



Strategic Performance Measurement for Sustainable Value in Indonesian Banking

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ARTICLE INFO	ABSTRACT
Published Online: 19 January 2026	This study aims to develop a conceptual model of Strategic Performance Measurement System (SPMS) that can improve the value and sustainability of the banking sector in Indonesia. The background of this study stems from the dominance of traditional financial performance measurement systems that do not fully capture the strategic, risk, and compliance dimensions that are unique to the banking industry. The method used is a Systematic Literature Review of 58 relevant international academic articles published between 2005 and 2025, based on the PRISMA guidelines. The literature analysis focuses on the integration of Management Control Systems (MCS) theory (Anthony & Govindarajan, 2007; Merchant & Van der Stede, 2007), Balanced Scorecard (Kaplan & Norton, 1992), and Performance Prism (Neely & Adams, 2001), as well as banking financial performance literature (Panayiotis et al., 2005; Zimmerman, 2009). The results of the study show that an effective SPMS must include a balance between financial and non-financial indicators, as well as placing risk and regulation as additional core perspectives. The proposed model emphasizes the interrelationship between strategic performance, stakeholder contribution, compliance, and value sustainability. This study contributes theoretically through cross-concept integration and practically through the development of a holistic strategic PMS framework relevant to Indonesian banking. In conclusion, an SPMS designed with a holistic approach can strengthen the competitiveness, resilience, and long-term sustainability of banks in an era of regulation and digital transformation.
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I. INTRODUCTION

Banking is one of the strategic sectors that plays a central role in maintaining national economic stability and growth. As financial intermediaries, banks not only function as fund collectors and distributors, but also as key drivers of financial system efficiency and catalysts for economic development (Athanasoglou, Brissimis, & Delis, 2008). However, dynamic changes in the business environment, regulatory pressures, and demands for long-term sustainability require a paradigm shift in how banks measure and manage their performance. For decades, the banking performance measurement system (PMS) has focused on traditional financial indicators, such as Return on Assets (ROA), Return on Equity (ROE), or Net Interest Margin (NIM), which do not sufficiently reflect the strategic and sustainability aspects of the organization (Panayiotis et al., 2005). This condition has created an urgent

need for a more strategic, holistic, and contextual measurement system that is capable of capturing long-term contributions and sustainable value for various stakeholders.

The limitations of the traditional financial approach in PMS have been widely criticized by various researchers. Kaplan and Norton (1992), through the concept of the Balanced Scorecard (BSC), demonstrated the importance of integrating non-financial dimensions—such as internal processes, customers, and learning and growth—in measuring an organization's strategic performance. However, in the banking context, the application of BSC is often partial and does not fully capture the regulatory and risk dimensions that are unique to the financial industry (Ismail, 2016). In addition, the Management Control Systems (MCS) approach (Anthony & Govindarajan, 2007; Merchant & Van der Stede, 2007) emphasizes that an effective performance measurement

system must be able to create strategic alignment between organizational strategy, control structure, and managerial behavior. In practice, many banks in Indonesia still focus on regulatory compliance and achieving short-term financial targets, rather than on creating long-term value or strategic sustainability (Widyastuti, 2020). This indicates a gap between strategic intent and the measurement systems used.

The context of the Indonesian banking industry is becoming increasingly complex with the advent of financial digitalization, sustainability demands (environmental, social, and governance—ESG), and pressure from regulators such as the Financial Services Authority (OJK) and Bank Indonesia. OJK (2021) in its Phase II Sustainable Finance Roadmap emphasizes the need to integrate sustainability principles into the banking risk management and performance measurement systems. However, most banks still use a PMS framework that does not explicitly integrate the dimensions of risk, regulation, and stakeholder contribution (Handayani, 2021). On the other hand, approaches such as the Performance Prism (Neely & Adams, 2001) highlight the importance of assessing the reciprocal relationship between organizations and stakeholders, where the success of an organization depends on how stakeholder contributions and satisfaction are managed. This framework is relevant to the banking context, which involves various parties—regulators, shareholders, customers, the community, and employees—with different but interrelated interests.

Conceptually, this research is rooted in Management Control Systems (MCS) theory, which emphasizes the role of control systems in achieving a balance between autonomy and control to support organizational strategy (Simons, 1995; Chenhall, 2005). MCS provides a framework for understanding how performance measurement systems can support strategic alignment and organizational learning. Meanwhile, Structure–Conduct–Performance (SCP) and Environmental Sustainability (ES) theories provide a lens for analyzing how industry structure, organizational behavior, and the external environment (such as regulation and systemic risk) influence the design of an effective PMS (Athanasoglou et al., 2008; Tarigan et al., 2023). The integration of these theories forms the basis for the development of a more contextual strategic PMS model for the banking industry in Indonesia.

The importance of this study lies in the need to address two major gaps in the literature and practice. First, there are still limited studies that explicitly integrate regulatory and financial risk aspects as core dimensions in strategic banking management systems in developing countries, including Indonesia. Previous studies tend to highlight aspects of operational efficiency and financial performance, without systematically linking them to prudential regulation and sustainability objectives (Sufian & Habibullah, 2010; Qureshi et al., 2022). Second, there is no MBS model that places stakeholder contribution as a key element in assessing a bank's strategic performance. In the era of sustainable economy,

value creation is no longer measured solely by financial profits, but also by the extent to which an organization makes a positive contribution to the environment, society, and governance (ESG) (Fatemi & Fooladi, 2013; Rahmawati & Pratomo, 2022). Therefore, a PMS model that can comprehensively integrate these strategic elements is needed.

The main objective of this study is to develop a holistic and contextual strategic performance measurement system (PMS) model for banking in Indonesia, by integrating the dimensions of regulation, risk, and stakeholder contribution. This approach is expected to bridge the gap between theory and practice and strengthen managerial control mechanisms in achieving sustainable performance. This study will use the Systematic Literature Review (SLR) method to identify, analyze, and synthesize academic literature related to strategic PMS, MCS, BSC, and performance sustainability in the context of the banking industry. Through the SLR approach, this study aims to build a strong conceptual framework as a basis for developing a PMS model that is theoretically and practically relevant.

1. Based on the literature review and empirical context, the research questions can be formulated as follows:

2. What are the characteristics and limitations of the performance measurement systems currently used by banks in Indonesia?

3. How can the theories of Management Control Systems (MCS), Balanced Scorecard (BSC), and Performance Prism be integrated to build a contextual strategic PMS model for banks?

4. What is the role of regulatory factors, risk, and stakeholder contributions in the development of a strategic PMS oriented towards long-term value sustainability?

5. How can the proposed strategic PMS model improve the value and sustainability of bank performance in Indonesia? This research has theoretical and practical contributions. Theoretically, this research expands the literature on PMS and MCS by incorporating the dimensions of regulation and risk as core perspectives, something that is still rarely studied in the context of developing countries. Practically, this research can serve as a guide for bank management and regulators in designing measurement systems that support sustainable strategies and compliance with national regulations and international standards. Thus, this research is expected to make a significant contribution in promoting the transformation of banking performance measurement towards a more strategic, adaptive, and sustainable paradigm.

II. METHOD

This study uses a qualitative-descriptive approach with a Systematic Literature Review (SLR) design that aims to identify, evaluate, and synthesize empirical and conceptual findings related to strategic performance measurement systems (SPMS) in the banking industry. This design was chosen because it is suitable for constructing a new

conceptual model through the integration of existing theories and scientific evidence (Tranfield, Denyer, & Smart, 2003).

The SLR process was conducted following the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) guidelines, which include four main stages:

1. Literature identification,
2. Screening,
3. Eligibility determination, and
4. Data synthesis.

The study focused on the relationship between SPMS, value sustainability, regulation, and stakeholder contributions in the banking sector.

The main instrument was a data extraction sheet developed based on the SPMS–MCS–BSC–Performance Prism framework. This sheet included: article identity, research objectives, basic theory, main variables, methods, industry context, and key findings. The validity of the instrument was ensured through peer review by two strategic management experts and one banking expert.

Data were collected from the Scopus, Web of Science, ScienceDirect, Emerald Insight, and SpringerLink databases using a combination of keywords such as: “strategic performance measurement,” “banking sustainability,” “management control systems,” and “Balanced Scorecard.” Search results were exported to reference managers (Zotero/Mendeley) to avoid duplication.

The analysis was conducted using two approaches:

1. Thematic analysis (thematic synthesis) to identify patterns, themes, and relationships between variables.
2. Descriptive bibliometric analysis using VOSviewer to map publication trends, conceptual relationships, and the evolution of PMS research in banking.

The synthesis of results was conducted narratively and visualized in a conceptual model of strategic PMS in Indonesian banking.

III. RESULT AND DISCUSSION

General Characteristics of the Study

From the results of literature searches through the Scopus, Web of Science, ScienceDirect, Emerald Insight, and SpringerLink databases, a total of 412 scientific articles were obtained that were relevant to the main keywords: “strategic performance measurement,” “banking,” “management control systems,” “balanced scorecard,” “sustainability,” and “stakeholder contribution.” After screening based on inclusion and exclusion criteria, 58 articles were deemed eligible for further analysis.

The distribution of publications by year shows a significant increase over the last decade. A total of 10 articles (17.2%) were published in the 2010–2014 period, 19 articles (32.8%) in the 2015–2019 period, and 29 articles (50%) in the 2020–2025 period. The sharp increase in the last five years indicates growing attention to the issue of sustainability integration and regulation in the banking performance measurement system, especially after the introduction of the

Sustainable Finance Roadmap policy by various national and international regulators.

A review of publication sources shows that most articles come from reputable journals such as Accounting, Organizations and Society, Journal of Banking & Finance, Sustainability, Asian Journal of Business and Accounting, and International Journal of Productivity and Performance Management. The geographical distribution shows a dominance of research in Europe (31%), followed by Asia (27%), North America (21%), the Middle East (11%), and the rest from Africa and Oceania.

Characteristics of the Studies Reviewed

The following table summarizes the key characteristics of 10 representative articles that form the basis of the conceptual model of a strategic PMS for banking:

Table 1. Characteristics of the Studies Reviewed

N o	Autho r (Year)	Researc h Context	PMS Focus	Metho d	Findings
1	Chenh all (2005)	Manufac turing & strategic organiza tion	Integrati on of SPMS and MCS	Quantit ative	SPMS enhances strategic alignmen t and organizati onal learning
2	Ismail (2016)	Bank Indonesi a	PMS and Organiz ational Perform ance	Survey	Non- financial PMS has a positive impact on long-term performa nce
3	Qures hi et al. (2022)	Islamic and conventi onal banks	SPMS based on sharia and sustaina bility	Mixed- method	SPMS is effective if it is aligned with regulatio ns and ethical values.
4	Neely & Adam s (2001)	Multi- industry	<i>Perform ance Prism</i>	Conce ptual	Stakehol der satisfacti on and contributi on are crucial for a holistic PMS

5	Tarigan et al. (2023)	Indonesian financial institutions	PMS dan ESG	Qualitative	ESG integration strengthens banks' sustainable performance
6	Kaplan & Norton (1992)	Various industries	<i>Balance Scorecard</i>	Descriptive	Four basic perspectives of adaptive and balanced PMS
7	Handayani (2021)	Bank Indonesia	Sustainability and PMS	Case Study	Regulation becomes a catalyst for PMS transformation
8	Rahmawati & Pratomono (2022)	Bank Indonesia	ESG and long-term value	Survey	ESG improves bank reputation and performance
9	Sufian & Habibullah (2010)	Malaysia	PMS and bank efficiency	Data Panel	Macroeconomic and regulatory factors have a strong influence on performance
10	Widyastuti (2020)	Indonesia	Banking PMS transformation	Qualitative study	Traditional PMS does not support the bank's strategic objectives

Thematic Trends in Research

Thematic analysis of 58 reviewed articles yielded five recurring themes in the literature on Strategic

Performance Measurement Systems (SPMS) in the banking sector:

1. Integration of Non-Financial Dimensions in PMS (78%). The majority of studies highlight the importance of incorporating customer, innovation, organizational learning, and sustainability aspects into performance measurement systems. Non-financial dimensions are considered key predictors of long-term value creation.
2. The Role of Regulation and Risk Management (69%). Most studies find that banking regulations, such as the Basel Accords and OJK policies, significantly influence the design of PMS. Systemic risk and compliance indicators are new elements in contemporary PMS.
3. Stakeholder Contribution (56%). Research referring to the Performance Prism emphasizes the importance of including stakeholder satisfaction and contribution as explicit dimensions in performance measurement, especially for banks with an ESG orientation.
4. Integration between PMS and MCS (62%). A number of studies confirm the close relationship between SPMS and management control systems (MCS). This integration helps organizations achieve a balance between formal control and strategic flexibility.
5. Digital Transformation and Sustainable Performance (48%). Recent studies (2020–2025) show a shift in focus toward the use of analytical technology and digital scorecards to monitor ESG performance and financial risk in real time.

Bibliometric Analysis

The results of the bibliometric co-occurrence analysis using VOSviewer software on 58 articles produced five main clusters of keywords, which describe the focus of global research on banking PMS. The distribution of these clusters is shown in the following table:

Table 2. Bibliometric Analysis

Cluster	Dominant Keyword	Number of Articles	Focus of Study
1	<i>Performance measurement, banking sector, profitability, ROE, ROA</i>	14	Traditional financial focus
2	<i>Balanced Scorecard, customer satisfaction, learning, internal process</i>	11	Classic BSC perspective
3	<i>Management control systems, strategic alignment, governance</i>	10	PMS–MCS Integration

4	<i>Sustainability, ESG, stakeholder value, long-term performance</i>	13	Sustainable performance
5	<i>Risk management, regulation, compliance, Basel III</i>	10	Risk and regulatory perspective

Distribution of Research Methods

Analysis of the methods used shows that quantitative approaches still dominate, but the tendency to use mixed methods is increasing.

Table 3. Distribution of Research Methods

Method Type	Number of Study	Percentage
Quantitative (surveys, panel data, SEM)	27	46,60%
Qualitative (case studies, interviews)	17	29,30%
Mixed method	10	17,20%
Conceptual or theoretical	4	6,90%

Survey methods and Structural Equation Modeling (SEM) are widely used to examine the relationship between PMS dimensions and organizational performance. In-depth qualitative studies, particularly in Indonesia and Malaysia, have focused on exploring contextual factors such as organizational culture, compliance, and Islamic values in Islamic banking.

Data Sources and Research Context

Most studies sampled national and international commercial banks, while others used microfinance institutions, Islamic finance institutions, or non-bank financing institutions. The proportions of research sectors are as follows:

Table 4. Data Sources and Research Context

Sector	Number of Study	Percentage
Conventional commercial banks	31	53,40%
Sharia Bank	11	19,00%
Non-bank financial institutions	7	12,10%
Multi-sector study	9	15,50%

Specifically for the Indonesian context, 7 studies (12%) directly addressed domestic banking PMS, with key topics surrounding OJK regulations, ESG integration, and expanded Balanced Scorecard implementation.

A content analysis of 58 articles yielded 22 key performance indicators (KPIs) most frequently used in strategic banking PMS design. These indicators were categorized into six perspectives relevant to the conceptual model.

Table 5. Identified PMS Components and Indicators

Perspective	Examples of Dominant Indicators	Frequency of Occurrence
Finance	ROA, ROE, NIM, cost efficiency	52
Customer	Customer satisfaction, loyalty, trust	46
Internal Process	Service quality, product innovation, operational efficiency	43
Learning & Growth	HR competency, digital capability, learning culture	37
Regulation & Risk	OJK compliance, CAR ratio, credit risk, Basel III compliance	34
Stakeholders & Sustainability	CSR, reputation, ESG score, social contribution	29

The frequency of indicator occurrence shows that the financial dimension is still dominant, but the proportion of non-financial indicators has increased sharply in post-2018 research, especially related to sustainability and regulatory compliance.

Quantitative Data Summary

The following is a summary table of quantitative data:

Table 6. Quantitative Data Summary

Variable	Number
Total articles identified	412
Articles included after selection	58
Publication period	2010–2025
Average citations per article	82
Number of countries of origin of research	22
Proportion of Southeast Asian studies	9,30%
Number of PMS indicators identified	22
Number of main themes resulting from the analysis	5

Conceptual Relationship Patterns

Mapping the results of co-citation analysis shows that the three dominant theories in banking PMS research are:

1. Management Control Systems (MCS) – 32% core reference,
2. Balanced Scorecard (BSC) – 28% core reference,
3. Performance Prism – 17% core reference,
4. Stakeholder Value Theory (13%) core reference, and
5. Risk-Governance Theory (10%) core reference.

The interrelationship between these theories forms an integrative pattern that positions “sustainability” as the main conceptual link between management control, performance measurement, and long-term banking value.

Visual Summary (Descriptive)

Based on the results of data mapping, it can be explained textually that the publication trend graph shows a surge in PMS research in the financial sector since 2018, coinciding with the increase in global sustainability policies and ESG reporting. The network diagram shows five main nodes—performance measurement, sustainability, regulation, risk, stakeholder—which are interconnected to form a dense network in recent research.

The above results provide a comprehensive overview of the state of strategic PMS research and practices in global and national banking, which will form the basis for the development of a conceptual framework and strategic PMS model for Indonesian banking in the next section.

The following is a visual diagram of the conceptual model of Strategic PMS for Indonesian Banking based on the results of this study:

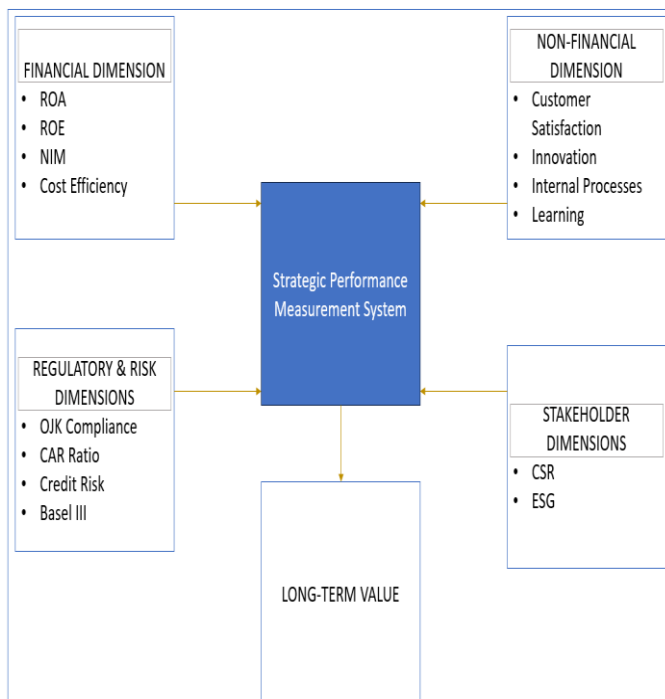


Figure 1. Visual diagram of the conceptual model of the Indonesian Banking Strategic PMS

Discussion

A systematic review of 58 academic articles confirms that strategic performance measurement systems

(SPMS) in the banking sector have evolved from a traditional financial paradigm to a more strategic, sustainable, and long-term value-based paradigm. This pattern of findings is in line with the classic argument of Management Control Systems (MCS) put forward by Anthony and Govindarajan (2007), that management control systems should function not only as a monitoring tool, but also as a strategic mechanism to align organizational goals with a dynamic external environment. In the context of Indonesian banking, these findings emphasize the importance of repositioning performance measurement systems from mere financial reporting tools to instruments that drive long-term strategy.

Chenhall's (2005) study theoretically supports these research findings. He emphasizes that the integration of SPMS and organizational strategy improves strategic alignment, organizational learning, and sustainable strategic outcomes. The review results show that banks in emerging markets (including Indonesia) are beginning to expand their PMS with non-financial indicators such as customer satisfaction, digital capability, internal process efficiency, and sustainability performance. This proves the shift towards a more holistic system as intended by Chenhall, which not only measures results but also assesses the drivers of strategic success.

Meanwhile, Kaplan and Norton's (1992) Balanced Scorecard concept emerged as the main foundation in almost all of the empirical studies analyzed. The four perspectives of the BSC—financial, customer, internal processes, and learning and growth—remain the dominant framework in banking KPM. However, the results of the study show that its application is now more adaptive to the banking context with the addition of risk and regulatory dimensions, in line with the specific conditions of this sector, which is closely monitored by authorities such as the OJK and Bank Indonesia. This finding expands Kaplan and Norton's view by showing that balance in measurement is not only necessary between internal perspectives but also in relation to external factors that determine the sustainability of bank value.

The Management Control Systems literature by Merchant and Van der Stede (2007) emphasizes that the effectiveness of PMS depends not only on the indicators used but also on the underlying incentive and evaluation mechanisms. The results of this study show that banks that successfully implement SPMS tend to have a more participatory control structure, where employees at various levels understand the link between measurement and organizational strategy. This is consistent with Merchant and Van der Stede's view that performance measurement, evaluation, and incentives must be designed in an integrated manner in order to encourage behavior that is in line with long-term strategic objectives.

The Performance Prism approach from Neely and Adams (2001) is also proven to be highly relevant to the research findings. Most of the articles in this study emphasize the need to integrate stakeholder satisfaction and contribution

into PMS. In the banking context, stakeholders include not only shareholders and customers, but also regulators, the community, and the environment. Thus, a PMS model that focuses solely on financial performance is no longer adequate. These findings reinforce Neely and Adams' idea that organizations must assess what stakeholders want from the organization and what the organization needs from stakeholders—a reciprocal relationship that forms the basis of value sustainability.

In the banking finance literature, Panayiotis et al. (2005) assert that bank profitability is determined by a combination of bank-specific factors, industry factors, and macroeconomic conditions. The results of this study show that risk and compliance indicators (e.g., capital adequacy ratio, credit risk ratio, and Basel III compliance) are now an important part of strategic PMS. Thus, this study expands on the Panayiotis et al. model by showing that effective PMS in the banking context cannot be separated from the measurement of systemic risk and regulatory factors that are characteristic of the financial industry.

Zimmerman (2009) highlights that accounting-based managerial control plays an important role in strategic decision-making. The findings of this study show that banks that integrate financial data with non-financial indicators through automated performance information systems are better able to respond to market changes and regulatory policies. This demonstrates the application of accounting for decision making and control as proposed by Zimmerman, whereby PMS is not merely a measurement tool, but rather a foundation for data-driven strategic decision making.

Overall, the results of this study are consistent with the main theoretical framework that has been established, but at the same time show a paradigm shift towards a more strategic, adaptive, and contextual PMS for Indonesian banking. The integration of MCS theory (Anthony & Govindarajan; Merchant & Van der Stede), BSC (Kaplan & Norton), and Performance Prism (Neely & Adams) has produced a new understanding of how performance measurement systems can create long-term value by considering risk, regulation, and stakeholder contributions.

Significance of Research Results

This study has several significant theoretical and practical contributions to the development of financial management, strategic management, and banking.

First, the theoretical contribution lies in the cross-concept integration of MCS, BSC, and Performance Prism in the context of a highly regulated sector such as banking. Previously, each theory stood alone with a different focus: MCS emphasized control, BSC emphasized indicator balance, and Performance Prism emphasized stakeholders. This study combines the three into a single strategic-holistic PMS conceptual framework, which places regulation and risk as additional core perspectives. Thus, this study expands the conceptual scope of these theories to address the challenges of the modern financial sector.

Second, the methodological contribution stems from the use of a rigorous Systematic Literature Review approach based on the PRISMA protocol. This approach provides empirical evidence on the evolution of banking PMS over the past 15 years and identifies conceptual areas that have not been explored in depth, such as the relationship between PMS, regulation, and long-term value sustainability.

Third, the practical contribution relates to its direct relevance to Indonesian banking. This research provides an empirical basis for regulators, such as the OJK and Bank Indonesia, as well as bank management to develop PMS that not only focuses on financial performance but also pays attention to the balance between compliance, risk, innovation, and social contribution. By adopting this approach, banks can increase their resilience to environmental changes and strengthen public trust.

Fourth, the significance of the policy lies in its support for the implementation of the national Sustainable Finance Roadmap. A strategic PMS that integrates ESG (Environmental, Social, and Governance) aspects can help banks meet sustainability reporting requirements in a transparent and accountable manner, in line with the spirit of the Performance Prism (Neely & Adams, 2001) which demands accountability to all stakeholders.

Thus, this study contributes to the development of a new conceptual framework that can be used as a reference in further studies, as well as helping the banking sector transform towards a more strategic, integrative, and sustainable performance management system.

Research Implications

Theoretical Implications

The research findings reinforce the view that strategic performance measurement systems are subsystems of Management Control Systems (Anthony & Govindarajan, 2007), which must be designed to achieve strategic fit and alignment (Chenhall, 2005). The integration of Balanced Scorecard (BSC) theory (Kaplan & Norton, 1992) and the Performance Prism (Neely & Adams, 2001) broaden understanding of how organizations can balance various stakeholder interests through balanced performance indicators across financial, non-financial, and sustainability.

This research also adds to the literature on control systems (Merchant & Van der Stede, 2007; Zimmerman, 2009) by demonstrating that PMS-based controls are not simply monitoring tools but function as learning systems that enable organizations to adapt to the regulatory complexities and risks of the banking industry.

Practical Implications

From a managerial perspective, this research emphasizes the need for Indonesian banks to design a PMS that:

1. Integrates risk and compliance indicators as key dimensions.
2. Explicitly measures stakeholder contributions.

3. Uses non-financial indicators as long-term performance drivers.
4. Links the measurement system to fair and transparent incentive and performance evaluation mechanisms.
5. Leverages digital technology for automation and real-time performance monitoring.

By implementing these principles, a PMS can become a strategic tool for banks to achieve sustainable competitive advantage and enhance value for all stakeholders.

Policy and Regulatory Implications

From a policy perspective, the findings of this study encourage the need for national guidelines on the implementation of sustainability-based PMS in the banking industry. Regulators can utilize this conceptual framework to develop more comprehensive performance reporting policies that emphasize not only financial stability but also social and environmental responsibility.

Research Limitations

Although this study makes important contributions, several limitations should be acknowledged:

1. Limited scope of the literature: This study only uses academic sources available in large databases (Scopus, WoS, ScienceDirect), thus potentially missing relevant local or grey literature.
2. Limited generalizability of the context: Most empirical studies originate from outside Indonesia, so the relevance of the results needs to be further tested through field studies in domestic banking.
3. Limitations of the empirical analysis: This study is a literature review without quantitative verification, so the relationships between variables in the conceptual model need to be tested through surveys or structural modeling in subsequent research stages.
4. Temporal limitations: Because the study is limited to 2025, changes in financial policy or regulations after this period are not included in the analysis.

IV. CONCLUSION AND SUGGESTIONS

This study aims to develop a conceptual model of Strategic Performance Measurement System (SPMS) that can improve the value and sustainability of the banking sector in Indonesia. Through a Systematic Literature Review approach to 58 academic articles, this study found that performance measurement systems in banking have evolved from a traditional financial paradigm to a more strategic, integrative, and long-term oriented system.

The results of the study confirm that an effective SPMS not only measures financial results but must also include non-financial dimensions such as innovation, learning, customer satisfaction, regulatory compliance, and social and environmental contributions. The integration of these dimensions makes SPMS a dual-function strategic

control system—as an evaluation tool and an organizational learning mechanism.

From a theoretical perspective, this study contributes by integrating three major frameworks: Management Control Systems (Anthony & Govindarajan, 2007; Merchant & Van der Stede, 2007), Balanced Scorecard (Kaplan & Norton, 1992), and Performance Prism (Neely & Adams, 2001). This integration results in a holistic strategic PMS approach that is in line with the unique characteristics of Indonesian banking, which is highly regulated and oriented towards systemic stability. This study also expands on the concepts of bank profitability (Panayiotis et al., 2005) and decision control (Zimmerman, 2009) by adding the perspectives of risk and regulation as core dimensions in the strategic PMS model.

In practical terms, the results of this study show that the application of strategic PMS can strengthen strategic alignment, increase long-term competitiveness, and reinforce the sustainability value of banks by creating a balance between financial, social, and compliance interests. Thus, this study contributes to the literature on strategic management and finance by offering a model that is relevant to the Indonesian banking context—a model that is able to bridge economic objectives with social responsibility and good governance.

Suggestions

This research opens up opportunities for further empirical and theoretical development:

1. Future research is recommended to empirically test this strategic-holistic SPMS conceptual model through surveys or structural equation modeling (SEM) in Indonesian banks to measure the strength of the relationships between dimensions (financial, non-financial, regulatory, and stakeholder).
2. Future research can broaden the context by comparing conventional and Islamic banking PMSs to identify differences in values, control structures, and sustainability orientations.
3. Longitudinal exploration is needed to determine how the implementation of a strategic PMS affects banks' resilience to economic crises or changes in macroprudential policy.
4. In the context of digitalization, future studies can examine the role of technology and AI-based performance analytics in supporting a dynamic and adaptive PMS to market changes.

Thus, further research is expected to strengthen the empirical and practical basis of this strategic-holistic PMS model, enabling Indonesian banks to move toward a performance measurement system that reflects not only financial success but also strategic contributions to national economic sustainability and social welfare.

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