

# INDONESIAN SHARIA BANK, A PROGRESS OR PACKAGE FOR INDONESIAN SHARIA BANKING

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## Abstract

*This study aims to determine whether the merger of Himbara Syariah Banks consisting of BRI Syariah Banks, BNI Syariah Banks and Mandiri Syariah Banks can improve the performance of the Islamic banking sector in general and in particular to determine the performance of the bank resulting from the merger, namely Bank Syariah Indonesia. The research method used is by using an unpaired difference test, namely the Mann Whitney test, with a comparison between before and after combining for 182 days each. The results showed that it turned out that the merger had a fairly good impact on the performance of the Islamic bank, although it had only been running for 182 days. advancing the world of Islamic banking in Indonesia can run well and smoothly.*

**Keywords:** Islamic Bank, Performance, Indonesian Islamic Bank and Different Test.

## Introduction

Indonesia, a country with the second largest number of Muslims in the world after India with a total of 229.62 million people or 10.51% of the world's total Muslim population, is a large enough market share to increase the contribution of the national Sharia economy. It is predicted by Globalreligiousfutures quoted katadata.com to 2030 as in the following table:

Table 1

Table 1

## Development of the Muslim population of the Interstate

date	Indonesia	India	Pakistan	Nigeria	Bangladesh
2020	229,620,000				
	213,340,000				
	200,490,000				
	104,650,000				
	153,010,000				
2030	245,020,000				
	256,820,000	310,660,000	273,110,000	230,700,000	182,360,000

Source: <https://databoks.katadata.co.id/>

Islamic banking has been started since the late 1980s, but its development can be said to be in place or stagnant, but since the monetary crisis that hit the whole country, it has not Unless Indonesia is severely affected by the national economy, it is proven that Bvank Syariah is one of the banks that can survive in these conditions. At that point began the development of Islamic banks in Indonesia. Although it has a less significant impact on the national economy, Islamic banking is in an important stage to be able to demonstrate its existence for the national economy and to be able to win global and regional or regional economic competition in the free market era.

The lack of such contributions, among others, is the not yet optimal development of various sectors in the Islamic economic ecosystem and the limited scope of Islamic banking which only focuses on the financial sector. Meanwhile, national and regional competitors have developed rapidly due to the public's need for a financial sector that is free from interest (usury), regulations that support Sharia banking policies, both from the banking sector itself and from the government, and especially the development of a Sharia economy that leans towards the financial sector. Globally [1-4].

The Indonesian Islamic finance industry in 2018/2019 based on the Global Islamic Economy Index (GIEI) was in the 8th position in the world, an increase from the previous year which was in the 10th position and increased by 2 points. The business fields carried out in the Indonesian Islamic finance industry include the Islamic financial services sector and the Islamic capital market, both state and corporate sukuk. In the same year, there was an increase in Islamic financial assets from the 9th position to the 7th position or an increase of USD 81.8 billion from the previous only USD 47.6 billion, quoted from ICD Thomson Reuters. There was also a significant increase in total assets, total capital adequacy ratio, potential returns and a decrease in bad loans, showing a positive trend. [https://kompaspedia.kompas.id\[5\]](https://kompaspedia.kompas.id[5])

With all the potential mentioned above, with the intention of strengthening and winning the competition with national and regional competitors, on February 1, 2021, Bank Syariah Indonesia (BSI) was established which is the result of the merger of 3 Himbara banks consisting of Bank Mandiri Syariah, Bank BNI Syariah and Bank BRI Syariah. The Merged Bank will have assets of up to Rp214.6 trillion with a core capital of more than Rp20.4 trillion. The total assets and core capital put the Merged Bank in the list of the top 10 largest banks in Indonesia in terms of assets, and the TOP 10 largest Islamic banks in the world in terms of market capitalization in the next 5 years. In addition to having large core assets and capital, the Merged Bank will also be supported by the presence of more than 1,200 branches, 1,700 ATM networks, and supported by more than 20,000 employees throughout Indonesia. more customers. In the retail segment, the Merged Bank will have a variety of financial

solutions in the Islamic ecosystem, such as those related to the needs of Hajj and Umrah, zakat, infaq, alms, waqf (ZISWAF), gold-based service products, education, health, international remittances, and services and solutions. other sharia-based financial services supported by quality digital banking and world-class services. <https://kompaspedia.kompas.id>

Based on the explanation above, the author wants to know how the performance of the merged banking sector will bring progress or is it a step backwards in the development of Indonesian Islamic banking.

### Literature Review

Banks Banks are taken from Italian language, namely banco which means table. The use of this term is due in daily reality that every process and transaction from the past and maybe in the future is carried out on the table. In Arabic, the bank is usually called a mashrof which means a place where the exchange of assets takes place, either by taking or storing or with each other to do muamalat. [6]

While the notion of sharia itself is a rule based on Islamic law [7]. According to [8], Islamic banks are banks that operate in accordance with Islamic principles, namely banks with procedures and operations following the provisions of Islamic sharia. One of the elements that must be avoided in Islamic muamalah are practices that contain elements of usury (speculation and deception). [9, 10]

Basically, what is meant by Islamic Bank is a financial institution which in its business runs a credit financing service and services in payment traffic and money circulation that operates in accordance with sharia principles. Islamic banks are banks that operate in accordance with the principles of Islamic law, referring to the provisions contained in the Qur'an and Al-Hadith, then Islamic banks are expected to avoid activities that contain elements of usury and all things that contradict with Islamic law. Islamic banks put more emphasis on work systems and partnerships, togetherness, especially the readiness of all parties to share, including in terms of advantages and disadvantages.

The hypotheses put forward are:

H<sub>1</sub>: There is a difference in performance before and after the merger on the performance of Indonesian Islamic banks.

### Methods

The method used in this research is Different Test. Different test is a form of variable analysis (data) to find out the difference between two groups of data (variables) or more. Difference test or comparative analysis is often called a significance test. There are two comparative types, which are comparative between two samples and comparative k sample (comparative between more than two samples). Then each comparative model of the sample is divided into two types, namely the sample that is collated (related) and the sample that is not collated or independent [11, 12]. The statistical test t essentially shows how far the impact of one variable explains individually in proving variations of related variables. Hypothesis zero (H<sub>0</sub>) to be tested is whether a parameter (bi) equals zero, or: H<sub>0</sub>:bi = 0

That is, whether an independent variable is not a significant explanation of dependent variables. The alternative hypothesis (H<sub>a</sub>), the parameter of a variable is not equal to zero, or: It has:

That is, it is a significant explanation of dependent variables. To test these two hypotheses used statistics t. statistik t calculated from the formula as follows:

$$t = (bi - 0)/S = bi/S$$

Where  $S$  = standard deviation, which is calculated from the root variance. Variance or  $S_2$  obtained from SSE is divided by the number of degrees of freedom. In other words:

$$s^2 = \frac{SSE}{n - k}$$

Where  $n$  = number of observations;  $k$ = number of parameters in the model, including intercept.

**Results and Discussions**

The first step is to look at the results of the normality test as below:

*Table 2*

**Kolmogorov Smirnov Normality Test**

	Before	After the
statistical test	.160	.086
Asymp. Sig. (2-tailed)	.000	.002

Source: output spss version 25

Based on the table above, it can be seen that the significance values are 0.000 and 0.002. It can be concluded that the mean is not normally distributed because the significance of the Kolmogorov-Smirnov test value is less than 0.05. Because the data did not pass the normality test, then the Mann Whitney unpaired test was carried out. Then the next step is to do an unpaired test asbelow:

*Table 3*

**Mann Whitney Test**

	Performance
Mann-Whitney U	shown4267,500
Wilcoxon W	20920,500
Z	-12,249
Asymp. Sig. (2-tailed)	.000

Source: output SPSS version 25

Based on the above presentation, it can be seen that the Mann Whitney test results show the significance of 0000 is smaller than the alpha level of 0.05, this can be explained if the difference in performance before to after the merger of three banks Sharia to become an Indonesian Sharia Bank. Thus the hypothesis which states that there are differences in performance before and after the merger on the performance of Indonesian Islamic banks can be accepted. Since the merger was carried out on February 1, 2021, where the authors used a sample before and after the merger date of 182 days, it shows that the merger has had a fairly good impact on the performance of the Islamic bank, even though it has only been running for 182 days. The potential of Indonesian Islamic banks can be optimized properly, so that the ideals of being able to advance the world of Islamic banking in Indonesia can run well and smoothly.

**Conclusion**

Based on the description in the discussion above, it appears that Bank Syariah Indonesia can take advantage of the existing potential, such as First, Indonesia is a country with the largest Muslim population in the world. The total Muslim population

in Indonesia reaches 229 million people or about 87.2% of the total population. Second, there is a strong public preference for Islamic banking so that its growth is very rapid with a very large market potential. From the CAGR data for the last five years, the performance of third party fund collection (DPK) in the Indonesian Islamic banking industry has reached 13.8%. Such as the potential of more than 200 million customers who use retail financial services, for example for the purposes of Umrah, Hajj, to health care, as well as social transaction services for zakat, infaq, alms and waqf (ZISWAF). Third, the potential of the halal industry in Indonesia, which is valued at approximately Rp. 4,375 trillion. Of this total value, the halal food and beverage industry absorbs the largest portion of Rp. 2,088 trillion, followed by Islamic financial assets of Rp. 1,438 trillion. Fourth is the very good growth of the Islamic banking industry even though the economic pace is still disrupted by the Covid-19 pandemic. In July 2021, Islamic banking assets in the country grew by around 16.35% from June 2021, financing grew by 6.82% and deposits grew by 17.98%. Meanwhile, BSI's performance in semester I/2021 was no less brilliant, recording double-digit growth. BSI recorded a net profit of Rp1.48 trillion, or an increase of around 34.29% yoy. The increase in profit was triggered by the growth of quality financing and third party funds. With this positive performance, BSI managed to record total assets of Rp. 247.3 trillion until June 2021. The growth of these assets increased by around 15.16% yoy. For financing, BSI disbursed Rp161.5 trillion or grew by around 11.73% yoy. With this figure, BSI has succeeded in controlling the market share of the Islamic banking industry in Indonesia today. <https://www.bankbsi.co.id>

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