Analyzing the Financial Performance of PT Bank Syariah Indonesia Tbk: Before and After Merger

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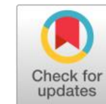
ABSTRACT

This research investigates the impact of a merger on the financial performance of PT Bank Syariah Indonesia Tbk from 2019 to 2022. The study employs profitability indicators such as Return on Assets (ROA), Return on Equity (ROE), and Net Operating Margin (NOM) to assess the differences in financial performance before and after the merger. The entire population of interest is PT Bank Syariah Indonesia Tbk, and a total sampling or census approach is used to gather data from quarterly financial reports. Analytically, the research employs descriptive analysis and hypothesis testing through the Paired Sample t-test. The findings reveal significant disparities in the financial performance of PT Bank Syariah Indonesia Tbk before and after the merger, with post-merger performance exhibiting improvement, indicating the positive impact of mergers on financial outcomes. This research contributes to financial analysis and merger studies by furnishing empirical evidence of the beneficial effects mergers can have on the financial performance of organizations, exemplified through a prominent Islamic banking institution. The utilization of robust profitability metrics and rigorous statistical techniques enhances the empirical validity of the findings, thereby offering valuable insights to practitioners, policymakers, and scholars in the realms of finance and corporate strategy.



KEYWORDS
Merger
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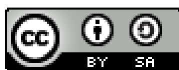

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Introduction

The current condition of Islamic finance in Indonesia continues to experience growth every year. Based on the 2022 Global Islamic Economy Indicator (GIEI) data, Indonesia in the global Islamic economy is in 4th position, whereas previously Indonesia occupied 5th position. Whereas in the Islamic Finance category, Indonesia is ranked 7th in the world with total financial assets worth US$ 119.5 billion, an increase from the previous year of US$ 99 billion (State of the Global Islamic Economy Report, 2022). However, the growth rate of Islamic banking Assets, Financing Provided, and Third Partial Funds from 2016 to 2020 has decreased, as shown in Figure 1.

The growth of Islamic banking assets, distributed financing, and third partial funds in the last five years before the merger of PT Bank Syariah Indonesia Tbk tended to decrease. In 2020, the growth of Islamic bank assets was only 13.11%, a decrease of 7.17% compared to the increase in assets in 2016. In addition, Islamic bank Distributed Financing (*Pembiayaan Yang Disalurkan*, hereinafter referred to as PYD) also experienced a decline from year to year; the most significant decrease in PYD occurred in 2018 at 3.10%. Likewise, Third Party Funds (*Dana Pihak Ketiga*, hereinafter referred to as DPK) received by Islamic banks have decreased yearly; the most significant reduction in DPK occurred in 2018 at 8.75%, shows that the financial performance of Islamic commercial banks needs to be more optimal. In addition, when viewed from a profitability perspective, the profits of Islamic commercial banks in Indonesia also experienced a very drastic decline from 2018 to 2020. The decline in profits can be seen in Figure 2.

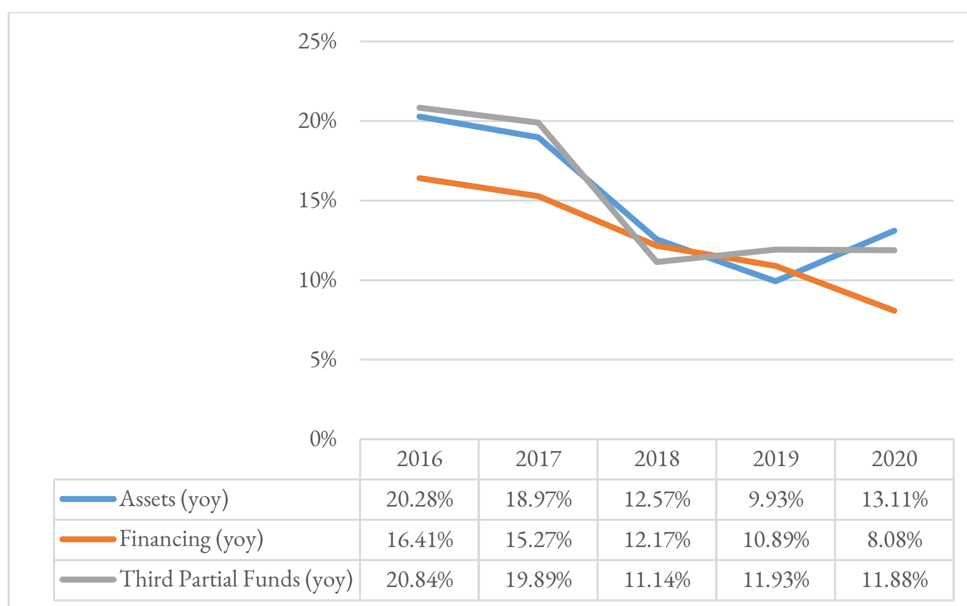


Figure 1. Assets, Financing, and Third Partial Funds (YoY)

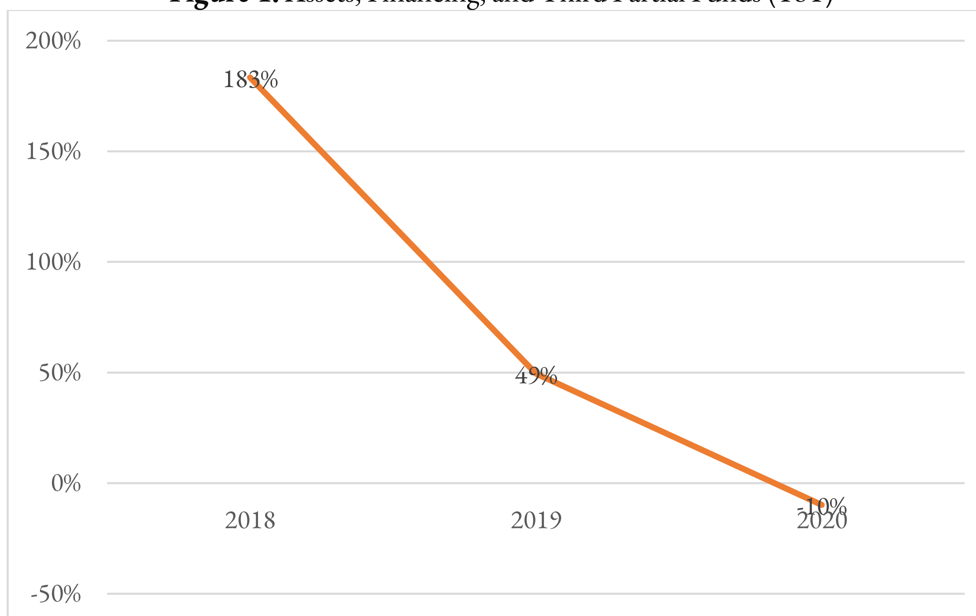
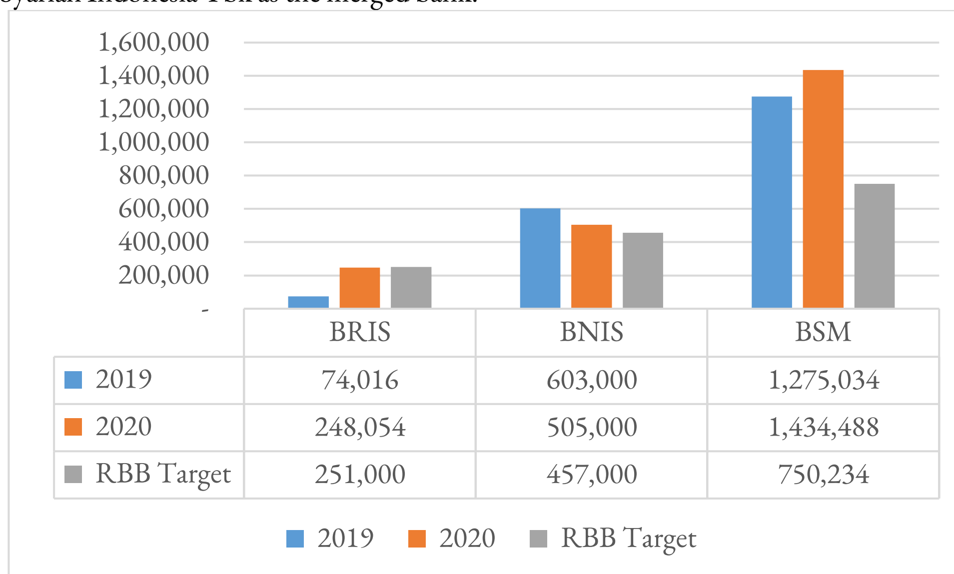


Figure 2. Islamic Commercial Bank Profit Growth (YoY)

Based on Figure 3, PT Bank BRI Syariah Tbk's (BRIS) profit did not meet the Bank's Business Plan (Rencana Bisnis Bank, hereinafter referred to as RBB) target. BRIS's profit realization in 2020 amounted to IDR 248,054 million, while the target set in the RBB was IDR 251,000 million. Likewise with PT Bank BNI Syariah (BNIS), although it achieved the profit target set in the RBB, profit in 2020 decreased compared to profits obtained in 2019. In 2019, BNIS earned a profit of IDR 603,000 million, which declined to IDR 505,000 million in 2020. It shows that BUMN Islamic banks are not optimal enough to generate profits, so a strategy is needed to increase these profits to achieve the expected target.

As an effort to re-increase the growth of Islamic banking business activities, on 1 February 2021, the government merged 3 (three) state-owned Islamic Banks, namely PT Bank Syariah Mandiri, PT Bank BNI Syariah, and PT Bank BRI Syariah Tbk, to become PT Bank Syariah Indonesia Tbk. The merger carried out by the three state-owned Islamic banks has received permission from the Financial Services Authority with the issuance of the Decree of the Board of Commissioners of the Financial Services Authority Number 4/KDK.03/2021 concerning the granting of permits for the merger of PT Bank Syariah Mandiri, PT Bank

BRI Syariah Tbk and PT Bank BNI Syariah into PT Bank BRI Syariah Tbk, as well as permission to change the name using the business license of PT Bank BRI Syariah Tbk to become a business license on behalf of PT Bank Syariah Indonesia Tbk as the merged bank.



	BRIS	BNIS	BSM
2019	74,016	603,000	1,275,034
2020	248,054	505,000	1,434,488
RBB Target	251,000	457,000	750,234

Fig 3. Achievement of BRIS, BNIS, BSM Profit Targets (Millions of Rupiah)

This merger answers the long wait to form the largest national Islamic commercial bank with solid capital. It aligns with the vision of PT Bank Syariah Indonesia Tbk, which is to become one of the 10 (ten) largest Islamic banks in the world based on global market capitalization in the next 5 (five) years. This merger brings together the advantages of the three Islamic banks, thereby providing more complete services, more comprehensive coverage, and better capital capacity (Bank Syariah Indonesia, 2021). Even though it has good intentions and goals, the merger of Islamic banks and state-owned enterprises still reaps pros and cons. For some parties, the merger of Islamic banks is considered to strengthen performance and expand the market share of Islamic banking in Indonesia. On the other hand, some parties disagree because this merger is considered only to combine assets but will not increase the value of the Islamic banking industry. Therefore, the three Islamic banks' state-owned enterprises should remain competitive and encourage the growth of Islamic banking in Indonesia (Bisnis.com, 2020).

Regarding the issues of pros and cons that spread in society during pre and post-merger, it is necessary to measure the success rate of the merger. The main component used to assess this merger assessment is financial performance because by measuring pre and post-merger financial performance, it can be seen that there is an increase, decrease, or constant in the financial performance of the companies resulting from the merger. Financial ratios are crucial for all stakeholders in measuring a company's financial performance. The assessment includes liquidity, profitability, activity, and other measurements. However, in general, the first company performance that investors will look at is its profitability. As for this research, the ratios used to measure the profitability of PT Bank Syariah Indonesia Tbk are the ratios Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM), and Net Operating Margin (NOM).

Research that compares financial performance before and after a merger has been researched previously. The results of this research indicate that the merger of three Islamic banks into one company, namely PT Bank Syariah Indonesia Tbk, impacts company profitability (Krismaya & Kusumawardhana, 2021). This is because the total assets of the three banks are significant, which is expected to boost the Indonesian economy. In line with that, the results of research by Supriyanto et al. (2022) show that the merger of three Islamic banks into one company, namely PT Bank Syariah Indonesia Tbk, impacts company profitability. Likewise, the research of Muhammad et al. (2019) and Nisa et al. (2022) shows that bank mergers affect increasing profitability. Therefore, the increase in financial performance after the merger shows significant differences in financial performance before and after the merger.

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However, the research results above contrast with the research of Musah et al. (2020), which suggests that mergers and acquisitions cannot improve a bank's financial performance. Because mergers are not the only strategy to improve financial performance, other efforts must also support them. In line with that, the research of Ali (2020) regarding the analysis of differences in financial performance before and after mergers in companies listed on the Indonesia Stock Exchange stated that there was no change in the company's financial performance in the one year after the merger. Similar results in research conducted by Ahmed et al. (2018) show that the financial performance of Pakistan's banking sector in terms of profitability and leverage capacity was satisfactory before the merger agreement. It means the merger deal failed to improve the bank's financial performance.

The difference between this research and previous research is the valuation method of financial performance and its research variables. Previous research compared the financial performance of PT Bank Syariah Indonesia Tbk based on the bank's level of health. In contrast, this research compares the financial performance of PT Bank Syariah Indonesia Tbk based on its profitability, which refers to the Financial Services Authority Circular Letter Number 10/SEOJK.03/2014, which states that to assess the performance of Islamic Commercial Banks and Islamic Business Units, is carried out through an RGEC (Risk, Good Corporate Governance, Earning, Capital) assessment. However, this research focuses on assessing the financial performance of Islamic banks from the rentability or business profitability side. Because the primary goal of a company is business continuity, while the level of profits generated determines lasting business, a company can't remain standing in a condition where it continues to make losses. Therefore, researchers focus on assessing the financial performance of PT Bank Syariah Indonesia Tbk in terms of profitability.

Besides that, this research shows the Net Operating Margin (NOM) ratio to assess the earnings or profitability of Islamic banks. In contrast, in previous research, the Net Operating Margin (NOM) variable was never used to determine the profitability of Islamic banks. The author's basis for using the Net Operating Margin (NOM) variable refers to the Financial Services Authority Circular Letter Number 10/SEOJK.03/2014 that to assess the income or profitability of an Islamic commercial bank business, one can use the Net Operating Margin (NOM) ratio.

Based on these business phenomena and research gaps, it is necessary to conduct further research regarding comparing the financial performance of PT Bank Syariah Indonesia Tbk before and after the merger. This research aims to measure the success rate of mergers, especially in terms of profitability, because that is what most banking stakeholders see, considering that doing business requires adequate profits. This research contributes to the field of financial analysis and merger-related studies by providing empirical evidence of the positive influence mergers can exert on the financial performance of organizations, using a prominent Islamic banking institution as a case study. The utilization of robust profitability metrics, coupled with the rigorous application of statistical techniques, adds empirical rigor to the findings. The discerned improvement in financial performance post-merger underscores the strategic importance of mergers in enhancing the financial viability of participating entities, thereby offering valuable insights to practitioners, policymakers, and scholars in the realm of finance and corporate strategy.

Literature Review

Synergy Theory

In the context of mergers and acquisitions, Synergy is defined as the extra results obtained if two or more companies carry out a business combination (Moin, 2010:55). Synergy can be achieved when the merger results in a level of economies of scale because this Synergy will be able to increase the value and size of the combined companies. When the combined performance and weight of the combined company exceeds the sum of the performance and value of the individuals present, Synergy has been created. According to Johan

(2018:3), merging similar companies can produce synergies, with the hope that the merged companies will grow more efficiently and better.

Merger

The merger comes from the word merge (Latin), which means joining, uniting, or combining. According to Moin (2010:5), a merger is an integration between two or more companies in which only one company survives as a legal entity while the others stop their activities or dissolve. The merger is one of the strategies taken by the company to restore and grow the company (Johan, 2018:13). Based on Government Regulation Number 28 of 1999 concerning Mergers, Consolidation, and Acquisitions, the definition of a merger is a merger of 2 (two) banks or more by establishing a new bank and dissolving these banks without liquidating them first. Meanwhile, according to the Financial Services Authority Regulation Number 41/POJK.03/2019 concerning Mergers, Consolidations, Acquisitions, Integrations, and Conversions of Commercial Banks, what is meant by a merger is a legal action taken by one or more banks to merge with a bank. Other existing assets, liabilities, and equity of the merging bank are transferred by law to the bank receiving the merger. Subsequently, the legal entity status of the merging bank ends due to regulation.

Financial Performance

Measurement of financial performance is a formal attempt to evaluate the efficiency and effectiveness of a company in generating profits and certain cash positions (Hery, 2015:25). With this financial performance measurement, it can be seen the prospects for growth and development of the company's finances by relying on the resources it has. The company is said to be successful if the company has achieved a specific predetermined performance. According to Jumingan (2008:239), a bank's financial performance is a description of the bank's financial condition in a certain period, both in terms of raising funds and financing, as measured by indicators of capital adequacy, liquidity, and bank profitability.

Profitability

The profitability ratio is the ratio to assess the company's ability to make a profit. This ratio also provides a level of management effectiveness for a company. This is shown by the profits generated from sales and investment income (Kasmir, 2010:196). Meanwhile, according to (Hery, 2015:192), the profitability ratio is the ratio used to measure a company's ability to generate profits from its normal business activities. The operational goal of most companies is to maximize profits, both short-term profits and long-term profits. Measuring profitability can be done by comparing the various income statement or balance sheet components. Measurements can be made for several periods. The aim is to monitor and evaluate the level of development of the company's profitability from time to time. By regularly conducting financial ratio analysis, management can effectively determine improvement and efficiency measures. In addition, comparisons can also be made against previously set targets, or they can also be compared with the industry average ratio.

Hypothesis Development

Return on Asset (ROA) and Financial Performance

Return on Assets (ROA) is one of the financial ratios used to measure a bank's profitability. This ratio illustrates how efficiently a bank generates profits from all of its assets. According to Hanafi and Halim (2003:159), ROA measures a company's ability to generate profits by using its total assets after adjusting for the costs used to fund these assets. High ROA shows the bank's ability to optimize the use of assets and generate greater profits. Likewise, in the opinion of Dendawijaya (2003:120), the greater the ROA of a bank, the greater the level of profit achieved by the bank and the better the position of the bank in terms of asset use.

The results of research conducted by Adhikari et al. (2023), Kurniati and Asmirawati (2022), Nisa et al. (2022), Putri and Ningtyas (2022), Ramadhan et al. (2022), Suprihatin (2022), Supriyanto et al. (2022), and Sayadi (2019) show that there are significant differences in financial performance based on the Return on Assets (ROA) ratio before and after the merger. However, in contrast to the results of research conducted

by Hertina and Arizona (2022), Sucipto (2022), Krismaya and Kusumawardhana (2021), Ali (2020), Firdaus and Dara (2020), Musah et al. (2020), and Noor and Lestari (2020) shows that there is no significant difference in financial performance based on the Return on Assets (ROA) ratio before and after the merger.
H1. There is a difference in financial performance based on the profitability ratio of Return on Assets (ROA) at PT Bank Syariah Indonesia Tbk before and after a merger.

Return on Equity (ROE) and Financial Performance

Return on Equity (ROE) is one of the financial ratios used to measure a bank's profitability. ROE provides an overview of a bank's efficiency in generating profits for shareholders from invested capital. Likewise, according to Hery (2015:194), Return on Equity (ROE) is a ratio that shows how much equity contributes to creating net income. The higher the ROE, the higher the net profit generated from each rupiah of funds embedded in equity.

The results of research conducted by Nisa et al. (2022), Putri and Ningtyas (2022), Suprihatin (2022), Supriyanto et al. (2022), and Sayadi (2019) show that there are significant differences in financial performance based on the Return on Equity (ROE) ratio before and after the merger. However, in contrast to the results of research conducted by Hertina and Arizona (2022), Sucipto (2022), Ali (2020), and Noor and Lestari (2020) show that there is no significant difference in financial performance based on the Return on Equity (ROE) ratio before and after the merger.
H2. There is a difference in financial performance based on the profitability ratio of Return on Equity (ROE) at PT Bank Syariah Indonesia Tbk before and after a merger.

Net Operating Margin (NOM) and Financial Performance

Net Operating Margin (NOM) is a financial ratio used to measure the operational profitability of a bank. This ratio illustrates a bank's efficiency in generating profits from its operational activities after considering operational costs. Using NOM, we can see the proportion of net operating profit a bank generates from its active income. The higher the NOM, the more efficiently the bank generates net profit from its operational activities (Hery, 2015:197). The results of research conducted by Sucipto (2022), Krismaya and Kusumawardhana (2021), and Noor and Lestari (2020) show that there are significant differences in financial performance based on the Net Operating Margin (NOM) ratio before and after the merger. However, in contrast, the results of research conducted by Saputri and Kaharti (2022) and Ahmed et al. (2018) show that there is no significant difference in financial performance based on the Net Operating Margin (NOM) ratio before and after the merger.
H3. There is a difference in financial performance based on the Net Operating Margin (NOM) profitability ratio at PT Bank Syariah Indonesia Tbk before and after a merger.

Research Method

Research Design

This study employs a quantitative research method utilizing a comparative approach. Comparative research involves assessing the presence of one or more variables across multiple samples or distinct time periods (Sugiyono, 2007:36). The outcomes of this comparative analysis serve as a foundation for assessing the status and position of the research subject, identifying which is superior and the desired outcome. Specifically, this research conducts a comparison within a single sample under two different conditions or timeframes, specifically evaluating the financial performance of PT Bank Syariah Indonesia Tbk before and after the merger.

This data type is secondary data obtained directly from PT Bank Syariah Indonesia Tbk's quarterly financial reports before and after the merger (2019-2022). Financial data before the merger was obtained from the average value of the ex-legacy financial ratios of PT Bank Syariah Indonesia Tbk (PT Bank BRI Syariah Tbk, PT Bank BNI Syariah, PT Bank Syariah Mandiri) in the 2019-2020 period. Meanwhile,

financial data after the merger was obtained from the financial ratios of PT Bank Syariah Indonesia Tbk, a bank resulting from the merger in the 2021-2022 period.

The research population and sample for this study consist of PT Bank Syariah Indonesia Tbk, and the sampling method employed is known as the census or total sample. The census or total sample technique entails the sampling of all members within the population (Sugiyono, 2022:134).

Table 1. Variable Operational Definition

Variable	Definition	Measurement	Scale
Return on Asset (ROA)	Return on Asset (ROA) is a ratio that shows how much assets contribute to creating net income (Hery, 2015:193).	$ROA = \frac{\text{Earning Before Tax}}{\text{Average Total Assets}}$	Ratio
Return on Equity (ROE)	Return on Equity (ROE) is a ratio that shows how much equity contributes to creating net income (Hery, 2015:194).	$ROE = \frac{\text{Earning After Tax}}{\text{Average Equity}}$	Ratio
Net Operating Margin (NOM)	Net Operating Margin (NOM) represents a bank's efficiency in generating profits from operational activities after considering operational costs (Hery, 2015:197).	$NOM = \frac{\left(\text{Operating Income} - \text{Revenue Sharing}\right) - \text{Operating Cost}}{\text{Average Earning Assets}}$	Ratio

Source: Authors' Compilation (2022)

The data analysis technique used in this research consisted of descriptive statistics, a normality test, and a paired sample t-test. Descriptive statistics describe data that can be seen from the average value (mean), standard deviation, variance, maximum, and minimum (Ghozali, 2018:19). In this research, the normality test that will be used is the Shapiro-Wilk test. The Shapiro-Wilk test is a method that is often used to test normality on small data samples (Pandjaitan et al., 2016). The paired sample t-test was used to test different averages (Lupiyoadi & Ikhsan, 2015:128). As for data processing in this research, it was processed using SPSS Version 26 for Windows.

The results of descriptive statistic tests on the profitability ratios of PT Bank Syariah Indonesia Tbk in the period before the merger (2019-2020) and after the merger (2021-2022).

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ROA Before Merger	8	1.14	1.66	1.3150	0.15213
ROA After Merger	8	1.61	2.08	1.8363	0.18830
ROE Before Merger	8	9.31	13.55	10.4963	1.28036
ROE After Merger	8	13.71	17.66	15.5388	1.73862
NOM Before Merger	8	0.47	1.15	0.8313	0.20252
NOM After Merger	8	1.75	2.29	2.0050	0.21785

Source: Primary Data Processed (2022)

The mean value of ROA after the merger is higher than that of ROA before, which is 1.8363 > 1.3150. Likewise, the mean value of ROE after the merger is higher than the mean value of ROE before the merger, which is 15.5388 > 10.4963, and the mean NOM after the merger is higher than the mean NOM before the

merger, which is 2.0050 > 0.8313. It shows that the financial performance in profitability after the merger is better.

Table 3. Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
ROA	0.183	8	0.200*	0.929	8	0.510
ROE	0.221	8	0.200*	0.847	8	0.088
NOM	0.266	8	0.100	0.33	8	0.064

Source: Primary Data Processed, 2022

Based on the normality test results with the Shapiro-Wilk method, Table 3 shows that the significance value of each research variable is less than 0.05. It means that all research data are typically distributed, so a suitable hypothesis test used in this research is a paired sample t-test.

Table 4. Paired Samples Test

		Mean	t	df	Sig. (2-tailed)
Pair 1	ROA Before Merger - ROA After Merger	-0.52125	-7.705	7	0.000
Pair 2	ROE Before Merger - ROE After Merger	-5.04250	-8.139	7	0.000
Pair 3	NOM Before Merger - NOM After Merger	-1.17375	-13.881	7	0.000

Source: Primary Data Processed, 2022

Return on Asset (ROA) Before and After Merger

Based on the paired sample t-test, the t-count ROA is - | 7.705 | > t-table = 2.365 with a significance level of 0.000 <0.05, which means that there is a significant difference in the financial performance of PT Bank Syariah Indonesia Tbk before and after the merger based on profitability with the ROA indicator. The increase in ROA at PT Bank Syariah Indonesia Tbk after the merger indicates an increase in the efficiency and profitability of the company. In addition, ROA also reflects how efficient a company is in using its assets to generate income.

It aligns with the opinion of Johan (2018:19) that the strategic objective of a merger is to achieve Synergy, both Synergy to increase revenue, Synergy in reducing costs, and Synergy for finance. Through acquisitions and mergers, the company will become more prominent, and financial capabilities will become more robust so that profitability will be better (Johan, 2018:51). The results of this research are in line with the synergy theory, which states that by merging, companies will have better performance (Moin, 2010:50).

In testing the hypothesis, the t-count is negative. It shows that the average ROA before the merger is lower than the average ROA after. Thus, the profitability generated after the merger is higher than before the merger. It aligns with the assumption of Tarigan et al. (2016:268) view that merging and synergizing can create more excellent performance value. Likewise, according to Moin (2010:51), mergers can create added value, which indicates growth from merger events.

This research supports previous research conducted by Adhikari et al. (2023), Kurniati and Asmirawati (2022), Nisa et al. (2022), Putri and Ningtyas (2022), Ramadhan et al. (2022), Suprihatin (2022), Supriyanto et al. (2022), and Sayadi (2019) which state that there are significant differences in financial performance assessed based on Return on Assets (ROA) before and after the merger.

Return on Equity (ROE) Before and After Merger

The resulting t count ROE is - | 8,139 | > t table = 2.365 with a significance level of 0.000 <0.05, which means that there is a significant difference in the financial performance of PT Bank Syariah Indonesia Tbk before and after the merger based on profitability with the ROE indicator. The increase in ROE at PT Bank Syariah Indonesia Tbk after the merger indicates increased company profitability. In this case, ROE reflects the efficiency level in using the company's capital to generate net income.

It aligns with the assumption of Moin (2010:57) that mergers can create financial synergies where the merged companies have a strong capital structure and can access sources of funds more quickly and cheaply

so that the company's capital costs decrease. Thus, the resulting net profit and ROE will increase. The results of this research align with the synergy theory, which states that companies will perform better by merging.

In testing the hypothesis, the t-count is negative. It shows that the average ROE before the merger is lower than the average ROE after. Therefore, the profitability generated after the merger is higher than before. It aligns with the opinion of Johan (2018:13) that mergers are one of the strategies companies take to develop and grow the company. Therefore, this merger can increase the amount of company capital so that the profit earned from each equity deposited will also increase. Therefore, PT Bank Syariah Indonesia Tbk's ROE after the merger tends to be higher. This research supports previous research conducted by Nisa et al. (2022), Putri and Ningtyas (2022), Suprihatin (2022), Supriyanto et al. (2022), and Sayadi (2019), which states that there are significant differences in financial performance assessed based on Return on Equity (ROE) before and after the merger.

Net Operating Margin (NOM) Before and After Merger

The resulting t count NOM is - $|13{,}881|$ > t table = 2.365 with a significance level of 0.000 <0.05, which means that there is a significant difference in the financial performance of PT Bank Syariah Indonesia Tbk before and after the merger based on profitability with the NOM indicator. After the merger, the NOM increase at PT Bank Syariah Indonesia Tbk indicates increased profitability and operational efficiency. In addition, a high NOM reflects the bank's success in generating higher operating income and controlling operational cost efficiency. This research aligns with the synergy theory, which states that through mergers, banks can achieve synergies that result in increased operational efficiency and better financial performance (Moin, 2010:56). In addition, by carrying out a merger, banks can create operational synergies by increasing operational efficiency based on saving scale and scope and sharing expertise or knowledge in various units (Hitt et al., 2002:113). Thus, banks can reduce costs and increase operating income, increasing NOM.

In testing the hypothesis, the t-count is negative. It shows that the average NOM before the merger is lower than the average NOM after the merger. Thus, the profitability generated after the merger is higher than before. It aligns with the assumption of Moin (2010:51) that mergers can create added value, which indicates growth from merger events. One of these added values is obtained from operational efficiency in using appropriate resources, which can increase the company's total operating net profit. This research supports previous research conducted by Sucipto (2022), Krismaya and Kusumawardhana (2021), and Noor and Lestari (2020), which states that there are significant differences in financial performance assessed based on Net Operating Margin (NOM) before and after the merger.

Conclusion

There are significant differences in financial performance based on the profitability ratios Return on Assets (ROA), Return on Equity (ROE), and Net Operating Margin (NOM) at PT Bank Syariah Indonesia Tbk before and after the merger. Financial performance after the merger is better than before the merger. It is shown by testing the paired sample t-test hypothesis for the period two years before the merger (2019-2020) and two years after the merger (2021-2022), showing a significant difference in the ratio of Return on Assets (ROA), Return on Equity (ROE), and Net Operating Margin (NOM). Likewise, the average value shows a trend of increasing financial performance after the merger compared to the average before. It provides evidence that mergers can increase profitability in the company's financial performance.

This research contributes to the field of financial analysis and merger-related studies by providing empirical evidence of the positive influence mergers can exert on the financial performance of organizations, using a prominent Islamic banking institution as a case study. The utilization of robust profitability metrics, coupled with the rigorous application of statistical techniques, adds empirical rigor to the findings. The discerned improvement in financial performance post-merger underscores the strategic importance of mergers in enhancing the financial viability of participating entities, thereby offering valuable insights to practitioners, policymakers, and scholars in the realm of finance and corporate strategy.

In future research, it is suggested to expand the object of research in a relatively extended period to produce more complex research findings, and it is advisable to examine the company's financial performance from various aspects, such as liquidity, solvability, profitability, and activity.

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