ABSTRACT

An Analysis of Credit Card Business Financial Performance - Study in XYZ Card Center

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The purpose of this study is to identify profit driver for credit card business. Mostly all credit card business is part of banking business but there is some difference approach between each business. This study tries to find out the factor, which can identify as the important thing to be considering in making profit for credit card business. The data were collected from internal resources of Bank XYZ and XYZ Card Center for the period of 2000 - 2001. The theory of financial management, CAMEL Method and government rules in banking industry were used to analyze the data.

By tracking on income and cost component we found that the characteristic of receivable assets for banking business and credit card business is different. Banking business is always focus on prudential banking, and credit card business is on market growth. The financial performance of XYZ Card Center is better than the XYZ Bank. The critical factor identifying as a profit driver, which has to maintain carefully, is credit expansion and non performing loan. The expansion of credit card issued was having positive impact to income per cards ratio, cost per cards ratio and EBIT per cards ratio. Based on the finding, this study suggests that management Bank XYZ provide different target and different standard for credit card business and banking business. The management of Bank XYZ also should deliver more authority to the business manager of XYZ Card Center.