

MERGERS AS A BUSINESS STRATEGY AND EFFICIENCY OF ISLAMIC BANKING IN INDONESIA IN FACING COMPETITIVE BUSINESS COMPETITION

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Abstract. *Although in the era of the Covid-19 pandemic, Islamic banking grew positively. Islamic banking assets grew by approximately 14.2%. Total assets in 2019 amounted to IDR 538.32 trillion, while in 2020 it was IDR 571 trillion. Currently there are 34 Islamic banks in Indonesia consisting of 14 Sharia Commercial Banks (BUS), 20 Sharia Business Units (UUS), and 163 Sharia People's Financing Banks (BPRS). Of the 20 UUS, there are 7 national private commercial banks that have contributed greatly to Islamic banking. As a business strategy and efficiency of state-owned banks (BUMN) is to do a merger. PT Bank Syariah Indonesia Tbk (BRIS) which has been operating since February 1, 2021 is the result of the merger of three state-owned Islamic banks, namely PT BRI Syariah Tbk (BRIS) with 17.4% shares, PT Bank Negara Indonesia Syariah (BNIS) with 25 shares 0%, and PT Bank Mandiri Syariah (BMS) with 51.2% shares. The remaining shares are BRI's Financial Institution Pension Fund (DPLK) with 2% shares, and the public (4.4%). Assets resulting from the merger of these three Islamic banks reached around Rp. 239.56 trillion, which is the 7th largest bank in Indonesia. However, Islamic banking is a potential for the national economy as well as for Indonesia's economic development.*

Keywords: *Business strategy; Islamic bank; Merger; Shariah.*