

Comparative Analysis of Sharia Bank Financial Performance Before and After the Merger (Case Study of PT. Bank Syariah Indonesia, TBK)

Elza Sri ¹, Ahmad Fauzul Hakim Hasibuan ², Cintia Nola ³, Meli Anita ⁴
Islamic Economics Study Program,
Universitas Malikussaleh

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ABSTRACT

Based on Return On Assets (ROA), Return On Equity (ROE), Net Interest Margin (NIM), and Operating Expenses Against Operating Income (BOPO), the purpose of this study is to determine if there were any differences in financial performance before and after the Bank Indonesian Sharia merger. Descriptive research is used in this study, which examines the financial state of a company over time. Based on the level of explanation, this research also falls into the category of comparative research. Data that was used in the form of two years: one year prior to the merger and one year after it, came from financial reports from Bank Syariah Indonesia. Based on the average Return On Assets (ROA) reported prior to the merger, the findings of this study can be seen increase to 1.61 percent after the merger. Based on Return On Equity (ROE), the financial statements prior to the merger showed an increase of 13.71%, from an average of 10.01%. In light of the Net Interest Edge (NIM) that the budget summaries previously do a consolidation that is with a normal of 4.19% expanded later converged to 6.04%. Based on Operating Expenses vs. Operating Income (BOPO), the average of 85.63 percent in the financial statements before the merger decreased to 80.46 percent after the merger. Because there is an increase in ROA, ROE, and NIM as well as a decrease in BOPO, this study concludes that the hypothesis cannot be proven because the obtained results are not from the test but the average (mean).

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Corresponding Author:

Elza Sri
Universitas Malikussaleh
Email: elza.200440137@mhs.unimal.ac.id

INTRODUCTION

The existence of the banking industry is increasingly needed by the public and the government. Competition in the banking world is currently getting tighter along with the development of the domestic financial business, so that every financial business is seen to use reserves ideally and has innovations and can achieve good skills and adequacy in terms of creation, utilization, and even more so dispersion which will ultimately expand organizational intensity (Charisma, 2021).

The birth of Islamic banking in Indonesia began with the establishment of Bank Muamalat Indonesia (BMI) in 1991. Previously, Indonesia had also been a non-banking institution which had extensively established activities implementing the sharia system. The government then made implementing regulations for Islamic banks through Law no. 7 of 1992. In 1998, the government and the House of Representatives (DPR) amended Law No. 7 of 1992 to become Law No. 10 of the Year 1998, which explicitly explains that there are

two banking systems in that country (dual banking system), namely the conventional banking system and the Islamic banking system. This opportunity was warmly received by the banking community, marked by the establishment of several other sharia banks, namely Bank IFI, Bank Syariah Mandiri, Bank Niaga, Bank BTN, Bank Mega, Bank BRI, Bank Buikopin, BPD Jabar and BPD Aceh etc. Bank in Article 1 paragraph (2) Regulation No. 10 of 1998, which is an amendment to Law no. 7 of 1992 defines banking as a business that distributes funds to the public in the form of credit and other forms in order to improve the standard of living of the people at large (Nasruddin Mohammad & Agilga, 2022).

Islamic finance consists of 2 words, namely bank and sharia. The Italian word *banco*, which means "money", is the origin of the bank itself. On the other hand, according to KBBI, religious law which according to the term "sharia" regulates human life, relationship with Allah SWT, human interaction with other humans, and the natural environment. Say bank syariah veirsi Indonesia is a set of rules about what a bank does with other parties that will cooperate with it to solve problems such as depositing funds or financing business activities in accordance with Islamic law. Islamic banks are monetary institutions which, in view of Islamic rules, practice lies in the benefits (benefit). Moreover, Islamic banks can also be characterized as a monetary basis that stays away from all types of usury practices (Wahyuni & Efriza, 2017).

Even though Islamic banks have their own place in society, competition between conventional and Islamic banks is minimal. This problem is due to the fact that the honor belongs to the Indonesian state, which is dominant in the largest Muslim body in the world. Other features, on the other hand, may not affect anything if sharia banking does not increase public trust by creating innovations either in products, services or new technologies. This will make customers and prospective customers more confident about what they have received from Islamic banking. At present, it is clear that the completion of Islamic banking in Indonesia is clearly still slow, which has been slightly affected by many problems. in the same way, the existence of each bank must be completely different. There are good conditions, intuitive reasons to worry, and nothing is norm (Qibtiyah & Wicaksono, 2022).

In accordance with the improvement of Islamic banks in Indonesia, the Minister of BUMN Indonesia, Erick Thohir had the initiative and consolidated three BUMN Islamic banks (State Owned Enterprises Banks), especially Bank Syariah Mandiri (BSM), Bank Negara Indonesia Syari'ah (BNIS) and Bank Rakyat Indonesia Sharia (BRIS). The BUMN business, which consists of three sharia commercial banks managed by a subsidiary of a State Owned Enterprise, was declared effective in February 2021 with the new name PT Bank Syari'ah Indonesia Tbk. BRI Syari'ah will become the surviving entity of this business merger and share ownership will be owned proportionally by the shareholders of the banks participating in the business merger, including PT. Bank Mandiri (Persero) Tbk, PT. Bank Negara Indonesia (Persero) Tbk, PT. Bank Rakyat Indonesia (Persero) Tbk, and the public.

Get synergies, increasing internal capabilities, raising funds and receiving a better return on investment (ROI) are just a few reasons why businesses choose to join forces (Astuti & Drajat, 2021). This is in accordance with research conducted by (Perwito et al., 2020) which states that consolidation and acquisitions are carried out as a process of recovering from financial problems and the unification of forces is carried out in the face of threats and competition in the presence of a financial technology-based financial system. Business combinations can also produce a number of other results, including increased corporate prestige, diversification of business areas, better understanding of the stock market, reduction of existing corporate tax burdens, and lower valuation of assets.

According to Hobeirg and Philipp (2010), product synergy is one of the main drivers of mergers. Companies with similar products that work well together tend to merge. In addition, a merger will increase in value if it is carried out horizontally or in businesses that are competitors in the same industry. Islamic banking performance can be reflected through monetary execution, in particular by examining bank productivity and risk proportions. Return on Assets (ROA), Return on Equity (ROE), Net Interest Margin (NIM), and Operating Expenses to Operating Income (BOPO) are used to test banking performance in this research (Ulfa, 2021).

Based on the existing problems regarding the pros and cons of the merger effect before and after it was carried out in various companies. Armed with previous research references on mergers, researchers are interested in conducting research entitled: "Comparative Analysis of Financial Performance of Islamic Banks Before and After Merger (Case Study of PT. Bank Syariah Indonesia, TBK.)"

METHOD

The purpose of this descriptive research is to examine the financial situation of a bank at a certain time. The participants of this study are BRIS, BNIS and BSM businesses which will merge in 2021 to form Bank Syariah Indonesia. Purposive sampling technique or also known as sampling technique is the type of method used in this research, where the criteria for this technique are; certain standards or contemplations that have been set by the analyst on the items to be considered. Purposive sampling is a non-random sampling method

in which the researcher ensures that he cites samples by determining a special identity that is in accordance with the research objectives in the hope of being able to answer research questions. For example, if you want to do research on food quality, an expert in the dining area can provide the information. When leading the exploration of legislative issues, the bottom line is individuals who are experts in legislative matters (Lenaini, 2021).

This exploration led to dissecting financial report information so that it is known how to deal with the monetary execution of 3 Islamic banks, namely BSM, BRIS and BNIS in that period before consolidating and becoming Bank Syariah Indonesia (BSI). again the other way around. Information on financial statements used in 2020 is more specific for Bank BRI Syariah, Bank BNI Syariah, Bank Syariah Mandiri and the information is utilized in 2021 specifically for Indonesian Sharia Banks. Information obtained from the official website www.bankbsi.co.id. Some of the variables used in this research include:

1. ROA is calculated by comparing profit before tax with the average total assets in a certain period. ROA calculation formula:

$$\text{ROA} = \frac{(\text{Profit before tax})}{(\text{Average total assets})} \times 100\%$$

2. ROE is calculated by comparing the profit after tax with the average equity/equity in a certain period. ROE calculation formula:

$$\text{ROE} = \frac{(\text{Profit after tax})}{(\text{Average equity})} \times 100\%$$

3. NIM is calculated by comparing the net interest income with the average earning assets in a certain period. NIM calculation formula:

$$\text{NIM} = \frac{(\text{Net interest income})}{(\text{Average earning assets})} \times 100\%$$

4. BOPO is calculated by comparing operating costs with operating income in a certain period. BOPO calculation formula:

$$\text{BOPO} = \frac{(\text{Operating costs})}{(\text{Operating income})} \times 100\%$$

This research uses data analysis methods, namely:

1. Compile annual financial reports on BRI Syariah, BNI Syariah and Bank Syariah Mandiri with year 2020 and Bank Syariah Indonesia 2021 respectively.
2. Calculating the average Return On Assets (ROA), Return On Equity (ROE), Net Interest Margin (NIM), and Operating Expenses to Operating Income (BOPO).

RESULTS

1. Research Result

Table 1. BNI Syariah Bank Research Data

No	Periode	ROA	ROE	NIM	BOPO
1	2016	1,44%	11,94%	0,90%	86,88%
2	2017	1,31%	11,42%	0,71%	87,62%
3	2018	1,42%	10,53%	0,81%	85,37%
4	2019	1,82%	13,54%	1,00%	81,26
5	2020	1,33%	9,97%	0,62%	84,06%

Table 2. Syariah Mandiri Bank Research Data

No	Periode	ROA	ROE	NIM	BOPO
1	2016	0,59%	5,81%	6,75%	94,12%
2	2017	0,59%	5,72%	7,35%	94,44%
3	2018	0,88%	8,21%	6,18%	90,68%
4	2019	1,69%	15,66%	6,02%	82,89%
5	2020	1,65%	15,03%	6,07%	81,81%

Table 3. BRI Syariah Bank Research Data

No	Periode	ROA	ROE	NIM	BOPO
1	2016	0,95%	7,40%	6,37%	91,33%
2	2017	0,51%	4,10%	5,84%	95,34%
3	2018	0,43%	2,49%	5,36%	95,32%
4	2019	0,31%	1,57%	5,72%	96,80%
5	2020	0,81%	5,03%	5,89%	91,015

Table ROA Peiriodi 2020-2021

Before The 2020 Merger	Bank BRI syariah 0,81%	Bank BNI syariah 1,33%	Bank syariah Mandiri 1,65%
After The 2020 Merger	Bank Syariah Indonesia 1,61%		

Based on the table above, it can be seen that Bank BRI Syariah's Return On Assets (ROA) before the merger in 2020 was 0.81%, while after the merger in 2021, ROA increased to 1.61% at Bank BRI Syariah. This can be interpreted that Bank BRI Syariah's ROA has increased from 2020 to 2021. This increase is considered positive because the higher the company's ROA value, the more efficient the company is in using its assets. Based on the table above, it can be seen that BRI's Return On Assets (ROA) before the merger in 2020 was 0.81%, while after the merger in 2021, ROA increased to 1.61% at Bank BRI Syariah. This can be interpreted that Bank BRI Syariah's ROA has increased from 2020 to 2021. This increase is considered positive because the higher the company's ROA value, the more efficient the company is in using its ass.

Judging from the table above, it can be seen that the Return On Assets (ROA) of Bank BNI Syariah before the merger in 2020 was 1.33%, while after the merger in 2021, ROA increased to 1.61% at Bank BNI Syariah. Thus, it can be concluded that from 2020 to 2021, Bank BNI Syariah's ROA has increased. This increase is considered positive because the higher the company's ROA value, the more effective the company is in utilizing its assets.

From the table, it can be seen that the Return On Assets (ROA) of Bank Syariah Mandiri before the merger in 2020 was 1.65%, then after the merger in 2021, ROA has decreased to 1.61% at Bank Syariah Mandiri. Thus, it can be concluded that from 2020 to 2021, Bank Syariah Mandiri's ROA has decreased. This decrease is considered unfavorable because it affects the company's ability to utilize its ass.

Table ROE Periode 2020-2021

Before The 2020 Merger	Bank BRI syariah 5,03%	Bank BNI Syariah 9,97%	Bank Syariah Mandiri 15,03%
After The 2020 Merger	Bank syariah Indonesia 13,71%		

From the table, it can be seen that the Return On Equity (ROE) of Bank BRI Syariah before the merger in 2020 was 5.03%, while after the merger in 2021, ROE increased to 13.71% at Bank BRI Syariah. Therefore, it can be concluded that from 2020 to 2021, Bank BRI Syariah's ROE has increased. This increase is considered positive because the higher the percentage of ROE, the more productive the company is in optimizing its capital.

Judging from the table, it can be seen that the Return On Equity (ROE) of Bank BNI Syariah before the merger in 2020 was 9.97%, while after the merger in 2021, ROE increased to 13.71% at Bank BNI Syariah. Thus, it can be concluded that from 2020 to 2021, Bank BNI Syariah's ROE has increased. This increase is considered positive because the higher the percentage of ROE, the more productive the company is in optimizing its capital.

Based on the table, it can be seen that the Return On Equity (ROEi) of Bank Syariah Mandiri before the merger in 2020 was 15.03%, but after the merger in 2021, ROE has decreased to 13.71% at Bank Syariah Mandiri. Thus, it can be concluded that from 2020 to 2021, Bank Syariah Mandiri's ROE has decreased. This decrease is considered unfavorable because the smaller the ROE percentage, the less efficient the company is in optimizing the capital provided by investors.

Table NIM Peiriodei 2020-2021

Before The 2020 Merger	Bank BRI Syariah 5,89%	Bank BNI Syariah 0,62%	Bank Syariah Mandiri 6,07%
After The 2020 Merger	Bank Syariah Indonesia 6,04%		

From the table, it can be seen that Bank BRI Syariah's Net Interest Margin (NIM) before the merger in 2020 was 5.89%, while after the merger in 2021, NIM increased to 6.04% at Bank BRI Syariah. In this way, it can be interpreted that from 2020 to 2021, Bank BRI Syariah's NIM has increased. This increase is considered good because the higher the NIM value indicates that the bank can work effectively to generate higher income.

From the table, it can be seen that Bank BNI Syariah's Nei Interest Margin (NIM) before the merger in 2020 was 5.89%, while after the merger in 2021, NIM increased to 6.04% at Bank BRISyariah. Thus, it can be interpreted that from 2020 to 2021, Bank BRI Syariah's NIM has increased. This increase is considered

good because the high NIM value indicates that the bank can work effectively to generate higher income. The NIM value indicates if the bank can work well to generate higher income.

Based on this table, it can be seen that the Net Interest Margin (NIM) of Bank Syariah Mandiri before the merger in 2020 was 6.07%, but after the merger in 2021, the NIM has decreased to 6.04% at Bank Syariah Mandiri. Therefore, it can be interpreted that from 2020 to 2021, the NIM at Bank Syariah Mandiri has decreased. This decline is considered unfavorable because it shows that the bank has not been able to work properly to generate higher income as expected.

Table BOPO Peiriodei 2020-2021

Before The 2020 Merger	Bank BRI Syariah 91,01%	Bank BNI Syariah 84,06%	Bank Syariah Mandiri 81,81%
After The 2020 Merger	Bank Syariah Indonesia 80,46%		

From the table, it can be seen that Bank BRI Syariah's Operational Cost to Operational Income (BOPO) before the merger in 2020 was 91.01%, while after the merger in 2021, BOPO decreased to 80.46% at Bank BRI Syariah. Thus, it can be concluded that from 2020 to 2021, Bank BRI Syariah's BOPO has decreased. This decrease is considered positive because the smaller the BOPO value, the more effective the bank is in managing its operational costs.

Based on the data listed in the table above, it can be seen that Bank BNI Syariah's Operational Cost to Operational Income (BOPO) before the merger in 2020 was 84.06%, then after the merger in 2021, BOPO has decreased to 80.46% in Bank BNI Syariah. Thus, it can be concluded that from 2020 to 2021, BOPO at Bank BNI Syariah has decreased. This decrease is considered positive because the smaller the BOPO value, the more effective the bank is in managing its operational costs.

From the table, it can be seen that Bank Syariah Mandiri's Operating Expenses to Operating Income (BOPO) before the merger in 2020 was 81.81%, while after the merger in 2021, BOPO decreased to 80.46% at Bank Syariah Mandiri. Therefore, it can be concluded that from 2020 to 2021, BOPO at Bank Syariah Mandiri has decreased. This decrease is considered positive because the smaller the BOPO value, the more effective the bank is in managing its operational costs.

Table Return On Asset (ROA)

No	Variable	Before	After	Information
1	<i>Return On Asset</i>	2020 =1,26%	2021 =1,61%	Go On

BSI's financial performance is greater after the merger which is measured based on Return On Assets (ROA)." The hypothesis cannot be proven.

Table Return On Equity (Roe)

No	Variable	Before	After	Information
1	<i>Return On Equity</i>	2020 = 10,01%	2021 =13,71%	Go On

BSI's financial performance is greater after the merger which is measured based on Return On Equity (ROE)." The hypothesis cannot be proven.

Table Net Interest Margin (Nim)

No	Variable	Before	After	Information
1	<i>Net Interest Margin</i>	2020 =4,19%	2021 =6,04%	Go On

BSI's financial performance is greater after the merger as measured by Net Interest Margin (NIM). "The hypothesis cannot be proven.

Table of Operating Expenses Against Operating Income (BOPO)

No	Variabel	Before	After	Information
1	Operating Expenses Against Operating Income	2020 =85,63%	2021 =80,46%	Down

BSI's financial performance is greater after the merger which is measured based on Operating Expenses to Operating Income (BOPO)." The hypothesis cannot be proven.

2. Discussion

a. PT BSI's financial performance was better after the merger, measured by Return On Assets (ROA)

The first hypothesis states that PT BSI's financial performance will be better after the merger as measured by the Return On Assets (ROA) hypothesis cannot be proven. The Return On Assets (ROA) metric measures the effectiveness of a company's management style in achieving total profit. The higher the Return On Assets (ROA) in a company, the better and more efficiently the business uses real estate. Judging from the average amount received in the year after the merger there was a slight increase, but PT BSI's financial results will be higher measured after the merger Return On Assets (ROA) cannot be verified because there are no test results but an average.

b. PT.BSI's financial performance got better after the merger as measured by Return On Equity (ROE)

The second hypothesis states that PT BSI's financial performance will be better after the merger as measured by the Return On Equity (ROE) hypothesis. Can't be proven. Return on equity Return On Equity (ROE) plays a role in measuring how successful management is in running a business or business. The bigger it is, the higher the Return On Equity (ROE) percentage, and the more profitable the company is. Conversely, a small percentage of Return On Equity (ROE) is a sign that the company cannot optimize investor capital. Measured against the average volume, a clear increase can be observed but in the year after the merger, PT BSI's financial performance was better post-merger, as measured by Return On Equity (ROE) cannot be determined because the results are not collected from tests but average.

c. PT.BSI's performance is higher after the merger based on Net Interest Margin (NIM)

According to the third hypothesis, PT BSI's performance is better after the merger, as measured by net interest margin (NIM), is approved. the higher the net interest margin ratio, the greater the impact on the increase in taxes on earning assets managed by the bank. Measured against the average amount received, there was a slight increase in the year after implementation after the merger, but PT BSI's financial performance was better after the merger as measured by Net Interest Margin (NIM) cannot be determined because the results are not collected from tests, but from the average -flat.

d. PT.BSI's performance is higher after the merger based on Operating Expenses to Operating Revenues (BOPO)

The fourth hypothesis states that PT BSI's financial performance will be better in the implementation of the merger, as measured by operating profit operating expenses (BOPO), is rejected. The level of Operating Expenses to Operating Income (BOPO) tends to increase, this indicates that the company is unable to control costs, the following applies: the smaller the Operating Expenses to Operating Income (BOPO), the more efficient the company is in managing its operational costs. Measured by the average number of results achieved decreased significantly in the year after completion after the merger, but PT BSI's financial performance was better after the merger as measured by Operating Expenses against Operating Income (BOPO) could not be verified because the results obtained were not from tests, but from the average test.

CONCLUSION

Based on the results of comparative analysis of financial performance before and after the merger (the case of PT. Bank Syariah Indonesia, Tbk), we can conclude:

1. The results of this study indicate that the return on investment has increased slightly. the bank will have a positive impact.
2. The results of this study indicate a significant increase in equity performance Return On Equity (ROE) after the average profit (average), PT.BSI's financial performance is higher after the merger, as measured by Return On Equity (ROE). This means that the merger of the three banks will have a positive impact.
3. The result of this study is that the net interest margin increases significantly according to the average yield, PT.BSI's financial performance is higher post-merger as measured by return on equity (ROE). This means that the merger of the three banks will have a positive impact. The use of Net Interest Margin (NIM) is because Bank BRI Syariah is a combination of Sharia and conventional, and Bank Syariah Mandiri uses a net interest margin. After the merger of three banks. Bank Syariah Indonesia which continues to use net interest margin at the end of the year.
4. The result of this study is that costs have decreased significantly in Operating Expenses to Operating Income (BOPO). PT.BSI's financial results will be lower when combined, measured by operating expenses against operating income (BOPO). This means that the merger of the three banks had an unfavorable impact on their Operating Expenses against their Operating Income.

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