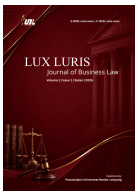
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Nomenclature Transformation and Its Implications for the Governance of Islamic People's Economic Banks in Indonesia

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Abstract
The nomenclature transformation of Islamic People's Economic Banks (BPRS) in Indonesia has become increasingly important amid regulatory changes and the development of the Islamic finance industry. However, implementing this transformation presents challenges related to employee understanding, external communication with customers, and its impact on BPRS internal governance. This study examines the implications of nomenclature transformation for BPRS governance, focusing on employees' understanding of the change, communication with customers, and its effects on organizational structure and internal governance systems. The study uses a qualitative approach with a descriptive research design. Data were collected through in-depth interviews, participant observation, and document analysis involving BPRS employees, management, and customers. The collected data were analyzed using thematic analysis to identify key patterns concerning the effects of nomenclature transformation on governance. The findings show that although organizational structures and reporting systems have improved, challenges remain in employee understanding and external communication with customers. The nomenclature transformation has positively affected transparency and accountability, but it has not yet been implemented effectively in all practical settings. This study recommends that BPRS strengthen communication about the change among all relevant stakeholders to maximize the benefits of the transformation and ensure sustainable governance.

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INTRODUCTION

One of the principal entities in this ecosystem is the Sharia Rural Bank (Bank Perkreditan Rakyat Syariah/BPRS), which is now undergoing a nomenclature transformation into the Islamic People's Economic Bank (Bank Perekonomian Rakyat Syariah) (Masdiana et al., 2025). This change is intended to align the institution with regulatory policy directions and strengthen its institutional image, as reflected in the policies of the Financial Services Authority (Otoritas Jasa Keuangan/OJK) and the national Islamic economic development plan (Arifin, 2024).

Amid these efforts to strengthen institutions, users of BPRS services—particularly micro, small, and medium-sized enterprises (MSMEs), farmers, and lower- to middle-income communities—face several challenges (Nisa et al., 2025). One such challenge is limited understanding of the nomenclature transformation and the legal structure of BPRS, which can cause confusion regarding institutional identity, product clarity, and potentially reduce public trust. Many customers report less-than-optimal services, limited Islamic financial literacy, and internal procedural changes that have not been adequately communicated. This indicates that nomenclature transformation should not be merely administrative; its implications for institutional governance must also be thoroughly understood (Sakti et al., 2026).

Several previous studies have demonstrated that BPRS plays a significant role in empowering the community's economy. Earlier research indicates that BPRS directly contributes to the growth of Sharia-based MSMEs in rural areas (Novita et al., 2018). Other studies highlight the challenges BPRS faces in reaching marginalized communities, particularly because of inadequate infrastructure and human resources (Imanzah, 2023). These studies underscore the importance of strengthening BPRS internal systems and governance so that it can effectively meet community needs. Their findings suggest that the role of BPRS as an Islamic financial institution depends heavily on effective and adaptive governance, particularly amid regulatory changes. Governance is key to maintaining transparency, accountability, and operational efficiency (Reynaldi & Kuntadi, 2024). Other research emphasizes the importance of implementing good corporate governance principles in BPRS (Meutuah, 2024), while another study shows that weak governance tends to hinder the expansion and innovation of Islamic financial products at the local level (Fauzi & Supandi, 2019).

These five studies, whether addressing the role of BPRS or its governance, indirectly point to the need for a clear and adaptive institutional structure, particularly in the context of nomenclature transformation. A name change is not merely an administrative matter; it also involves legal legitimacy, identity consistency, and alignment with modern governance principles (Ahsanal Huda & Khavid Normasyhuri, n.d.). In this context, it is relevant to review studies examining changes in the nomenclature of Islamic educational institutions and their effects on public trust (Selvia, 2024), as well as research on the rebranding of zakat institutions and its implications for institutional accountability (Kalbarini, 2018).

Nomenclature transformation without stronger governance systems may create public confusion, institutional resistance, and even a crisis of trust (Ahsanal Huda & Khavid Normasyhuri, n.d.). Accordingly, two theoretical approaches can be offered. First, New Institutional Theory explains how organizations respond to external pressures through symbolic and structural adaptation (Jailani, 2024). Second, Sharia Governance Theory emphasizes the importance of Sharia principles in managing Islamic financial institutions, including justice, transparency, and social responsibility (Djamil, 2023).

Based on this background, this study aims to analyze the nomenclature transformation from Sharia Rural Bank (Bank Perkreditan Rakyat Syariah) to Islamic People's Economic Bank (Bank Perekonomian Rakyat Syariah), as well as its implications for institutional governance and the perceptions of service users. This study employs a qualitative approach and is expected to make theoretical and practical contributions to the development of a more effective and sustainable Islamic banking system in Indonesia.

METHOD

This study employs a qualitative approach using a case-study design because its main focus is to explore in depth the phenomenon of nomenclature transformation and its impact on the governance of Islamic People's Economic Banks (BPRS) in Indonesia. The case-study method was selected because it enables a comprehensive exploration of the social and institutional context, taking into account the background, process, and consequences of changes within the institutional environment. This research is descriptive-analytical and aims to understand the meanings, perceptions, and dynamics arising from the nomenclature transformation process and its substantive effects on institutional governance practices. The researcher serves as the principal instrument (human instrument), directly involved in designing, collecting, and analyzing data holistically and reflectively.

Data were collected through in-depth interviews, participant observation, and document analysis. Interviews were conducted with purposively selected informants who had knowledge of and direct involvement in BPRS policy, implementation, and management, including institutional leaders, regulators (OJK), Sharia supervisory board members, and customers or service users. Observations focused on BPRS operational practices and governance following the nomenclature change in order to identify gaps between policy and implementation in the field. Document analysis involved collecting and examining regulations, internal guidelines, annual reports, meeting minutes, and information materials concerning the nomenclature transformation issued by relevant institutions.

The data were analyzed using thematic analysis through data reduction, categorization, interpretation, and conclusion drawing. Each piece of information was examined inductively to identify

patterns, trends, and relationships among themes emerging from the nomenclature transformation process and its influence on governance dimensions. Data validity was maintained through source and method triangulation, peer debriefing, and member checking to ensure that the interpretations remained consistent with the observed reality. This approach is expected to provide an in-depth, authentic, and relevant account of nomenclature changes and their implications for the governance system of Islamic People's Economic Banks in Indonesia.

RESULTS AND DISCUSSION

Based on data obtained through in-depth interviews, participant observation, and document analysis involving five Islamic People's Economic Banks (BPRS) in three provinces, several key findings emerged regarding the nomenclature transformation process and its effects on governance. The data were analyzed thematically to identify major themes, which were then categorized into institutional aspects, internal governance, and public perceptions.

1. Employees' Understanding and Perceptions of Nomenclature Transformation

The interviews revealed varying levels of employee understanding of the purpose and meaning of the nomenclature transformation. This is illustrated in the following table:

Understanding Category	Number of Respondents	Percentage
Fully understand	6	30%
Partially understand	10	50%
Do not understand at all	4	20%

Table 1 shows that only a small proportion of employees fully understand the meaning and purpose of the BPRS nomenclature transformation. Most understand it only partially, usually as an administrative name change, without recognizing its institutional implications. Meanwhile, approximately 20% of respondents do not understand the change at all. This indicates that the nomenclature transformation process has not been accompanied by adequate internal communication.

2. The Impact of Transformation on Internal Governance

Observations and document analysis revealed that the nomenclature change has begun to affect the organizational structure and internal governance practices. These changes are reflected in adjustments to Standard Operating Procedures (SOPs) and reporting mechanisms to OJK.

Governance Element	Status Before Transformation	Changes After Transformation	Remarks
Organizational Structure	3 layers	4 layers	Addition of a governance unit
Service and Audit SOPs	Non-standard manual procedures	Partially digitized	Not yet implemented uniformly
Reporting to the Regulator	Manual, printed reports	Electronic reporting through the OJK system	Mandatory implementation
Sharia Supervisory Board	Inactive in some BPRS	Reactivated	Required by regulation

Table 2 shows that the nomenclature transformation has affected not only symbolic aspects but also substantive elements of internal governance. Additional units have been established to strengthen oversight and compliance. There has also been a transition from manual to digital systems, both for SOPs and reporting.

3. Customer Perceptions of the Nomenclature Change

Interviews with customers indicate that the nomenclature change is not yet fully understood by service users. Many continue to associate the institution with its former name, causing confusion in service-related communication.

Customer Perception	Number of Respondents	Percentage
Aware and understand	3	15%
Aware but do not fully understand	9	45%
Completely unaware	8	40%

Table 3 shows that only 15% of customers are fully aware of and understand the BPRS nomenclature transformation. Most customers either do not know about it or do not fully understand it, indicating that external communication efforts remain very limited. This affects service effectiveness and may reduce trust in the institution.

The findings show that the nomenclature transformation of Islamic People's Economic Banks in Indonesia is not yet fully understood by either employees or customers. From a governance perspective, the change has encouraged structural and administrative improvements, but implementation remains uneven. Limited understanding of the transformation among both internal and external stakeholders is an obstacle to achieving its strategic objectives. Therefore, the success of nomenclature transformation should not be measured solely by administrative changes, but also by the extent to which the changes are internalized and implemented through professional, accountable governance consistent with Sharia principles.

Nomenclature transformation in Islamic financial institutions, particularly Islamic People's Economic Banks (BPRS), is a strategic issue reflecting efforts to strengthen institutions while adapting to national Islamic financial regulations. The findings indicate that most BPRS employees do not yet fully understand the meaning of the nomenclature change. This limited understanding hinders the transformation process because its values and significance have not been adequately internalized at the operational level. This points to a gap between regulation and human-resource readiness, consistent with Rizki et al. (2024), who found that institutional transformation cannot stand alone without comprehensive understanding within the organization.

The effects of the transformation are also evident in changes to BPRS internal structures and governance systems. The addition of governance units, partial digitization of SOPs, and stronger roles for Sharia Supervisory Boards (Dewan Pengawas Syariah/DPS) reflect a move toward more standardized and accountable governance. This supports Kusumawati et al. (2025), who argue that regulatory-driven institutional transformation is effective when accompanied by adaptive internal-control systems. In this context, the nomenclature change has triggered systemic organizational improvements, although these have not yet been implemented uniformly across all areas.

Public perceptions are also an important factor in the success of this transformation. The findings show that most customers are unaware of or do not understand the change in BPRS name and legal status. Limited communication has caused confusion in service interactions. This is consistent with Ghozali et al. (2025), who emphasize that changes in institutional identity must be accompanied by a strong external communication strategy to maintain public trust. In practice, a name change without stronger brand awareness may reduce customer loyalty.

Furthermore, this study confirms that a nomenclature change affects substantive dimensions of governance, not merely symbolic ones. The shift to digital reporting to OJK indicates that the transformation has prompted BPRS to improve operational efficiency and transparency. This strengthens the findings of Mudrikah and Dharma (2021), who concluded that nomenclature reform in public or financial institutions can provide an entry point for managerial improvement, particularly in response to regulatory and market pressures.

However, the greatest challenge in nomenclature transformation is the gap between policy ideals and implementation in practice. Technological readiness, human-resource quality, and organizational culture are decisive factors in determining success. This is consistent with Yenti (2025), whose findings indicate that structural changes in Islamic financial institutions often fail to achieve their targets because organizational culture is not sufficiently prepared for transformation. Therefore, nomenclature reform should adopt a holistic approach that is not only administrative but also cultural and strategic.

The implications of this study indicate that the transformation of BPRS nomenclature in Indonesia should be viewed as part of a broader institutional reform agenda involving governance, service delivery, and communication strategies. Such transformation is not simply a name change; it also represents the

institution's strategic repositioning in the eyes of regulators and the public. Accordingly, policy formulation should be followed by continuous employee training, internal system upgrades, and structured public education campaigns. Theoretically, this study emphasizes that nomenclature has performative power in driving institutional change. Future research should examine the long-term effectiveness of this transformation, particularly its effects on financial performance and the growth of Islamic financial inclusion in remote areas.

CONCLUSION

This study shows that the nomenclature transformation of Islamic People's Economic Banks (BPRS) in Indonesia has had significant implications for various aspects of institutional governance. Although changes have been made to institutional structure and nomenclature, employees' internal understanding of the transformation's meaning and objectives remains limited. Most employees understand the nomenclature change only partially, affecting the effectiveness of implementation at the operational level.

On the other hand, the effects on internal governance have been relatively positive, although they are not yet evenly distributed. The nomenclature transformation has encouraged improvements in organizational structure, strengthened the role of the Sharia Supervisory Board, and supported the digitization of some SOPs and reporting processes. However, challenges remain in ensuring consistent implementation across all units and regions.

Externally, most BPRS customers do not yet understand the nomenclature change, creating confusion in service-related communication. Therefore, more intensive outreach based on clear information should be prioritized to improve customer understanding and trust.

Overall, the BPRS nomenclature transformation is an important step toward institutional strengthening and better governance, although implementation still requires improvements in internal understanding, coordination among units, and external communication. BPRS institutions need to intensify efforts to educate employees and customers about this change so that its benefits can be fully realized. Further research into the long-term effects of the transformation on BPRS financial performance and sustainability in Indonesia is also needed to assess the policy's effectiveness in a broader context.

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