



SPIN-OFF SHARIA BANKING IN INDONESIA: CALCULATION PROJECTION AND CRITICAL STUDY REGULATION

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Abstrak:

Undang-undang Perbankan Syariah No. 21 Tahun 2008 menyebutkan bagi Bank Umum Konvensional (BUK) yang memiliki Unit Usaha Syariah (UUS) dengan nilai aset telah mencapai paling sedikit 50% dari total nilai aset bank induknya atau 15 (lima belas) tahun sejak berlakunya Undang-undang wajib menjadi Bank Umum Syariah (BUS). Dalam Roadmap Pengembangan Perbankan Syariah Tahun 2020-2025 terkait Perizinan, Pengaturan dan Pengawasan, OJK tidak menjelaskan kesiapan UUS untuk spin off dari Bank Induk Konvensional menjadi BUS. Penelitian ini bertujuan mengkritisi kebijakan pemerintah terkait perubahan UUS menjadi BUS, serta memberi masukan untuk merevisi Undang-undang Perbankan Syariah terkait perubahan UUS menjadi BUS. Penelitian ini menggunakan metodologi penelitian kuantitatif dengan pendekatan deskriptif. Hasil Penelitian menunjukkan bahwa Unit Usaha Syariah (UUS) bisa berubah menjadi Bank Umum Syariah (BUS) pada tahun 2034 bukan pada tahun 2023. Peraturan dan regulasi terkait teknis operasional persiapan transmisi pemisahan UUS menjadi BUS, perlu diperkuat kembali dan dipertegas dengan peraturan yang baru.

Kata Kunci: Peraturan; Spin off perbankan; Unit usaha syariah; Bank umum syariah

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Abstract:

Sharia Banking Law No. 21 of 2008 states that Conventional Commercial Banks (BUK) that have Sharia Business Units (UUS) with asset values have reached at least 50% of the total asset value of their parent bank or 15 (fifteen) years since the enactment of the Law are obliged to become Commercial Banks. Sharia (BUS). In the 2020-2025 Sharia Banking Development Roadmap related to Licensing, Regulation and Supervision, OJK did not explain the readiness of UUS to spin off from a Conventional Parent Bank to become a BUS. This study aims to criticize government policies regarding the change of UUS to BUS, as well as to provide input for revising the Sharia Banking Law regarding the change from UUS to BUS. This research is a quantitative research with a descriptive approach. The results showed that the Sharia Business Unit (UUS) could turn into a Sharia Commercial Bank (BUS) in 2034 instead of 2023. Regulations and regulations related to the technical operational preparation for the transmission of separation of UUS into BUS, need to be strengthened and reinforced with new regulations.

Keywords: *Regulations; Spin-offs; Sharia business units; Sharia commercial banks*

INTRODUCTION

Sharia Business Unit hence referred to as UUS is an inseparable part of Sharia Banking development history in Indonesia. Sharia Business Unit, which we will later abbreviate as UUS, was established to support the development of Sharia Banks in Indonesia, especially for Conventional Commercial Banks that have UUS. Sharia Business Unit is a work unit from the head office of a Conventional Commercial Bank that functions as the main office of an office or unit that carries out business activities based on Sharia Principles.¹ The purpose and benefit of having a Sharia Business Unit (UUS) in a conventional bank are to provide a sharia microfinance unit that is easier and more responsive to the community's needs. The existence of UUS microfinance-based is expected to be more flexible and acceptable for communities, thus supporting the micro sector in economic strengthening.²

¹ Undang-undang No. 21 Tahun 2008, "Tentang Perbankan Syariah," *Lembaran Negara RI Tahun 2008*, 2008.

² Bedjo Santoso and Ahmad Khaliq, "Islamic Microfinance Branchless Banking Model in Indonesia," *Intellectual Discourse* 24, no. Special Issue (2016): 409–33.

Indonesian Islamic banking consists of Sharia Commercial Banks (BUS), Sharia Banking Units (UUS), and Sharia Rural Banks (BPRS). Based on the data obtained as of September 2020, there are 14 BUS, 20 UUS, and 162 BPRS, which contribute to the growth of Islamic banking in Indonesia. The total assets of Islamic banking have reached Rp 575.85 trillion. The growth of Islamic banking assets grew by 14.32% (yoy) supported by the development of Financing Distributed Islamic Banking (PYD) and Third Party Funds (DPK) that each of them experienced growth by 8,68% (yoy) and 15,58% (yoy). Thus the PYD and DPK of Islamic banking reached Rp. 384.65 trillion and Rp. 460.51 trillion, respectively, in September 2020.³ In the *Roadmap* of Indonesian Islamic banking was stated that the *market share* of Sharia Banking in 2015 was 4.87%, while, as of September 2020, it was 6.24%. During the last five years, the market share of Islamic Banking in Indonesia has only grown by 1.37%.⁴ It is not comparable to the age of Islamic banking in Indonesia, which has entered 30 years since the inception of Bank Muamalat Indonesia in 1992.

Table 1
Major Indicator of Sharia Banking

Banking Industry	Number of Institutions	Number of Offices	Asset (In trillions of rupiah)	PYD (In trillions of rupiah)	DPK (In trillions of rupiah)
Sharia Commercial Banks	14	1.943	375,16	240,50	312,10
Sharia Banking Units	20	390	186,69	133,54	139,29
Sharia Rural Banks	162	626	14,01	10,60	9,12
TOTAL	196	2.959	575,85	384,65	460,51

Source: Snapshot of Sharia Banking, September 2020

The issue of separation or *spin-off* in the Sharia Banking law number 21 of 2008 stipulates that Conventional Commercial Banks which has UUS with asset values at least have reached 50% of the total asset value of its primary bank or 15 (fifteen) years since the enactment of this law, Conventional Commercial Banks required to do a Separation The UUS

³ Otoritas Jasa Keuangan, *Statistik Perbankan Syariah* (Jakarta: Otoritas Jasa Keuangan, 2020).

⁴ Otoritas Jasa Keuangan, *Snapshot Perbankan Syariah Indonesia* (Jakarta: Otoritas Jasa Keuangan, 2020).

became a Sharia Commercial Bank.⁵ The law clearly stated that within 15 years of the law coming into effect, it means that in upcoming 2023 all of the UUS must be turned into BUS.

Based on the *Roadmap* of Sharia Banking development of 2020-2025, it stated that Sharia Banking has a new vision of realizing sharia banking that is resilient, highly competitive, and contributes significantly to the national economy and social development. Based on the three flagship programs of Islamic Banking, namely: Strengthening the Identity of Islamic Banking, Synergy of the Sharia Economic Ecosystem, and Strengthening Licensing, Regulation, and Supervision.⁶ The third program related to Licensing, Regulation, and Supervision, where OJK did not explain the readiness of UUS to *spin-off* from a Conventional Primary Bank to become a BUS.

There are several previous research conducted by some researchers related to the growth of Islamic Bank assets, one of them under the title “Factors Affecting the Growth of Islamic Bank Assets” the results show that Liquidity, Operational Costs, Operational Income, and Inflation influence the growth of Islamic Bank assets in Indonesia.⁷ Research under the title, “Internal and External Factors Affecting the Growth of Islamic Banking Assets in Indonesia.” The results show the factors that influence the growth of Islamic banking assets are the number of offices, the FDR ratio, and promotion costs.⁸ Another research is conducted entitled, “The Relationship of Office Network Expansion and Financial Performance to the Growth of Islamic Bank Assets.” In this research, the researcher conclude that the addition of bank office networks and the ratio of CAR, BOPO influence the growth of Islamic Bank assets.⁹

The previous studies mainly focus on discussions about factors that strengthen assets in the UUS and the BUS but rarely conduct the research related to the projection of what year UUS is ready to fully *spin-off* become Sharia Commercial Bank. According to the background above, the researcher is likely to conduct a research entitled *The Spin-Off of Islamic Banking in Indonesia: Calculation Projections and the Critical Study*

⁵ Undang-undang No. 21 Tahun 2008, “Tentang Perbankan Syariah.”

⁶ Otoritas Jasa Keuangan, *Roadmap Perbankan Syariah Indonesia* (Jakarta: Otoritas Jasa Keuangan, 2020).

⁷ Alif Chandra Indura et al., “Analisis Faktor Internal dan Eksternal yang Mempengaruhi Pertumbuhan Aset Bank Syariah Di Indonesia,” *Indonesian Journal of Islamic Business and Economics* 1, no. 1 (2019): 1–74.

⁸ Ida Syafrida and Ahmad Abror, “Faktor-faktor Internal dan Eksternal yang Mempengaruhi Pertumbuhan Aset Perbankan Syariah Di Indonesia,” *Jurnal Ekonomi Dan Bisnis* 10, no. 1 (2011): 19–24.

⁹ Dwi Nur’aini Ihsan, “Hubungan Ekspansi Jaringan Kantor dan Kinerja Keuangan Terhadap Pertumbuhan Aset Bank Syariah,” *Akuntabilitas: Jurnal Ilmu Akuntansi* 12, no. 1 (2019).

of Regulations. This study uses a quantitative research methodology with the descriptive approach, while the data were analyzed using the content analysis approach. The objective of the research is to criticize governments' policies in the Sharia Banking Law regarding the change of UUS become BUS, as well as to provide suggestions to the government in accordance to revise the Sharia Banking Law following its change.

DISCUSSION

Sharia Banking

Sharia Commercial Banks (BUS) are defined as sharia financial institutions which carry out activities related to collecting funds, distributing funds, and performing other service activities based on Sharia principles.¹⁰ The intended Sharia principles include activities which not relate to doing *maghrib*, *gharar*, *usury*, and *risywah* in the bank's operational activities.¹¹ Sharia commercial banks gather funds through savings, time deposits, and demand deposits in the principle of *Wadi'ah* or *Mudharabah*.¹² The distributions of funds are carried out through profit-sharing principles, buying and selling, loans, and rental principles. Meanwhile, other service activities encompass digital banking services, clearing, transfers, and others.¹³

Sharia Business Unit or UUS is a work unit of Conventional Commercial Bank that functioned as the head office of an office or office unit which performs business activities under Sharia principles. In another way, sharia business is a work unit placed at a branch office of a Bank domiciled outside the country which carries out business activities conventionally that function as the head office of the sharia sub-branch office or sharia unit. UUS can become the Sharia Commercial Bank as long as it obtains a permit from the OJK.¹⁴

The intended *Spin-off* is to separate the business of one Bank into two or more business entities under the provisions of laws and regulations. *Spin-off* or the intended separation is the separation of UUS through establishing a BUS with permission from the Financial Services Authority (OJK). The BUK that owns UUS performs the establishment of the BUS. The granting

¹⁰Fitra Rizal, "Faktor Penentu Profitabilitas Bank Umum Syariah di Indonesia (Pasca Peralihan Tugas Pengawasan Perbankan Dari BI Ke OJK)," *El Barka: Journal of Islamic Economic and Business* 1, no. 1 (2018): 53–78, <https://doi.org/10.21154/elbarka.v1i1.1441>.

¹¹Adiwarman A. Karim, *Bank Islam: Analisis Fiqih Dan Keuangan* (Jakarta: RajaGrafindo Persada, 2004).

¹²Fitra Rizal and Mughtim Humaidi, "Analisis Tingkat Kesehatan Bank Syariah di Indonesia 2015-2020," *Ethad: Journal of Islamic Banking and Finance* 1, no. 1 (2021): 12–22..

¹³Ascarya, *Akad Dan Produk Bank Syariah* (Jakarta: RajaGrafindo Persada, 2008).

¹⁴Undang-undang No. 21 Tahun 2008, "Tentang Perbankan Syariah."

permission of BUS establishment as the result of separation by OJK is performed in 2 (two) stages, namely approval in principle and a business license.¹⁵

The Growth of Sharia Business Unit (UUS) Assets and The Central bank Assets

It should be noted that the number of UUS as of December 2020 is 20 banks. Sharia Business Units spread across the islands of Sumatra, Java, Kalimantan, and Sulawesi. According to the report of Sharia Banking Statistics published by the Financial Services Authority (OJK), by the end of 2020, the number of UUS was 20 banks.¹⁶ In 2016, Bank Aceh, Inc is a Conventional Bank that turned into Sharia Commercial Bank (BUS) to become Bank Aceh Syariah, Inc.¹⁷ Two years later, in 2018, Bank NTB Syariah which was previously a UUS turned into the BUS.¹⁸

Table 2
The Total of Sharia Business Unit

No.	Sharia Business Unit
1	Bank Danamon Indonesia, Inc
2	Bank Permata, Inc
3	Bank Maybank Indonesia, Inc
4	Bank CIMB Niaga, Inc
5	Bank OCBC NISP, Inc
6	Bank Sinarmas, Inc
7	Bank Tabungan Negara (Persero), Inc
8	BPD DKI, Inc
9	BPD Daerah Istimewa Yogyakarta, Inc
10	BPD Jawa Tengah, Inc
11	BPD Jawa Timur, Inc
12	BPD Sumatera Utara, Inc
13	BPD Jambi, Inc
14	BPD Sumatera Barat, Inc
15	BPD Riau dan Kepulauan Riau, Inc
16	BPD Sumatera Selatan dan Bangka Belitung, Inc
17	BPD Kalimantan Selatan, Inc

¹⁵ Undang-undang No. 21 Tahun 2008.

¹⁶ Otoritas Jasa Keuangan, *Statistik Perbankan Syariah*.

¹⁷ Bank Aceh, "Sejarah Singkat," <https://www.bankaceh.co.id/>, 2018.

¹⁸ Bank NTB Syariah, "Tentang Bank NTB Syariah," <https://www.bankntbsyariah.co.id/>, 2018.

No.	Sharia Business Unit
18	BPD Kalimantan Barat, Inc
19	PD BPD Kalimantan Timur
20	BPD Sulawesi Selatan dan Sulawesi Barat, Inc

Sumber: Sharia Banking Statistics OJK, 2020

Based on the analysis of Bank's financial reports, the asset position indicates the amount of wealth owned by the company. Assets are property owned by companies that play roles in the company operations.¹⁹ Assets are supposed to be economic beneficially for the company in the future. Assets are economic resources that the company will use to run its economy.²⁰ It can be concluded that one of the indicators of the company's financial performance assessment is seen through the total assets owned.

Table 3 shows the total assets of the Sharia Business Unit (UUS) during the last five (5) years. In 2015 the total assets of UUS reached IDR 82.8 trillion, then in the latest of June 2020 has hit the number IDR 175.4 trillion in total UUS assets. The UUS asset growth for the last five (5) years, the highest was in 2017 at 33.07%, an increase of 10% from the previous year in 2016. However, in 2018 there was a decrease in asset growth by 15.09% to 17.98%. From 2019 to 2020, there was a decline in asset growth from 9.54% to 8.44% in 2019. The lowest position was in 2020, which experienced a fall of 7.73% to 0.72% in June 2020. The Covid-19 pandemic affects the performance of Sharia Business Unit Assets throughout 2020.

Table 3
The Growth of Sharia Business Unit (UUS) in The Periode of 2015- June 2020

Year	Month	The Total Asset of UUS	The Growth Asset of UUS	The Growth Asset of UUS (%)
		(Jutaan Rp)	(Jutaan Rp)	
2015	December	Rp 82.839.000	Rp 16.755.000	25,35%
2016	December	Rp 102.320.000	Rp 19.481.000	23,52%
2017	December	Rp 136.154.000	Rp 33.834.000	33,07%
2018	December	Rp 160.636.000	Rp 24.482.000	17,98%
2019	December	Rp 174.200.000	Rp 13.564.000	8,44%
2020	June	Rp 175.452.000	Rp 1.252.000	0,72%

Source: Secondary Data, processed in 2021

¹⁹ Sofyan Syafri Harahap, *Analisis Kritis atas Laporan Keuangan* (Jakarta: Rajawali Pers, 2015).

²⁰ Mamduh M. Hanafi and Abdul Halim, *Analisis Laporan Keuangan* (Yogyakarta: UPP STIM YKPN, 2016).

Table 4
**The Growth of Sharia Business Unit (UUS) in The Periode of 2015-
June 2020**

Tahun	Bulan	Total Aset Bank Induk	Growth Aset Bank Induk	Growth Aset Bank Induk (%)	Aset UUS thd Aset Induk
		(Jutaan Rp)	(Jutaan Rp)		
2015	Desember	Rp1.345.331.678	Rp57.644.859	4,48%	6,16%
2016	Desember	Rp1.403.374.998	Rp58.043.320	4,31%	7,29%
2017	Desember	Rp1.533.431.957	Rp130.056.959	9,27%	8,88%
2018	Desember	Rp1.640.667.692	Rp107.235.735	6,99%	9,79%
2019	Desember	Rp1.713.805.849	Rp73.138.157	4,46%	10,16%
2020	Juni	Rp1.709.489.203	Rp(4.316.646)	-0,25%	10,26%

Source: Secondary Data, processed in 2021

The data in Table 4 shows the growth of the total assets of central bank in the last five (5) years. In 2015 the total assets of the central bank hit the number IDR 1.345 Trillion, then in the latest of June 2020 has reached IDR 1.709 Trillion. The growth of central bank assets for the last five (5) years, the highest was in 2017 at 9.27%, an increase of 4.96% from 2016. However, in 2018 the asset growth decreased from 2.28% to 6.99%. Throughout 2019 and 2020, there was a decline in asset growth from 2.53% to 4.46% in 2019. The lowest position was in 2020, decreased again by 4.21% to 0.25% in June 2020. The percentage of Sharia Business Unit (UUS) assets growth to the assets of the central Bank is around 1-2%.

In June 2020, UUS assets to the central Bank only reached 10.26%. The target of 50% UUS assets from the central Bank, as a condition for turning into Sharia Commercial Bank (BUS),²¹ which has been unfulfilled in 2020.

The Projection of Sharia Business Units to Become Sharia Commercial Banks

Based on the explanation above, we can project in what year the Sharia Business Units (UUS) became Sharia Commercial Banks (BUS). The average growth of UUS assets from 2015 to June 2020 was 18.18% (Table 5), with the assumption of the UUS assets growing constant during the calculation of the assertion. Then the average asset of the Central Bank was 4.88% from 2015 to June 2020 (Table 5), with the assumption of the Central Bank assets growing constant during the calculation of the projection. Thus, the assertion of the average total assets of UUS plus the

²¹Undang-undang No. 21 Tahun 2008, "Tentang Perbankan Syariah."

projected average growth of UUS assets which was calculated by June 2020 as the base year, so that the total assets of UUS reach IDR 1,818 trillion in 2034. Meanwhile, the calculation of the average total assets of the Central Bank projection plus the projected average growth of Central Bank assets uses June 2020 as the base year. In 2034 the total assets of the Central Bank will reach IDR 3,329 trillion, with the assumption of asset growth constantly hit the number of 4.88%.

Table 5
The Projection of UUS Year Become BUS

Proyeksi Tahun	Proyeksi Rata-rata Total Aset UUS	Proyeksi Rata-rata Growth Aset UUS	Rata-Rata Growth Aset UUS	Proyeksi Rata-rata Total Aset Bank Induk	Proyeksi Rata-rata Growth Aset Bank Induk	Rata-Rata Growth Aset Bank Induk	Ases UUS terhadap Aset Bank Induk
			18,18%			4,88%	
2021	207.349.584,18	31.897.584,18	18,18%	1.792.848.529,99	83.359.326,99	4,88%	11,57%
2022	245.046.223,80	37.696.639,62	18,18%	1.880.272.683,70	87.424.153,71	4,88%	13,03%
2023	289.596.200,72	44.549.976,92	18,18%	1.971.959.876,11	91.687.192,41	4,88%	14,69%
2024	342.245.467,70	52.649.266,98	18,18%	2.068.117.984,53	96.158.108,42	4,88%	16,55%
2025	404.466.494,62	62.221.026,92	18,18%	2.168.965.022,94	100.847.038,41	4,88%	18,65%
2026	477.999.449,83	73.532.955,22	18,18%	2.274.729.636,29	105.764.613,35	4,88%	21,01%
2027	564.900.868,38	86.901.418,55	18,18%	2.385.651.618,85	110.921.982,56	4,88%	23,68%
2028	667.601.168,19	102.700.299,80	18,18%	2.501.982.457,93	116.330.839,08	4,88%	26,68%
2029	788.972.622,82	121.371.454,63	18,18%	2.623.985.904,02	122.003.446,10	4,88%	30,07%
2030	932.409.691,93	143.437.069,11	18,18%	2.751.938.568,83	127.952.664,81	4,88%	33,88%
2031	1.101.923.955,86	169.514.263,93	18,18%	2.886.130.552,39	134.191.983,55	4,88%	38,18%
2032	1.302.256.309,66	200.332.353,80	18,18%	3.026.866.100,78	140.735.548,39	4,88%	43,02%
2033	1.539.009.554,18	236.753.244,52	18,18%	3.174.464.295,96	147.598.195,18	4,88%	48,48%
2034	1.818.805.092,57	279.795.538,40	18,18%	3.329.259.779,20	154.795.483,23	4,88%	54,63%

Source: Secondary Data, processed in 2021.

Sharia Banking Law No. 21 of 2008 in article 68 states that for Conventional Commercial Banks that have UUS with asset values reached at least 50% of the total asset value of the central bank or 15 (fifteen) years since the enactment of this Law, Conventional Commercial Banks are required to carry out The UUS is separated into a Sharia Commercial Bank. It means that after 15 (fifteen) years after this law comes into effect, namely in 2023, while based on Table 5, the projection of the calculation of total UUS assets against the assets of the Central Bank in 2023 will only reach 14.7%. The UUS total assets can hit 50% of the total assets of Central Banks in 2034. The projected total assets of UUS hit the number up to IDR 1,818 trillion or 54.6% of the total assets of the Central Bank of IDR 3,329 trillion in 2034.

A Critical Study of Laws and Regulations Related to the *Spin Off* of Sharia Business Units (UUS) into Sharia Commercial Banks (BUS)

The projection results in Table 5 show that Sharia Business Units (UUS) need an additional 10 (ten) times to change or *spin-off* from a Central Bank to a Sharia Commercial Bank. Submission of 15 (fifteen) years UUS must change to BUS in Law no. 21 of 2008 article 68, presumably can

be considered for review. The government, in this case, Bank Indonesia and the Financial Services Authority (OJK), can consider this projection in order to show further support for the readiness of UUS to turn into a BUS.

Table 2 is a list of provisions that refer to the provisions of the laws and regulations governing the separation of UUS from a Conventional Central Bank to become a Sharia Commercial Bank.²² In the regulations issued by Bank Indonesia, either with PBI or SEBI, as well as regulations issued by the Financial Services Authority through POJK or SEOJK, the technical and operational aspects of the *spin-off* into BUS have not been explained, including the readiness of assets, capital and the number of offices that UUS requires. Regulations discuss more requirements and licensing from a legal perspective, there is no financial aspect strengthening in the separation of UUS.

Table 6
List of UUS Separation Regulation

No.	Regulation Number	Concern
1.	UU Number 40 Tahun 2007	Incorporate Company (Incorporate Company Law)
2.	PBI Number 11/3/PBI/2009	Coneventional Sharia Bank (PBI BUS)
3.	SEBI 11/9/DPbS	Conventional Sharia Bank (SEBI BUS)
4.	PBI Number 11/10/PBI/2009	Sharia Business Unit (PBI UUS)
5.	SEBI Number 11/28/DPbS	Sharia Business Unit (SEBI UUS)
6.	POJK Number 64/ POJK.03/2016	Changes in Business Activities of Conventional Bank (POJK Changes in Business Activities)
7.	SEOJK Number 2 /SEOJK.03/2017	Changes in Business Activities of Conventional Commercial Banks to Sharia Commercial Banks (SEOJK Changes in Business Activities)
8.	PBI Number 19/13/PBI/2017	Integrated Services License Regarding the Operational Relationship of Commercial Banks with Bank Indonesia (PBI Integrated Licensing)

²² Direktorat Pengaturan dan Perizinan Perbankan Syariah, *Panduan Pemisahan Unit Usaha Syariah* (Jakarta: Otoritas Jasa Keuangan, 2020).

No.	Regulation Number	Concern
9.	POJK Number 28/POJK.03/2019	Synergy Banking in One Ownership for Sharia Banking Development (POJK Banking Synergy)
10.	POJK Number 37/POJK.03/2019	Transparency and Publication of Bank Reports (POJK Transparency and Publication of Bank Reports)
11.	SEOJK Number 10/SEOJK.03/2020	Transparency and Publication of Sharia Commercial Banks and Sharia Business Units Reports (SEOJK Transparency and Publication of BUS and UUS Reports)
12.	POJK Number 41/POJK.03/2019	Merger, Consolidation, Acquisition, Integration, and Conversion of Commercial Banks (POJK P3IK)
13.	POJK Number 12/POJK.03/2020	Consolidation of Commercial Bank (POJK Consolidation of Commercial Bank)
14.	PBI Number 22/8/PBI/2020	Bank Integrated Licensing Through Front Office License (PBI Front Office License)
15.	POJK Number 59/POJK.03/2020	Requirements and Procedures of Sharia Business Units Separation (POJK Sparation ofUUS)

Source: Directorate of Licensing and Regulation of Sharia Banking OJK, 2020

Based on the research conducted by Itang, the result shows there was no planning guideline and technical foundation from OJK regarding spin-off during the transition period. In this research, some parts like crucial challenges related to IT infrastructure, network cooperation, funding capacity, and capital were not explained further.²³ Other research results that use the ARIMA method show that until 2023 none of the UUS can reach 50% of the central bank assets. This study suggests that regulators should revise the *spin-off* criteria in addition to the criteria for assets, capital, or financial ratios and any other criteria that are easier for UUS.²⁴

Other studies offer two methods that could be used to turn UUS into BUS. The first method is spin-off by creating a new business entity, where the UUS requires more convenience in the spin-off, infrastructure, and strategic plans. The second method is a spin-off with an existing business

²³ Itang, "Peluang Dan Tantangan Spin Off Unit Usaha Syariah Menjadi Bank Umum Syariah," *Al-Qalam: Jurnal Kajian Keislaman* 33, no. 1 (2016): 24–45.

²⁴ M. Nur Rianto Al Arif et al., "Evaluation of the Spinoffs Criteria: A Lesson from The Indonesian Islamic Banking Industry," *Iqtishadia: Jurnal Kajian Ekonomi Dan Bisnis Islam* 11, no. 1 (2018): 86–104.

entity, UUS requires technological readiness, attention to stakeholders, and internal strengthening of the compan.²⁵ The spin-off method has no impact on the profitability of Islamic Commercial Banks (BUS), as the result of the spin-off. The spin-off policy depends on the internal conditions of each UUS and the internal policies of the Conventional Central Bank.²⁶

CONCLUSION

Based on the discussion and calculation projections results, can be concluded that the Sharia Business Unit (UUS) could turn into a Sharia Commercial Bank (BUS) in 2034, not in 2023. In 2023 the total assets of UUS only reached 14.7% of the Conventional Central Bank's total assets, while in 2034 the total assets of BUS are projected to reach 54.6% of the total assets of the central bank. The rules and regulations related to the technical operation of preparations for the transmission of UUS separation into BUS need to be strengthened and reinforced with new regulations. In the case of the Government and the Financial Services Authority (OJK), it is necessary to revise the regulation and laws of *spin-off* policy, thereby encouraging the acceleration of UUS separation into BUS.

²⁵ Amzul Rifin, Imam T. Saptono, and H.R Dewati, "Pemilihan Metode Spin Off Unit Bisnis Syariah Dengan Pendekatan Analisa Faktor," *Jurnal Al-Muzara'ah*, 2011, 123–35.

²⁶ M. Nur Rianto Al Arif and Endah Putri Dewanti, "Metode Spin Off dan Tingkat Profitabilitas: Studi Pada Bank Umum Syariah Hasil Spin Off," *Iqtishadia: Jurnal Kajian Ekonomi Dan Bisnis Islam* 10, no. 1 (2017): 23–43.

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