ANALYSIS OF THE COMPARISON OF BANK FINANCIAL PERFORMANCE BEFORE AND AFTER THE MERGER ON COMPANY VALUE (CASE STUDY ON BANK BSI AND BANK ISLAM MALAYSIA BERHAD)

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Abstract

This study aims to analyze the comparison of the financial performance of Bank Syariah Indonesia (BSI) and Bank Islam Malaysia Berhad (BIMB) before and after the merger, using the financial variables Return on Asset (ROA), Return on Equity (ROE), Financing to Deposit Ratio (FDR), Operating Costs to Operating Income, Non-Performing Financing (NPF), and Earning Per Share (EPS). This research uses a quantitative-comparative approach with data analyzed through descriptive statistical tests, classical assumption tests, and hypothesis tests. The results showed that the merger had a significant impact on the financial performance of both banks, although the effect varied depending on each variable and country context. In general, the merger improved operational efficiency and competitiveness, especially for BSI, which showed significant operational efficiency and scale improvements. However, there were some variables for which the results were not significant for Bank Islam Malaysia Berhad, indicating the different internal and external factors that influenced the merger outcome.

Keywords: Merger, Islamic Banking, ROA, ROE, FDR, BOPO, NPF, EPS

INTRODUCTION

In the era of accelerating economic globalization, companies around the world seek to improve competitiveness, achieve sustainable growth, and expand the scale of operations, often through mergers and acquisitions. A merger is the integration of two business entities, while an acquisition involves the takeover of ownership control by one company over another (Singh, 2014). From a financial perspective, mergers and acquisitions are long-term investment decisions that must be analyzed for feasibility, while from a strategic management perspective, they are external growth strategies to create competitive advantage and increase firm value. In Indonesia, the trend of mergers and acquisitions continues to increase, particularly in 2021 and 2022 in the banking, technology, and infrastructure sectors, in response to economic changes and crises, thus creating new dynamics in the "corporate control" market (Aji, 2010).

The number of companies conducting mergers and acquisitions in Indonesia varies, with a decline from 120 in 2019 to 100 in 2020 due to global economic instability, followed by a significant increase to 140 in 2021 before declining again in 2022 and 2023 to 130 and 110 companies respectively. In Asia, merger and acquisition activity shows higher volumes, with 400-550 deals per year, while the Americas record 580-620 per year, driven by the technology and energy sectors. Mergers are not only a tactical move but also a strategy for operational efficiency, technology access, and new markets, despite facing complex challenges, such as the integration of cultures, technology systems, and business processes, which affect company performance and overall market dynamics (Fitriasari, 2016).

Mergers in the conventional banking sector aim to improve operational efficiency, expand market share, and create larger entities to reduce costs and increase competitiveness (Rakhmawati & Suherman, 2020). Meanwhile, in Islamic banking, mergers are carried out in compliance with Sharia principles, such as the prohibition of usury and gharar, in accordance with financial regulations and fatwas of the National Sharia Council (DSN). These mergers strengthen market position, increase financial inclusion, and encourage the development of a sharia-based economy. Post-merger financial performance is often evaluated through variables such as ROA, ROE, FDR, EPS, Operating Expenses to Operating Income, and NPF. NPF is an important indicator in Islamic banking as it reflects the quality

of risky financing and the effectiveness of risk management. Analysis of these variables provides a comprehensive insight into the impact of a merger on a bank's profitability, efficiency, risk, and competitiveness while helping to assess its sustainability and growth amidst industry competition.

Indicator Scores Breakdown for Top 15 Ranking Countries

		GIEI	Islamic Finance	Halal Food	Muslim-Friendly Travel	Modest Fashion	Media and Recreation	Pharmaceuticals and Cosmetics
1	Malaysia	193.2	408.7	128.0	99.4	73.6	74.4	73.9
2	Saudi Arabia	93.6	194.9	48.5	99.7	34.3	37.5	34.3
3	Indonesia	80.1	93.2	94.4	60.7	66.3	52.4	58.6
4	United Arab Emirates	79.8	115.7	59.2	136.2	51.3	44.5	41.3
5	Bahrain	75.0	125.1	55.0	88.1	33.4	49.6	38.5
6	Iran	74.6	159.8	41.2	65.7	20.5	24.2	33.1
7	Türkiye	74.0	46.1	85.1	161.8	86.2	46.0	52.6
8	Singapore	62.7	52.2	67.7	50.3	64.3	72.6	79.9
9	Kuwait	60.2	123.6	42.2	28.7	20.0	26.8	29.2
10	Qatar	57.1	74.4	49.7	60.4	37.4	63.3	37.2
11	Jordan	52.2	65.6	49.4	88.3	22.1	26.3	39.9
12	Oman	50.0	78.7	48.3	48.0	20.1	24.4	26.3
13	Pakistan	47.5	69.6	51.4	38.4	27.5	17.2	28.6
14	South Africa	44.7	51.1	53.8	25.3	32.4	31.9	43.2
14	United Kingdom	44.7	46.0	43.7	28.1	47.7	54.4	48.2

Figure 1
TOP 15 ranking of Countries with Islamic Economy

The State of the Global Islamic Economy Report (SGIER), released by Dinar Standard with Salaam Gateway and supported by Dubai Economy and Tourism, highlights the ranking of countries based on their performance in the Islamic economy sector. Based on the report, Malaysia ranked first with a total Global Islamic Economy Indicator (GIEI) score of 193.2, particularly excelling in the Islamic Finance sector with a score of 408.7. Meanwhile, Indonesia is ranked third with a GIEI of 80.1, prominent in the Halal Food (94.4) and Islamic Finance (93.2) sectors.

Islamic banking offers a financial system that complies with Islamic principles, avoiding usury, gharar, and haram activities. It emphasizes fairness, transparency, and equitable risk sharing between banks and customers through products such as mudharabah and murabahah. In addition, Islamic banking contributes to the welfare of society by supporting MSMEs through productive financing. The underlying asset-based transaction structure reduces speculation risk and ensures financial stability. With support from the government, Islamic banking is growing, offering financial inclusion to the Muslim community and strengthening its position in the global market. Based on the problems

described previously, and after the researcher determines the object of this research, the researcher is thus interested in conducting this research.

REVIEW OF LITERATURE

The results showed a significant role of financial variables such as ROA, ROE, FDR, Operating Costs to Operating Income, and NPF in company performance, especially in the banking sector. Sukmawati & Garsela, (2016) revealed that an increase in ROA can increase stock prices, while an increase in ROE reduces stock prices. Together, these two variables play a role in explaining variations in stock prices. Sari, (2021) supports these findings by showing that ROA and ROE contribute to an increase in EPS, which reflects good financial performance and attracts investor interest. In contrast, Nugroho et al., (2024) note that a decline in ROA and ROE can create market uncertainty, affect investor perceptions, and lower EPS. A decline in these two ratios often indicates management or operational issues that may affect profitability and dividend payments to shareholders.

The FDR variable, which measures the ratio of financing to third-party funds, also shows mixed results. Anggraini, (2020) stated that good FDR management can increase bank profitability and EPS. However, Hakiim & Rafsanjani, (2016) showed that too high FDR can increase liquidity risk, especially if the financing provided exceeds the bank's ability to meet short-term obligations. The negative impact of FDR on EPS is also confirmed by (Azizah, 2024), which states that the potential of FDR in increasing profitability is not always realized in increasing EPS.

Operating Expenses to Operating Income, which reflects operational efficiency, is also an important variable. Murti, (2020) found that efficient management of Operating Costs to Operating Income can increase EPS, with each one-unit increase in Operating Costs to Operating Income having a positive impact on net income. However, other studies such as Duffin, (2024) and Tarigant et al., (2022) show that high Operating Costs to Operating Income can have a negative impact on firm value and EPS, due to increased operating costs that are not offset by operating income. Tarigant et al., (2022) also mentioned that an increase in Operating Expenses to Operating Income tends to reduce net income available to shareholders.

NPF, as an indicator of credit risk, has a more complex influence. Research by Lora Lorenza & Saiful Anwar, (2021) shows that NPF can strengthen the effect of FDR on ROE, although other studies such as Iswandi et al., (2022) and Fadilah et al., (2023) found that NPF is not significant in moderating the relationship between FDR and EPS. In some cases, such as research by Yunitasari & Setiawan, (2023), NPF can even weaken the negative impact of Operating Costs on Operating Income on ROA. However, if not managed properly, high NPF can reduce the effectiveness of the bank's capital utilization, suppress profitability, and pose additional risks to the bank.

Overall, these variables play an important role in determining a firm's financial performance. Proper management of ROA, ROE, FDR, Operating Expenses to Operating Income, and NPF affects not only profitability, but also investment attractiveness, market stability, and corporate sustainability. An in-depth analysis of the relationships between these variables can help management understand the challenges and opportunities to improve financial performance and deal with competitive market dynamics.

RESEARCH METHOD

The research conducted is quantitative. Is research that uses numbers, both directly from research data and after the data is processed through statistical analysis, this research is known as quantitative research. According to the philosophical view of positivism, quantitative research methods can be applied to investigate detailed information about a particular population or sample. Usually, samples are taken randomly, data are collected through research instruments, and data analysis is carried out statistically with the aim of testing previously formulated hypotheses.

This study uses a comparative approach. A comparative approach is an approach that examines the existence of one or more variables with two or more different samples, and from one object to another. Using a predetermined framework, this research examines the similarities and differences between two or more facts and characteristics of the object under study. Using comparative methodology, this study examines the financial performance of three banking companies from three different countries before and after the merger.

Population is the overall object of research that has certain characteristics in accordance with the research objectives. In this case, the population of this study is Islamic banks in OIC (Organization of Islamic Cooperation) countries that have merged with an unknown population.

The sample is part of the population taken for analysis. The samples in this study are Bank Syariah Indonesia (BSI) and Bank Islam Malaysia Berhad. These samples were chosen because of their relevance to the topic under study, namely mergers at Islamic banks in OIC countries that merged in 2021.

Sample, 2 banks that became case studies in this research, namely:

a. Bank Syariah Indonesia (BSI) (merger of Islamic banks in Indonesia)

   Bank Syariah Indonesia (BSI) was build in 2021 as a result of the merger of the three largest Islamic banks in Indonesia, namely Bank Syariah Mandiri, BNI Syariah, and BRI Syariah. This merger is part of the Indonesian government's initiative to strengthen the national Islamic banking industry and create a globally competitive Islamic bank. With this merger, BSI becomes the largest Islamic bank in Indonesia and ranks among the top 10 largest Islamic banks in the world based on total assets. The main objective of this merger is to increase efficiency, operational scale, and ability to compete regionally and globally, as well as to strengthen the Islamic financial ecosystem in Indonesia.

b. Bank Islam Malaysia Berhad (merger of Islamic banks in Malaysia)

   Bank Islam Malaysia Berhad (BIMB) undertook a major restructuring involving a merger with its parent company, BIMB Holdings Berhad, in 2021. The merger was undertaken to simplify the ownership structure and improve operational efficiency. Through this merger, BIMB will become a financially stronger entity and more focused in developing its Islamic banking business. The merger process is also part of the effort to maximize shareholder returns and enhance Bank Islam's competitiveness as one of the leading Islamic banks in Malaysia. BIMB is now more solidly positioned to expand in the Islamic finance market, with stronger capital and greater growth potential.

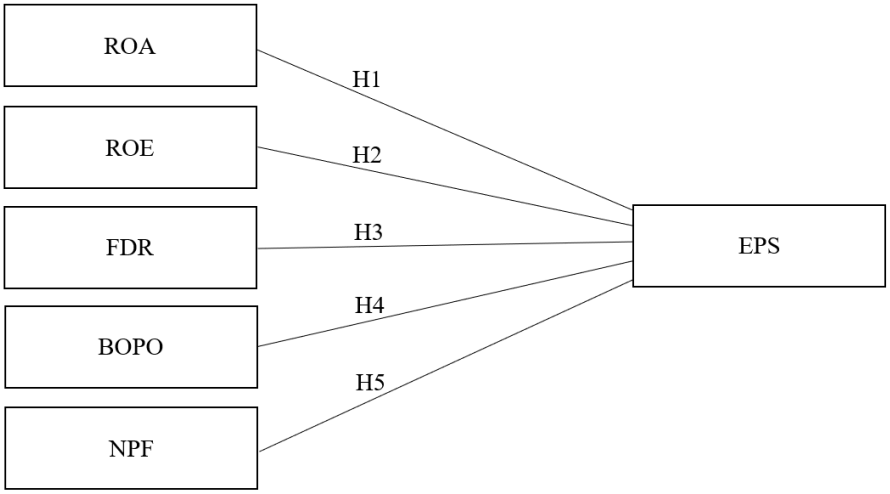

Figure 2
Conceptual Framework

RESULTS AND DISCUSSION

Descriptive Statistics

The variables used in this study to measure financial performance are Return On Asset (ROA), Return On Equity (ROE), Financing to Deposit Ratio (FDR), Cost of Income to Operating Income (BOPO), Non-Performing Financing, and Earning Per Share (EPS). Descriptive statistics in this study are used to provide information about the variables in the study including mean, standard deviation, maximum value, and minimum value.

Bank Syariah Indonesia

Table 1
Descriptive Statistics

Variable	Mean	Maksimum	Minimum	Std Deviation
ROA	0.9790	2.3500	0.8000	0.7552
ROE	7.4660	16.880	0.4400	6.1755
FDR	80.244	93.900	71.870	6.2043
BOPO	89.067	99.470	71.270	9.6746
NPF	2.7560	4.9700	0.5500	1.6864
EPS	43.502	123.64	2.2234	40.258

Source: data processing EViews 12

The mean value illustrates the average level of financial performance of the companies analyzed. The average ROA (X1) of 0.979 indicates that in general, the return on

assets generated by the company is only 0.98%, which is relatively small, but still indicates profitability. In the ROE variable (X2), the average of 7.466% indicates that the company can generate a return of 7.47% on shareholders' equity. The average FDR (X3) is 80.244%, which indicates that most of the third-party funds have been allocated to financing, close to the ideal standard of the Islamic finance industry (70%-80%). Meanwhile, the average Operating Expenses to Operating Income (X4) of 89.067% shows that the company's operating expenses are quite large, close to the 90% threshold, which indicates low operational efficiency. For the NPF variable (X5), the average of 2.756% indicates the level of non-performing financing that is still in the moderate category. While the average EPS (Y) of 43.502 reflects the company's relatively good earnings per share in this context.

The maximum and minimum ranges illustrate the variation in performance between companies. ROA (X1) ranges from 0.08 to 2.35, indicating companies with very low to relatively high levels of profitability. For ROE (X2), the range is from 1.44% to 16.88%, indicating a significant difference in return on equity between companies. FDR (X3) has a minimum value of 71.87% and a maximum of 93.90%, reflecting most companies are within a reasonable range for financing to deposits. The Operating Cost to Operating Income variable (X4) shows a range of 71.27% to 99.47%, indicating the efficiency of operating costs varies significantly. NPF (X5) has a range of 0.56% to 4.97%, indicating there are companies with very low to quite high non-performing financing. EPS (Y) has a very large range, from 28.26 to 123.65, indicating the presence of companies with very high earnings per share, possibly due to exceptional performance or outliers.

Standard deviation illustrates the level of variation or spread of data. ROA (X1) has a standard deviation of 0.755, indicating a moderate level of variation between companies in terms of asset profitability. ROE (X2) has a higher standard deviation of 6.176, indicating significant variation in return on equity between firms, suggesting large differences in financial strategy or efficiency. FDR (X3) has a standard deviation of 6.204, indicating moderate variation in financing to third-party funds. Operating Expenses to Operating Income (X4) has a standard deviation of 9,674, reflecting large differences in operating cost efficiency, where some companies are highly efficient while others are not. NPF (X5) has a standard deviation of 1,686, indicating the level of non-performing financing is quite

variable. Meanwhile, EPS (Y) has a very large standard deviation of 40,258, indicating that there are large fluctuations in earnings per share between companies, with the possibility of outliers or companies with exceptional performance.

Bank Malaysia Islam Berhad

Table 2

Descriptive Statistics

Variable	Mean	Maksimum	Minimum	Std Deviation
ROA	1.1500	1.4300	0.8000	0.2302
ROE	14.581	18.400	10.500	3.0088
FDR	78.206	81.410	72.580	2.2635
BOPO	45.611	57.260	32.330	9.2877
NPF	0.9470	1.2700	0.6700	0.1610
EPS	24.313	35.640	21.870	4.1358

Source: Data Processing EViews 12

The average value indicates the general performance of each variable. The average Return on Assets (ROA) (X1) was 1.15, indicating that the average net profit on total assets of the companies in the study period was at the level of 1.15%. For Return on Equity (ROE) (X2), the average was 14.58%, indicating a fairly high return on shareholders' equity. Meanwhile, the financing-to-deposit ratio (FDR) (X3) has an average of 78.21%, indicating that the average financing provided by the company is around 78% of the total third-party funds available. The Operating Cost to Operating Income variable (X4) has an average of 45.61%, which reflects the efficiency of operating costs to operating income is quite good. The average value of NPF (Non-Performing Financing) (X5) of 0.95% indicates a low level of non-performing financing. For the Earning Per Share (EPS) (Y) variable, the average is 24.31, which indicates relatively good net income per share. The maximum and minimum values illustrate the range of data.

For ROA (X1), values range from 0.80% to 1.43%, indicating relatively little variation between companies. ROE (X2) has a larger range, from 10.50% to 18.40%, indicating there are companies with much higher returns on equity than others.FDR (X3) ranges from 72.58% to 81.41%, indicating that financing of third-party funds is fairly

uniform between companies. The variable Operating Expenses to Operating Income (X4) has a value between 32.33% to 57.26%, indicating a significant difference in operational efficiency between companies. For NPF (X5), the value ranges from 0.67% to 1.27%, indicating a low level of non-performing financing. As for EPS (Y), the range of values is quite large, from 21.87 to 35.64, reflecting the presence of companies with earnings per share performance that is far superior to others.

Classical Assumption Test

Normality Test

The normality test is whether the empirical data obtained from the field is in accordance with a certain theoretical distribution (Haniah, 2013). In other words, whether the data obtained comes from a normally distributed population. Data processing is done in Eviews and the results will display a histogram of residuals and Jarque-Bera statistical values and probabilities (p-value).

Table 3
Normality Test

Bank	Jarque-Bera	Probability	Description
Bank Syariah Indonesia	0.62118	0.73301	Normal Distribution (p-value >0.05)
Bank Malaysia Islam Berhad	0.90285	0.63671	Normal Distribution (p-value >0.05)

Source: Data Processing EViews 12

The Jarque-bera value of Bank Syariah Indonesia is 0.62118 with a probability value of 0.73301 (> 0.05) while Bank Malaysia Islam Berhad has a Jarque-bera value of 0.90285 with a probability value of 0.63671 (> 0.05). So it can be concluded that the data is normally distributed or passes normality.

Multicollinearity Test

The multicollinearity test method is by looking at the tolerance and Inflation Factor (VIF) values in the regression model, if the VIF value is <10, it can be concluded that a regression model is free from multicollinearity. The multicollinearity test aims to ensure that there is no correlation between the independent variables in the regression model (Ghozali, 2016).

Bank Syariah Indonesia

Table 4
Multicollinearity Test

Variable	VIF Score	Description
ROA	6.1536	Multicollinearity Free
ROE	2.5309	Multicollinearity Free
FDR	1.3129	Multicollinearity Free
BOPO	5.7987	Multicollinearity Free
NPF	6.4508	Multicollinearity Free

Source: Data Processing EViews 12

Bank Islam Malaysia Berhad

Table 5
Multicollinearity Test

Variable	VIF Score	Description
ROA	5.3711	Multicollinearity Free
ROE	6.4985	Multicollinearity Free
FDR	2.0187	Multicollinearity Free
BOPO	2.0607	Multicollinearity Free
NPF	2.1033	Multicollinearity Free

Source: Data Processing EViews 12

From the multicollinearity test results, it can be concluded that the VIF values of the two banks and all independent variables are <10, so it can be concluded that the multicollinearity test has been fulfilled or free of multicollinearity.

Heteroscedasticity Test

This heteroscedasticity test aims to test whether in regression there is an inequality of variance and residuals of one observation to another.

Table 6
Heteroscedasticity Test

Bank	Prob Obs*R Square	Description
Bank Syariah Indonesia	0.1533	No heteroscedasticity
Bank Islam Malaysia Berhad	0.9435	No heteroscedasticity

Source: Data Processing EViews 12

Based on the heteroscedasticity test results from the Probability Obs*R Squared value of Bank Syariah Indonesia which is 0.1533 (>0.05), and Bank Islam Malaysia Berhad which is 0.9435 (>0.05) both show the results that there is no heteroscedasticity in both banks. This shows that the regression model in this study meets the basic assumptions of homoscedasticity, which means that the results of the analysis are more reliable, efficient, and valid to interpret.

Autocorrelation Test

The autocorrelation test is a test in regression analysis to detect a correlation between residuals or prediction errors in one observation and residuals in other adjacent observations in sequence. The goal is to test whether, in the regression model, there is a correlation between confounding errors in period t and confounders in period t-1 (before the data is sorted in order of time). A good regression model is free from autocorrelation.

Table 7
Autocorrelation Test

Bank	Prob Obs*R Square	Description
Bank Syariah Indonesia	0.0788	Passed the autocorrelation test
Bank Islam Malaysia Berhad	0.1049	Passed the autocorrelation test

Source: Data Processing EViews 12

Based on the results of the LM test autocorrelation test of the two banks, the entire model shows indications of negative autocorrelation. It is known that the Probability Obs*R Squared value of Bank Syariah Indonesia is 0.0788 (>0.05) and Bank Islam Malaysia Berhad is 0.1049 (> 0.05), so it can be concluded that the autocorrelation test assumption has been met or the data has passed the autocorrelation test.

Hypothesis Test

Determination Coefficient Test

The Coefficient of Determination (R2) is a coefficient used to see how much the independent variable (raw materials, labor, and machinery) can explain the dependent variable (production). The recapitulation of the test results of the coefficient of determination can be seen in the following table.

Table 8
Determination Coefficient Test

Bank	Adjusted R-Squared
Bank Syariah Indonesia	0.5622
Bank Malaysia Islam Berhad	0.7882

Source: Data Processing EViews 12

It is known that the Adjusted R-squared value of Bank Syariah Indonesia is 0.5622, it concludes that the contribution of the influence of the independent variables to the dependent variable simultaneously (simultaneously) is 56.22%, and the remaining 43.78% is influenced by other variables outside this study. While the Adjusted R-Squared value at Bank Malaysia Islam Berhad is 0.7882, it can be concluded that the contribution of the influence of the independent variables to the dependent variable simultaneously (simultaneously) is 78.82%, and the remaining 21.18% is influenced by other variables outside the study.

T-Test

In this study, the partial test (t-test) was applied to measure whether each independent variable has a positive and significant effect on the dependent variable, namely Y partially. According to Priyastama, (2017), the t-test can be applied to test the effect of the independent variable on the dependent variable partially. As well as determining the hypothesis test for each variable separately. The partial test results in this study are explained as follows.

Bank Syariah Indonesia

Table 9
T-Test Result

Variable	t-Statistic	Prob.	Description
X1	-5.5965	0.0113	H_0 rejected, H_a accepted
X2	14.986	0.0006	H_0 rejected, H_a accepted
X3	-3.4330	0.0414	H_0 rejected, H_a accepted
X4	-3.3572	0.0438	H_0 rejected, H_a accepted
X5	5.6028	0.0112	H_0 rejected, H_a accepted
Merger	-6.3367	0.0079	H_0 rejected, H_a accepted

Source: Data Processing EViews 12

1) The x1 variable (ROA) has a t-statistic value of -5.5965, with a prob (significance) value of 0.0113 (<0.05), it can be concluded that the ROA variable has a significant effect on the EPS variable.
2) The x2 variable (ROE) has a t-statistic value of 14.9869, with a prob (significance) value

of 0.0006 (<0.05), it can be concluded that the ROE variable has a significant effect on the EPS variable.

3) Variable x3 (FDR) has a t-statistic value of -3.4330, with a prob (significance) value of 0.0414 (<0.05), it can be concluded that the FDR variable has a significant effect on the EPS variable.
4) Variable x4 (Operating Cost to Operating Income) has a t-Statistic value of -3.3572, with a prob (significance) value of 0.0438 (<0.05), it can be concluded that the Operating Cost to Operating Income variable has a significant effect on the EPS variable.
5) Variable x5 (NPF) has a t-statistic value of 5.6028, with a prob (significance) value of 0.0112 (<0.05), it can be concluded that the NPF variable has a significant effect on the EPS variable.
6) The dummy variable (merger) has a t-statistic value of -6.3367, with a prob (significance) value of 0.0079 (<0.05), it can be concluded that the merger has a significant effect on firm value.

Bank Malaysia Islam Berhad

Table 10
T-test Result

Variable	t-Statistic	Prob.	Description
X1	-2.5792	0.0818	H_0 accepted, H_a rejected
X2	5.1304	0.0143	H_0 rejected, H_a accepted
X3	1.5123	0.2277	H_0 accepted, H_a rejected
X4	-1.3051	0.2829	H_0 accepted, H_a rejected
X5	-1.8412	0.1628	H_0 accepted, H_a rejected
Merger	0.9389	0.4170	H_0 accepted, H_a rejected

Source: Data Processing EViews 12

1) The x1 variable (ROA) has a t-statistic value of -2.5792, with a prob (significance) value of 0.0818 (>0.05), it can be concluded that the ROA variable has no significant effect on the EPS variable.
2) The x2 variable (ROE) has a t-statistic value of 5.1304, with a prob (significance) value of 0.0143 (<0.05), it can be concluded that the ROE variable has a significant effect on the EPS variable.
3) Variable x3 (FDR) has a t-statistic value of 1.5123, with a prob (significance) value of

0.2277 (>0.05), it can be concluded that the FDR variable has no significant effect on the EPS variable.

4) Variable x4 (Operating Cost to Operating Income) has a t-Statistic value of -1.3051, with a prob (significance) value of 0.2829 (>0.05), it can be concluded that the Operating Cost to Operating Income variable has no significant effect on the EPS variable.
5) Variable x5 (NPF) has a t-statistic value of -1.8412, with a prob (significance) value of 0.1628 (>0.05), it can be concluded that the NPF variable has no significant effect on the EPS variable.
6) The dummy variable (merger) has a t-statistic value of 0.9389, with a prob (significance) value of 0.4170 (>0.05), it can be concluded that the merger has no significant effect on firm value.

CONCLUSION

The merger had a positive impact on the financial performance of Bank Syariah Indonesia and Bank Islam Malaysia Berhad, although there were significant differences in the effectiveness of financial variables between them. In Bank Syariah Indonesia, the variables ROA, ROE, and Operating Expenses to Operating Income showed a significant increase after the merger, indicating better asset management and operational efficiency. In contrast, at Bank Islam Malaysia Berhad, the effect of the merger on EPS and ROA variables was not significant, reflecting the challenges in achieving maximum efficiency post-merger. Overall, the results support that mergers can be an effective strategy to improve competitiveness and firm value, but their success is highly dependent on market conditions, internal integration, and management policies of each bank.

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