Differences of Islamic Bank Performance based on Establishment Method: Evidence from Indonesia

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Abstract. A spin-off is required when a conventional bank has a UUS that has a minimum asset value of 50% of the total value of the parent's assets. This readiness is measured through company performance, such as performance. This research becomes important to prove from various kinds of establishment which gives the best performance. The results of this study can be taken into consideration for banks before making the move to BUS rather the company performance is maintained and has sustainable growth. The results of this study are of the three policies proved that the establishment method has differences, with further tests that the BUS with the method of acquisition and merger has better efficiency and capital adequacy compared to other methods. While liquidity and profitability is better to use a conversion method.

Keyword: Establishment Method · Efficiency · Capital Adequacy · Liquidity · Profitability

1 Introduction

Islamic banking plays an important role in economic activities. The beginning of known Islamic banks in Indonesia is since the establishment of Bank MuamalatIndonesia in 1991. At the beginning of its establishment, the existence of Bank MuamalatIndonesia has not received optimal attention in the national banking industry order (Antonio M. S., 2001). According to Nuzuliah (2014), the rapid development of Islamic banking in Indonesia was triggered by a change in Law Number 7 of 1992 concerning banking to Law Number 10 of 1998 which allows banks to implement a dual banking system. Conventional banks that dominate the market begin to look and open Islamic business units. Based on this law, it is permissible to allow conventional banks to open sharia branches or even convert themselves into banks with sharia principles in total. The birth of the Sharia Banking Law pushed the number of BUS in 2009 to 2010 from five BUS to 11 BUS in less than two years (Otoritas Jasa Keuangan, 2010). In 2010 to September 2018, the BUS only increased by three to 14.

Table 1. List of Islamic Bank Establishments in Indonesia in 2018.

Bank Umum Syariah (BUS)	The process of establishment
PT. Bank Aceh Syariah	Conversion PT Bank Aceh
PT. BPD Nusa Tenggara Barat	Conversion BPD NTB
PT. Bank Muamalat Indonesia	Pure Syariah
PT. Bank Victoria Syariah	Conversion Bank Swaguna by Bank Victoria
PT. Bank BRI Syariah	Acquisition Bank Jasa Artha by Bank BRI
PT. Bank Jabar Banten Syariah	Spin off
PT. Bank BNI Syariah	Spin off
PT. Bank Syariah Mandiri	Conversion Bank Susila Bakti by Bank Mandiri
PT. Bank Mega Syariah	Conversion Bank Umum Tugu by Bank Mega
PT. Bank Panin Dubai Syariah	spin off
PT. Bank Syariah Bukopin	Acquisition Bank Perserikatan Indonesia by Bukopin
PT. BCA Syariah	Acquisition Bank UIB oleh BCA
PT. Bank Tabungan Pensiunan Nasional Syariah	Acquisition Bank Sahabat Purbadanarta by BTPN
PT. Maybank Syariah Indonesia	Joint Venture Maybank with Nusa Nasional

Sumber: (Otoritas Jasa Keuangan, 2018)

UUS growth is less than the maximum compared to BUS growth. In accordance with the Banking Law, spin off obligations must be planned and discussed in the Sharia Division more seriously (Rustam, 2012). According to Rustam (2012), there are many factors that cause UUS to develop less than the maximum. Some of these are inefficient UUS operations, lack of product features developed by UUS, many UUS head office policies that are less conducive, synergy with parents that are far from expectations, and unsupportive working relationships. Under these conditions, the choice of spin off must be prepared early by conventional banks. This spin off is expected to bring UUS to become more independent and focused. Changes in conventional bank business activities to Islamic banks have been regulated in Bank Indonesia Regulation Number 11/15 / PBI / 2009 concerning Changes in Conventional Bank Business Activities to Sharia Banks (Bank Indonesia, 2007).

A spin-off is required when a conventional bank has a UUS that has a minimum asset value of 50% of the total value of the parent's assets. This also applies to all UUS, 15 years after Law Number 21 Year 2008 was passed (until 2023). The provisions of Article 68 indicate that a UUS which still has a conventional parent is ready to separate from its parent, and become a sharia business entity. This readiness is measured through company performance, such as financial performance and can be seen in terms of fixed assets, third party funds, and five financial ratios, namely liquidity ratios measured by NPF and FDR ratios, solvency ratios measured by CAR, rentability ratios measured using ROA, and operational efficiency ratios measured using OER (Kasmir, 2008). The effectiveness and efficiency of the company's activities are displayed in the financial

statements, and the company's goal to achieve optimal profit levels reflects the performance of Islamic banks.

The performance of Islamic banks is an important key to determine the position of Islamic banks in the banking world. In Indonesia, the performance of Islamic banks is measured as reported by Bank Indonesia (BI) using financial information, such as assets, financing, pooling of funds, capital, and profitability (Bank Indonesia, 2007). This information is also used to measure the performance of conventional banks. But in principle there is a difference between Islamic banks and conventional banks, namely in Islamic banks there are profit sharing principles while in conventional banks use the principle of interest (Antonio M. S., 2001). The performance of Islamic banks can be measured in various aspects. In this study, aspects of Islamic bank performance used are fixed assets, third party funds, and five 24 financial ratios, namely the ratio of operational efficiency measured by OER, liquidity ratios measured by NPF and FDR, profitability ratios measured by ROA, and solvency ratios measured by CAR (Kasmir, 2008).

In this study, researchers wanted to further test the research conducted by Nasuha (2012), Siswantoro (2014) dan Al Arif (2017) comparing the three policies establishing Islamic banks. Al Arif (2017) see that spin off policies affect financial performance using influence analysis. The difference between this research and the previous research is that this study uses MANOVA for different tests so that it really distinguishes inter-bank performance after changing to BUS. This research becomes important to prove from the way of their establishment which gives the best performance. So, based on the description above, researchers are interested in researching more about "Differences of Islamic Bank Performance Based on Establishment Method: Evidence from Indonesia. In this case the researchers took samples from the BUS with the three methods of separation, namely the way of spin off, acquisition and mergers, as well as conversion, namely BNI Syariah, BJB Syariah, BRI Syariah, Bukopin Syariah Bank, Victoria Syariah Bank, and Aceh Syariah Bank. Analysis of financial performance in this study was seen from four variables. The financial performance used is OER, FDR, ROA, and CAR.

The results of this study shows that there is a significant difference among three establishment methods of Islamic banks. Further analysis using post-hoc test indicates that Islamic banks established through acquisition and merger method have better efficiency and capital adequacy compared to Islamic banks established using other methods. While in terms of liquidity and profitability, Islamic banks established through conversion method perform better than Islamic banks established using other methods. It suggests that Islamic banks established either using acquisition and merger method or conversion methods have better financial performance than Islamic banks established using pure spin-off method.

The remainder of this paper is organised as follows. The second section briefly discusses the literature review. The third section explains the research methodology used in the study and hypothesis development. The empirical results and analysis are discussed in the fourth section. Lastly, conclusions are drawn in the final section with a brief explanation of the limitations and suggestions for future research.

2 Literature Review

2.1 The Relationship between the Establishment of Islamic Banks and Financial Performance

In Article 1 number 12 of Law No. 40 of 2007 concerning Limited Liability Companies, the term spins off is called separation. According to the article, separation is defined as a legal act carried out by a company to separate a business that is switched because the law is to two or more companies or a part of the liability of the company is transferred because it is legal to one or more companies. In addition to that, the ratification of Law No. 21 of 2008 prompted the establishment of several Islamic banks by acquiring and converting conventional banks to full-fledged Islamic banks. According to Adiwarman Karim (2011), the establishment method of Islamic bank can be done through three approaches, namely, first, acquisition and merger method. Conventional commercial bank that already has Islamic banking unit acquires a relatively small bank and converts it to afull-fledgedIslamic bank and then merges it with the already existed Islamic banking unit.Second, conversion method. Conventional bank that donot havean Islamic banking unit, acquires a relatively small bank and converts it to a full-fledgedIslamic bank. Third, pure spin-off method. Conventional bank already has an Islamic banking unit and then spins it off from the parent company(bank) so that an Islamic banking unit becomesa full-fledgedIslamic bank.

Siswantoro (2014) in his article analyzes the performance of Islamic banks and strategies after separation as an independent Islamic bank in Indonesia. The results obtained explain that the capital injection from conventional parent banks should be utilized optimally to increase the growth of the sharia bank resulting from the separation. However, it must still be supported by effective management of the BUS resulting from the separation. Hamid (2014) the results of his research related to the impact of separation on profitability in the sharia banking industry in Indonesia, explained that the separation policy applied to the sharia banking industry has a good effect to increase profitability as measured by the Return on Assets (ROA) ratio. The same is true of the research conducted Al Arif (2015) related to the separation and its impact on third party funds in the sharia banking industry in Indonesia, the results explain that the separation policy has a good impact on increasing the third party funds of the sharia banking industry in Indonesia.

From the aspect of operational efficiency, Al Arif et al. (2018) explained that there is an influence between the separation policy on the level of operational efficiency as measured by the ratio of Operational Costs to Operating Income (OER) at Islamic Commercial Banks, where the separation policy actually reduces the level of operational efficiency in the Islamic banking industry in Indonesia. This shows that after the separation policy was carried out, it resulted in the Islamic banking industry being less efficient than before the separation policy was carried out. The research conducted by Kusumawardani, Haryanto, and Wibowo (2006) concerning the comparison of financial performance between Islamic banks and conventional banks before and after financial regulation and the monetary crisis and took a case study of Bank Muamalat Indonesia and four Conventional Commercial Banks, namely BTPN Bank, North Sumatra Bank, Domestic Bank, and American Express Bank. The results of the analysis are based on CAREL (Capital, Assets, Rentability, Earning, Liquidity)

bank financial ratios, which are represented by financial ratio indicators namely CAR, NPF / NPL, ROA, ROE, OER, and FDR / LDR. The independent t-test statistical method states that there are significant differences in financial performance except the ROE ratio. There is only one bank that has a significant impact after the financial regulation and the monetary crisis, the North Sumatra Bank. Sharia banks represented by Bank Muamalat Indonesia have the best NPF and FDR financial ratios. The spin off will certainly be related to the performance of a bank, because the spin off process requires very large operational costs and this can affect the financial performance of course there are adjustments from the bank that makes the spin off (Kurniawan, 2016).

Based on the various results obtained, showing that in general the spin-off to become a BUS is one of the strategies that can be taken to develop the Islamic banking industry in Indonesia. With the change in the status of a bank to become an independent BUS, its operational activities will become wider and more focused on activities based on sharia principles. With wider and optimal operational activities, it is expected to expand investment and networks, so that it will increase revenue which has an impact on improving bank performance.

The performance of Islamic banks is seen from the aspects of fixed assets, DPK, OER, NPF, FDR, ROA, and CAR. Based on research conducted by Nasuha (2012), on the asset, financing, third party fund, and NPF variables experienced differences in the performance of Islamic banks in one year after the spin off. In addition, in research conducted by Poerwokoesoemo (2016), on the CAR, ROA, OER, and NPF variables there are differences in the performance of Islamic banks in one year after the spin off. In this study, measuring whether there is a difference in performance one year before and one year after becoming a BUS. In addition to measuring how the comparison between the performance of Islamic banks with the three policies of the establishment of Islamic banks after becoming BUS. Based on some research that has been done, it proves that the policy of establishing Islamic banks is related to financial performance that occurs in a system in Islamic banks.

3 Research Method

This approach uses quantitative analysis tools with several methods such as normality test, homogeneity test, and different test. The main objective of this study is to analyze the differences in the four performances of six Islamic commercial banks one year after becoming a BUS and determine the comparison of the financial performance of Islamic banks with the pure spin off, acquisition-merger, and conversion methods after becoming a BUS. Types and Sources of Data Data used in this study are secondary data from quarterly financial reports from each sample bank and Financial Services Authority (OJK) within one year after the spin off.

Table 2. List of Banks in the study Sample.

No.	Sample	Establishment method	Annual report
1	BNI Syariah	spin off	2010 & 2011
2	BJB Syariah	spin off	2010 & 2011
3	Syariah BRI	*Akuisisi-merger*	2009
4	Bank Syariah Bukopin	*Akuisisi-merger*	2009
5	Bank Victoria Syariah	Konversi	2010 & 2011
6	Bank Aceh Syariah	Konversi	2016 & 2017

3.1 Operational Variabel

The operational definition contains an explanation of the specifications of the variables that have been identified, the measurement variables and the size scale used (Rusmita, Sukmaningrum, and Amani (2018). The variables in this study are:

1. OER: used to measure the ability of bank management in controlling operational costs to operating income and the smaller this ratio the more efficient operational costs incurred by banks so that the possibility of the bank concerned in a problematic condition is also getting smaller (Almilia, Luciana Spica and Herdinigtyas (2005). OER of a bank can be calculated by the following formula:

$$OER = (Operational \text{ Expenses}/Operational \text{ Revenue}) \text{ X } 100\% \qquad (1)$$

2. Financing to Deposit Ratio (FDR): In the Islamic banking blueprint issued by Bank Indonesia in 2002, the FDR was analogous to a Loan to Deposit Ratio (LDR) at conventional banks. The higher the ratio gives an indication of the low ability of the bank's liquidity concerned. According to Arifin (2009), The following is the FDR calculation formula:

$$FDR = (Total \text{ financing}/Total \text{ third party fund}) \text{ X } 100\% \qquad (2)$$

3. Return on Assets (ROA): ROA is a comparison between net income and average assets of Zainul Arifin (2012) Zainul Arifin (2012). The greater the ROA of a bank, the better the bank's position. According to Dendawijaya (2009), the ROA amount of a bank can be calculated by the following formula:

$$ROA = (Income \text{ before tax}/ \text{ average total asset}) \text{ X } 100\% \qquad (3)$$

4. Capital Adequacy Ratio (CAR): Capital Adequacy Ratio (CAR) to determine the ability of capital needed to absorb or lose Sharia Commercial Banks The higher the CAR, the stronger the bank to buy credit risk. According to Kasmir (2014), the CAR amount of a bank can be calculated using the following formula:

$$CAR = (Modal/ ATMR) \text{ X } 100\% \qquad (4)$$

3.2 Data Analysis Technique

3.2.1 MANOVA One Way

Anova Multivariate is abbreviated to MANOVA. Another name for MANOVA is Multivariate Path Analysis. MANOVA is a statistical technique that can be used

simultaneously to explore relationships between several categories of independent variables and two or more dependent variables. MANOVA can be used if the response value or the dependent variable is greater than or equal to two. MANOVA is the development of analysis of variance (ANOVA) in which to measure the average difference for two or more dependent variables based on one or several categorical variables that act as predictors.

The basis for decision making in the MANOVA One Way test is to compare the value of F with the value of F crit (F table). If the value of F (F arithmetic)> F crit (F table) then H0 is rejected or there is a difference. If the value of F (F arithmetic) <F crit (F table) then H0 is accepted or in other words there is no difference (Santoso, 2003). The basis for decision making if based on a probability or significance value is to compare the P-value with a significance value. Because the desired level of trust is 95%, the significance level is 100-95 = 5% or 0.05. So, if the significance or probability value> 0.05 then H0 is accepted or in other words there is no difference. If the significance value or probability value <0.05 then H0 is rejected or in other words there is a difference (Santoso, 2003).

According to Santoso (2003) In testing MANOVA One Way, we also need several assumptions that must be met just like ANOVA, namely:
1. The population to be tested is normally distributed.
2. All samples are independent.
3. There is a variance of the populations to be tested.
4. The samples tested are not related to each other.

The MANOVA One Way hypothesis:
H0: There is no significant difference in BUS financial performance with the three methods of establishing Islamic banks.
H1: There is a significant difference in BUS financial performance with the three methods of establishing Islamic banks

3.2.2 Post Hoc

Post hoc test is used to examine differences in financial performance and policy establishment before and after becoming a BUS, in addition to finding out which is better. In the post hoc test if the data has the same variance as evidenced in the homogeneity variance test where the probability value> 0.05, then the post hoc test can be performed by selecting one of the options in equal variances assumed, namely LSD. If the data is proven to have a different variance as evidenced in the variance homogeneity test where the probability value <0.05, the post hoc test can still be performed by selecting one of the tests in equal variance not assumed, namely howell games (Trihendradi, 2009). If the significance level> 0.05 then there is no significant difference, whereas if the significance <0.05 then there is a significant difference. In addition, the post hoc test results table will show the * (star) symbol in the mean difference column to make it easier to indicate significant differences (Trihendradi, 2009). The positive mean difference value means that it indicates that the variable is the best (Hidayat, 2010).
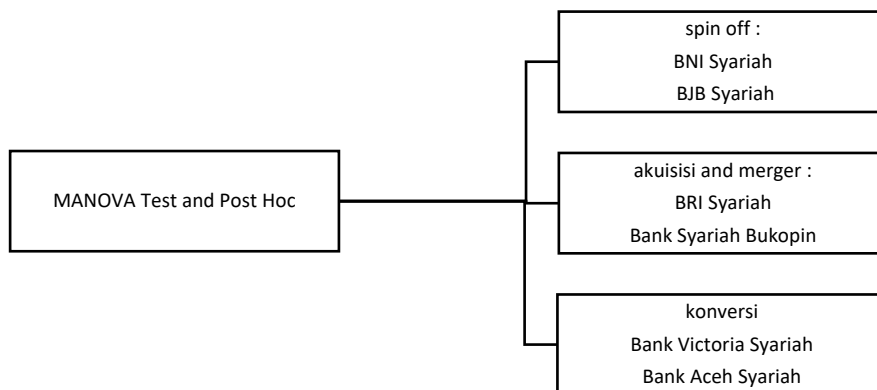
Fig. 1. Teknik Analisis Data.

4 Result and Analysis

4.1 Homogenitas Test

The MANOVA test as inferential statistics (parametric statistics) requires normal distribution of data and homogeneity of variance / covariance of dependent variable data. Homogeneity test aims to test whether the dependent variable has the same variance in each category of independent variables. The results of the MANOVA homogeneity test can be seen in Table 3 below:

Table 3. Uji Homogenitas MANOVA.

Variable	Sig.
OER	0,321
FDR	0,071
ROA	0,165
CAR	0,001

Sumber: Uji SPSS 22 (data diolah)

Sharia bank performance can be said to be homogeneous if the data meets the assumption of homogeneity with a significance value> 0.05, otherwise if the data has a significance value <0.05 then it is said that the data variants are not the same or heterogeneous. Based on the homogeneity test in Table 4.19 it can be obtained that the OER, FDR, and ROA variables have homogeneous data, because the significance level of the two banks is> 0.05.

While the CAR variable has a significance level <0.05, then the data can be said to be variable data variants in the three methods of separation are not the same. The results of the variance-covariance homogeneity test were not met, but the multivariate normality test for the above case was met. However, analysis can still be continued for MANOVA calculations using MANOVA testing decisions. So it can be concluded that

the four variables consisting of OER, FDR, ROA, and CAR can be continued by conducting a hypothesis test that is the One Way MANOVA test.

4.2 MANOVA One Way Test

MANOVA One Way is used to see the effect of predictor variables on response. MANOVA in this study is used to compare the four dependent variables of each bank grouped based on the method of establishing Islamic banks. After analysis, the results of the One Way MANOVA table are obtained as follows:

Table 4. Uji MANOVA One Way.

Tests of Between-Subjects Effects						
Source	Dependent Variable	Type III Sum of Squares	Df	Mean Square	F	Sig.
Corrected Model	OER	27809.471[a]	2	13904.735	131.716	.015
	FDR	3224.462[b]	2	1612.231	4.806	.019
	ROA	86.775[c]	2	43.388	5.263	.014
	CAR	6176.829[d]	2	3088.415	23.448	.000
Intercept	OER	308520.586	1	308520.586	113.828	.000
	FDR	32270.830	1	32270.830	96.204	.000
	ROA	.810	1	.810	.098	.757
	CAR	30654.198	1	30654.198	232.730	.000
METODE	OER	27809.471	2	13904.735	5.130	.015
	FDR	3224.462	2	1612.231	4.806	.019
	ROA	86.775	2	43.388	5.263	.014
	CAR	6176.829	2	3088.415	23.448	000
Error	OER	56918.497	21	2710.405		
	FDR	7044.240	21	335.440		
	ROA	173.125	21	8.244		
	CAR	2766.028	21	131.716		
Total	OER	393248.553	24			
	FDR	42539.531	24			
	ROA	260.710	24			
	CAR	39597.055	24			
Corrected Total	OER	84727.968	23			
	FDR	10268.702	23			
	ROA	259.900	23			
	CAR	8942.857	23			

a. R Squared = .328 (Adjusted R Squared = .264)
b. R Squared = .314 (Adjusted R Squared = .249)
c. R Squared = .334 (Adjusted R Squared = .270)
d. R Squared = .691 (Adjusted R Squared = .661)

Based on the table above, it can be seen in the method row. Where there are four more lines, namely OER, FDR, ROA, and CAR. That explains that each row shows a different test result of one variable, namely the method of each dependent variable. From the results above, it can be seen in the Sig. (significant if the Sig. value <0.05), the first variable, OER, indicates a significance level of 0.015. These results indicate a significance level of less than 0.05 which means the initial hypothesis was rejected, which indicates a significant difference between the three policies establishing Islamic banks after becoming a BUS.

The second variable, FDR, shows a significance level of 0.019. These results indicate a significance level of less than 0.05 which means the initial hypothesis was rejected, which indicates a significant difference between the three policies establishing Islamic banks after becoming a BUS. The third variable, ROA, shows a significance level of 0.014. These results indicate a significance level of less than 0.05 which means the initial hypothesis was rejected, which indicates a significant difference between the three policies establishing Islamic banks after becoming a BUS.

The last variable, CAR, shows a significance level of 0,000. These results indicate a significance level of less than 0.05 which means the initial hypothesis was rejected, which indicates a significant difference between the three policies establishing Islamic banks after becoming a BUS. The conclusion of the MANOVA One Way test conducted on the four variables taken into account in Islamic banks after becoming a BUS in this study shows that all variables have significant differences in the three policies establishing Islamic banks.

4.3 Post Hoc Test

Once it is known that there are differences between the three policies, a post hoc test will then be performed to find out which variables are different. Post hoc test results can be seen in the following table.

It is known from the table below that the variance of the OER, FDR, and ROA variables are the same, so the post hoc test used is the LSD test. For CAR variables use the games-howell test. It is said that there are differences in the performance variables of Islamic banks, which are based on the policy of establishing Islamic banks if they have a star sign (*) and have a significance <0.05. The best method is shown with a positive mean difference (Hidayat, 2010).

In this study, for the difference in the OER variable, there is a significant difference in the acquisition-merger method with the conversion method with a significant value of 0.005 and has a mean different 82.2688, so it can be concluded that the OER on the acquisition-merger is higher than the conversion.

Table 5. Post Hoc Result.

Dependent Variable	(I) METODE	(J) METODE	Mean Difference(IJ)	Std. Error	Sig
Multiple Comparisons					
OER	Spin Off	Akuisisi dan Merger	-29.3800	26.03077	.272
		Konversi	52.8887	26.03077	.055
	Akuisisi dan Merger	Spin Off	29.3800	26.03077	.272
		Konversi	82.2688*	26.03077	.005
	Konversi	Spin Off	-52.8887	26.03077	.055
		Akuisisi dan Merger	-82.2688*	26.03077	.005
FDR	Spin Off	Akuisisi dan Merger	-16.8964	9.15751	.079
		Konversi	-28.2085*	9.15751	.006
	Akuisisi dan Merger	Spin Off	16.8964	9.15751	.079
		Konversi	-11.3121	9.15751	.230
	Konversi	Spin Off	28.2085*	9.15751	.006
		Akuisisi dan Merger	11.3121	9.15751	.230
ROA	Spin Off	Akuisisi dan Merger	.9812	1.43562	.502
		Konversi	-3.4525*	1.43562	.025
	Akuisisi dan Merger	Spin Off	-.9812	1.43562	.502
		Konversi	-4.4338*	1.43562	.006
	Konversi	Spin Off	3.4525*	1.43562	.025
		Akuisisi dan Merger	4.4338*	1.43562	.006
CAR	Spin Off	Akuisisi dan Merger	-23.7763*	5.73837	.000
		Konversi	15.2075*	5.73837	.015
	Akuisisi dan Merger	Spin Off	23.7763*	5.73837	.000
		Konversi	38.9838*	5.73837	.000
	Konversi	Spin Off	-15.2075*	5.73837	.015
		Akuisisi dan Merger	-38.9838*	5.73837	.000

Sumber: Hasil SPSS 22 (data diolah)

Furthermore, for the difference in the FDR variable, there is a difference in the pure spin off method with the conversion method because it has a significance <0.05 or equal to 0.006. Between pure spin off and conversion methods have a mean difference of 28,2085. This shows that the FDR with the conversion method is higher than the pure spin off method.

ROA variable differences are found in all separation methods. Pertaman there is a difference in the conversion method with the pure spin off method, with a significance of 0.025 and a mean different of 3.4525. Based on the mean difference between conversion and pure spin off, the conversion ROA is higher than pure spin off. Secondly there are differences in the conversion method with the acquisition-merger method with a significance of 0.006 and mean different 4.4338. Based on the mean different number between conversion and merger acquisition, the conversion ROA is higher than merger acquisition. Meanwhile between merger-acquisition and pure spin-off is not significant. Based on post hoc analysis data, the conversion method has the highest ROA.

For differences in CAR variables, there are differences in all separation methods, with significance <0.05 and positive. First, between pure spin off and conversion with a significance value of 0.015 and mean different 15.2075. This means that the CAR on the pure spin off method has a higher CAR than Conversion. Second, the acquisition and merger method with pure spin off has a significance of 0,000 and a mean different of 23.7763, meaning that the CAR on the acquisition and merger method is higher than

pure spin off. Third, the method of acquisition and merger with conversion has a significance of 0,000 and a mean different of 39.9838, meaning that the CAR on the acquisition and merger method is higher than conversion. If the three methods are sorted, the highest CAR is acquisition and merger, then CAR with pure spin off method and the last CAR is the conversion method.

The conclusion of the post hoc test conducted on the four variables taken into account in Islamic banks after becoming a BUS in this study shows that:

1. OER acquisition and mergers are the highest compared to conversions

2. FDR conversion is higher than pure spin off

3. ROA conversion method is higher than merger acquisition and pure ROA

4. The highest CAR is acquisition and merger, then CAR with pure spin-off method and finally CAR on the conversion method.

5   Analysis

Based on the results of the MANOVA One Way test of Operational Income Operational Costs (OER), Financing to Deposit Ratio (FDR), Return on Assets (ROA), Capital Adequacy Ratio (CAR) of Islamic banks after becoming BUS, there are significant differences between the three establishment policies Islamic Bank.

Judging from the results of the post hoc test, the OER variable on the acquisition and merger methods has a higher OER than the conversion. OER is a reflection of efficiency ratio, the higher the OER, the more inefficient the company shows. A high OER indicates inefficiency between operating costs and revenue. Based on the financial statements 1 year after becoming a Sharia OER Commercial Bank, acquisition and mergers are the highest compared to conversions. Inefficient OER could be due to the Bukopin Syariah NPF increasing in the first year after becoming a BUS and added to a fall in return. Declining returns could be due to bad financing, according to Indrajaya, (2019) the accumulation of non-performing financing in economic activities financed by banks may cause problems for the continuity of bank operations, which if it exceeds certain limits has the potential to stop bank activities.

Whereas Islamic banks with conversion methods (Bank Victoria Syariah and Bank Aceh Syariah) have the most efficient OER compared to others. At Bank Victoria Syariah and Bank Aceh Syariah, in one year there was an increase in return so that the efficiency ratio could be reduced by 1 year after becoming a Sharia Commercial Bank.

Table 6. Islamic Bank Efficiency Average.

No.	Sample	Spin-off method	OER Ratio
1	BNI Syariah	Murni spin off	87.03
2	BJB Syariah	Murni spin off	86.51
		Rata-rata	86.77
3	BRI Syariah	*Akuisisi-merger*	90.095
4	Bank Syariah Bukopin	*Akuisisi-merger*	112.503
		Rata-rata	101.229
5	Bank Victoria Syariah	Konversi	86.64
6	Bank Aceh Syariah	Konversi	83.3525
		Rata-rata	84.9963

Whereas the FDR variable conversion method is higher than the pure spin off method, in other words the pure spin off method has a smaller spin off.

Table 7. Sharia Bank Liquidity Average.

No.	Sample	Spin-off method	FDR Ratio
1	BNI Syariah	Murni spin off	14,7558
2	BJB Syariah	Murni spin off	34.6622
		Rata-rata	24.7009
3	BRI Syariah	*Akuisisi-merger*	36.5119
4	Bank Syariah Bukopin	*Akuisisi-merger*	13.2717
		Rata-rata	24.8918
5	Bank Victoria Syariah	Konversi	2.0951
6	Bank Aceh Syariah	Konversi	76.1125
		Rata-rata	39.1038

FDR is a reflection of bank liquidity, the conversion method has the highest FDR on average compared to pure spin-off, meaning that Islamic banks which through conversion tend to provide more financing than Islamic banks with other methods. However, in the conversion method Bank Victoria Syariah has the lowest FDR, while Bank Aceh Syariah has the highest FDR.

At Bank Victoria Syariah can be said to have the best liquidity due to low FDR, the financing data of Bank Victoria Syariah decreased within 6 months after the spin off, this could be due to the process of adjusting contracts and contracts. This conversion method converts conventional banks to sharia banks directly so that contract and contract adjustments are needed to be in accordance with sharia. Aside from low financing, depositors of Bank Victoria Syariah continue to increase, this also triggers the liquidity of Bank Victoria Syariah in the worst position.

Bank Aceh Syariah has the lowest liquidity among others. Funding in the sharia scheme has actually begun since 2004. After the conversion, the liquidity of Bank Aceh Syariah did not experience significant changes and changes in the contract and contract of the Bank did not experience many difficulties because Bank Aceh had sharia branch offices (not UUS) before the change. FDR also tends to be stable and does not experience liquidity problems, when viewed from the NPF it tends to go down and ROA also increases.

The greater the financing provided, the more benefits will be obtained. Based on various results obtained, it shows that the policy of establishing a bank to become a Sharia Commercial Bank (BUS) is one of the business strategies that can be taken to develop the sharia banking industry. If based on Post hoc test data and average data, the one with the highest ROA is the conversion method. Bank Aceh Syariah which tends to have a stable and increasing ROA. Bank Victoria Syariah also has an ROA which shows the increase after becoming a Sharia Bank. In the BRIS after Spin off BRIS decreased ROA. While what happened at Bukopin Syariah Bank, ROA has increased every 3 months but runs very slowly, so that within 1 year after the spin off it has only shown positive ROA before 3 months in a row having negative ROA.

CAR is a ratio that reflects the ratio of capital adequacy in providing funds used to overcome the possibility of risk. The highest CAR is acquisition and merger, then CAR

with pure spin-off method and finally CAR on the conversion method. In the CAR ratio, the Post hoc test results show that there are significant differences between all methods of separation of Islamic banks and of the three methods, the acquisition and merger have the most different CARs. Islamic banks resulting from the acquisition and merger experience a very striking difference because in the merger process, if the assets being merged are assets that are not good then it will add to the burden of risk-weighted assets according to risk. But it could also be considered better because after becoming a BUS, Islamic banks get a large injection of funds from their parent bank. Then from the merger process there is a merging of capital between merged banks.

However, this separation policy is not the final goal of the development of the Islamic banking industry, many things need to be prepared related to the separation of Islamic business units to become Islamic banks. According to Tubke (2004) there are several factors that influence the process of establishing an Islamic bank. First, factors related to business activities. In this factor, related to company size and business sector differences between the parent company and its subsidiary companies. Second, factors related to the organization and management of the company. Third, factors related to relationships and support. There are three patterns of relationships that might be created between a parent company and a subsidiary that makes a separation, namely market-relatedness, product-relatedness, and technology-relatedness. Fourth, the transfer factor or transfer in the form of transfer of experience from the parent company to its subsidiary companies. Fifth, factors related to motivation. Finally, factors related to the business environment.

6 Conclusion

The core objective of this study is to empirically examine whether there is a significant difference among three establishment methods of Islamic banks, namely acquisition and merger method, conversion method and pure spin-off method. Afterwards, this study seeks to test which establishment method that gives the best financial performance of Islamic banks. This study uses the sample of all 6 spin-off Islamicbanks in Indonesia for the period of one year after spin off.

This study found that the conversion method is superior in efficiency, liquidity and profit compared to other methods. As for the solvency capability of the acquisition and merger method, the highest position. From the findings of this study, it can be seen how the differences in the performance of Islamic banks of the three Islamic banking establishment policies. In addition, it is hoped that this research can provide information and considerations before implementing the Islamic banking establishment policy. In addition, without changing the theme of this study, it is recommended that future studies be able to use more samples and use different methods. So it can be known to increase the validity of the results of the study.

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