

ABSTRACT

Implementation of Strategy differentiation in Banking Industry is aimed to get any profit for the bank. Strategy of differentiation is one way for the bank to get in Micro and middle sector. This research analyzing driver and barrier factor in implementing strategy differentiation in banking industry.

Data is collected from Indonesia's banking industry which consist 130 (one hundred and thirty) which operated in Indonesia. Sample taken is using Judgment Sampling as part of Purposive Sampling and testing Hypothesis by regression method.

The findings of the research show that there is a significant impact of Strategy differentiation to get in micro and middle economy sector that finally impact for bank performance, and findings that Company size, anticipated benefit, access to market, external pressure and consumer barrier are most significant factor to implementing strategy differentiation for the bank to achieve their performance. Only the internal pressure has a non significant factor for the bank implementing strategy differentiation.

Key words, strategy differentiation , Small and middle sector, performance of banking industry in Indonesia