

ABSTRACT

The objective of this research were 1) to compare the Return on Mudarabah Deposits (ROMD) and the Return on Equity (ROE) in Islamic banking, and 2) to examine the factors that affect ROMD and ROE.

This research used quarterly data from 6 (six) Islamic banks over the period of 2014 – 2018 and was examined by multiple linear regression. Purposive sampling used as sampling method in this study.

This research resulted several substantial findings. First, Return on Mudharabah Deposits was lower than shareholder's Return on Equity. Second, ROMD was positively influenced by Profit Attributable to Depositors as Percentage of Operating Profit (PADOP) and negatively influenced by Total Deposit as Percentage of Total Assets (TDTA), meanwhile Return on Assets (ROA) did not have an influence on ROMD. Third, ROE was positively influenced by ROA and negatively influenced by Total Equity as Percentage of Total Assets (TETA), while Profit Attributable To Equityholders as Percentage of Operating Profit (PAEOP) did not have an influence on ROMD on ROE.

Keywords: Return, Mudarabah, Islamic banking, Equity