

ABSTRACT

This study aims to examine the factors that influence the level of profitability in conventional banking in Indonesia in 2010-2019. This study uses Return on Assets (ROA) as a ratio in describing the level of profitability of commercial banks in Indonesia. The object of this study is conventional banks that operates Indonesia, with sample of 6 conventional bank groups, namely state-owned banks, foreign exchange private banks, non-foreign exchange private banks, regional development banks (BPD), joint venture banks and foreign banks.

This research was conducted using the panel data regression analysis method using secondary data taken from the Indonesian Banking Statistics (SPI) published by the Otoritas Jasa Keuangan (OJK). The variables of this study are Return on Assets (ROA) as the dependent variable, spread interest rate, Sertifikat Bank Indonesia (SBI), third party funds (DPK) and interbank liabilities as independent variables.

The results of the study show that spread interest rates, third party funds (DPK), Sertifikat Bank Indonesia (SBI) have positive and significant effect on Return on Assets (ROA). Meanwhile interbank liabilities have negative and significant effect on Return on Assets (ROA). Simultaneously, spread interest rates, SBI, DPK, and interbank liabilities affect ROA.

Keywords: profitability, conventional bankings, Return on Assets, Random Effect Model (REM).