THE IMPACT OF SYNERGY BETWEEN ICB AND ISLAMIC FINTECH LENDING ON THE ICB'S FINANCIAL PERFORMANCES

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ABSTRAK

The synergy between Islamic financial institutions is one key in the development of Islamic economics as stated in the Masterplan for Islamic Economics of Indonesia 2019 - 2024. In 2018, three Islamic Commercial Banks (ICB), namely Bank Mega Syariah (BMS), Bank BNI Syariah (BNIS) and Bank Syariah Mandiri (BSM) conducting synergy with Islamic FinTech lending in the form of shadow investors. Through this study carried out analysis of the impact of synergy between ICB and Islamic FinTech lending on the ICB's financial performances as one reflection of the success of the synergy and economic indicators that reflect the responsibility of the ICB to the regulator. Wilcoxon signed-ranks test is used as a data analysis technique with the results of study showing that sequentially the synergy most profitable for the BSM because of the positive impact on financial performances, especially in the aspect of capital, profitability, efficiency and asset quality. While, for BNIS known synergy has a positive impact on financial performances, especially in the aspect of capital, liquidity and efficiency. Meanwhile, for BMS is known that the synergy only has a positive impact on financial performances, especially in the aspect of asset quality. The results of this study are beneficial for the ICB, Islamic FinTech lending as well as the regulator as material to the evaluation or formulation of policy regarding synergy between ICB and Islamic FinTech lending in Indonesia.

Sinergi antar lembaga keuangan syariah merupakan salah satu kunci dalam pengembangan ekonomi syariah seperti yang tertuang dalam Masterplan Ekonomi Syariah 2019 – 2024. Pada tahun 2018, tiga Bank Umum Syariah (BUS) yaitu Bank Mega Syariah (BMS), Bank BNI Syariah (BNIS) dan Bank Syariah Mandiri (BSM) melakukan sinergi dengan FinTech lending syariah dalam bentuk shadow investors. Melalui penelitian ini, ingin dilakukan analisis dampak sinergi antara BUS dan FinTech lending syariah tersebut terhadap kinerja keuangan BUS sebagai salah satu cerminan dari keberhasilan sinergi tersebut dan indikator ekonomi yang mencerminkan tanggung jawab BUS kepada regulator. Wilcoxon signed-ranks test digunakan sebagai teknik analisis data dengan hasil penelitian yang menunjukkan bahwa secara berurutan sinergi tersebut paling menguntungkan bagi BSM karena berdampak positif terhadap kinerja keuangannya khususnya pada aspek permodalan, rentabilitas, efisiensi dan kualitas aset. Sedangkan, bagi BNIS diketahui sinergi tersebut berdampak positif terhadap kinerja keuangannya khususnya pada aspek permodalan, likuiditas dan efisiensi. Sementara itu, bagi BMS diketahui sinergi tersebut hanya berdampak positif terhadap kinerja keuangannya khususnya pada aspek kualitas aset. Hasil penelitian ini bermanfaat baik bagi BUS, FinTech lending syariah maupun regulator sebagai bahan evaluasi maupun

perumusan kebijakan sinergi antara BUS dan FinTech lending syariah di Indonesia.

I. INTRODUCTION

In the beginning, consulting firms such as McKinsey&Company (2016) and PricewaterhouseCoopers (2016), mainstream media outlets such as The Economist (2015) and The New York Times (2016) as well as other parties reported that the presence of FinTech lending as new-entrants in the financial industry is predicted to become a new competitor and disrupt the business model of its incumbents namely banking. However, the situation is not entirely the case but rather the opposite, they instead do a partnership that can deliver benefits for both the industry, the community and the economy in general.

According to Kelly, Ferenzi and McGrath (2017), financial institutions including bank has competitive advantages such as brand/name recognition, large customer base, diverse financial products, comprehensive customer data, experience in term of risk management, access to capital and other. Meanwhile, FinTech has the competitive advantages including the culture of innovation, cheaper, speed, disruptive mindset, technological expertise, customer data analytics and other. If from each of the competitive advantages owned by banking and FinTech is synergized, then it can give mutual benefits such as increasing reach to the customers, improving of the position of the competitive advantages owned by each industry and increasing the efficiency of the product (Kelly, Ferenzi and McGrath, 2017).

The good news comes from three Islamic Commercial Banks (ICB) in Indonesia (before two of them conducted merger) because they have been conducting synergy with Islamic FinTech lending in the form of shadow investors since 2018. Synergy conducted by ICB and Islamic FinTech lending is in accordance with what is expected in the institutional development of Islamic finance to support national economic development as stipulated in the Masterplan for Islamic Economics of Indonesia 2019 - 2024 (Bappenas, 2019). Synergy is also a real step in strengthening the ecosystem of sharia economy in Indonesia, which required collaboration between institutions and economic actors as a whole.

The synergy between ICB and Islamic FinTech lending is fresh and such an interesting topic to study scientifically, especially to be able to compare the impact of synergy on the financial performances of each ICB that can be used as one reflection of the success of the synergy and indicators to measure corporate responsibility to the regulator (Aminah, Soewito, Erina, Khairudin and Damayanti, 2019). However, studies on this topic were still very rarely as conducted by Chotib, Rifa'i and Hidayat (2019) and Haris, Iqbal and Hadiyati (2020). Both of these studies use qualitative research approach that aims to explain the models of the synergy that can be conducted by ICB and FinTech as well as to formulate the benefits and challenges of synergy between ICB and FinTech.

In addition, other studies discussed the financial performances of ICB in Indonesia in a wide variety of contexts such as determinants of financial performances of ICB (Mukhibad and Khafid, 2018; Muflih and Human, 2019), comparison of the financial performances of ICB with Conventional Commercial Banks (CCB) (Ika and Abdullah, 2011; Toin, 2014; Fakhri, Anwar, Ismal and

Ascarya, 2019), comparison of the financial performances of ICB in Indonesia with ICB in another country (Septiari and Mazlifani, 2018), comparison of the financial performances of ICB before and after the global financial crisis (Setyawati, Suroso, Suryanto and Nurjannah, 2017; Muhammad and Triharyono, 2019), comparison of the financial performances of ICB before and after spin-off (Siswantoro, 2014; Al-Arif, Nachrowi, Nasution and Mahmud, 2017) and calculation of the financial performances of ICB using a variety of methods (Rusydiana and Sanrego, 2018; Hidayat Oktaviani and Aminudin, 2019).

Based on the previous studies above, there is a research gap that can be filled through this study, which is one of the objectives of this study conducted. The difference of this study with previous studies based on the research gap: first, this study used quantitative research approach with the method of Wilcoxon signed-ranks test that aims to compare the impact of the synergy between ICB and Islamic FinTech lending on the financial performances of the three ICB before and during synergy with Islamic FinTech lending. Second, the context of this study is a new issue and interesting topic to conduct study in depth. The results of this study are beneficial both for the ICB, Islamic FinTech lending and the regulator as material to the evaluation and formulation of policy regarding synergy between ICB and Islamic FinTech lending in Indonesia.

II. LITERATURE REVIEW

A. The Synergy between ICB and Islamic FinTech Lending and Its Impact on the ICB's Financial Performances

In its operations, ICB and Islamic FinTech lending has a relative semblance which is conducting of funding and financing even though on the Islamic FinTech lending only serves as a facilitator between investors and customers. However, although similar, but each service has a competitive advantage. The competitive advantages of banking services compared FinTech lending such as brand/name recognition, large customer base, diverse financial products, comprehensive customer data, experience in term of risk management, access to capital and other. While, the competitive advantages of FinTech lending services than banking services such as culture of innovation, cheaper, speed, disruptive mindset, technological expertise, customer data analytics and other (Kelly, Ferenzi and McGrath, 2017).

Amid the competitive advantages owned by banking and FinTech lending services, the two financial institutions can perform a synergy that can provide mutual benefits such as increasing reach to the customers, increasing the position of the competitive advantages owned by each industry and increasing the efficiency of the product (Kelly, Ferenzi and McGrath, 2017). The synergy between both institutions is ultimately expected to be a positive influence on the financial performances of each industry especially for ICB to be a reflection of the success of synergy and as an indicator for measuring the responsibility of the company to the regulator (Aminah, Soewito, Erina, Khairudin and Damayanti, 2019).

B. Previous Studies

As has been described in the previous chapter that previous studies on this topic tend to be limited and require further study that serves to analyze the

impact of the synergy between ICB and Islamic FinTech lending on the ICB's financial performances. In this section described regarding the two previous studies in the context of this study so that it can become the research base and determine the research gap or novelty.

Chotib, Rifa'i and Hidayat (2019) conducted studied regarding the synergy between FinTech lending and banking as a marketing strategy for banking in Indonesia. Using a qualitative research approach with the method of phenomenology, the study concluded that the existence of FinTech lending as a new player in the financial industry should be taken advantage by the banks to make synergy with the FinTech lending as a way to expand financing to MSMEs and as a marketing strategy for banking.

Haris, Iqbal and Hadiyati (2020) conducted a study on the synergy between the Islamic bank and FinTech in the development of MSMEs in Indonesia. Using a qualitative research approach using interview method to the regulator for banking and FinTech as well as both industries, the results of the study concluded that the model of the synergy that can be carried out by Islamic banks and FinTech divided into six models, namely cross selling, channeling and joint financing, referral, shadow investors, outsourcing platform, acquisition or FinTech consortium.

The two previous studies above tend to still use the qualitative research approach and have not yet measure the impact of synergy on the financial performances of ICB. Therefore, based on the research gap above, this study is conducted using a quantitative research approach using the method of Wilcoxon signed-ranks test to determine differences in the financial performances of ICB before and during synergy with Islamic FinTech lending which is measured using indicators of capital, profitability, efficiency, liquidity and asset quality.

III. RESEARCH METHODS

A. Data

This study uses secondary data with the type of data quarterly starting from quarter-I 2016 to quarter-IV 2019 sourced from the website of the three ICB which conducting synergy with Islamic FinTech lending in Indonesia since 2018 namely Bank Mega Syariah (BMS), Bank BNI Syariah (BNIS) and Bank Syariah Mandiri (BSM) to compare the financial performances of the three ICB before and during synergy with Islamic FinTech lending.

The financial performances of the ICB are measured using proxy of some financial ratios namely Capital Adequacy Ratio (CAR) which reflects capital, Return on Assets (ROA) which reflects profitability, Operational Efficiency Ratio (OER) which reflects efficiency, Financing to Deposit Ratio (FDR) which reflects liquidity and Non-Performing Financing (NPF) which reflects asset quality (Toin, 2014; Anwar, 2016).

B. Research Method

After conducted data collection, further conducted data processing using the method of paired t-test. According to Gerald (2018), the method of paired t-test can be used when the observation data collected in the form of data pairs. In other words, two data samples that are used have a dependency or can explain

the other samples. The model paired t-test used in this study as follows (Gerald, 2018):

$$t = \frac{1}{\sqrt{\frac{\sum_{t=1}^{n}\left(\frac{d_i}{\bar{d}}-1\right)^2}{n(n-1)}}} \quad (1)$$

where:

n = number of samples (n = 16)

d_i = mean difference between the first result and the second result from each individual data which is calculated using the formula $d_i = x_{i1} - x_{i2}$ where i = 1, 2, 3, …. , n (each individual data used), x_{i1}= the first result from each individual data used, x_{i2}= the second result from each individual data used and $\bar{d}$ = mean value of the total difference between the first result and the second result from each individual data used.

Hypothesis:

H_0 = data are no significant difference

H_1 = data are significant difference

However, because the sample used in this study consisted only 16 individual data to compare the financial performance of the three ICB before and during synergy with Islamic FinTech lending, then before testing the paired t-test necessary to test the data normality using the indicator value of the Kolmogorov-Smirnov and Shapiro-Wilk which each must have a value > α 0.05. If from the results of the normality test found the data not normally distributed, then H_0 is accepted and paired t-test cannot be done and replaced with non-parametric statistics test to calculate the mean difference between the first result and the second result from each individual data using the Wilcoxon signed-ranks test which is calculated using the following formula (Oyeka and Ebuh, 2012):

$$Z = \frac{T^+ - \frac{n(n+1)}{4}}{\sqrt{\frac{n(n+1)(2n+1)}{24}}} \quad (2)$$

where:

Z = Z score result of the calculation of Wilcoxon signed-ranks test

T^+= number of positive ranking

n = number of samples used (n = 16)

Hypothesis:

H_0 = data are no significant difference

H_1 = data are significant difference

IV. RESULTS AND DISCUSSIONS

A. The Results of Data Normality Test

Prior to test of the paired t-test in particular to the relatively small samples used, it is necessary to test the data normality to ensure the accuracy of the use of paired t-test method. The output of data normality test used in this study is shown in the table as follows:

Table 1. The Output of Data Normality Test

Bank Mega Syariah (BMS)						
Tests of Normality						
	Kolmogorov-Smirnov[a]			**Shapiro-Wilk**		
	Statistic	**df**	**Sig.**	**Statistic**	**df**	**Sig.**
CAR before synergy	.201	8	.200*	.910	8	.352
CAR during synergy	.209	8	.200*	.863	8	.130
ROA before synergy	.220	8	.200*	.829	8	.058
ROA during synergy	.278	8	.070	.854	8	.104
FDR before synergy	.259	8	.120	.865	8	.135
FDR during synergy	.215	8	.200*	.938	8	.596
OER before synergy	.334	8	**.009**	.670	8	**.001**
OER during synergy	.296	8	.037	.868	8	.145
NPF before synergy	.195	8	.200*	.898	8	.276
NPF during synergy	.212	8	.200*	.883	8	.202
Bank BNI Syariah (BNIS)						
Tests of Normality						
	Kolmogorov-Smirnov[a]			**Shapiro-Wilk**		
	Statistic	**df**	**Sig.**	**Statistic**	**df**	**Sig.**
CAR before synergy	.353	8	**.004**	.707	8	**.003**
CAR during synergy	.244	8	.175	.901	8	.292
ROA before synergy	.144	8	.200*	.982	8	.974
ROA during synergy	.289	8	.048	.854	8	.104
FDR before synergy	.199	8	.200*	.934	8	.557
FDR during synergy	.166	8	.200*	.966	8	.868
OER before synergy	.216	8	.200*	.883	8	.200
OER during synergy	.271	8	.085	.881	8	.192
NPF before synergy	.159	8	.200*	.936	8	.568
NPF during synergy	.214	8	.200*	.926	8	.484
Bank Syariah Mandiri (BSM)						
Tests of Normality						
	Kolmogorov-Smirnov[a]			**Shapiro-Wilk**		
	Statistic	**df**	**Sig.**	**Statistic**	**df**	**Sig.**
CAR before synergy	.189	8	.200*	.916	8	.397
CAR during synergy	.217	8	.200*	.903	8	.307
ROA before synergy	.350	8	**.005**	.633	8	**.000**
ROA during synergy	.256	8	.133	.870	8	.150
FDR before synergy	.154	8	.200*	.930	8	.520
FDR during synergy	.176	8	.200*	.931	8	.529
OER before synergy	.208	8	.200*	.898	8	.278
OER during synergy	.259	8	.123	.843	8	.080
NPF before synergy	.280	8	.065	.873	8	.162
NPF during synergy	.145	8	.200*	.932	8	.539

Source: Computed by author (2020)

Table 1 informs that there are data variable that have a value of Kolmogorov-Smirnov and Shapiro-Wilk < α 0.05 which means H_0 is accepted

or in other words, the individual data used in this study did not meet the assumption of data normality test so that paired t-test cannot be conducted and replaced with non-parametric statistics test that do not require the assumption of data normality to calculate the mean difference of each individual data using the method of Wilcoxon signed-ranks test.

B. The Results of The Wilcoxon Signed-Ranks Test

1. The comparison of ICB's CAR before and during synergy with Islamic FinTech lending

Capital is a very important aspect for the banking industry because of the size of the capital reflects the bank's ability to cover the risk of losses that might occur. All activity on the ICB generally has the risk of loss, so that needs to be done to control the risk due to the losses incurred can reduce the level of bank capital (Toin, 2014). Below is shown a comparison of the level of capital from the three ICB using the proxy of CAR before and during synergy with Islamic FinTech lending.

Table 2. The Ratio of ICB's CAR Before and During Synergy with Islamic FinTech Lending

BMS's CAR				
	N	***Mean***	**Z**	**Asymp. Sig. (2-tailed)**
CAR before synergy	8	22.7950	-1.960[a]	0.050
CAR during synergy	8	21.2400		
BNIS's CAR				
	N	***Mean***	**Z**	**Asymp. Sig. (2-tailed)**
CAR before synergy	8	15.7450	-2.380[a]	0.017
CAR during synergy	8	18.9262		
BSM's CAR				
	N	***Mean***	**Z**	**Asymp. Sig. (2-tailed)**
CAR before synergy	8	14.2712	-2.521[a]	0.012
CAR during synergy	8	15.9525		

Source: Computed by author (2020)

We need to look at the first mean value from the Wilcoxon signed-ranks test on each of the individual data. The mean value of CAR from

BNIS and BSM is known to have a higher value during the two ICB conducting synergy with Islamic FinTech lending. Meanwhile, the mean value of BMS's CAR is known to have a lower value during BMS conducting synergy with Islamic FinTech lending.

Statistically, the meaning of the difference in mean value before and during the three ICB conducting synergy with Islamic FinTech lending will be answered by the Wilcoxon signed-ranks test. Based on the Wilcoxon signed-ranks test on the CAR of the three ICB resulting value of the Z score and p-value Asymp. Sig. (2-tailed) respectively -1.960[a], -2.380[a], -2.521[a] and 0.050, 0.017, 0.012 < α 0.05 so H_0 is rejected or in other words, there is significant differences in CAR before and during the BNIS and BSM conducting synergy with Islamic FinTech lending although on the BMS's CAR known has decreased during conducting synergy with Islamic FinTech lending.

2. Comparison of ICB's ROA before and during synergy with Islamic FinTech lending

The success of banking management in obtaining the advantages can be seen from the ratio of Return on Assets (ROA). The higher the value of ROA meaning that the bank is using its assets effectively so as to produce a high profit and the implications for the achievement of stability of bank soundness (Anwar, 2016). A comparison of the profitability of the ICB with a proxy of ROA before and during synergy with Islamic FinTech lending is shown in the table as follows:

Table 3. The Ratio of ICB's ROA Before and During Synergy with Islamic FinTech Lending

BMS's ROA				
	N	***Mean***	**Z**	**Asymp. Sig. (2-tailed)**
ROA before synergy	8	2.4850	-2.521[a]	0.012
ROA during synergy	8	0.8325		
BNIS's ROA				
	N	***Mean***	**Z**	**Asymp. Sig. (2-tailed)**
ROA before synergy	8	1.4800	-0.980[a]	0.327
ROA during synergy	8	1.6212		
BSM's ROA				

	N	*Mean*	Z	Asymp. Sig. (2-tailed)
ROA before synergy	8	0.5638	-2.521[a]	0.012
ROA during synergy	8	1.2000		

Source: Computed by author (2020)

The table above informs the mean ROA from the three ICB before and during synergy with Islamic FinTech lending. Mean value of ROA from BNIS and BSM is known to have a higher value during synergy with Islamic FinTech lending. Whereas, the mean value from BMS's ROA actually lower during synergy with Islamic FinTech lending.

Statistically, based on Wilcoxon signed-ranks test found that the value of the Z score and p-value Asymp. Sig. (2-tailed) BSM's ROA respectively is -2.521[a] and $0.012 < \alpha\ 0.05$ so H_0 is rejected or in other words, there is significant differences in BSM's ROA before and during synergy with Islamic FinTech lending. In addition, the value of the Z score and p-value Asymp. Sig. (2-tailed) of BNIS's ROA known is -0.980[a] and $0.327 > \alpha\ 0.05$ which means H_0 is accepted or in other words there is no significant difference of BNIS's ROA before and during synergy with Islamic FinTech lending. Whereas, the value of the Z score and p-value Asymp. Sig. (2-tailed) of BMS's ROA known is -2.251[a] and $0.012 < \alpha\ 0.05$ so H_0 is rejected or in other words, there is significant differences in BMS's ROA before and during synergy with Islamic FinTech lending although it decreased during BMS synergy with Islamic FinTech lending.

3. Comparison of ICB's FDR before and during synergy with Islamic FinTech Lending

Another indicator of the financial performances of the ICB is the liquidity that can be shown through the value of FDR. Banking liquidity is said to be good if it has the value of the FDR which is low because the funds obtained are not entirely distributed to the *mudharib* so that the bank has sufficient funds to cover its obligations to *shahibul maal*. However, the value of FDR that low also reflect the bank is less productive (Anwar, 2016). The comparison of the liquidity of the ICB with a proxy of FDR before and during synergy with Islamic FinTech lending is shown in the table as follows:

Table 4. The Ratio of ICB's FDR Before and During Synergy with Islamic FinTech Lending

	BMS's FDR			
	N	***Mean***	**Z**	**Asymp. Sig. (2-tailed)**
FDR before	8	95.1788	-0.210[a]	0.833

synergy				
FDR during synergy	8	95.2038		

BNIS's FDR

	N	***Mean***	**Z**	**Asymp. Sig. (2-tailed)**
FDR before synergy	8	83.9888	-2.103[a]	0.035
FDR during synergy	8	78.9488		

BSM's FDR

	N	***Mean***	**Z**	**Asymp. Sig. (2-tailed)**
FDR before synergy	8	79.4738	-0.980[a]	0.327
FDR during synergy	8	77.9612		

Source: Computed by author (2020)

Table 4 describes that the mean value of FDR of the three ICB before and during synergy with Islamic FinTech lending. The mean value of BMS is known to have a higher during synergy with Islamic FinTech lending. Whereas, the mean value of BNIS's and BSM's FDR is exactly the opposite which is lower during synergy with Islamic FinTech lending.

Based on the Wilcoxon signed-ranks test can be known the significant of mean difference on each of the individual data statistically. The data of BMS's FDR are known to have Z score and p-value Asymp. Sig. (2-tailed) respectively -2.210[a] and 0.833 > α 0.05 so H_0 is accepted or in other words there is no significant difference between the BMS's FDR before and during synergy with Islamic FinTech lending. Meanwhile, the data of BNIS's FDR known to have Z score and p-value Asymp. Sig. (2-tailed) respectively -2.103[a] and 0.035 < α 0.05 so H_0 is rejected or in other words, there is significant difference between the BNIS's FDR before and during synergy with Islamic FinTech lending although with the difference of FDR which declined during the BNIS synergy with Islamic FinTech lending. Whereas, the data of BSM's FDR is known to have Z score and p-value Asymp. Sig. (2-tailed) respectively -0.980[a] and 0.327 > α 0.05 so H_0 is accepted or in other words there is no significant difference between the BSM's FDR before and during synergy with Islamic FinTech lending.

4. Comparison of ICB's OER before and during synergy with Islamic FinTech lending

The level of efficiency of the ICB can be measured by using the ratio of OER. This ratio is the ratio between operating expenses to operating income. The higher the value of OER illustrates the inefficiency of the banking and vice versa the lower the value of OER shows the efficiency of the banking (Toin, 2014). Comparison of the efficiency level of the three ICB with a proxy of OER before and during synergy with Islamic FinTech lending is shown in the table as follows:

Table 5. The Ratio of ICB's OER Before and During Synergy with Islamic FinTech Lending

BMS's OER				
	N	***Mean***	**Z**	**Asymp. Sig. (2-tailed)**
OER before synergy	8	88.4812	-2.521[a]	0.012
OER during synergy	8	94.1800		
BNIS's OER				
	N	***Mean***	**Z**	**Asymp. Sig. (2-tailed)**
OER before synergy	8	86.7788	-2.100[a]	0.036
OER during synergy	8	83.4450		
BSM's OER				
	N	***Mean***	**Z**	**Asymp. Sig. (2-tailed)**
OER before synergy	8	94.0775	-2.521[a]	0.012
OER during synergy	8	87.2263		

Source: Computed by author (2020)

Table 5 explains that the mean value of BMS's and BSM's OER to have a higher during the two ICB synergy with Islamic FinTech lending. Meanwhile, the mean value of BNIS's OER known lower during the BNIS synergy with Islamic FinTech lending.

Statistically, the significant difference in mean value based on Wilcoxon signed-ranks test toward the data of BMS's and BSM's OER is known to have Z score and p-value Asymp. Sig. (2-tailed) respectively -2.210[a], -2.210[a] and 0.012, 0.012 < α 0.05 so H_0 is rejected or in other

words there is a significant difference between the BMS's and BSM's OER before and during synergy with Islamic FinTech lending although with differences of OER increased (inefficient). Whereas, the data of BNIS's OER known to have the value of Z score and p-value Asymp. Sig. (2-tailed) respectively -2.100[a] and 0.036 < α 0.05 so H_0 is rejected or in other words there is a significant difference between the BNIS's OER before and during synergy with Islamic FinTech lending.

5. Comparison of ICB's NPF Ratio before and during synergy with Islamic FinTech Lending

NPF ratio can be used as a reflection of assets quality of the ICB. The assets quality said to be productive if it can generate profit from the activity carried out (Anwar, 2016). The high and the low value of the NPF ratio describes the ability of the bank to manage financing that is given to the *mudharib* so that it can generate profits. Comparison of ICB's asset quality with proxy of NPF ratio before and during synergy with Islamic FinTech lending is shown in the table as follows:

Table 6. The Ratio of ICB's NPF Before and During Synergy with Islamic FinTech Lending

BMS's NPF				
	N	***Mean***	**Z**	**Asymp. Sig. (2-tailed)**
NPF before synergy	8	3.5125	-2.521[a]	0.012
NPF during synergy	8	2.1550		
BNIS's NPF				
	N	***Mean***	**Z**	**Asymp. Sig. (2-tailed)**
NPF before synergy	8	3.0325	-0.350[a]	0.726
NPF during synergy	8	3.0675		
BSM's NPF				
	N	***Mean***	**Z**	**Asymp. Sig. (2-tailed)**
NPF before synergy	8	5.1662	-2.521[a]	0.012
NPF during synergy	8	3.2400		

Source: Computed by author (2020)

Table 6 reveals the difference in mean value before and during the three ICB synergy with Islamic FinTech lending. The mean value of BMS's and BSM's NPF is known to have a lower during synergy with Islamic FinTech lending. Whereas, the mean value of BNIS's NPF known to be higher during synergy with Islamic FinTech lending.

To know the meaning in statistics of the difference mean value, then the Wilcoxon signed-ranks test is conducted. The data of BMS's and BSM's NPF is known to have the value of Z score and p-value Asymp. Sig. (2-tailed) respectively -2.521^{a}, -2.521^{a} and 0.012, $0.012 < \alpha\ 0.05$ so H_0 is rejected or in other words there is a significant difference between BMS's and BSM's NPF before and during synergy with Islamic FinTech lending. Whereas, the data of BNIS's NPF known to have the value of Z score and p-value Asymp. Sig. (2-tailed) respectively -0.350^{a} and $0.726 > \alpha\ 0.05$ so H_0 is accepted or in other words there is no significant difference between BNIS's NPF before and during synergy with Islamic FinTech lending.

C. Benefits and Challenges the Synergy between ICB and Islamic FinTech Lending

The synergy between ICB and Islamic FinTech lending can provide the mutual benefits for both the industry and also customers, especially MSMEs. The benefits of synergy for both industries which are competitive advantages owned by ICB such as broad customer base and the competitive advantages of Islamic FinTech lending such as speed and efficiency can be used as a medium of cooperation to enhance the development of Islamic finance in Indonesia (Haris, Iqbal and Hadiyati, 2020). The success in the synergy between ICB and Islamic FinTech lending is expected to increase the reach of Islamic financial institutions to MSMEs so that it can improve Islamic financial literacy and inclusion in Indonesia (Haris, Iqbal and Hadiyati, 2020). In addition, the synergy between ICB and Islamic FinTech lending can also be profitable for the ICB because it can be a marketing media for ICB (Chotib, Rifa'i and Hidayat, 2019). The benefits of the synergy of the customers particularly MSMEs is the availability of innovative financial product for MSMEs and fast transaction because the whole process is done by online system (Haris, Iqbal and Hadiyati, 2020).

However, as the benefits derived, there are several challenges that must be faced in the synergy between ICB and Islamic FinTech lending. First, the availability of human resources who understand FinTech and information technology. Second, regulation and certification for labors and experts in the field of Islamic FinTech lending, accounting for Islamic FinTech lending, digital documents, Electronic Know Your Customer (E-KYC) and other. Third, the supporting infrastructure such as the availability of the qualified internet network and evenly distributed in the entire territory of Indonesia. Fourth, the understanding of the stakeholders regarding Islamic FinTech lending and coordination between institutions and the ministry to introduce Islamic FinTech lending more widely. Fifth, the risk of financing in Islamic FinTech lending is relatively high and the reputation of Islamic FinTech lending which has not been so good in the eyes of society (Haris, Iqbal and Hadiyati, 2020).

V. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

Based on the results and discussions that has been done can be concluded that paired t-test cannot be performed in this study because the data used do not meet the assumption of normality so that it is replaced with non-parametric statistics test using Wilcoxon signed-ranks test to calculate the mean difference of each individual data on the aspect of financial performances of the three ICB before and during synergy with Islamic FinTech lending.

From the perspective of the capital using proxy of CAR on the BMS known that there is significant difference before and during BMS synergy with Islamic FinTech lending although with a tendency of CAR decreased during the synergy. From the perspective of the profitability using a proxy of ROA known that there is significant difference before and during BMS synergy with Islamic FinTech lending although with a tendency of ROA decreased during synergy. From the perspective of liquidity with a proxy FDR known that there is no significant difference before and during BMS synergy with Islamic FinTech lending. From the perspective of efficiency by proxy of OER known that there is significant difference before and during BMS synergy with Islamic FinTech lending although with a tendency of OER increased during the synergy. From the perspective of asset quality with proxy of NPF known that there is significant difference before and during BMS synergy with Islamic FinTech lending.

From the perspective of capital by proxy of CAR on the BNIS known that there is significant difference before and during BNIS synergy with Islamic FinTech lending. From the perspective of profitability with a proxy of ROA known that there is no significant difference before and during BNIS synergy with Islamic FinTech lending. From the perspective of liquidity with a proxy FDR known that there is significant difference before and during BNIS synergy with Islamic FinTech lending. From the perspective of efficiency by proxy of OER known that there is significant difference before and during the BNIS synergy with Islamic FinTech lending. From the perspective of asset quality with proxy of NPF known that there is no significant difference before and during BNIS synergy with Islamic FinTech lending.

From the perspective of the capital by proxy of CAR on the BSM known that there is significant difference before and during BSM synergy with Islamic FinTech lending. From the perspective of the profitability with a proxy of ROA known that there is significant difference before and during BSM synergy with Islamic FinTech lending. From the perspective of liquidity with a proxy FDR known that there is no significant difference before and during BSM synergy with Islamic FinTech lending. From the perspective of efficiency by proxy of OER known that there is significant difference before and during BSM synergy with Islamic FinTech lending. From the perspective of asset quality with proxy of NPF known that there is significant difference before and during BSM synergy with Islamic FinTech lending.

B. Recommendations

Based on the results and discussions can be seen that the synergy by the three ICB and Islamic FinTech lending proved to have a positive impact on the

financial performances of each ICB reflecting the success of synergy even though cannot be said to be optimal because it has not been influential as a whole on all indicators of the financial performances including capital, profitability, liquidity, efficiency and asset quality. Not optimal the impact of synergy on the financial performances of ICB can also be caused by the age of the cooperation is relatively new and the presence of pandemic Covid-19 which of course negatively affect the activity of ICB and Islamic FinTech lending.

Therefore, by looking at the potential mutual benefits from the synergy between ICB and Islamic FinTech lending, then it can be asked of the recommendations to all stakeholders. First, the optimization of the support of the regulator in this case is FSA to the synergy between ICB and Islamic FinTech lending in the form of regulation which set the models of the synergy that can be done to accelerate the completion of regulations regarding Sharia Restricted Intermediary Account (SRIA). Second, the similarity of vision and mission in the development of Islamic finance between all stakeholders for example the FSA, DSN-MUI and industry. Third, the synergy between ICB and Islamic FinTech lending can be achieved if the support system of Islamic FinTech lending in this case the Islamic bank is also growing good which is supported by a regulation favouring of Islamic bank.

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