ABSTRACT

Sharia Commercial Bank is a financial institution which functions as a collector and channel of public funds using sharia principles. The purpose from Sharia Commercial Bank is to support national economy, so it also known as agent of development. In achieving this objective, it requires good performance from Sharia Commercial Bank which are assessed with based on Return on Assets (ROA).

This research was conducted to determine the effect of capital adequacy as described by the Capital Adequacy Ratio (CAR), liquidity as described by the Financing to Deposit Ratio (FDR), credit risk as described by Non Performing Finance ratio (NPF) and operational efficiency as described by Operating Expenses to Operating Income. (BOPO) on the profitability of Sharia Commercial Bank. The data that used in this study are monthly data of Sharia Commercial Bank from January 2015 until December 2020 with multiple linear regression analysis techniques.

The results of this study indicate the Capital Adequacy Ratio (CAR) has a positive and significant effect on the profitability of Sharia Commercial Bank. The variables FDR and BOPO has a negative and significant effect. Meanwhile, NPF has a positive and insignificant effect on the profitability of Sharia Commercial Bank.

Keywords: Capital Adequacy, Liquidity, Credit Risk, Operational Efficiency, Profitability.