DOI: 10.55643/fcaptp.2.61.2025.4627

SEPARATION OF ISLAMIC BANKS FROM CONVENTIONAL BANK OWNERSHIP TO INCREASE MARKET SHARE OF ISLAMIC BANKING IN INDONESIA

Bambang Waluyo
Associate Professor of the Accounting Department, Politeknik Negeri Jakarta, Depok, Indonesia;
e-mail: bambang.waluyo@akuntansi.pnj.ac.id
ORCID: 0009-0005-0741-5334
(Corresponding author)

Ida Syafrida
Candidate of Economy Sciences, Master of the Accounting, Politeknik Negeri Jakarta, Depok, Indonesia;
ORCID: 0000-0003-3218-2956

ABSTRACT

The market share of Islamic banking in Indonesia is still low. In Indonesia, most Islamic banks are owned by their parent conventional banks. As subsidiaries of conventional banks, the profits earned by Islamic banks are attributed to their parent conventional banks, thereby increasing the overall revenue and profitability of the parent bank. The main objective of this study is to evaluate the impact of conventional banks' majority ownership of Islamic banks on the development of the Islamic banking industry in Indonesia. The study's objective is to encourage the government and banking regulators in Indonesia to increase the market share of Islamic banking. This research was conducted using a descriptive qualitative approach. The population is Islamic banks and parent conventional banks of Islamic banks in Indonesia, with samples of Bank Syariah Indonesia (BSI) and Bank Mandiri. The instruments used are the financial statements of the Islamic banks sampled and the financial statements of their parent conventional banks. Data analysis was conducted on BSI profit earned and the recognition of the profit earned in the financial statements of Bank Mandiri. In 2022, BSI's profit contributed 50,5% of the total contribution of all Bank Mandiri subsidiaries. This will undoubtedly impact the growth of Bank Mandiri and can increase the market share of conventional banks in Indonesia. There needs to be a policy made by the government and the regulator, namely the Financial Services Authority (OJK), that there is no majority ownership of Islamic banks by conventional banks or even the separation of Islamic banks from conventional parent banks. The government and OJK should be actively involved in formulating policies and regulations that support the separation of guidelines and rules that support this separation to increase the market share of Islamic banking in Indonesia.

Keywords: separation, Islamic banks, conventional banks, market share, parent, subsidiaries, majority ownership, attributed, contribution, financial statements

JEL Classification: M210, M410

Received: 06/11/2024
Accepted: 12/03/2025
Published: 30/04/2025

INTRODUCTION

In general, Islamic banks and conventional banks have fundamental differences in their operations. Islamic banks adhere to Sharia principles, prohibit the payment or receipt of interest, and emphasize profit-sharing and loss-sharing (PLS) arrangements. This means that Islamic banks engage in financial activities that are following accordance with Islamic law, avoid interest-based transactions, and invest in ethically permitted ventures. On the other hand, conventional banks operate on the principle of interest, generating income based on the difference between the interest paid to the depositor and the interest charged to the borrower. Thus, there is a fundamental difference between conventional banks and Islamic banks. Islamic banks do not use the principle of interest in their operations but use a profit-sharing mechanism, where the risk is borne jointly by the bank and the customer (Tekdogan and Atasoy, 2021). However, in reality, there is a transfer of Islamic bank customers to conventional banks and vice versa, which shows that there is quite dynamic competition in the banking sector (Mardiana, 2024).

Islamic banks in Indonesia are often subsidiaries of conventional banks. Islamic banks can contribute positively to the financial performance of their conventional parent banks. In general, Islamic banks show a tendency to perform lower than conventional banks (Yudaruddin, 2023). However, Islamic banks have an important role in alleviating poverty and contribute positively to sustainable economic growth.

The profitability of Islamic banks is influenced by several factors, including non-performing financing and inflation. Despite facing various obstacles, Islamic banks have shown strong resilience, especially during the financial crisis.

Since Islamic banks were established in Indonesia in 1992, Islamic banks have consistently sought to expand their reach and increase their market share. The share of the sharia market in Indonesia is much lower than that of conventional banks, where in September 2021 it only controlled around 6,25% (Nugraha et al., 2022).

Indonesia's dual banking system creates competitive pressure because Islamic and conventional banks operate side by side. Although the majority of Indonesians are Muslims, many Muslim customers prefer conventional banks over Islamic banks. This is due to the perception that Islamic banks have high risks related to reputation, image, and marketing strategies (Nugraha et al., 2022). In addition, there is one of the challenges faced by Islamic banking, namely a phenomenon known as Displaced Commercial Risk (DCR) when customers tend to move their funds to conventional banks in response to the increase in deposit interest rates offered by conventional banks (Widarjono and Wijayanti, 2022).

Islamic banks often adopt a similar strategy to conventional banks that dominate the market (Yusmad et al., 2024). Efforts to convert conventional banks into Islamic banks have a positive impact on market share, but the effect on increasing the market share of Islamic banks is still small when compared to the much larger market share of conventional banks (Al Arif, Ihsan and Fatah, 2023). The market share of Islamic banks in Indonesia is influenced by a combination of consumer preferences, competitive pressures, and regulatory challenges. In addition, less effective regulation and supervision of Islamic banks make their share lower.

Bank Syariah Indonesia (BSI) is the result of the consolidation of three State-Owned Enterprises (Bank Syariah Mandiri, BNI Syariah, and BRI Syariah) which were envious in February 2022. This merger is carried out to strengthen the Islamic banking sector in Indonesia and increase its competitive advantage in the financial market (Anwar et al., 2024). The establishment of BSI is a strategic step to consolidate the Islamic banking sector in Indonesia, which has been facing opposition to seizing a market share comparable to the Muslim population in Indonesia, considering that the number of Muslim people in Indonesia is quite large (Anwar et al., 2024). The merger of the three Islamic banks is a step to increase the market share of Islamic banking in Indonesia, provide better services to customers, and improve to provide better services to customers and improve the reputation of Islamic banks in Indonesia. Post-merger, BSI has the large scale and resources needed to compete effectively with conventional banks and innovate in the development of Islamic banking (Utami, Risfandy and Rahardjoputri, 2022). The merger of three Islamic banks into BSI marks a significant development in the change in the structure of the Islamic banking market in Indonesia. BSI is currently the largest player in the Islamic banking industry in Indonesia, characterized by substantial market control. This change is also marked by the entry of Bank Mandiri, which is a conventional state-owned bank, to become BSI's largest shareholder (Anwar et al., 2024).

Despite the initial reaction from the stock market, BSI's share price showed a consistent decline after the merger (Anwar et al., 2024). However, BSI controled the market share of Islamic banking in Indonesia with total assets of IDR 353.62 trillion (39.63%) of IDR 892.2 trillion in Islamic banking assets in 2023. The profit reported by the Islamic bank contributes significantly to the revenue and growth of the parent entity. This has strategic implications for managing the relationship between the parent entity and the parent entity. The profitability of Islamic banks contributes significantly to the financial stability and overall growth of the parent entity. On top of that, it plays a crucial role in the revenue and growth of its parent entity. Economic freedom, transparency, and governance can increase this profitability and strengthen the relationship between the parent entity and Islamic banks.

The presence of BSI has significant implications for Bank Mandiri's performance, especially on the overall banking share in Indonesia. The profitability and economic health of conventional banks, including Bank Mandiri, are influenced by factors such as adequate capital adequacy to support business expansion and effective risk management, as well as the management of foreign exchange transactions (Zafrizal & Said, 2019).

BSI's expansion has increased the intensity of new competition in the banking sector, which has the potential to affect financial conditions. The Indonesian government's policies that support Islamic banking, the merger of Islamic banks, and the issuance of regional regulations such as Qanun in Aceh have created a more favourable environment for Islamic banking (Fahmi, 2023). This regulatory support can further increase BSI's growth compared to conventional banks.

DOI: 10.55643/fcaptp.2.61.2025.4627

Even though they operate as subsidiaries of conventional banks, Islamic banks must still adhere to the principles of Sharia principles and are supervised by the Sharia Supervisory Agency (SSB) (Yusmad et al., 2024). SSB ensures that all banking activities follow Islamic law which prohibits the practice of riba and replaces it with a profit-sharing system. However, there are several challenges and inefficiencies in maintaining Sharia compliance.

The existence of BSI as a subsidiary of Bank Mandiri has an impact on BSI's profit attribution to its parent bank. This creates a relationship between BSI and Bank Mandiri, as well as affecting the financial performance of both entities. The long-term impact of the existence of Islamic banks under the auspices of conventional banks, on the financial system is still unclear. In addition, the extent to which a subsidiary of an Islamic bank owned by a conventional bank can apply Sharia principles compared to an Islamic bank that is not owned by a conventional bank has not been fully explored. This raises concerns about the authenticity and integrity of products that claim to follow sharia.

The financial reporting implications of BSI's profit for Bank Mandiri as its parent bank are very significant and involve the right allocation and profit statements of subsidiaries. In the dual banking system, Islamic banks that operate on the principle of interest-free are still exposed to interest rate risk. The rational behaviour of Islamic bank customers is also driven by profit motives that show similarities with the behaviour of conventional bank customers (Puspitanigrum, Magfirah and Saputra, 2021). The lack of Sharia financial literacy of customers related to the fundamental differences between Sharia and conventional banking principles often leads to the wrong perception that the two banking systems have operational similarities. This is even more evident when customers are forced to switch due to government policies or other external factors (Puspitanigrum, Magfirah and Saputra, 2021).

According to Law No. 21/2008 on Sharia Banking, conventional banks are required to separate their Islamic business units when the value of the unit's assets reaches 50% of the total assets of the parent bank or after operating for 15 years (Yuspin and Nurwanti, 2020). This regulation aims to encourage the development of Islamic banking. The segregation of Islamic business units has proven to be able to increase the market share of Islamic banks, but external factors such as inflation and economic development also affect this (Al Arif, 2017).

Although the majority of Indonesia's population is Muslim, the market share of Islamic banks is still relatively small. The market share target of 5% set in 2008 was only achieved by the end of 2016 (Al Arif, M.N.R; and Rahmawati, 2018). Based on the latest data, the market share of Islamic banks reached around 6.25% in 2021 (Hidayatullah, Irawan and Roziq, 2023). The growth of the figure shows a very slow pace over the past few years. This slow growth also occurs on a global scale, where the market share of Islamic financial assets is relatively small compared to the world's total financial assets (Harrison and Ibrahim, 2016). Therefore, the research carried out is very important, because it will be evaluating the majority ownership of Islamic bank shares by conventional banks. The majority share ownership of Islamic banks by conventional banks can be one of the factors for the low market share of Islamic banks in Indonesia. However, the impact of ownership is influenced by various factors such as regulation, the competitive advantage of Islamic banks, and broader market dynamics (Yusmad, Bin Marinsah, Ayyub, Muang, et al., 2015).

LITERATURE REVIEW

A Global Overview of the Role of Islamic Economics and Finance

Islamic economics has the potential to overcome poverty that is often faced by developing countries such as Nigeria, where the application of Islamic financial instruments can be an effective solution to improve the welfare of low-income communities (Amuda & Elshaarawy, 2024). In a broader context, Islamic finance strategically promotes the Sustainable Development Goals (SDGs). Studies show that Islamic Sustainable Finance (ISF) contributes significantly to the achievement of the SDGs in economic, social, and environmental dimensions, as well as promoting financial system stability and realizing social justice through the application of the principles of Maqasid al-Sharia (Amuda & Elshaarawy, 2024). ISF also plays a role in Islamic financial instruments such as green sukuk and sharia microfinance by providing alternative financing opportunities for the community, while supporting sustainable development. This shows that ISF can mitigate financial risks while contributing to green entrepreneurship and the growth of Micro, Small and Medium Enterprises (MSMEs). In West Sumatra, Indonesia, the application of sharia principles in Murabaha and Mudharabah financing has proven effective in supporting the growth of MSMEs and achieving SDG 1 goals, namely poverty eradication (Dewi & Febriamansyah, 2024). Islamic banking supports small businesses to access capital, strengthening the local economy.

Through the Madani Framework initiative, Malaysia has sought to integrate the principles of Maqasid al-Syariah into the framework for achieving the SDGs (Zakaria *et al.*, 2024). Sharia principles have an important role in balancing socio-economic interests that are used to balance socio-economic protection in ethnically and religiously diverse communities.

In Bangladesh, the Islamic banking sector has contributed significantly to sustainable development, especially in providing green housing financing (Shoaib *et al.*, 2024). The study highlights the role of Islamic banks in responding to rapid urbanization by providing financial solutions that support environmental sustainability and economic growth.

Governance of Sharia and Conventional Banks

Islamic banks operate based on Sharia principles, becoming an attraction for religious entrepreneurs who want to run their businesses in accordance with religious values (Moosa, 2023). Islamic capital is an important element of the Islamic finance sector. Islamic Capital's operations support collaboration between business entities, especially in mergers and acquisitions. Sharia Capital Operations have a significant impact on collaboration strategies between Islamic finance companies (Thaib *et al.*, 2024). This collaboration is a strong mediating factor between strategic innovation and business performance. This shows that companies with solid working capital and adopting collaborative strategies have greater potential to improve their business performance. The quality of corporate governance can also affect the relationship between the parent company and its subsidiaries and the profitability they get.

Strategic Innovation in the Sharia Finance sector shows that innovation is the key to improving the performance of Islamic banks (Mamatzakis *et al.*, 2023). These innovations include operational management strategies that must be in line with Sharia principles, as well as the implementation of good corporate governance. Strategic innovation is essential to improve operational efficiency and maintain financial stability in a competitive market.

Good corporate governance is very important in optimizing cost efficiency, while financial stability can control cost efficiency and economic stability in Islamic and conventional banks (Wahyudi *et al.*, 2023). Sharia banks face more significant challenges in adopting the additional layers of governance required by the Sharia Council. Therefore, strategic collaboration and innovation play an important role in improving business performance (Ali Musallam Sulaiman Al Asmi, Fahmy-Abdullah and Sieng, 2024). By adopting innovative governance practices and building strategic partnerships, Islamic banks can be more efficient in generating profits; However, there is still a significant difference in cost efficiency between Islamic banks and conventional banks. Islamic banking has greater potential to contribute to the achievement of the SDGs than conventional banking, especially in terms of innovation and management of productive assets (Amuda & Elshaarawy, 2024). Overall, the reviewed literature shows that Sharia Working Capital, innovation, and collaboration are important elements that affect the performance of companies in the Islamic finance sector. Good corporate governance, strategic collaboration, and practical application of sharia principles are essential to improve financial efficiency and stability.

Objectives of Islamic Banks

Islamic banking is one of the institutions that is required to uphold social goals and disseminate Islamic values to staff, customers, and the general public(Wajdi Dusuki, 2008). These elements include community involvement, introducing sustainable development projects, and poverty eradication. This fact affects two aspects; First, Islamic banks must instil Islamic norms and values that are not only profit-oriented but also to achieve economic goals that are in accordance with Sharia principles. Second, the success of Islamic banking depends on the extent to which they can align social goals with financial innovation mechanisms. Islamic banks should have institutional, social, and environmental sustainability to achieve sharia goals (Shinkafi, Yahaya, and Sani, 2020). This moral and social responsibility is what differentiates Islamic banks from conventional banks. Islamic banking aims to balance financial success with social and ethical responsibility, instilling Islamic values and contributing to the welfare of the community.

Studies related to Islamic banking continue to experience significant development, especially focusing on how Islamic financial institutions can meet their economic and social goals in line with the principles of maqashid al-sharia (the purpose of Islamic law). Maqashid al-Syariah aims to protect and maintain the five main elements, namely religion, soul, intelligence, heredity, and property, as well as instil human welfare in all aspects of life. Within the scope of Islamic banking, efforts to balance economic and social interests are the main focus of various studies. The community has hopes that Islamic banks will not only pursue financial benefits but also encourage the implementation of Islamic values, as well as have a positive impact on the social welfare of the community (A Wajdi Dusuki, 2008).

A review of the critical literature on the gap between Islamic economic goals and Islamic banking practices found that Islamic banks tend to be more profit-oriented than social aspects, thus reinforcing the view that the objectives of Islamic banks should be holistic and include deeper social goals as in maqashid al-sharia (Shaykh, 2023). The literature also emphasizes the importance of bridging between Islamic economic theory and Islamic banking practice, describing the challenges of implementing a comprehensive maqashid. The sustainability of Islamic banking as one of the important elements has not been fully explored. The study focuses on long-term economic, social, and environmental sustainability, and it reinforces the opinion that Islamic banking should strive to create a balance between institutional sustainability and

 DOI: 10.55643/fcaptp.2.61.2025.4627

social goals that are closely related to the principles of maqashid al-sharia. This sustainability view expands the discussion with an emphasis that Islamic banks need to consider their operations, environmental and social impacts, in order to achieve wider prosperity.

Julia (2020) examines more deeply the implementation of green financing policies in Bangladesh, related to maqashid al-sharia. The results of the study provide an understanding of how green banking policies, which aim to support sustainable economic development, can be aligned with Sharia goals. Although no bank fully meets the green standard, Islamic banks have demonstrated Sharia principles, and progress in maintaining Sharia principles such as faith, intelligence, and wealth redistribution. This illustrates that even though there is progress in achieving the goals of maqashid, efforts are still needed to integrate sustainability aspects in the aspect of Islamic banking in Islamic banking.

Study Avdukic and Asutay (2024) expanded the discussion by exploring a new evaluation framework for the moral performance of Islamic banking based on Maqashid al-Sharia. They developed performance measurements that considered the five main elements of maqashid: wealth, heredity, intelligence, belief, and the human self, linking them to social and economic prosperity. The Avdukic and Asutay study specifically said that although there has been an increase in the disclosure of maqashid performance by Islamic banks, the practice is still far from expected. They also revealed that external factors such as ownership structure, sharia governance and socio-economic context affect maqashid's performance.

Dusuki (2008) explains the importance of aligning social goals in Islamic banking and emphasizes the gap between theory and practice. There needs to be a discussion on the importance of sustainability in Islamic banking operations which is in line with efforts to achieve maqashid al-sharia as a whole. Meanwhile, Julia (2020) conveys a more practical approach by linking green policies with sharia goals and providing guidance for Islamic banks to be more involved in sustainable economic development. The maqashid evaluation framework carried out by Avdukic and Asutay (2024) produces an overview that the achievement of Maqashid al-Sharia in Islamic banking is not only limited to financial gains but also involves holistic social, sustainability, and ethical goals. This integration between social and economic aspects is crucial for the future success of Islamic banking, especially in the context of global challenges such as sustainability and poverty alleviation.

Comparison of the Performance of Sharia Banks and Conventional Banks

In a comparative analysis of the performance between Islamic banks and conventional banks, several main factors that affect the performance results of the two types of banks include capital, liquidity, risk, profitability, and technology adoption. The existing literature shows that although Islamic and conventional banks operate within the same financial ecosystem, different operational principles and management approaches result in variations in their performance.

The prominent difference between Islamic banks and conventional banks can be seen in the aspects of capital and liquidity. In the Gulf Cooperation Council (GCC) region, large and conventional Islamic banks receive liquidity guarantees from the government. On the other hand, small banks, both in sharia and conventional, must increase capital to overcome the lack of liquidity (Alshammari, 2024). This statement shows that the difference in bank size has more effect on liquidity stability than the difference in the financial system itself. However, government support for liquidity stability tends to affect large banks, both sharia and conventional.

In terms of profitability, research in Jordan reveals that Islamic banks are superior in managing investment deposits, especially in increasing earnings per share (EPS) (Maswadeh, 2020). Sharia-based investment management has proven to be more effective in generating profitability, although conventional banks still excel in the flexibility of using more complete financial instruments. This shows that although Islamic banks have competitive advantages in certain sectors, a strong position is still held by conventional banks in improving profitability performance through a variety of investment instruments.

In terms of risk management, there is a significant difference where conventional banks have a higher level of operational risk presentation compared to Islamic banks (Hemrit, 2020). This presentation is one of the important factors in optimizing financial transparency and stability. On the other hand, Islamic banks seem to be limited by Islamic principles, which limit their flexibility in risk management, mainly because Sharia contracts such as mudaraba and musharaka, which have a higher level of risk. This makes Islamic banks more vulnerable to market volatility and systemic risks than conventional banks.

Significant differences are also seen in the adoption of technology and the impact of FinTech between the two banking systems. Islamic banks benefit more from interaction with FinTech, especially in financial inclusion through peer-to-peer landing (Yudaruddin, 2023). Nonetheless, conventional banks are showing more significant progress in adopting modern financial technologies, which improves their operational efficiency and competitiveness in the wider market. Adopting this technology gives conventional banks an edge in innovation and developing new financial products that suit market needs.

Furthermore, regulation plays an important role in differentiating the performance of Islamic and conventional banks where regulations in the Middle East and North Africa (MENA) region tend to affect Islamic banks more than conventional banks (Mateev, 2021). This is due to a stricter Islamic banking framework in implementing Sharia legal principles, which limits flexibility in navigating regulatory changes. Meanwhile, conventional banks are more adaptive to regulatory changes, which gives them a competitive advantage in a changing environment.

AIMS AND OBJECTIVES

The main objective of this study is to evaluate the impact of conventional banks' majority ownership of Islamic banks on the development of the Islamic banking industry in Indonesia. The purpose of this study is to encourage efforts made by the government and banking regulators in Indonesia to increase the market share of Islamic banking.

METHODS

This study uses a qualitative descriptive approach to describe and analyze the ownership of conventional banks over the ownership of Islamic banks by conventional banks. It focuses on the ownership of Islamic banks by conventional banks and the low market share of Islamic banking in Indonesia. The population is Islamic banks and Conventional Banks, the parent of Sharia Banks in Indonesia, with a sample of BSI and Bank Mandiri, considering that these two banks are the most prominent Islamic and conventional banks in Indonesia owned by the Indonesian government. The instruments used are the financial statements of Islamic banks and the financial statements of conventional bank parents. Data analysis was carried out by comparing the profit obtained by BSI with the profit recognition obtained in Bank Mandiri's financial statements. The descriptive approach was chosen because it allows researchers to observe and describe research phenomena without manipulating variables.

RESULTS

Conventional Bank Ownership of Sharia Banks

The following is data on several Islamic banks in Indonesia whose shares are owned by conventional bank parent entities in 2023.

Table 1. Sharia Banks and Their Shareholders. *(Source: Data Processed)*

No	Name of Sharia Bank	Shareholder	Percentage of Ownership
1	Bank Syariah Indonesia	PT Bank Mandiri (Persero) Tbk	50.83%
		PT Bank Negara Indonesia (Persero) Tbk	24.85%
		PT Bank Rakyat Indonesia (Persero) Tbk	17.25%
2	Bank BJB Syariah	PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk	99.24%
3	Bank BCA Syariah	PT Bank Central Asia Tbk	99.99995%
4	Bank Tabungan Pensiun Nasional Syariah	PT Bank BTPN Tbk	70.00%
5	Bank Panin Dubai Syariah	PT Panin Bank Tbk	67.30%

The data in Table 1 shows the majority of share ownership by conventional banks against Islamic banks in Indonesia. This can affect the control and potential distribution of profits. The majority of shares owned by conventional banks provide significant control over the management and operational strategy of Islamic banks as well as the management and operational plans of Islamic banks. The profits obtained by Islamic banks can contribute positively to the financial performance of conventional banks as majority owners. For example, the majority of BSI's shares are owned by three conventional banks: Bank Mandiri, Bank Negara Indonesia, and Bank Rakyat Indonesia with a total ownership of 92.93%, of which of the three banks, Bank Mandiri has the largest portion of 50.83% of BSI's shares, which makes it the controlling shareholder of BSI (Mandiri, 2022). As the controlling shareholder, Bank Mandiri has the authority to determine BSI's financial and

DOI: 10.55643/fcaptp.2.61.2025.4627

operational policies. This shared ownership and control structure has great potential to influence investor activity (Iwanicz-Drozdowska dan Witkowski, 2023).

Bank Mandiri is a bank owned by the government of the Republic of Indonesia with a percentage of share ownership of 60.00% (Mandiri, 2022). As one of Bank Mandiri's subsidiaries, BSI is also a well-known Islamic bank in Indonesia, with total assets in 2023 reaching IDR 353.62 trillion and in the same year posted a profit of IDR 5.7 trillion ('Annual Report of Bank Syariah Indonesia 2023', 2023). In the national banking industry, total banking assets in Indonesia as of December 2023 touched IDR 11,984 trillion, while total Islamic banking assets reached IDR 892.2 trillion ('Annual Report of Bank Syariah Indonesia 2023', 2023).

In 2022, BSI's profit participation as a subsidiary of Bank Mandiri touched 50.50% of the total contribution of all Mandiri Group subsidiaries, which amounted to IDR 4.3 trillion out of a total of IDR 8.5 trillion (Independent, 2022). In 2023, there will be an increase in contribution, reaching 53.62% of the total IDR 10.63 trillion (Bank Mandiri Tbk, 2023). BSI holds the market share of Islamic banking in Indonesia with total assets of IDR 353.62 trillion (39.63%) of IDR 892.2 trillion in Islamic banking assets in 2023('Bank Syariah Indonesia Annual Report 2023', 2023). Judging from its development, Islamic banks are experiencing rapid growth. The availability of varied services is one of the internal factors that affect the development of Islamic banks compared to conventional banks (Kumar and Sheela, 2023). The external factors that affect include the inflation rate, interest rates, and the rate of economic growth (Al Arif, 2017). The growth of total Islamic banking assets from 2022 to 2023 was recorded at 10.09% (Sharia Banking Statistics 2023, 2023). BSI's market share is 39.63% in Islamic banking in Indonesia, so BSI's growth significantly affects the development of Islamic banking nationally. However, the existence of BSI as a subsidiary of the Bank Independence gives rise to questions about how BSI's profits affect Bank Mandiri's financial performance, which ultimately affects the share of conventional banking in Indonesia.

Attribution of Islamic Bank Profits to Parent Conventional Banks

Islamic banks in Indonesia are owned by large conventional banks that act as holding companies. In general, by looking at the data in Table 1, the profit performance of Islamic banks will contribute significantly to the profits of conventional banks of their parents. Better performance presentation can promote investment by attracting long-term investor interest (Park, 2024). Profit inflation can also take into account market price volatility. The presentation of a company's earnings is a significant and relevant source of systematic and market information for projecting short-term market volatility (Kim et al., 2024). The conventional financial system cannot replace the Islamic financial system; On the other hand, the Islamic financial system can be an economic supplement to the conventional system. Islamic finance takes its power from investments that come from state funds placed in Islamic banks.

Family control has a negative impact, and the difference is more significant between family groups and non-family groups controlled by banks and/or foreign agents. They also show that diversification does not provide added value, either individually or considering the potential moderation effects of family ownership (Hernández-Trasobares dan Galve-Górriz, 2017). The ownership of conventional banks over the ownership of Islamic banks by conventional banks has a significant impact on the strategy, operations, and performance of the two types of banks. The ownership of conventional banks as the controlling bank of Islamic banks has a complex impact, where strategic benefits can be obtained from the synergy between the two types of banks. However, both parties need to ensure mutually beneficial cooperation and maintain the integrity and principles of Sharia when conducting banking business. Conventional bank ownership as a controller of Islamic banks has various positive and negative impacts. Positive aspects include substantial capital and resource support, improved reputation, and operational efficiency. However, there are also challenges related to dependence on conventional banks as parent banks, potential conflicts of interest, and public perception of consistency in applying sharia principles.

Income statements by Islamic banks will also be recognized as income by the parent entity according to the percentage of its ownership. Most of the profits earned by Islamic banks are attributed to conventional parent banks, which significantly impacts the income and asset growth of the parent company. This can affect the income of the parent company and the development of conventional bank assets.

Bank Mandiri's annual report in 2022 states that its healthy performance is inseparable from the contribution of its subsidiaries. BSI's contribution in maximizing profits as a subsidiary of Bank Mandiri can reach 50.50% in 2022 of the total contribution of Mandiri Group's subsidiaries, which is worth IDR 4.3 trillion out of a total of IDR 8.5 trillion (Mandiri, 2022), while in 2023, BSI contributes 53.62% of the total IDR 10.63 trillion (Bank Mandiri Tbk, 2023). This shows that BSI's profit contribution has increased from all contributions of Mandiri Group's subsidiaries from 2022 to 2023, and is very dominant. By paying attention to the growth of this contribution, the greater the profit obtained by BSI, the more significant its contribution to Bank Mandiri's profit.

The Impact of Sharia Bank Profit Reporting on the Income of Conventional Bank Parent Entities

The following is the impact of profits obtained by Islamic banks as subsidiaries of conventional banks on the income of the parent company:

1. Increase In Consolidated Net Profit.

The profits earned by Islamic banks associated with the parent bank can increase the parent bank's overall revenue and profitability, which can drive business growth and benefit shareholders. The profits generated by Islamic banks directly increase the consolidated net profit of the parent bank. For example, if BSI earns significant profits, this will have a positive impact on Bank Mandiri's total net profit. Income from Islamic banks can also provide income diversification for conventional banks. This reduces the financial risks associated with reliance on one specific type of operation or market.

Bank Mandiri's 2022 annual report states that its healthy performance is inseparable from the contribution of its subsidiaries. BSI's profit contribution as a subsidiary of Bank Mandiri from year to year continues to increase and is very dominant. By paying attention to the growth of this contribution, the greater the profit obtained by BSI, the more significant its contribution to Bank Mandiri's profit. The results of previous research show that bank size and capital are the main indicators to increase the profitability and stability of Islamic banks and reduce their credit risk. On the other hand, liquidity measures generally have a positive impact on bank profitability and stability but tend to have a negative impact on credit risk, except in some ratios (Trad, Trabelsi and Goux, 2017).

2. Contribution to Dividends.

The increased profits of Islamic banks allow the parent bank to distribute higher dividends to its shareholders. This increases investment attractiveness and can boost the stock price of conventional banks. The additional advantages of Islamic banks strengthen the financial position of the parent bank, providing greater flexibility in financial management and strategic planning. Conventional banks generally show a higher level of efficiency in terms of costs and profits compared to Islamic banks (Al Asmi, Fahmy-Abdullah and Sieng, 2024). Islamic banks are less cost-effective due to their unique operational structure and adherence to Sharia principles, which can increase operational costs. These results underscore the significant efficiency gap between the Islamic and conventional banking sectors.

3. Business Expansion and Development.

Conventional parent banks can use the profits of subsidiary Islamic banks, to invest in expansion projects, whether in the form of opening new branches, information technology development, or customer service initiatives. This will contribute to the overall growth of the parent bank's assets. Revenues from Islamic banks increase the parent bank's liquidity, allowing them to channel more credit to customers and expand their loan portfolio. Thus, the profits obtained from Islamic banks can increase the capital reserves and working capital of the parent bank's conventional banks. This provides a stronger foundation for facing market challenges and capitalizing on growth opportunities. Conventional banks can improve their risk management capabilities and strengthen their capital structure with the additional profits obtained from their subsidiary Islamic banks. This allows conventional parent banks to be more resilient to economic fluctuations and market volatility.

If linked back to the parent bank, the profits obtained by Islamic banks can be an additional source of income for conventional banks. This can increase the parent bank's overall revenue and profitability. With the profits obtained from subsidiary Islamic banks, the parent conventional bank can diversify its revenue portfolio, reduce dependence on conventional sectors, and strengthen the company's financial position. The contribution of Islamic bank profits allows the parent bank to have a diversified income portfolio, reduces dependence on other sources of income, and creates a balance of corporate income.

Knowledge transfer from subsidiaries to parent companies (reverse knowledge transfer) has a very important role in driving innovation and improving the performance of the parent company. This is based on the argument that subsidiaries have specialized knowledge that can strengthen the innovation capacity of the parent company, especially in the face of competition in the global market (Barba-Aragón, Sanz-Valle dan Sanchez-Vidal, 2024). On the other hand, it is stated that the control and supervision carried out by the parent company over its subsidiaries through the management control system have a more important role (Rodrigues *et al.*, 2023). This approach is more hierarchical, where the parent company controls the operations of the subsidiaries to ensure efficiency and achieve the desired performance. Barba-Aragón et al. focus more on the importance of "bottom-up" knowledge flow, while Rodrigues et al. tend to highlight the importance of the parent company to control the subsidiary on a "top-down" basis, which has the potential to hinder the flexibility and innovation of the subsidiary.

DOI: 10.55643/fcaptp.2.61.2025.4627

The positive relationship between bank profitability and economic growth suggests that higher bank profits can support improved economic performance (Kjosevski, 2024). In accordance with these studies, BSI's profit, which contributes to the performance of its parent bank, Bank Mandiri, contributes positively to the parent company's revenue and the growth of conventional bank assets. Increased consolidated net income, diversification of revenue sources, and higher dividend distributions are some of the positive impacts felt by the parent bank. In addition, income from the subsidiary Islamic bank also supports business expansion, increased liquidity, strengthening the capital structure, and better risk management. Thus, the success of Islamic banks not only benefits their parent conventional banks individually but also strengthens the financial performance and asset growth of conventional banks. The profits obtained from Islamic banks can be used by the parent bank to provide additional capital and liquidity for conventional banks, which can support the growth of the bank's assets and business expansion. With the additional income earned from Islamic banks, the parent bank can diversify its business through acquisitions, investments, or expansion into other sectors which can increase the overall growth of the bank's assets.

In addition to the contribution of Islamic banks' profits which can benefit the income of the parent bank and the growth of conventional bank assets, Islamic banks can also offer benefits for the income of the parent bank and the growth of conventional bank assets. On the other hand, subsidiary Islamic banks are also affected, such as having financial dependence and operational control constraints. Islamic banks must develop strategies that strengthen their position as independent and competitive entities in the banking industry.

Regarding resources, Islamic banks often benefit from financial, technological, and infrastructure support from conventional bank parents. This provides an advantage in operational scale and efficiency that independent Islamic banks do not always have. The Sharia Supervisory Board plays a crucial role in overseeing every step of management and creating a balance between maintaining strict Sharia compliance and still meeting conventional shareholder growth expectations. Majority ownership gives conventional banks the right to engage in strategic decision-making at the management and policy levels, but also fully respects the operational autonomy of Islamic banks, especially in terms of compliance with Sharia principles.

Strategies to Increase the Market Share of Islamic Banks in Indonesia

The change from conventional banks to Islamic banks has a significant positive impact on increasing market share (Al Arif, Ihsan and Fatah, 2023). Becoming a full-fledged Islamic bank can be an alternative solution to smaller conventional banks rather than opting for spin-offs or mergers. In Indonesia, there are conventional banks that have been converted into Islamic banks. There are two banks, namely Bank Syariah Aceh, which is a conversion from the conventional bank Bank of Aceh in 2016, and Bank Syariah West Nusa Tenggara, which is a conversion from the conventional bank Bank of West Nusa Tenggara in 2018. Based on the findings of the study, conversion has a positive impact on market share, where default rate and capital level also play an important role. Before the conversion, Indonesia's Islamic banking industry had a market share of less than 5% but reached 6.7% after conversion.

This shows that changing the operations of conventional banks to Islamic banks has the potential to increase the market share of Islamic banking. To ensure the growth of Islamic banks that are balanced with conventional banks and minimize their adverse impacts, various stakeholders, such as the government and the Financial Services Authority (OJK), need to collaborate in implementing strategies to increase the market share of Islamic banks in Indonesia. The government and OJK need to develop regulations that support the separation of Islamic bank ownership from conventional banks as well as operational and financial independence to increase the market share of Islamic banking in Indonesia. To achieve this, several important things need to be considered, namely:

1. *Legal Framework and Compliance.*

In Indonesia, the Sharia Banking Law No. 21/2008 requires the separation of Sharia business units from conventional banks to ensure their operational independence (Trinugroho, 2021). Based on the law, in 2023 Islamic banks must be separated from conventional banks that own them if the asset value of Sharia Business Units reaches 50% of the total assets of conventional banks. Islamic banks must be guided by Sharia principles, which require a different regulatory framework from conventional banks. This includes the prohibition of interest and the implementation of the profit-sharing mechanism.

2. *Structural considerations.*

The ideal structure of Islamic banks in Indonesia is a comprehensive bank model, operating as an independent legal entity to accelerate decision-making and innovation processes, increase market share, and make a greater contribution to the economy (Yuspin and Nurwanti, 2020). The process of transforming conventional banks into Islamic banks involves regulatory hurdles, such as the need to obtain appropriate licenses and adjust their legal status (Muhaimin, 2021).

3. Performance and Risk

Research shows that Islamic banks that have been operating maturely in the early stages may experience lower performance and a higher level of financing risk compared to Sharia units found in conventional banks. However, the implementation of a well-planned conversion strategy has the potential to increase profitability and operational time efficiency (Trinugroho, 2021).

4. Harmonization of Regulations.

The implementation of international standards, such as those set by the Islamic Financial Services Board (IFSB), can strengthen the alignment of Islamic banking practices with global standards, ensure regulatory compliance, and improve effectiveness in risk management (Setiawan, 2023).

The separation of Islamic banks from their parent conventional banks is a fundamental step that needs to be taken by the government and OJK to ensure that Islamic banks will have full operational control over their operations. The success of the conversion of conventional banks into Islamic banks, namely Bank Syariah Aceh and Bank Syariah West Nusa Tenggara, which has been proven to increase the market share of Islamic banking in Indonesia, can be an indication that there is a need for the separation of ownership of Islamic banks from their parent conventional banks to increase the market share of Islamic banking in Indonesia. With the separation of the ownership of Islamic banks from their parent conventional banks, at least it will have an impact on the balanced growth between the growth of individual Islamic banks and the growth of the share of Islamic banking in Indonesia. The separation of Islamic bank ownership from the parent conventional bank, requires a strong legal framework, careful structural planning, and compliance with Sharia principles to ensure operational and financial independence. This approach can help Islamic banks innovate and grow while maintaining compliance with national and international standards.

DISCUSSION

This study is a continuation of the study of the structure of joint ownership and control which has great potential to affect investor activity (Iwanicz-Drozdowska and Witkowski, 2023), and the positive relationship between the change of conventional banks to Islamic banks to increase market share (Al Arif, Ihsan and Fatah, 2023). These studies show that ownership and management patterns play a role in determining the market attractiveness and operational efficiency of a bank. In addition, Kumar and Sheela's (2023) research on the availability of varied services as internal factors affecting the development of Islamic banks; and Al Arif's (2017) research on external factors such as inflation rates and economic growth, are relevant to evaluate the Indonesian context.

This research brings a new perspective by exploring the ownership of Islamic banks by conventional non-bank entities, in this case, the Indonesian government, and its impact on increasing the market share of Islamic banks. This approach creates a unique path, different from previous studies that discuss the transformation of conventional banks into Islamic banks or the role of ownership structures in the context of shared control.

Another significant contribution is the emphasis on how the government's role as an owner can increase public trust in Islamic banks, especially through strengthening regulations, transparency, and innovation of Sharia-based services that are relevant to the needs of the community. This is also relevant to the argument of Trad, Trabelsi and Goux (2017) that liquidity and stability can be better managed through an approach that is in accordance with the ownership and supervision structure.

The novelty of this research compared to previous research is that it focuses on the exclusive ownership of Islamic banks by the government as an effort to increase market share. While Al Arif, Ihsan and Fatah (2023) show the positive impact of changing conventional banks to Islamic banks, this study proposes a more strategic alternative, namely completely separating Islamic banks from the control of conventional banks, which aims to minimize conflicts of interest and maximize the focus of Islamic banks on the mission and values of Sharia.

Furthermore, this study enriches the discussion on how the government can leverage its capacity to provide macroeconomic policy support, such as inflation stability and economic growth (Al Arif, 2017; Kjosevski, 2024), to create a more conducive environment for the growth of Islamic banks. By integrating the "top-down" and "bottom-up" approaches as presented by Barba-Aragón, Sanz-Valle and Sanchez-Vidal (2024) and Rodrigues et al., (2023), this study shows that the

DOI: 10.55643/fcaptp.2.61.2025.4627

government can be an effective owner by combining Sharia-based innovation (bottom-up) and strategic policy control (top-down).

The main implication of this study is to provide an empirical basis for the Indonesian government to consider direct ownership of Islamic banks as a strategic step in increasing market share. This ownership is expected to be able to encourage public trust, increase efficiency, and expand the range of sharia services that are varied and relevant to local needs. Thus, this study not only provides a new view on the dynamics of bank ownership but also offers practical solutions for the development of the Islamic banking sector in Indonesia.

CONCLUSIONS

In Indonesia, Islamic banks are majority-owned by conventional banks that are their parents. As a subsidiary of conventional banks, the profits obtained by Islamic banks are attributed to the parent bank so that it can increase the income and profitability of the parent bank as a whole. The profits generated by Islamic banks are directly linked to their parent banks, thereby increasing the consolidated net profit of the parent bank. On the other hand, the market share of Islamic banking in Indonesia is still lower than conventional banking. Therefore, it was made by the government and OJK so that there is no majority ownership of Islamic banks by conventional banks or even separation of Islamic banks from conventional parent banks. The government and OJK must be actively involved in formulating policies and regulations that support this separation. A strategy is needed for balanced growth between Islamic banks and conventional banks. The ideal structure of Islamic banks in Indonesia is in the form of a complete bank model, which operates as an independent legal entity to accelerate decision-making and innovation, increase the market share of Islamic banking and thus accelerate decision-making and innovation, increase the market share of Islamic banking and contribute to the economy. Structurally, it can convert conventional banks into Islamic banks, although it will involve regulatory hurdles, such as obtaining the necessary permits and overcoming changes in legal status.

The following research can test through quantitative testing the increase in market shares due to the separation of Islamic banks from their parent banks.

ADDITIONAL INFORMATION

AUTHOR CONTRIBUTIONS

All authors have contributed equally.

FUNDING

The Authors received no funding for this research.

CONFLICT OF INTEREST

The Authors declare that there is no conflict of interest.

REFERENCES

1. Alshammari, T. (2024). GCC banks' capital and liquidity: conventional versus Islamic banks. Journal of Economic and Administrative Sciences. https://doi.org/10.1108/JEAS-09-2021-0188
2. Amuda, Y. J., & Elshaarawy, S. (2024). Utilization of Islamic Financial Instruments for Poverty Reduction and Sustainable Households in Nigeria. *Journal of Ecohumanism, 3*(4), 595–607. https://doi.org/10.62754/joe.v3i4.3485
3. Anwar, M. M. et al. (2024). Antecedent and Consequences of Brand Love: A Conceptual in Behavioral Loyalty. In Studies in Systems, Decision and Control. Faculty of Economics and Business, Universitas Airlangga, Surabaya, Indonesia: Springer Science and Business Media Deutschland GmbH, pp. 1051–1067. https://doi.org/10.1007/978-3-031-50939-1_85
4. Al Arif, M.N.R, & Rahmawati, Y. (2018). Determinant factors of market share: Evidence from the Indonesian islamic banking industry. *Problems and Perspectives in Management, 16*(1), 392–398. https://doi.org/10.21511/ppm.16(1).2018.37
5. Al Arif, M. N. R. (2017). Spin-off and market share in the indonesian islamic banking industry: A difference in difference analysis. *Management and Marketing, 12*(4), 540–551. https://doi.org/10.1515/mmcks-2017-0032

6. Al Arif, M. N. R., Ihsan, D. N., & Fatah, D. A. (2023). The impact of conversion on market share in Indonesian Islamic banks. *Banks and Bank Systems, 18*(2), 1–12. https://doi.org/10.21511/bbs.18(2).2023.01

7. Al Asmi, A. M. S., Fahmy-Abdullah, M., & Sieng, L. W. (2024). A Study On The Cost And Profit Efficiency Of Islamic And Conventional Bank Islamic Windows In Oman: A Proposed Framework. *Revista de Gestao Social e Ambiental, 18*(2). https://doi.org/10.24857/RGSA.V18N2-102

8. Avdukic, A., & Asutay, M. (2024). Testing the development impact of islamic banking: Islamic moral economy approach to development. Economic Systems. https://doi.org/10.1016/j.ecosys.2024.101229

9. Bank Mandiri Tbk, P. (2023). Laporan Tahunan BMRI 2023. Bank Mandiri. https://www.bankmandiri.co.id/en/web/ir/annual-reports

10. Bank Syariah Indonesia Annual Report 2023 (2023). https://www.bankbsi.co.id/company-information/reports

11. Barba-Aragón, M. I., Sanz-Valle, R., & Sanchez-Vidal, M. E. (2024). Human resource management, absorptive capacity and reverse knowledge transfer. *Personnel Review, 53*(6), 1542–1560. https://doi.org/10.1108/PR-11-2022-0787

12. Fahmi, C. (2023). The Impact of Regulation on Islamic Financial Institutions Toward The Monopolistic Practices In The Banking Industrial In Aceh, Indonesia. *Jurnal Ilmiah Peuradeun, 11*(2), 667–686. https://doi.org/10.26811/peuradeun.v11i2.923

13. Harrison, T., & Ibrahim, E. (2016). Introduction. In Islamic Finance: Principles, Performance and Prospects. University of Edinburgh Business School. United Kingdom: Springer International Publishing, pp. 1–9. https://doi.org/10.1007/978-3-319-30918-7_1

14. Hemrit, W. (2020). Difference between the determinants of operational risk reporting in islamic and conventional banks: Evidence from saudi arabia. *Journal of Operational Risk, 15*(1), 1–38. https://doi.org/10.21314/JOP.2019.235

15. Hernández-Trasobares, A., & Galve-Górriz, C. (2017). Diversification and family control as determinants of performance: A study of listed business groups. *European Research on Management and Business Economics, 23*(1), 46–54. https://doi.org/10.1016/j.iedeen.2016.04.001

16. Hidayatullah, M. F., Irawan, B., & Roziq, A. (2023). Formulation Of Sharia Marketing Strategy in Bank Syariah Indonesia. *Quality - Access to Success, 24*(196), 280–284. https://doi.org/10.47750/QAS/24.196.34

17. Iwanicz-Drozdowska, M., & Witkowski, B. (2023). Subsidiary banks in emerging markets: how strong is the coordination on a group-wide basis? *International Journal of Emerging Markets, 18*(1), 86–101. https://doi.org/10.1108/IJOEM-05-2020-0487

18. Julia, T. (2020). Exploring green banking performance of Islamic banks vs conventional banks in Bangladesh based on Maqasid Shariah framework. *Journal of Islamic Marketing, 11*(3), 729–744. https://doi.org/10.1108/JIMA-10-2017-0105

19. Finance, O. J. (2023). Sharia Banking Statistics 2023. https://www.ojk.go.id/id/kanal/syariah/data-dan-statistik/statistik-perbankan-syariah/Pages/Statistik-Perbankan-Syariah---November-2023.aspx

20. Kim, J. et al. (2024). Forecasting Market Volatility: The Role of Earnings Announcements. *Accounting Review, 99*(4), 251–279. https://doi.org/10.2308/TAR-2021-0351

21. Kjosevski, J. (2024). Examining the relationship between bank profitability and economic growth: insights from Central and Eastern Europe. *Bank i Kredyt, 55*(2), 181–200. https://doi.org/10.5604/01.3001.0054.6739

22. Kumar, R. S. P., & Sheela, P. (2023). Can Islamic banks be sustainable with a simultaneously strong conventional banking counterpart? – A comparative study of the financial performance of Islamic and conventional banks in Bahrain. *International Journal of Business Excellence, 30*(2), 133–159. https://doi.org/10.1504/IJBEX.2023.132063

23. Mamatzakis, E. et al. (2023). Does corporate governance affect the performance and stability of Islamic banks? *Corporate Governance (Bingley), 23*(4), 888–919. https://doi.org/10.1108/CG-05-2022-0217

24. Mandiri, B. (2022). Annual Report 2022. https://www.bankmandiri.co.id/web/ir/annual-reports

25. Mardiana, A. (2024). From conventional to Islamic banks : Factors affecting customer interests and decision making in selecting banks. *Banks and Bank Systems, 18*(3). https://doi.org/10.21511/bbs.18(3).2023.06

26. Maswadeh, S. A. (2020). How Investment Deposits at Islamic and Conventional Banks Effect Earnings Per Share? *Journal of Asian Finance, Economics and Business, 7*(11), 669–677. https://doi.org/10.13106/jafeb.2020.vol7.no11.669

27. Mateev, M. (2021). Regulation, ownership and bank performance in the MENA region: Evidence for Islamic and conventional banks. Emerging Markets Review, 47. https://doi.org/10.1016/j.ememar.2020.100789

28. Mohammad, M. O., & Shahwan, S. (2013). The objective of islamic economic and islamic banking in light of maqasid al-shariah: A critical review. Middle East Journal of Scientific Research, 13(SPLISSUE). https://doi.org/10.5829/idosi.mejsr.2013.13.1885

29. Moosa, R. (2023). An Overview of Islamic Accounting: The Murabaha Contract. *Journal of Risk and Financial Management, 16*(7). https://doi.org/10.3390/jrfm16070335

30. Muhaimin (2021). Regulation Of Conversion of Conventional Banks to Islamic Banks and Legal Issues. *Journal of Legal, Ethical and Regulatory Issues, 24*(Special Issue 1), 1–12. https://www.scopus.com/inward/record.uri?eid=2-s2.0-85113182472&partnerID=40&md5=556e860780310ca926bb14dc172929e6

31. Nugraha, K. et al. (2022). Factors Influencing Bank Customers’ Orientations toward Islamic Banks: Indonesian Banking *Perspective. Sustainability (Switzerland), 14*(19). https://doi.org/10.3390/su141912506

32. Park, G. (2024). The Impact of Performance Reporting on Investment Behavior: Evidence from Disclosure Reform in

the U.K. *Accounting Review, 99*(4), 427–453. https://doi.org/10.2308/TAR-2021-0863

33. Puspitanigrum, R., Magfirah, I., & Saputra, J. (2021). Analyzing the Effect of Products and Human Resources Towards Customer Loyalty at Bank Aceh Syariah, Bireuen, Indonesia. Proceedings of the International Conference on Industrial Engineering and Operations Management. Faculty of Economics and Business, Universitas Malikussaleh Semarang, Jawa Tengah, 50275, Indonesia: IEOM Society, p. 2480. https://www.scopus.com/inward/record.uri?eid=2-s2.0-85126183876&partnerID=40&md5=20c2636d12a0f90dccc868168cc19a16
34. Rodrigues, M. et al. (2023). Is it possible for leading companies to affect the control system of their subsidiaries? *Cogent Business and Management, 10*(3). https://doi.org/10.1080/23311975.2023.2283062
35. Setiawan, R. A. (2023). The Future of Islamic Banking and Finance in Indonesia: Performance, Risk and Regulation, The Future of Islamic Banking and Finance in Indonesia: Performance, Risk and Regulation. Western Sydney University, Australia: Taylor and Francis. https://doi.org/10.4324/9781003393986
36. Shinkafi, A. A., Yahaya, S., & Sani, T. A. (2020). Realising financial inclusion in Islamic finance. *Journal of Islamic Marketing, 11*(1), 143–160. https://doi.org/10.1108/JIMA-02-2017-0020
37. Tekdogan, O. F., & Atasoy, B. S. (2021). DOES ISLAMIC BANKING PROMOTE FINANCIAL STABILITY? EVIDENCE FROM AN AGENT-BASED MODEL. *Journal of Islamic Monetary Economics and Finance, 7*(2), 201–232. https://doi.org/10.21098/jimf.v7i2.1323
38. Thaib, I. et al. (2024). ISLAMIC BANKING PERFORMANCE AND INTERNAL SHARIA CAPITAL COLLABORATION. *Revista de Gestao Social e Ambiental, 18*(1). https://doi.org/10.24857/rgsa.v18n1-120
39. Trad, N., Trabelsi, M. A., & Goux, J. F. (2017). Risk and profitability of Islamic banks: A religious deception or an alternative solution? *European Research on Management and Business Economics, 23*(1), 40–45. https://doi.org/10.1016/j.iedeen.2016.09.001
40. Trinugroho, I. (2021). Is spin-off policy an effective way to improve performance of Islamic banks? Evidence from Indonesia. Research in International Business and Finance, 56. https://doi.org/10.1016/j.ribaf.2020.101352
41. Utami, A. D., Risfandy, T., & Rahardjoputri, R. (2022). Islamic banks' merger: the case of Bank Syariah Indonesia. *International Journal of Monetary Economics and Finance, 15*(3), 201–212. https://doi.org/10.1504/ijmef.2022.126904
42. Wahyudi, H. et al. (2023). Comparison of Short-Term and Long-Term Estimation of Syariah Banking Performance. WSEAS Transactions on Environment and Development, 19, 138–150. https://doi.org/10.37394/232015.2023.19.12
43. Wajdi Dusuki, A. (2008). Understanding the objectives of Islamic banking: a survey of stakeholders' perspectives. International Journal of Islamic and Middle *Eastern Finance and Management, 1*(2), 132–148. https://doi.org/10.1108/17538390810880982
44. Widarjono, A., & Wijayanti, D. (2022). Do Islamic banks bear displaced commercial risk? Evidence from Indonesia. *Banks and Bank Systems, 17*(3), 102–115. https://doi.org/10.21511/bbs.17(3).2022.09
45. Yudaruddin, R. (2023). Financial technology and performance in Islamic and conventional banks. Journal of Islamic *Accounting and Business Research, 14*(1), 100–116. https://doi.org/10.1108/JIABR-03-2022-0070
46. Yusmad, M. A. et al. (2024). Revitalization Supervision Islamic Banking in Enhancement Compliance in Indonesia and Malaysia. *Samarah, 8*(1), 468–494. https://doi.org/10.22373/sjhk.v8i1.20524
47. Yuspin, W., & Nurwanti, Y. D. (2020). Islamic banking structure post spin-off policy: Indonesian perspective. *International Journal of Innovation, Creativity and Change, 12*(2), 374–391. https://www.scopus.com/inward/record.uri?eid=2-s2.0-85083070113&partnerID=40&md5=ac2a1845bb31ff534ebf3fc74be66414
48. Zafrizal, M., & Said, R. M. (2019). The influence of banking profitability on share price and the moderating role of capital adequacy ratio and foreign exchange transaction: Comparative study of government and private banks in Indonesia. Pertanika *Journal of Social Sciences and Humanities, 27*(S2), 255–271. https://www.scopus.com/inward/record.uri?eid=2-s2.0-85076357651&partnerID=40&md5=46b42a4788746e6b1164e3

Валуйо Б., Сяфріда І.

ВІДОКРЕМЛЕННЯ ІСЛАМСЬКИХ БАНКІВ ВІД ТРАДИЦІЙНОЇ ВЛАСНОСТІ БАНКІВ ДЛЯ ЗБІЛЬШЕННЯ ЧАСТКИ РИНКУ ІСЛАМСЬКОГО БАНКІНГУ В ІНДОНЕЗІЇ

Частка ринку ісламського банкінгу в Індонезії досі невисока. В Індонезії більшість ісламських банків належать своїм материнським звичайним банкам. Оскільки вони є дочірніми компаніями звичайних банків, прибуток, отриманий ісламськими банками, приписують їхнім материнським звичайним банкам, тим самим збільшуючи загальний дохід і прибутковість материнського банку. Основною метою цього дослідження є оцінка впливу мажоритарної власності традиційних банків на розвиток ісламської банківської галузі в Індонезії. Мета дослідження – заохотити уряд і банківських регуляторів в Індонезії збільшити частку ринку ісламського банкінгу. Це дослідження проводили з використанням описово-якісного підходу. Об'єкт дослідження — ісламські банки та материнські звичайні банки ісламських банків Індонезії з вибірками Bank Syariah Indonesia (BSI) та Bank Mandiri. Використані інструменти – це фінансова звітність ісламських банків у вибірці та фінансова звітність їхніх материнських звичайних банків. Було проведено аналіз даних про отриманий прибуток BSI та визнання отриманого прибутку у фінансовій звітності Bank Mandiri. 2022 року прибуток BSI склав 50,5% від загального внеску всіх дочірніх компаній Bank Mandiri. Це, безсумнівно, вплине на зростання Bank Mandiri й може збільшити частку ринку звичайних банків в Індонезії. Уряд і регулюючий орган, а саме Управління фінансових послуг (OJK), повинні провести політику, яка полягає в тому, що не існує мажоритарної власності звичайних банків на ісламські банки або навіть відокремлення ісламських банків від звичайних материнських банків. Уряд і OJK повинні брати активну участь у формулюванні політики й правил, які підтримують це відокремлення, для збільшення частки ринку ісламського банкінгу в Індонезії.

Ключові слова: відокремлення, ісламські банки, звичайні банки, частка ринку, материнська компанія, дочірні компанії, мажоритарна власність, атрибутована, внесок, фінансова звітність

JEL Класифікація: M210, M410

DOI: 10.55643/fcaptp.2.61.2025.4627