

## **ABSTRACT**

*This study examines the influence of Intellectual Capital on the profitability of Islamic banks in Indonesia, particularly in the context of the merger that formed Bank Syariah Indonesia (BSI). Using financial data from before and after the merger, we explore the relationship between Intellectual Capital, as measured by the Value Added Intellectual Coefficient (VAIC) and its growth rate (ROGIC), and profitability metrics such as Return on Assets (ROA) and Return on Equity (ROE).*

*The research employed a quantitative approach, analyzing financial statements of the involved banks. By comparing the Intellectual Capital and profitability levels before and after the merger, we aim to assess the impact of the merger on the banks' performance. The findings are expected to contribute to the understanding of the role of Intellectual Capital in driving the profitability of Islamic banks and provide insights for policymakers and bank management in enhancing the competitiveness of the Islamic banking sector in Indonesia.*

**Keywords:** *Intellectual Capital, Islamic banking, merger, profitability, ROA, ROE, ROGIC, VAIC.*