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STRATEGIC TRANSFORMATION TOWARD INITIAL PUBLIC OFFERING (IPO): A CASE STUDY OF BANK JAKARTA AS A REGIONAL DEVELOPMENT BANK

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ABSTRACT

The transformation of regional development banks (RDBs) into publicly listed companies has become a strategic issue amid increasing competition, digital disruption, and the growing demand for transparency and professional governance in the banking industry. This study aims to explore the strategic transformation process toward Initial Public Offering (IPO) readiness in Bank Jakarta, a regional development bank owned by the Jakarta Provincial Government. Using a qualitative single-case study approach, this research analyzes secondary data from annual reports, sustainability reports, corporate disclosures, and regulatory documents during the 2020–2025 period. The analysis focuses on four strategic capabilities influencing IPO readiness: corporate governance capability, digital transformation capability, risk management capability, and financial capability. The findings reveal that IPO preparation is not merely a capital-raising strategy but a comprehensive organizational transformation process. Bank Jakarta has strengthened financial performance, expanded lending capacity, improved governance practices, accelerated digital transformation, and enhanced risk management as key foundations for becoming a public company. This study proposes a Strategic IPO Readiness Framework for Regional Development Banks, explaining how internal organizational capabilities support transformation toward a publicly listed institution. Practically, the findings provide strategic insights for policymakers and RDB managers in designing sustainable IPO transformation strategies.

INTRODUCTION

The banking industry is currently experiencing fundamental changes driven by rapid technological development, increasing competition from financial technology (*fintech*) firms, changing customer expectations, and stronger regulatory demands for transparency, security, and effective corporate governance. Digital transformation has reshaped how banks create value, deliver financial services, manage customer relationships, and develop competitive advantages. Recent studies indicate that digital transformation in banking requires organizations to develop new capabilities that integrate technology, organizational resources,

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innovation, and governance mechanisms to respond effectively to environmental changes (Abdurrahman et al., 2024). In an increasingly dynamic business environment, banks can no longer rely solely on financial resources and traditional banking capabilities but must develop organizational capabilities that enable continuous adaptation, innovation, and strategic renewal. The ability of organizations to sense environmental changes, seize emerging opportunities, and transform internal resources is essential for maintaining sustainable competitive advantage (Teece et al., 1997; Teece, 2018). Recent research confirms that dynamic capabilities play an important role in enabling traditional banks to overcome digital disruption and enhance innovation performance through effective transformation strategies (Ferreira et al., 2024). Therefore, organizational transformation has become a strategic priority for banking institutions seeking long-term competitiveness in a complex and uncertain business environment.

In Indonesia, this transformation agenda has become increasingly important as banks face pressure to accelerate digitalization while maintaining risk management and governance standards. The Financial Services Authority or Otoritas Jasa Keuangan (OJK**)** has emphasized that digital banking transformation must be accompanied by strong information technology governance, cybersecurity, consumer protection, and operational resilience (OJK, 2024). Digital transformation in banking is therefore not merely related to technology adoption but involves the development of digital capabilities, risk management systems, and governance frameworks that support sustainable business performance. Empirical evidence from Indonesian banking institutions shows that dynamic digital transformation capabilities, combined with governance, risk management, and compliance (GRC), significantly contribute to improving banking performance (Abdurrahman et al., 2024). Furthermore, qualitative evidence suggests that successful digital banking transformation requires organizational routines, strategic capabilities, technology capabilities, and governance-risk-compliance mechanisms as critical enablers (Abdurrahman et al., 2024). Thus, banking transformation is determined not only by

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financial performance but also by the ability of organizations to develop corporate governance capability, digital transformation capability, and risk management capability as strategic foundations for sustainable competitiveness.

The Indonesian banking industry has demonstrated strong resilience and maintained financial stability despite increasing challenges arising from digital disruption, regulatory changes, and intensifying competition in the financial services sector. Key indicators of banking performance, including credit growth, capital adequacy, asset quality, profitability, and liquidity, reflect the overall capacity of the banking sector to support economic activities while adapting to a rapidly changing business environment. Table 1 presents the main performance indicators of the Indonesian banking industry during 2020–2025.

Table 1. Indonesian Banking Industry Performance (2020–2025)

Indicator	2020	2021	2022	2023	2024	2025
Credit Growth	-2.41%	5.24%	11.35%	10.38%	10.39%	9.63%
Third Party Funds Growth	11.11%	12.21%	9.01%	3.73%	±7%	13.83%
Gross NPL	3.06%	3.00%	2.44%	2.19%	2.08%	2.05%
CAR	23.89%	25.66%	25.63%	27.65%	±26%	25.89%
ROA	1.59%	1.84%	2.45%	2.74%	2.69%	2.53%
LDR	82.54%	77.13%	78.98%	83.83%	85.74%	85.35%

Source: Indonesian Financial Services Authority (2025)

The data presented in Table 1 indicate that the Indonesian banking sector has maintained a strong financial foundation, characterized by sustained credit expansion, high capitalization, controlled credit risk, and relatively stable profitability. However, these positive financial indicators do not eliminate the strategic challenges faced by banking institutions, particularly in strengthening digital capabilities, improving governance quality, enhancing cybersecurity resilience, and developing adaptive organizational capabilities. Therefore, banks are required not only to maintain financial performance but also to undertake strategic transformation to remain competitive in an increasingly dynamic financial ecosystem.

Meanwhile, Regional Development Banks (RDBs) play a strategic role in Indonesia's financial system by functioning not only as commercial banking institutions but also as catalysts for regional economic development. As regional government-owned banks, RDBs are expected to support local economic growth by financing regional development programs, promoting financial inclusion, and expanding access to credit for micro, small, and medium enterprises (MSMEs). At the same time, they are required to maintain financial sustainability and competitiveness within an increasingly dynamic banking industry. This dual mandate places RDBs in a unique position compared with privately owned commercial banks because they must simultaneously pursue commercial performance while fulfilling public service responsibilities. These characteristics distinguish RDBs from other banking institutions and require different strategic governance approaches (Hartantiningsih & Umanto, 2017; Otoritas Jasa Keuangan [OJK], 2024).

The strategic challenges faced by RDBs have become increasingly complex due to rapid digital transformation, tighter banking regulations, growing competition from national commercial banks and fintech companies, and increasing customer expectations for digital financial services. Consequently, RDBs are required to strengthen their capital structure, improve corporate governance, accelerate digital transformation, enhance operational efficiency, and reinforce enterprise risk management. Recent empirical evidence demonstrates that robust corporate governance, sound capital structure, and prudent liquidity management significantly improve the profitability and long-term sustainability of Regional Development Banks in Indonesia (Sudradjat, 2025). Furthermore, the Indonesian Financial Services Authority (OJK, 2024) emphasizes that banks must continuously strengthen governance, digital resilience, cybersecurity, and risk management to remain competitive in the digital banking era.

In response to these challenges, organizational transformation has become an unavoidable strategic agenda for Indonesian RDBs. Rather than operating solely as

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regional government-oriented institutions, RDBs are increasingly expected to transform into professionally managed, market-oriented, and highly competitive financial institutions. Such transformation requires strengthening organizational capabilities encompassing corporate governance, financial resilience, digital capability, and enterprise risk management.

These capabilities are particularly critical for RDBs preparing to enter the capital market through an Initial Public Offering (IPO), where greater transparency, accountability, and market discipline are required. Previous studies argue that the governance structure of RDBs is strongly influenced by institutional and political environments, making governance reform an essential prerequisite for improving organizational performance and supporting strategic transformation (Umanto, Wijaya, & Atmoko, 2016). The transformation toward an Initial Public Offering (IPO) has become an important corporate strategy adopted by banking institutions to strengthen capital structure, enhance competitiveness, and expand access to long-term financing sources. In the context of Regional Development Banks (RDBs), an IPO is not merely a mechanism for raising external capital but also serves as an organizational transformation instrument that encourages greater transparency, accountability, corporate governance improvement, and market discipline.

Within the broader transformation of the Indonesian banking industry, Bank Jakarta provides an important empirical context to examine the strategic transformation process of a regional development bank toward IPO readiness. As a regional government-owned banking institution, Bank Jakarta faces the dual challenge of maintaining its role in supporting regional economic development while simultaneously strengthening its competitiveness as a commercially oriented financial institution. The decision to pursue an Initial Public Offering (IPO) requires the bank to demonstrate not only financial sustainability but also organizational capabilities in governance, digital transformation, risk management, and operational effectiveness. Therefore, an assessment of Bank Jakarta's historical financial performance and strategic development becomes essential to understand its

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preparedness for transformation into a publicly listed company.

Bank Jakarta has established a strategic agenda to conduct an IPO on the Indonesia Stock Exchange in the first half of 2027 as part of its institutional transformation toward a publicly listed company. The preparation process emphasizes strengthening business fundamentals through improved financial performance, capital structure enhancement, digital capability development, risk management strengthening, and liquidity optimization to ensure organizational readiness before entering the capital market (Bank Jakarta, 2025; Investor Daily, 2026).

The transformation of Bank Jakarta into a publicly listed institution is not solely driven by the need for additional capital but also represents a broader strategic initiative to improve corporate governance quality and enhance competitiveness amid increasing complexity in the banking industry. The IPO process requires companies to meet higher standards regarding information transparency, risk management effectiveness, regulatory compliance, and internal control systems. Therefore, Bank Jakarta must develop organizational capabilities that support business sustainability while increasing investor confidence regarding its future prospects (Otoritas Jasa Keuangan [OJK], 2024). From a strategic management perspective, IPO preparation can be viewed as a form of strategic transformation involving integrated changes in financial capability, operational processes, governance mechanisms, and technological infrastructure.

To further understand the strategic transformation process toward IPO readiness, an examination of Bank Jakarta's organizational capabilities is required. Financial performance alone is insufficient to determine the readiness of a regional development bank to become a publicly listed company, as IPO preparation requires the development of broader organizational capabilities, including financial capability, business growth capability, risk management capability, and governance capability. Therefore, this study analyzes the evidence of strategic capability development of Bank Jakarta during the 2020–2025 period based on annual reports, sustainability reports, and corporate disclosures. Table 2 summarizes the empirical evidence of capability development that supports Bank Jakarta's transformation toward a publicly listed institution.

Table 2. Evidence of Strategic Capability Development of Bank Jakarta (2020–2025)

Capability Dimension	**Indicators**	**Empirical Evidence**
Financial Capability	Asset growth, loan expansion, profitability, capital strength, liquidity management	Bank Jakarta demonstrated continuous improvement in financial capacity through asset expansion, increasing lending activities, growth of third-party funds, and maintained profitability performance during 2020–2025.
Business Growth Capability	Credit growth, MSME financing, market expansion, customer and service development	The bank expanded its lending portfolio, particularly in the MSME sector, while strengthening its banking services and market penetration to support sustainable growth.
Risk Management Capability	Credit quality, NPL management, capital adequacy, enterprise risk management, cybersecurity capability	Bank Jakarta strengthened risk management practices through maintaining asset quality, improving risk governance, enhancing internal control mechanisms, and developing technology risk management.
Governance Capability	Good Corporate Governance (GCG), transparency, accountability, board oversight, compliance system	The bank enhanced governance practices through improved disclosure, compliance mechanisms, internal audit functions, and governance structures required for public company standards.

Source: Bank Jakarta Annual & Sustainability Report (2025)

The evidence presented in Table 2 indicates that Bank Jakarta's IPO preparation represents a broader strategic transformation rather than merely a capital market transaction. The development of financial capability provides the foundation for business sustainability, while business growth capability reflects the bank's ability to expand its market position. Furthermore, improvements in risk management and governance capabilities demonstrate the institutional readiness required to operate under the higher transparency and accountability standards of a

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publicly listed company. These findings support the argument that IPO readiness among regional development banks is a multidimensional process involving the integration of financial, organizational, and strategic capabilities.

Regional Development Banks (RDBs) face unique strategic challenges because they must balance dual objectives: supporting regional economic development while maintaining commercial sustainability, operational efficiency, and market competitiveness. As public-sector-oriented financial institutions, RDBs are required to improve professionalism, transparency, accountability, and governance quality while responding to increasing competition in the banking industry (Grossi et al., 2020; Bruton et al., 2021). These challenges require RDBs to develop organizational capabilities that enable them to transform from government-oriented institutions into more market-oriented and competitive financial organizations.

Furthermore, previous banking transformation studies have largely examined digital transformation, financial performance improvement, or corporate governance separately, while limited research has explored how the integration of multiple strategic capabilities enables a government-owned bank to achieve IPO readiness. Recent studies highlight that digital transformation requires more than technological investment; it requires organizational agility, strategic alignment, and the ability to reconfigure internal resources in response to environmental changes (Vial, 2019; Verhoef et al., 2021; Mikalef et al., 2021). From the strategic management perspective, this process reflects the concept of dynamic capability, where organizations continuously sense environmental changes, seize opportunities, and transform their resources to maintain competitiveness (Teece, 2007; Teece, 2023). Specifically, the role of financial capability, business growth capability, risk management capability, and governance capability as integrated foundations of IPO readiness remains insufficiently explored. Understanding IPO readiness through these multidimensional capabilities provides an opportunity to extend the strategic management literature by explaining how organizations develop transformation capacity before entering public capital markets.

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This study aims to explore how strategic capabilities support the IPO readiness process of Bank Jakarta as a regional development bank preparing for transformation into a publicly listed company. Using a qualitative single-case study approach, this research examines the development of financial capability, business growth capability, risk management capability, and governance capability during the 2020–2025 transformation period. A qualitative case study approach is appropriate because it enables deeper understanding of complex organizational transformation processes within specific institutional contexts (Yin, 2018).

This study contributes to strategic management literature in three ways. First, it extends the application of dynamic capability theory by explaining how government-owned banks develop internal capabilities to respond to institutional changes, market pressures, and capital market requirements. Then, it enriches IPO literature by positioning IPO not merely as a financing decision but as a strategic transformation process involving capability development, governance improvement, and organizational restructuring. And also, it provides practical implications for policymakers and managers of regional development banks by identifying critical capabilities required to achieve sustainable IPO readiness in emerging economies.

THEORITICAL REVIEW

Dynamic Capability Theory

Strategic transformation has become an essential organizational response to increasing environmental uncertainty, digital disruption, regulatory complexity, and intensifying market competition. Rather than relying solely on existing strategic resources, organizations are required to continuously renew their capabilities to sustain long-term competitiveness. Dynamic Capability Theory provides an appropriate theoretical lens to explain this transformation by emphasizing an organization's ability to integrate, build, and reconfigure internal and external resources in response to rapidly changing environments. According to Teece (2007), dynamic capabilities consist of three interrelated managerial processes; sensing, seizing, and transforming (reconfiguring) that enable organizations to identify strategic opportunities, mobilize resources, and continuously renew organizational

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capabilities. More recently, Teece (2023) argues that dynamic capabilities have evolved beyond a resource renewal mechanism into a strategic transformation framework that enables firms to redesign business models, strengthen organizational resilience, and sustain competitive advantage under conditions of technological and institutional disruption. Consequently, strategic transformation is increasingly viewed as an outcome of dynamic capability development rather than merely organizational change.

Within the banking industry, strategic transformation has accelerated due to digital banking, financial technology (fintech), stricter regulatory requirements, cybersecurity risks, and changing customer expectations. These pressures require banks to develop organizational capabilities that extend beyond financial resources toward governance excellence, innovation capability, digital capability, and enterprise-wide risk management. Recent empirical evidence indicates that dynamic capabilities serve as the primary mechanism enabling banks to successfully implement strategic transformation through digital innovation and organizational renewal. Ferreira et al. (2024) demonstrate that dynamic capabilities support traditional banks in aligning digital transformation with organizational innovation and strategic renewal. Similarly, Abdurrahman et al. (2024) show that Indonesian banks enhance organizational performance by developing technology capability, strategic capability, governance–risk–compliance (GRC), innovation capability, and ecosystem capability, all of which collectively facilitate successful digital transformation and organizational adaptation. These findings reinforce the proposition that strategic transformation in banking is driven by the integration of multiple organizational capabilities rather than isolated technological investments.

Agency Theory

Agency Theory provides an important theoretical foundation for understanding corporate governance and organizational transformation during the IPO readiness process. The theory explains that the separation of ownership and managerial control creates potential agency conflicts because managers (agents) may pursue objectives that differ from those of shareholders (principals), resulting in information asymmetry, monitoring costs, and agency costs (Jensen & Meckling, 1976). As organizations prepare to become publicly listed companies, these agency problems become increasingly significant due to the broader ownership structure, higher disclosure requirements, and stronger external monitoring by investors, regulators, and the capital market.

Consequently, corporate governance mechanisms including board independence,

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audit committees, internal control systems, transparency, and accountability become critical institutional arrangements for aligning managerial decisions with shareholders' interests and protecting investor confidence (Hopt, 2021). Recent literature also confirms that Agency Theory remains the dominant theoretical framework for explaining governance mechanisms because it provides a comprehensive basis for reducing information asymmetry and strengthening organizational accountability across different institutional contexts.

Recent studies further demonstrate that effective corporate governance significantly contributes to organizational performance and market valuation, particularly within the banking industry where governance quality directly influences institutional credibility and financial stability. Resandy and Marsono (2025) found that board independence, audit committee effectiveness, board structure, and institutional ownership significantly enhance firm value in Indonesian listed banks, supporting the central proposition of Agency Theory that governance mechanisms mitigate agency conflicts and improve organizational performance. Likewise, recent reviews emphasize that governance effectiveness depends not only on formal governance structures but also on board capability, institutional quality, and organizational oversight, particularly in emerging economies where ownership concentration and government involvement remain substantial. These findings suggest that governance capability should be viewed as a strategic organizational capability rather than merely a regulatory compliance requirement because it strengthens transparency, improves decision quality, reduces agency costs, and enhances investor confidence.

Strategic Transformation

Strategic transformation refers to a fundamental process through which organizations renew their strategies, structures, capabilities, and business models to respond to significant environmental changes and achieve long-term sustainability. Unlike incremental organizational change, strategic transformation involves a comprehensive reconfiguration of organizational resources, processes, and capabilities to create new sources of competitive advantage. In dynamic environments, organizations must continuously adapt by developing new capabilities, redesigning governance mechanisms, and aligning internal resources with external market demands (Teece, 2007; Warner & Wäger, 2019). Recent strategic management literature emphasizes that transformation is not merely a response to external pressure but a proactive organizational process that enables firms to reshape their competitive position through innovation, digital capability development, and institutional renewal (Verhoef et al., 2021; Ferreira et al., 2024). Therefore, strategic transformation represents a critical pathway for organizations operating in highly regulated and competitive industries, including banking.

Within the banking sector, strategic transformation has become increasingly important due to technological disruption, fintech competition, regulatory changes, and evolving stakeholder expectations. Banks are required to move beyond traditional financial intermediation by developing capabilities related to digital innovation, governance effectiveness, operational resilience, and customer-oriented business models. Recent studies indicate that successful banking transformation depends on the ability of financial institutions to integrate technological resources, organizational capabilities, and strategic renewal processes. Ferreira et al. (2024) demonstrate that dynamic capabilities enable traditional banks to successfully respond to digital disruption by aligning technological transformation with organizational innovation. Similarly, Abdurrahman et al. (2024) highlight that Indonesian banking transformation requires the development of integrated capabilities involving digital capability, governance, risk management, and organizational routines. These findings indicate that strategic transformation in banking is a multidimensional process involving financial, technological, managerial, and institutional changes.

In the context of Initial Public Offering (IPO), strategic transformation represents the organizational preparation required before entering the capital market. IPO readiness should not be interpreted solely as financial preparedness or compliance with listing requirements, but as a broader transformation process that reflects organizational maturity and market credibility. Companies preparing for IPO must develop stronger financial performance, professional governance structures, effective risk management systems, operational transparency, and sustainable growth strategies to meet investor expectations (Ritter & Welch, 2002; Chemmanur et al., 2011). For government-owned regional development banks, this transformation becomes more complex because they must simultaneously fulfill public development objectives while adopting market-oriented governance and performance standards (Bruton et al., 2021).

Integrated Strategic Capability And IPO Readiness

Drawing upon Dynamic Capability Theory, Agency Theory, and strategic transformation perspectives, this study develops an Integrated Strategic Capability Framework for IPO Readiness. Previous IPO studies have primarily focused on financial outcomes, market valuation, ownership structure, and investor reactions, while limited

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attention has been given to IPO readiness as an organizational transformation process. In the context of government-owned regional development banks, IPO represents a strategic transition that requires institutional restructuring, capability development, and alignment between organizational resources and capital market expectations. Therefore, this study argues that IPO readiness should be conceptualized as a multidimensional organizational capability rather than merely a financial milestone.

The proposed framework is based on the assumption that organizations operating in highly dynamic environments must continuously develop and integrate strategic capabilities to achieve transformation success. Recent studies emphasize that strategic transformation requires the combination of complementary capabilities, including digital capability, organizational agility, innovation capability, and governance capability, because isolated resource investments are insufficient to generate sustainable competitive advantage (Weritz et al., 2025; Ferreira et al., 2024). From the dynamic capability perspective, organizations achieve transformation readiness when they are able to sense environmental changes, seize strategic opportunities, and reconfigure internal resources to adapt to new institutional demands (Teece, 2007; Teece, 2023).

Within this framework, IPO readiness is viewed as the outcome of five interrelated strategic capabilities. Financial capability reflects the organization's ability to maintain sustainable financial strength, capital adequacy, profitability, and liquidity required by investors and regulators. Business growth capability represents the ability to expand markets, develop sustainable revenue sources, and create long-term organizational value. Risk management capability emphasizes organizational resilience through effective risk identification, control mechanisms, and regulatory compliance. Governance capability reflects transparency, accountability, and institutional mechanisms that reduce information asymmetry between owners, managers, and external stakeholders, consistent with the perspective of Agency Theory. Meanwhile, digital transformation capability represents the ability to utilize technology, innovation, and digital ecosystems to enhance operational effectiveness and competitive positioning (Verhoef et al., 2021; Abdurrahman et al., 2024).

The integration of these capabilities provides a broader understanding of IPO readiness as a strategic transformation process. Recent research indicates that digital transformation and organizational capabilities generate greater value when they are strategically aligned with governance structures, business objectives, and organizational resources (Abdurrahman et al., 2024; Weritz et al., 2025). Similarly, capability-based approaches highlight that organizational readiness is not determined by a single factor but by the interaction among multiple capabilities that collectively strengthen adaptability, resilience, and market legitimacy. Therefore, this study contributes to the strategic management literature by proposing that regional development banks preparing for IPO should develop an integrated capability architecture that enables institutional transformation from government-oriented financial institutions into professionally managed publicly listed companies

RESEARCH METHODS.

This study employs a qualitative research approach using a single-case study design to explore the strategic transformation process toward IPO readiness in Bank Jakarta as a regional development bank. A qualitative case study is appropriate because it enables an in-depth investigation of complex organizational phenomena within their real-life context, particularly when the boundaries between the phenomenon and its context are not clearly evident (Yin, 2018). Data were collected from secondary sources, including Bank Jakarta Annual Reports, Sustainability Reports, corporate disclosures, Financial Services Authority (OJK) regulations, Bank Indonesia publications, and relevant financial industry reports covering the 2020–2025 period.

The analysis focused on four strategic capability dimensions: financial capability, business growth capability, risk management capability, and governance capability. Content analysis was employed to identify patterns, strategic initiatives, and empirical evidence of capability development related to IPO readiness. Data interpretation followed an iterative process of data condensation, data display, and conclusion drawing to ensure systematic qualitative analysis (Miles et al., 2020). The findings were interpreted through the lenses of Dynamic Capability Theory and Agency Theory to explain how a government-owned regional development bank transforms toward becoming a publicly listed institution.

To enhance the credibility of the findings, data were triangulated across multiple documentary sources. Information regarding financial performance,

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business growth, governance practices, digital transformation, and risk management was cross-checked between corporate reports, regulatory publications, and official public disclosures. This triangulation process improves the trustworthiness and consistency of the findings by minimizing potential bias associated with relying on a single source of evidence (Yin, 2018)

RESULTS AND DISCUSSION

Strategic Transformation toward IPO Readiness

The findings indicate that Bank Jakarta has undertaken a comprehensive strategic transformation as part of its preparation for an Initial Public Offering (IPO). Based on the analysis of annual reports, sustainability reports, corporate disclosures, and regulatory documents during the 2020–2025 period, IPO readiness has evolved beyond a capital-raising initiative into a broader organizational transformation strategy. The transformation encompasses improvements in financial performance, governance quality, risk management, digital capability, and business growth to satisfy the increasingly stringent requirements of capital market regulators and public investors.

The transformation has been driven by significant changes in the external business environment, including rapid digitalization of financial services, intensifying competition among commercial and regional development banks, the expansion of financial technology (fintech), and increasing regulatory expectations regarding transparency, accountability, and sustainable corporate governance. These environmental dynamics have encouraged Bank Jakarta to strengthen its internal organizational capabilities while simultaneously improving operational performance and institutional resilience. Consequently, IPO readiness has become an integral component of the bank's long-term strategic agenda rather than merely a financing decision.

Document analysis further demonstrates that Bank Jakarta has progressively implemented strategic initiatives aimed at strengthening its organizational foundation. These initiatives include enhancing capital adequacy and financial

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performance, expanding lending activities particularly in the micro, small, and medium enterprise (MSME) segment improving liquidity management, accelerating digital banking transformation, strengthening enterprise risk management, and reinforcing corporate governance practices. The bank has also intensified preparations to meet public company requirements through greater transparency, improved disclosure practices, and stronger compliance with banking regulations.

Evidence from the analyzed documents also indicates positive operational performance during the transformation period. By September 2025, Bank Jakarta recorded a net profit of Rp520.81 billion, representing a 1.46% year-on-year increase. Net interest income rose by 6.35% to Rp2.16 trillion, while lending to the MSME sector increased by 16.14% to Rp6.62 trillion. Third-party funds (DPK) expanded by 16.9% to Rp74.23 trillion, and total assets increased by 12.37% to Rp90.72 trillion. These financial improvements indicate the bank's strengthened intermediation capacity and provide empirical evidence that financial capability has been progressively enhanced to support IPO readiness (Bank Jakarta, 2025; Investor Daily, 2026).

Overall, the findings suggest that Bank Jakarta's readiness for an IPO is built upon the integration of four mutually reinforcing strategic capabilities: financial capability, business growth capability, risk management capability, and governance capability. These capabilities collectively establish the organizational foundation required for a successful transition from a government-owned regional development bank to a publicly listed financial institution. The following sections discuss each capability in greater detail and examine its contribution to the bank's strategic transformation toward IPO readiness

Development of Financial Capability as the Foundation of IPO Readiness

Financial capability represents a fundamental strategic capability that determines the readiness of Bank Jakarta to transform from a government-owned regional development bank into a publicly listed financial institution. In the context of IPO preparation, financial capability extends beyond profitability indicators and reflects the organization's ability to generate sustainable growth, manage financial

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resources effectively, maintain liquidity, and strengthen its competitive position. And also, financial capability development is reflected through improvements in business scale, profitability, lending capacity, funding strength, and operational efficiency (Tabel 3). These indicators demonstrate that the bank has progressively strengthened its financial foundation as a prerequisite for entering the public capital market.

Table 3. Financial Performance Indicators Supporting IPO Readiness of Bank Jakarta

Financial Capability Dimension	Key Indicators	Empirical Evidence	Strategic Implication for IPO Readiness
Profitability Capability	Net profit and Net Interest Income (NII)	Bank Jakarta recorded a net profit of Rp520.81 billion as of September 2025, increasing by 1.46% year-on-year. Net interest income increased by 6.35% to Rp2.16 trillion.	Demonstrates the bank's ability to generate sustainable earnings and improve financial attractiveness for potential investors.
Business Growth Capability	Total assets and business expansion	Total assets reached Rp90.72 trillion in September 2025, representing an annual growth of 12.37%.	Indicates strengthened business scale and organizational capacity to support long-term expansion after IPO.
Intermediation Capability	Credit growth and MSME financing expansion	Total lending, particularly in the MSME segment, increased by 16.14% **to** Rp6.62 trillion.	Reflects the bank's ability to expand productive financing while maintaining its role as a regional development bank.
Funding and Liquidity Capability	Third-party funds (DPK)	Third-party funds increased by 16.9% **to** Rp74.23 trillion, supported by growth in savings and deposits.	Demonstrates stronger customer trust, funding stability, and liquidity capacity to support future lending growth.
Operational Efficiency Capability	Cost efficiency and low-cost funding structure	Improvement in operational efficiency and a higher proportion of low-cost funds contributed to stronger financial performance.	Supports sustainable profitability and enhances the bank's competitiveness in the increasingly competitive banking industry.

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Capital Strength Capability	Capital strengtheni ng and IPO preparation	Bank Jakarta has prioritized strengthening its capital structure as part of its IPO preparation strategy.	Provides a stronger foundation to increase lending capacity and meet public company requirements.

Source: Author's Analysis based on Annual Reports (2025) & Corporate Disclosures,(2025).

The evidence presented in Table 3 indicates that Bank Jakarta has experienced positive financial capability development during its IPO preparation period. The increase in total assets, lending expansion, and third-party funds demonstrates the bank's strengthened intermediation capacity and ability to mobilize financial resources. In particular, the growth of MSME lending reflects Bank Jakarta's capability to maintain its regional economic development function while simultaneously pursuing commercial sustainability.

Furthermore, the improvement in profitability indicators provides an important signal regarding the bank's ability to create economic value. The achievement of Rp520.81 billion in net profit and Rp2.16 trillion in net interest income by September 2025 indicates that Bank Jakarta has strengthened its earnings capacity before entering the capital market. For potential investors, these indicators are important because IPO valuation is strongly influenced by expectations regarding future profitability, growth potential, and organizational sustainability.

Overall, the findings indicate that financial capability has become a critical foundation of Bank Jakarta's IPO readiness. The improvement in profitability, asset expansion, lending growth, and funding capacity provides empirical evidence that the bank has strengthened its financial resilience before transitioning into a publicly listed company. However, financial capability represents only one component of IPO readiness. To achieve sustainable transformation, Bank Jakarta must integrate financial strength with other strategic capabilities, including business growth capability, risk management capability, and governance capability, which are examined in the following sections.

Business Growth Capability and Market Expansion Strategy

Based on the analysis of Bank Jakarta's annual reports, corporate disclosures, and relevant banking industry reports during the 2020–2025 period, business growth capability is reflected through several strategic initiatives, including credit

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expansion, MSME market development, customer base expansion, product innovation, digital banking development, and strengthening regional economic contribution. These initiatives indicate that Bank Jakarta has gradually transformed from a conventional regional banking institution into a more market-oriented financial institution with broader growth objectives.

Table 4. Business Growth Capability Indicators Supporting Bank Jakarta's IPO Readiness

Business Growth Capability Dimension	Key Indicators	Empirical Evidence	Strategic Implication for IPO Readiness
Market Expansion Capability	Expansion of lending portfolio and customer segments	Bank Jakarta expanded its financing activities, particularly in the MSME sector, with MSME lending increasing by 16.14% to Rp6.62 trillion in 2025.	Demonstrates the bank's ability to capture growth opportunities and strengthen its market position.
MSME Development Capability	Support for productive sectors and regional economic growth	Increased focus on MSME financing as a strategic business segment aligned with the role of regional development banks.	Enhances sustainable growth potential while maintaining the bank's regional development mission.
Credit Growth Capability	Expansion of productive lending activities	Growth in lending activities contributed to stronger asset expansion and increased financial intermediation capacity.	Indicates the bank's ability to generate future revenue streams and improve investor confidence.
Digital Business Capability	Digital banking transformation and service innovation	Development of digital banking infrastructure and enhancement of electronic banking services to respond to changing customer behavior.	Strengthens competitiveness and supports scalability after becoming a public company.
Customer and Funding Growth Capability	Growth of customer trust and third-party funds	Third-party funds increased by 16.9% to Rp74.23 trillion, indicating stronger customer confidence.	Provides a stable funding base to support future business expansion.
Strategic Partnership Capability	Collaboration with external stakeholders and financial ecosystem	Strengthening cooperation with payment networks, technology providers,	Supports innovation, market penetration, and long-term business

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	development	and financial institutions.	sustainability.

Source: Author's Analysis based on Annual Reports (2025) & Corporate Disclosures,(2025).

The findings indicate that Bank Jakarta has developed business growth capability through a combination of market expansion, lending growth, customer acquisition, and digital transformation. The growth of MSME financing represents a significant strategic direction because it enables the bank to maintain its regional development function while simultaneously strengthening commercial performance. This approach reflects the dual role of regional development banks, which must balance public economic objectives with market competitiveness.

The expansion of lending activities and customer funding demonstrates that Bank Jakarta has improved its capacity to perform its banking intermediary function. The increase in third-party funds to Rp74.23 trillion indicates growing public confidence and provides a stronger resource base for future business expansion. From an IPO perspective, these growth indicators are important because investors generally assess not only historical performance but also the ability of a company to generate sustainable future growth.

The development of digital banking capability also represents an important element of Bank Jakarta's growth strategy. Digital transformation enables the bank to improve operational scalability, expand customer access, and compete with private commercial banks and fintech companies. In a capital market context, digital capability becomes a strategic asset because investors increasingly consider technological adaptability as an indicator of long-term competitiveness.

Risk Management Capability: Building Investor Confidence

Risk management capability represents one of the most critical organizational capabilities supporting IPO readiness in the banking industry. Unlike private companies operating in non-financial sectors, banks are highly regulated institutions whose sustainability depends on their ability to manage multiple categories of risk while maintaining public confidence. Consequently, investors do not merely evaluate profitability when assessing a prospective IPO but also examine whether the bank possesses an effective governance structure, comprehensive risk management system, regulatory compliance, and operational resilience.

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For Bank Jakarta, risk management capability has become an integral component of its strategic transformation toward becoming a publicly listed company. Analysis of the Annual Reports, Sustainability Reports, corporate disclosures, OJK regulations, and public information indicates that the bank has continuously strengthened its integrated risk management practices during the transformation period. Rather than functioning solely as a regulatory obligation, risk management has been positioned as a strategic capability supporting sustainable business growth, digital transformation, organizational resilience, and investor confidence.

Table 5. Evidence of Risk Management Capability Supporting Bank Jakarta's IPO Readiness

Risk Management Capability	Evidence of Capability Development	Strategic Contribution to IPO Readiness
Integrated Risk Governance	Continuous strengthening of integrated risk management aligned with business strategy and corporate transformation.	Demonstrates organizational readiness to manage enterprise-wide risks.
Corporate Governance and Compliance	Governance self-assessment rated "Good", with continuous strengthening of governance structure and regulatory compliance.	Improves transparency and investor confidence.
Organizational Risk Structure	Organizational restructuring under the Phoenix Initiative emphasizing risk management, compliance, HR capability, and business optimization.	Supports effective decision-making and risk oversight.
Digital Risk and IT Governance	Acceleration of digital transformation accompanied by strengthening technology-based services and organizational readiness.	Enhances operational resilience and digital service reliability.
Liquidity Risk Management	Liquidity strengthening became one of the strategic priorities during IPO preparation.	Supports sustainable business expansion and financial stability.
Regulatory Readiness	Preparation for IPO conducted in coordination with OJK, BEI, and shareholders while maintaining regulatory compliance.	Reduces regulatory uncertainty prior to public listing.
Strategic Risk	Risk management integrated into	Demonstrates long-term

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Management	the overall business transformation and IPO roadmap.	organizational sustainability.

Source: Author's Analysis based on Annual Reports (2025) & Corporate Disclosures,(2025).

Table 5 demonstrates that Bank Jakarta has progressively strengthened its risk management capability as part of its strategic transformation toward IPO readiness. Rather than emphasizing only traditional banking risks, the bank has expanded its risk governance to encompass corporate governance, regulatory compliance, organizational restructuring, digital transformation, and liquidity management. This reflects the evolution of risk management from a compliance-oriented function into a strategic organizational capability.

One notable initiative is the implementation of the Phoenix Initiative, which explicitly links organizational restructuring with strengthened risk management, human capital development, digital transformation, and business optimization. Such integration suggests that risk management has become embedded within Bank Jakarta's broader strategic agenda rather than operating as an isolated control mechanism. Furthermore, the bank maintained a "Good" corporate governance rating through its self-assessment process while continuing to strengthen governance structures in accordance with OJK regulations. The preparation for IPO also demonstrates the importance of liquidity management and regulatory readiness. Public disclosures indicate that Bank Jakarta has prioritized strengthening liquidity, improving corporate governance, and enhancing risk management practices before entering the capital market. These initiatives are expected to reduce organizational uncertainty and improve investor confidence by demonstrating the bank's capability to manage both financial and non-financial risks effectively.

Overall, the findings indicate that risk management capability has evolved into one of the strategic pillars supporting Bank Jakarta's IPO readiness. The strengthening of governance structures, integrated risk management, regulatory compliance, organizational restructuring, and digital risk governance demonstrates that the bank is building institutional resilience beyond financial performance alone. These initiatives enhance organizational credibility and investor confidence, thereby providing an important foundation for a successful transition into a publicly listed

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regional development bank

Governance Capability and Institutional Transformation

Governance capability constitutes one of the most fundamental organizational capabilities required for a successful transition toward a publicly listed company. In the banking industry, corporate governance extends beyond regulatory compliance and serves as a strategic mechanism for ensuring accountability, transparency, effective decision-making, stakeholder protection, and long-term organizational sustainability. As a government-owned regional development bank preparing for an Initial Public Offering (IPO), Bank Jakarta is expected to strengthen its governance system in accordance with both banking regulations and capital market requirements.

The analysis of Bank Jakarta's Annual Reports indicates that governance strengthening has become an integral component of the bank's institutional transformation. The governance initiatives encompass improvements in board effectiveness, committee oversight, compliance systems, internal audit, corporate transparency, stakeholder engagement, and sustainability governance. These initiatives demonstrate that governance capability is being developed not merely to satisfy regulatory requirements but to support organizational legitimacy and investor confidence prior to entering the capital market (Table 6) .

Table 6. Evidence of Governance Capability Supporting Bank Jakarta's and IPO Readiness

Governance Capability	Evidence of Capability Development	Strategic Contribution to IPO Readiness
Good Corporate Governance (GCG)	Implementation of GCG based on transparency, accountability, responsibility, independence, and fairness (TARIF principles).	Strengthens corporate credibility and investor confidence.
Board Effectiveness	Strengthening the roles and responsibilities of the Board of Commissioners and Board of Directors through governance oversight.	Improves strategic decision-making and organizational accountability.
Board Committees	Active oversight by Audit Committee, Risk Monitoring Committee, Nomination and Remuneration Committee, and other governance	Enhances governance quality and internal control effectiveness.

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	committees.	
Internal Audit and Compliance	Continuous strengthening of internal audit functions and regulatory compliance mechanisms.	Supports transparency, regulatory compliance, and operational integrity.
Corporate Disclosure and Transparency	Improvement of public disclosure practices through annual reports, sustainability reports, and corporate communications.	Reduces information asymmetry before IPO.
ESG and Sustainability Governance	Integration of sustainability principles into corporate governance and long-term business strategy.	Enhances institutional legitimacy and long-term corporate value.
Institutional Transformation	Governance reform implemented under the Phoenix Initiative supporting organizational restructuring and business transformation.	Aligns governance capability with IPO strategy and institutional modernization.

Source: Author's Analysis based on Annual Reports (2025) & Corporate Disclosures,(2025).

The findings indicate that governance capability has become one of the core organizational capabilities supporting Bank Jakarta's transformation toward IPO readiness. Governance reform extends beyond fulfilling regulatory obligations and represents a strategic effort to strengthen institutional legitimacy, organizational accountability, and investor confidence. As reflected in the Annual Report, Bank Jakarta has continuously enhanced its governance framework through stronger board oversight, committee effectiveness, compliance functions, and transparency practices.

The implementation of Good Corporate Governance (GCG) principles provides an institutional foundation for balancing the dual objectives of regional development and commercial competitiveness. Strengthening governance structures enables the organization to improve strategic decision-making, reduce agency conflicts, and ensure accountability across organizational levels. Furthermore, the establishment and active involvement of governance committees including the Audit Committee, Risk Monitoring Committee, and Nomination and Remuneration Committee demonstrate the bank's commitment to maintaining effective internal control and independent oversight.

Another important aspect of governance capability is the increasing emphasis on transparency and stakeholder communication. Through comprehensive annual reports, sustainability reporting, and enhanced corporate disclosure, Bank Jakarta has sought to improve information quality and reduce information asymmetry among regulators, shareholders, customers, and prospective investors. Such transparency is particularly important during IPO preparation because capital market participants rely heavily on publicly disclosed information when assessing corporate value and governance quality.

The integration of sustainability governance further reflects the evolution of Bank Jakarta's governance capability. Sustainability considerations are increasingly embedded within strategic planning, risk management, and corporate responsibility initiatives, demonstrating alignment with international governance trends and Environmental, Social, and Governance (ESG) expectations. Consequently, governance capability contributes not only to regulatory compliance but also to long-term organizational resilience and corporate reputation.

Digital Transformation Capability as Strategic Enabler

Digital transformation capability has become a critical strategic capability for banking institutions facing rapid technological disruption, increasing competition from financial technology (fintech), and changing customer expectations. In the banking sector, digital transformation is no longer limited to the adoption of digital channels but involves the integration of technology, organizational processes, data capabilities, cybersecurity, and customer-oriented innovation to create sustainable competitive advantages. For regional development banks, digital capability is particularly important because it determines their ability to compete with national commercial banks while maintaining their regional economic development role.

In the context of IPO readiness, digital transformation capability represents an important organizational capability that influences investor perception regarding future growth potential, operational efficiency, and business sustainability. Based on the analysis of Bank Jakarta's Annual Reports, Sustainability Reports, corporate disclosures, OJK regulations, and industry publications, digital transformation has become one of the strategic priorities in the bank's transformation agenda. The development of digital banking services, information technology infrastructure, cybersecurity improvement, and digital customer experience demonstrates the

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bank's effort to reposition itself as a modern, competitive, and technology-driven financial institution (Table 7.)

Table 7. Evidence of Digital Transformation Capability for Bank Jakarta's IPO Readiness

Digital Transformation Capability	Evidence of Capability Development	Strategic Contribution to IPO Readiness
Digital Banking Ecosystem Development	Expansion of digital banking services through mobile banking platforms and electronic banking channels to improve customer accessibility.	Enhances customer engagement and future revenue potential.
Information Technology Infrastructure Strengthening	Continuous improvement of IT infrastructure to support operational reliability and digital business development.	Supports scalability and operational efficiency.
Digital Service Innovation	Development of digital products and payment solutions aligned with changing customer behavior.	Strengthens competitiveness against fintech and digital banks.
Cybersecurity and IT Risk Management	Strengthening information security, technology governance, and operational resilience as digital transactions increase.	Builds customer trust and reduces operational risk.
Digital Transformation Governance	Integration of digital initiatives into corporate strategy and organizational transformation programs.	Demonstrates strategic alignment between technology and business objectives.
Digital Payment Ecosystem Participation	Strengthening digital payment services and collaboration within the national payment ecosystem.	Expands market reach and improves transaction capability.
Digital Capability Supporting IPO Strategy	Digital transformation identified as one of the strategic priorities before becoming a publicly listed company.	Improves investor perception regarding future growth prospects.

Source: Author's Analysis based on Annual Reports (2025) & Corporate Disclosures,(2025)

The findings indicate that digital transformation capability has evolved from a supporting operational function into a strategic capability that contributes to Bank Jakarta's institutional transformation. The increasing importance of digital banking

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has changed the competitive landscape of the financial industry, requiring banks to develop technological capabilities that support efficiency, customer experience, innovation, and business growth.For Bank Jakarta, digital transformation represents an important response to the changing expectations of customers and increasing competition from fintech companies and digital financial services. The development of digital banking platforms, electronic transaction services, and technology-based solutions indicates the bank's effort to strengthen its competitive position while improving service accessibility. These initiatives are particularly important for a regional development bank because digital capability enables broader market penetration beyond traditional geographical boundarie.

Furthermore, digital transformation capability is closely associated with operational resilience and risk management. As banking activities become increasingly dependent on technology, cybersecurity, data protection, and IT governance become essential components of organizational capability. Strengthening digital infrastructure and technology governance provides assurance to regulators, customers, and investors that the bank is capable of managing technology-related risks during its transition toward a publicly listed company. The digital transformation agenda also supports the creation of long-term corporate value. Investors evaluating IPO candidates increasingly consider not only current financial performance but also future growth capability, innovation capacity, and technological readiness. Therefore, digital capability becomes an important determinant of market attractiveness because it reflects the organization's ability to adapt to future industry changes.

Integrated Strategic Capability Model for IPO Readiness

Based on the findings from the previous sections, this study proposes an integrated strategic capability model (Figure 2.) explaining how a regional development bank develops organizational readiness toward an Initial Public Offering (IPO). Unlike conventional IPO perspectives that primarily emphasize financial performance, valuation, and market conditions, this study argues that IPO readiness represents a broader organizational transformation process requiring the

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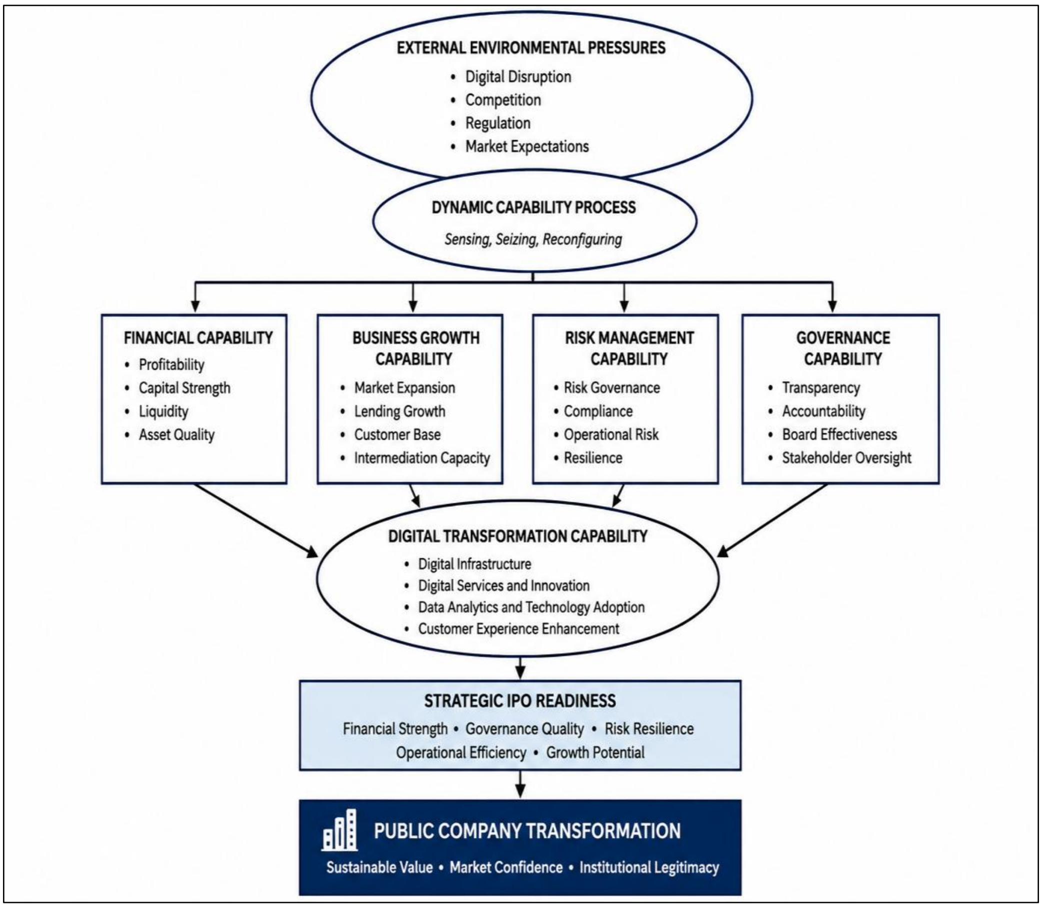
development and integration of multiple strategic capabilities. The case of Bank Jakarta demonstrates that successful IPO preparation is not determined solely by capital strength but also by the organization's ability to develop complementary capabilities in financial management, business growth, risk governance, corporate governance, and digital transformation. These capabilities interact with each other and collectively shape institutional readiness to transition from a government-owned regional bank into a publicly listed financial institution.



Source : Author's Theoretical Synthesis and Empirical Evidence Analysis

Figure 1. Strategic Transformation Framework Toward IPO Readiness

The proposed model provides several important theoretical insights. First, the study extends the traditional understanding of IPO readiness by positioning IPO as an organizational transformation process rather than merely a financial transaction. Previous IPO studies have largely focused on determinants of IPO valuation, ownership structure, underpricing, and post-listing market performance. However, the findings of this study indicate that IPO success requires internal organizational

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capabilities that are developed before entering the capital market. Then, the model highlights the importance of capability integration. Financial capability provides the foundation for business sustainability through profitability, capital adequacy, liquidity management, and growth capacity. However, financial strength alone is insufficient for a government-owned bank preparing for IPO. The organization must simultaneously strengthen governance capability to improve transparency, risk management capability to ensure institutional resilience, and digital transformation capability to support future competitiveness.

Also, the model demonstrates the strategic role of digital transformation capability as an enabling capability that connects operational improvement with future business growth. Digital capability allows regional development banks to improve customer experience, increase efficiency, expand market access, and respond to competitive pressures from fintech and digital banking institutions. Therefore, digital transformation should not be viewed merely as technology adoption but as an organizational capability that supports strategic renewal.

Theoretical and Practical Implications

This study contributes to strategic management literature in three major ways**.** First, this research extends Dynamic Capability Theory by demonstrating how government-owned regional banks develop and integrate strategic capabilities to respond to institutional transformation pressures. The findings support the argument of Teece (2007) that organizations must continuously sense environmental changes, seize opportunities, and reconfigure resources to maintain competitiveness. Second, this study enriches the IPO literature by introducing the concept **of** Strategic IPO Readiness. Unlike conventional IPO studies that emphasize market-based outcomes, this research conceptualizes IPO readiness as a multidimensional capability-building process involving financial, operational, governance, risk, and technological dimensions. Third, this study contributes to the literature on state-owned and government-linked financial institutions by explaining how regional development banks can overcome the tension between public service obligations and market-oriented corporate requirements. Through governance transformation

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and capability development, government-owned banks can achieve greater professionalism, transparency, and competitiveness.

The proposed framework provides practical implications for managers and policymakers of regional development banks. Before conducting an IPO, banks should prioritize capability development rather than focusing solely on financial indicators. Management should ensure that governance systems, risk management frameworks, digital infrastructure, and business growth strategies are sufficiently mature to meet capital market expectations. For government shareholders, IPO should be viewed not only as a mechanism for raising capital but also as a strategic transformation instrument that encourages professional management, greater accountability, and stronger market discipline. This approach is particularly relevant for regional development banks seeking to balance their public mission with commercial sustainability.

Overall, the Integrated Strategic Capability Model developed in this study suggests that IPO readiness is the outcome of a cumulative organizational transformation process. Bank Jakarta's transformation illustrates that becoming a publicly listed regional development bank requires the simultaneous development of financial strength, business growth capability, risk resilience, governance maturity, and digital capability. Therefore, IPO readiness should be understood as a strategic capability achievement rather than a single financial event.

CONCLUSION AND RECOMMENDATION

This study examined the strategic transformation process toward Initial Public Offering (IPO) readiness in Bank Jakarta as a regional development bank undergoing institutional transformation. Unlike conventional IPO perspectives that primarily emphasize financial performance, market valuation, and capital acquisition, this study demonstrates that IPO readiness represents a comprehensive organizational transformation process requiring the development of multiple strategic capabilities. Based on qualitative analysis of annual reports, sustainability reports, corporate disclosures, regulatory documents, and relevant industry information during the 2020–2025 period, the study identifies five strategic

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capabilities that contribute to IPO readiness: financial capability, business growth capability, risk management capability, governance capability, and digital transformation capability. These capabilities do not operate independently but interact as an integrated capability system that enables a government-owned regional bank to adapt to changing market expectations and capital market requirements.

The findings indicate that financial capability provides the fundamental basis for IPO preparation through strengthened profitability, asset growth, liquidity management, and lending expansion. However, financial strength alone is insufficient to ensure successful transformation into a public company. Bank Jakarta also needs strong risk management capability to enhance institutional resilience, governance capability to improve transparency and accountability, business growth capability to create sustainable value, and digital transformation capability to strengthen competitiveness in an increasingly technology-driven banking environment.

The study contributes theoretically by extending Dynamic Capability Theory in the context of government-owned regional banks. The findings suggest that IPO readiness should be conceptualized as a strategic capability-building process involving sensing environmental changes, developing organizational resources, and reconfiguring internal capabilities to achieve institutional transformation. Furthermore, this research extends IPO literature by introducing the concept of Strategic IPO Readiness, which positions IPO not merely as a financial milestone but as a strategic transformation mechanism. From a practical perspective, the study highlights that regional development banks must prepare beyond financial requirements before entering the capital market. Sustainable IPO success requires organizational maturity, professional governance, effective risk management, technological capability, and a market-oriented business strategy.

Based on the findings of this study, several strategic recommendations can be proposed for Bank Jakarta, regional development banks, and policymakers. The IPO preparation process should continue to be viewed as a comprehensive institutional

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transformation agenda rather than merely a mechanism for raising capital. Therefore, strengthening organizational capabilities should remain the central focus to ensure sustainable readiness before entering the capital market. Bank Jakarta should continue developing integrated strategic capabilities by maintaining financial stability while simultaneously improving governance quality, risk management effectiveness, digital capability, and business growth orientation. Although strong financial performance is an important requirement for IPO success, investors increasingly assess broader organizational factors, including operational resilience, governance maturity, innovation capability, and long-term value creation potential.

The strengthening of corporate governance and institutional independence should become a continuous priority. As a government-owned regional development bank, Bank Jakarta needs to maintain a balance between its public service mandate and market-oriented business objectives. Enhancing transparency, accountability, board effectiveness, internal control mechanisms, and professional management practices will be essential to increasing investor confidence and reducing potential agency problems after becoming a publicly listed company. Digital transformation should also be positioned as a strategic capability rather than only a technology investment initiative. The development of digital banking infrastructure, cybersecurity capability, data-driven decision-making, and innovation ecosystems should be accelerated to improve operational efficiency, expand customer reach, and create sustainable competitive advantages in the increasingly digital banking environment.

Furthermore, risk management capability should continue to evolve from a regulatory compliance function into an integrated strategic capability. Strengthening enterprise risk management, information security, liquidity management, operational resilience, and regulatory compliance will support institutional credibility and demonstrate the bank's readiness to meet the expectations of investors and capital market stakeholders. For regional governments as shareholders, the IPO process should be considered a strategic transformation instrument that promotes professionalism, transparency, and market discipline

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within regional development banks. Government ownership should continue to provide strategic support while allowing greater managerial independence and governance maturity to ensure sustainable corporate growth.

Future research may expand this study by examining multiple regional development banks across different regions or countries to develop a more comprehensive understanding of IPO readiness transformation. Comparative studies and mixed-method approaches combining qualitative capability analysis with quantitative measurement may provide further validation of the proposed Strategic IPO Readiness Framework.

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