BANK SYARIAH INDONESIA: CHALLENGES AND STRATEGIES IN DRIVING THE NATIONAL ECONOMY

Achmad Sani Alhusain

Abstract

PT. Bank Syariah Indonesia, Tbk (BSI) as a sharia financial institution officially operates. The high hopes for BSI to become one of the instruments driving the national economy as well as becoming a world-class bank must be realized immediately. The problem is, what does the BSI need to do to be a contributor to driving the national economy? This paper examines the challenges and strategies of BSI in driving the national economy. The analysis concludes that BSI is currently the 7th largest bank in Indonesia in terms of assets. The stock exchange also provides an indicator that BSI has received a positive response from business actors and investors. This initial success must be followed by the success of achieving the vision of a world-class bank and being able to drive the national economy, among others through continuous business transformation efforts, producing competitive financial service products, and increasing penetration of financing facilitation for Micro, Small, and Medium Enterprises (UMKM). For this reason, the House of Representatives (DPR) through its supervisory function needs to continue to oversee and encourage the development of BSI in order to support the economy and be able to achieve the vision it aspires to in 2025.

Introduction

PT Bank Syariah Indonesia Tbk (hereinafter referred to as BSI) officially operates on February 1, 2021. BSI is the largest Sharia bank in Indonesia as a result of the merge of three Sharia banks from the Association of State-Owned Banks (Himbara), namely: PT Bank BRI Syariah (BRIS), PT Bank Syariah Mandiri (BSM), and PT Bank BNI Syariah (BNIS). The breakthrough in government policy to merge the three Sharia banks is expected to provide choice of new financial institutions for the community and at the same time being able to boost the national economy.

Previously, the Ministry of State-Owned Enterprises (BUMN) on October 12, 2020 officially announced that the merger process of three sharia commercial banks, the subsidiaries of state-owned banks, have begun and are targeted for completion in February 2021. Minister of State-Owned Enterprises (BUMN) Erick Thohir conveyed
several considerations driving the merger process, including the government's view that the penetration of Sharia banking in Indonesia has lagged far behind compared to conventional banks. In addition, the government sees an opportunity that this merger can prove that a country with a Muslim majority has fundamentally strong Sharia bank. In fact, President Joko Widodo reaffirm that the formation of the Sharia bank is one of the government's efforts to strengthen the Sharia financial industry in Indonesia (cnbcindonesia.com, 26 January 2021).

One of the visions carried out by BSI is to become a worldwide sharia bank, that is a target to be included in the top 10 ranking of world Sharia banks with a large capitalization value by 2025. Achieving this target is a big challenge because the Financial Services Authority (OJK) has recorded total assets of Sharia banking, including Sharia commercial banks (BUS) and sharia business units (UUS) as of November 2020, only 3.97% of total assets of commercial banks. In addition, the value of Sharia BUS and UUS financing is only 2.49% of total commercial bank financing. The level of Sharia financial inclusion in 2019 also fell 200 bps from the original 11.1% in 2016 to only 9.10%. In contrast, the level of financial inclusion in conventional banking has actually increased from 65.6% in 2016 to 75.28% in 2019 (Bisnis Indonesia, 2 February 2021).

Based on the consideration of the merger and the actual conditions presented by the OJK, the problem that arises is whether BSI can attract public attention as an alternative to new financial institutions? And what are the things that BSI needs to do to be a contributor to driving the national economy? This paper aims to examine the challenges and strategies of BSI to drive the improvement of the national economy and become a worldwide bank.

**PT Bank Syariah Indonesia Tbk: The Result of a merger of Three Sharia Banks**

The purpose of the merger of Sharia banks is to encourage Sharia banks to become larger so that they can enter the global market and become a catalyst for the growth of the Sharia economy in Indonesia. Other than that, the merger of Sharia banks are considered to be more efficient in raising funds, operations, and spending. Through the merger of these sharia banks, the Sharia banking is expected to continue to grow and become a new energy for the national economy and would become a state-owned bank equal to other state-owned banks so that it is beneficial in terms of policy and bank transformation (Republika, 13 October 2020).

It is recorded that as of December 2020, BSI’s assets have reached IDR 239.56 trillion (see Table 1). The Assets of this size places BSI as the 7th largest bank in Indonesia in terms of assets. The assets of the bank stock coded as BRIS were under PT Bank CIMB Niaga Tbk (Rp.281.7 trillion) and above PT Bank Panin Tbk (Rp.216.59 trillion) as of September 2020 (Bisnis Indonesia, 2 February 2021). This very large asset can leverage a greater ability to support economic financing. In addition, it is hoped that it can become an accelerator for the development of the Sharia economy in Indonesia.
After BSI was inaugurated for its operations by President Joko Widodo, the stock price of BRIS at yesterday's trading session closed up 14.8% to a level of Rp2,800 per unit and formed the bank's market capitalization of Rp27.4 trillion. The capitalization of BRIS is the highest in the Sharia bank group. Since the opening of stock trading this year, BRIS shares have recorded an increase of 24.4% (Bisnis Indonesia, February 2, 2021). This shows that the presence of BSI as a result of the merger of 3 State-Owned Sharia Banks has received a good response from the public, both business actors and investors as recorded by the stock exchange.

Businessmen also gave positive comments to BSI. The director of PT Anugerah Mega Investama, Hans Kwee, is optimistic that the existence of this new Sharia bank will contribute positively to the process of strengthening the Indonesian economy which is currently hit by the pandemic. He affirmed that BSI will get a size which is very big, both in terms of assets, branch offices, and highly qualified human resources. There are many things that BSI can do for the recovery of the national economy. The potential for fundraising of BSI will be better by means of qualified global channels to raise unconventional low-cost funds to finance various strategic projects (Bisnis Indonesia, 1 February 2021).

Executive Director of the National Committee for Sharia Economics and Finance (KNEKS), Ventje Rahardjo, hopes that BSI can become the main driver in literacy for the development of Indonesia's Sharia economic and financial ecosystem. BSI can play a major role in increasing the development of the halal ecosystem that has been initiated by the three Sharia banks before merge. Ventje also believes that BSI has the capacity to strengthen the capabilities and reach of wholesale financing, both at home and abroad (Republika, February 1, 2021).

Meanwhile, President Director of Bank Syariah Indonesia Hery Gunardi confirmed that the pillars that support BSI in providing competitive products are supported by excellent service, namely

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Table 1. Performance of 3 State-Owned Sharia Banks and BSI, the Merger Result (IDR Trillion)

<table>
<thead>
<tr>
<th></th>
<th>BNI Syariah</th>
<th>BRI Syariah</th>
<th>Mandiri Syariah</th>
<th>Bank Syariah Indonesia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>44.98</td>
<td>55.01</td>
<td>43.12</td>
<td>57.70</td>
</tr>
<tr>
<td>Financing</td>
<td>43.77</td>
<td>47.97</td>
<td>34.12</td>
<td>49.34</td>
</tr>
<tr>
<td>Third Party Funds</td>
<td>32.58</td>
<td>33.05</td>
<td>27.38</td>
<td>40.00</td>
</tr>
<tr>
<td>Profit</td>
<td>0.6</td>
<td>0.5</td>
<td>0.074</td>
<td>0.25</td>
</tr>
</tbody>
</table>

Source: Exposure of PT Bank Syariah Indonesia, Tbk. Bisnis Indonesia, 2 February 2021
innovative products, extensive networks, competent human resources, reliable IT systems, and strong capital (Republika, 1 February 2021). Based on the initial achievements and optimism from various parties, the presence of BSI is a hope that can make a major contribution in supporting economic development and improving the welfare of the community.

This Merge is also expected able to increase the market share of the Sharia economy in Indonesia, which currently only reaches 9.68% and the contribution of Sharia banking is only around 6.81%. This is very ironic in view of the Muslim population reaches around 229 million from a total of 270 million Indonesians, so it is time for the potential of sharia economy and finance to continue to be increased in order to grow and develop larger.

**BSI’s Challenges and Strategies in Driving the National Economy**

President Joko Widodo in his speech at the inauguration of BSI in the State Palace hopes that this Sharia financial institution can contribute more broadly to the development of the Sharia economy for the welfare of all people. The President assessed that Sharia banking has been able to survive during the Covid-19 pandemic. The proof is that the growth in performance was superior to that of conventional banking last year. Although the market share of the Sharia finance industry is still small or lagging behind conventional banks in the country, this condition would actually become the ammunition for Sharia banks in the future (Bisnis Indonesia, February 2, 2021). The President's statement was strengthened by data of Financial Services Authority (OJK), where up to the end of 2020, the distribution of Sharia commercial bank financing in Indonesia grew by 9.5% on an annual basis. This growth was above the growth the national banking industry financing which was minus 2.41% (Kompas, February 1, 2021). Therefore, the birth of this new financial institutions as the result of merge can enrich the choice of Sharia financial products and services for the community.

This in plain sight big challenge of course has forced BSI management to transform and establish several strategies, ranging from improving business processes, strengthening risk management, strengthening human resources (SDM), to strengthening digital technology. A Sharia economy researcher of Institute for Development of Economics and Financing (INDEF), Fauziah Rizki Yuniarti, reminded that people's preference for sharia-based or conventional services is not entirely based on religious beliefs. Access to financial services and technology-based products are the main factors (Kompas, February 2, 2021).

The head of the Financial Services Authority (OJK) Institute, Agus Sugiarto, also reminded that another factor, namely the low level of Sharia financial literacy among Indonesians, which is at 8.93%, becomes a big challenge in view of only about 9 people out of every 100 residents who already understand Sharia financial products (Bisnis Indonesia, February 1, 2021). It is no less
important that the adaptation process of work culture after the merger is also not easy. BSI management needs to ensure the integration process runs smoothly, without sacrificing Human Resources Management and core banking system (Bisnis Indonesia, February 2, 2021). By carrying out a comprehensive transformation, the government is expected to be able to encourage BSI to play an active role in increasing Sharia financial inclusion and provide the widest possible social benefits for the people of Indonesia.

Facing these big challenges, President Director of BSI, Hery Gunardi, is committed that BSI will become a banking institution with a strategy of offering competitive products to meet the needs of every line of society. In addition, BSI is directed to become a modern bank but still adheres to sharia principles. Efforts to increase the market share of the national sharia financial services industry will be carried out by BSI through a wider diversification of sharia business lines, covering the Micro, Small, and Medium Enterprises (UMKM), retail and consumer segments, as well as wholesale with innovative products, as well as developing international businesses such as global sukuk (Bisnis Indonesia, 2 February 2021).

In particular, Hery Gunardi emphasized that BSI will continue to uphold its commitments for Micro, Small, and Medium Enterprises (UMKM) players who are scattered in various regions in the country. BSI will build UMKM centers in cities and districts and conduct distribution on the basis of community and mosque environment. BSI will also provide financing to Micro, Small, and Medium Enterprises (UMKM) which are under the guidance of the Ministry of Cooperatives and Small and Medium Enterprises or other institutions (Republika, February 1, 2021). This commitment dismissed concerns that as a BSI which has large asset values and is oriented to become a world-class Sharia bank, it has the potential to leave facilitation support for UMKM.

Closing
BSI as a result of the merge of 3 (three) Stated-Owned Sharia banks officially operates. BSI is the 7th largest bank in Indonesia based on the value of its assets. At the beginning of its operation, it has been able to become a magnet for business actors and investors on the stock market as indicated by a significant increase in share value. Business actors also give positive assessments and have high hopes for the progress of BSI as a financial institution that can be a driver of the national economy.

This initial success must be followed by the success of achieving the world-class vision and being able to drive the national economy, among others through continuous business transformation efforts, producing competitive financial service products, and increasing penetration of financing facilitation for Micro, Small, and medium Enterprises (UMKM). For this reason, the House of Representatives (DPR) through its supervisory function needs to continue to oversee and encourage the development of BSI in order to have a role in the economy and be able to achieve the vision it aspires to in 2025.
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