

## **ABSTRACT**

People's Economic Banks are banks that conduct business activities either conventionally or based on Sharia Principles, which in its activities does not provide services in direct giro transactions. This research analyzes the legal transformation of People's Credit Banks into People's Economic Banks, focusing on the juridical reasons behind the transformation and its legal implications for debtors, creditors, and regulators. The data were obtained through literature study and analyzed using a qualitative content analysis method. The results of this research indicate that the transformation enacted through the P2SK Law constitutes a comprehensive institutional restructuring of People's Credit Banks. Under this provision, the People's Economic Banks are granted broader business activities and capital access, allowing them to grow sustainably within a more open, competitive, and inclusive national financial ecosystem. The legal consequences of this transformation vary depending on the parties. Nevertheless, as a newly formed entity, People's Economic Banks must proactively communicate and educate their parties to avoid misunderstandings regarding the transformation.

**Keywords: People's Credit Bank, People's Economic Bank, P2SK Law**