

ABSTRACT

This study aims to analyze the influence of profitability (return on equity / ROE), leverage (debt to equity ratio / DER), and revenue growth on dividend payout policy in conventional and Islamic banks in Indonesia. Using the panel data regression method, data were collected from the annual financial reports of banks listed on the Indonesia Stock Exchange during the 2021 to 2023 period. A dummy variable was also employed to differentiate the characteristics between the two types of banks. The results show that return on equity (ROE) has a positive and significant effect on the dividend payout ratio in both conventional and Islamic banks. In contrast, debt to equity ratio (DER) and revenue growth do not have a significant influence on dividend policy. Furthermore, the Mann-Whitney U-Test reveals a significant difference in dividend policies between conventional and Islamic banks. Conventional banks tend to distribute higher and more consistent dividends, whereas Islamic banks apply greater prudence in profit distribution policies, taking into account sharia principles, fairness in distribution, and financial sustainability. These findings affirm that dividend policy is not solely determined by financial indicators, but is also strongly influenced by institutional factors, operational philosophy, and governance principles. Therefore, dividend strategies should be designed contextually, considering the distinct characteristics of each banking type to ensure decisions that are both financially optimal and institutionally aligned.

Keywords: *Dividend Policy, Return on Equity, Debt to Equity Ratio, Revenue Growth, Conventional Bank, Islamic Bank.*