

Foreign Bank Performance Analysis in Indonesia (Case Study for Citibank and Standard Chartered Bank)

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Abstract: This study aims to examine impact on settlement acquisition and or portfolio migration between Citibank (USA) and Standard Chartered Bank (UK) regarding financial performance in Indonesia for the year 2022 and 2023. This study explores whether any difference in financial performance aspects between Citibank (USA) and Standard Chartered Bank (UK) as impacted from settlement acquisition and or portfolio migration. Research gap moment is currently no existence research that examines impact settlement acquisition and or portfolio migration among large banks regarding financial performance. So that expected will formed new novelty that can be obtained become reference journals study following this article. The objective specifically for examining: (1). There is difference or no difference on Citibank (USA) performance between 2022 and 2023, (2). There is difference or no difference on Standard Chartered Bank (UK) performance in 2022 and 2023.

Keywords: Financial Performance Ratio, Acquisition, Migration, RGEK (Risk Profile, Good Corporate Governance, Earning, Capital).

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1. INTRODUCTION

1. A. Citibank Profile

Citibank Indonesia is a subsidiary of Citibank NA company, which has operating in Indonesia since 1968. Citibank Indonesia was formerly is a foreign bank big in Indonesia, with 11 branches and more of 70 ATMs. On the Citibank [1, 2], Citibank is branch from Citigroup, New York, United States. Citibank is one of the banks with sufficient network wide. Amelia L (2024) ³ to explain that Citibank has licensed and registered with the Indonesian Financial Services Authority (OJK) had time get award as Best International Bank of the Year at the 2021 Asset Triple A Digital Award event. However, on November 18, 2023, Citibank Indonesia officially divert business banking consumers (including banking retail and cards credit) to Bank UOB Indonesia. According to Wikipedia, Citibank Indonesia became part from Citigroup, a company service global finance, and has network branch and ATMs in Indonesia. In 2022, Citigroup announced plan for go out from business banking global consumers outside the United States, including Indonesia. Citibank Indonesia then sell business banking its consumers to Bank UOB Indonesia. Since November 18, 2023, Citibank Indonesia branch has switch become UOB Indonesia Bank branches, and cards Citibank credit becomes card UOB credit. Citibank

Indonesia customers who have card credit Now use card UOB credit. Citibank Indonesia branches and ATMs have changed become UOB Indonesia branches and ATMs. Citibank Indonesia customers are encouraged to for contact Bank UOB Indonesia for information more carry on about transition and change service.

This matter announced through the official UOB website, which has reach agreement for acquisition Citi's consumer banking business in Indonesia. In Laras A's article (2023) [4], UOB Officially Acquires Citibank's Consumer Banking Business, Customers Increase by 1 Million. PT Bank UOB Indonesia announced settlement acquisition business banking Citigroup consumer research in Indonesia on Wednesday (6/12/2023). Done with background behind issues real related UOB's acquisition of Citibank and migration SCB portfolio to Bank Danamon. As company public based on practice healthy banking (prudential banking), then stakeholders, especially investors, need to get trust that business strategy company (bank) that is carried out impact positive to performance company. With background behind the researchers feel need do assessment impact things the to the performance of each bank.

1. B. Citibank Performance

Citibank's performance before (2022) and after (2023) diverting business banking consumers (including

banking retail and cards credit) to Bank UOB Indonesia is as follows:

Table 1: Citibank Performance

CitiBank Performance Ratio	(In %)	
	Dec 2022 (Before)	December 2023 (After)
1. Capital Adequacy Requirement (CAR)	27.51	37.85
2. Non-performing earning assets and non-performing non-earning assets to total earning assets and non-productive assets	1.45	1.63
3. Non-performing earning assets to total productive assets	1.31	1.44
4. Allowance for impairment losses (CKPN) of financial assets against productive assets	1.66	1.45
5. Gross NPL	2.99	3.36
6. Net NPL	0.08	0.33
7. Return on Assets (ROA)	2.27	3.27
8. Return on Equity (ROE)	9.01	14.14
9. Net Interest Margin (NIM)	4.22	5.32
10. Operating Expenses to Operating Income (BOPO)	73.22	74.53
11. Cost to Income Ratio (CIR)	59.65	65.71
12. Loan to Deposit Ratio (LDR)	52.69	59.58

2. A. Standard Chartered Profile

Standard Chartered Bank Indonesia is one of the office Standard Chartered Bank branches in the Asia region. The bank is owned wholly (100%) by Standard Chartered Holdings Limited, United Kingdom. As office foreign bank branches in Indonesia, travel and management Bank business is controlled by and carried out in a way integrated with the Standard Chartered Bank Board of Directors center in London.

Journey Banking business in Indonesia has through history long. This is started when The Chartered Bank (now called Standard Chartered Bank) runs business in the general banking sector through the Borneo Company in Batavia (now called Jakarta) in 1859. In May 1863, The Chartered Bank then operate business the in a way independent. This effort making The Chartered Bank a foreign exchange bank English the first to open a business entity in the Dutch East Indies (now called Indonesia).

Next, in 1965, the office branch in Jakarta closed on probation coup. However, the activities business started back in 1968 after Standard Chartered Bank Indonesia received permission business through the Letter of the Minister of Finance No. D.15.6.1.6.15 dated 1 October 1968 and the Decree of the Board of

Directors of Bank Negara Indonesia (formerly is the central bank of Indonesia) No. 4/22/KEP.DIR dated 2 October 1968 for do activity foreign exchange and activities banking. In the article Respati AR, Sukmana Y (2023) [5], Standard Chartered Bank Indonesia (SCBI) has complete sale as well as migration portfolio conventional Credit Card, Personal Loan (CCPL), Mortgage, and Auto Loan to PT Bank Danamon Indonesia Tbk (Danamon), on Saturday (9/12/2023). Cluster Chief Executive Officer Indonesia and ASEAN Markets (Australia, Brunei and the Philippines) Standard Chartered Andrew Chia explained, sales and migration the first announced in April 2023.

Research gap moment: This is not yet existence research that examines impact settlement acquisition and or portfolio migration among large banks regarding financial performance. So that expected will formed new novelty that can be obtained become reference journals study following his.

2. B. Standard Chartered Bank Performance

Standard Chartered's performance before (2022) and after (2023) transfer business banking portfolio conventional Credit Card, Personal Loan (CCPL), Mortgage, and Auto Loan to PT Bank Danamon Indonesia Tbk (Danamon) is as following:

Table 2: Standard Chartered Bank Performance

Standard Chartered Bank Performance Ratio	(In %)	
	Dec 2022 (Before)	December 2023 (After)
1. Capital Adequacy Requirement (CAR)	22.77	24.69
2. Non-performing earning assets and non-performing non-earning assets to total earning assets and non-productive assets	0.43	0.59
3. Non-performing earning assets to total productive assets	0.77	0.84
4. Allowance for impairment losses (CKPN) of financial assets against productive assets	1.23	1.25

5. Gross NPL	2.10	2.21
6. Net NPL	0.37	0.49
7. Return on Assets (ROA)	0.98	1.07
8. Return on Equity (ROE)	5.02	3.91
9. Net Interest Margin (NIM)	2.52	3.95
10. Operating Expenses to Operating Income (BOPO)	84.16	84.88
11. Cost to Income Ratio (CIR)	83.17	78.73
12. Loan to Deposit Ratio (LDR)	63.05	62.90

3. Bank Performance Ratio Components

Based on Bank Indonesia regulations (2011 & 2013) 8 9 and the provisions of the Financial Services Authority (2017) [10-13], the performance/health of the

bank in question is analyzed using the RGEC (Risk Profile, Good Corporate Governance, Earning, Capital) aspects, where the Bank's performance assessment components use the following performance ratios:

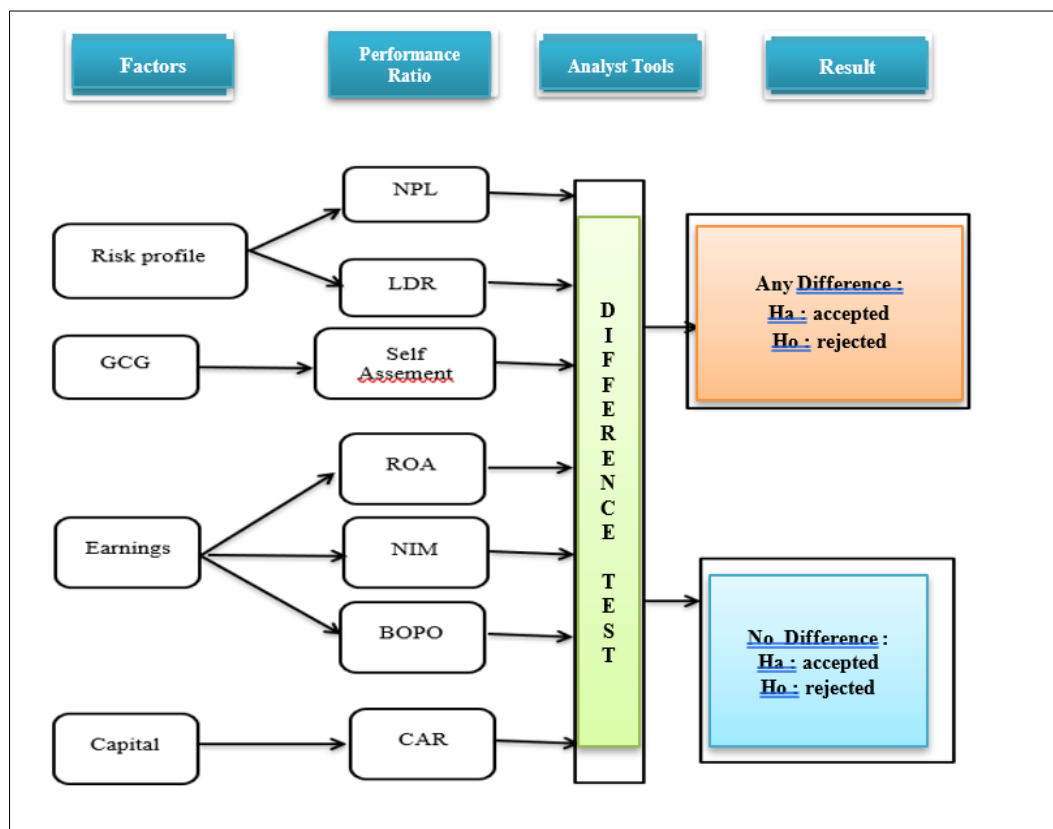
Bank Performance Ratio (%)
1. Capital Adequacy Requirement (CAR)
2. Non-performing earning assets and non-performing non-earning assets to total earning assets and non-productive assets
3. Non-performing earning assets to total productive assets
4. Allowance for impairment losses (CKPN) of financial assets against productive assets
5. Return on Asset (ROA)
6. Return on Equity (ROE)
7. Operating Expenses to Operating Income (BOPO)
8. Cost to Income Ratio (CIR)

In research by Paramarta (2017) [13], Dewi I.A.S (2018) [14], Dewi M (2018) [15], Sari A (2019) [16], and Rosdiana (2019) [17], they used the RGEC analysis method and financial ratios in their research.

Framework Based on the performance ratios above, the following framework was developed:

4. Framework Research

Based on above, the Research Framework is as follow:



4. Hypotesis

Based on the research framework above, the following research hypotheses are formulated:

H1: There is no difference in performance at Citibank between 2022 and 2023, which would result in its acquisition.

H2: There is no difference in performance at Standard Chartered Bank between 2022 and 2023, which would result in its conventional portfolio migration.

H3: There is no difference in performance between Citibank and Standard Chartered Indonesia Bank between 2021 and 2022.

5. Statistical Test & Result

Statistical test results his research as the following:

a. Comparative Test before (2022) and After (2023) for Citibank.

Table 3: Validity Test

Case Processing Summary							
Performance Ratio	Group	Cases					
		Valid		Missing		Total	
		N	Percent	N	Percent	N	Percent
	FY 2022 (Before)	12	100.0%	0	0.0%	12	100.0%
	FY 2023 (After)	12	100.0%	0	0.0%	12	100.0%

In the table above Citibank data before (2022) and after (2023) is 100% valid.

Table 4: Citibank Descriptive Test

Descriptives						
Performance Ratio	Group			Statistics	Std. Error	
Performance Ratio	FY 2022 (Before)	Mean		19.6717	7.75002	
		95% Confidence Interval for Mean		Lower Bound	2.6140	
				Upper Bound	36.7294	
		5% Trimmed Mean			17.7852	
		Median			3.6050	
		Variance			720,754	
		Standard Deviation			26.84686	
		Minimum			.08	
		Maximum			73.22	
		Range			73.14	
		Interquartile Range			44.89	
		Skewness			1,204	.637
		Kurtosis			-.186	1,232
Performance Ratio	FY 2023 (After)	Mean		22.3842	8.30274	
		95% Confidence Interval for Mean		Lower Bound	4.1100	
				Upper Bound	40.6584	
		5% Trimmed Mean			20,7124	
		Median			4.3400	
		Variance			827,225	
		Standard Deviation			28.76153	
		Minimum			.33	
		Maximum			74.53	
		Range			74.20	
		Interquartile Range			52.65	
		Skewness			1,013	.637
		Kurtosis			-.798	1,232

Based on the data above, Citibank:

- Before (2022): Mean 19.6717, 95% Confidence Interval for Mean: Lower Bound 2.6140 and Upper Bound 36.7294.

- After (2023): Mean 22.3842, 95% Confidence Interval for Mean: Lower Bound 4.11000, Upper Bound 40.6584.

Table 5: Citibank Normality Test

Tests of Normality							
Performance Ratio	Group	Kolmogorov-Smirnova			Shapiro-Wilk		
		Statistics	df	Sig.	Statistics	df	Sig.
	FY 2023 (After)		.307	12	.003	.747	12
FY 2022 (Before)		.321	12	.001	.733	12	.002

a. Lilliefors Significance Correction

From the normality test data, the data is more small from 0.05 means the data is not normally distributed, then using nonparametric tests Wilcoxon.

Table 6: Citibank Wilcoxon Signed Ranks Test

Ranks				
		N	Mean Rank	Sum of Ranks
FY 2023 (After) - FY 2022 (Before)	Negative Ranks	11 ^a	6.82	75.00
	Positive Ranks	1 ^b	3.00	3.00
	Ties	0 ^c		
	Total	12		

- a. FY 2023 < FY 2022
- b. FY 2023 > FY 2022
- c. FY 2023 = FY 2022

In the table above after (2023) - before (2022) Where Negative Rank 11 data with means 6.82 and sum of ranks 75, and Positive Ranks 1 data with means rank 3.00 and sum of ranks 3.00.

Table 7: Wilcoxon test

Test Statistics ^a	
	FY 2023 - FY 2022
Z	-2.824 ^b
Asymp. Sig. (2-tailed)	.005

- a. Wilcoxon Signed Ranks Test
- b. Based on positive ranks.

Based on Wilcoxon test results sig (2-tailed) 0.005 more small from 0.05 means there is difference performance before and after diversion loan portfolio to UOB Bank.

6. Comparative Test Before (2022) And After (2023) for Standard Chartered Bank

Under this statistical test results comparison before and after for Stanchart Bank.

Table 8: Validation Test Stanchart

Case Processing Summary							
Performance Ratio	Group	Cases					
		Valid		Missing		Total	
		N	Percent	N	Percent	N	Percent
FY 2023 (After)		12	100.0%	0	0.0%	12	100.0%
FY 2022 (Before)		12	100.0%	0	0.0%	12	100.0%

In the data above, Standard Chartered data before and after is 100% valid.

Table 9: Descriptive

Descriptives							
Performance Ratio	Group			Statistics	Std. Error		
	FY 2022 (Before)	Mean			22.2142	9.77460	
		95% Confidence Interval for Mean	Lower Bound			.7004	
			Upper Bound			43.7279	
		5% Trimmed Mean			19.9863		
		Median			2.3100		
		Variance			1146,513		
		Standard Deviation			33.86020		
Minimum			.37				

		Maximum	84.16	
		Range	83.79	
		Interquartile Range	52.16	
		Skewness	1,298	.637
		Kurtosis	-.104	1,232
Performance Ratio	FY 2023 (After)	Mean	22.1258	9.58778
		95% Confidence Interval for Mean	Lower Bound	1.0233
			Upper Bound	43.2284
		5% Trimmed Mean	19.8415	
		Median	3.0600	
		Variance	1103.107	
		Standard Deviation	33.21306	
		Minimum	.49	
		Maximum	84.88	
		Range	84.39	
		Interquartile Range	52.45	
		Skewness	1,275	.637
		Kurtosis	-.156	1,232

In the table above Standard Chartered Performance:

- Before (2022): Mean 22.2142, 95% Confidence Interval for Mean: Lower Bound .7004, Upper Bound 43.7279.
- After (2023): Mean 22.1258, 95% Confidence Interval for Mean: Lower Bound 1.0233, upper bound 43.2284.

Table 10: Normality Test Stanchart

Tests of Normality							
Performance Ratio	Group	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
		Statistics	df	Sig.	Statistics	df	Sig.
	FY 2022 (Before)	.361	12	.000	.668	12	.000
	FY 2023 (After)	.375	12	.000	.679	12	.001

a. Lilliefors Significance Correction

Stanchart data on:

- Data before (2022): more small from 0.05, meaning the data is not normally distributed so that using nonparametric tests wilxocon
- Data after (2023) : more small from 0.05 data no normally distributed so that using nonparametric tests wilxocon

Table 11: Standard Chart Rank Test Wilcoxon Signed Ranks Test

Ranks				
		N	Mean Rank	Sum of Ranks
2023 After - 2022 Before	Negative Ranks	3 ^a	9.00	27.00
	Positive Ranks	9 ^b	5.67	51.00
	Ties	0 ^c		
	Total	12		
a. 2023 After < 2022 Before				
b. 2023 After > 2022 Before				
c. 2023 After = 2022 Before				

Stanchart data above after (2023) - Before (2022):

- Negative Ranks 3, mean ranks 9.00, sum of ranks 27.
- Positive Ranks 3, mean rank 5.67 sum of ranks 51.

Table 12: Wilcoxon test

Test Statistics ^a	
	2023 After - 2022 Before
Z	-.941 ^b
Asymp . Sig. (2-tailed)	.347
a. Wilcoxon Signed Ranks Test	
b. Based on negative ranks.	

Based on table above sig (2-tailed) more big from 0.05 means No there is difference performance before and after transfer of portfolio loans to Stanchart.

7. DISCUSSION

Based on results study on can discussed more carry on as following:

7.1. Comparison of Citibank's Before and After Performance

Referring results study there is difference Citibank's performance before and after transfer of loan portfolio to UOB, this This in line with research conducted by Widyanto, *et al.*, (2019) and Rosdiana R (2019).

In condition there is differences, bank performance is not constant Because:

1. Capital Adequacy Requirement (CAR) falls No significant -1.8%, so that performance capital decrease.
2. Non-performing earning assets and non-performing non-earning assets to total earning assets and non-productive assets decreased No significant -0.12%, so that performance profitability decrease
3. Non-performing earning assets to total productive assets decreased No significant -0.22%, so that performance profitability decrease
4. Allowance for impairment losses (CKPN) of financial assets against productive assets did not increase significant 0.28%, so that performance profitability increase
5. Return on Asset (ROA) does not increase significant 0.37%, so that performance profitability increase
6. Return on Equity (ROE) does not increase significant 3.13%, so that performance profitability increase
7. Operating Expenses to Operating Income (BOPO) fell No significant -4.58%, so that performance profitability decrease
8. Cost to Income Ratio (CIR) decreases No significant -1.56%, so that performance profitability decrease

7.2. Comparison of Stanchart's Before and After Performance

Based on results study, there is no difference in performance of Stanchart before and after transfer of loan portfolio to Bank Danamon. This matter in line with research conducted by Faizal H, *et al.*, (2018) and Sari A (2019).

Although No there is difference but bank performance is not constant caused by:

1. Capital Adequacy Requirement (CAR) does not increase significant 0.11%, so that performance capital increase.

2. Non-performing earning assets and non-performing non-earning assets to total earning assets and non-productive assets decreased No significant -0.19%. So performance profitability decrease
3. Non-performing earning assets to total productive assets decreased No significant -0.2%, so that performance profitability decrease.
4. Allowance for impairment losses (CKPN) of financial assets against productive assets did not increase significant 0.03% so that performance profitability increase
5. Return on Asset (ROA) does not increase significant 0.5%, so that performance profitability increase
6. Return on Equity (ROE) does not increase significant 3.45%, so that performance profitability increase
7. Operating Expenses to Operating Income (BOPO) fell No significant -7.61%, so that performance profitability decrease
8. Cost to Income Ratio (CIR) decreases No significant -0.18%, so that performance profitability decrease

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