

# Growth Acceleration Strategy Sharia Regional Development Banks (BPD) In Indonesia

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## Abstract

This study aims to formulate the core problem by choosing what is the best strategic alternative that can be taken by Islamic business units to accelerate the growth of the Islamic banking industry. By exploring aspects of internal and external problems. Then the solution from internal and external of various acceleration strategies based on expert opinion related to the phenomenon of the researcher's problem. This research methodology is descriptive qualitative with a quantitative approach and research using ANP (Analytic Network Proses) analysis tools. In this study using experts totaling 5 people consisting of academics, practitioners and regulatory experts. The results of this study indicate that: 1). There are two main problems, namely external and internal problems. The most prioritized problem in determining the acceleration strategy is the external problem with an average combined value of 53%, while for the W (Rater Agreement) value of all respondents is 0.36. The most prioritized external problem is the problem of local government support with an average value of 35% with a Rater Agreement of all respondents of 0.64, while the priority problem in internal problems is the problem of capital. 2) for the most prioritized solution, namely the external solution with a combined average value of 54%, while for the W (Rater Agreement) value of all respondents is 1. In the most prioritized external solution, namely local government support, the W (Rater Agreement) value is 0.84. With an average value of 35%. 3. The most prioritized strategy is conversion with an average value of 26%, while for the merger, spin off and acquisition strategies it is around 25%, with a W (Rater Agreement) value of 0.46, meaning that the answers of the respondents have moderate agreement.

*Keywords:* acceleration strategy, islamic regional development bank, islamic banking

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## 1. Introduction

The development of Islamic banking in Indonesia, which has been running for more than three decades since 1992, is considered by many to be still growing far below its potential. Although Islamic banking assets (BUS and UUS) have reached Rp 785 trillion as of May 2023 or almost Rp 800 trillion, when viewed from the marketshare the figure has only grown 2.3 percent over 10 years from 4.9 percent in 2013 to 7.2 percent in May 2023 (OJK, 2023). This marketshare figure has also been helped by the conversion of three BPDs and the implementation of the Qanun on Sharia Financial Institutions (LKS) in Aceh. This is shown in Table 1.

**Table 1.** Market Share Growth of Islamic Banking (BUS and UUS)

Year	Total Asset (Trillion Rupiah)	Market Share (%)
2019	499,34	6,18
2020	608,90	6,51
2021	646,21	6,52
2022	747,68	7,3
2023	785	7,2

Source: Financial Services Authority

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**Table 2.** Number of Islamic Banks

Year	BUS	UUS	BPRS
2019	14	20	164
2020	14	20	163
2021	12	21	164
2022	13	20	167
2023	13	20	171

Source: Financial Services Authority

The table 2 shows that the development of Islamic banking in Indonesia has not experienced a significant increase, because the number of Islamic commercial banks has decreased when viewed until June 2023, while for Islamic business units there are still consistently 20, and for BPRS there is an increase in number.

In order to accelerate the growth of Islamic banking, regulators encourage the birth of laws that specifically regulate the Islamic banking industry. In 2008, a law was issued that specifically regulates Islamic banking, namely Law No.21 of 2008 article 68 paragraph 1 which reads that UUS must spin off when its assets reach 50% or more of the total assets of its parent and or 15 years after the enactment of the regulation. After the implementation of this law, regulators encourage Islamic business units to conduct spin-offs even though they do not meet the criteria as stated in the law. The spin off policy implemented will cause new problems at the efficiency level in the Islamic banking industry, where the spin off policy actually causes a decrease in the efficiency level of the Islamic banking industry (Al Arif, 2020). Islamic banks are less efficient than before the spin-off. In addition, there are no Islamic business units that can meet the requirements of 50% or more of the parent's total assets (Al Arif, 2018).

With this, OJK issued the latest regulation POJK 12/2023 related to the separation of the Sharia Business Unit, where the new rules now do not beat the UUS to spin off within a certain time limit. In addition, OJK only requires UUS banks to spin off if they have met certain conditions. And 2023 should have been the deadline for Islamic business units to decide on the business strategy to be carried out. With the new POJK regulation regarding spin off, it states that banks that are not required to spin off sharia business units can continue to run their business as long as they create a strategy to accelerate the development of sharia business units in the future. The Table 3 show the number of Sharia Business Units in Indonesia and their establishment.

**Table 3.** Number of Sharia Business Units in Indonesia and Their Establishment

No	Islamic Commercial Bank	Information
1	PT. Bank Aceh Syariah	Convert
2	PT BPD Riau Kepri Syariah	Convert
3	BPD West Nusa Tenggara Syariah	Convert
4	PT Bank Muamalat Indonesia	Pure without <i>spin off</i> or conversion
5	PT. Bank Victoria Syariah	Convert
6	PT Bank Jabar Banten Syariah	<i>Spin of</i>
7	PT Bank Syariah Indonesia, Tbk	Marger, 3 BUS (BSM, BRIS & BNIS)
8	PT Bank Mega Syariah	Convert
9	PT Bank Panin Dubai Syariah, Tbk	Convert
10	PT Bank Syariah Bukopin	Conversion and <i>spin off</i>
11	PT Bank BCA Syariah	<i>Spin off</i>
12	PT Bank Tabungan Pensiunan Nasional Syariah, Tbk	Conversion and spin off
13	PT Bank Aladin Syariah, Tbk	Spin off

Source: Financial Services Authority (OJK), 2023

Based on the data table 2, currently there are only 2 BUSs that are purely spin off, namely PT BJB Syariah and PT Bank Aladin Syariah, Tbk. PT Bank Jabar Banten Syariah was originally a UUS which was separated from its parent bank in carrying out Islamic bank operations. And Bank Aladin Syariah is a successful example of a bank that spun off by transforming into a digital bank, which initially Bank Aladin was Maybank Syariah Bank then changed to Bank Net Syariah, then now it is digitally transformed into Bank Aladin Syariah.

The conversion process at the Regional Development Bank (BPD) which was successfully carried out occurred in Bank Aceh into Bank Aceh Syariah and the conversion of Bank West Nusa Tenggara (NTB) into Bank NTB Syariah,

then followed by BPD Riau Kepri, and Bank Bpd DIY. Then the other four BUSs namely Bank viktoria syariah, bank mega syariah, bank panin dubai syariah, and BCA Syariah bank are the result of conversions which are generally the takeover of small-scale conventional banks by other banks then the bank that was taken over was converted from conventional to sharia-based. While the other two BUS conversion results were formed by converting a bank to be merged with an existing UUS, then the combined UUS was released (spin off) into a BUS, namely BTPN Syariah and Bukopin Syariah. Meanwhile, PT Bank Syariah Indonesia is the result of a merger or combination of Bank Syariah Mandiri, Bank BNI Syariah, and Bank BRI Syariah. As of June 2023, BSI was recorded to occupy the seventh position as the largest asset-bearing bank in Indonesia, with assets of Rp313.61 trillion, up 13.07 percent on an annual basis. In the history of Indonesian Islamic banking, there is only one BUS that was purely established without the results of the conversion or spin off of this bank, namely Muamalat bank.

Nabila Dan Al Arif, (2022) as well as Ikono & Reno Kamala Sari (2020), also showed that Bank NTB Syariah experienced an increase in deposits of 40% per year after spin off. However, previous research shows that the spin off policy has a negative impact on the performance of a bank. The efficiency and profitability of Islamic banks decreased dramatically after the spin off. (Ikono & Reno Kamala Sari, 2020). This has certainly sparked a debate between competition and consolidation in the banking industry. On the one hand, proponents of competition argue that the more competitive an industry is, the more efficient the intermediaries will be. On the other hand, banking consolidation that can increase banking market power is an effective way to achieve overall financial stability. (Trinugroho et al., 2021).

While the results of research on conversion have been many of them, namely: research conducted by Nesneri (2020), shows that the Sharia Business Unit of PT BPD Riau and Riau Islands has previously carried out a spin off process starting from the stages of spin off preparation, business aspects, financial aspects, organizational aspects and Human Resources (SDI), technology and information aspects, as well as legal and licensing aspects. However, based on the results of the General Meeting of Shareholders (GMS) on April 22, 2019, it is known that the Sharia Business Unit of PT BPD Riau and Riau Islands cannot be separated in principle from its parent bank, because PT BPD Riau and Riau Islands chose to convert to an Islamic Commercial Bank. (Nesneri et al., 2020).

Although there have been several studies that discuss various strategies, the previous studies were still conducted partially. This research tries to fill the gap by conducting a comprehensive study of various strategies that can be done to accelerate the growth of Islamic banks. So for this reason, what kind of strategy model is appropriate for conventional BPDs that have Sharia Business Units, whether spin off, merger, acquisition or conversion. The problem that arises is how Bank Sumut can contribute to the development of Islamic business units in order to continue to grow since the issuance of POJK 12/2023 related to the separation of Islamic business units, this problematic makes a reference that developing Islamic banks requires a good strategy so that the development of Islamic banks can progress.

Based on the criteria of PT Bank Sumut Syariah Business Unit Medan, which does not meet the spin off target in 2023, it must prepare a re-development strategy in the near future. This is supported by First, Regarding the latest POJK 12/2023 regulations regarding the separation of Sharia Business Units. Where the new rules now do not evenly hit the UUS to spin off within a certain time limit. In addition, OJK only requires UUS banks to spin off if they meet the requirements in accordance with article 68 paragraph 1. Then for banks that are not required to spin off the Sharia Business Unit can continue to run their business as long as they make a strategy for the future development of the sharia business unit. Second, it is no longer required to spin off according to POJK 12/2023, but there must be an acceleration of the sharia business unit both in terms of product marketing, product innovation, and the quality of its human resources. Third, 2023 is the deadline for the sharia business unit to decide on the business strategy that will be carried out.

The results of a study conducted by M. Nur Rianto et al (2020), show that spin offs that were originally intended to accelerate the growth of Islamic banking have actually shown the opposite in recent years. This is shown in a quantitative approach using ARIMA where the results show that no Islamic business unit can reach 50% of the assets of its parent bank. So that it raises new problems if the Islamic business unit is separated from its parent. This study formulates the core problem by choosing what is the best alternative strategy that can be taken by Islamic business units to accelerate the growth of the Islamic banking industry.

Departing from the description of the various phenomena above related to “Strategy for Accelerating the Growth of Islamic Regional Development Banks in Indonesia”. Aspects of internal and external problems will be explored. Then the solution from internal and external of various acceleration strategies based on expert opinion related to the phenomenon of the researcher's problem.

## 2. Literature Review

### 2.1. Decision Making

According to Horold and Cryl O'donnell (1997), decision making is a choice between alternatives regarding a way of acting, which is the essence of planning, a plan cannot be said to be absent if there is no decision, a reliable source, instructions or reputation that has been made. According to George R. Terry, decision making is the selection of existing alternatives. According to S.P Siagian, decision making is a systematic approach to the nature of the alternatives faced and taking actions which according to calculations are the most appropriate actions. (Aulia Weno, Rusdinal, 2019)

From the notions of decision making, it can be concluded that decision making is a process of systematically selecting the best alternative from several alternatives to be followed up or used as a way of solving problems.

The Dalil al quran about the Decision Making of a Leader in Surah Ali Imran Verse 159 which reads:

فَبِمَا رَحْمَةٍ مِّنَ اللَّهِ إِنَّتَ لَهُمْ وَلَوْ كُنْتَ فَظًّا غَلِيظَ الْقَلْبِ لَانْفَضُّوا مِنْ حَوْلِكَ فَاعْفُ عَنْهُمْ وَاسْتَغْفِرْ لَهُمْ وَشَاوِرْهُمْ فِي الْأَمْرِ فَإِذَا عَزَمْتَ فَتَوَكَّلْ عَلَى اللَّهِ إِنَّ اللَّهَ يُحِبُّ الْمُتَوَكِّلِينَ

Meaning: It is by the mercy of Allah that you are gentle with them. If you had been harsh and harsh-hearted, they would have distanced themselves from you. So forgive them, ask forgiveness for them, and consult with them in the matter. Then when you have made up your minds, then put your trust in Allah. Verily, Allah loves those who put their trust in Him.

The meaning contained in Surah Ali Imran verse 159 is the call of Allah to the Prophet Muhammad. This verse shows that the decision-making model carried out by a leader should be through deliberation and accompanied by five attitudes contained in this verse, namely: Gentleness, forgiveness, asking for forgiveness, determination and trust in Allah. Where these five attitudes need to be possessed by a leader when conducting deliberations. (Miyah, 2021).

### 2.2. Growth Acceleration Strategy for Islamic Banks

#### 2.2.1. Strategy Management

Strategic management is a plan that is prepared and managed by taking into account various sides with the aim that the effect of the plan can have a positive impact on the organization in the long term. One focus of study in strategic management wants to provide the impact of applying strategic concepts to the company in the long term. Or sustainable, including in terms of stable profits. Stable profits are influenced by the stability of sales that continue to experience growth (constant growth).

#### 2.2.2. Strategy definition

Strategy is a general program for achieving organizational goals in achieving the mission, strategy provides integrated direction for the organization and various organizational goals, and provides the utilization of organizational resources used to achieve goals.

According to Effendi, strategy is essentially planning and management to achieve a goal. Strategy is a plan or action step for an organization or business entity to achieve goals. In the sociology dictionary, strategy comes from the English language, namely "strategy" which means a procedure that has alternatives at several stages or steps. While in his book George A. Strainer Strategy comes from the Greek "strategos" which means general, therefore the word strategy literally means "the art of the generals". This word refers to what is the main concern of the organization's top management.

#### 2.2.3. Spin Off Theory

Das and Udayana (2004) explain that a spin-off relates to a subsidiary company controlled by a parent company, where the parent company divides pro-rata all the shares it owns in the subsidiary company. After the spin-off, two separate companies with proportional shareholdings are formed. Moschieri and Mair (2008) argue that the spun-off unit will become an independent company whose shares are distributed to the parent company's shareholders so that the parent company retains control over the spun-off subsidiary.

In Article 1 Point 12 of Article 135 of Law No. 40/2007 on Limited Liability Companies, the term spin-off is referred to as separation. Separation is defined as follows:

“A legal action taken by the Company to separate the business which results in all of the assets and liabilities of the Company being transferred by operation of law to 2 (two) or more companies or part of the assets and liabilities of the Company being transferred by operation of law to 1 (one) or more companies.”

#### 2.2.4. *Marger Theory*

Merger comes from the word “mergere” (Latin) which means (1) joining together, merging, combining (2) causing loss of identity because it is absorbed by something. Merger according to the Big Indonesian Dictionary (KBBI) is (1) the unification of businesses so as to achieve joint ownership and / or supervision, (2) the merger of two or more companies under one ownership, (3) the takeover of all assets and liabilities owned by a company to be combined with the company that takes over or the new company. Merger is also defined as the merger of two or more companies in which only one company survives as a legal entity, while the other ceases its activities or dissolves. Merger is a form of absorption carried out by one company against another company. If there is a merger between company A and company B, then in the end there will only be one company, company A or company B. In most merger cases, the company that has a larger size is kept alive and retains its name and legal status, while the smaller company or the merged company will stop its activities or be dissolved as a legal entity (Dharmasetya and Sulaiman, 2009).

#### 2.2.5. *Acquisition Theory*

Based on the author's search, there are several previous studies that also The literal meaning of acquisition is to buy or get something/object to add to something/object that has been previously owned (Kurniawati, 2014). The acquisition phenomenon is actually a strategic decision in the business world. Atmaja (2003) states that acquisition comes from the verb “acquire” which means to obtain, take over. Acquisition in business terminology is defined as the acquisition of ownership or control of the shares or assets of a company by another company and in this event both the acquiring and acquired companies continue to exist as separate legal entities.

#### 2.2.6. *Conversion Theory*

Conversion according to the banking dictionary means the process of changing from a certain system or type of instrument to another system or instrument. Conversion in banking can also be in the form of changing the conventional system to a sharia system. Changes in the business activities of conventional banks to banks based on sharia principles are carried out based on Law No. 21 of 2008 concerning Sharia Banking. The technical changes are based on Bank Indonesia Regulation Number 11/15/PBI/2009 concerning Changes in Business Activities of Conventional Banks into Islamic banks. Provisions regarding conversion are technically found in Bank Indonesia Regulation No. 8/3/PBI/2006, which basically means that banks can only change their business activities into banks that carry out business activities based on sharia principles with the permission of the Governor of Bank Indonesia.

### 3. **Research Method and Materials**

#### 3.1. *Type of Research*

This type of research is a descriptive qualitative method with a quantitative approach. The qualitative method will identify the factors used for the foundation in making long-term decisions regarding the most appropriate strategy for accelerating the growth of BPD Syariah in Indonesia. While quantitative research is the value of changes that can be expressed in numbers. The quantitative approach aims to provide a numerical description of the cluster decomposition of achievements in the growth acceleration strategy of BPD Syariah in Indonesia using the ANP (Analytic Network Process) data analysis method. While quantitative research is the values of changes that can be expressed in numbers. The quantitative approach aims to provide a numerical description of the cluster decomposition on achievements in the growth acceleration strategy of BPD syariah in Indonesia using the ANP (Analytic Network Process) data analysis method.

#### 3.2. *Research Informants*

In ANP analysis, the number of respondents is not used as a validity benchmark. The requirements for valid respondents in ANP are people who master or are experts in their fields (Rika, 2016). Because the ANP method is a decision-making method using a *pairwise* comparison questionnaire and *decision software* to determine priorities from the opinions of experts, regulators and practitioners. The Table 4 show the list of informants and their positions.

**Table 4.** List of Informants and Their Positions

No.	Name	Position	Description
1	Dedy Novendi	Head of International Banking at Bank Aceh Syariah	Practitioner
2	Meristika Valeri	Head of BPD North Sumatra's Sharia Business Unit	Practitioner
3	Dr. Saparuddin Siregar, SE, AK, SAS, CA, M.A.	Lecturer at the Postgraduate Program of North Sumatra State Islamic University	Academics
4	Dr.Muhammad Yafiz, M.Ag	Lecturer at the Postgraduate Program of North Sumatra State Islamic University	Academics
5	Ferdinan Daular	Supervisor Deputy Director of Supervision of Financial Services Institutions 2	Regulation

### 3.3. Data Analysis Technique

The tool used to analyze is to use the Analytic Network Procces (ANP) analysis method. The data and information obtained from the opinions represented by regulators, practitioners of academic funds are then compiled in the form of a framework model. If the results of the questionnaire have been collected, then the next is to analyze the results obtained, using the software “Super Decision” According to Saaty Analytic Network Procces (ANP) is a general theory of relative measurement used to derive composite priority ratios from individual ratio scales that reflect relative measurements of the influence of interacting elements with respect to control criteria (Huda, 2017). ANP is a new approach used for the decision-making process without making assumptions about the independence of elements at the same level. (Rusydia, 2013).

#### 3.3.1. Model Construction

At this stage the researcher conducts a problem solving process based on theoretical and empirical literature review. As an initial data source, this research is based on previous research and current news sources regarding POJK related to accelerating the growth of Islamic banks. then empirically conduct in-depth interviews with 2 academic expert informants, 2 practical informants and 1 OJK informant (regulator) to obtain the actual problem in a comprehensive manner. So that the criteria, clusters and nodes of the problem are obtained. The main problem criteria are grouped into two, namely internal and external problems. Furthermore, determining solutions and strategies to accelerate the growth of Islamic BPD in Indonesia.

#### 3.3.2. Model Quantification

After confirmation or validation of the model, a pairwise comparison questionnaire is prepared. The ANP questionnaire in the form of pairwise comparison is made to find out which of the two elements has a greater influence or is more dominant and how big the difference is. In ANP, the questionnaire is made using a rating scale from 1 to 9, the 1-9 numerical scale used in ANP can be seen in Table 5.

**Table 5.** Definition of Rating Scale and Numeric scale

Definition	Level of Importance
Equal importance	1
Weak	2
Moderate importance (slightly more important)	3
Moderate plus (middle value)	4
Strong importance (higher)	5
Strong Plus	6
Very strong or demonstrated importance	7
Very, very strong	8
Extreme importance	9

#### 3.3.3. Analysis of Results

In this phase is the synthesis of results. Synthesis means putting all the parts together into one whole (hendri; 2010). The data that has been inputted in the super decision software is then transferred and processed in Microsoft excel. The results of this synthesis analysis aim to determine the Geometric Mean and Rater Aggrement (W):

a. *Determining the geometric mean*

To find out the results of individual assessments from respondents and determine the results of opinions in one group, an assessment is carried out by calculating the geometric mean. Pairwise comparison questions from respondents will be combined to form a consensus. Geometric mean is a type of average calculation that shows certain tendencies or values.

b. *Determining rater agreement*

Rater agreement is a measure that shows the level of agreement (agreement) of the respondents (R1-Rn) on an issue in one cluster. The tool used to measure rater agreement is Kendall's Coefficient of Concordance (W;  $0 < W \leq 1$ ). W=1 indicates perfect agreement. To calculate Kendall's (W) is:

1) *Transpose*

The questionnaire results from all respondents were inputted into pairwise comparison so as to produce Normalized by Cluster then copied through priorities and transferred into a set in Microsoft excel. The results of Normalized by Cluster are collected in one set while the limiting value is not used in the calculation of Rater agreement. After that, the values in the normalized by cluster are transposed.

2) *Ranking*

The transposed values are ranked and then totaled.

3) *Calculate W*

After the ranking is done, the W value is calculated using the following formula:

$U = (T1+T2+...+TP)/P$	U = average value of the total rankings
$S = (T1-U)^2+(T2-U)^2...+(TP-U)^2$	S = sum of squared deviations
$MaxS = (n-U)^2 + (2n-U)^2 +...+ (pn-U)^2$	p = number of nodes
$W = S/MaxS$	n = number of respondents
T = total	

4) *Creating Graphs*

After calculating the geometric mean and rater agreement, the last step is to make a graph. The purpose of forming a graph is to make it easier for researchers to interpret the results of the study.

**4. Results and Discussion**

*4.1. ANP Results on the Growth Acceleration Strategy of Sharia Regional Development Bank (BPD)*

*4.1.1. Decomposition*

a) *Problem Identification*

Based on the results of in-depth studies and discussions with two academic experts and two practitioner experts as well as one regulatory expert to determine the Strategy for Accelerating the Growth of Islamic Regional Development Banks in Indonesia, the opportunity for all Commercial Banks including BPDs that have Sharia Business Units (UUS) to separate with their UUS (Spin Off) is certainly open, but policy making to spin off must of course be accompanied by mature readiness, both in terms of capital, HR infrastructure and Information Technology, as well as the determination of a realistic and adequate Corporate Plan for the Islamic Commercial Bank (BUS) resulting from the spin off. This is certainly very important, so that the BUS resulting from the spin off can become a Bank that can grow sustainably, with adequate capital support and be able to contribute to the development of banking and the economy, and not burden Conventional Banks as its parent Bank. These problems can be classified into two aspects, namely, internal problems and external problems. A complete description of these problems follows.

1) *Internal Problems*

Internal problems include (1) Capital (2) Human Resources (3) Technology (4) Management Support. 1) Limited Capital Strengthening Options, because it depends on the availability of funds from the Regional Government as a shareholder. 2) Strengthening Human Resources (HR) infrastructure both in terms of quantity and quality. 3)

Information Technology service infrastructure is still limited because its development requires high investment value, so it has not been able to compete optimally with other Commercial Banks that have led to digital banking.

2) External Issues

External problems include first, the problem of Regulatory Support, second, Community Support, third, Local Government Support.

While the alternative solutions to the problems are:

1) Internal Solution

Internal solutions include first, Capital solutions by (1) Joining KUB (Bank Business Group), (2) Entering the Capital Market, and (3) DBLM Strategy (Dual Banking Leverage Model). Second, HR solutions by (1) Collaborating with Islamic Universities, and (2) Strengthening Employee Skills. Third, technological solutions by (1) Preparing a Large Budget, and (2) IT Collaboration.

2) External Solution

External solutions include first, regulatory support solutions by means of, (1) Rules contained in POJK 12/2023 and (2) rules contained in UUP2SK. Second, community support solutions consist of: (1) Increasing Sharia Economic Literacy and (2) Increasing public trust.

3) Strategy

While the strategies that can be chosen are (1) Spin Off, (2) Marger, (3) Acquisition and (4) Conversion. The description can be depicted in the ANP model as in the figure 1.

– ANP Network

Based on the model framework prepared, a complex network based on the Analytic Network Procees network was prepared. This network is formed through Super Decision 2.6.1 software so that the following network is formed:

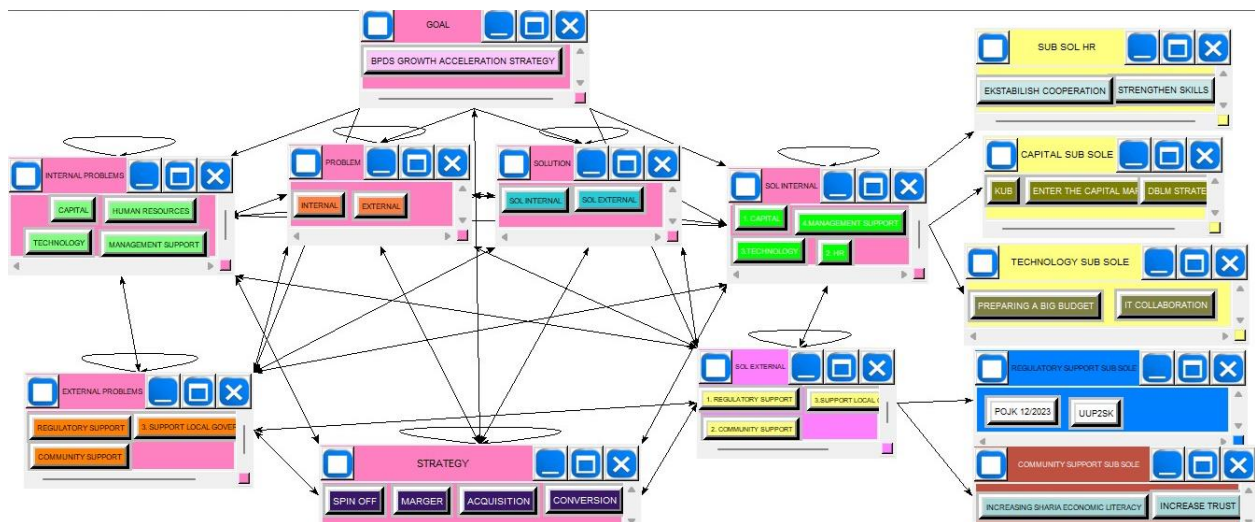


Figure 1. ANP network

– Pairwise Comparison

Based on the ANP network that has been made, a questionnaire is then prepared. The questions in the ANP questionnaire are in the form of pairwise comparisons between elements in the cluster to find out which of them has a greater influence (more dominant) and how much the difference is seen from one side.

Based on the ANP network model above, the questionnaire consisted of 97 pairwise comparison questions. Then this questionnaire was given to the respondents who had been determined.

4.2. Analysis of Research Synthesis Results

4.2.1. Analysis of Problem Synthesis Results

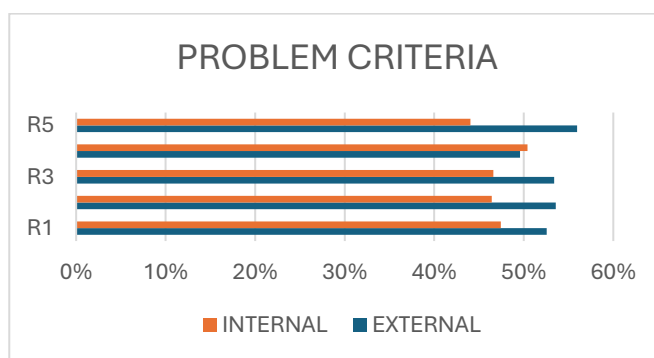
a. Analysis of Internal and External Problem Synthesis Results

**Table 5.** Rater Agreement for ANP Aspects

Cluster	Normalize Bay Cluster										Kendall's (W)
	R1	R	R2	R	R3	R	R4	R	R5	R	
External Problems	0.52571	1	0.53578	1	0.53404	1	0.49588	2	0.55968	1	0.36
Internal Problems	0.47429	2	0.46422	2	0.46596	2	0.50412	1	0.44032	2	

Source: Data processed (2024)

The table 5 shows that based on the combined opinion of the respondents, the most prioritized problem criteria in determining the BPDS growth acceleration strategy in Indonesia is an external problem of 53%, then internal problems have a combined average value of 47%. While for the value of W (*Rater Agreement*) contained in the figure, all respondents are 0.36. This shows that the level of agreement of respondents on the priority order of the problem cluster is moderate. To see the results of the synthesis of the priorities of each respondent can be seen in the figure 2.



**Figure 2.** Synthesis Results of Problem Criteria Priorities Based on the Value of Each Respondent

The figure 2 explains that of all 5 respondents, 4 of them answered the most influential problem cluster and the priority answer was the external problem in determining the BPDS growth acceleration strategy in Indonesia, then 1 of them answered the internal problem that was most influential in this problem, although it was not too significant between external and internal problems.

The dominance of respondents in responding to internal and external problems argues that external problems are the most influential for accelerating the growth of Islamic Regional Development Banks in Indonesia, this is in line with the rater agreement figure obtained of 0.36, which means that the level of agreement between respondents is moderate.

b. Internal Problem Analysis

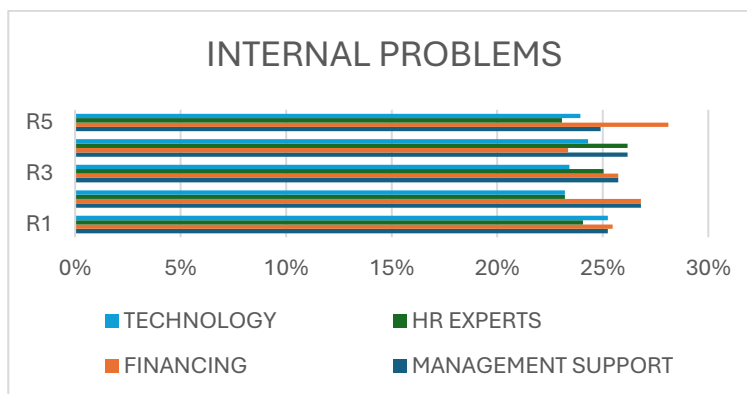
In this discussion, the results of the synthesis will be described in the internal problem cluster to determine the strategy for accelerating the growth of BPDS in Indonesia, the internal problem cluster here consists of: capital, human resources, technology and management support.

From the table 6, it can be seen that the most prioritized internal problem to determine the growth acceleration strategy of the Islamic Regional Development Bank in Indonesia from all respondents is the problem of capital and management support where the average value is 26%, although it has the same value but the average value of capital is slightly superior when viewed from the graph. Meanwhile, human resources and technology issues rank 3rd and 4th respectively with a value of 24%. While the figure 3 above displays the W (*Rater Agreement*) value of all respondents of 0.396. This shows that the level of agreement of respondents on the priority order of the problem cluster is moderate. To see the results of the synthesis of the priorities of each respondent can be seen in the figure 3.

**Table 6.** Rater Agreement for ANP Internal Issues

Cluster	Normalize Bay Cluster										Kendall's (W)
	R1	R	R2	R	R3	R	R4	R	R5	R	
Management Support	0.25235	2.5	0.268	1.5	0.25737	2	0.26173	1.5	0.24904	2	0.396
Financing	0.2547	1	0.268	1.5	0.25799	1	0.23352	4	0.28105	1	
HR Expertise	0.2406	4	0.232	3.5	0.25043	3	0.26173	1.5	0.2306	4	
Technology	0.25235	2.5	0.232	3.5	0.23421	4	0.24302	3	0.23932	3	

Source: Data processed (2024)



**Figure 3.** Synthesis Results of Prioritization of Internal Problem Criteria Based on the Value of Each Respondent

From the figure 3, it can be seen that the synthesis results of each respondent show that each respondent has a different answer, but we can see that the most prioritized internal problem of 2 respondents is the problem of capital, and 2 of them chose the same problem as a priority, namely the problem of capital and management support which has the same position. Then 1 respondent chose to prioritize internal problems of management support and human resources with equal weight.

*c. External Problem Analysis*

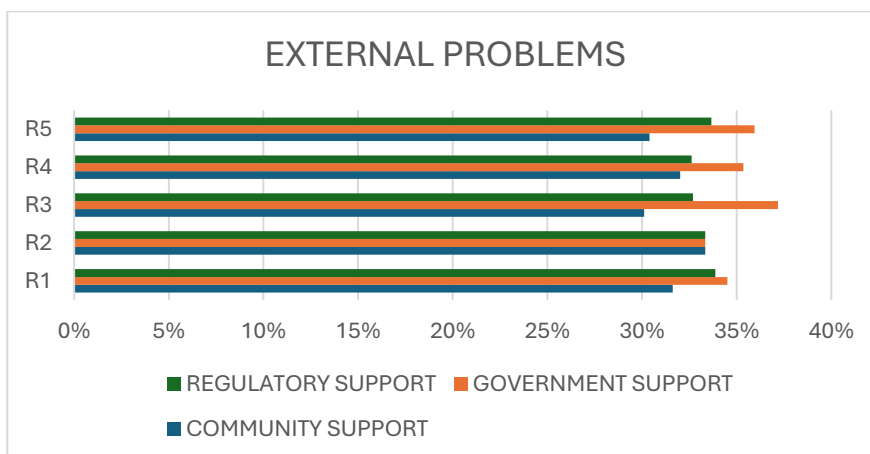
In this discussion, the results of the synthesis will be described in the external problem cluster to determine the strategy for accelerating the growth of BPDS in Indonesia, the external problem cluster here consists of: regulatory support, community support and local government support.

**Table 7.** Rater Agreement for ANP External Issues

Cluster	Normalize Bay Cluster										Kendall's (W)
	R1	R	R2	R	R3	R	R4	R	R5	R	
Community Support	0.31616	3	0.33333	2	0.30119	3	0.32014	3	0.30401	3	0.64
Local Government Support	0.3451	1	0.33333	2	0.3719	1	0.35359	1	0.3594	1	
Regulatory Support	0.33874	2	0.33333	2	0.32691	2	0.32626	2	0.33659	2	

Source: Data processed (2024)

The table 7 tells us that the average value of respondents in determining the most prioritized external problem is local government support with a value of 35%. Then regulatory support followed at priority 2 and community support was at number 3. While the figure explains for the W (Rater Agreement) value of all respondents of 0.64. This shows that the level of agreement between respondents on the priority order of the external problem cluster is strong. To see the results of the synthesis of the priorities of each respondent can be seen in the figure 4.



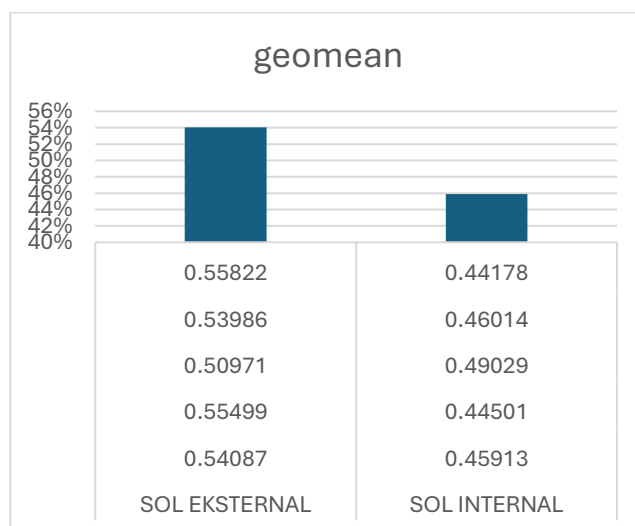
**Figure 4.** Synthesis Results of External Problem Criteria Priorities Based on the Value of Each Respondent

The figure 4 explains that of all respondents, 4 respondents chose the most prioritized local government support in determining the growth acceleration strategy of the Islamic Regional Development Bank in Indonesia and one more respondent answered that regulatory support, local government support and community support had an equally important position in determining external problems.

4.2.2. Analysis of Solution Cluster Synthesis Results

a. Analysis of Internal and External Solution Synthesis Results

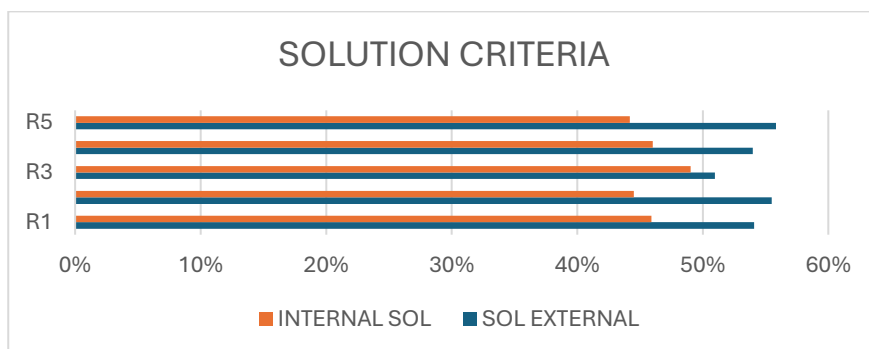
This discussion will describe the results of the synthesis of external and external solution clusters to determine the strategy for accelerating the growth of BPDS in Indonesia. Based on the results of data processing through super decision software, the priority of internal problems according to the respondents is obtained as shown in figure 5.



**Figure 5.** Synthesis Results of Internal and External Solution Priorities Based on Average Values

The figure 5 shows that based on the combined opinion of the respondents, the most prioritized solution criteria in determining the BPDS growth acceleration strategy in Indonesia is an external solution of 54%, then internal problems have a combined average value of 46%. Meanwhile, the value of W (Rater Agreement) for all respondents is 1. This shows that the level of agreement of respondents on the priority of the solution cluster is perfect. To see the results of the synthesis of the priorities of each respondent can be seen in the figure 6.

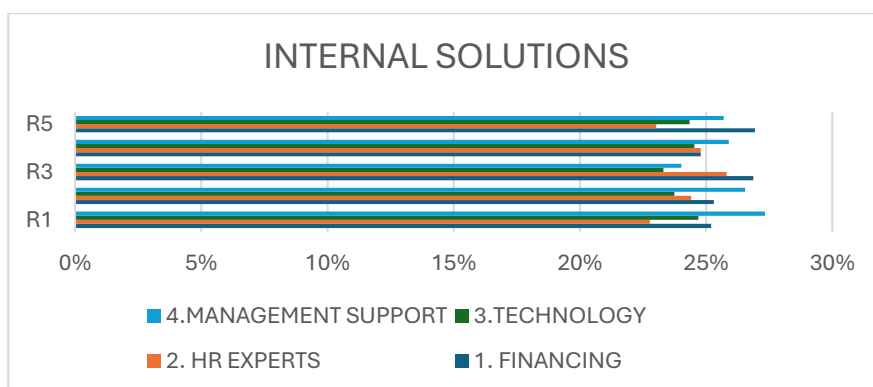
The figure 6 shows that based on the opinions of each respondent, they agree that external solutions are the most prioritized in determining the growth acceleration strategy of Islamic Regional Development Banks in Indonesia. This is in line with the rater agreement value which is 1, meaning that the agreement of the respondents is perfect.



**Figure 6.** Results of Synthesizing the Priority of Internal and External Solution Criteria Based on the Value of Each Respondent

*b. Internal Solution Analysis*

This discussion will describe the results of the synthesis on the internal solution cluster to determine the strategy for accelerating the growth of BPDS in Indonesia. Based on the results of data processing through super decision software, the priorities of each respondent based on the internal solution cluster according to the respondents are obtained as shown in the figure 7.



**Figure 7.** Internal Solution Cluster According To The Respondents

Based on the figure 7, the priority per respondent in determining the internal solution criteria is 2 respondents who choose the capital solution. While there are 3 respondents who choose the priority of internal solutions in management support solutions. While the picture above displays for the value of W (Rater Agreement) the internal solution of all respondents is 0.604 which means that the agreement of all respondents is of medium value (Table 8).

*1) Capital Internal Sub Solution Analysis*

This discussion will describe the results of the synthesis on the internal solution sub-cluster, namely the capital solution to determine the growth acceleration strategy of BPDS in Indonesia. Based on the results of data processing through super decision software, the priority of internal problems according to the respondents is obtained as shown in figure 8.

The figure 8 shows that based on the combined opinion of the respondents, the most prioritized capital solution criteria in determining the BPDS growth acceleration strategy in Indonesia is a capital solution to join the KUB (Bank Business Group) of 56%, then enter the capital market has a combined average value of 23%. And for the DBLM strategy (Dual Banking Leverage model) with a value of 19%. Meanwhile, the W (Rater Agreement) value for all respondents is 0.76, which means it has a strong agreement value. To see the results of the synthesis of the priorities of each respondent can be seen in the figure 9.

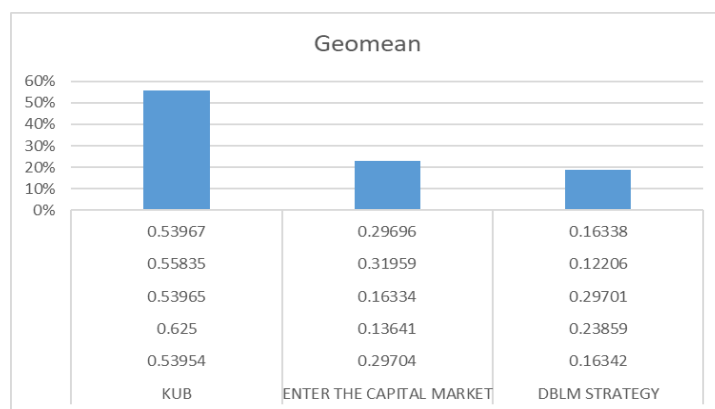
Based on the figure 9, the priority per respondent in determining the criteria for internal capital solutions, they agree and choose the capital solution to join the KUB. This is in accordance with OJK's commitment which states that in order for BPD to become a regional champion, strengthening capital is one of the steps that needs to be taken. The participation of local governments as controlling shareholders (PSP) also plays an important role in meeting the core

capital requirements stipulated in the POJK which requires local government-owned banks to meet a minimum core capital (MIM) of at least Rp3 trillion by December 31, 2024. Data as of December 31, 2023, there are 105 commercial banks including 27 BPDs (24 conventional BPDs and 3 sharia BPDs). To date, there are 12 BPDs that have not met the provisions, two of which will fulfill MIM through independent capital deposits and 10 BPDs will consolidate in the form of a bank business group (KUB).

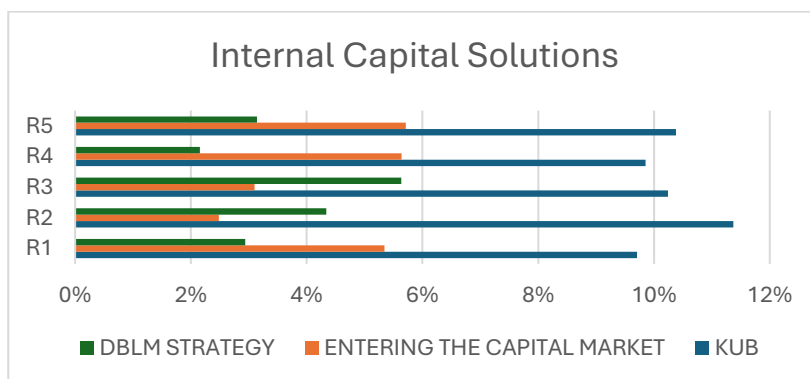
**Table 8.** Rater Agreement for ANP Internal Solution

Cluster	Normalize Bay Cluster										Kendall's (W)
	R1	R	R2	R	R3	R	R4	R	R5	R	
<b>Internal Solutions</b>											
Finance	0.25196	2	0.25309	2	0.2687	1	0.24784	2.5	0.26936	1	0.604
HR Expertise	0.23	4	0.24405	3	0.25812	2	0.24784	2.5	0.23023	4	
Technology	0.24695	3	0.2374	4	0.23304	4	0.2453	4	0.24344	3	
Management Support	0.27339	1	0.26545	1	0.24014	3	0.25901	1	0.25697	2	
<b>Capital Solutions</b>											
KUB	0.53954	1	0.625	1	0.53965	1	0.55835	1	0.53967	1	0.76
Enter Capital Market	0.29704	2	0.13641	3	0.16334	3	0.31959	2	0.29696	2	
DBLM Strategy	0.16342	3	0.23859	2	0.29701	2	0.12206	3	0.16338	3	
<b>Expert Human Resource Solution</b>											
Strengthen Skills	0.33325	2	0.66667	1	0.33333	2	0.66667	1	0.33333	2	0.04
Forge Partnerships	0.66675	1	0.33333	2	0.66667	1	0.33333	2	0.66667	1	
<b>Technology Solutions</b>											
IT Corroration	0.66674	1	0.5	1.5	0.33325	2	0.5	1.5	0.66667	1	0.04
Prepare Big Budget	0.33326	2	0.5	1.5	0.66675	1	0.5	1.5	0.33333	2	

Source: Data processed (2024)



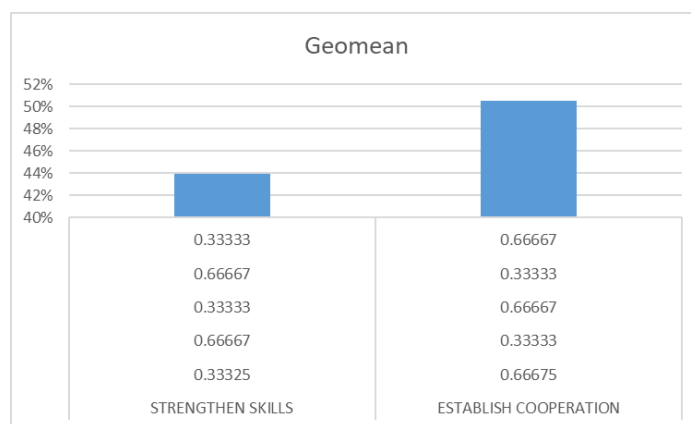
**Figure 8.** Synthesis Results of Internal Capital Solution Priority Based on Average Value



**Figure 9.** Synthesis Results of Prioritization of Capital Solution Criteria Based on the Value of Each Respondent

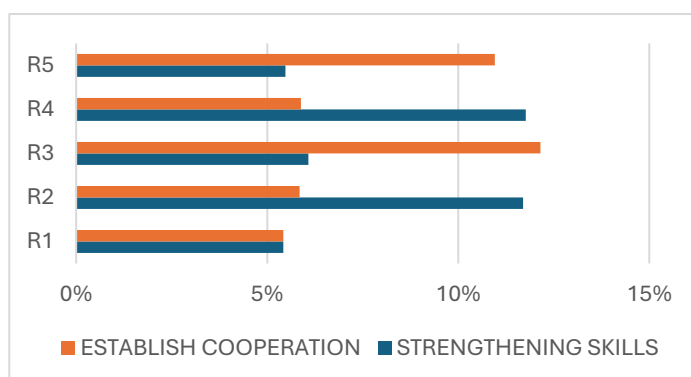
### 2) HR Internal Solution Analysis

In this discussion, the results of the synthesis will be described in the internal solution sub-cluster, namely HR solutions to determine the strategy for accelerating the growth of BPDS in Indonesia. Based on the results of data processing through super decision software, the priority of internal problems according to the respondents is obtained as shown in figure 10.



**Figure 10.** Synthesis Results of Internal HR Solution Priorities Based on Average Values

The figure 10 shows that based on the combined opinion of the respondents, the most prioritized HR solution criteria in determining the BPDS growth acceleration strategy in Indonesia is a solution to establish cooperation with Islamic universities, which is 51%, and the solution to strengthen employee skills has a value of 44%. To see the results of the synthesis of the priorities of each respondent can be seen in the figure 11.

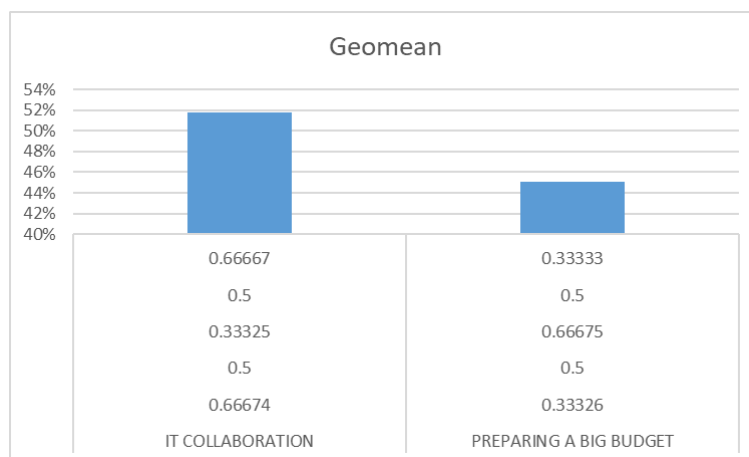


**Figure 11.** Synthesis Results of HR Solution Criteria Priorities Based on the Value of Each Respondent

The figure 11 shows that based on the opinion per respondent, it shows that 2 respondents answered that establishing cooperation with Islamic universities is a priority of HR solutions to determine the growth acceleration strategy of Islamic Regional Development Banks in Indonesia. Furthermore, there were 2 respondents who gave the answer that the most priority HR solution was to strengthen employee skills. And one more respondent chose to answer that the position between establishing cooperation and strengthening employee skills is the same. This is in line with the value of rater agreement which is 0.04, meaning that the answers of the respondents are varied.

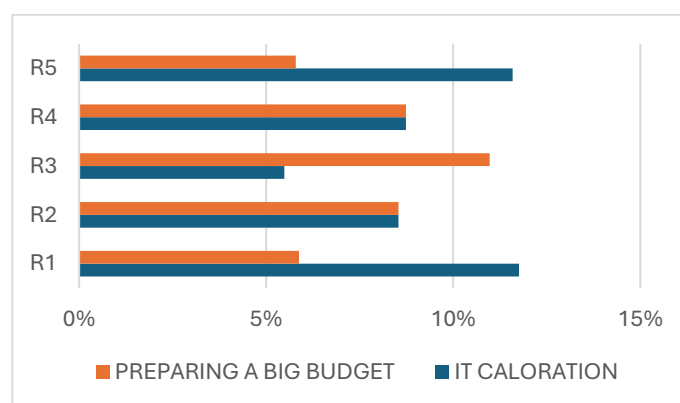
### 3) Technology Internal Solution Analysis

In this discussion, the results of the synthesis will be described in the internal solution sub-cluster, namely the Technology solution to determine the strategy for accelerating the growth of BPDS in Indonesia. Based on the results of data processing through super decision software, the priority of internal problems according to the respondents is obtained as shown in figure 12.



**Figure 12.** Synthesis Results of Prioritization of Internal Technology Solutions Based on Average Values

The figure 12 shows that based on the combined opinion of the respondents, the most prioritized technology solution criteria in determining the BPDS growth acceleration strategy in Indonesia is the solution to conduct IT collaboration, which is 52%, and the solution to prepare a large budget has a value of 45%. To see the results of the synthesis of the priorities of each respondent can be seen in the figure 13.

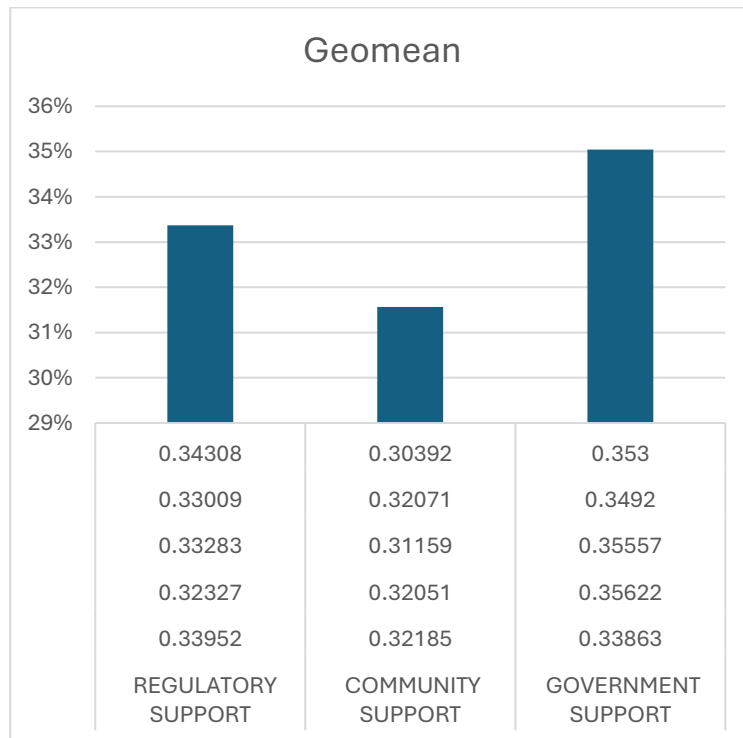


**Figure 13.** Synthesis Results of Technology Solution Criteria Priorities Based on the Value of Each Respondent

The figure 13 shows that based on opinions per respondent, it shows that 2 respondents answered that conducting IT collaborations between banks is a priority of technology solutions, to determine the growth acceleration strategy of Sharia Regional Development Banks in Indonesia. Furthermore, there were 2 respondents who gave the same answer between conducting IT collaboration and preparing a large budget. And one more respondent chose to answer that preparing a large budget is a priority in technology solutions. This is in line with the value of *rater agreement* which is 0.04, meaning that the answers of the respondents are varied.

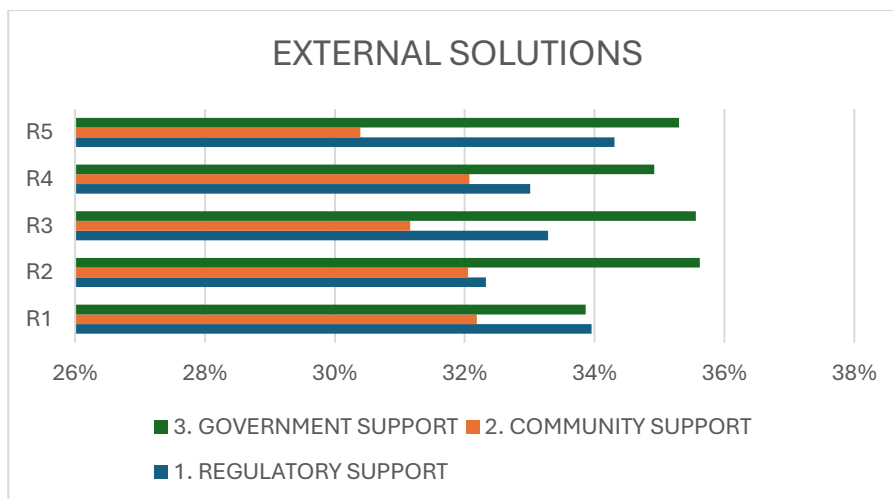
*c. Cluster Analysis of External Solutions*

This discussion will describe the results of the synthesis on the external solution cluster to determine the strategy for accelerating the growth of BPDS in Indonesia. Based on the results of data processing through super decision software, the priority of each respondent based on the external solution cluster according to the respondents as shown in the figure 14.



**Figure 14.** Synthesis Results of Internal Capital Solution Priority Based on Average Value

The figure 14 shows that based on the combined opinion of the respondents, the most prioritized external solution criteria in determining the BPDS growth acceleration strategy in Indonesia is the solution of local government support, which is 35%, regulatory support is 33% and community support is 31%. To see the results of the synthesis of the priorities of each respondent can be seen in the figure 15.

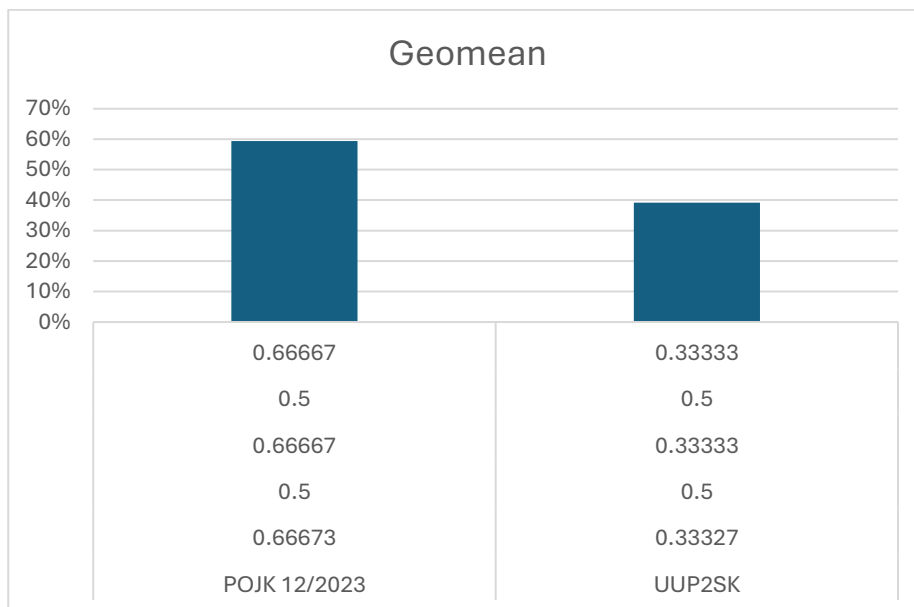


**Figure 15.** Synthesis Results of External Solution Cluster Priorities Based on the Value of Each Respondent

The figure 15 explains that almost all respondents, only one respondent, answered that regulatory support was a priority for external solutions, although the comparison was not so far from the choice of local government support. Then what dominates the choice of regional government support, of course, totaling 4 respondents, their answers are the most prioritized in determining the growth acceleration strategy of Sharia Regional Development Banks in Indonesia. While the figure above displays for the value of *W (Rater Agreement)* the external solution of all respondents is 0.84. This shows that the level of agreement of respondents on the priority order of the external solution cluster is strong.

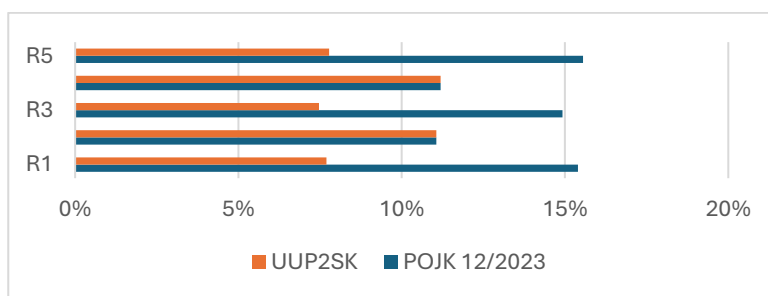
d. External Solution Sub Cluster Analysis Regulatory Support

This discussion will describe the results of the synthesis on the external solution cluster of regulatory support to determine the strategy for accelerating the growth of BPDS in Indonesia. Based on the results of data processing through super decision software, the priority of internal problems according to the respondents is obtained as shown in the figure 16.



**Figure 16.** Synthesis Results of Prioritization of External Solutions for Regulatory Support Based on Average Values

The figure 16 shows that based on the combined opinion of the respondents, the criteria for external regulatory support solutions that are most prioritized in determining the strategy for accelerating the growth of BPDS in Indonesia are the regulatory rules contained in POJK 12/2023, which is 59%, then there are regulatory rules contained in UUP2SK with a combined average value of 39%. To see the results of the synthesis of the priorities of each respondent can be seen in the figure 17.



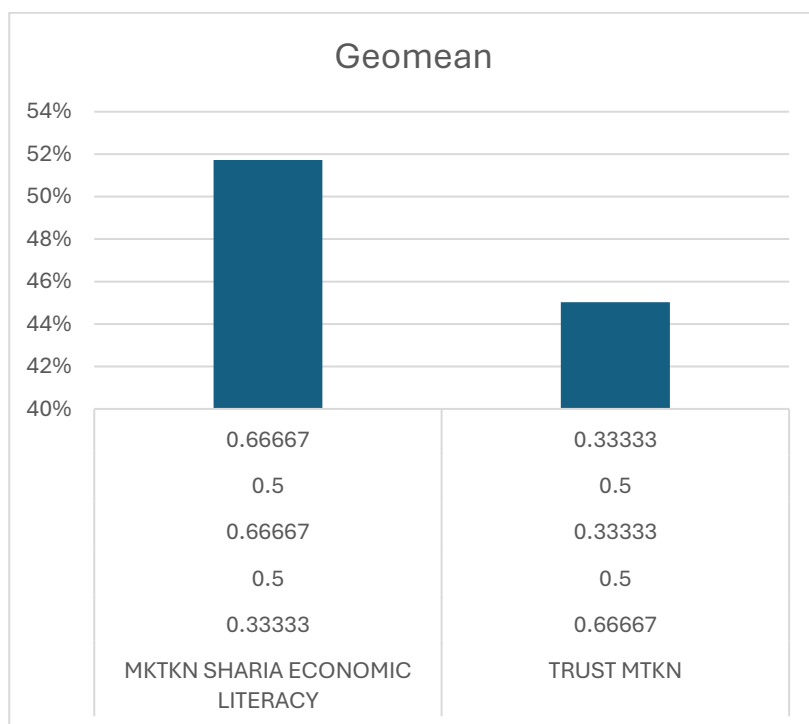
**Figure 17.** Results of Synthesis of Priority Cluster External Solutions Regulatory Support Based on the Value of Each Respondent

The figure 17 shows that based on the opinion per respondent, it shows that 3 respondents answered that the most prioritized regulatory policy is the rules contained in POJK 12/2023 to determine the growth acceleration strategy of Sharia Regional Development Banks in Indonesia. Furthermore, there were 2 respondents who gave the same answer between the regulatory rules contained in POJK 12/2023 and UUP2SK. This is in line with the rater agreement value which is 0.36, meaning that the answers from the respondents are of medium value.

e. External Solution Sub Cluster Analysis Community Support

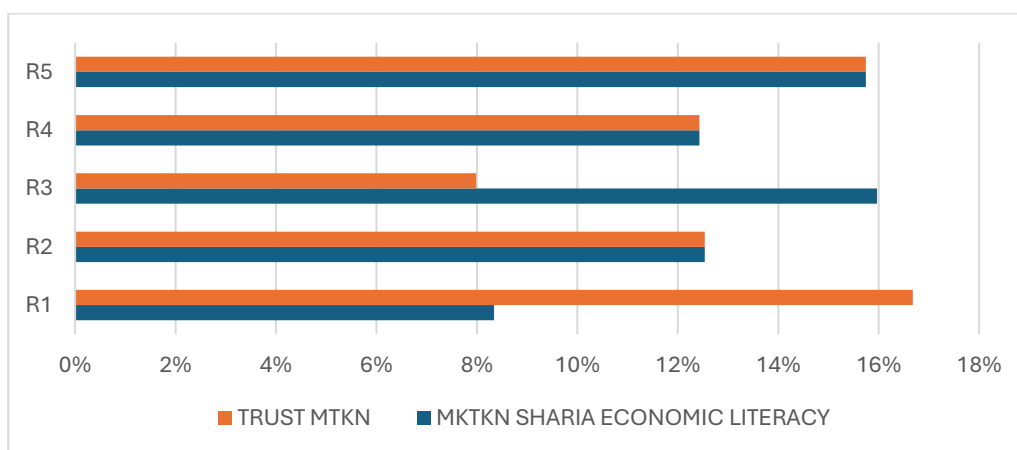
This discussion will describe the results of the synthesis on the external solution cluster of public support to determine the strategy for accelerating the growth of BPDS in Indonesia. Based on the results of data processing

through super decision software, the priority of internal problems according to the respondents is obtained as shown in the figure 18.



**Figure 18.** Synthesis Results of Prioritization of External Solutions for Community Support Based on Average Value

The figure 18 shows that based on the combined opinion of the respondents, the criteria for external solutions of public support that are most prioritized in determining the strategy for accelerating the growth of BPDS in Indonesia is to increase Islamic economic literacy, which is 52%, while increasing trust with a combined average value of 45%. To see the results of the synthesis of the priorities of each respondent can be seen in the figure 19.



**Figure 19.** Results of Synthesis of Priority Cluster External Solutions Community Support Based on the Value of Each Respondent

The figure 19 shows that based on the opinion per respondent, 3 respondents answered by not having a priority between increasing trust and increasing Islamic economic literacy, but the two solutions have the same position. While there is one respondent who has a priority answer to the community support solution, namely by increasing trust and one other respondent answers the priority solution, namely increasing Islamic economic literacy. This is in line with the value of rater agreement which is 0.4, meaning that the answers of the respondents are varied (Table 9).

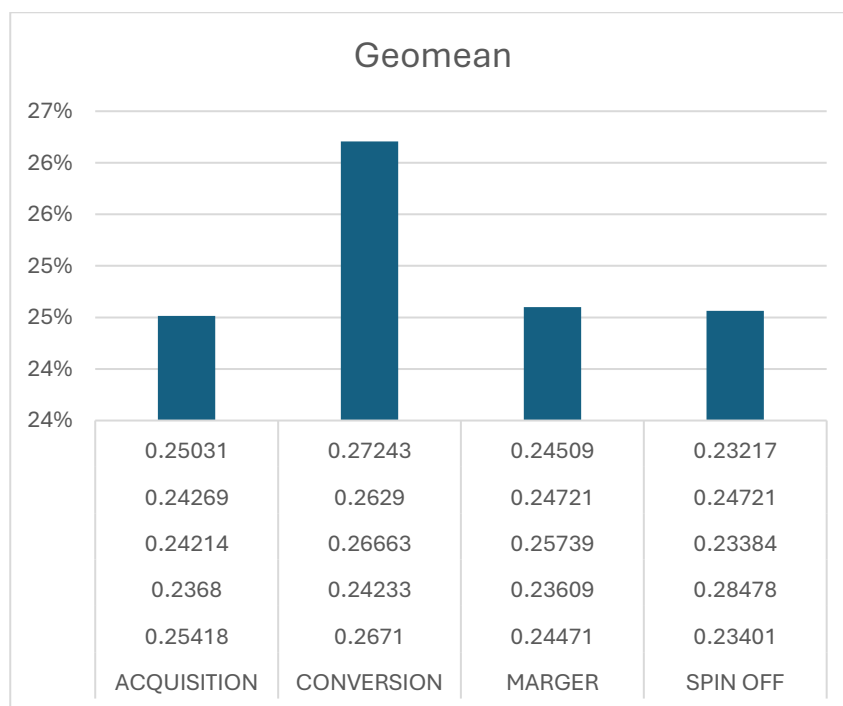
**Table 9.** Rater Agreement for ANP External Solution

Cluster	Normalize Bay Cluster										Kendall's (W)
	R1	R	R2	R	R3	R	R4	R	R5	R	
<b>External Solutions</b>											
Regulatory Support	0.33952	1	0.32327	2	0.33283	2	0.33009	2	0.34308	2	0.84
Community Support	0.32185	3	0.32051	3	0.31159	3	0.32071	3	0.30392	3	
Local Government Support	0.33863	2	0.35622	1	0.35557	1	0.3492	1	0.353	1	
<b>Regulatory Support Solution</b>											
POJK 12/2023	0.66673	1	0.5	1.5	0.66667	1	0.5	1.5	0.66667	1	0.36
UUP2SK	0.33327	2	0.5	1.5	0.33333	2	0.5	1.5	0.33333	2	
<b>Community Support Solution</b>											
MKTKN Sharia Economic Literacy	0.33333	2	0.5	1.5	0.66667	1	0.5	1.5	0.66667	1	0.04

Source: Data processed (2024)

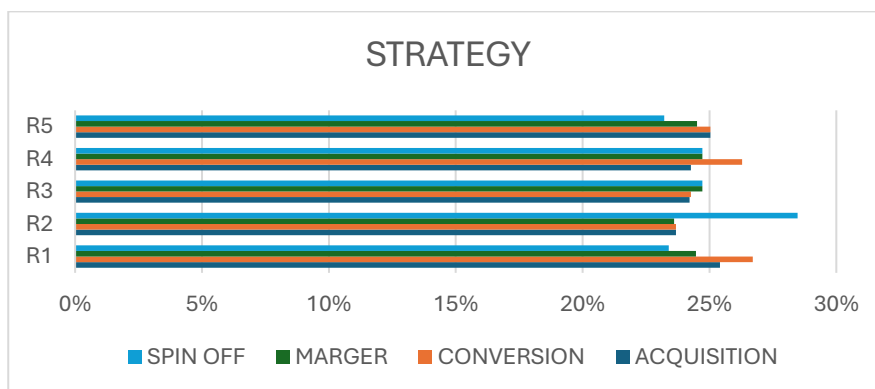
f. Strategy Cluster Analysis

This discussion will describe the results of the synthesis in the Strategy cluster to determine the strategy for accelerating the growth of BPDS in Indonesia. Based on the results of data processing through super decision software, the priority of internal problems according to the respondents is obtained as shown in the figure 20.



**Figure 20.** Synthesis Results of Strategy Cluster Priorities Based on Average Values

The figure 20 explains that the results of the synthesis of the highest priority cluster strategy is conversion with an average value of 26%, meaning that on average the respondents chose the conversion answer as a strategy to accelerate the growth of Islamic regional development banks in Indonesia. As for the marger, spin off and acquisition strategies around 25%. While the figure above displays the value of W (Rater Agreement) for the strategic aspects of all respondents of 0.46, meaning that the answers of the respondents have moderate agreement To see the results of the synthesis of the priorities of each respondent can be seen in the figure 21.



**Figure 21.** Synthesis Results of Strategy Cluster Priorities Based on the Value of Each Respondent

The figure 21 shows that based on opinions per respondent, 2 respondents answered the priority strategy for accelerating the growth of Islamic regional development banks, namely the conversion strategy. While there is one respondent who has a priority answer strategy, namely spin off and 2 other respondents answer the priority strategy with an equal portion between as explained in the graph. This is in line with the value of *rater agreement* which is 0.46, meaning that the answers of the respondents have moderate agreement.

**Table 10.** Rater Agreement for ANP Strategy

Cluster	Normalize Bay Cluster										Kendall's (W)	
	R1	R	R2	R	R3	R	R4	R	R5	R		
Cluster Strategy												
Acquisition	0.25418	2	0.2368	3	0.24214	3	0.24269	4	0.25031	2		
Conversion	0.2671	1	0.24233	2	0.26663	1	0.2629	1	0.27243	1	0.46	
Marger	0.24471	3	0.23609	4	0.25739	2	0.24721	2.5	0.24509	3		
Spin Off	0.23401	4	0.28478	1	0.23384	4	0.24721	2.5	0.23217	4		

Source: Data processed (2024)

### 4.3. Discussion

The purpose of this ANP analysis is to describe the priority of problems, solutions, and strategies to accelerate the growth of BPDS as conceptualized above. Based on the results of ANP analysis that has been described above that there are the same views and perceptions between experts and practitioners of Islamic banking related issues that are important in determining the strategy of acceleration of BPDS, namely internal problems, and external problems have the same level of importance. However, the priority of various problems, solutions, and strategies does not always have the same view between experts and practitioners of Islamic banking.

#### 4.3.1. Problem Prioritization

The problems in implementing the BPDS growth acceleration strategy consist of internal problems and external problems. Internal problems consist of three aspects of the problem, namely capital, human resources, technology and management support. Of the four aspects, experts and practitioners as well as Islamic banking regulations agree that the aspects that must be prioritized are capital issues and management support. This shows that to accelerate the growth of BPDS, of course, it must have the capital that has been determined by POJK. As well as management support is also very influential in this case considering the management task given by the local government as a shareholder is one of them, namely to provide solutions to problems in determining the acceleration of BPDS growth. So if in the GMS (Main Meeting of Shareholders) management support such as the President Director to provide input and solutions to shareholders here has a very close relationship, if the relationship between the Managing Director and the local government is good and has the same agreement, then this can accelerate the growth of BPDS.

The next priority aspect of internal problems, according to all experts, is human resources. Although the priority of each expert's answer varies, after capital and management support, the next priority is human resources. This is in accordance with research conducted by (Pahira & Rinaldy, 2023) who stated in his research that human resources have an important position in every organization because to achieve maximum organizational performance it is necessary to utilize its resources including human resources.

The next component is the problem of technological aspects, according to the combined opinion of all experts the priority of technological problems is in fourth place. Although each expert has a different answer regarding this technological problem, some answer as the second priority and some are the third. This means that technological problems are indeed important in terms of accelerating the growth of BPDS, in order to facilitate network access to all corners of the region. However, this technology must be accompanied by large capital to be implemented. So that the combined opinion of all experts agrees that the technology problem goes hand in hand if the regional development bank has a large capital then the possibility of funds spent on technology will be realized.

Of the external issues in determining the growth acceleration strategy of BPDS, namely, regulatory support issues, community support and local government support, experts and practitioners agree that the most important thing to note is the issue of local government support. The participation of local governments as controlling shareholders (PSP) also plays an important role in fulfilling the core capital requirements stipulated in the POJK which requires local government-owned banks to meet a minimum core capital (MIM) of at least IDR 3 trillion by December 31, 2024. On the issue of local government support, Islamic banking experts and practitioners agree that the priority is the lack of local government support for UUS owned by BPD. If the local government is able to fully support UUS, it is likely to become an Islamic Commercial Bank such as Bank Aceh, Bank NTB, Bank Jabar Banten Syariah and Bank Kepri Syariah. but that right is certainly not easy considering not only government support but regulatory support and community support must also go hand in hand to achieve the desired Islamic banking development. One of the BPDs that has UUS is Bank Sumut, Bank Sumut is one of the BPDs that has UUS, so of course Bank Sumut has taken part in the development of Islamic banking in North Sumatra. However, considering the market share of UUS Bank Sumut which is still relatively small compared to the share of Islamic banking in North Sumatra, of course increasing the role of UUS Bank Sumut for the development of Islamic banking in North Sumatra still needs to be increased considering the potential market share of Islamic banking in North Sumatra which is still quite high. This certainly needs to be a commitment of Bank Sumut in developing UUS in the future as stipulated in POJK 12 of 2023 as a commitment and obligation of the Bank to develop its UUS.

The same thing is also explained in the research conducted by Arta, et al with the research title *The Role of Regulation as a Legal Foundation for the Growth of Islamic Financial Institutions in Indonesia: Opportunities and Challenges*, this study explains that through appropriate regulations, the government can increase public understanding, improve infrastructure, encourage innovation in Islamic financial products and services, and ensure sharia compliance and operational transparency. Effective regulations create a conducive environment for the growth of Islamic financial institutions and better Islamic financial inclusion in Indonesia. This study concluded that regulation is an important legal foundation to facilitate the growth of Islamic financial institutions in Indonesia, and good and supportive regulation is key in accelerating the development of the Islamic financial sector in accordance with sharia principles. (Arta et al., 2024).

#### 4.3.2. *Solution Prioritization*

As with internal problems in the BPDS growth acceleration strategy, in the solution to internal problems, Islamic banking experts and practitioners also agree that the most important solution to internal problems is the capital solution. This can be understood that if you want to make UUS as an independent bank either through the spin off separation process or conversion, it must have a large capital so that it does not become a bank that troubles its parent like its conventional bank and can compete with other Islamic banks. The next solution, according to the agreement of all experts is the solution of management support, HR. And technology.

Experts and practitioners differed on the most important aspect of the capital solution. The most important solution according to all experts regarding capital is to join the KUB (Bank Business Group) to increase capital. The POJK requires local government banks to meet a minimum core capital (MIM) of at least Rp3 trillion by December 31, 2024. In Law 12/2020 article 3 on capitalization states that UUS owned by local governments must meet IDR 1 trillion in funds by December 31, 2025, carried out in stages: 500 M on December 31, 2024 and 1 trillion on December 31, 2025. Data as of December 31, 2023, there are 105 commercial banks including 27 of which are BPDs (24 conventional BPDs and 3 sharia BPDs). Until now, there are 12 BPDs that have not fulfilled the provisions, two of which will fulfill MIM through independent capital deposits and 10 BPDs will consolidate in the form of a bank business group (KUB). Furthermore, the solution offered is to join the capital market and carry out the DBLM strategy (Dual Banking Leverage model).

The priority component of the HR solution, according to all experts, is to establish cooperation with Islamic universities. This is useful for producing prospective employees who are competent in Islamic law and competent in the general field. Thus creating human resources who do have the same educational background or who are in line

with their work. Furthermore, the solution to strengthen human resources is to strengthen employee skills with training to provide an understanding of Islamic economics. With the development of the economy and information technology today, of course, banking human resources need to be given capacity building through education, certification, seminars and other development forms in order to compete and be able to keep up with economic developments and information technology that continues to grow rapidly. The priority solution regarding technology chosen by all experts is to conduct IT collaborations with other commercial banks in order to catch up with existing BUSs. When it comes to technology, the funds that must be spent must be large, this is in accordance with the solution to provide large funds.

As with the external problem, experts and practitioners also agreed on the most important solution to the external problem, which is local government support. The next priority external solution is regulatory support contained in POJK 12/23 and UUP2SK. With the average respondent choosing POJK 12/23 as the most priority. This is in accordance with the POJK 12/2023 regulation, apart from regulating the separation of UUS, it also contains comprehensive rules regarding UUS. Starting from the opening, management, office network, to the revocation of the UUS business license at the request of a Conventional Commercial Bank (BUK). This POJK has the substance of strengthening UUS which consists of aspects of strengthening capital (business funds). Then the responsibility for UUS development which involves all members of the board of directors and board of commissioners of BUK. As well as the utilization of BUK resources by UUS, as well as the obligation to prepare an action plan to strengthen UUS in the parent BUK corporate plan. The substance of the POJK 12/2023 regulation includes the obligation to provide business funds of IDR 1 trillion for the opening of a new UUS and gradual fulfillment for existing UUS.

The priority component of the community support solution, according to all respondents, is to increase Islamic economic literacy to the community through socialization activities, seminars and other activities aimed at increasing understanding and active role of the community in using banking products.

Research conducted by Farida, with the title Increasing Islamic Financial Literacy for Millennials and Gen Z in West Java. This study explains that Islamic financial literacy in Indonesia is still lagging behind conventional finance. Islamic financial literacy has only reached 8.9% while conventional financial literacy has reached 37.7%. Islamic financial literacy of millennials and generation Z is still relatively low, while there are more than 50 percent of Indonesia's population including millennials and Gen Z. Based on these problems, a Community Service activity was held which contained counseling on Islamic banking products and Islamic capital market products for millennials and Gen Z. From this activity, it is hoped that there will be an increase in participants' Islamic financial literacy and participants will be smarter in managing finances and choosing investments that suit their needs, are safe and avoid usury. Based on the initial mapping of participants' understanding, counseling on Islamic banking products and Islamic capital market products was delivered, and evaluation of the implementation of activities. Counseling activities for millennials and Gen Z were carried out in collaboration with Bank Syariah Indonesia and the Indonesia Stock Exchange (IDX). The implementation of activities is carried out online through zoom to support government policies during the New Normal period after the Covid-19 pandemic. From the results of the evaluation of activities in general, most participants stated that the activities had gone well. The implementation of activities is expected to play a role as one of the contributions of higher education to support the government in increasing Islamic financial literacy, especially for millennials and Gen Z. (Nursjanti et al., 2023).

#### *4.3.3. Strategy prioritization*

Prioritization of strategies to determine the growth acceleration strategy of BPDS, experts and practitioners of Islamic banking on average choose the conversion strategy as the answer. However, opinions per respondent vary in determining the acceleration strategy. This is due to different points of view between respondents. There are respondents who choose to do spin offs, acquisitions and mergers. But for the agreement of the respondents, it is the conversion strategy that is the recommendation for accelerating the growth of Islamic banking in Indonesia. Apart from that, of course, each regional development bank has their own strategy to encourage the development of Islamic banking in Indonesia. Because each bank certainly has different problems, but for regional development banks (BPD) they have in common because the main source of capital comes from the local government.

Reflecting on the success of the conversion carried out by bank aceh syariah, this should be a roll model for UUS who want to separate themselves from their parent. This is also reinforced by research conducted by Ribowo and Nurdin which shows that the conversion of conventional BUMD banks into BUS (Islamic Commercial Banks) has proven effective in increasing the market share of Islamic banks in Indonesia. Bank Aceh Syariah is ranked third with a contribution of 5% of 100% market share in 2021 and Bank NTB Syariah is ranked eighth with a contribution of 2% of 100% market share in 2021. Based on observations, this conversion pattern will be followed by several BUMD

banks including Bank Nagari, West Sumatra, Bank Kepri, Riau Islands, and Bank BJB, West Java and Banten. (Ribowo & Nurdin, 2022). This is also reinforced by research conducted by Al Arif, who found that conversion has a positive impact on market share, with default rates and capital levels also playing a role. Before the conversion, the Indonesian Islamic banking industry had a market share of less than 5%, but after the conversion it reached 6.7%. The two converted banks were able to increase their market share to 7% and 2% respectively. These results suggest that conversion to an Islamic bank is a viable alternative solution for smaller conventional banks, rather than opting for a spin-off or merger. (Al Arif et al., 2023).

## 5. Conclusion

Based on the description in the previous chapter, several conclusions can be drawn about the research on the Growth Acceleration Strategy of Sharia Regional Development Banks (BPD) in Indonesia, namely: The problems faced by regional development banks, especially those with sharia business units, in determining growth acceleration strategies for sharia regional development banks in Indonesia are divided into two problems, namely, internal problems and external problems. In the problem cluster the respondents have a moderate level of agreement, namely 0.36. The most prioritized internal problems faced to determine the growth acceleration strategy of Islamic regional development banks in Indonesia are 4 problems, namely, capital issues, management support, technology and human resources. This internal problem has an agreement level of 0.396 which means that the respondent's agreement is moderate. Then for the most prioritized external problems there are 3 problems, namely related to regulatory support, community support and local government support. This internal problem has a strong level of agreement among respondents of 0.64, which means that the level of agreement of all respondents on the problem cluster is more dominated by external problems. The solution to the problems faced to determine the growth acceleration strategy of Islamic regional development banks in Indonesia, namely the internal solutions provided in overcoming internal problems, is divided into 3, namely (1) capital solutions consisting of joining KUB, entering the capital market and DBLM strategy, with an agreement rate of 0.76 which means strong agreement. (2) HR solutions consisting of establishing cooperation with Islamic universities and strengthening employee skills, with an agreement rate of 0.04, which means that there are varied answers from respondents. (3) technological solutions consisting of preparing a large budget and IT collaboration, with an agreement rate of 0.04, which means that the respondents have varied answers. The external solutions provided in overcoming external problems are divided into 2, namely (1) regulatory support consisting of POJK 12/2023 and UUP2SK rules with an agreement rate of 0.36, which means that the agreement between respondents is moderate. (2) community support consisting of increasing Islamic economic literacy and increasing trust, with an agreement rate of 0.04, the answers are varied. To determine the growth acceleration strategy of Islamic regional development banks in Indonesia, there are 4 alternative strategies, namely: 1. Spin off, 2. Conversion, 3. Acquisition, 4. Marger. With an agreement rate of 0.46, it means that the respondents' agreement is moderate. The result of the synthesis of the highest strategy cluster priority is conversion with an average value of 26%, meaning that on average the respondents chose the conversion answer as a strategy to accelerate the growth of Islamic regional development banks in Indonesia.

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