

## ABSTRACT

*This study aims to determine the market structure of industrial banking in Indonesia as well as determine how strong the influence of market structure in banking performance during 2006-2011. In addition, to determine whether the approach used by conventional banking industry with SCP paradigm (Structure-Conduct-Performance). This study was also conducted to determine relationship between bank characteristics that CAR, LDR, Size and ROA on the profitability of conventional banks.*

*Population in this study is conventional banks in Indonesia in 2006-2011. Sampling using judgment sampling, which the banks have the largest market share and the number of assets above Rp.1 T, and has published reports in 2006-2011. This study using sample 20 banks with the largest market share. In this study, using panel data with fixed effect method (FEM).*

*The results showed that banking market structure in Indonesia is oligopoly during 2006-2011. Market concentration has a negative and significant on ROA, while the market share have positive and significant affect on ROA. In addition it was found that the banking industry in Indonesia adheres to the efficiency hypothesis, which emphasizes efficiency for profits and greater market share. CAR has a positive and significant effect to ROA and BOPO has a negative and significant effect with ROA. While the LDR and Size affect negative and has no significant effect to ROA conventional banking in Indonesia during 2006-2011.*

*Keywords : Market Structure, Bank's Profitability, Bank Characteristics ,  
Conventional Banks*