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FINANCIAL PERFORMANCE ANALYSIS USING CAMELS AT PT. BANK SYARIAH INDONESIA BEFORE AND AFTER MERGER

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Abstract: *This study discusses the comparison of the financial performance of PT Bank Syariah Indonesia (BSI) TBK before the merger of PT Bank Syariah Mandiri (BSM), PT Bank Rakyat Indonesia Syariah (BRIS), and PT Bank Negara Indonesia Syariah (BNIS) and after the merger became PT Bank Indonesian Sharia (BSI) TBK. This study aims to analyze the financial performance of PT BSI TBK before and after the merger using CAMELS, namely Capital, Assets, Management, Earnings, Liquidity, and Sensitivity of the Market with a focus on CAR, NPF, NPM, ROA, ROE, FDR, and PDN assessments. The method used uses descriptive quantitative analysis by analyzing annual reports through the company's website and accessed from www.idx.co.id. The data used consists of Islamic banking financial reports from BSM, BRIS, and BNIS before the merger, namely 2016-2020 and on BSI in 2021 and 2022. The results show that the ratio analysis of PT BSI TBK before the merger focuses on CAR, NPF, NPM assessment, ROA, ROE, FDR, and PDN yielded a value of 19.20%, 2.31%, 4.37%, 1.05%, 8.56%, 76.94% and PT BSI TBK after the merger, respectively are 21.19%, 0.72%, 6.18%, 1.80%, 15.28% and 76.38%. So these results indicate that the performance of financial ratios using the CAMELS method after the merger is better than the financial performance before the merger.*

Keywords: *financial performance, reports, mergers, camels ratios, bank.*

INTRODUCTION

Health in banking is crucial for banks because it affects consumer confidence in using banking services. Declining financial performance will result in declining public confidence. Health assessment should be able to see how banking conditions are currently and can also be used for future predictions. So that the assessment of a bank needs to use tools for evaluating bank performance so that it can focus on risk management and the application of prudential principles [1].

Banking in Indonesia currently has a very good trend of development as well as the existence of Sharia (Islamic) banking, one of which is a model company of Islamic banking in Indonesia that comes from the merger of three companies, which is PT BRI Syariah, PT BNI Syariah, and PT. Bank Syariah Mandiri (BSM). Sharia banks in Indonesia have existed since 28 years ago but the market reached was only around 5.94%, resulting in the need for the development of the banking system until the decision to merge to become PT Bank Syariah Indonesia (PT BSI). Similar to other banks, namely conventional banks, Islamic banks also need to know their financial performance to adjust the rules used and be accountable to the community [2].

Financial performance analysis needs to be done and becomes important for Islamic banking in Indonesia. In its history PT. Bank Syariah Indonesia, Tbk (BSI). Needs to know and see its financial performance pre and post-merger because it is a basic step in investing. This merger was carried out as an effort to merge work culture and good synergy so that the company will work with good performance and this merger has become common in a company, including the banking sector [3].

The measurement of bank health is seen based on the economic performance side, namely CAMEL which consists of Capital, Assets, Management, Earnings, and Liquidity. This measurement instrument is used to assess aspects of capital, assets owned, management, profits, and liquidity value. Assessment of bank health is important for banks because it is used as an early anticipation and measuring tool if a problem arises so that it can be resolved immediately [4], [5].

The Bank's Health Assessment of Capital Value can be seen from the Capital Adequacy Ratio (CAR) by comparing capital (initial assets) with risk-weighted assets. Asset quality assessment is measured by Non-Performing Financing (NPF) with a description of credit risk or NPL ratio and the effect on profit generation. Management assessment focuses on Management Quality (NPM) which is projected on management aspects. Furthermore, the Earning assessment is used to see the strength of banks to get as much profit as possible from bank activities. In addition, the use of Return On Asset (ROA) will be assessed and used to show the profitability ratio of his ability to profit. Return On Equity (ROE) or return on equity assets is used to see the ratio of profit after tax calculation to total capital. Finally, the liquidity assessment uses the Financial Deposit Ratio (FDR) [6].

Some studies that have examined financial performance are Fatinah entitled Financial Performance Analysis, Impact of Merger of 3 State-Owned Sharia Banks and Strategy of Bank Syariah Indonesia (BSI) in National Economic Development. The results of the study found that the advantage of merging Islamic banks in Indonesia is being able to expand the types of banking activities in fulfilling public desires and being able to facilitate banking needs in the community. The capital problem is also resolved and this capital makes Islamic banks can be used by providing capital and public financing in large forms and amounts [7].

Another study conducted by Indah Fatimah Aznita under the title of research The Effect of the Camel Method on Bank Health in Merger Decision Making, states that the type of bank health before the merger is lower than the level of bank health after the merger into PT BSI so that the merger decision is right because it has a good effect on the bank. Another study conducted by Anggraini related to the analysis of the health of Islamic Banks before and after the spin-off resulted in a conclusion that there was no difference with significant values visible. In contrast to Ulfa's research, it provides research results, namely mentioning differences in the financial performance of several types of Islamic banking in Indonesia, BNI Syariah, BRI Syariah, BJB Syariah, Bank Syariah Bukopin, and Bank Victoria Syariah. This separation is carried out one year before the spin-off/separation activity and one year after the spin-off/separation activity. The same results occurred in a study by results showed that there were differences in liquidity, solvency, activity, and market ratios before and after the merger [8].

From this explanation, the researcher conducted research and was interested in the field and focused on the comparison of Islamic banks before the merger and after the merger by looking at their financial performance. The purpose of this study is to

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determine the difference in financial performance using CAMELS (Capital, Asset, Management, Earning, Liquidity, and Sensitivity of Market) with a focus on the assessment of CAR, NPF, NPM, ROA, ROE, FDR, and PDN before and after the merger [9], [10].

LITERATURE REVIEW

Signaling Theory

Signalling theory is referred to as signal theory where this theory arises based on asymmetric information between information derived from management and information sourced from shareholders. All the information in the form of this signal is conveyed in the recording report of the company's financial department. After the explanation given by the leader/manager through the financial statements, this signal will be obtained by the investor with an assessment of the meaning of good signals or bad signals. The subsequent information provided by the manager has significance for the company.

This theory gives a signal to management that uses annual reports, so when there is a publication of information it will signal investors to attract interest in investing and manifest with changes in stock prices that rise or fall. The information disseminated by the company to this market is related to merger and acquisition strategies. Announcements about it will give signals to the market that good and bad results will cause market reactions [11].

Merger Concept

Merger is a form of business merger with the aim that ownership becomes joint, according to KBBI merger is an effort to merge the next business ownership and supervision carried out jointly and carried out by several companies into one larger company. Number 28 of 1999 Government Regulation related to bank mergers, consolidations, and acquisitions, explains in detail that merger/merger is a form of merger carried out by at least two or more banks that serves to maintain one bank to be able to stand and their is no dissolution of banking without evaluation and liquidation first. In the case of merging three state-owned banks into a state-owned bank, it has a new name and identity that is expected to have a significant impact on the national economy [12].

Theoretically, mergers and acquisitions must be carried out with a financial, business, infrastructure, and capability performance approach to prevent failure. It is hoped that this merger will enable the bank to conduct its operations efficiently and effectively in terms of information technology and resources. The motivation for doing a merger is a large advantage with a large and concentrated market share. Mergers need to follow because of the history of large industrialized countries that scale banking to increase bank profitability [13], [14].

OJK Regulation of 2019 No. 41 states that there are requirements for when to be merged, merged, taken over, integrated, and converted, namely the directors of each bank that merges compile a merger plan, banks submit development information to the OJK and this merger plan receives approval from each bank's board of commissioners. Later, it is expected that capital capacity, financing scale, and market share can increase and make Indonesian Islamic banks enter the global market [15].

Sharia Banking

Law Number 10 of 1988 specifies that banking is a business entity with the concept of collecting public funds in which banking activities are carried out such as storing money and distributing money to the community in the form of credit that aims to return to the community, namely improving the standard of living of the community. The development of banks in Indonesia divides the type of business into two parts, namely con based on general economic principles. The next division is Islamic banks that carry out their operations based on Islamic Sharia principles [16], [17].

Islamic banks emerged as a form of building with foundations and foundations of creed based on the Qur'an and Hadith and carried out their activities by the activities carried out by the Prophet and their nature in carrying out economic activities. There are Sharia rules where there is a prohibition on the practice of usury, financing used for maysir and gharar businesses, financing on real assets, and sharing profits and losses. Indonesia needs Islamic banks as one of the preparations for the ASEAN Economic Community (AEC) to be able to compete in the ASEAN and global arena and then merge into BSM, BRIS, and BNIS to become BSI [18], [19].

CAMELS Assessment

CAMELS is an assessment benchmark that becomes the point at which banks conduct their inspection and supervisory functions. CAMELS consists of six assessments, namely capital, assets, management, earnings, liquidity, and sensitivity of the market. The health level of a bank is measured by the values of ratios used to determine the general level of banking health using the calculation of CAR, ROA, LDR, NIM, BOPO, and ROA analysis [20].

The CAMEL ratio can also be used to determine the financial ratio in responding to the health of banks empirically by knowing the failure rate in the business and its bankruptcy. Banking financial performance can also be seen using the main source, namely financial statements from the bank concerned. Bank Indonesia as a financial institution that has supervisory activities has the highest authority to determine the health of a bank [21], [22].

The CAMELS ratio provides an overview of the relationship between one amount and another predetermined amount by using a good and bad picture of a banking situation. The elements of assessment are as follows:

a. *Capital*

The valuation of a bank's capital can be assessed using the Capital Adequacy Ratio (CAR) by comparing capital to Risk-Weighted Assets (ATMR). This ratio can show how far all bank assets that contain risk (credit, participation, securities, bills to other banks) are financed from their capital funds. CAR shows the extent to which bank capital can minimize the risk of credit failure that may occur [23]. The ratio formula is:

$$CAR = \frac{Capital}{ATMR} \times 100\%$$

The results according to Bank Indonesia regulations are as follows:

Table 1. CAR Ratio Measurement Criteria

Valuation	Level	Information
CAR ≥ 12%	1	Excellent
9% ≤ CAR < 12%	2	Good
8% ≤ CAR < 9%	3	Good enough
6% ≤ CAR < 8%	4	Not Good
CAR < 6%	5	Bad

b. Asset Quality

This value is based on the quality of assets owned by banks with a measurement commonly called Non-Performing Financing (NPF) by describing credit ratios and affecting profit generation. Non-current credit or financing results in delays or failures when calculating revenue generation [24], [25]. The formula of this ratio is:

$$NPF = \frac{\text{Non-performing Loans}}{\text{Total Credit}} \times 100\%$$

The results according to Bank Indonesia regulations are as follows:

Table 2. NPF Ratio Measurement Criteria

Valuation	Level	Information
NPF ≤ 2%	1	Excellent
2% < NPF ≤ 5%	2	Good
5% < NPF ≤ 8%	3	Good enough
8% < NPF≤ 11%	4	Not Good
NPF > 11%	5	Bad

c. Management

Assessment in management is based on the management of capital, assets, profitability, liquidity, and general management. Good management results can be described by the quality of human resources in banking that work, this can also depend on the quality of management. In addition, the quality of education and experience can also affect results and grades [26].

Net Profit Margin (NPM)

Is a measure of the company by contrasting profits after interest and taxes and compared to sales. This is determined by the type of factor, namely net sales or the amount of sales and operating profits. The NPM formula is as follows:

$$NPM = \frac{\text{Net Icome}}{\text{Sales}} \times 100\%$$

The result is that NPM can be said to be good/healthy if > 5% and if the NPM value is less than 5% then it is declared unhealthy.

d. Earning

Earning is the ability of banks to earn profits or profits from banking business activities. In the banking world, a very important thing is profit generation, because it analyzes the success of performance and sustainability in its business [27]. There are several factors including:

Return On Assets (ROA)

ROA is a type of profitability ratio and is used to assess companies/banks in obtaining profits sourced from the activities carried out. The function of ROA is to assess efficiency and see the effectiveness of the company when generating profits by utilizing its assets.

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The higher the ROA value of the bank, the greater the profit [28]. The ROA ratio is described in the following formula:

$$ROA = \frac{\text{Profit Before Tax}}{\text{Average Total Assets}} \times 100\%$$

The results according to Bank Indonesia regulations are:

Table 3. ROA Ratio Measurement Criteria

Valuation	Level	Information
ROA > 1,5%	1	Excellent
1,25% < ROA ≤ 1,5%	2	Good
0,5% < ROA ≤ 1,25%	3	Good enough
0% < ROA ≤ 0,5%	4	Not Good
ROA ≤ 0%	5	Bad

Return On Equity (ROE)

ROE is the return on equity value, the ratio between profit after tax on total capital sourced from the owner's initial deposit, undivided profit, and other reserves collected and kept by the company [29]. The standard ROE value by OJK is 12% and is formulated as follows:

$$ROE = \frac{\text{Profit After Tax}}{\text{Average Total Assets}} \times 100\%$$

The results according to Bank Indonesia regulations are as follows:

Table 4. ROE Ratio Measurement Criteria

Valuation	Level	Information
ROE > 23 %	1	Excellent
18 % < ROE ≤ 23 %	2	Good
13 % < ROE ≤ 18 %	3	Good enough
8 % < ROE ≤ 13 %	4	Not Good
ROE ≤ 8 %	5	Bad

e. Liquidity

A bank can be called liquid if the bank can pay all its debts including short-term debts such as savings deposits, current accounts, and time deposits [30]. The assessment of liquidity factors in this study uses the financing-to-deposit ratio (FDR), which is the size of all credit volumes disbursed by banks and the amount of funds received from various sources. The assessment of this ratio is also used as an indicator of the vulnerability and ability of a bank and is formulated as follows:

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$$FDR = \frac{\text{Financing}}{\text{Third-Party Funds}} \times 100\%$$

Indonesia provides the following formulation of the results of the Liquidity assessment:

Table 5. FDR Ratio Measurement Criteria

Valuation	Level	Information
FDR ≤ 75%	1	Excellent
75% < FDR ≤ 85%	2	Good
85% < FDR ≤ 100%	3	Good enough
100% < FDR ≤ 120%	4	Not Good
FDR > 120%	5	Bad

f. Sensitivity of Market

Banks must be able to provide an overview and adjust their operations according to community and market conditions. The ratio used to measure Market Sensitivity is by formula using Net Foreign Exchange Position (PDN). PDN is a ratio and is used by banking management as a controller of foreign exchange management positions due to fluctuations in exchange rate changes [31].

To calculate the PDN correctly can be measured using the following formula:

PDN= ((Foreign Currency Assets- Foreign Exchange Assets) + margin off balance sheet)/ Capital) x 100%

PDN is obtained from the net difference between assets and foreign currency liabilities after taking into account its administrative accounts against the bank's capital.

METHODOLOGY

Test the Hypothesis

The hypothesis Test in this study was carried out to find out whether there is a relationship or not between the variables in the study. So it can be concluded that the hypothesis in this study is:

1. H1 Once accepted, there is a difference between financial performance measured using the CAMELS ratio with a focus on the valuation of CAR, NPF, NPM, ROA, ROE, FDR, and PDN before and after the merger.

2. H0 rejected then there is no difference between financial performance measured using the CAMELS ratio with a focus on the valuation of CAR, NPF, NPM, ROA, ROE, FDR, and PDN before and after the merger [32].

Research Framework

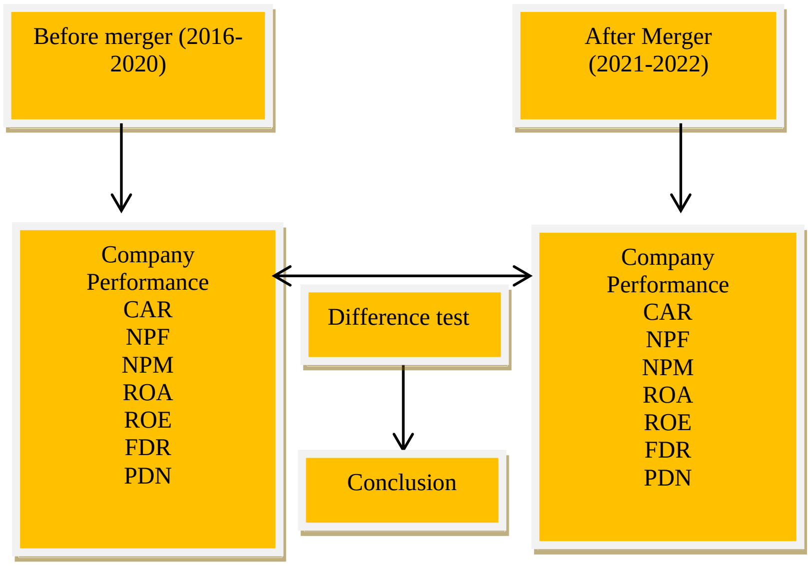

Figure 1. Research Framework

Financial analysis research uses a type of quantitative descriptive analysis method. This type of research uses a quantitative approach by analyzing Islamic banking financial statements to determine the performance of financial institutions before merging. The source data used as the main data in this study was obtained from the Indonesia Stock Exchange (IDX), the annual report of the company under study which is accessed through www.idx.co.id and related company websites. The data used consists of financial statements of various Islamic banks from BSM, BRIS, and BNIS in the five years before the merger, namely 2016-2020 and at BSI in 2021 and 2022 [33].

In this case, the research analyzes the financial performance before and after the merger of PT BSI represented by the financial ratios of Capital Adequacy Ratio (CAR), Non-Performing Financing (NPF), Net Profit Margin (NPM), Return On Asset (ROA), Return On Equity (ROE), Financing to Deposit Ratio (FDR) and Net Foreign Exchange Position (PDN). The subject in this study was PT. BSM, PT. BRI Syariah, PT. BNI Syariah and PT. Bank Syariah Indonesia Tbk [34].

The analysis technique used is a paired sample t-test with the help of SPSS version 25. This bed test is a difference between two paired samples with the same subject but there are different treatments. The goal is to determine the average difference between two related samples. So the amount must be the same and the source must also be appropriate [35]. Based on decision-making:

1. If the result is a significant value (2-tailed) < 0.05 then there is a difference with a significant value between the two variables.

2. If the result is a significant value (2-tailed) > 0.05 then there is no difference with a significant value between the two variables.

Variable measurement instruments are explained as follows:

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Table 6. Research Variables and Instruments

NO	VARIABLE	RESEARCH INSTRUMENT
1	CAR (Capital Adequacy Ratio)	(Capital / RWA) x 100%
2	NPF (Non-Performing Financing)	Non-performing financing / Total Financing) x 100%
3	NPM (Net Profit Margin)	(Net profit / Sales) x 100%
4	Profitability Ratio	ROA = (Profit before tax / Average Total assets) x 100% ROE = (Profit after tax/ Average Total Assets) x 100%
5	FDR (Financing to Deposit Ratio)	(Financing/ Third Party Funds) x 100%
6	PDN (Posisi Devisa Netto)	((Foreign Exchange Assets- Foreign Exchange Assets) + selisish off balance sheet)/Capital)) x 100%

RESULTS AND DISCUSSION

Financial Performance of Bank Syariah Indonesia before the merger

Table 7. BSM Financial Ratio

Ratio	BSM				
	2019	2017	2018	2019	2020
CAR (%)	14,01	15,89	16,26	16,15	16,88
NPF (%)	3,13	2,71	1,56	1	0,72
NPM (%)	6,75	7,35	6,18	6,02	6,07
ROA (%)	0,59	0,59	0,88	1,69	1,65
ROE (%)	5,81	5,72	8,21	15,66	15,03
FDR (%)	76,83	75,43	74,89	75,54	73,98
PDN (%)	8,65	3,16	2,55	4,41	2,28

Table 8. BRIS Financial Ratio

Ratio	BRIS				
	2016	2017	2018	2019	2020
CAR (%)	20,63	20,05	29,23	25,26	19,04
NPF (%)	3,19	4,75	4,99	3,38	1,77
NPM (%)	6,37	5,84	5,36	5,72	5,89
ROA (%)	0,95	0,51	0,43	0,31	0,81
ROE (%)	7,4	4,1	2,49	1,57	5,03

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FDR (%)	81,42	71,87	75,49	80,12	80,99
PDN (%)	1,43	0,34	0,93	0,48	0,59

Table 9. BNIS Financial Ratio

Ratio	**BNIS**				
	2016	2017	2018	2019	2020
CAR (%)	14,92	20,14	19,31	18,88	21,36
NPF (%)	1,64	1,5	1,52	1,44	1,35
NPM (%)	7,17	7,58	7,16	7,36	6,41
ROA (%)	1,44	1,31	1,42	1,82	1,33
ROE (%)	11,94	11,42	10,53	13,54	9,97
FDR (%)	84,57	80,21	79,62	74,31	68,79
PDN (%)	0,38	2.28	0,77	0,81	0,69

Financial Performance of Bank Syariah Indonesia after the merger

Table 10. BSI Financial Ratio

Financial Ratio	**BSI**	
	2021	2022
CAR (%)	22,09	20,29
NPF (%)	0,87	0,57
NPM (%)	6,04	6,31
ROA (%)	1,61	1,98
ROE (%)	13,71	16,84
FDR (%)	73,39	79,37
PDN (%)	0,27	0,57

The above financial statements were taken before the merger five years back from 2016 to 2020 and two years for post-merger analysis, namely 2021 and 2022.

CAR

The highest BSM CAR ratio in 2020 was 16.88%, reflecting the growth of CAR in the last five years. While CAR BRIS in 2018 was quite high at 29.23% and fell in 2019 to 25.26% and 2020 to 19.04%. The highest BNIS CAR figure among the three merged banks was in 2020, which was 21.36%.

The CAR ratio on BSI after the merger can be seen in 2021 and 2022 at 22.09% and 20.29%. CAR's condition reflects that conditions after the merger are very healthy despite a slight decline in 2022. This condition occurs due to a slight increase in ATMR [36].

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NPF

BSM's NPF in the last five years has experienced good conditions where the NPF in 2016 was 3.13% and decreased to 0.72% in 2020. For BRIS, the best NPF condition was 2020 with a record of 1.77%. As for BNI, the best NPF in 2020 is 1.35%.

Related the ratio that measures non-performing financing is reflected in the NPF of the last five years of the company where when the three companies experienced a condition of declining non-performing loan ratios in 2020. The best condition occurred in BSM's NPF in 2020, which was 0.72%. For BSI NPF after the merger, it improved by around 34%, whereas in 2022 it was based on recording an NPF of 0.57%. This condition is in the very healthy category [37].

NPM

The average NPM of Islamic banks before the merger was 6.48%. This condition reflects the NPM of Islamic banks before the merger in a healthy condition. The highest NPM value was frozen by BNIS, with an average of 7.14%. BNIS's ability to generate NPM is quite high due to high credit disbursement while its NPF is still quite low with an average of 1.49%. The NPM value after the merger was 6.04% and 6.31% respectively. NPM condition is very healthy because it is above 5% [38].

ROA

BSM ROA consistently increased in 2016 from 0.59% to 1.69% in 2019, while in 2020 it decreased by 0.4%. While BRIS ROA in 2016 was 0.95% then decreased in 2017 to 2019 around 0.64% but in 2020 ROA increased to 0.81%. BNIS ROA figures tend to increase from 2016 to 2019 to 1.28% but slightly decrease in 2020 to 1.33%.

Overall, the condition of financial performance shown by the ROA ratio in the last five years has increased. The largest ROA value was shown by BNIS in 2019 and BSM in 2020 at 1.65%. This shows that the company's performance is getting better because the rate of return from the assets owned by the company is quite large, namely the assets used by the company can effectively generate profits. In 2022, ROA increased to 1.98%. This condition also shows that financial performance, and profitability measured by ROA have increased and are in a very healthy criteria position [39].

ROE

BSM's ROE consistently increases every year, in 2020 it was recorded at 15.03%, as well as BRIS the increase in ROE occurred from 2017 to 2020 at 5.03%. BNIS's ROE can be seen as the highest in 2019.

This result shows that the ROE in the last five years is quite good, namely at BSM around 15.03% in 2020 and this is accompanied by the ROE performance at BNIS in 2019 of 13.45%. This means that the company's ROE condition before the merger is above the industry average ROE, which means that the company's ability to use its equity is quite effective. In 2022, ROE has increased to 23%. This condition also shows that financial performance, and profitability measured by Roe have increased and are in a very healthy criteria position.

FDR

FDR's development in BSI before the merger can be seen with an average of 76.94%. This FDR condition entered into a healthy condition, it can be seen that the highest FDR with an average for five years is shown by BSM with a total FDR average of 75.33%.

FDR's value after the merger in Islamic banking showed a result of 79.37% in 2022 or slightly decreased compared to the previous year of 73.39%. FDR's condition in Islamic banking after the merger was categorized as healthy [40].

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PDN

The GDP ratio before the merger was 1.83% where the best conditions were frozen at an average GDP ratio of 4.21%. This shows that BSM's performance is quite good, the period can minimize the occurrence of risks to improve the bank's financial performance. The GDP ratio after the merger was 0.27% in 2021, increasing to 0.57%. This shows quite good PDN results [41].

Difference Test Analysis

The capital adequacy ratio in the last five years has grown with a value above the minimum CAR in the banking industry which is 8%. The highest CAR was in 2020 valued at 21.36% of BNIS [42].

Based on a statistical analysis of paired samples t-test using IBM spss version 25 as follows:

Table 11. Difference Test Results Paired Sample T-Test

Paired Samples Statistics					
		Mean	N	Std. Dev	Std. Error Mean
Pair 1	Pre	16.4229	7	27.45393	10.37661
	Post	17.5429	7	27.09751	10.24189

The output above shows the results of descriptive statistical summaries of both samples or pretest and posttest data. The average value of the pre-merger mean is 16.4229 and post-merger is 17.5429, for the data tested are 7 ratios from the average financial statements for 2016-2020 obtained from 3 state-owned Islamic banks before the merger, and 7 average financial ratios for 2021-2022 obtained from PT. Bank Syariah Indonesia Tbk.

Table 12. Ps Correlations Result

P S Correlations				
		N	Correlation	Sig.
Pair 1	Pre & Post	7	.995	.000

In the results of the statistical process above explaining the results of the correlation between the two data variables, namely Islamic Banks before and after the merger, it can be seen that the value of sig. 0.00 or more < than 0.05 means that there is a relationship between the financial performance of Islamic Banks before and after the merger.

Table 13. Paired Samples Test Results

Paired Samples Test									
		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair	Pre-	-	2.72399	1.02957	-	1.39927	-	6	.03

1	Merger - Post-Merger	1.12000			3.63927		1.088		

Based on the results of the statistical processing above, it shows that the value of sig. (2-tailed) is 0.03 or < 0.05 so there is a significant difference between the financial performance of Islamic banks before and after the merger. This is because PT BSI 2022 froze a profit of IDR 4.26 T, growing 42% on an annual basis compared to the closing profit in 2021, which was IDR 3.02 T. The merger caused good things for Islamic banking in Indonesia, PT BSI also froze 10% of fund disbursement income from IDR 18.6 T in December 2021 to IDR 20.46 T in December 2022 [34].

The profitability ratio also happens the same. ROA results in 2022 of 1.98% grew 22.9% from the previous year of 1.61%. Meanwhile, when comparing the average financial ratios before the merger of three different banks, namely BSM, BRIS, and BNIS in 2016-2020 with BSI's financial ratios after the merger (2021 &2022) also produced positive and good growth results.

PT BSI Tbk recorded the number of customers in 2022 at 17.78 million and this increased by around 12% from the previous year of 15.93 million customers. While the number of assets of PT BSI Tbk increased after the merger in 2022, BSI froze total assets of IDR 3.6 T or grew 15% compared to the previous year.

Furthermore, PT BSI Tbk froze financing of IDR 2.8 T in 2022 and this grew 21.3% compared to the previous year this was due to PT BSI which has accelerated its capabilities, quality, and financing services. On the other hand, PT BSI Tbk has frozen with savings funds in the form of current accounts and savings, which is 13.8% to IDR 6.6 T in 2022. Meanwhile, on the investment fund side, it increased by 11% to Rp 195.4 T.

Furthermore, BSI profit growth was also strengthened by commission-based income with an increase of 25% from IDR 1.2 T in 2021 to IDR 1.5 T in 2022. This condition makes BSI's operating profit grow well from IDR 4 T in 2021 to IDR 5.6 T in 2022.

CONCLUSION

The condition of Indonesian Islamic banking after the merger is said to be quite successful with the evidence of an increase in financial ratio performance, which is used to assess and see the effectiveness of the company's financial performance to generate profits. The purpose of the merger in terms of not to create monopolistic practices but to accelerate the growth of Islamic banking and economy and make new energy for the economy in Indonesia and this shows that it is appropriate and successful. The merger also has a positive and significant impact on the banking system so that it can be healthy, efficient, resilient, and able to compete in the economy both globally or in free markets that have increasingly fierce and competitive competition.

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Author Contribution

All authors contributed equally to the main contributor to this paper, some are as chairman, member, financier, article translator, and final editor. All authors read and approved the final paper.

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Conflicts of Interest

All authors declare no conflict of interest.

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