ABSTRACT

The purpose of this research is to examine efficiencies of Islamic banking in Indonesia as well as examine the factor that affect the level of efficiency of Islamic banking in Indonesia especially cost efficiency. Efficiency score then made as dependent variable was obtained using Data Envelopment Analysis (DEA) method. Then the independent variables are using size of banking, ROA, capitalization, loan quality and bank expenses to analysis the factors that influencing the efficiency of Islamic banking in Indonesia.

The population in this study is used throughout the Islamic banking in Indonesia. They are 11 Islamic banking in the 4 years of this study, which is means there are 44 samples used as objects in this study. Data collection method that are used in this study is documentation with using annual reports each Islamic banking between 2010 to 2013. Regression analysis was used as a method of data analysis in this research.

The results showed that from 44 samples contained only 16 samples can be efficiency. And from regression analysis, find that ROA is positively and significantly associated to Efficiency of Islamic banking in Indonesia

Keywords : Efficiency, DEA, ROA, Islamic Banking, Indonesia