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Analysis of the Effectiveness of Bank Merger Profitability

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ABSTRACT

The purpose of this study is to analyze post-merger profitability, company value growth through*sustainable growth rate*and supporting factors for mergers, financial feasibility pre-merger and acculturation of work culture at Bank Syariah Indonesia. The population in this study was quarterly financial reports.*legacy*(BNIS, BRIS, and BSM) for the period 2017 - 2020 and BSI quarterly financial reports for the period 2021 - 2024 and in-depth interviews with 3 BSI employees with different legacy backgrounds. The method used is the approach*mixed methods*with type*convergent parallel design*. The quantitative results obtained show significant differences in ROA, ROE, NPM and SGR before and after the merger. While qualitatively, the financial feasibility analysis of legacy banks shows that all three legacies are in the healthy bank category, while the interview results related to work culture show the integration of legacy culture, similarity of vision and mission and merging into BSI*one culture.*

INTRODUCTION

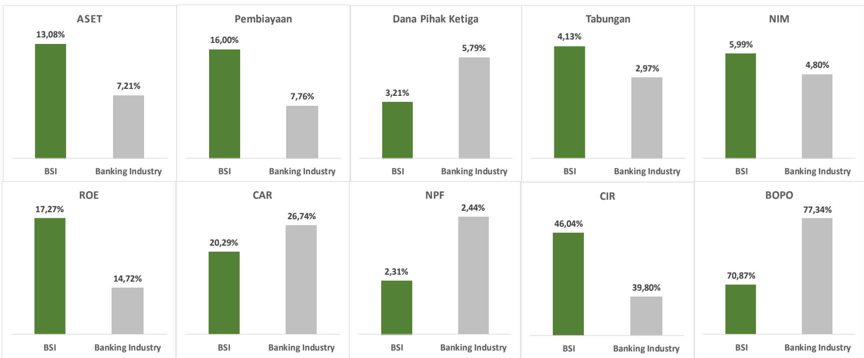
Indonesia as a country with the largest Muslim population in Asia has the potential to develop Islamic banking. However, data released by the Financial Services Authority (OJK) as of November 2020 shows that the market share of Islamic banking is still at 6.33%. This can be interpreted that the use of Islamic financial services by the Indonesian people is still relatively low, when compared to conventional banking services. Therefore, the government is accelerating the development and expansion of the market share of the Islamic economy through the merger of three subsidiaries of banks owned by State-Owned Enterprises (BUMN), namely Bank Mandiri Syariah, Bank BRI Syariah, Tbk and Bank BNI Syariah to become Bank Syariah Indonesia(Sulistiyaningsih and Shultan, 2021). The government's expectations are in line with various achievements obtained by BSI, such as Indonesia Most Trusted Companies in the Corporate Governance Perception Index (CGPI) Award in 2021, Best Islamic Bank in Indonesia 2021, Top BUMN Award 2022 in the Digital Service Innovation category, The Best Financial Performance Bank in 2022. Global Islamic Finance Awards (GIFA) 2023 in the Most Innovative Islamic Bank category, and also the Info Bank Award 2023 for BSI's performance which grew positively in terms of finance and services. This indicates that BSI has performed positively in terms of profitability since the government merger was announced. The following is a table of BSI's financial performance growth for the 2021-2023 period.

Table 1.BSI Financial Performance Growth 2021-2023
Source: PT. Bank Syariah Indonesia, Public Expose Q4 Performance Exposure (2023)

Indicator	2021	2022	Growth 2021-2022	2023	Growth 2022-2023
Financial performance, in trillions					
Asset	265	306	15.47%	354	15.69%
Financing	171	208	21.64%	240	15.38%
Third-party funds	233	261	12.02%	294	12.64%
HOME	135	161	19.26%	178	10.56%
Margin Income and Profit Sharing	17.7	19.6	10.73%	22.2	13.27%
Fee Based Income	3.1	3.7	19.35%	4.2	13.51%
Net profit	3	4.3	43.33%	5.7	32.56%
Profitability increased, efficiency and asset quality improved					
ROA	1.61%	1.98%	22.98%	2.35%	18.69%
ROE	13.71%	16.84%	22.83%	16.88%	0.24%
BOPO	80.46%	75.88%	-	71.27%	-
CIR	52.57%	51.01%	-	49.86%	-
FAR	17.70%	12.46%	-	9.15%	-
Cash Coverage	148.87%	183.12%	23.01%	194.35%	6.13%
NPF Gross	2.93%	2.42%	-	2.08%	-

Table 1 shows that BSI's overall performance has increased in the form of assets, financing and third party funds. This is indicated by high CASA growth as an indicator of customer trust. The increase in ROA and ROE indicates an increase in margin income and profit sharing. The decrease in BOPO and CIR indicates an increase in operational efficiency. Meanwhile, the decrease in FAR indicates an increase in asset quality and the decrease in NPF indicates an increase in credit quality distribution. Several factors that contributed to BSI's positive performance include the implementation of effective business strategies such as business expansion, improving service quality, good risk management, improving macroeconomic conditions, and increasing public awareness of Islamic banking with increasing public interest in Islamic banking products and services can also be one of the factors driving BSI's growth. In addition, BSI shows better and more stable financial performance when compared to the average performance of other national banks. This is shown through the following performance indicators:

Graph 1.BSI's Dominance in the National Banking Industry, Improving Financial Performance
Data source: BSI Public Expose Data 2023 (OJK and Internal BSI), Banking Industry position June 2023, Growth (YoY)



Overall, the graph above shows that BSI has a fairly good performance compared to the average banking industry so that BSI has managed to grow faster in terms of assets, financing, and third party funds, supported by BSI's asset quality which is also classified as good through a low NPF ratio. In addition to looking at BSI's current financial performance achievements, if you compare the profitability ratio of legacy banks before the merger and after the merger into BSI, it can be shown in the table below.

Table 2. Profitability Ratio at BSI and Legacy Banks

Bank	Period	ROA	ROE
BSI	December 2023	2.35%	16.88%
BNIS	December 2020	1.33%	9.97%
BSM	December 2020	1.65%	15.00%
BRIS	December 2020	0.81%	5.06%

Based on empirical data related to the profitability ratio of ROA and ROE from the table above, it can be concluded that BSI has succeeded in significantly increasing the profitability ratio of both ROA and ROE compared to legacy banks (BNIS, BSM, BRIS) before the merger. This indicates that the merger has had a positive impact on BSI's financial performance. This study aims to conduct a comprehensive analysis of the effectiveness of the BSI merger reviewed from various aspects such as profitability, sustainable growth, financial feasibility, and work culture which are the driving factors for the success of the merger at BSI.

The formulation of the problem in this study includes:

1. How is the profitability after the BSI Bank merger?
2. Are there synergies in the form of growth and improved company value from the merger?
3. How to apply supporting factors to improve financial performance at BSI Bank.

Literature Review

Merger theory

Based on the opinions of experts, a merger occurs when several companies are combined into one and then get a new name taken from the combination of legacy companies with the hope that the merged company can optimally improve the company's financial performance because indirectly the size of the company becomes larger in terms of assets, liabilities and equity.(Krismaya and Kusumawardhana, 2021;(Marpaung, 2021). The purpose of a merger is to combine products for the sake of operational cost efficiency, expand new market share, and increase sales to increase a company's profits, thus having an impact on increasing the profits of the company's shareholders.(Hargrave, 2024).

Profitability ratio

The ratio used to measure the company's ability to earn profits from revenue related to sales, assets, and equity; while the last is the activity ratio which is used to measure the level of effectiveness of the company's management in managing its assets.(Elisa et al., 2022). There are three ratios that are the focus of the study, including: Return on Asset (ROA), Return on Equity (ROE) and Net Profit Margin (NPM).

The ROA ratio is a profitability ratio that is used to assess a company's ability to earn profits through assets to evaluate whether management has received compensation or rights according to the assets they own.(Ompusunggu and Wage, 2021). So ROA is considered very important to evaluate a company's business unit. Here is the formula used to measure Return on Asset (ROA):

$$Return\ on\ Asset\ (ROA) = \frac{Net\ Income}{Total\ Asset}\ x\ 100\%$$

The ROE ratio shows the company's ability to generate profits with its own capital.(Yamin and Fitriani, 2024). In calculating ROE, the comparison of net profit after tax with core capital. The following is the formula for ROE:

$$Return\ on\ Equity = \frac{Earning\ after\ interest\ and\ tax}{Equity}\ x\ 100\%$$

The NPM ratio is used as a measure to calculate a company's ability by comparing profit after interest and tax compared to sales.(Prihadi, 2020).

$$Net\ Profit\ Margin = \frac{Net\ Profit}{Total\ Sales}\ x\ 100\%$$

Approach*Sustainable Growth Rate*(SGR)

SGR is defined as the maximum growth rate that a bank can sustain without adding new equity or debt capital, this concept can help banks manage growth efficiently and sustainably, while maintaining financial stability.(Septiana, 2022). The following are indicators of SGR success(Charisma, 2025):

1) Stable growth, where the company can grow at a calculated rate without experiencing a drastic decline.
2) Financial health is maintained, which shows that the company is able to maintain profit margins, debt ratios and other ratios within healthy limits.
3) Increase in retained earnings, by showing the performance of increasing retained earnings without having to reduce the dividend payout ratio.
4) Increased efficiency, where companies can increase operational efficiency and productivity to support sustainable growth.

If the company can achieve and maintain the SGR according to the target, it can be said that the company is considered successful. Conversely, if the company is unable to achieve or maintain the SGR according to the target, then the company is considered to have failed.(Priyanto, 2020). The following is the calculation using the SGR approach:

$$SGR = \ Retention\ Rate\ (RR) x\ Return\ of\ Equity\ (RoE)$$

Supporting Factors for Merger Success

There are six factors that determine the success of a merger(Lyu, 2024)namely Strategic Vision and Suitability; Opportunity Structure; Due Diligence (Financial Factors and Work Culture); Pre-merger Preparation; Post-merger Integration; and External Factors. This study will focus on due diligence which includes financial factors and work culture.

***Due diligence*(Financial feasibility test)**

*Due diligence*is an activity of investigation, audit and review of the financial condition of the bank including assets, liabilities, income and costs. This is to ensure that the acquired or merged bank has good financial health and does not have the potential to have significant financial problems.(Dwiyanti & Wondabio, 2022). Financial feasibility is related to the financial health of banking. Bank health is the result of the condition and performance of a bank that can be used as a medium for monitoring banks.(OJK, 2025). The assessment of healthy banks is carried out using a risk-based approach and adjusting to the factors for assessing the health level of a bank, one of which is through the RGEC method which is regulated in Bank Indonesia Regulation No. 12/1/2011 Article 7(Febrianto and Fitriana, 2020),that is:

a. *Risk Profile*(Risk profile) measured using the NPF indicator (standard NPF indicator < 5%) and FDR (the ideal FDR ratio ranges between 80%-100%).

b. *Good Corporate Governance*(GCG) with the assessment criteria for commercial banks based on 32 OJK regulations No. 18/POJK.03/2016, namely Score 1 Very Good (>= 90), Score 2 Good (70 - 89), Score 3 Sufficient (50 - 69) and Score 4 Less (< 50).

c. *Earnings*(Profitability) is based on three ratios, namely ROA (Return on Asset) with an ideal ROA indicator standard of ≥ 1%; ROE (Return on Equity) with an Ideal ROE indicator standard of ≥ 10%; and BOPO with an indicator standard below 85%.

d. *Capital*(Capitalization) with the aspect assessed being CAR (Capital Adequacy Ratio) with the standard indicator being a minimum of 8%

Based on the provisions of Bank Indonesia circular letter No. 6/23/DPNP, the predicate of the bank's health level(Ashari, 2021)are very healthy banks; healthy banks; fairly healthy banks; less healthy banks; and unhealthy banks.

***Corporate Culture*(Work culture)**

Organizational work culture is a form of exchange between members regarding beliefs, expectations, values, norms and routines that influence the way individuals work and relate to other members of the organization to achieve organizational goals.(Tisani, 2022). The role of culture in a merger organization is considered important because work culture plays a major role in supporting the success of a merger. If the process of integrating the culture of the new organization is successful, then the merger is likely to be successful. Therefore, this cultural integration is considered important in a merger because it determines the long-term success of the merged company.(Gischa, 2022). This cultural aspect includes an examination of business philosophy, work practices, leadership style, habits, expectations, and facilities. For that reason, a company needs to make an effort to ensure that there are no disruptions during the integration process. The failure of a merger can be assumed that the inability of a company to conduct financial evaluations, the existence of personal problems and organizational issues that can hinder the success of the organization.(Lyu, 2024).

Framework

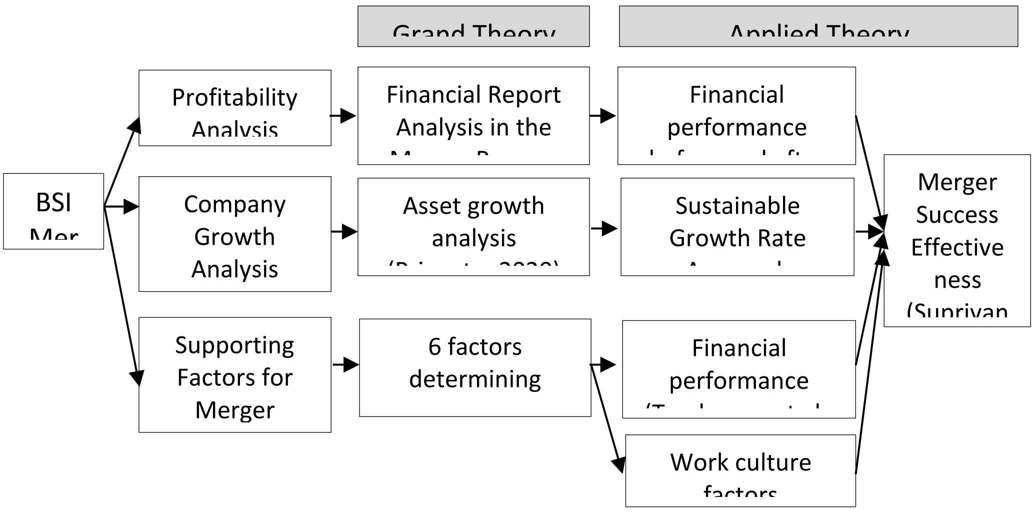


Chart 1. Framework

Operational variables and concepts

This study uses a mix method approach (quantitative and qualitative) in answering research problems with the following details:

Quantitative Approach
The operational variables used through the quantitative approach are the profitability (ROA, ROE, NPM) of BSI post-merger andsynergy of corporate value growth (sustainable growth rate).

Qualitative Approach
The operational concept used in the qualitative approach is the supporting factors for financial performance (financial feasibility and work culture) during the merger process.

1.1. Research hypothesis
1) Profitability (ROA, ROE, NPM) of BSI post-merger is higher when compared to before the merger.
2) *Sustainable Growth Rate*Post-merger BSI is higher compared to before the merger.
3) Supporting factors of legacy financial performance before the merger and integration of work culture influenced the success of the BSI merger.

Methods
This research uses a mix method approach to describe the research results in a comprehensive, valid, reliable and objective manner.(Pane et al., 2021). The data obtained are then processed numerically, or non-numerically, then analyzed and interpreted. The data used as sources of information in this study include primary data and secondary data. The primary data source for research with a quantitative approach is the population and sample. While the primary data source in qualitative is called an informant.

Quantitative Primary Data
In answering the first and second problem formulations, the author uses primary data that will be processed quantitatively. This primary data is in the form of financial results reports before the merger and BSI after the merger. The population used is the quarterly financial reports of three banking companies (BNIS, BRIS, and BSM) for the period 2017 - 2020 and the quarterly financial reports of BSI for the period 2021 - 2024. The sample in the study used the saturated sampling method where the entire population was sampled.

1.1. Qualitative Primary Data
Primary data with a qualitative approach was collected by researchers directly from the first source to answer research problems related to due diligence of the financial feasibility of legacy banks before the merger and work culture during the merger process, namely:
1) Legacy financial report proforma data for the period ending June 30, 2020 as financial reference data before the merger, (source: BSI website).
2) The summary report data is in the form of a publication report on the merger plan between PT Bank BRI Syariah TBk., PT Bank Syariah Mandiri and PT Bank BNI Syariah which is published on the official BSI website.
3) The data obtained by the researcher were the results of interviews conducted with three representatives from each legacy bank with the same job position, namely Branch Manager.

Research Instruments
The research instruments used in this study include documentation components and interview components. The documentation components used are quarterly financial reports issued by OJK for three legacy banks (BRIS, BNIS, and BSM) for the period 2017 to 2020, quarterly financial reports published by OJK for Bank BSI for the period 2021 to 2024. and the publication report of the merger plan between PT. Bank BRI Syariah TBk., PT. Bank Syariah Mandiri and PT. Bank BNI Syariah which is published on the official BSI website. The interview component in this study uses in-depth interviews to obtain detailed information about the ongoing merger process from the perspective, experience, feelings and perspectives of the informants in detail. In compiling the question

components, the researcher adapted the theory of The Seven Steps of Merger Excellence(Supriyanto et al., 2020).

1.2. Data collection procedures

This study adapts a mixed methods research procedure with a convergent parallel design type.(Sugiyono, 2023). convergent parallel design type is a type of data collection based on several quantitative and qualitative data that are carried out simultaneously. So that information from the data can complement each other to be analyzed and then interpreted.

Quantitative data analysis

In the initial stage, descriptive statistical analysis was carried out based on the results of the calculation of standard deviation, minimum, maximum, mean before and after the merger based on the values of ROA, ROE, NPM and SGR. The next stage is to conduct a difference test, which includes the Normality Test for ROA, ROE, NPM and SGR using*Shapiro Wilk Test*(IfP-value < α then the data is not normally distributed, while if P-value > α then the data is normally distributed, where α = 5%). Furthermore, Hypothesis Testing is carried out on four variables (ROA, ROE, NPM and SGR) to determine whether there is a significant difference before and after the merger, with the following provisions:

a. If the significance value is <0.05, it is certain that there is a significant difference between the two variables being tested or the hypothesis stating that there is a difference in performance before and after the merger can be accepted.
b. If the significance value > 0.05 then it is certain that there is no significant difference between the two variables being tested or the hypothesis stating that there is no difference in performance before and after the merger can be rejected.

The next stage is testing four variables usingPaired Sample T-test on normally distributed data. While on non-normal data, the Wilcoxon Signed Ranks Test is performed. Then the data is processed and analyzed with a quantitative approach and interpreted.

Qualitative data analysis

This stage is carried out with two approaches. First, the financial feasibility analysis of the legacy banks participating in the merger based on the proforma report of June 30, 2020.(BRIS, BNIS, BSM), which is the reference data of the BSI merger team published on the BSI website. The analysis method uses the RGEC method (Risk Profile, Good Corporate Governance, Earnings, Capital), this method is used to assess the health of a bank as carried out by the Financial Services Authority (OJK). The second is to conduct in-depth interviews with branch managers at each legacy (ex BRIS, ex BNIS, and ex BRIS). The question points and interview analysis are adapted through the approach in the theory of The Steps of Merger Excellence (Lyu, 2024).

Table 3. Bank Health Indicator Standards

Indicator		Indicator Standards
Risk Profile	NPF	NPF < 5%
	FDR	The ideal FDR ratio ranges between 80%-100%,
Good Corporate Governance (GCG)	GCG	OJK Regulation No. 18/POJK.03/2016 for Commercial Banks. The following is an explanation of the GCG score, GCG Assessment Criteria GCG Score : Score 1: Very Good (>= 90) Score 2: Good (70 - 89) Score 3: Sufficient (50 - 69) Score 4: Less (< 50)
Profitability (Earnings)	ROA	SEOJK No. 15/SEOJK.03/2017 regarding Bank Health, Return on Assets (ROA) percentage criteria. Ideal ROA ≥ 1%
	ROE	SEOJK No. 15/SEOJK.03/2017 regarding Bank Health, Return on Equity (ROE) percentage criteria. Ideal ROE ≥ 10%

	BOPO	Ideal below 85%
Capital	CAR	OJK Regulation No. 11/POJK-03/2016 requires a minimum CAR of 8%
Liquidity	LCR	OJK Regulation No. 42/POJK-03/2015. Commercial banks are required to meet a minimum LCR of 100%.
	NSFR	OJK Regulation No. 50/POJK-03/2017. Commercial banks are required to meet a minimum NSFR of 100%.

Table 4. In-depth Interview Questions Regarding Work Culture

Question No.	Topics	Question
Question 1	*Due diligence*(due diligence) in work culture	What are your desires or hopes and personal stories about the merger? Reference; (Weber, 2022) https://opus.fhv.at/frontdoor/deliver/index/docId/3690/file/Master's Degree.pdf
Question 2	Post-merger work culture fit	How was the cultural alignment before and after the merger? Reference; (Weber, 2022) https://opus.fhv.at/frontdoor/deliver/index/docId/3690/file/Master's Degree.pdf
Question 3	Adaptability	How did you adapt to the significant cultural change, from the work culture before the merger to the current one? Reference: (Zengele, 2023) https://repository.up.ac.za/bitstream/handle/2263/95901/Zengele_Barriers_2023.pdf? sequence=1&isAllowed=y
Question 4	About emotional intelligence	How do you help teams adapt with emotional intelligence during a merger? Reference :(Weber, 2022) https://opus.fhv.at/frontdoor/deliver/index/docId/3690/file/Master's Degree.pdf
Question 5	Regarding the diverse culture of legacy banks	How to create harmony across diverse corporate cultures during the adjustment period towards BSI one Culture? Reference: (Zengele, 2023) https://repository.up.ac.za/bitstream/handle/2263/95901/Zengele_Barriers_2023.pdf? sequence=1&isAllowed=y
Question 6	About leveraging the strengths of each legacy	How do you leverage the strengths of your legacy company after a merger? Reference:(Zengele, 2023) https://repository.up.ac.za/bitstream/handle/2263/95901/Zengele_Barriers_2023.pdf? sequence=1&isAllowed=y

Results and Discussion

Quantitative analysis results

Table 5. Descriptive statistics of variables each legacy

Ratio	**Before Merger**			
	Min	**Max**	**Mean**	**Std. Deviation**
ROA	0.80	1.66	1.1643	0.22163
ROE	7.06	13.59	9.2943	1.74958
NPM	9.15	19.98	13.9229	2.67904
SGR	7.06	13.59	9.2943	1.74958
	After the Merger			
ROA	1.60	2.51	2.0914	0.32896

ROE	13.60	18.30	16.3536	1.76870
NPM	20.51	38.97	28.7921	6.24458
SGR	13.37	18.30	16.0314	1.87671

The average company performance ratio before and after the merger shows that the ROA of the three companies that merged in this study in the period of 4 years before and 4 years after the merger experienced positive growth. NPM also increased. Meanwhile, the ROE value of the three companies that merged in this study with a period of 4 years before and 4 years after experienced fluctuations. The average SGR before the merger was 9.29 which then increased after the merger to 16.03. SGR shows how quickly a company can grow sustainably using retained earnings to fund growth, without taking excessive financial risks.

1) Normality Test

Table 6. Results of the normality test of banking mergers

Ratio	**Before (Sig.)**	**Caption**	**After (Sig.)**	**Caption**
ROA	0.658	Normal	0.110	Normal
ROE	0.109	Normal	0.007	Abnormal
NPM	0.794	Normal	0.221	Normal
SGR	0.109	Normal	0.012	Abnormal

Source: Data processed by SPSS version 29 (2024)

ROE after the merger is not normally distributed with a Sig. (2-tailed) < α (5%), which is 0.007, and SGR after the merger is not normally distributed with a Sig. (2-tailed) < α (5%), which is 0.012. While for the other 2 ratios, namely ROA and NPM, they have a Sig. (2-tailed) > α (5%) value so they are normally distributed.

Hypothesis Testing

The process and results of testing using the Paired Sample T-test for normally distributed data and the Wilcoxon Signed Ranks Test for non-normal data.

Table 7. Results of Profitability Ratio Significance Test

Paired Test to T-test		**Std Dev**	**T**	**Sig**	**Caption**
ROA	ROA before merger	0.22163	-15,365	< 0.001	There is a significant difference
	ROA after merger	0.32896			
NPM	NPM before merger	2.67904	-11,572	< 0.001	There is a significant difference
	NPM after merger	6.24458			
Wilcoxon Sign Rank Test		**Std Dev**	**Z**	**Sig**	**Caption**
ROE	ROE before merger	17.4958	-3.296	< 0.001	There is a significant difference
	ROE after merger	17.6870			

Source: Data processed by SPSS version 29 (2024)

The results of table 7 the ROA variable analysis show that it is smaller than the significance level used, which is 5% (0.05), which is 0.001 <0.05. Therefore, this indicates that H0 is rejected and Ha is accepted. So it can be interpreted that there is a significant difference between the company's ROA before and after the merger. The results of the NPM variable analysis obtained a significance value of 0.001. smaller than the significance level used, which is 5% (0.05), which is 0.001 <0.05. This indicates that H0 is rejected and Ha is accepted. This means that there is a significant difference between the company's NPM before and after the merger. The results of the ROE test obtained a z value = -3.296 and a P-value = 0.001. So for the two-sided test, the P-value is smaller than the α value (0.05). Thus, H0 is rejected, meaning that there is a significant difference in banking ROE between before and after the merger.

Table 8. Wilcoxon Sign Rank Test SGR Results

Wilcoxon Sign Rank Test		Std. Dev	Z	Sig	Caption
SGR (BSI-BRIS)	SGR BSM	4.21008	-3.107	0.002	There is a significant difference
	SGR BSI	1.87671			
SGR (BSI-BNIS)	SGR BNIS	2.33065	-3.171	0.002	There is a significant difference
	SGR BSI	1.87671			
SGR (BSI- BRIS)	SGR BRIS	2.02071	-3.296	< 0.001	There is a significant difference
	SGR BSI	1.87671			

Source: Data processed by SPSS version 29 (2024)

This study specificallytest the level of significance of SGR by treating the data separately for each legacy before the merger compared to after the merger. This is to understand the changes in SGR of each legacy company so that it is in line with the formulation of the problem that tests the synergy in the form of growth and company value from the merger. The level of significance used is 5% (α = 5%). The results of the SGR test (BSI-BRIS) obtained a z value = -3.107 and P-value = 0.002. By comparing the P-value and the significance value at alpha 5%, it can be seen that the P-value is smaller than the α value. Thus, H0 is rejected, meaning that there is a significant difference in BRIS's SGR before the merger and after the merger into BSI. The results of the SGR test (BSI-BNIS) obtained a z value = -3.171 and P-value = 0.002. Thus, H0 is rejected, meaning that there is a significant difference in BNIS's SGR before the merger and after the merger into BSI. The results of the SGR test (BSI-BSM) obtained a z value = -3.296 and P-value = 0.001. So H0 is rejected, meaning that there is a significant difference in the SGR of BNIS before the merger and after the merger into BSI.

Qualitative Analysis Results

1) Financial feasibility test analysis

Non-numerical financial feasibility test analysis using the RGEC method with the aim of determining the health condition of each participating bank in the merger based on the financial condition of each legacy, as presented in table 9. Where based on this analysis, it was found that the three participating banks in the merger were categorized as healthy and struggling banks that could still grow and make a profit even in the midst of the COVID-19 conditions in 2020.

2) Work culture analysis

The work culture analysis was conducted by conducting in-depth interviews with three informants with the same position, namely as branch manager, but the informants were representatives of each legacy (BRIS, BNIS, BSM). The interview results were correlated with the theory of The Seven Steps of Merger Excellence that the success of work culture synergy lies in the activities during the merger process, namely with Cultural DNA Due Diligence, namely collaboration in building a cultural integration strategy consisting of several stages. As in table 10, the interview results show integration and a common vision and mission to merge into BSI one culture. So this is what continues to encourage BSI to continue to grow and develop like its current position.

Table 9. Analysis of the financial health of legacy, based on the financial report as of June 30, 2020

Indicator		***Legacy*BRIS**	***Legacy*BNIS**	***Legacy*BSM**
Risk Profile	NPF (Indicator: < 5%)	2.49%	1.88%	0.88%
	FDR (Indicator: 80%-100%)	91.01%	71.67%	74.16%
GCG	GCG GCG Score :	84.00	82.67	87.38

	Score 1: Very Good (>= 90) Score 2: Good (70 - 89) Score 3: Sufficient (50 - 69) Score 4: Less (< 50)			
Earning	ROA (Ideal ≥ 1%)	0.90%	1.43%	1.73%
	ROE (Ideal ≥ 10%)	4.94%	10.93%	15.62%
	BOPO (Ideal below 85%)	89.93%	82.88%	81.26%
Capital	CAR (minimum 8%)	23.73%	20.66%	17.41%
Liquidity	LCR (minimum 100%)	130.0%	135%	160%
	NSFR (minimum 100%)	118.2%	116%	120%

Table 10. Interview results from three legacy sourcescorrelated with The Seven Steps of Merger Excellence

Stages	Suitability of Sources 1st (Legacy BRIS)	Suitability of Sources 2nd (BNIS Legacy)	Suitability of Sources 3rd (Legacy BSM)
Involvement and Engagementnamely dreaming rational dreams about the formulation of a new identity	Making Bank Syariah Indonesia a big bank	It is hoped that after the merger, BSI can become a large Islamic bank in Indonesia.	Through the merger of Islamic banks, BSI becomes a more complete bank.
Shared Vision namely expanding the vision of what is owned and making the vision become a reality	BSI is expected to be able to control the market which will affect the ease of selling products. In addition, welfare can increase	Bank Syariah Indonesia is a pioneer and locomotive in the movement of the sharia economy.	By combining the three legacies (BRIS, BNIS, BSM), BSI becomes perfect and complements each other in terms of products, infrastructure and business models.
Analysisnamely evaluating existing conditions	BRI Syariah has seven work culture values (professionalism, enthusiasm, appreciation of human resources, tawakal, integrity, business orientation and customer satisfaction) while BSI's core values follow the BUMN core values, namely AKHLAK (Trusted, Competent, Harmonious, Loyal, Adaptive and Collaborative)	BNI Syariah is known for its Amanah and Jamaah culture, accompanied by the “hasanah titik” campaign in every product or company activity. After the merger, the core value of AKHLAK followed BUMN	Based on Sharia which is similar to the other two legacy banks (BRIS and BNIS)
Actionnamely	The merging of	Adaptation to cultural	Demands for rapid and

carrying out the prepared process by creating a sense of ownership within it	employees into one work unit and being able to work together based on target demands.	changes by instilling sharia principles. Shared vision and mission to advance sharia economy or sharia banking	maximum adaptation with awareness of target achievement.
Implementation**namely building and creating momentum or main strength during implementation**	Placement of each legacy in one branch	Coordinate with other legacy branches, create WhatsApp groups to facilitate communication, collaborate with various legacies, and hold meetings at the manager level or staff level.	Open discussion space between legacy in each team
Maintenancenamely focusing on the direction and energy of a new corporate identity (new organizational identity)	Putting aside ego, improving communication, understanding each other, understanding each other's habits and having one goal by focusing on BSI's vision and mission.	Providing motivation to the team that with the merger, the company will be much better in terms of the work environment, welfare and also the company's future performance.	First, align one vision, through morning prayer and getting to know each other between legacies.
Renewalnamely Re-evaluation and re-creation or re-evaluating and creating.	Prioritize work targets that have been determined by management	Prioritizing sharia aspects to create harmony towards BSI One Culture	aligning the vision and mission to become BSI One culture and conducting monitoring

Discussion

Summary of mixed method research results

Analysis of the effectiveness of the merger that occurred at BSI with several supporting factors, such as measuring the effectiveness of the profitability ratio before and after the merger, analyzing the effectiveness of the sustainable growth ratio (SGR) and analyzing the effectiveness of financial feasibility and work culture during the merger process. The results of this study indicate that the BSI merger showed a significant increasing trend in the ROA, ROE and NPM ratios when compared to the average performance of the pre-merger legacy performance that merged, this increase was supported by operational efficiency and increased asset quality. While in BSI's SGR there was an increase after the merger which indicated the bank's ability to grow sustainably by utilizing internal strengths. This increase is in line with the growth of quality assets and good risk management.

Post-merger BSI shows a strong capital structure and improved asset quality, healthy liquidity levels and increased operational efficiency. This shows that the merger has succeeded in creating a more stable and competitive financial entity. Meanwhile, from a work culture perspective, BSI has succeeded in creating a positive, inclusive and productivity-supporting work culture after the merger. Indicators include high employee retention rates, positive employee engagement interview results and good collaboration between teams from different banks previously.

The conclusion that can be drawn based on the interpretation of this study can be said that the BSI merger is effective and successful, which is marked by an increase in financial performance that is growing and sustainable. and the creation of a positive work culture between the three legacies to jointly contribute to the growth of BSI's current financial productivity.

Conclusion

The results of the study indicate that the merger carried out by BSI has been effective through the test results on profitability ratios (ROA, ROE, and NPM) showing significant differences before and after the merger. This can be interpreted that BSI's performance after the merger is better able to manage assets, more effective in generating profits from capital, and successfully increasing efficiency on the operational side. The test results on sustainable growth after the merger using the sustainable growth rate (SGR) approach show a significant difference in the SGR value before and after the merger. This proves that BSI shows the ability to plan sustainable growth better without external capital and is able to maintain bank profitability. The results of the financial health analysis using the RGEC method show that the legacy financial statements (BRIS, BNIS, BSM) are in a healthy condition. The results of the interview analysis using the Seven Steps of Merger Excellence approach show that there is a process of cultural acculturation from the three legacies to become BSI One Culture. Through all of these analysis results, it supports that the BSI merger which has gone through the due diligence pre-merger process, integration and good financial performance is able to drive BSI's performance to be better than the banks participating in the merger. It is suggested that further researchers can analyze the supporting factors for the success or failure of a merger in more depth, such as external factors, post-merger integration, or other financial ratios. So that it can improve the quality of research results and provide deeper insight into the effectiveness of a merger.

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