

## **ABSTRACT**

*Banking is one of the links in a country's financial system. Banking plays role in advancing the economy. Almost all sectors related to various financial activities require bank services. The bank has a function as intermediary institutions, which is to collect funds and distribute them back to the community, which aims to gain profit.*

*This study aims to analyze the determinant of banking profitability, which is influenced by internal factors and external factors. This study focus on the impact of internal factors (CAR, NPL, and LDR) and external factors (BI rate and money supply) on bank profitability which is proxied by Return on Assets (ROA). The sample used bank category BUKU 4, with period from 2008 to 2017. The method used in this study is Fixed Effect Method (FEM).*

*The empirical result shows that internal factors (NPL and LDR) have a significant effect on ROA, while CAR had no significant effect on ROA. External factors, BI rate and money supply also have a significant effect on ROA.*

*Keywords: Profitability bank, BUKU 4, Fixed Effect Method (FEM)*