources to priority strategic initiatives
8	*Seizing*	Ability to strengthen the quality of credit decisions	Penggunaan credit scoring, Fast Track, granular credit risk scoring, dan risk decision engine	This shows *strategic seizing*, implementing *risk-adjusted growth*
9	*Reconfiguring*	Business model realignment	The company's business model is *dealer-driven* (2022-2023), shifting from dealer-driven to BRI Group*'s captive market* (2024-2025). Financing receivables decreased from IDR 7.70 trillion (2023) to IDR 6.45 trillion (2024), then to IDR 4.25 trillion (2025). At the same time, the gearing ratio dropped from 5.68x (2023) to 4.19x (2024) and 2.36x (2025).	This reflects *business model reconfiguration,* which is the ability of organizations to change the way they create, distribute, and capture value through new business models. However, the outcome shows *deleveraging* and portfolio resizing.
10	*Reconfiguring*	Business process reorganization	Digitization of the financing process, myBRIf, NEMO, payment gateway, and business support system.	This is a *process reconfiguration,* which is a rearrangement of internal processes so that the organization is more adaptive and efficient.

Dimensi Dynamic Capability		Qualitative Indicators	Indicators in AR 2022-2025	Conceptual Meaning
11	*Reconfiguring*	Strengthening risk governance	Strengthening risk appetite, risk tolerance, risk management, SOPs, risk committees, and portfolio quality, as well as the development of credit scoring as application selection tools and decision engines.	It shows *governance & strategic configuration*, which is the adjustment of the structure so that the organization is able to manage risk
12	*Reconfiguring*	Realignment of HR capabilities	Skill up human resource competencies, *Human Capital Framework*, training, and work culture transformation. In 2023, the total HR training hours will reach 35,853 hours. In 2024 it will increase to 42,458 hours, and in 2025 it will be 44,490 hours.	Conceptually, this is included in *capability renewal,* which is the renewal of organizational competencies through strengthening human resources and work culture.
13	*Reconfiguring*	Integration of sustainability into the strategy	EV financing, MSME financing, sustainable finance, ESG, and strengthening *governance.* Outstanding EV financing increased from IDR 5.96 billion (2022), to IDR 61.41 billion (2023), and IDR 61.93 billion (2024). Financing for the MSME sector was recorded at IDR 2.68 trillion (2022), IDR 4.03 trillion (2023), IDR 2.73 trillion (2024), and IDR 2.01 trillion (2025).	This shows a *strategic configuration*, showing that *sustainability capabilities* are starting to enter the portfolio, although their contribution is still fluctuating and needs to be strengthened.

Source: Company X Author Analysis, Corporate AR 2022-2025 (processed)

Based on the company's *dynamic capability* matrix for 2022–2025, it can be seen that the company has shown a gradual increase in adaptive capabilities, especially in *the sensing* and *seizing aspects*. In the sensing dimension, the company is able to read changes in the multifinance business environment, ranging from the recovery of the automotive market after the pandemic, increasing consumer financing needs, changes in customer behavior towards digital services, fintech developments, electric vehicle financing opportunities, to regulatory dynamics and portfolio risks. This is in line with the view of Eisenhardt and Martin (2000) that *sensing* is an organizational learning process through monitoring markets, competitors, technology, and environmental changes. The *sensing* capabilities are then translated into *seizing* through *dealer-driven partnerships* and then the utilization of *BRI Group's* captive market, strengthening *Single Gateway Auto Loan*, developing myBRIf, NEMO, *branchless financing, marketplace partnership, credit scoring, Fast Track Approval, Joint Financing*.

The company also allocates strategic resources to capture growth opportunities through digitalization, ecosystem synergy, and strengthening consumer-based business models.

However, the *reconfiguring* aspect is the most important part to be criticized because it shows the gap between strategic transformation and financial performance outcomes. Conceptually, Teece, Pisano, and Shuen (1997) and Teece (2007) emphasize that *reconfiguring* reflects an organization's ability to reorganize assets, processes, structures, business models, and governance to remain relevant in a changing environment. In the context of this company, *reconfiguration* can be seen from the shift of the business model from *dealer-driven* to the BRI Group *captive market*, adjusting risk appetite, strengthening risk governance, strengthening business processes with digitalization, credit risk scoring, portfolio recomposition, and strengthening human resources and governance. In the 2022-2025 period, the effectiveness of *the reconfiguration* has not been fully reflected in financial *outcomes*, as in 2025 companies are still facing pressure on financing, assets, profits, and ROE. This condition shows that organizational transformation has been underway, but it is still in a transition phase. Therefore, the company's main challenge is no longer just to have a transformation strategy, but to ensure that the *reconfiguration* process actually results in increased asset productivity, portfolio quality, productivity and sustainable growth.

The company is *reconfiguring* from volume-based growth to more selective, *captive-based*, and *risk-adjusted growth*. As a result, asset quality can be better maintained (with the NPF indicator), but in the short term new financing, financing receivables, assets, profits, and ROE decrease. This is in line with the data that new financing debtors are declining. In the case of these companies, NPF does not necessarily mean that credit risk pressure on earnings is indeed low, in the context of *cost of credit*/COC financing institutions can be a more sensitive indicator to read the pressure of portfolio quality on profitability compared to NPF. This is in line with Azili's (2017) study which explains that provision/COC is an important indicator in measuring credit risk and performance.

However, on the other hand, there is an issue that is also important: transformation has not been fully converted into *a profit engine*. Changes in business models, business processes with digitalization, *Joint Financing*, Human Capital Framework, *risk decision engine*, and strengthening governance have been underway, but BOPO has increased to 93.73%. This can happen due to negative financing growth, so revenues are relatively limited while operating expenses are stable. This means that the *reconfiguration process* has already occurred, but it has not been enough to result in an increase in business scale, cost efficiency, and asset productivity that can significantly increase profits and ROE.

This analytical approach is in line with the resource-based strategy framework (*resource-based view*/RBV) and environmental adaptation theory (*contingency theory*), where competitive advantage is built from a company's ability to read environmental dynamics and strategically optimize its internal resources (Kaplan et al., 2010).

In general, the strategies developed in the discussion above are mostly carried out by finance companies in other countries. Studies in Pakistan and India show that corporate policies in banking are closely related and positively correlated with sustainability and green financing practices. Green financing also contributes positive on the bank's profitability and reputation, but faces the challenges of high-cost implementation, regulatory barriers, credit risk (Biju et al., 2024; Gupta et al., 2023; Hridhya et al., 2025; Iqbal et al., 2024).

The results of the cross-country study show the same trend as the findings in India, that green banking activities (*green banking*) generally has a positive effect on profitability. However, the findings are not statistically significant, meaning that *green banking* does not always automatically increase the company's profits (Muchiri et al., 2025). The same can be learned in the cases of Vietnam and Bangladesh, where macro factors (GDP, interest rates, energy prices, environmental regulations) have a stronger influence on government policies than company capacity (leadership awareness and staff

capacity). Low public awareness and limited regulations are challenges for the implementation of green financing in these two countries (Harun Ur Rashid & Uddin, 2018; Phuong, 2020).

In the case of Ghana, green financing among small business actors is strongly influenced by pro-environmental behaviors that act as mediators between green financing and sustainability reporting. Digitalization plays a mediator role in its operational practices (Appiah-Kubi et al., 2024).

It is necessary to add the role of the media in sustainable practices, especially in an era of such complexity and rapid development of social media and public information disclosure. Media pressure plays a role as the dominant social legitimacy that reflects the company's commitment to the development of corporate sustainability practices.

China is one of the countries in the world that is a global leader in green financing, both in terms of research and practices in society and industry. The application of circular economy, urban energy efficiency, the use of low-carbon emission technologies have been widely found in the country. This means that support from the financing and policy regulatory sectors for "green" practices has become a culture (Jaiswal et al., 2024; Qadri et al., 2024). PPP Collaboration (*Public Private Partership*) plays an important role in sustainable green financing, especially for high-value infrastructure projects (Xie, 2022).

Referring to some of the findings above, the local context in the internal banking and finance companies, especially risk management at various levels, both macro and micro, internal and external, needs special attention so that competitiveness can be maintained sustainably in the long term. In the case of Vietnam and Bangladesh there are macro, political risks and doubts about environmentally friendly "green" projects including the challenges of climate change. In cross-border cases, there is a risk of high-cost credit, and in the case of sharia, there is a prohibition on investment in businesses that damage the environment. Finally, social risks can be managed through good communication media management between the company and the public and stakeholders.

Collaboration can be another important point that needs to be developed, especially cooperation between the government and the private sector, so that large debt risks can be maintained in the long term. Collaboration can also be built between banking and *Fintech*. In the context of green financing, collaboration between banks and *Fintech* can be realized through activities *digital credit scoring*, green financial inclusion, and service efficiency. The use of digital technology or digitization can integrate between policies and operational practices. The use of the latest technology such as *blockchain*, artificial intelligence (AI), *machine learning* (ML), data analytics, *Internet of Things* (IoT), and robotics can help address challenges in green finance (*green financing*) (Saeedi & Ashraf, 2024).

Critical Reflection on the Use of SWOT and PESTEL

Although the integration of SWOT and PESTEL has been shown to provide a comprehensive framework for strategic decision-making, there are a number of limitations that need to be considered in their implementation, particularly in the context of corporate finance company X. Although the SWOT analysis in this study was able to identify internal strengths such as synergies with the parent company and the adoption of digital technologies, as well as weaknesses such as limited product diversification and ESG readiness. However, because it is descriptive and qualitative, SWOT does not give weight or priority to each factor, making it difficult in the process of strategic decision-making based on objective evaluation. This can be overcome through integration with quantitative methods such as the Analytical Hierarchy Process (AHP) (Abdel-Basset et al., 2018) or Fuzzy ANP (FANP) (Lee, 2013; Lima et al., 2021) which is able to provide priority scale measurements in strategic decision-making.

Meanwhile, in the PESTEL analysis, although it can reveal strategic opportunities and threats from regulatory pressures, technological disruptions, to global economic dynamics. However, effective implementation of PESTEL still requires considerable information resources, analytical expertise, and

data capabilities, which is not yet fully owned by finance companies in Indonesia, including Company X. Reliance on external data and rapid macro changes also make it easy for these analyses to lose relevance if not updated regularly.

Thus, reflection on these two frameworks shows that although SWOT and PESTEL can be the initial foundation for formulating adaptive strategies, they need to be supported with a more analytical, responsive, and data-driven approach to be truly effective in the face of global uncertainty and strengthen the competitiveness of financing firms.

In addition to the SWOT and PESTEL approaches, the use of *the dynamic capability* perspective also needs to be critically reflected. The *dynamic capability framework* does help explain how companies respond to environmental changes through sensing, seizing, and reconfiguring capabilities. However, in the context of financing companies, the existence of transformation initiatives such as digitalization, joint financing, strengthening risk appetite, credit scoring, and human resource development has not automatically shown that these capabilities have been effective in producing better performance. This can be seen in company X, where the reconfiguration process has been carried out through a realignment of business models, portfolios, digital processes, and risk governance, but financial results such as assets, profit, and ROE are still under pressure. Thus, *dynamic capability* needs to be understood not only as a company's ability to change, but also as the ability to ensure that such change actually results in asset productivity, cost efficiency, portfolio quality, and sustainable profitability. Therefore, *dynamic capability analysis* needs to be complemented by measurable performance indicators, such as financing growth, NPF, COC, BOPO, ROE, human resource productivity, and the effectiveness of digital channels so that they do not stop at the transformation narrative alone.

CONCLUSION

Finance firms can build sustainable competitiveness amid ever-evolving internal and external pressures by balancing internal strengths with external demands through adaptive strategies. Banking parent support, digital innovation, and institutional and ecosystem synergy are foundations that must be combined with green portfolio diversification, technology-based efficiency, transparent governance, and cross-stakeholder collaboration. Cross-border studies confirm that sustainable competitiveness is not just a local issue, but a global challenge with varying local contexts. Strong regulations, strong appraisal capacity, consistent political support and coordination, and a culture of knowledge sharing illustrate the importance of green financing for the sustainability and competitiveness of finance companies. By combining lessons from these various contexts, finance companies in Indonesia can build sustainable competitiveness by: (1) strengthening the regulatory foundations and ESG-based governance; (2) increase literacy and internal capacity so that policies do not stop at the symbolic level; (3) integrating transformation strategies with cross-sector collaboration in the ecosystem, as well as digital innovation with green financing instruments; and (4) placing sustainability as a core value that makes business strategy, risk appetite and resource allocation aligned and can create value, increase profitability and contribute both socially, economically and environmentally. In addition, the results of this study show that the sustainable competitiveness of finance companies is not only determined by the ability to identify strengths, weaknesses, opportunities, and threats through SWOT-PESTEL, but also by the organization's ability to build dynamic capabilities. In this context, sensing skills are required to read changes in the business environment, regulations, technologies, consumer behavior, and sustainability

demands. Seizing capabilities are needed to capture opportunities through digital innovation, ecosystem strengthening, portfolio diversification, and green financing development. However, the most crucial aspect is reconfiguring, namely the company's ability to reorganize resources, processes, organizational structures, risk governance, HR capabilities, and business models so that strategies do not stop as documents or symbolic initiatives. Thus, sustainability, digitalization, and green financing strategies need to be internalized into business processes, decision-making systems, portfolio management, and organizational culture to truly impact increasing productivity, efficiency, asset quality, profitability, and long-term competitiveness.

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