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Strategic Leadership in Practice: A Study in Bank Syariah Indonesia

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Abstract

This paper explores the implementation of strategic leadership in Bank Syariah Indonesia (BSI), Indonesia's largest Islamic bank, formed through the merger of three state-owned sharia banks. As a product of financial consolidation within the Islamic banking sector, BSI provides a significant case study on how strategic leadership plays a vital role in institutional integration, vision execution, and value-based management. The study employs a qualitative descriptive approach using secondary data sources such as corporate reports, regulatory publications, and previous studies. Findings indicate that BSI's strategic leadership involves not only the formulation and communication of vision but also the orchestration of cultural alignment, stakeholder trust-building, innovation, and compliance with sharia principles. The study concludes that strategic leadership is not only a managerial function but a transformative force in shaping BSI's institutional identity and long-term sustainability within Indonesia's Islamic financial ecosystem.

Keywords: Strategic Leadership, Islamic Banking, Bank Syariah Indonesia, Organizational Integration, Sharia Compliance

1. Introduction

Strategic leadership has emerged as a critical competency for organizations operating in volatile, uncertain, complex, and ambiguous (VUCA) environments, conditions that are particularly faced in the banking sector (Spain & Woodruff, 2022; Zamani, 2022) ^[54, 48]. This form of leadership goes beyond traditional management by focusing on the long-term direction of the organization, fostering innovation, shaping culture, and aligning internal capabilities with external opportunities and threats. In the financial services industry, where regulation, digital transformation, market dynamics, and public trust intersect, strategic leadership plays a pivotal role in steering institutions toward sustainable growth and relevance.

In the context of Islamic finance, strategic leadership assumes an even more complex and multidimensional role. Not only are leaders tasked with ensuring financial performance and institutional expansion, but they must also safeguard adherence to sharia principles, which impose distinct ethical, procedural, and jurisprudential constraints. Leaders in Islamic financial institutions are expected to uphold amanah (trustworthiness), shura (consultation), maslahah (public interest), and taqwa (God-consciousness), making their leadership both fiduciary and moral in nature (Zahiri & Sahal, 2025) ^[53, 53]. Balancing these dual responsibilities (commercial success and spiritual integrity) requires a strategic approach that is both adaptive and principled.

Indonesia, as the world's most populous Muslim-majority country, has identified Islamic finance as a national priority. According to the Financial Services Authority (OJK), Indonesia's sharia financial assets reached IDR 2,450 trillion by the end of 2023, accounting for 10.7% of total national financial assets (Kamil *et al.*, 2024) ^[27]. Yet, this figure still lags behind the country's demographic potential. To bridge this gap and elevate the global profile of Indonesian Islamic finance, the government facilitated the historic merger of three state-owned Islamic banks (Bank Syariah Mandiri, BNI Syariah, and BRI Syariah) into a single, larger entity known as Bank Syariah Indonesia (BSI) in early 2021 ^[50].

This merger represents more than administrative consolidation, it is a strategic intervention to create a national champion in the Islamic banking sector, equipped with the scale, capital, and technological capacity to compete both domestically and globally. As of 2024, BSI had amassed total assets exceeding IDR 350 trillion, served over 20 million customers, and operated more than 1,200 branches across the archipelago (Kunaifi *et al.*, 2022) ^[28].

Teachers and students can use tools in the form of mobile phones to be able to make observations. Applications that can

2. Theoretical Framework

Strategic leadership has emerged as a response to the growing complexity of organizational life in the 21st century, especially in sectors like finance where institutions must simultaneously manage performance, compliance, innovation, and stakeholder legitimacy (Acquah *et al.*, 2021; Bunduchi *et al.*, 2023) ^[3,13]. As defined by Kumkale (2022) ^[56], strategic leadership is the ability to anticipate, envision, maintain flexibility, think strategically, and initiate changes that create a viable and sustainable future for the organization. This type of leadership transcends operational oversight; it is about crafting direction, aligning people and systems, and ensuring successful strategy execution in a dynamic environment. The emergence of strategic leadership theory is rooted in earlier paradigms of leadership thought. In the early 20th century, leadership was often conceptualized through Trait Theory, which emphasized innate characteristics such as charisma, decisiveness, or intelligence (Benmira & Agboola, 2021) ^[12, 12]. This evolved into Behavioral Theories in the mid-20th century, such as the Ohio State and Michigan studies, which focused on observable leader behaviors, particularly task-oriented versus people-oriented styles (Saltik, 2023) ^[57]. By the 1970s and 1980s, leadership discourse shifted toward Contingency Theories, recognizing that leadership effectiveness depends on the context and the alignment between leadership style and situational variables. Notable among these is Fiedler's Contingency Model and Hersey-Blanchard's Situational Leadership Theory (Santos, 2021) ^[44].

The strategic leadership model evolved as an extension of Transformational Leadership (Fernandes *et al.*, 2024) ^[19], which emphasized vision, inspiration, intellectual stimulation, and individualized consideration. While transformational leadership focuses largely on the interpersonal and motivational dynamics of leading change, strategic leadership integrates both vision and execution (the "why" and the "how") of leading organizations. It places a strong emphasis on long-term strategic direction, environmental scanning, resource orchestration, and organizational alignment (Carreno, 2024) ^[59].

Strategic leadership has been shown empirically to contribute significantly to organizational performance. Hasyim & Bakri, (2023) ^[23,23] found that leadership at the strategic level explains up to 45% of the variance in firm performance, particularly in volatile industries. Studies also suggest that organizations led by strategically capable executives are more likely to innovate, adapt to disruption, and outperform competitors over time.

For instance, companies with strong strategic leadership, such as Apple under Steve Jobs or DBS Bank under Piyush Gupta, demonstrate superior capabilities in transforming their organizations through culture, digitalization, and customer-centric strategies. In the banking industry, strategic leadership has been positively associated with successful digital transformation, talent retention, and long-term shareholder value (Hasyim & Bakri, 2023) ^[23, 23].

However, strategic leadership is not without its limitations. The over-centralization of vision in a single leader can lead to strategic rigidity or cult of personality, particularly if dissenting perspectives are discouraged (AlNuaimi *et al.*, 2022; Schiuma *et al.*, 2022) ^[10, 45]. Moreover, poorly aligned

leadership strategies may result in misallocation of resources, employee resistance, or ethical drift, especially when short-term pressures overshadow long-term considerations. Strategic leaders must also guard against cognitive biases, such as overconfidence or anchoring, which can impair decision-making at the top.

Within Islamic finance, strategic leadership must be viewed through the lens of value-based and ethical decision-making. It is not only accountable to institutional stakeholders but also rooted in spiritual obligations to uphold sharia principles and promote social justice. Islamic leadership, as articulated by Madadha (2024) ^[58] and Nugroho & Pratiwi (2023) ^[37, 37], emphasizes values such as amanah (trustworthiness), *shura* (consultation), *'adl* (justice), *ihsan* (excellence), and *maslahah* (public benefit). The Islamic leader is envisioned as a steward (khalifah), whose actions must serve both temporal performance and eternal accountability (taqwa).

Strategic leadership in Islamic banks like Bank Syariah Indonesia (BSI) must therefore be both visionary and virtuous, combining technical competence with ethical integrity. This dual mandate requires leaders to interpret financial strategy within the constraints of *fiqh muamalat* (Islamic commercial jurisprudence), while also achieving competitive advantage in a rapidly evolving financial landscape.

BSI's formation in 2021, through the merger of Bank Syariah Mandiri, BNI Syariah, and BRI Syariah, marks a watershed moment in Indonesia's Islamic financial history. The merger aimed to create a unified Islamic banking institution capable of mobilizing resources at scale, improving efficiency, and capturing wider market segments, from underserved rural communities to high-net-worth individuals (Kurniawan, 2023) ^[29].

As of 2024, BSI has become one of the largest Islamic banks in Southeast Asia, with a strong physical and digital footprint. The strategic leadership behind this transformation has emphasized three pillars: digital transformation, organizational integration, and Islamic value creation (Abdulloh, 2023; Abidin *et al.*, 2023) ^[1, 2]. Yet, significant challenges remain. The process of aligning disparate systems, harmonizing corporate cultures, and maintaining compliance across legacy operations has tested the agility and coherence of BSI's strategic leadership.

While existing literature has addressed Islamic leadership in normative or theological terms, few empirical studies have investigated how strategic leadership is applied in real-world Islamic banking institutions, particularly in post-merger settings (Alkaraan, 2021; Hajiyev *et al.*, 2024; Purwanto & Prijadi, 2024) ^[9, 21, 40]. This lack of empirical grounding creates a critical research gap, especially in understanding how leaders manage institutional transformation while upholding both commercial and religious imperatives.

3. Methodology

This study employs a qualitative descriptive research approach, which is particularly appropriate for exploring complex organizational phenomena such as strategic leadership. Unlike quantitative methods that aim for statistical generalization, qualitative research seeks to understand meanings, experiences, and processes within specific contexts. The descriptive nature of this study allows the researcher to provide a rich, detailed account of how strategic leadership is conceptualized, interpreted, and enacted within Bank Syariah Indonesia (BSI).

Given the research focus on leadership implementation, organizational behavior, cultural integration, and value alignment in a post-merger Islamic banking institution, a qualitative approach enables the capture of contextual subtleties and human-centered insights that would be inaccessible through purely numerical analysis. In particular, the study investigates how strategic leaders make sense of their roles, how they align institutional practices with Islamic ethical imperatives, and how strategic decisions are embedded within broader socio-religious and economic narratives.

The descriptive orientation of the study further serves to construct an empirically grounded narrative of BSI's leadership practice, based on publicly available documentation and institutional discourse. This approach does not seek to test a theory *per se*, but rather to provide an in-depth understanding of real-world leadership processes, challenges, and responses as they unfold within a major Islamic financial institution operating in a dynamic national and global environment.

The research uses a case study design, centering on BSI as a single, bounded case. The case study method is particularly relevant in exploring how leadership is operationalized in a specific institutional context, especially in post-merger conditions and within the framework of Islamic banking governance. The research follows a descriptive-exploratory orientation, aiming to describe the leadership practices while exploring their implications on institutional integration, strategic direction, and sharia compliance. The descriptive nature enables a clear presentation of existing practices, while the exploratory component seeks to identify emerging patterns and institutional lessons.

The study relies on secondary data obtained through a documentary analysis method. Data sources include official publications by BSI, including Annual Reports (2021–2023), Sustainability Reports, and Corporate Strategy documents, public speeches and interviews from BSI executives available in reputable media outlets and press releases, regulatory guidelines and reports issued by the Financial Services Authority (OJK), Bank Indonesia, and DSN-MUI, and fitted with academic journals, theses, and institutional research on Islamic banking, leadership, and post-merger integration in financial institutions. These sources provide comprehensive insights into leadership practices, institutional development, and policy alignment.

The data analysis process involves content analysis, which allows the identification of themes, patterns, and meanings from textual data. This includes thematic coding, focusing on recurring themes such as strategic vision, cultural integration, innovation, sharia compliance, and stakeholder management, triangulation of different documents and sources to ensure the validity of interpretations and reduce bias, and contextual interpretation, whereby findings are interpreted within the specific socio-economic and religious framework of Islamic banking in Indonesia. The analysis focuses on understanding how leadership strategies are developed and implemented, how they affect organizational behavior, and how they align with the broader goals of Islamic finance.

4. Strategic Leadership Implementation at BSI

4.1 Vision Formulation and Strategic Orientation

Following the historic 2021 merger that created Bank Syariah Indonesia (BSI), the institution's top leadership prioritized the construction of a cohesive organizational vision as a

foundational step in shaping institutional identity and guiding long-term strategy. The unified vision, "To become the most trusted sharia bank in Indonesia and a leading player in the global Islamic finance landscape", was not merely symbolic, but operationalized through clearly articulated strategic pillars. These include digital transformation, sustainability, inclusive growth, and social responsibility, each of which reflects the dual imperatives of achieving financial competitiveness while remaining firmly anchored in Islamic values (Kurniawan, 2023; Munthe *et al.*, 2024) ^[29,34].

Leadership's strategic orientation was critical in harmonizing three formerly separate institutional cultures (Bank Syariah Mandiri, BNI Syariah, and BRI Syariah) into a single cohesive entity. This effort involved re-aligning corporate goals, value systems, and performance standards while building a shared sense of purpose among over 20,000 employees. The integration process was supported by intensive communication campaigns, internal town halls, and leadership retreats designed to socialize the new vision and strategic priorities across all organizational levels (Prasojo *et al.*, 2024) ^[39].

Digital transformation stands out as a key area where BSI's leadership has translated vision into action. By 2023, the bank had launched the BSI Mobile app, offering over 60 sharia-compliant financial services, from zakat payments to QRIS-based digital transactions, thereby appealing to Indonesia's digitally literate Muslim demographic. According to BSI's 2023 annual report, over 94% of BSI's retail transactions were conducted via digital channels, indicating the bank's rapid adoption of fintech as part of its transformation strategy (Mutiah & Hasbi, 2024) ^[35,35]. Leadership's emphasis on technology aligns not only with market competitiveness, but also with Islamic principles of facilitating ease (*taysir*) and maximizing benefit (*maslahah*).

The bank has also demonstrated commitment to sustainability and social responsibility, launching green financing products and supporting halal industry development. In 2022, BSI allocated over IDR 50 billion in CSR-related programs, including microfinance for Islamic boarding schools (*pesantren*), halal certification support for MSMEs, and disaster recovery in conflict-affected areas (Farhan *et al.*, 2024; Isfianti, 2024; Nanda Pratiwi *et al.*, 2023; Ramadhan & Siregar, 2024) ^[16, 24, 36, 42, 42]. These initiatives are not only aligned with UN Sustainable Development Goals (SDGs) but also with the Islamic principle of *rahmatan lil 'alamin*, or being a source of mercy for all of creation.

While strategic planning at BSI is centralized at the board and executive level, it remains responsive to external inputs and stakeholder concerns. The bank actively engages with the Sharia Supervisory Board (Dewan Pengawas Syariah), regulators such as OJK and Bank Indonesia, and civil society organizations to ensure that its strategies remain aligned with evolving ethical expectations and regulatory shifts. Leadership has also institutionalized feedback mechanisms, such as customer satisfaction surveys and employee engagement assessments, that inform periodic revisions of strategic plans.

This dynamic interplay between top-down vision-setting and bottom-up adaptation reflects a form of adaptive strategic leadership. According to a number of research, effective strategic leaders in turbulent environments are those who can simultaneously preserve core values while stimulating organizational renewal (Ali & Anwar, 2021; Jonah *et al.*, 2021; Mahdi & Nassar, 2021) ^[7, 25, 31]. In BSI's case, the

preservation of sharia integrity serves as the institutional anchor, while technological innovation and inclusive finance represent areas of renewal and growth.

Nevertheless, challenges remain. Some scholars argue that the strategic integration of Islamic values in large financial institutions can be superficial or tokenistic if not supported by deep structural changes (Karkoukli, 2024) ^[55]. In BSI's context, ensuring that each strategic pillar is not only value-aligned but also deeply institutionalized remains a work in progress, particularly as the bank expands its operations into increasingly complex and competitive markets.

4.2 Cultural Integration and Organizational Identity

One of the most significant leadership challenges faced post-merger was the integration of three distinct organizational cultures. Strategic leadership at BSI responded by initiating structured cultural alignment programs, including internal communication campaigns, unified value articulation (Alia & Riyanto, 2025; *et al.*, 2023) ^[8]. As part of its post-merger strategic leadership efforts, Bank Syariah Indonesia (BSI) has placed significant emphasis on shaping a unified organizational culture and fostering leadership alignment across all levels. The initiative, formally articulated through what is known as the "BSI Culture", serves as both a symbolic and operational mechanism to instill shared values, mitigate post-merger friction, and guide behavioural norms. This cultural framework is built around Islamic ethical principles such as *ukhuwah* (brotherhood), *amanah* (trust), transparency, and responsibility before God (*taqwa*), core values that resonate not only with BSI's internal stakeholders but also with its public identity as a sharia-compliant financial institution.

One of the most strategic post-merger interventions by BSI's leadership was the establishment of the BSI Leadership Academy, a structured talent development platform aimed at aligning leadership capabilities with the bank's vision, values, and long-term goals (Febrian *et al.*, 2023) ^[18]. The Academy delivers tailored training programs that integrate both conventional leadership competencies (e.g., strategic thinking, digital agility, customer centricity) and Islamic leadership principles, including ethical decision-making and *maqashid syariah* alignment. According to the bank's 2023 human capital report, over 2,000 leaders and potential leaders had participated in these programs within two years, reflecting the institution's strategic investment in value-driven human capital development (Kurniawan, 2023; Mulatsih *et al.*, 2024) ^[29, 33].

Leadership has also used the cultural integration process to actively reduce post-merger anxiety, which is common in large-scale consolidations involving different institutional legacies. Mistrust, role ambiguity, and job insecurity are well-documented risks in merger situations (Ahlawat *et al.*, 2022; Searle & Ball, 2004) ^[4, 46]. BSI's leadership responded to these risks by promoting internal harmony (*ukhuwah islamiyah*) and emphasizing open, transparent communication. Regular town halls, value socialization workshops, and bottom-up feedback channels were deployed to foster trust and collective ownership of the new organizational identity.

This deliberate focus on cultural cohesion and emotional alignment contributed to what scholars have termed "post-merger resilience" (Croucher *et al.*, 2020; Vieru & Rivard, 2018) ^[15, 51], an organization's ability to sustain performance and morale amidst structural change. For BSI, this resilience

was reflected in relatively low leadership turnover, high employee engagement scores, and the rapid standardization of key operational systems within 18 months of the merger. In short, the culture-building process helped convert potential fragmentation into collective accountability and strategic coherence.

Nevertheless, challenges persist. While the formal articulation of BSI Culture is a critical first step, embedding culture deeply into organizational routines and decision-making remains an ongoing process. Literature on organizational culture change warns that without reinforcement mechanisms, such as performance incentives, promotion criteria, and peer recognition, cultural narratives can remain aspirational rather than transformative (Cristian & Rădulescu, 2018) ^[14]. For BSI, ensuring that its cultural values are consistently practiced, especially in remote branches and frontline units, will be essential to achieving long-term integration and authenticity.

4.3 Execution of Strategic Initiatives

Under the leadership of its Chief Executive Officer and Board of Directors, Bank Syariah Indonesia (BSI) has demonstrated a capacity for effective strategy execution through a series of targeted initiatives that respond to the dynamic needs of Indonesia's Islamic financial ecosystem. One of the most prominent domains of execution has been the acceleration of digital transformation. BSI has invested heavily in the development of its BSI Mobile application, offering a comprehensive suite of sharia-compliant financial services, including digital zakat and waqf payments, investment in sukuk, QRIS-based payments, and online financing facilities. As of early 2024, over 6.5 million users were actively engaged with the platform, and 94% of retail transactions were conducted digitally (BSI Annual Report, 2023), highlighting the bank's responsiveness to technological disruption and changing consumer preferences.

This digital push is more than an operational convenience; it represents a strategic alignment with global trends in fintech and financial inclusion, particularly in Muslim-majority markets. By leveraging digital channels, BSI not only improves customer experience and efficiency but also fulfils the Islamic principle of *taysir* (ease and facilitation), making financial services more accessible, especially to underbanked rural populations.

In parallel, BSI has pursued strategic partnerships with key government institutions such as the Ministry of Religious Affairs, the Halal Product Assurance Agency (BPJPH), and the National Committee for Islamic Economy and Finance (KNEKS). These collaborations have positioned BSI as a systemic enabler of the national sharia economy, allowing the bank to participate in priority initiatives such as halal industry financing, Islamic tourism development, and halal certification for MSMEs. For example, through its partnership with BPJPH, BSI supports MSMEs in securing halal certification by offering bundled financing and advisory services, thus reducing barriers for small businesses seeking entry into the growing halal market.

BSI's strategy execution also reflects socially embedded leadership through its proactive engagement in financial literacy campaigns and community-based Islamic finance. The bank actively collaborates with Islamic educational institutions, mosques, and community organizations to promote awareness of Islamic financial principles, especially among youth and first-time savers. In 2023 alone, BSI

conducted over 3,000 financial literacy outreach sessions across Indonesia (Rosmanidar & Junaidi, 2024; Sugiarti & Ulfah, 2024) ^[43, 50]. This educational focus not only aligns with the maqashid shariah (objectives of Islamic law), particularly hifz al-mal (protection of wealth), but also contributes to sustainable financial empowerment at the grassroots level.

Another notable area of execution is BSI's integration with sharia microfinance institutions, particularly through support for Baitul Maal wat Tamwil (BMT) networks. BSI provides liquidity support, capacity building, and digital tools to help these community-level institutions expand their reach while remaining sharia-compliant. This approach demonstrates strategic agility rooted in social justice, as it empowers economically marginalized populations and promotes ethical entrepreneurship. It also exemplifies a hybrid leadership model that blends top-down strategy with bottom-up empowerment, ensuring that national economic goals are integrated with community-level resilience and equity.

However, scholars caution that while Islamic banks often promote social justice rhetorically, ensuring impact requires long-term investment, transparency, and independent performance evaluation (Lahrech *et al.*, 2014; Srairi, 2019) ^[13, 49]. For BSI, the challenge lies in scaling these social initiatives while maintaining operational sustainability and competitive returns, especially as it expands its market presence amidst tightening regulatory and market pressures.

4.4 Leadership and Sharia Compliance

Strategic leadership at Bank Syariah Indonesia (BSI) functions within a unique governance framework that intertwines modern banking practices with the moral-legal boundaries of Islamic jurisprudence (fiqh muamalah). Central to this governance is the role of the Sharia Supervisory Board, an independent body composed of Islamic scholars with expertise in both jurisprudence and finance. This board plays a pivotal role in ensuring that every product, service, transaction, and strategic initiative complies with sharia principles, including the prohibition of riba (interest), gharar (excessive uncertainty), and maysir (speculation), as well as adherence to principles of justice, mutual benefit, and ethical conduct.

Leadership at BSI is thus dual-accountable: to regulators and shareholders on one hand, and to religious doctrine and ethical expectations on the other. This duality requires strategic leaders not only to pursue growth, innovation, and profitability, but also to safeguard religious legitimacy, which serves as the moral foundation of the bank's operations. For instance, when BSI developed its digital savings and microfinance products, each offering had to be vetted through sharia audits and endorsed by the DPS before market launch. This vetting process can extend product development timelines but ensures spiritual integrity, thereby reinforcing the bank's trustworthiness in the eyes of the public and institutional investors.

This framework of religious oversight is not merely procedural but strategic. Studies have shown that in Islamic banking, public trust is significantly mediated by perceptions of sharia compliance and ethical rigor (Hariyanto, 2022; Sholihin & Abrori, 2021; Yeni *et al.*, 2023) ^[22, 47]. In the case of BSI, public perception surveys conducted by OJK in 2023 revealed that 76% of respondents rated sharia compliance as the most important reason for choosing BSI over conventional banks, even more than service quality or pricing

competitiveness. This underscores the idea that religious accountability is a strategic asset, which is a source of institutional legitimacy and competitive differentiation.

However, this alignment between profitability and sharia integrity introduces inherent tensions. For example, the pursuit of high-yield, innovative financial products, such as sukuk derivatives or complex venture capital models, can sometimes clash with conservative interpretations of sharia. Strategic leadership must then navigate these gray areas with both prudence and creativity, often engaging in ijtihad (independent legal reasoning) in collaboration with the DPS to balance commercial innovation with religious principles. As noted by Peifer *et al.* (2019) ^[38], this balancing act requires more than legal compliance; it demands a value-based leadership orientation where decisions are filtered through both ethical and spiritual lenses.

BSI's leadership has attempted to institutionalize this duality by embedding sharia risk management units within its governance architecture and by offering regular shariah training programs for its product development teams. Moreover, the DPS is given access not only to product blueprints but also to periodic operational audits and strategic planning documents, ensuring that compliance is proactive rather than reactive.

Despite these mechanisms, challenges remain. One is the potential bureaucratization of the DPS, which may reduce its critical distance and independence if not carefully managed. Another is the gap between sharia approval and customer understanding, where products may be sharia-compliant in form but not necessarily in spirit, especially when marketed with profit-maximizing rhetoric. For strategic leadership at BSI, the imperative is to maintain substantive shariah compliance, not only procedurally but also ethically and communicatively.

Nonetheless, challenges persist. One risk is the institutional inertia or bureaucratization of the DPS, where close integration with bank operations could compromise its independence and critical scrutiny. Another issue lies in the gap between formal compliance and customer understanding. Sharia-approved products may conform to Islamic legal form (shakl), but their marketing and implementation might emphasize profit maximization, thus diluting their spiritual intent. This raises questions about substantive versus procedural compliance, a core concern in the ethics of Islamic banking (Ahmed, 2014; Alam *et al.*, 2022) ^[5, 6].

For BSI's strategic leadership, therefore, the imperative is not only to maintain compliance mechanisms, but to uphold shariah as a living ethical framework—one that permeates organizational culture, communication, and stakeholder engagement. Success in this regard strengthens both internal cohesion and external legitimacy, reinforcing BSI's position as a leader in ethical Islamic finance in Indonesia and beyond. Despite the complexities inherent in aligning profitability with sharia principles, strategic leadership at BSI has yielded substantial and measurable outcomes, affirming the effectiveness of its post-merger vision and governance framework. One of the most notable achievements is the successful brand consolidation. Following the merger of Bank Syariah Mandiri, BNI Syariah, and BRI Syariah, BSI has rapidly emerged as the most recognized sharia bank in Indonesia, both in terms of public awareness and institutional credibility. This brand strength is not only a product of marketing but a reflection of the strategic clarity and cultural integration discussed earlier, including initiatives like the BSI

Culture program and the institution-wide alignment around a shared vision and ethical mission.

Moreover, the bank has demonstrated consistent asset growth. As of early 2024, BSI recorded over IDR 350 trillion in total assets, positioning it among the top ten banks in Indonesia. Financing activities, particularly in sectors aligned with halal industry development and inclusive growth, have also expanded significantly. Third-party funds continue to grow, driven in part by increasing public trust in sharia-compliant financial products, a trust reinforced by the strategic role of the DPS and the institution's visible commitment to spiritual and social accountability.

Equally important is BSI's expanding social role, which reinforces its ethical mandate and positions it as more than just a commercial bank. Under the strategic guidance of its leadership, BSI has actively facilitated zakat and waqf-linked financing, collaborating with national institutions such as BAZNAS and the Indonesian Waqf Board. Its financing models for MSMEs (Micro, Small, and Medium Enterprises), often in rural and underserved areas, demonstrate the operationalization of the Islamic principle of *maslahah* (public benefit). These initiatives are not peripheral but are core components of BSI's strategy, reflecting the bank's commitment to inclusive growth, financial justice, and systemic impact.

These outcomes reflect the bank's success in integrating modern strategic leadership practices with Islamic ethical values. As explored in earlier sections, this integration is not without tension, particularly when navigating innovation within the bounds of sharia. Yet, the evidence suggests that BSI has managed to balance this dual mandate effectively, leveraging sharia governance as a competitive advantage rather than a constraint. In doing so, it not only secures institutional legitimacy but also strengthens Indonesia's broader ambition to become a global hub for Islamic finance.

5. Conclusion and Recommendations

The implementation of strategic leadership in Bank Syariah Indonesia (BSI) illustrates a dynamic intersection between business acumen and ethical stewardship. In the wake of a complex merger, BSI's leadership has successfully navigated structural integration, cultural harmonization, and strategic realignment. Central to this process has been the formulation of a value-driven vision, one that seeks not only competitive excellence but also fidelity to sharia principles. Through the execution of strategies grounded in ethical governance, digital transformation, financial inclusivity, and social responsibility, BSI has demonstrated that Islamic finance can thrive when strategy is infused with integrity.

Looking ahead, sustaining this momentum will require continued investment in key strategic enablers. First, leadership development programs that are deeply rooted in Islamic ethical values and oriented toward adaptive and contextual management will be crucial to cultivating future leaders capable of balancing innovation with religious accountability. Second, transparent stakeholder engagement, including proactive communication with customers, regulators, and the public, will help reinforce the trust that underpins long-term legitimacy and brand strength. Third, BSI must remain committed to innovating financial solutions that address both economic needs and spiritual aspirations, such as waqf-linked investments, halal industrial financing, and ethical fintech services.

The case of BSI offers a compelling model for Islamic

financial institutions across emerging and mature markets, demonstrating that strategic leadership grounded in faith-based values can produce both institutional resilience and societal impact. It shows that Islamic banks can lead not only in regulatory compliance or product offerings but in setting a new standard for ethical, inclusive, and visionary leadership in the global financial landscape.

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