

ABSTRACT

Mergers have become one of the choices for enhancing capital and financial performance of companies including Islamic banks. The measurement of financial performance in Islamic banks can utilize Return On Assets (ROA) or Return On Equity (ROE). The measurement of financial performance using ROE is more necessary for shareholders and prospective shareholders, especially for publicly listed companies. This study aims to measure the performance of Islamic Banks in Indonesia that have merged up to the position of this research, specifically involving 3 (three) Islamic banks: Bank Syariah Mandiri, Bank BNI Syariah, and Bank BRI Syariah, which have merged to become Bank Syariah Indonesia (BSI). The Merger of these three Islamic banks offers new hope for the Indonesian public regarding the availability of Islamic banking services with a broader reach.

Financial performance research was conducted to determine whether or not there was an effect of Mergers on improving financial performance. This study uses independent variables including FDR, NPF ratio, CAR, and NI ratio and ROE ratio as dependent variables using a multiple linear regression model calculated using eviews software for more accurate results.

The test results show that FDR, NPF, CAR and NI have a simultaneous effect on ROE in Islamic Banks after the Merger for the period 2021 - 2024. The results of the analysis also show that Mergers between Islamic banks can increase operational efficiency, reflected in improvements in profitability ratios and cost efficiency. Mergers in the Islamic banking sector provide a new context for the development of post-Merger performance theory, where added value is not only seen from the financial side, but also from system integration, Islamic organizational culture, and service innovation based on sharia principles

Keywords: Merger, Islamic Banking, Financial Performance