

ABSTRACT

Roadmap for Development and Strengthening of BPR and BPRS Industry 2024-2027 published Financial Services Authority on the first pillar related strengthening structure and power competition through strengthening capitalization, acceleration consolidation, implementation of governance and management risk, innovative products and services, and strengthening integrity that can realized through the merger process.

Study This analyze performance of 167 BPRs that merged into 50 BPRs in the 2015-2020 period. Research aiming analyze performance finance and capital with compare report finance 1 year position before the merger with position 1 - 3 years after the merger. Benefits of research expected can give input in compile merger planning in connection with theory synergy plays a very important role in determine merger success.

Based on the research results, financial performance improved after the merger compared to before the merger, namely in assets, third party funds, credit, NPL ratio, liquidity and capital, while profitability and CAR ratio have not been seen to improve. In addition, assets, third party funds and credit have a strong relationship and have a significant effect on core capital, thus reflecting that merger is a solution in order to increase BPR core capital. In relation to the results of this study, BPRs that merge must create synergy so that the purpose of the merger can produce a healthy BPR and have strong competitiveness. The synergy includes management, human resources, work culture, information technology, standard operating procedures (SOP), span of control and determination of business models.

Keywords: *Merger, Rural Bank (BPR), Financial Performance, Capital*