

## ***ABSTRACT***

*This study aims to determine the influence of Intellectual Capital on Financial Performance of Islamic Banking in Indonesia. This study uses a Pulic Method (VAIC<sup>TM</sup>) in measuring the performance of Intellectual Capital as the independent variable. ROA and ROE is a proxy of financial performance as the dependent variable.*

*This research uses purposive sampling method to determine the study sample to be used. Study sample consisted of 50 quarterly reports from 7 (seven) Islamic Banking in Indonesia from 2008 to 2010.*

*Results showed that overall there is significant influence between the Intellectual Capital (VAIC<sup>TM</sup>) with Financial Performance (ROA and ROE). However, if the measurements performed on the components of the VAIC<sup>TM</sup> (CEE, HCE and SCE) then only CEE component that has a significant influence on ROE.*

*Keywords: Intellectual Capital, VAIC<sup>TM</sup>, Syariah Banking, Financial Performances*