

Business Strategy Analysis For Spin-Off and Islamic Banking Growth: Canvas Business Model Approach

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Abstract

("UUS" – Unit Usaha Syariah) in each conventional bank must begin preparing for spin-offs process following the OJK policy which they must be spin-off before July 2023. However, there are still many "UUS" that need to be spin-off into BUS, where UUS is part of the Islamic Business Unit in every conventional bank ("BUK" – Bank Umum Konvensional). The aim of this paper is to provide a comprehensive analysis of business strategy for supporting the spin-off process "UUS" become "BUS" and business strategy for Islamic banking growth by utilizing the Canvas business model approach. This research was conducted using SWOT analysis methods to confirm the effective business strategies for spin-offs through analysis of existing business strategies at "UUS" with utilizing the nine blocks of Canvas's business model (Customer Segment, Value Proposition, Customer Relations, Channel, Revenue Stream, Main Activity, Main Resources, Major Partners and Cost Structure). The results of this study show that business strategy on "Growth Strategy" and "Rapid Growth Strategy" are aligned with "Leveraging with Dual Banking Leverage Model" that has been implemented in "UUS". The results showed that business strategy with dual banking leverage model (DBLM) is an effective strategy to support spin-off and growth of Islamic Banking.

Keywords: Spin-off, DBLM, SWOT, UUS, BUS

I. INTRODUCTION

The Islamic commercial bank ("BUS") development has started to begin after the survival of Bank Muamalat from global financial crisis in 1998. With the publication of Law ("UU") Article 21 of 2008 regarding Islamic Banking has given the positive signs in Islamic banking business. Thus, in 2020, Indonesia has 14 Islamic Bank with total asset of IDR 397 trillion and total office of 2.034 nationwide, while in 2021, there are 3 merged banks such as BNI Syariah, BRI Syariah, and BSM turned to BSI (Bank Syariah Indonesia). While within the same year, Indonesia has 20 Islamic business unit ("UUS") with total asset of IDR 196 trillion and 392 offices nationwide (Islamic Banking Statistics [SPS], 2021). Below are the development of Islamic Banking in Indonesia.

Table 1. Islamic Banking Network and Asset

	2016	2017	2018	2019	2020	2021
Islamic Commercial Bank	13	13	14	14	14	12
Total Asset (in IDR Billion)	254.184	288.027	316.691	350.364	397.073	413.937
Total Office	1.869	1.825	1.875	1.919	2.034	2.044
Islamic Business Unit						
Total Office	21	21	20	20	20	20
Total Asset (in IDR Billion)	102.320	136.154	160.636	174.200	196.875	205.147
Total Office	332	344	354	381	392	407

Source: (Islamic Banking Statistics [SPS], 2021)

The obligation to Islamic business unit ("UUS") spin off is regulated based on Law ("UU" – Undang-undang) Article 21 of 2008. Within that Law ("UU"), spin off is mandatory to be conducted maximum 15 years since the Law ("UU") is published or by latest in 2023. By implementing the regulation,

20 Islamic business unit ("UUS") are required to conduct spin off up to 2023. According to Trinugroho, et al. (2021), spin-off impact of Islamic Banking in Indonesia would be on the risk financing increment after spin-off, low Islamic banking performance for 4 (four) years after spin-off, furthermore the pure spin-off strategy will not result into a good profitability and efficiency compared to conversion strategy. In order to reduce those impacts, Islamic Banking financial condition need to be monitored closely as the most essential criteria in finalizing the spin-off final decision (Oktaviani & Prasetyo, 2021). Based on Ismal (2010), to form a strong Islamic Banking would require an improvement in liquidity management within Indonesia Islamic Banking industry based on the first analysis, study the Islamic Bank organization structure and its liquidity management. Second, to investigate the depositors' and investors characteristics with the hope of the bank's effort and policies in managing the liquidity. Then, to identify the potential liquidity issue and Islamic liquidity instrument, which would require an integrated and comprehensive program for Islamic Banking liquidity management.

There are only few research on the proposed business strategy to be able to survive when the spin off policies being carried out. Previously, there are a lot of research regarding the relationship between spin off policies and the Islamic Banking performance. Research by Al Arif, Mufraini, & Prabowo (2020) dan Hamid (2015) explained that spin off results the performance of Islamic banking inefficient, or contrary to the purpose of the spin off. Likewise as research by Trinugroho (2021) that states there is an increment in financing risk and the performance persists for 4 (four) years only after the spin off takes place. Thus the spin off brings no impact on the bank's performance (Al Arif, 2017). The objective of the research is to provide suggestions on business strategy that allow the financial improvement performance during the spin off policies is implemented by Islamic Business Unit ("UUS").

II. LITERATURE REVIEW

Spin-Off

Definition of spin-off according to Article 1 point 32 syaria banking law ("Undang-undang Perbankan Syariah"–UUPS), is "the separation of a business from one bank to two or more business entity banks in accordance with statutory provisions". Black's Law Dictionary defines spin-off as "a corporate divestiture in which a division of a corporation becomes on independent company and stock of the new company is distributed to the corporation's shareholders". There are several research related to the company's spin-off, measuring business growth after the spin-off and measuring the efficiency and risk of the dual banking process; Findings from the study of Veld et al. (2004) is that the average spin-off company publication in American companies shows excessive business returns over a period of up to 3 years after corporate restructuring. Over the last few decades, the spin-off has become popular in Europe, this may be because it's indicated by the positive growth effects after the spin-off of American companies. The study was conducted on 230 European Companies that implemented spin-Off in European Countries (excluding Eastern Europe) in the period of January 1987 to September 2000, Stock Prices, Equity Market Value and Market Index. The results suggested that spin-off publications may increase wealth and assets for shareholders through positive abnormal returns.

Trad et al (2016) showed that bank size and capital were the main factors responsible for increasing the profitability and stability of Islamic banks and reducing their credit risk. However, the ratios that make up the variables of liquidity and asset quality often give inconclusive results. Macroeconomic variables asides from inflation may also increase the stability of Islamic banks. This is not a case of poor credit ratios. The conclusion is that there is no big difference between Islamic and conventional banks in terms of profitability and risk features. Kapoor and Kaur (2017)'s study shows that Basel III is a global risk management phenomenon; hence Indian banks have to accept it in order to achieve harmonization with international standards. Thus, banks must devise smart alternative strategies to implement them, because their implementation will ultimately benefit the health and profitability of the bank in the long run. Louhichi and Boujelbene (2017) found that high quality capitalization helped significantly in providing banks with

sufficient health and strength to enable them to withstand financial crises effectively. In addition, the results prove that Islamic and conventional banks display different behaviors. Even though Tier 1 capital serves as a buffer for Islamic banks, it is proven to act as an incentive tool for conventional banks.

Business Model

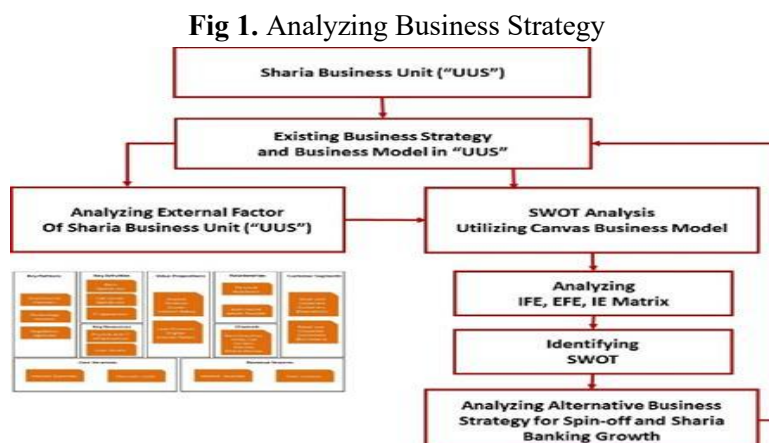
Business models define on how an organization creates, delivers, and captures social values and economic values. The term of business model is used for a wide range of formal and informal contexts to denote the core aspects of a business, including covering the aims and objectives, what is offered, business strategy, infrastructure, organizational structure, commercial practices, and policies and also operational processes (Osterwalder, Alexander, Pigneur, 2013). Window banking is an attempt by commercial banks to penetrate the market by providing banking and financial services to the customers who can not be served by existing commercial bank operations, for example being hit by the rules and principles adopted by the customer (Bank Indonesia, 2012). In the example in Indonesia, window banking is the formation of an Islamic business unit (“UUS”) in a commercial bank to serve Muslim customers who are concerned about the values of Islamic compliance for their banking transactions. Dual Banking Leverage Model (DBLM) is a leveraging business strategy term for the Islamic business unit (“UUS”) which was introduced by “UUS” in a private bank in Indonesia since year 2005. The DBLM strategy was subsequently implemented by the bank on a bank-wide level in their branches. The Islamic business unit (“UUS”) at the bank acts as an Islamic banking window or office channeling from conventional banks.

There are three benefits for the banks with implementing DBLM strategy, as follows ; First, enabling Islamic business units to utilize conventional bank resources and infrastructure of parent bank without increasing additional costs, Second, fostering close cooperation between the relevant internal departments, which emphasizes the synergy and integration across the bank, which consequently has a good impact on minimizing the costs, Third, the DBLM strategy makes it easy for bank customers to enjoy Islamic banking products and conventional banking products offerings at the same branches. The implementation of the DBLM strategy plays an important role in improving the performance of Islamic business unit, where the strategy is well defined to focus on three main areas; build awareness among employees and customers, ensure the fulfillment of Islamic compliance, and cross-functional internal coordination related to the main performance indicators for products offered and processes carried out (KPI - Key Performance Indicators). The following strategy are required on implementing the DBLM ; a) identify the nature of the Islamic banking system and ensure the products are suitable and easy to understood by customers, b) a proper strategy to ensure that all employees understand the basic principles of Islamic business objective for the products offered and how to sell them to the customers, c) creating comprehensive Islamic banking compliance framework, especially for conventional branches that offering Islamic banking products.

III. METHODS

The purpose of this research is to study the effectiveness of strategy for the spin-off process “UUS” become “BUS” and at the same time that can support business strategy for the growth of Islamic banks in Indonesia. The framework for selecting the effective business strategy is involving 9 (nine) variable components of Canvas business model which will be analyzed using SWOT approach from the context of internal factors (IFAS - internal factor analysis strategy) and external factors (EFAS - external factor analysis strategy).

The results of analysis will be used to determine the effective business strategy for spin-off. The process flow analysis of the framework in Figure-1 that the strong and weak aspects of an organization are identified by examining elements in its environment while environmental opportunities and threats are determined by examining elements of external environment. SWOT analysis is as a strategic planning tool to evaluate an organization's strengths, weaknesses, opportunities and threats, thereby providing useful information in adjusting the resources and capabilities of organization (Gurel Emet, 2017).



Describing in Figure-1 that analyzing the business strategy components of the current Islamic business unit (“UUS”) by looking at the SWOT analysis of internal and external factors that impact the business components in Canvas business model in Figure-2. SWOT analysis is utilized to see business strategy alternatives that are generated from the scoring process of SWOT analysis based on the IFAS and EFAS perspectives and also the analysis based on SWOT quadrant model.

Data and Variable Construction

This research is using a descriptive research with a qualitative approach. The population in this study are: 1) Islamic Banking Practitioners, 2) Academics of Islamic Economics College, 3) Members of the National Islamic Council. The criteria of the three things above are; a. Understand the Islamic banking industry, b. Understand the Islamic banking business strategy, c. Understand the Islamic Business Unit spin-off policy to become an Islamic Commercial Bank. In this study, the data collection technique was through in-depth interviews. The interview technique is used with the aim for digging deeper into the data obtained from observations. Thus there is no interrupted information, between what is seen and what is heard and recorded. The operational variables in this study are the nine building block components of the Canvas Business Model on the leveraging business model at “UUS” (window banking/dual banking leverage model) according to Bank Indonesia (2012) as follow: 1). Customer Segment: window banking customer segments are individuals/business entities that are unlikely to be served by existing commercial bank business operations, in the case of Indonesia, for example, customers who prefer Islamic principles in their socioeconomic life, 2). Value Proposition: big name and success of the parent bank are the advantages offered by the leveraging/office channeling/window banking model. The big name of this holding bank is related to the quality of products and services provided, ease of access because it is supported by modern and secure information technology, etc.

Another advantage is that window banking can provide products and services for customers who prefer Islamic principles to be represented in their economic transaction, 3). Channels: channels used by office channeling/leveraging/window banking to reach the customer segments are mainly office channeling, where the parent bank provides products and services from bank windows to its customers at the parent bank's branch offices. Other channels commonly used by commercial banks are also commonly used by window banking such as; internet banking, B2C, B2B, etc, 4). Customer Relationship: A personal approach (personal touch), special rates and special pricing for customers who make transactions up to the umpteenth time, customer priority services are ways to establish good relationships with customers through window banking/office channeling services. Leveraging, 5). Revenue Streams: The source of revenue for window banking/office channeling/leveraging is the interest rate margin (profit sharing in the case of “UUS”) from various lending products and funding provided to its customers, fees or commissions for services provided, 6). Key Resources: the main strength or resource for window banking/office channeling/leveraging is the big name and success of the parent bank because it can easily be recognized by its customers and the security and sophistication of information technology owned by the parent bank can also be used by window banking/office channeling/leveraging. Various and innovative product features are also a strength for

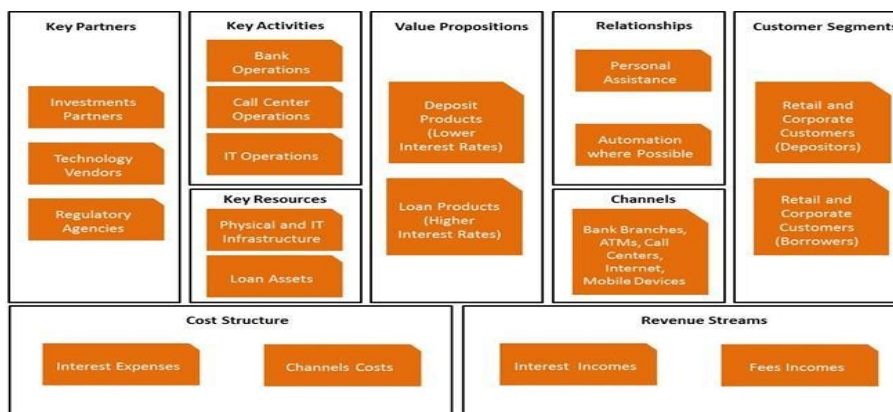
window banking/office channeling/leveraging, 7). Key Activities: activities undertaken by window banking are appropriate for activities carried out by commercial banks, namely collecting funds, channeling funds and providing various services for their customers, 8).

Key partnership: subsidiary banking working partners are primarily the parent bank with various material and non-material supports provided, 9). Cost Structure: the component of window banking/office channeling/leveraging costs consists of personnel (HR) costs, office channeling costs with the parent bank and branch operational costs. Internal Factor Analysis Summary (IFAS) and External Factor Analysis Summary (EFAS) can be prepared to determine the alternative strategy for spin-off. IFAS is calculated in the following manner : 1). Determine strategic factors based on strengths and weaknesses as well as opportunities and threats, 2). Determine the weight of each factors with a scale ranging from 1.0 (highest) to 0.0 (not important), based on the influence of these factors on “UUS” business management. (All these weights must not exceed a total score of 1.00), 3). Calculate the rating for each factor by giving a scale of 4 (outstanding or highest) to 1 (poor or lowest), based on the influence of these factors on “UUS” business management. Positive variables, namely strength are given a value of +1 to +4 (very good), negative variables, namely weakness are given the opposite value, 4). Determine the score value by multiplying the weight by the rating, 5). Provide comments or notes on why certain factors were chosen, and how the weighted scores were calculated, 6). Add up the weighted score to get the total weighted score against IFAS. EFAS is structured in the same way as IFAS but strength is replaced by opportunities, while weaknesses are replaced by threats.

Canvas Business Model

Osterwalder et al. (2013), the Canvas Business model is a business model consisting of 9 (nine) blocks business activity areas, which have the goal for mapping strategies into build a strong business strategy to win the competition and be successful in the long term business activity. This Canvas Business Model is characterized by 9 (nine) blocks, by putting it together, it will form a single business strategy. The elements of the Business Model Canvas described on Business Model framework consisting 9 (nine) interconnected boxes (see Figure-2); 1. Customer Segments - are those who use the services / products of the organization and those who contribute to providing income for the organization. 2. Value Propositions - are uniqueness which determine why the product or service deserves to be chosen by the customer. 3. Channels - is an element that states how the organization communicates with its customer segments and delivers its value proposition. 4. Customer Relationships - Fostering relationships with customer’s aims to acquire new customers (acquisition), retain old customers (retention), and offering existing customer and new customers with good products or good services, 5. Revenue Streams - or inflows of funds describe how the organization gets money from each customer segment, 6. Key Resources - describe the most important assets that determine the successful operation of a business model, 7. Key Activities - core activities are activities that determine the success of a business model, 8. Key Partnerships - are partners who work together to operate the organization, 9. Cost Structure - describes all costs that arise as a result of operating this business model.

Fig 2. Elements Of Business Model Canvas



SWOT

The framework of SWOT analysis in this research is to analyze the effectiveness Canvas Business Model implementation in the current business strategy in Islamic business unit (“UUS”) which has been implemented with leveraging system. Furthermore, the author categorizes that the window banking or office channeling in “UUS” is a leveraging model with DBLM - Dual Banking Leverage Model. SWOT analysis is to assess the strengths and weaknesses of the company's resources and external opportunities and challenges faced (Riadi, 2013). All organizations have strengths and weaknesses in all functional areas of the business activity. No company is equally strong or weak in all areas of the business activity. Internal strengths / weaknesses, combined with external opportunities / threats and a clear mission statement for setting up the goals and strategies with the intention of making use internal strengths and overcoming weaknesses. The following is an explanation of SWOT, (Riadi, 2013) :1. Strength - are things that organization does particularly well, or in a way that distinguishes from competitors. Strength is a special advantage to be able to compete in the market, 2. Weaknesses - are limitations or deficiencies in resources, skills and capabilities that will hinder company performance.

These limitations can be in the form of facilities, financial resources, management capabilities and marketing skills which can be the source of a company's weakness, 3. Opportunities - is an important situation that benefits in a corporate environment. Important trends are one source of opportunities, such as changing in technology and increasing relationships between banks and customers are a picture of opportunities for the company, 4. Threats - are an important disadvantageous situation in a corporate environment. Threats are a major deterrent to the company's current or desired position. SWOT analysis can be illustrated by the quadrant model; Quadrant 1: This is a very favorable situation for the company to have opportunities and strengths so that it can take advantage of existing opportunities. The strategy must be applied in this condition to support an aggressive growth policy (Growth oriented strategy), Quadrant 2: Despite facing various threats, this company still has the strengths of internal strategy. The strategy must be applied to use strength for taking advantage of long-term opportunities by means of a diversification strategy (product / market), Quadrant 3: The company faces a huge market opportunity, but on the other hand, it faces some internal constraints or weaknesses. The focus of the company's strategy is to minimize internal problems in the company so that it can seize better market opportunities, Quadrant 4: This is a very unfavorable situation, the company is facing various internal threats and weaknesses.

IV. RESULT AND ANALYSIS

Analysis results of Internal and External Factors in Table-3 below that the strengths have a score of 2.40, while the weaknesses have a score of 0.85. It can be concluded that there are 9 areas the focusing business strategy of Islamic Business Unit “UUS” to carry out all value-oriented activities created for ; potential consumers prioritizes, key resources in professional human resources and also the using of IT system infrastructure, branch networks area, ATM eChannels for service to key customers, as well as good relationship with customers as a driving force for “UUS” performance improvement, and partnerships are also important, in establishing cooperation with HR (front-office / back-office) of conventional bank / “BUK” as holding and cooperation with external parties (regulators and vendors) to gain support in carrying out the Islamic business unit activities with proper processes and well-maintained costs. Weaknesses become areas for process improvement where the business processes and business strategy acumen can be maintained.

Table 2. Internal Factor Analysis Summary (IFAS)

Internal Factors	Wight	Rating	Score	Remarks
Strengths				
1. Value Proposition that has been established from the parent bank in terms of capital, assets,	0.05	4	0.20	Reflecting “UUS” has a strong value proposition following the parent bank

branding and bank performance					
2.	Huge customer database following parent bank database				Reflecting "UUS" has the customer power of the parent bank's customer base
3.	Channels spread following branch network, ATM eChannels parent bank	0.05	4	0.20	Reflecting "UUS" business can grow rapidly with established infrastructure from the parent bank
4.	Customer relationships that have been established built by the parent bank	0.05	4	0.20	Customer relationship is ready to be maintained for the benefit of "UUS"
5.	Marketing, the sale of Islamic bank products is already spread across all branches of the parent bank	0.05	4	0.20	Facilities and human resources to sell products have been formed by the parent bank
6.	The parent bank becomes the dominant key partnership in terms of facility support already available for HR, branch network infrastructure, IT system to support "UUS" business activities	0.05	4	0.20	Shows that Islamic banking business has a very strong reliance on the parent bank to support the expansion of "UUS" business as its subsidiary
7.	HR, IT and Branch as key resources available directly from the parent bank to support all "UUS" key activities				Pointed out that key resources supported by the parent bank are helpful for "UUS" business development
8.	The growth of revenue streams can be faster because it has been supported directly by the parent bank in terms of; key resources, key partnership, value proposition, customer base, channels, customer relationship	0.10	4	0.40	The growth of Islamic banking will be able to grow fast because it will be very minimal in terms of invitation and costs to build branches, HR, IT systems and other infrastructure
9.	Very minimum cost structure because all infrastructure and supporting human resources are already available from the parent bank	0.05	4	0.20	Shows that with very minimal cost will support the growth of Islamic banking well
		0.05	4	0.20	
	Sub Total	0.6		2.40	
	Weaknesses				

1.	Value Proposition: product innovation that is still very minimal	0.05	2	0.10	Innovative products are still needed
2.	Customer Segment: has not reached the customer base level of farmers, fishermen and small entrepreneurs	0.05	3	0.15	Capital support is still needed to reach small business and farmer-level customers who need to be covered by high risk management
3.	Channels: not yet reached to sub-districts / countryside	0.05	1	0.05	Islamic outlets/kiosks are needed at the sub-district/village level
4.	Customer Relationship: lack of marketing and promotion to increase product awareness to customers and the public	0.05	2	0.10	Budget allocation is required for promotional costs
5.	Key activities: Highly dependent on parent banks	0.05	2	0.10	Greater organizational development is required
6.	Key resources: need to improve knowledge and hr competency about Islamic business	0.05	4	0.20	Showing weak on training and very minimal HR graduates with Islamic banking competencies
7.	Revenue stream: has not developed non-standard packaging product that can increase revenue	0.05	1	0.05	Need benchmarking to other countries e.g. Malaysia to see more varied development of Islamic banking products
8.	Cost structure: has not implemented the full cost allocation of "UUS" activities with the parent bank	0.05	2	0.10	Need to be defined cost-allocation or charge-back pattern between subsidiaries and parent companies
	Sub Total	0.4		0.85	
	TOTAL	1		3.25	

Furthermore, in Table-4 (see attachment) the opportunity factors have a score of 1.70 and the threat factors have a score of 0.75. This is not a potential risk for "UUS" business activities that may be arised or occured. From the results of internal and external factors above, the score series is as follows; 1). Strength (S) = 2.40, 2). Weaknesses (W) = 0.85, 3). Opportunities (O) = 1.70, 4). Threats (T) = 0.75. From the series of scores as a recap table of IFAS and EFAS scores can be compiled as follows: the results of mapping for the values of strengths, weaknesses, opportunities and threats in table-1 above, it can be determined that the "UUS" business strategy can be carried out as the GROWTH Strategy.

Table 3. External Factor Analysis Summary (EFAS)

External Factors	Wight	Rating	Score	Remarks
Opportunities				
1. The huge customer segment of Indonesia's population of 83% is Muslim	0.20	4	0.80	Show strong opportunities for Islamic banking customers
2. The potential development of "UUS" into "BUS" will provide opportunities for	0.10	3	0.30	Spin-off will be a better Islamic banking business opportunity

increasing Value Proposition due to the development of bsinis and the development of products that will be more diverse from the side of Commercial Banking, Finance, Merchant Banking					
3.	Opportunity to expand Key Activities with increasing market share industri Islamic banking to support the growth of Islamic banking business	0.05	2	0.10	Opportunities from increasing market share for Islamic banking
4.	Key partnership opportunities with government infrastructure projects that can be used as financing expansion with a very large syndicated scheme	0.10	3	0.30	Cooperation with the government becomes a greater growth opportunity for Islamic financing
5.	Opportunities for the development of small businesses and agriculture for financing development targets	0.10	2	0.20	Expansion of financing to small communities that are targeted by Islamic economy
Sub Total		0.55		1.7	
Threats					
1.	Potential barriers and threats of Value Proposition related to public perception of Islamic banking practices that are incompatible with Islamic conformity	0.05	1	0.05	Showing the need to maintain Islamic conformity control process in all aspects of Islamic banking activities
2.	There is still a lack of ready-made college graduates to become hr in Islamic banking	0.15	2	0.30	The need for cooperation between Islamic banking and Islamic-based universities
3.	Public demand for innovation of Islamic banking products to support the needs of the industry	0.05	1	0.05	Required training and training on the development of Islamic banking products by benchmarking to countries that have advanced in the field of Islamic banking
4.	The government has not given much opportunity to Islamic banking to participate in financing government infrastructure projects that relatively require considerable investment	0.05	2	0.10	The need to be an effort from the government to make policy to the relevant ministries for support to Islamic banking
5.	There are not many outside				

investors who want to invest to support the capital structure of Islamic banks when compared to conventional banks in order to support Revenue Streams				The need of investors to raise the capital structure needed to develop Islamic banking businesses
6. Economic slowdown that impacts the business world slowdown so that the contribution to npf value is large enough to impact the Cost Structure	0.10	2	0.20	The need in strengthening the scope of financing risk management so that it can manage acceptable Non-Performance Financing (NPF) according to the ratio stipulated by OJK and Bank Indonesia.
	0.05	1	0.05	
Sub Total	0.45		0.75	Sub Total
TOTAL	1		2.45	

For focus of “UUS” business strategy from the SWOT quadrant based on the score obtained is indicating and shown in the following matrix and table: In Figure 3 and table-2 based on the SWOT calculation, “UUS” is in the S> O position, which is a greater strength than the existing opportunities, indicating that “UUS” business strategy is in Rapid Growth Strategy. Namely, the business growth strategy with a focus on the process, banks prioritize Islamic compliance for Islamic banking products, maintaining Islamic banking services by supported conventional bank as parent bank for human resource, branch networks, ATMs, eChannels and IT systems. The value roposition from parent bank is to support and obtain good revenue performance and maintaining an efficient cost component. According to the strategic management perspective that "Strategic Management is a set of managerial decisions and actions that determines the long-run performance of a corporation" (Hunger et al., 2009).

Table 4. SWOT Strategy Option

Technical Strategy	Score	Quadrant	Strategy Options
Growth	S>O	A	Rapid Growth Strategy
	S<O	B	Stable Growth Strategy
Survival	W>T	E	Turn Around Strategy
	W<T	F	Guirelle Strategy
Diversification	S>T	H	Conglomerate Strategy
	S<T	G	Consentric Strategy
Stability	O>W	C	Agresive Maintenance Strategy
	O<W	D	Selective Maintenance

Rapid growth strategy is the result of strategy formulation based on SWOT analysis for spin-off. The implementation or execution strategy for the real action in the strategic management process will be part of the strategic plan for realization action. If the execution is completed well, it will ensure the achievement of business goals and the success level of organizational planning. The implementation strategy is all about "how" the activities will be carried out, "who" will implement them, "when" and how often they will be performed, and "where" will it be completed. From the results of SWOT analysis above, where the direction of the “UUS” business strategy is in a rapid growth strategy position through utilizing Dual Banking Leverage Model (DBLM), the author may conclude that this Spin-Off strategy with “UUS” business strategy will contribute on the new shifting strategy from “UUS” become “BUS” and also contribute to the growth of Islamic Banking Industry:

- a) Leveraging system with a Dual Banking Leverging Model strategy is the effective business strategy in existing “UUS” and the right business strategy for the spin-off of “UUS” to become a “BUS” if compared to the spin-off with Full-Fledged system

- b) The spin-off with Dual Banking Leverging Model (DBLM) business strategy will have many advantages for “BUS” spin-Off ; optimizing HR and infrastructure from the parent bank,
- c) The spin-off with Dual Banking Leverging Model (DBLM) business strategy will have a positive impact for the faster growth of syaria banking due to HR readiness to leverage with the parent bank with sufficient experience for skills and competencies, availability of Branch and ATM networks following the parent bank's branch offices, potential for a more aggressive business achievement improvement in customers volume and accounts by optimizing cross-selling method to the customer of the parent’s in a wider office network/ Hence, it will result into a more efficient operating costs due to minimal investments for building network and infrastructure.
- d) The spin-off with the Dual Banking Leverging Model (DBLM) business strategy will bring positive impacts on; revenue stream and cost structure due supporting from the parents’s bank.

V. CONCLUSION

Having lacks of the spin-offs with full fledged system compared to leveraging system due to the large burden for conventional holding as a parent bank in preparing : a. capital for new “BUS” spin-off, b. Very large costs and investments to build ; new branch networks, ATM networks, IT systems and human resources (HR) to support business activities and business expansion of “BUS” spin-off, c. Build a new value proposition for “BUS” spin-off as the basis for the marketing process (product marketing / selling) to customers, maintain proper business risk and reliability of business process wich directly requires human resources with having excellent competence in Islamic banking including maintaining financing risk and Islamic compliance

There are some implications of this research results to the parent bank for spin off requirements, as follows:

1. Implications of spin-off strategy : a). Conventional parent banks must do the preparations for spin-offs to increase asset value, increase capital value, third-party fund raising, financing growth, and banking product innovation for all consumer segment and including corporate business segments. In addition, conventional parent banks must identify all “UUS” business processes that will be converted into “BUS” business processes. Conventional parent banks must assess all existing business processes against the impact spin-off, b). The parent bank must develop a spin-off strategy with a leveraging model using the Dual Banking Leverage Model (DBLM) business strategy as part of the proposal and input to OJK as a regulator. Conventional parent banks should lay out very detailed explanations related to spin-off strategies by emphasizing the benefits and advantages of spin-off banks, as well as comparatively for looking at any risks and disadvantages and also some weaknesses if the spin-off Strategy does not use DBLM's business strategy. c). Conventional parent banks must cooperate with “ASBISINDO” (Indonesian Islamic Banking Association) in order to OJK allow Islamic banking industry implementing the leveraging model with DBLM strategy.

2. Implications related to Islamic banking growth strategy: a). The bank should devise a business strategy to support the growth of “BUS” spin-off results. Conventional parent banks should devise strategies to maximize the business planning process as well as budgeting to increase bank value b). Conventional parent banks should build good organizations with objective for customers or clients best user experience in utilizing spin-off bank services, c). Conventional parent banks must create and implement a highly effective valuation system for spin-off yield banks as well as an assessment system on the flow of third-party funds, financing including cost-of-funds and the cost structure required of banks, d).Conventional parent banks should prepare policies and procedures for excellent business management of business risk and financial risks.

Suggestions to be followed up by Islamic banking and Regulator (e.g., OJK) are as follow:

1. The business activities of the existing Islamic Business Unit (“UUS”) must continue to be developed by increasing the customer base at the individual customer and corporate customer levels, with developing

innovative sharia products, improving services to customers, increasing third-party fundraising and growing financing to all business segments.

2. To spin-off Islamic Business Unit (“UUS”) to become an Islamic Commercial Bank (“BUS”) must be supported by capital and commitment from shareholders.

3. OJK as the regulator should implement spin-off strategy gradually without turning to Islamic commercial banks (“BUS”) at once with resulting totally single-entity (without using leveraging). The Spin-off strategy and approach can be considered in the spin-off implementation by OJK as follows:

a) Stage-1 : Implementing the Leveraging Model of “UUS” with Conventional Parent Banks (“BUK”) – by implementing the current leveraging model (before the spin-Off), where Islamic Business Units (“UUS”) are allowed to leverage with the parent bank (“BUK”) in terms of using all human resources, infrastructure and systems owned by conventional parent bank. Let say the validity period is until 2023

b) Stage-2: Implement Leveraging Model for Islamic Commercial Banks (“BUS”) with Conventional Parent Banks (“BUK”) when spin-off “UUS” becomes a Islamic Commercial Bank (“BUS”) by implementing a leveraging model (DBLM – Dual Banking Leverage Model), by allowing Islamic Commercial Banks (“BUS”) resulting from the spin-off to use human resources, infrastructure and branch networks , IT systems, ATMs, IT systems belong to Conventional Parent Banks (“BUK”). Author suggests there is a period for this implementation at least 10 years until the Spin-Off “BUS” is able to stand alone.

c) Stage-3: Implementing the Full-fledged Model – Spin-Off by implementing the Full-fledged model, where Islamic Commercial Banks (“BUS”) resulting from the Spin-off can directly run their own business without the support of a conventional parent bank (“BUK”). This approach is executed after going through the stage-2 approach above.

The author believe that this study has several limitations, therefore further research is recommended to be more in-depth study to carry out using quantitative methods with different samples of quantitative data, such as using ; Structural Equation Modeling (SEM), Analytic Network Process (ANP), Interpretive Structural Modeling (ISM), and so on.

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