

ABSTRACT

Competition among Islamic banks increasingly stringent directly or indirectly affect the achievement of the profitability of Islamic banks. Although Islamic banks have more motivation than just a business, the ability of Islamic banks to generate profits become an important indicator of the sustainability of the business entity. In addition, the ability to generate profits become an important indicator to measure the ability of Islamic banks to compete in the long term. This study aims to obtain empirical evidence about the effect of the Capital Adequacy Ratio (CAR), Non Performing Financing (NPF), Operational Efficiency Ratio (OER), Financing to Deposits Ratio (FDR), Net Operating Margin (NOM) and Size to the Return On Assets (ROA) and to determine the variable that give the dominant influence on the profitability of Islamic banks.

The populations used in this study were all Islamic Banks operating in Indonesia. The sample used in this study consists of 8 islamic commercial banks and 3 sharia business units in the Indonesian period 2010-2013. Data was used as a form of financial statements publicized. This study used the purposive sampling method. The data analyses employed the use of multiple linear regression which is previously performed classical assumption, such as normality test, multicollinearity test, autocorrelation test, and heteroskedastisitas test. Hypothesis testing by using the F test and T test.

The results from this study indicates that CAR, REO and FDR has significant negative influences on ROA. NOM significant positive effect on ROA and NPF did not significant positive effect on ROA. Meanwhile, Size did not significant negative effect on ROA and the use of dummy variable type did not significant negative effect on ROA. The amount of determination degree test (Adjusted R Square) is equal to 0,714. This means the independent variables such as CAR, NPF, REO, FDR, NOM and Size have the impact on ROA of 71.4% . Meanwhile , the remaining 28.6% is explained by other variables outside the model of this study .

Keywords: *Return On Asset (ROA), Capital Aduquacy Ratio (CAR), Non Performing Financing (NPF), Operating Efficiency Ratio (OER), Financing to Deposits Ratio (FDR), Net Operating Margin (NOM) and Size.*