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Spin-Off Obligation Sharia Business Units of Conventional Commercial Banks in Indonesia

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Abstract

The issuance of Financial Services Authority Regulation No.12 of 2023 concerning Sharia Business Units (UUS) is an effort to strengthen the institution and improve the performance of UUS. This is in line with the policy direction and development of the financial services sector in accordance with the mandate of Law Number 4 of 2023 concerning Development and Strengthening of the Financial Sector (P2SK Law), particularly in terms of strengthening the capital and efficiency of UUS, strengthening the management of UUS, and improving provisions related to the requirements and process of separating UUS which are aligned with the banking consolidation strategy.

This research uses a qualitative approach. There are 14 articles published in 2023 to 2024 grouped into four main topics, namely the topic of fiqh rules, the topic of performance comparison, the topic of UUS and Spin Off and the topic of separation criteria. The topic of UUS and Spin Off is the most topic with a percentage of 50%, while the least discussed article is the topic of fiqh rules with a percentage of 7.14% of the overall theme of methods and strategies and spin off, "Islamic business units". This research will provide valuable insights for policy makers, practitioners, and researchers to formulate a more effective strategy in determining the method of separation (spin off) of UUS in accordance with the provisions.

Keywords : Spin-Off Obligation, Sharia Business, Conventional Commercial Banks

1. Introduction

The Financial Services Authority (OJK) reported that in December 2023, total Islamic banking assets amounted to Rp.868.986 trillion with the Islamic banking market share of the national banking industry only reaching 7.38%. Strategic issues inhibiting the growth of Islamic banks are the absence of significant business model differentiation, business development that still focuses on business goals only, the quality of human resources, and less than optimal IT, as well as the inclusion index, and low literacy.

In response to global and national economic conditions that are experiencing positive growth, the impact of technological developments, conflicts between countries, and global pandemics. OJK launched the Sharia Banking Development and Strengthening (RP3SI) roadmap 2023-2027. One of the key steps in the RP3SI is banking consolidation, with the main focus on the separation of Sharia Business Units (UUS) from Conventional Commercial Banks.

POJK Number 12 of 2023 concerning Sharia Business Units, is OJK's effort to make BUK management responsible for the development of UUS through the obligation to provide a minimum capital of Rp.1 trillion until December 2025. In addition, UUS with assets reaching 50% of its parent or at least Rp.50 trillion is required to separate the UUS. Separation can be done by establishing a new BUS or transferring the rights and obligations of UUS to an existing Islamic Commercial Bank.

The majority of UUS in Indonesia has not been able to reach 50% of the asset proportion of its conventional parent bank, given the small scale of the UUS business, especially UUS owned by Regional Development Banks (BPD). The relatively small scale of the UUS business often makes it difficult to meet the minimum capital requirements set by the Financial Services Authority of Rp.1 Trillion by the end of 2024 and specifically for BPD UUS given a deadline until December 31, 2025.

In practice, efforts to develop Islamic banking through spin offs still encounter obstacles in the aspect of capital, constraints on the structure of funds to the absence of adequate human resources.(Malik et al., 2020 and Anadya, 2023). The overall analysis of UUS BPD spin-off readiness shows that none of the Islamic business units are ready to separate from their parent banks in 2023. Capital increase can be done by increasing capital from the parent bank.(Zulfikar et al., 2019 and Purwantika & Mauluddi, 2023)..

Lack of access to adequate capital may slow down or even hinder the process of UUS spin-off into an independent and sustainable Islamic bank. In addition, other aspects such as complex risk management and the need for modern technological infrastructure can also be additional obstacles in the process of transforming UUS into a competitive and highly competitive Islamic bank.

In the face of these difficulties, a strong commitment from the bank's management, close cooperation between relevant parties, as well as continuous efforts to improve understanding of sharia principles, increase access to capital, and gradually increase the scale of the UUS business are required. Only with coordinated and sustained efforts can UUS overcome these obstacles and successfully spin-off into a competitive Islamic bank that contributes positively to the overall development of the Islamic banking industry.

It is very important to comprehensively explore the UUS spin-off method that can be an option for banks, so that the implementation of the UUS separation of Conventional Commercial Banks can be carried out properly and can realize the goal of creating a sustainable Islamic banking industry. This study specifically analyzes the UUS separation (spin-off) method that can be selected and implemented by BUK in line with the issuance of the P2SK Law and POJK No.12 of 2023 concerning Sharia Business Units.

This research is important to conduct because it is related to efforts to strengthen compliance with Islamic banking regulations, especially those related to POJK and the P2SK Law. With clear provisions and sanctions for violators, it is hoped that through this research banks will know and be more orderly in determining their preferred method. The presence of the PPSK Law, which changes the previous provisions, this research also shows progressive policy changes in supporting the development of Islamic banking. This research will fill the knowledge gap by comprehensively analyzing the UUS spin off method in accordance with regulatory policies. By exploring the regulatory provisions and themes that have been previously studied, this research will provide valuable insights for policy makers, practitioners, and researchers to formulate more effective strategies in determining the UUS spin off method in accordance with the provisions.

2. Literature Review

According to Law No.21 of 2008 concerning Sharia Banking, Sharia Banks are Banks that carry out business activities based on Sharia Principles and according to their type consist of Sharia Commercial Banks (BUS) and Sharia People's Financing Banks, while the Sharia Business Unit (UUS) is a work unit of the head office of a Conventional Commercial Bank which functions as the main office of an office or unit that carries out business activities based on Sharia Principles.

Companies need capital to develop their business, either from debt or equity, in order to encourage business expansion (Brigham & Houston in (Muhammad & Azmiana, 2021). Capital structure is key to building a resilient business entity, especially in the banking industry (Sadaliaet al., 2018). In particular, Islamic banking emphasizes the importance of a strong equity structure rather than debt, which demands careful capital management to maintain its business continuity. (Muhammad & Azmiana, 2021).

Mergers, consolidations, acquisitions and spin-offs are common phenomena in companies in the business world that can be used for restructuring, expansion or meeting statutory provisions. Companies that are in trouble can also seek to avoid bankruptcy by :

a. Merger or amalgamation of companies
b. Consolidation or consolidation of companies
c. Acquisition or takeover of a company
d. Corporate split consisting of pure *split-offs* and *spin-offs*
(Iswi Hariyani, 2011)

The separation (Spin-Off) and consolidation of UUS in Indonesia is mandated by the Law and outlined by the regulator in the Financial Services Authority Regulation. Strong UUS with the criteria that the company's assets have exceeded 50% of the parent's assets can be separated, while UUS with weak growth and less developed, in terms of capitalization is also lacking and less attention from management can be consolidated by the regulator.

3. Methods

This research uses a qualitative research method, namely content analysis of papers from the google scholar database. Content analysis of papers is used to obtain mapping and the main themes discussed in the google scholar database at a certain period of time to be analyzed further (content analysis).

The papers selected in this review came from a search on the google scholar database with the keywords "method and strategy and spin off," sharia business unit" in the period 2023 to 2024. The search process uses the help of the Publish or Perish application. In the first stage, the author searched for papers in the google scholar database with the keywords "methods and strategies and spin off," sharia business units" found 182 papers that match the search keywords. After going through the process of reading titles, abstracts, and keywords, the number of papers that are still relevant is 76. Furthermore, at the final stage, the author obtained 14 papers as papers reviewed in this research.

4. Result and Discussion

4.1.Result

Analyzing the research map related to the method of separation (*spin-off*) of Sharia Business Units in Indonesia in the last 1 year on the Google Scholar/Scopus database. Paper search results based on keywords

Table 1. Paper Search Result Articles Based on Keyword

No.	Author	Title	Findings
1	MuslihSyawaluddin, R., Nurlaila, &Fadhilah Ahmad Hasibuan, N. (2023).	Comparative Analysis of Financial Performance Before and After Spin-Off with the RGEC Method Case Study of BCA Syariah in Indonesia. *Journal of Accounting Management (JUMSI)*, *3*(4),	• The results of the Financial Performance Analysis show that BCA Syariah before the spin-off period 2008-2010 had poor financial performance. • The results of the Financial Performance Analysis show that

		2656-2666. Retrieved from www.bcasyariah.co.id..	BCA Syariah after the spin-off period 2019-2021 has very good financial performance. • The results of the Comparative Analysis of Financial Performance at BCA Syariah before and after the spin-off show a significant difference in the ratios of NPF, FDR, ROA, ROE, CAR, and GCG.
2	Annas, M. L., &Putri, R. (2023).	Efficiency of Regulations Regarding Mandatory Spin Off of Sharia Business Units in Indonesia According to the Perspective of DallilMaslahahMursalah. *Scientific Journal of Islamic Economics*, *9*(2), 2406-2415. Retrieved from http://dx.doi.org/10.29040/jiei.v9i2.8806	The rules regarding the mandatory spin off of Sharia Business Units are in accordance with the requirements of maslahahmursalah such as supporting aspects of protection of religion and property, the benefits are logical and reasonable, bringing benefits to all Muslims, taking benefits and avoiding madharat, not contradicting the principles of muamalah,
3	Yuspin, W., Ni'ami, M., &Zuhdi, S. (2023).	Readiness of Islamic Business Units for Spin-Off Regulation: Observing Challenges and Opportunities in the Era of Islamic Banking Capitalization. *ADAM Journal: Journal of Community Service*, *2*(1), 185-193.	Article 68 needs to be amended in order to make the spin-off a corporate action. Alternative changes can be made through 3 (three) ways, namely as follows: First, by issuing a POJK which makes spin-off a corporate action.
4	Siregar, S., Fahlevi, R., Tarmuni, A., & Inayah, H. (2023).	Spin-Off or Sharia Conversion?: Policy Study of Spin-Off, 19-31	As religiosity is not able to strengthen the influence of competence, technology and promotion on sharia service decisions, it can be concluded that current customers are rational customers, that is, with employee competence and digital technology that satisfies customers, religiosity is no longer needed to strengthen in making decisions to choose sharia services.
5	Norrahman, R. A. (2023).	THE IMPACT OF CONVERTING CONVENTIONAL BANKS INTO ISLAMIC BANKS: A Study on Business Policy Changes in Indonesia. *ALFIQH Islamic Law Review Journal*, *02*(03), 169-189.	The conversion pattern affects business policy because all customers of the previous Conventional Bank automatically become customers of the Syariah Bank. In addition, the conversion affects business strategies and policies in fund management and financing. This study also evaluates how banks adjust to Shariah rules.

			The results show that conversion effectively improves the business policies of Islamic Banks in Indonesia.
6	Syafrida, I., Aminah, I., Awaludin, T., Savitri, E., & Hamid, S. (2023).	Selection of Sharia Business Unit Separation Model at the Regional Development Bank: Internal and External Environment (pp. 288-299).	The most optimal separation model based on the internal environment, external environment, and internal-external environment is the conversion model. The next choice based on the external environment and internal-external environment is merger, and based on the internal environment approach is spin-off. The last option is separation based on the external environment and internal-external environment, while based on the internal environment approach is merger.
7	Afandi, M. A., Ali, K., Imantoro, J., Ekonomi, F., & Metro, U. M. (2023).	The Effect of Spin-off Policy on the Profitability of Islamic Commercial Banks in Indonesia. *Fiduciary*, *6*(1), 41-57	▪ Post-spin-off, the average profitability of the bank increased significantly compared to the pre-spin-off level. ▪ Factors such as DPK, PYD, KAP, NPF, and inflation have varying impacts on bank profitability, with some significant and others not. ▪ The variables considered in this study explain 83.1% of the variation in Return on Assets (ROA), with the remaining 16.9% attributed to unaccounted variables.
8	Salmah, S., & Devi, A. (2023).	Islamic Banks Spin-Off Policy in Indonesia: A Sentiment Analysis Approach. *Fara'id and Wealth Management*. Retrieved from http://journals.smartinsight.id/index.php/FWM/article/view/226 https://journals.smartinsight.id/index.php/FWM/article/download/226/211	This study focuses on analyzing the sentiment and development of Islamic Bank Spin Offs in Indonesia: ▪ Most of the literature on Islamic Commercial Bank spin offs tends to have a neutral sentiment. However, it should be noted that positive sentiment is greater than negative sentiment. ▪ The main factors influence public sentiment both positive and negative regarding the topic of Islamic Commercial Bank Spin off. So it is important to pay attention, especially for the issuing entity of the Islamic Commercial Bank Spin off in

			order to increase public contribution to the Islamic Commercial Bank Spin off.
9	Pambuko, Z. B., &Sriyana, J. (2023).	Islamic banking spin-offs decision: A bibliometric review. *Cogent Business and Management*. Cogent OA. https://doi.org/10.1080/23311975.2023.221249	▪ Studies on spin-off decisions in Islamic banking have shown a growth rate of 23.08% per year, focusing on banking performance indicators such as profitability, liquidity, and efficiency. ▪ Current research efforts are geared towards understanding the impact of spin-offs on the performance of Islamic banks, with no consensus established.
10	Yusuf, M., Abduh, M. R., &Sofyani, H. (2023).	Islamic bank spin-offs: a systematic literature review. *Journal of Accounting and Investment*, *24*(2), 355-384. https://doi.org/10.18196/jai.v24i2.17736	▪ At least 24 papers indexed by Sinta and ten papers indexed by Scopus have discussed Islamic bank spin-offs since 2010, with a focus on law and economics. ▪ The study largely utilized quantitative methods and identified four main discourses: policy, the market for Islamic banks, the efficiency of Islamic bank performance, and other related matters. ▪ The review suggests eight areas of future research related to Islamic bank spin-offs for scholars to explore further.
11	Haniyah, R., Arianty, E., &Yustiani, S. (2023).	Profitability and Asset Growth of Islamic Insurance Companies in Indonesia that Implement Spin-offs. *Balance Vocation Accounting Journal*, *6*(2), 98. https://doi.org/10.31000/bvaj.v6i2.7267	▪ Islamic insurance companies in Indonesia are mandated to separate themselves from conventional insurance companies by 2024. ▪ The analysis shows a decrease in average ROA, ROE, and asset growth post-spin-off. ▪ Significant differences were found in post-spin-off ROA, but not in ROE and asset growth rate.
12	Anadya, I. M. (2023).	Efforts to Develop Islamic Banking by Spin Off Sharia Business Units at Regional Development Banks. *JISIP (Journal of Social Science and Education)*, *7*(1). https://doi.org/10.58258/jisip.v7i1.4088	In practice, efforts to develop Islamic banking through spin offs still encounter obstacles in the aspect of capital, constraints on the structure of funds to the absence of adequate human resources.
13	Pambuko,	Restructuring Strategy: A	▪ The spin-off decision has a

	Z. B., Medias, F., Dewi, V. S., &Karunia, S. D. (2024).	Performance Review of Spin-off Islamic Banks in Indonesia. *E3S Web of Conferences*, *500*, 05008. https://doi.org/10.1051/e3sconf/202450005008	positive impact on the financial performance of several Islamic banks in Indonesia, including BNI Syariah, BRI Syariah, BJB Syariah, Bank KB BukopinSyariah, BTPN Syariah, Bank Aceh Syariah, BCA Syariah, Bank SyariahMandiri, and Panin Dubai Syariah Bank. ▪ Financial indicators such as assets, deposits, financing, market share, CAR, NPF, ROA, z-score, and MaqasidShariah Index improved significantly post-spin-off.
14	Purwantika, G. A., &Mauluddi, H. A. (2023).	Analysis of the Readiness of Sharia Business Units to become Sharia Commercial Banks: Study of Regional Government Banks in Indonesia. *Indonesian Journal of Economics and Management*, *4*(1), 226-236.	▪ The overall analysis of UUS BPD spin-off readiness shows that none of the Islamic business units are ready to separate from their parent banks by 2023. Capital increase can be done by increasing the capital of the parent bank and ▪ contribution of the respective Provincial Government to the UUS as a form of support in developing the Islamic financial sector in the region. If the two options cannot be done, then some UUS can merge in order to have strong capital. The increase in capital can affect the increase in total assets of UUS.

In Table 1, there are 14 articles where all articles are research using 8 qualitative and 6 quantitative approaches. The articles are grouped into two main topics, namely money and financial institutions. Then each article from both topics is analyzed in accordance with its relation to the law of *fiqhmuammalah*. From the analysis of the articles in table 1, it is known that the articles are grouped as follows:

Table 2: Topic Identification of Selected Papers for 2023-2024

No.	**Identify the Topic of the Paper**			**Number of Articles By Year**	
	Topic	**Total**	**Percentage (%)**	**2023**	**2024**
1	Rules of Jurisprudence	1	7.14%	1	
2	Performance Comparison	4	28.57%	4	1
3	UUS and Spin Off	7	50.00%	6	
4	Separation Criteria	2	14.29%	2	
		14			

In the table above (Table 2) it can be understood that, from the selected articles, it can be identified into 4 topics of discussion, namely Jurisprudence, Performance Comparison, UUS and Spin Off and Separation Criteria. From the table it can also be concluded that from the selected articles, the topic of UUS and Spin-Off is discussed more than the other 3 topics. Based on the year of publication, there are more articles in 2023 than in 2024.

5.2 Discussion

5.2.1 Fikh Rules

In the selected articles that discuss the fiqh rules of spin off there is only 1 article, namely with the title: Efficiency of Regulations Regarding Mandatory Spin Off of Sharia Business Units in Indonesia According to the DallilMaslahahMursalah Perspective. (Annas & Putri, 2023). Analyzing the law of mandatory spin off in Sharia Business Units based on the argument of maslahahmursalah can be analyzed appropriately, by considering the requirements of *maslahahmursalah*in the mandatory spin off rules.

That the regulation regarding the mandatory spin off of the Sharia Business Unit, fulfills the category of *MaslahahMursalah*category, namely:

- The first is because the object of study of spin off in the Sharia Business Unit is included in the *muamalah*relationship.
- the level of emergency spin off in the Islamic Business Unit is included in the level of al-*maslahah al-hajjiyah*which supports the level of dharuriyah benefit.
- The regulation on the spin off of Sharia Business Unit is in line with the *maqashid*sharia value, which can support the protection of religion and wealth.
- benefits are logical and reasonable, bring benefits to all Muslims, take benefits and avoid mudharat.

5.2.2 Sharia Business Unit and Spin Off

In the face of intense competition in the banking industry, it is important for Islamic business units to be well-prepared for various corporate actions. One of the actions that is the focus of study is spin-off, which can be an effective strategy in optimizing business potential. However, regulations governing spin-offs in the context of Islamic banking are still a major concern. The research that has been conducted on Islamic business units and spin-offs in the banking industry provides an in-depth understanding of the key aspects that need to be considered in the management and development of the Islamic financial sector in Indonesia. There are 7 (seven) articles that discuss in depth the integration of Islamic business units and spin-off policies in the Islamic banking industry in Indonesia. A comprehensive analysis of these articles can provide a broader understanding of the concepts, strategies and implications of Islamic business unit management and spin-off decision-making.

First, Yuspin, Ni'ami, &Zuhdi (2023) pointed out the urgency of integrating spin-off as a corporate action in Islamic banking. They underlined the need for regulatory revision, especially Article 68, to accommodate spin-off as a corporate action that can provide a strong foundation for the development of an adaptive and responsive Islamic banking industry. Furthermore, Siregar et al. (2023) discussed the comparison between Islamic spin-offs and conversions in the context of bank policy. This study highlights the complexity of this decision in the context of business strategy, emphasizing the need for careful evaluation in decision-making regarding spin-off strategies. Then the analysis of Syafrida et al. (2023) provides insight into the selection of the Islamic business unit separation model in regional development banks. Their findings confirm that the conversion model is the optimal choice based on the analysis of the internal and external environment, showing the importance of the right strategy in managing the Islamic business unit. Norrahman (2023) also highlighted the impact of conversion of conventional banks into Islamic banks in Indonesia, emphasizing the effectiveness of conversion in improving the business policies of Islamic banks. This study illustrates the importance of strategic transformation in managing Islamic business units to achieve business objectives that are more responsive to the market.

Pambuko&Sriyana (2023) and Yusuf, Abduh, &Sofyani (2023) present a comprehensive literature review of Islamic bank spin-offs. Their analysis covers legal, economic, policy, market, and performance efficiency aspects of Islamic banks, providing an in-depth understanding of the various strategic implications of spin-offs in the Islamic banking industry. Finally, the sentiment analysis approach in Salmah& Devi's (2023) study reinforces the importance of considering public sentiment in managing Islamic bank spin-offs in Indonesia. This analysis emphasizes that spin-off-related decisions are not only strategic in nature, but also consider social aspects and community perceptions.

Based on the results of this study, it appears that the spin-off of Islamic business units is a topic that has received considerable attention in the academic literature. **Regulation, separation model selection, public sentiment, and impact on Islamic bank performance** are important aspects to consider in developing strategies and policies related to Islamic business unit spin-offs in Indonesia. Along with the growth and complexity of the Islamic banking industry, further research and development is required to fully understand the implications of spin-offs in the emerging context of Islamic banking.

5.2.3 Spin Off Criteria

To spin off an Islamic business unit, it must be able to meet several predetermined criteria. There are 2 (two) articles that explain the aspects/criteria and obstacles faced, including the article written by Anadya (2023) describing some of the obstacles faced in efforts to develop Islamic banking through spin-offs. These constraints are important focal points that need to be understood in the context of business development strategies in the Islamic banking sector. First of all, capital constraints are a major obstacle. The spin-off process requires significant capital allocation to separate the Islamic business unit from the parent bank. Especially for regional development banks that may have limited financial resources, the capital aspect is a serious challenge that needs to be overcome. Furthermore, the article also highlights the constraints in fund structure. The spin-off process requires efficient and effective fund management so that the separated business unit can operate independently and sustainably. The absence of an adequate fund structure may hinder the success of the spin-off and lead to financial instability.

In addition, the constraints faced related to human resources are also a concern. The management of a separate Islamic business unit requires a well-trained team with a deep understanding of Islamic banking principles. The lack of qualified human resources can be a serious obstacle in implementing a successful spin-off. By identifying these constraints, the article provides important insights for stakeholders in the Islamic banking industry. Strategic steps need to be taken to overcome these obstacles so that efforts to develop Islamic banking through spin-offs can be carried out more effectively and successfully.

Furthermore, Purwantika&Mauluddi (2023) analyzed the readiness of Islamic business units (UUS) to become Islamic commercial banks, especially in Regional Development Banks (BPD) in Indonesia. The results of the analysis showed that in 2023, none of the UUS was ready to separate from its parent bank. However, there are several strategies that can be considered to improve the readiness of UUS in the transformation. One strategy that can be done is to increase capital. This can be done by increasing capital from the parent bank or through contributions from the respective Provincial Governments as a form of support in developing the Islamic financial sector in their regions. If both options are not feasible, then some UUS may consider merging in order to have strong capital. With the increase in capital, it can be expected that there will be an increase in the total assets of UUS.

The importance of this capital increase is not only to fulfill the requirements for transformation into an Islamic commercial bank, but also to ensure the sustainability and ability of UUS to face competition in an increasingly complex Islamic financial market. Sufficient capital will enable UUS to develop more innovative products and services, improve competitiveness, and provide greater benefits to the community in gaining access to quality Islamic finance. Thus, the strategy of raising capital through the various options mentioned above is an important step in facing the challenges and capitalizing on the opportunities of transforming UUS into Islamic commercial banks in Indonesia. Cooperation between the parent bank, local government, and various related parties is needed to create a supportive environment for UUS in carrying out these transformation steps.

5.2.4 Performance Comparison

The POJK on Sharia Business Units (POJK UUS) was issued in the context of institutional strengthening and improving the performance of UUS. This is in line with the policy direction and development of the financial services sector in accordance with the mandate of Law Number 4 of 2023 concerning Development and Strengthening of the Financial Sector (P2SK Law), particularly in terms of strengthening the capital and efficiency of UUS, strengthening UUS management, and improving provisions related to the requirements and process of separating UUS which are aligned with the banking consolidation strategy.

Based on 3 research results conducted to determine the effectiveness of the separation policy (spin-off) on the performance of UUS before and after spin-off, all of them state that spin off has a positive impact on the performance of the Bank as a result of spin off, as follows:

a. Research conducted on the performance of UUS BCA before and after spin off is as follows:
    - The results of the Financial Performance Analysis show that BCA Syariah before the spin-off period 2008-2010 had poor financial performance.
    - The results of the Financial Performance Analysis show that BCA Syariah after the spin-off period 2019-2021 has very good financial performance.
    - The results of the Comparative Analysis of Financial Performance at BCA Syariah before and after the spin-off show a significant difference in the ratios of NPF, FDR, ROA, ROE, CAR, and GCG.

    (Muslih Syawaluddin et al., 2023)

b. Research conducted to determine the effectiveness of the policy of separation (spin-off) of Sharia Business Unit (UUS) from Conventional Commercial Bank (BUK) so that it becomes a new Islamic Commercial Bank (BUS), one of which can be known from the ability of BUS in generating profitability without forgetting other variables, namely internal bank variables and macroeconomic variables. The research was conducted on 4 BUSs, namely: BJBS, BNI Syariah, BSM and Bank Mega Syariah, with the results:
    - Post-spin-off, the average profitability of the bank increased significantly compared to the pre-spin-off level.
    - Factors such as DPK, PYD, KAP, NPF, and inflation have varying impacts on bank profitability, with some significant and others not.
    - The variables considered in this study explain 83.1% of the variation in Return on Assets (ROA), with the remaining 16.9% attributed to unaccounted variables.

    (Afandi et al., 2023)

c. Research conducted on the performance of UUS after the spin offis :
   - The spin-off decision has a positive impact on the financial performance of several Islamic banks in Indonesia, including BNI Syariah, BRI Syariah, BJB Syariah, Bank KB BukopinSyariah, BTPN Syariah, Bank Aceh Syariah, BCA Syariah, Bank SyariahMandiri, and Panin Dubai Syariah Bank.
   - Financial indicators such as assets, deposits, financing, market share, CAR, NPF, ROA, z-score, and MaqasidShariah Index improved significantly post-spin-off. (Pambuko et al., 2024).

Different results were obtained by the author for research conducted on insurance that did spin off. The research was conducted on 4 (four) companies, namely PT JasindoSyariah General Insurance, PT AskridaSyariah, PT ReasuransiSyariah Indonesia, and PT AJS - Bumiputera. The method used is ratio analysis to compare company performance 3 years before and 3 years after spin-off.

- The analysis shows a decrease in average ROA, ROE, and asset growth post-spin-off.
- Significant differences were found in post-spin-off ROA, but not in ROE and asset growth rate.

(Haniyah et al., 2023)

Conclussion

The studies that have been discussed present a comprehensive picture of the mandatory spin-off of Islamic business units (UUS) in conventional commercial banks, particularly in the context of Islamic banking in Indonesia. In looking at the readiness and strategies in UUS transformation, some important findings and implications can be identified:

1. Spin-off and consolidation of UUS is one of the government's strategies to develop and strengthen Islamic financial performance.
2. Fulfilling the fiqh rules of MaslahahMursalah, because spin off in the Sharia Business Unit is included in the *muamalah*relationship, the level of emergency spin off in the Islamic Business Unit is included in the level of al- *maslahah al-hajjiyah*which supports the level of dharuriyah benefit, in line with the *maqashid*sharia value, the benefits are logical and reasonable, bring benefits to all Muslims, take benefits and avoid mudharat.
3. Based on 3 research results conducted to determine the effectiveness of the separation policy (spin-off) on the performance of UUS before and after spin-off, all of them state that spin off has a positive impact on the performance of the Bank as a result of spin off.
4. An analysis of the mandatory spin-off of Islamic business units in conventional commercial banks shows that capital raising strategies are key. The main obstacles faced include the aspects of capital, fund structure, and the availability of adequate human resources. In facing these challenges, close cooperation between the parent bank, local government, and stakeholders is crucial for the successful transformation of the UUS into a responsive and sustainable Islamic commercial bank. Concrete steps, such as additional capital and adequate infrastructure support, need to be implemented immediately so that UUS can carry out this transformation effectively and efficiently.

Reference

Afandi, M. A., Ali, K., Imantoro, J., Ekonomi, F., & Metro, U. M. (2023). The Effect of Spin-off Policy on the Profitability of Islamic Commercial Banks in Indonesia. *Fiduciary*, *6*(1), 41-57.

Anadya, I. M. (2023). Efforts to Develop Islamic Banking by Spin Off Sharia Business Units at Regional Development Banks. *JISIP (Journal of Social Science and Education),* *7*(1), 126-137.

Annas, M. L., & Putri, R. (2023). Efficiency of Regulation on Mandatory Spin Off of Sharia Business Units in Indonesia from the Perspective of Dallil Maslahah Mursalah. *Scientific Journal of Islamic Economics*, *9*(2), 2406-2415. http://dx.doi.org/10.29040/jiei.v9i2.8806

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