

The Merger of State-Owned Enterprises of Bank Syariah Indonesia in Positive Legal Review and Maqashid Syariah

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Abstract:

As a form of the government's participation in paying attention to and developing the market share of the Islamic economy in Indonesia, the three state-owned Islamic banks (BNI Syariah, BRI Syariah, and Mandiri Syariah) were merged into one. With the hope of being able to expand the Islamic banking market both nationally and internationally. This study aims to examine the merger of the three state-owned Islamic banks in terms of positive Law in it and to review it from the perspective of Maqashid sharia. This study uses a qualitative descriptive method by using secondary data obtained through a literature review with references from books, journals, and other literature related to this research. The results of this study indicate that the merger of state-owned banks, Bank Syariah Indonesia, is on the right track, legally positive, and in terms of Maqashid sharia. This is a step and effort by the government in maintaining and developing sharia market share in line with the maqashid sharia principle; keep and or attract good and keep away bad. In addition, some of them are launching a literacy program in understanding the concept of Islamic economics for the community so that the noble values of Islam are maintained and run in banking economic activities. However, it still requires other developments in the aspect of justice that must be initiated by BSI, of course, by continuing to carry the message of sharia in it.

Keywords: *Merger, Bank Syariah Indonesia, Positive Law, Maqashid Syariah.*

Abstrak:

Sebagai bentuk pemerintah ikut memperhatikan dan mengembangkan pangsa pasar ekonomi syariah di Indonesia, maka tiga bank syariah milik BUMN (BNI Syariah, BRI Syariah, Mandiri Syariah) digabung menjadi satu. Dengan harapan mampu berekspansi pasar perbankan syariah baik nasional maupun internasional. Tujuan dari penelitian ini adalah untuk mengkaji penggabungan dari ketiga bank syariah BUMN tersebut dari segi hukum positif di dalamnya serta meninjau dari perspektif Maqashid syariah. Penelitian ini menggunakan metode deskriptif kualitatif dengan menggunakan data sekunder yang diperoleh melalui kajian pustaka dengan referensi berupa buku, maupun jurnal serta literatur lainnya yang berhubungan dengan penelitian ini. Hasil dari penelitian ini menunjukkan bahwasanya merger bank BUMN Bank Syariah Indonesia sudah berada di jalur yang benar, secara hukum positif dan dari sisi Maqashid syariah. Dimana ini merupakan langkah dan upaya pemerintah dalam menjaga dan mengembangkan pangsa pasar syariah selaras dengan prinsip Maqashid syariah; menjaga dan atau menarik kebaikan dan menjauhkan keburukan. Beberapa diantaranya adalah dengan adanya peluncuran program literasi dalam memahami konsep ekonomi syariah untuk masyarakat, sehingga nilai luhur Islam tetap terjaga dan berjalan dalam aktivitas ekonomi perbankan. Akan tetapi masih memerlukan pengembangan lainnya dalam aspek keadilan yang harus diinisiasi oleh BSI tentunya dengan terus membawa pesan syariah di dalamnya.

Kata Kunci: *Merger, Bank Syariah Indonesia, Hukum Positif, Maqashid Syariah*

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INTRODUCTION

The existence of a bank is an intermediation institution between people who have excess funds and those who lack funds. In terms of function, there is no difference between conventional banks and Islamic banks. However, in its implementation, Islamic banks are under the control of the Law and Islamic sharia principles and values. Because Islamic banks are one of the hopes for the revival of the Islamic economy, both nationally and internationally, there must be substantial efforts to develop them so that they are not inferior in market share to conventional banks. Both in terms of independent controlling shareholders and positive impacts on the economy in Indonesia, which can create new entities that are increasingly active and progressive in running the business in them.

The Islamic economy must play a role. Even it must be one of the sources of economic growth in Indonesia, which requires integration in each part of it so that it is genuinely reflected and there are sharia values and principles in an Islamic solid economic ecosystem. In the development of the Islamic financial sector, it must follow what is needed to strengthen the real sector, especially the halal industry, sharia-principled businesses, and infrastructure built so that positive and sustainable synergies are formed for the people. In terms of numbers, Islamic banks in Indonesia have 14 Sharia Commercial Banks (BUS) and 20 Sharia Business Units (UUS). Meanwhile, Conventional Commercial Banks (BUK) have about 96 banks. The scale of the number of BUSes compared to BUK is 14.6, and the market share of Islamic banks is only 6.18%, with the total assets as of June 2020 reaching a value of Rp 545 trillion. This shows that Islamic banks have a relatively small size.¹

The government has regulated the Merger or Merger of companies through regulation No. 28 of 1999 and Company Law No. 40 of 2007, which discusses Limited Liability Companies (UUPT) based on the General Meeting of Shareholders mergers and consolidations can be carried out. And the decision to carry out the merger can only be taken from the results of the valid General Meeting of Shareholders. It is explained in Article 89 of the Supt that the General Meeting of Shareholders can be applied to at least or at least 3/4 (three-fourths) part of the total number of shares with voting rights to be present or represented. Therefore, the decision of the GMS can be declared valid and approved if there is at least 3/4 (three-fourths) part of the number of shareholders present. And sharia banking law No. 21 of 2008. Therefore, they can carry out mergers or other corporate actions to increase shareholder value. Thus, the Merger of BSM, BNIS, and BRIS must be able to improve and develop a value for different stakeholders in the form of the Islamic banking industry, the business world (MSMEs), the world of education, used for the management of Hajj funds, and also in terms of developing the Islamic economic ecosystem in a broader sense.

Indonesia, with the largest population, can be called an emerging country. Thus, in the market, demand for products from different countries, including one the countries, has the potential to become a creator or pioneer in developing its products. Welcoming this, if the government and the community cannot synergize and cannot work together in managing and utilizing this potential. Then Indonesia will become the target of the market for products that

¹ Mulyati, Merger bank syariah, peluang atau ancaman? Loaded at: <http://s2es.uin-ar-raniry.ac.id/index.php/id/posts/merger-bank-syariah-peluang-atau-ancaman>, Accessed date 24 June 2022.

come in from abroad and not become a player in products that are carried out by themselves.² Furthermore, Indonesia, with a population of Muslims (Muslims), is the largest in the world, with a range of 229 million Muslims, or approximately 87.2% of the total population of Indonesia. Furthermore, when calculated from the total population of Muslims worldwide, Indonesia reached 13% of the world's Muslim population in 2019 if calculated from many Muslims worldwide.³⁴

Anis Fataniah researched and analyzed Financial Performance, one of the influences that emerged from the merger of three state-owned Sharia Banks and the Strategy of Bank Syariah Indonesia (BSI) in National Economic Development. The results concluded that capitalization in Islamic banks that are a problem could be adequately resolved if this merger. Islamic banks will be able to expand wider Islamic market share to meet the community's needs, both directly involved and those unaffected. Furthermore, the existence of significant capital will also encourage Islamic banks to provide more excellent financing to the public. Meanwhile, according to Mandala Manurung and Pratama Rahardja, the Indonesian state with the largest Muslim-majority population, Islamic banks must further improve the capabilities and potential of their companies. And following the Qur'an and Hadith if Islamic banks are well integrated and aim to enhance the welfare of the people, both materially and spiritually.⁵⁶

For Islamic banks to run following their goals, regulations are needed to run and control Islamic banks. In their writings, Arief R. Permana and Anton Purba revealed that a law on Islamic banking was made to improve justice, togetherness, and equality of people's welfare. This goal is accurate and well-implemented.⁷

RESEARCH METHODS

This study aims to understand and determine the harmony of positive law as well as sharia principles through *maqashid sharia* in providing benefits and *maslahah* for the people from the existence and presence of the merger of three sharia banks taken from BSM (Bank Syariah Mandiri), BNIS (BNI Syariah), BRIS (BRI Sharia). The author uses a normative juridical research method, through a study of written legal sources and then examines the problems and collects data by conducting a literature search which is commonly referred to as a literature study. With this method, it is hoped that it can provide an appropriate theoretical analysis of the problem, especially regarding the positive legal review of the merger of Indonesian Islamic Banks. The data used is secondary data sourced from literature or references, such as those

² Nugroho, L., & Arafah, W. (2020). *Existence And Challenge Effort Micro, Small And Intermediate (MSMEs) In the Era Globalization*. In Sumitro, A. Suroso, & S. Nurhayati (Eds.), *Management Result Thought from For Lecturer College High in Indonesia* (Vol. First, pp. 172–187). North Sumatra: Sihsawit Labuhan Stone.

³ Get upWD. (2021). 10 Countries Population Muslim Most in the World. Accessed at June 24, 2022, from <https://dunia.tempo.co/read/1516427/10-negara-dengan-penduduk-muslim-terbanyak-di-dunia>

⁴ Mahliza, F., Nugroho, L., & Ali, A. J. (2020). Antecedents and Consequences of Muslim Millennials Attitude Towards Halal Personal Care Products. *IKONOMIKA*, 5(2), 249–270.

⁵ Fatinah, A., & Phase, M. I. (2021). *Analysis Performance Finance, Impact Merger of 3 State-Owned Sharia Banks and The Strategy of Bank Syariah Indonesia (BSI) Deep Development National Economy*. 34(1), 11.

⁶ Mandala Manurung and Prathama Rahardja *Money Banking, and Economy Monetary* (Jakarta: Faculty Economics, University of Indonesia, 2004), p.223

⁷ Arief R. Permana and Anton Ancient, *Overview Reviews U S Banking Sharia Bulletin Law Banking and Kebank Sentralan*, (Volume.6, No. 4 Year 2008), p.4

written in books, journals, scientific papers, encyclopedias, and literature, as well as other data sources related to the research topic. The analysis technique in this research is a technique where studies of data sources are studied to produce actual conclusions according to the research topic.

RESULTS AND DISCUSSION

The nature of the development and expansion activities of a company with its business form is mechanically divided into two mechanisms, namely the form of organic or internal mechanisms and inorganic mechanisms, also called external. Internal expansion is to expand an organization's business through internal resources and capital that exist and is owned by the company. Meanwhile, the outward expansion mechanism involves external parties, including investors from outside, so additional money is collected from outside the company for the company's efforts to develop its business. The merger of a company in two ways, namely mergers and acquisitions, cannot be separated from these two types of mechanisms.^{8,9,10}

In line with Law No. 21 of 2008 concerning Sharia Banking, Sharia Banks are banks where the system in carrying out their business activities cannot be separated and must be based on the principles and noble values of sharia. And must settle on the principles of Islamic Law as regulated through fatwas of the Indonesian Ulema Council. Including the preservation of the principles of justice and balance (*'adl wa tawazun*). The preservation of the principle of benefit (*maslahah*), the principle of *universalism* (*'alamiyah*), and last but not least, must be avoided and protected from anything that contains *gharar*, *maysir*, usury, *zalim* and any illegitimate object. Furthermore, the Sharia Banking Law gives confidence to Islamic banks to always carry out social functions. They must carry out functions such as the existence of *baitul mal* institutions, namely by distributing them to waqf managers (*nazhir*) according to the will of the waqf giver (*wakif*) from receiving funds sourced from *zakat*, *infak*, almsgiving, grants, or other social funds. The main characteristic of Islamic banks is the existence of a profit-sharing system and the form of transactions that must be based on sharia values. Thus, the emergence of Islamic banks helps customers transact in banks following Islamic sharia. In addition, Islamic banks also educate the public not to get closer to usury. As narrated by Abu Hurairah Ra, the Messenger of Allah saw said: "*God is doing justice because he does not allow the four groups to enter heaven or not to get instructions, namely wine drinkers, usury eaters, orphans' property eaters, and those who abandon their mothers and fathers*" (*muttafaqun alaih*).

A merger is the merger of two or more companies into one economic whole. There are two ways to merge business entities: mergers and acquisitions. Consolidation is the amalgamation of two or more enterprises into one larger economic entity. This Consolidation can be done by employing a Merger or Consolidation. A purchase is the merger of two or more companies by taking a controlling position over another company. This controlling position is obtained by controlling the majority (more than 50%) of the shares of other companies.

⁸ Setiawan, T., & Rusliati, E. (2020). *Strengthening Structure Capital as Fulfillment Regulation and Supporter Development Business*. Journal Research Accountancy Temporary, 12(1), Thing. 43-51.

⁹ Yusendra, M.A.E., Agarina, M., Susanti, Kurniawan, H., Rahmawati, L., & Paramitasari, N. (2019). *Break down Pola Conventional Development College Tall Through Incubator Business And Technology Breaking*. Proceeding PKM-CSR, 2, 1313-1326.

¹⁰ Sterling, P. & N. N. F. (2017). *Analysis Performance Finance Company Before And After Merger Dan Acquisition*. Journal Administration Business (JAB), 47(1).

Amalgamation is the merging of business entities into one by taking over or acquiring the entire wealth and liabilities of a consolidated company. In a merger, the acquiring company owns at least 50% of the shares, while the acquired company goes out of business, and its shareholders receive cash or shares in the new company.¹¹

In other definitions, a merger is also defined as the absorption of one company by another company. In this case, the purchasing company will keep its name and identity. The acquiring company will also take over both assets and liabilities from the acquired company. After Consolidation, the acquired company disappeared or ceased operations as a separate business entity. A merger is also a strategy of a company or companies usually carried out by two or more companies in which the company takes over and is taken over subject to the merger agreement. Depending on the type of company involved, mergers can be divided into several forms, namely:¹²¹³

- a) *A horizontal merger occurs when two or more consolidations of companies are engaged in the same field.* For example, the merger of engine manufacturers. Mergers of this type expand the company's activities in a particular industry and simultaneously eliminate competitors.
- b) *A vertical Merger is where a merger that occurs when a company acquires a supplier or customer company.* For example, tobacco companies acquire tobacco-producing companies, clothing companies develop textile companies, and so on. The economic benefits of vertical integration come from an increase in the control of the acquired enterprise over raw materials or the distribution of finished products.
- c) *A congeneric merger occurs when a company is in the same industry but not in the same industry as its suppliers or customers.* An example is the merger of machine tool plants with industrial conveyor system manufacturers. The advantage of a peer-to-peer merger is the ability to use the same sales and distribution channels to reach the customers of both companies.
- d) *Conglomerate Merger is when there is a merger between companies in a business that is unrelated to each other, such as the merger of a company that produces food products with an IT company.* The main advantage of this merger is its ability to reduce risks since the merged companies have other cyclical and seasonal sales and revenue models.

This Merger or Merger carried out by Islamic banks will be in good accordance with the following reasons:

1. *Improvement or Diversification.* A company that wants to overgrow, whether in size, stock market, or business diversification, rather than having to set up its business unit. As a result, the company does not have the risk of new products. In addition, if expanded by Merger or Consolidation, the business can reduce competitors' business or reduce competition to increase product prices for buyers and lower the cost of raw materials paid to suppliers. In other words, economic motives became the main reason

¹¹ Brealey, R., Myers, S. and Marcus, A. (2011). *Fundamentals of Corporate Finance*. McGraw-Hill Publishing Company Limited, Hal. 18

¹² Ross, S. A., Hillier, D., Westerfield, R.W., Jafe, J., and Jordan, B. (2012). *Corporate Finance*. 10th Edition. USA: McGraw-Hill. Hal. 27

¹³ Gitman, L. J. and Zutter Hotels, C.J. (2012). *Principles of Managerial Finance*. 13th Edition. Boston: Prentice Hall. Hal. 36

or factor in the merger. That is, the merger of a company will only make sense if there is a profit. This win-win condition will occur if the merger or acquisition event creates synergy.¹⁴

2. *Synergy*. This indication exists when the aggregate value of the company that has merged or consolidated is more significant than that of a separate company. Theoretically, the main synergy rule is $2+2 = 5$, or $5+5 = 11$, which is technically unjustified. However, it is believed that a positive net profit will be obtained from the merger of two separate entities. Synergy can be achieved when a merger provides¹⁵ *economies of scale*. Economies of scale can occur because combined overheads increase revenues more than the company's total uncaging revenue. Synergy exists when companies join the same company because excessive function and labour can be minimized.
3. *Increased Revenue*. One of the main factors and reasons for a merger or Consolidation is that a joint venture can generate more revenue than a separate company. The increase in revenue is due to better marketing practices, strategic advantages, and increased competitiveness. Better marketing occurs through selecting more appropriate forms and means of promotion, improving the distribution system, and balancing product composition.¹⁶
4. *Save costs*. A consolidated company can operate more efficiently than two separate companies and gain a cost advantage if its average price per unit decreases due to an increase in total output. Cost reduction can result from an increase in the number of units produced, thereby reducing the average cost (economies of scale).
5. *Developing Funds*. Many companies have the constraint of not being able to get capital for their internal expansion but being able to earn money for their external development. Companies that merge with companies with high liquidity will increase the company's borrowing capacity and reduce financial liabilities. This makes it possible to raise funds at a lower cost.
6. *Add management or technology skills*. Some companies cannot grow well due to a lack of management efficiency or lack of technology. On the other hand, companies with poor management who can't afford to pay to develop their technology can join companies with better governance or technology.
7. *Conditioning Taxes*. A loss-making company can join a profit-making company to take advantage of tax losses. In this case, the merged company will increase the consolidated after-tax income by reducing the pre-tax income. However, the merger is not based solely on tax benefits but on maximizing the owner's welfare.
8. *Owner Liquidity Is Increasing*. Mergers allow companies to have more liquidity. If the company is larger, the stock market will be more prominent, and the stock will be easier to buy, so it is more liquid than a small company.

¹⁴ Devos, DKK. (2009). *How do Mergers Create Value? A Comparison of Taxes, Market power, and Efficiency Improvements as Explanations for Synergies*. Review of Financial Studies. Volume 22 (3). pp. 1179 – 1211.

¹⁵ Andrade, G., 2001. *New Evidence and Perspectives on Mergers*. Journal of Economic Perspectives. Volume 15 (2)—Spring. pp. 103 – 120.

¹⁶ Ross, S. A., Hillier, D., Westerfield, R.W., Jafe, J., and Jordan, B. (2012). Corporate Finance. 10th Edition. USA: McGraw-Hill. Hal. 27

9. *Protected From Expropriation*. This happens when a company becomes the target of a hostile takeover.¹⁷

Interest-free banks or *zero-interest* banks are often the designations of Islamic banks. Of course, it is not wrong to define a Sharia bank like this. Still, if you describe a Sharia bank only as free or interest-free, it does not follow all forms of business in it and will not reach a complete definition as a bank as a whole. This is because the nucleus of Islamic banking prohibits receiving and paying what a business provision with interest on loans or credits is. But it cannot be that simple to decipher banking following Islamic principles and concepts, as Arifin and Nizar said, in addition to focusing on avoiding the practice of interest (usury). The shari'a banking system must implement in a balanced and comprehensive manner all the principles of shari'a in the economy so that the universal spirit¹⁸ (*Rahmat lil alamin*) is conveyed.

a. In Positive Legal Review

A company that can merge with other companies must know and meet the requirements and comply with the legal consequences of implementing the merger.

First, from the conditions that must be met, following the explanation of verse; 126 paragraph 1 of Law Number 40 of 2007 discusses limited liability companies, namely the merger implementation if it harms certain parties' interests, then the merger must not be carried out. This is meant by the interests of the company, minority shareholders, employees of the company, interested creditors, and other business partners related to the company, the interests of the community, and the existence of healthy competition in running the business.

Second, the requirements are based on the interpretation of article 123, paragraph 4 of Law Number 40 of 2007 concerning Limited Liability Companies. Some companies that want to join must get approval from an authorized official. Some companies have certain business fields, including banks, financial institutions, and non-banking financial institutions. And what is meant the organization concerned is the Financial Services Authority (OJK) for the merger of companies engaged in banking. With the issuance of OJK Decree No: SR-3 / PB.1 / 2021, OJK directly indicates approval, and also through the Order of the Board of Commissioners No. 4 / KDK.03 / 2021 concerning the Granting of Merger Permits of PT Bank Syariah Mandiri and BANK PT Bank BNI Syariah to PT BRI Bank Syariah. Tbk, as well as a name change permit using a business license of Bank PT BRI Syariah Tbk, became a business license with a new name, namely PT Bank Syariah Indonesia Tbk, after the merger, declared effective in February 2021. (cnnindonesia.com/economy).¹⁹

Inevitable legal consequences will be applied to anything related to a legal action where a specific legal entity lives it. The legal result of the merger of a company with an existing limited company will conform to the Law (article 122, paragraphs 1 and 2 of this Law). Limited

¹⁷ Gitman, L.J. and McDaniel, C. (2008). *The Future of Business: The Essentials. 3thEdition*. USA: homson Learning.

¹⁸ Arifin, Z. (2002). *Basic-basis Management Bank Shari'a*. Mold Second. Jakarta. Thing. 16

¹⁹ "OJK formal allow merger of Islamic banks," Loaded at: <https://www.cnnindonesia.com/ekonomi/20210127203901-78-599282/ojk-resmi-izinkan-merger-bank-syariah-bumn>, Accessed date 24 June 2022.

Liability Company Law No.4 of 2007, where a replacement limited liability company will continue to use its name and identity. Meanwhile, in implementing the distribution of shares, shareholders resulting from those who merge can only own shares of a limited liability company where only the stakes are combined. In contrast, shareholders of companies with transfer rights can have more or more dominant shares than those who merge. And it was carried out after a merger (Merger). There are several consequences when a company's legal entity connects without liquidation, which are as follows:

1. The form of assets and assets of the merged company automatically passes to the company that accepts the merger or to the merged company.
2. If the company's shareholders, when conducting a merger in the sense that they merged due to Law, will be the company's shareholders that received the merger or the company resulting from the merger.
3. When a company or companies merge or merge themselves, it will end because the Law starting from the date of the Merger or Merger comes into effect.

Furthermore, when will a company that merges officially disband? The company or the merged company will officially disband when:

1. From the date of the Minister's approval based on changes in the articles of association, when the implementation of the merger includes information on changes in the writings of the association company, the merged company is officially dissolved.
2. Starting from the date of registration of the Merger deed and the deed of amendment of the company's articles of association in the company's register, the company or company officially disbanded.
3. When the signing of the deed of the merger has been carried out, the company's merger is accompanied by changes in the article's association. As a result, the merged company is dissolved.

In banking, customers are involved in financing (debtors), where the balance sheet includes the category of assets and third-party funds (depositor customers). And capital included in the passive will switch to "own" the company or the merged company along with the transfer of assets and assets of the merged company to the merged company.

From the explanation above, assets are legally positive. What is meant here is that the contracts for the distribution of funds can automatically switch parties to become property or even continue through the joint recipient bank/merger (*survivor*). Likewise, in the case of passive, both capital and other deposits (third-party funds) in the form of deposits or savings, as well as deposits and other inactive accounts, will become property rights for the merged beneficiary bank.

Furthermore, article 2 Number 2 PP 28/1999 stipulates that in the event of a merger, the assets and liabilities of the merged bank automatically switch to the linked bank (the result of the merger). Thus, the deposits of the depository customer following the Law will also be transferred to the merged bank.

b. In Maqashid Sharia Review

The primary basis of Maqashid sharia is maintaining five aspects of life: nurturing religion, nurturing the soul, nurturing reason, nurturing offspring, and nurturing property. Thus, the result of the application of maqashid sharia is the benefit of the people. In addition, the primary purpose of establishing a banking system from the point of view of sharia

Maqashid is threefold, namely ²⁰*Tahdhib al-Fard* (personal education), *Iqamah al-Adl* (upholding justice), and *Jalb al-Maslahah* (public interest). These three objectives can be reflected in the value of the benefits of merging BSM, BNIS, and BRIS into BSI in an emergency and have adhered to the syirkah principle in the merger process. There is an aspect of equality.

First, Tahdhib al-Fard (personal education) is a Sharia bank required to support all efforts to develop knowledge for its employees and the wider community. This growth in knowledge will increase the level of understanding of Islamic finance in Indonesia which is still low. According to Wimboh Santoso, Chairman of the Board of Commissioners of the Financial Services Authority (OJK), the national Sharia literacy index is 8.93%, much lower than the literacy rate of the general public in the conventional financial sector of 37.72%. The presence of Bank Syariah Indonesia will encourage the business world and the public, especially in areas where access to Islamic banking is limited to knowing and using Islamic banking products. However, the understanding of Islamic finance is not only focused on the results when people use sharia services, but more than that, on how to grow awareness of the Muslim community to get closer and get to know Islamic sharia from an early age. Bank Syariah Indonesia must be active and contribute to spreading Islamic Da'wah by partnering with Muslim organizations, Muslim student organizations, and other Muslim organizations. If people understand and believe sharia orders and prohibitions, then every Muslim in Indonesia will automatically use Sharia banking products and services.

Secondly, Iqamah al-Adl (Enforcement of Justice) is that all Islamic bank businesses are conducted relatively and free from loan sharks and other fraudulent practices. Islamic banks must be able to provide benefits as Islamic banking providers that uphold the value of justice and oppose usury which is the root source of injustice in the *muamalah*. With the Merger, Bank Syariah Indonesia will become more efficient, have more substantial capital, and get cheap financing. Furthermore, mergers can also impact reducing the company's operating costs. BSI expects profitability and asset size to apply the sharia kaffah principle. The main feature of Islamic banks with profit-sharing schemes can be managed properly because they have sufficient profit-sharing funds without worrying about liquidity risks. Therefore, merger actions during the current Covid-19 pandemic must be considered because economic growth is contracting, which will have a lower impact on funding growth. Based on these conditions, if the streamlining or reduction of staff is carried out to improve the bank's operational efficiency, the compensation provided should be found on the principle of fairness and benefit those who are excessive in the context of jihad. To improve the Islamic banking system. Industry.²¹

Third, Jalb al-Maslahah (public interest) is for Islamic banks to prioritize business activities that benefit the wider community. Therefore, the benefits of financing manufacturing businesses such as MSMEs are expected to grow with the number of third-party funds received. The opportunity for Bank Syariah Indonesia to become a BUKU 4 Islamic bank is very open.

²⁰ Abozaid, A., & Dusuki, A. W. (2007). *The Challenges of Realizing Maqasid al-Shari'ah in Islamic Banking and Finance. IIUM International Conference on Islamic Banking and Finance: „Research and Development: The Bridge between Ideals and Realities.*

²¹ Kyriazopoulos, G., & Petropoulos, D. (2010). *What are The Advantages and Disadvantages that Lead Banks into Mergers and Acquisitions? Is Altman's Z-Score Model for Bankruptcy Motivate Banks for Mergers and Acquisitions? Evidence from The Greek Banking System.* Procedia Economics and Finance (Vol. 1).

Joining BSI in BUKU 4 Sharia Bank will undoubtedly expand the range of its products and activities at home and abroad. In addition, the financial allocation for the MSME sector is also expected to increase. This is regulated in Article 12 of OJK Regulation No.6 / POJK.03 / 2016 article 12, where banks are required to provide credit or financing to manufacturing companies with a minimum provision of 70% (seventy cents) of the total credit or funding to BUKU 4 banks in MSME financing. Through Islamic banks, BSI must increase the benefits of receiving and disbursing Islamic social funds (zakat, infaq, alms, waqf funds, and other charitable funds). Supported by technology services and an extensive and accessible office network, it will make it easier for donors (*muzakki* and *muwakif*) to allocate their Islamic social funds. In addition, partnerships between Islamic banks and amyl organizations can be connected with regions to facilitate the distribution of zakat, infaq, alms, and waqf funds to those in need.

CONCLUSION

From the preceding, the following conclusions can be drawn; *First*, the merger generally does not affect the existing contract between the bank and the customer. The bank accepting the merger only needs to continue the current contract until the contract expires. *Secondly*, for an agreement to increase capital in the form of overdue deposits, a new contract is needed following the existing bank policy to be fair in determining the profit-sharing ratio. As for contracts that collect funds in the form of sludge deposits, it is necessary to arrange the renewal of the contract so that there is no difference in the ratio between the legacy bank and banking products. Finally, let customers be treated fairly. The government's approach through KNKES to study the Merger of Islamic commercial banks should be appreciated to increase market share, penetration, and growth of Islamic banks in particular and the Islamic economy in general.

The expectations of the government and the public for Islamic banking to meet the needs of financial and business transactions are very high. As a result, the merger mechanism is still in its early stages, and different processes need to be carried out to be able to meet the expectations of the community and the government. Based on the aspects of urgency, sharia principles, and sharia Maqashid, this merger or amalgamation requires further steps, which include:

- a) The importance of sharia bank mergers is to increase banks' market share. Therefore, companies need to take further measures to acquire conventional state-owned banks (BTN) and convert Islamic banks into state-owned banks.
- b) The Merger implementation must be accompanied by sharia principles, especially aspects of justice for former Islamic bank employees and the Islamic banking industry, so there is no monopoly on translation services.
- c) If urgent aspects and principles of fairness can be realized in the merger, the impact of the union can benefit all stakeholders of Islamic banks.

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