ABSTRACT

Banking sector in Indonesia holds a very prominent role in economics sector of Indonesia. The analysis of profitability determinant factors excite the will of many researchers and stakeholders, however, many researchers with this particular topic only focus on study in limited quantity of banks. This research aims to analyze the effect of Income Diversification (ID), Non Performing Loan (NPL), Loan to Deposit Ratio (LDR), Capital Adequancy Ratio (CAR) and Net Interest Margin (NIM) to Return on Assets (ROA) on all conventional banks in Indonesia during 2013-2017.

Data in this research was collected via the collection of library research and documentation method, by directly recording the financial ratios and financial reports needed in this research. The data source of this research was from Publication Reports and also Indonesia's Banking Statistic (SPI), released by the Financial Service Authority (OJK). This research was using the Purposive Sampling technique. Based on the specific criteria needed, this research has collected 80 conventional banks as the data source including State Banks, National Foreign Exchange Private Commercial Banks, National Non Foreign Private Commercial Banks, Local Development Banks, Joint Venture Banks and Foreign Banks. The statistics method used was the Multiple Linear Regression, that has already passed the Classic Assumption Test.

The result of this study, showed the statistical test of ID, LDR and NIM has significant positive affect on ROA. NPL has significant negative effect on ROA. CAR has negative affect but not significant on ROA.

Keywords : Return on Assets, Income Diversification, Non Performing Loan, Loan to Deposit Ratio, Capital Adequacy Ratio, Net Interest Margin