

ABSTRACT

This study aims to explain the impact of financial technology (Fintech) on banking profitability and examine differences in banking profitability along with the growth of Fintech. The test is carried out using an event study, while Profitability is measured using financial ratios, namely ROA, ROE, and BOPO. First, the author used the secondary data to estimate the panel data analysis with random effect model from 2012 to 2017. The individuals used in this study are banks, state-owned and private, whose have the highest total assets that have fintech services, such as Bank Mandiri, BRI, BNI, BCA, DANAMON, CIMB, OCBC, BTPN, BUKOPIN, and Bank PERMATA. Different tests are carried out to see whether banking profitability is disrupted by the fintech phenomenon or not. Quantitative analysis is carried out by examining related problems. The conclusion that can be drawn is that innovations that occur in banking through the fintech phenomenon are not as a distraction but as an opportunity to develop fintech services and increase banking profitability.

Keywords: financial technology; Profitability; ROE; ROA; BOPO