

ISLAMIC COMMERCIAL BANK BUSINESS STRATEGY DURING GLOBAL PANDEMIC OUTBREAK

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Abstract: In 2020, the Covid-19 pandemic and how to handle it colored the development of the global economy. Millions of people have died and some are now out of work after being laid off. The pandemic has reduced world consumption, production, investment, and trade activities. Using descriptive qualitative methods, this study aims to explore the business strategies implemented by five Islamic commercial banks with the largest assets, namely Bank Syariah Mandiri, Bank Rakyat Indonesia Syariah, Bank Nasional Indonesia Syariah, Bank Muamalat Indonesia, and Bank Aceh Syariah. In conclusion all Islamic commercial banks optimize the digitization of services, both financing and fundraising. Focus on low-cost funds and conduct temporarily credit relaxation and restructuring for debtors who are experiencing financial difficulties due to the pandemic whereas the government and regulators adjusting the benchmark interest rate and issuing relaxation and restructuring rules to prevent a bigger impact and encourage economic recovery

Keywords: *Islamic, Bank, Business, Strategy*

1. Introduction

The bank is a company engaged in the financial sector where the main activity is to collect funds from the public and channel these funds back to the community and provide other banking services. According to Law No. 10 of 1998 from the amendment of Law No. 7 of 1992 Concerning Banking, Islamic banks are commercial banks that carry out business activities based on sharia principles which in their activities provide services in payment traffic.

Banks have a strategic role to move the economy in a country by providing services for financing needs related to financial matters and the payment transaction system helps facilitate the mechanism for all sectors of the economy of a country. Kasmir, 2012).

The improvement of Islamic banks is still far different from conventional banks, one of the main reasons is the emergence of conventional banks that preceded Islamic banks. Many people, especially Muslims, still use conventional bank services. They think that Islamic banks are the same as conventional banks. Although they understand that Islamic banks are different from conventional banks, they still use conventional bank products rather than Islamic bank products (Mursito, 2018).

Competition between conventional banks and Islamic banks has been going on since the first time Bank Muamalat operated in 1992. Now, it is marked by various things, both from the store atmosphere, the quality of the products offered, and the quality of services performed by Islamic banks to win the hearts of consumers. Both parties must find solutions

to gain an advantage over their competitors. Utilizing an adequate office atmosphere, product quality, and services to create the most comfortable and satisfying services to gain customer loyalty. This requires banks to continuously improve performance and formulate appropriate business strategies. Moreover, in line with business ethics, because in a state of fierce competition for the market in pursuit of maximum profit, it is easy to violate ethics, namely violations of basic moral rules.

The development of Islamic banking is still not growing rapidly in Indonesia. This is because there are still problems that hinder the Islamic banking business, including *the* Availability of products and standardization of Islamic banking products. This is because so far there are still many Islamic banks that have not run their business according to sharia principles. This standardization is needed because the Islamic banking industry is different from conventional banks. Both the level of understanding (awareness) of Islamic bank products (Sparta, 2008:347) Therefore, this is where the importance of determining the right business strategy to accommodate these two main problems, especially during the Covid-19 pandemic lies.

The crisis due to the Covid-19 pandemic that we are facing today is different from the financial crisis that has occurred before. The current crisis does not only have a direct impact on economic conditions but also the health and social aspects. The social restriction policies imposed in almost all countries in the world to contain the spread of Covid-19 affect the economy, the mobility of people and goods is limited, domestic demand is down, production and investment activities in various regions are hampered, many businesses are closed, as well as the increasing number of unemployment and work termination.

Sumadi (2020) stated that to prevent further damage, the Government, the Financial Services Authority (OJK), and Bank Indonesia (BI) have worked hand in hand to issue various policies and stimuli that support the business, including the financial industry.

The Financial Services Authority (OJK) has temporarily relaxed the credit restructuring regulations for debtors who are experiencing financial difficulties due to the pandemic. Furthermore, the OJK issued a regulation to relax credit/financing restructuring for debtors affected by the Covid-19 pandemic, while BI relaxed the Financing to Value (FTV) provision of 100% for property financing as well as provisions for the Statutory Reserves (GWM) for banks, conducting market operations, and were allowed to purchase debt securities issued by the Government.

After looking at the various policies of national financial regulators in dealing with the COVID-19 pandemic, it is important to look at the response of Islamic commercial banks in terms of implementing business strategies starting from the side of raising funds, distributing funds, and marketing aspects which will be discussed comprehensively in this study.

Arnoldo C Hax and Nicholas S Majluk in their book “Strategic Management” define strategic management as a way of guiding organizations to the main goals of developing corporate values, managerial capabilities, organizational responsibilities, and administrative systems that link strategic and operational decision making at all levels of the hierarchy, and across all lines of business and corporate authority functions. HI Ansof (in Hutabarat and Huseini, 2006) stated that strategic management is a management process, the relationship between the company and the environment, consisting of strategic planning, capability planning, and change management.

Strategic Management is divided into two interrelated activities, namely strategic planning and strategic implementation. Strategic planning relates to the organization's vision and mission, projections, guidelines, and tactics that support the achievement of

organizational goals. Strategic planning is more related to the analysis of the internal organization. Namely an analysis of the form of the organization, what are the goals of the organization, its strengths and weaknesses, the opportunities and challenges it faces, and an analysis of the market/society of the organization.

In this implementation process, obstacles often arise, such as a discrepancy between the plan and reality. This may not be due to a bad planning process, but sometimes things get out of control. For instance, in early 2020 the government had planned and set the percentage of economic growth, inflation rate, currency stability, and national economic stability. The determination is also based on global economic developments, world oil prices, and so on. However, the Covid-19 pandemic occurred which resulted in the deterioration of the global economy, including Indonesia. Many companies went bankrupt, various leading industries including finance, which were excellent, had to cut production due to falling demand.

In addition to the implementation process, supervision of these activities must also be carried out so that organizational goals can be achieved effectively and efficiently. Strategic management in its implementation is influenced by 5 factors, namely (1) the type and structure of the organization, (2) leadership style, (3) the complexity of the external environment (4), the complexity of the production process, and (5) the nature of the problems faced (Nugraha, 2014).

There are several studies that address strategy bussines of Islamic bank, for instance, Sudrajat and Rachmawati (2016) assert two strategies in handling problematic murabahah financing. Aisyah (2016) found that the policy of developing financing and financial inclusion had a significant impact on increasing financing. However, this is still accompanied by a high level of non-performing financing. Strategies are needed to produce maximum financing, including the support from the government as the issuer of regulations that support the financing climate, strengthening human resources, and providing adequate incentives.

Irfan Harmoko (2018) develop a sharia banking strategy to face competition in the national banking business, Islamic banks must create products both fundraising and financing that are easy to understand and attractive to the public as potential customers, Islamic banks must be more competitive in setting financing margins or profit-sharing ratios. Thus, public interest in Islamic banks will increase. Islamic banks can cooperate with conventional banks related to the opening of Sharia Service Offices (KLS) and the provision of mobile cash services.

Sihotang and Hasanah (2021), Rahmayanti (2021) outlined islamic banking strategy in facing the new normal era during the covid-19, although, never mentioned exactly which Islamic banks they addressed.

Hardianti (2021) showed that the strategy of Islamic banks during the COVID-19 pandemic, apart from marketing through offline and online such as print and electronic media, has succeeded in combining three state-owned Islamic banks, namely Bank Syariah Mandiri, BNI Syariah and BRI Syariah. However, the merger notion has appeared before the pandemic occurred therefore it is unlikely to be true to explained that this particular strategy is due to pandemic Covid-19. Moreover, this study only focuses on three state owned Islamic banks which the author attempts to enhance to present better understanding.

2. Research Method

This study uses a qualitative approach, a research and understanding process based on a methodology that investigates a social phenomenon and human problem. In this approach, the

researcher creates a complex picture, examines words, reports detailed views of the respondents, and conducts studies in natural situations. (Creswell, 2002)

The data analysis technique in this study uses descriptive analysis, namely to provide an explanation that makes it easier for researchers to explain the results of data analysis and discussion. This procedure will be used to organize, summarize, present the data in a better format to be used as a basis for decision making and literature study, according to (Sugiyono, 2017) literature study is research that uses types and sources of secondary data obtained mainly from the Annual Report 2020 of each bank to see the implementation of business strategies in dealing with the Covid-19 pandemic, books, literacy, and references related to strategic management to develop a theoretical framework for research. The population of this study is all Islamic Commercial Banks in Indonesia until December 2020. For more details, see the table below:

Table 2.1
Islamic Commercial Bank Assets

NO	BANK	ASSETS 2020
1	Bank Mandiri Syariah	126,907,940
2	BNI Syariah	57,715,586
3	BRI Syariah	55.009.000
4	Muamalat	51,241,000
5	Aceh Sharia	25,480,963
6	BTPN Syariah	16,435,005
7	Mega Syariah	16,117,927
8	Panin Dubai Sharia	11.302.082
9	Sharia NTB	10,419,759
10	BCA Syariah	9,720,300
11	Sharia BJB	8,884,354
12	Sharia Bukopin	5,223,189
13	Victoria Sharia	2,296,027
14	Aladdin Sharia	721,397

*in million rupiah

Source: Annual Report 2020 of each bank

While the research samples were taken from five banks with the largest number of assets. Therefore, Bank Syariah Mandiri, National Bank of Indonesia Syariah, Bank Rakyat Indonesia Syariah, Bank Muamalat and Bank Aceh Syariah were the selected samples in this study.

Furthermore, data analysis, namely the appropriate analysis (content analysis) of the data which is literal data, namely exploring the meanings recorded in the content of the text, in the case referred to per how to provide an interpretation according to the content of the data. (Suryabrata, 1998:85)

3. Results and Discussion

In 2020, the Covid-19 pandemic and how to handle it colored the development of the global economy. Millions of people have died from the Covid-19 virus and some are now out of work after being laid off. The pandemic has reduced world consumption, production, investment, and trade activities. In response to the Covid-19 pandemic, governments and regulators around the world are moving quickly by increasing monetary and fiscal stimulus. At the same time, the Central Bank lowered its benchmark interest rate to spur economic

growth. This situation also occurs in Indonesia, therefore, in this chapter, the author will explain the business strategies of five Islamic commercial banks with the most assets in the face of the Covid-19 pandemic.

This weakening economic condition certainly greatly affected the limited sources of domestic liquidity, which resulted in tight banking liquidity and also increased the ratio of banking non-performing financing. In addition, the government's policy of restricting social activities has affected many economic sectors. This condition is certainly very unfavorable for both the business and the banking world because the business and banking sectors have a very close relationship, one of which is related to funding sources for banks and also financing for business actors.

The policy on credit restructuring and relaxation for customers affected by COVID-19 will certainly ease the burden on affected business actors related to the temporary delay in payment of obligations. As well as affecting the position of the ratio of non-performing financing, where this relaxation provides space for banks to be able to keep the ratio of non-performing financing under control. In addition, the relaxation also greatly helped the Bank to reduce the cost of reserves caused by the decline in the quality of financing. OJK also relaxed the deadline for submitting reports to regulators. This policy helps because banking operations are experiencing limitations as a result of the work from home (WFH) policy.

A. Bank Syariah Mandiri Business Strategy

Bank Syariah Mandiri (BSM) was officially established on October 25, 1999, making it the second oldest bank after Bank Muamalat. BSM's share ownership is 99.99% owned by PT. Mandiri Bank. As of December 2020, total assets are 126.9 trillion as of the largest Islamic bank in Indonesia. Furthermore, BSM has 8 Regional Offices, 129 Branch Offices, 414 Sub-Branch Offices, and 8,580 employees. On February 1, 2021 BSM, BNI Syariah and BRI Syariah officially merged to become Bank Syariah Indonesia (BSI). The integration process was completed on November 1, 2021. The pandemic forced BSM to change the 5 (five) main focus of short-term policies into 3 (three) focus of the Bank's strategy (Bank Syariah Mandiri Annual Report, 2020):

1) Liquidity (Low-Cost Fund)

Focus on the growth of ThirdParty Funds (DPK), especially low-cost funds and the retail segment as well as maintaining the flow of funds.

2) Quality of Financing

Maintaining the quality of financing through restructuring, especially for customers affected by COVID-19, but still optimizing margin income/profit sharing and financing growth selectively according to the target market and having low risk.

3) Revenue Management and Expenditure Control

Optimizing margin income/profit sharing from financing, increasing Fee Based Income (FBI), especially from pawning and digital transactions (e-channel), controlling Allowance for Impairment Losses (CKPN), and saving Overhead Cost (OHC).

The business strategy is then described to be carried out to achieve the bank's aspirations which consist of 3 (three) main strategies, namely:

1) Business Refocusing

The Bank makes the Consumer/Individual Segment the first core of its business, while the Corporate Segment becomes the second core which ultimately supports the growth of Retail Banking. Based on research, individual customers have a strong preference for Sharia and position them in the top 2 (two) positions. Meanwhile,

Sharia's preference for corporate/wholesale customers is not the main thing. The Bank focuses on the strategy of third party funds with a focus on developing priority segments and increasing fee-based income through increased transactions through digital channels. In addition, the Bank remains focused on developing a financing strategy with the consumer segment being the main pillar of the company and the corporate segment as the entry point and supporting retail financing growth.

2) Fixing the Fundamentals

Making organizational adjustments both at the head office and in the regions/areas/branches to become more measurable Key Performance Indicators (KPI). The digitization process in various business processes. Increase public awareness of Mandiri Syariah brand by optimizing marketing communication.

3) Strengthen Enabler

Increasing employee productivity and capabilities, optimizing wholesale and retail alliances, sharpening and enhancing IT Security due to technology-based digital business development strategies, as well as optimizing customer-based services that have not been reached before through the synergy of the Mandiri Group.

During the COVID-19 pandemic, Mandiri Syariah was able to increase its assets from Rp112,292 billion in 2019 to Rp126,907 billion in 2020. 13.03%. TPF from Rp99,810 billion in 2019 to Rp112,585 billion in 2020 13.34% Financing from Rp27,663 billion in 2019 to Rp28,612 billion in 2020 3.43%. And pocketed a net profit of Rp1,275 billion in 2019 to Rp1,434 billion in 2020.

B. Bank Rakyat Indonesia Syariah (BRIS) Business Strategy

BRI sharia officially operated on November 17, 2008. As of December 31, 2020, BRISyariah's total assets amounted to Rp. 57.2 trillion, an increase of 33.84% from 2019. Disbursement of financing was Rp. 40.04 trillion, which grew 46.24% compared to 2019 of Rp. IDR 27.38 trillion. BRISyariah Third Party Funds (DPK) increased by 44.66% from IDR 34.13 trillion in 2019 to IDR 49.37 trillion in 2020. Net profit of IDR 248.05 billion, an increase of 235.14% compared to 2019 of IDR 74.02 billion with 7513 employees.

Responding to the COVID-19 pandemic, BRISyariah focuses on optimizing and digitizing customer-facing and non-facing processes; launching digital-based business services (financing and funds); increasing brand awareness through targeted marketing campaigns; increasing KLS and shared office productivity through joint KPIs and incentives/rewards; providing digital payment services with sharia principles; and continue the process of converting the Aceh LKS Qanun. (BRI Syariah Annual Report, 2020)

In the midst of the call for social distancing due to the Covid-19 pandemic which has been implemented since mid-March, BRISyariah recorded an increase in the number of transactions through e-channels. In 2020 there was a 218% increase in transaction volume compared to 2019, and 51% in the number of transactions compared to 2019. Thanks to Digitalization, Retail Financing Increases 49.74%

The Savings Collection Strategy is implemented by increasing the marketing of payroll savings to government agencies and work units (satker), and private institutions. Marketing Student Savings & Simple Savings to educational institutions. BRISmart Laku Pandai collaboration with Fintech Institutions. Optimizing KLS services in all BRI work units. Lottery promo program and hold amount prizes.

Current Account Collection Strategy Increase demand deposit marketing to government institutions and work units for cashless transaction facilities (cash management system or

CMS and ATM). Optimizing the Demand Deposit SBSN of the Ministry of Finance and cross-selling of Current Accounts to program implementing vendors. Increase the marketing of Current Accounts to private institutions and educational institutions. Free program of transactional facilities, both the National Clearing System/RTGS for customers with a certain balance. Marketing Communication Program. Evaluating and modifying existing products as well as developing new products according to customer needs. Added CMS transactional features. SWIFT Transactions on CMS. Mobile CMS

Deposit Collection Strategy, increasing individual depositor customers (counter ratio) by conducting cross-selling and outbound telemarketing calls to existing customers. Online deposit opening through CMS, I-Bank, and BRIS Online with counter ratio. Marketing Communication Program. Evaluating and modifying existing products as well as developing new products according to customer needs.

Strategy to Increase Fee Based Income Development of bill payment features at ATMs, EDC Mini ATMs, BRIS Online, I-Bank & CMS, Increase users of ATM/Debit Card users, BRIS Online, Internet Banking, and CMS, Increase the number of ATMs, Add BRIS Smart Laku Pandai agents both individual and institutional agents by collaborating with Fintech institutions, Increasing remittance transactions by adding remittance company partners, Development of BRIS Pay shopping payment transaction services using QR-based technology, Cooperation with e-commerce market places for payment facilities and virtual accounts.

Strategies to Increase Funds & Services for Hajj & Umrah Development of Children's Hajj Savings, Expansion of collaboration with Hajj Guidance Groups (KBIH) & Hajj Travel, Expansion of KLS BRIS Outlets, Provision of Hajj Souvenirs, Ease of Repayment of Non-Teller Hajj BRISyariah, Distribution of Living Costs for Hajj, Ease of registering for Special Hajj and Umrah through trusted PPHK & PPIH

Moreover, in terms of financing, the bank's business strategy is analyzed requests for financing from prospective customers. Develop digital-based micro business. Sharpening the target market by providing more portfolios of industrial sectors which are updated regularly and determining acceptable risk criteria to anticipate the occurrence of Non-Performing Financing (NPF). Determining the Maximum Limit for Internal Fund Disbursement. Analyze the impact on bank financing due to the decline in commodity prices and a decline in exports.

C. Bank Nasional Indonesia Syariah Business Strategy

The history of the establishment of PT Bank BNI Syariah began on April 29, 2000, which was marked by the operation of the Sharia Business Unit (UUS) of Bank BNI. On June 19, 2010, BNI Syariah officially operated as a Sharia Commercial Bank. BNI Syariah already has 401 outlets with a composition of 3 Regional Offices, 68 Branch Offices, 241 Sub-Branch Offices, 13 Cash Offices, 54 Payment Points, and 23 Mobile Service Banks (BLG). In addition, there are 1,722 Shariah Bank Service (LSB) outlets that can accommodate BNI Syariah services at BNI outlets spread across the islands of Java, Bali, and Sumatra. The total number of BNI Syariah employees in December 2020 was 6,208.

Responding to the weakening economic conditions due to the Covid-19 pandemic, BNI Syariah made adjustments to targets and strategies taking into account economic and business conditions after the outbreak of the pandemic. The issuance of POJK No. 11/POJK.03/2020 is used by banks to restructure the financing. This is intended to maintain the quality of financing. Until the end of 2020, the amount of restructured financing reached Rp7,409 billion.

The Bank then carried out a selective expansion by conducting strict risk mitigation to anticipate rising credit risk amidst economic pressures. The bank focuses on increasing efficiency by increasing CASA and reducing BOPO. In addition, the Bank also optimizes the potential profit from written-off loans. Encouraging the performance of the task force formed to handle remedial and recovery. This effort resulted in a recovery fund of up to Rp160 billion. To increase public and investor confidence, in 2020 the Bank will increase the Coverage Ratio to 116.37. (BNI Syariah Annual Report, 2020)

BNI Syariah continues the development of digital banking by improving several features in internet banking and mobile banking in order to increase fee-based income from transactional banking. In 2020, Bank implemented the Hasanah Mobile application which can be used by customers to be able to make online and independent banking transactions through mobile-based applications. In addition, the Bank has also developed the Hasanah Digital Teller system as a medium for customers to transact banking at the branch office without going through a teller.

In the midst of the pandemic, the main challenge faced is maintaining the continuity of the Bank's operations. Therefore, the bank formed a Crisis Management Team that monitors the health of employees every day. Employees alternately work from home (WFH) and work from the office (WFO). As for WFO employees, time and working hours are also divided to avoid the accumulation of employees in the office.

In addition, the Bank also continues to face the classic challenges of Islamic banking, namely the low level of Islamic financial literacy and inclusion. To that end, BNI Syariah continues to provide education related to Islamic finance to the public. One of the steps taken is through the BOD Teaching program, where the Board of Directors of BNI Syariah will give public lectures at various universities and Islamic boarding schools to provide an understanding of sharia finance, especially sharia banking.

In 2020, the Bank recorded financing of Rp33,049 billion, an increase of 1.44% from the previous year of Rp32,580 billion. This increase is a very good achievement, considering that the economic and business conditions throughout 2020 were experiencing a sharp decline.

Third party funds collected by the Bank also grew 9.60% to Rp47,974 billion, from the previous year's Rp43,772 billion. This growth in deposits was supported by an increase in CASA from 63.13% in 2019 to 66.40% and an increase in the Number of Accounts (NOA) from 3.4 million in 2019 to 4.2 million in 2020. The Bank's CASA growth also made BNI Syariah's cost of funds in 2020 decrease to 2.02%, so that BNI Syariah became the most efficient Syariah bank in Indonesia.

With a high level of efficiency, BNI Syariah is also able to maintain Net Returns (NIM) at a very good position, namely at 6.41% which is also the highest in the national Islamic banking industry. With this achievement, BNI Syariah managed to record a net profit of Rp505 billion, down from the previous year's Rp603 billion. The decrease in profit is part of the Bank's strategy to increase the coverage ratio to 116.33%. Asset quality has deteriorated slightly compared to the previous year due to the Covid-19 pandemic that has affected the debtor's business.

D. Bank Muamalat Indonesia (BMI) Business Strategy

Bank Muamalat which officially operated on May 1, 1992, is the first Islamic bank in Indonesia. Currently, the bank has 2968 employees, 249 Service Offices consisting of Branch Offices, Sub-Branch Offices, and Cash Offices. Coupled with 619 ATMs and 120,000 ATM Bersama and ATM Prima networks and 55 Mobile Branches.

To deal with the Covid-19 pandemic, Bank Muamalat Indonesia's business strategy is prioritized on 3 (three) things, namely:

1) Creative Transformation

Bank Muamalat has transformed into a productive and efficient bank in providing excellent service to customers. Strategic initiatives carried out include improving and streamlining the organization followed by optimization of human resources; opening, upgrading branch status, relocation, and closing network to achieve optimal performance; strengthening digital infrastructure and capabilities, and improvement of operational quality to offer excellent service to customers.

2) Swift Recovery

The Bank continues and improves the process of recovering non-performing financing as well as preventing potential losses on existing financing. In addition, the Bank will provide adequate loss reserves from non-performing financing. In the prevention phase, the Bank focuses on strengthening the implementation of risk management, both for business and operations.

3) Shaping the Healthy Business

Promote healthy and sustainable business growth. The strategic initiatives carried out include strengthening all aspects of income sources, such as healthy financing, both through new financing and re-profile existing financing, low-cost funding, increasing fee-based income, accelerating the halal business ecosystem, and capturing business opportunities. new. The Bank focuses on the types and targets of customers who have a low-risk weight, both for the retail and corporate segments. Service-based income will also be increased from trade finance and transactional banking products. In addition, income from treasury activities will be optimized in line with bank liquidity management.

Referring to the financial position of December 2020, Bank Muamalat Indonesia recorded an increase in total assets of 1.36% from Rp50,556 billion in 2019 to Rp51,241 billion in 2020. The impact of this pandemic requires banks to be more selective in disbursing financing. As a result, total financing decreased by 2.65% to Rp29,084 billion from Rp29,877 billion.

In terms of fundraising, the opposite condition occurred in DPK which rose 2.64% to Rp41,424 billion from Rp40,357 billion (AR BMI, 2020). Banks will increase the portion of low-cost funds, namely CASA products, to reduce margin expenses. The Bank also continues and improves business related to the halal ecosystem through strategic cooperation with various parties. In addition, to face the times and customer needs, the Bank opens new business opportunities, such as collaborating with sharia fintech and e-commerce.

E. Bank Aceh Syariah Bussines Strategy

Bank Aceh began operating based on Sharia principles on November 5, 2004. The change in the overall operating system to become a Sharia commercial bank was implemented on September 19, 2016. Bank Aceh is a Regional Owned Enterprise owned by the Regional Government of Aceh Province with the amount of capital ownership, namely the Government Aceh Province has 58.89% capital ownership, Aceh Regency Governments have 36.60% capital, and City Governments throughout Aceh have 4.51% capital until the end of December 2020. Average asset growth for 5 years is 7, 96% and in 2020 grew 1.43% to Rp25.5 trillion. The average financing growth for 5 years was 5.77% and in 2020 it grew

6.38% to Rp15.3 trillion. The average growth of Third Party Funds for 5 years is 10, 58% and in 2020 grew 3.10% to Rp21.6 trillion. (AR Bank Aceh Syariah, 2020)

As of the end of 2020, Bank Aceh has 480 office networks consisting of 1 Head Office, 1 Operational Head Office, 25 Branch Offices, 90 Sub-Branch Offices, 31 Cash Offices, 19 Payment Points, 12 Cash Cars and 300 ATMs and 1 Unit CRM is spread throughout the province of Aceh, including the city of Medan.

To deal with the Covid-19 pandemic, Bank Aceh has determined 3 pillars of strategic programs, namely: First, Business Transformation prioritizes innovation and IT-based product features and financing portfolios by increasing the portion of productive financing while maintaining consumptive financing as a captive market. Optimizing the digital banking system by accelerating the acceleration of the transformation of the development of digital banking information technology by setting up system reliability and network security. Improving application capabilities in line with business growth with new superior features to provide convenience and security to customers in transactions.

The service features that were launched during the Covid-19 pandemic are mobile banking transaction services that are equipped with Internal & Interbank Transfers, Vehicle Tax Payments (SAMSAT Aceh), University Payments (UIN Ar Raniry & Teuku Umar University), Payment of Revenue Taxes of government employee Banda Aceh Province, Payment of Zakat & Infaq Baitul Mal Aceh. As well as providing independent cash deposit services using the Cash Recycle Machine (CRM).

Second, the culture transformation by increasing the competence of employees through improving education and training, especially those related to Sharia banking operations and products. Improving compliance aspects, related to good corporate governance, risk management, and institutions.

In 2020, the Bank held education and training with technical skills and soft skill materials which were attended by 3,139 participants and spent Rp13.5 billion, most of the education and training programs were conducted using the webinar method. During the pandemic period, the Bank has carried out developments in the HR field, including the Development of the HRIS system, Compilation of Competency & Competency Level Dictionaries, Compilation of Human Capital Strategic plans.

Through these developments, the Bank has standardized training, development, career path determination, and competency improvement standards for officers and employees on every line, so that the bank has human resources that can support organizational development and bank business expansion in the future.

Third, the appearance transformation prioritized the consistency of appearance across product lines, communication devices, and Bank Aceh brands. Changes in appearance are an integral part of the transformation process to realize display visualizations that reflect sharia values so that they become the people's top of mind.

4. Conclusion

The Covid-19 pandemic has hit all industries in the world, including the banking industry. A particular strategy is needed to deal with this. From the government and regulators' side, this is done by adjusting the benchmark interest rate and issuing relaxation and restructuring rules to prevent a bigger impact and encourage economic recovery. Social distancing policies limit individual mobility so that all Islamic commercial banks optimize the digitization of services, both financing and fundraising.

Bank Syariah Mandiri Focuses on the growth of Third Party Funds (DPK), especially lowcost funds and the retail segment as well as maintaining the flow of funds. Maintaining the quality of financing through restructuring, especially for customers affected by COVID-19, but still optimizing revenue-sharing margins and financing growth selectively according to the target market and having low risk. Optimizing margin income/profit sharing from financing, increasing Fee Based Income (FBI), controlling Allowance for Impairment Losses (CKPN), and saving Overhead Costs (OHC).

BRISyariah focuses on optimizing and digitizing customer-facing and non-facing processes; launching digital-based business services (financing and funds); increasing brand awareness through targeted marketing campaigns; increasing KLS and shared office productivity through joint KPIs and incentives/rewards; providing digital payment services with sharia principles, and continue the process of converting the Aceh LKS Qanun.

BNI Syariah conducts selective expansion by conducting strict risk mitigation to anticipate increasing credit risk amidst economic pressures. The bank focuses on increasing efficiency by increasing CASA and reducing BOPO. In addition, the Bank also optimizes the potential profit from written-off loans. Encouraging the performance of the task force formed to handle remedial and recovery

Bank Muamalat has refined and streamlined the organization to strengthen infrastructure and digital capabilities, and improvement of operational quality. Improving the recovery process for non-performing financing as well as preventing potential loss on existing financing. In addition, the Bank provides adequate loss reserves from non-performing financing, strengthens all aspects of income sources, such as sound financing, both through new financing and re-profile existing financing, low-cost funding, increasing fee-based income and accelerating the ecosystem. halal business.

Bank Aceh's strategy is centered on business transformation with IT-based product innovation and features as well as increasing the portion of productive financing while maintaining consumptive financing as a captive market, cultural transformation by increasing operational competence and Sharia banking products, and transforming the appearance of all product lines, communication tools and the brand of Bank Aceh

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