

## ABSTRACT

*Income diversification is one of the Bank's strategies in order to earn income. Non-Interest Income is the alternative choice to absorb income other than Net Interest Income. Developed countries and developing countries generate Non-Interest Income as a source of Bank's income, other than Net Interest Income, that can cause good impact for the Bank's performance. Commercial Banks in Indonesia have also applied the Income Diversification strategy and begin to absorb Non-Interest Income. However, the level of Non-Interest Income of Commercial Banks in Indonesia is still at an average of 20%. Based on this problem, the study aimed to analyze the effect of Income Diversification, Non-Interest Income, and determination of Non-Interest Income which is Fee Commissions Income And Trading Income on the performance of Commercial Banks in Indonesia listed in the Bursa Efek Indonesia (BEI) period of 2014 – 2018.*

*The condition of Commercial Bank's stakeholders in Indonesia also changes because of raised number of mergers and acquisition that occur in Indonesian banks. As the time passing by, banks with foreign ownership has also increased in Indonesia. Meanwhile, only 4 banks that counted as state-owned Banks but, they have good bank's performance. Therefore, this study aimed to analyze the state-owned ownership and foreign ownership in moderating the effect of Income Diversification and Non-Interest Income on Commercial Banks' performance in Indonesia listed in Bursa Efek Indonesia (BEI) period of 2014-2018.*

*The results of this study indicate that Income Diversification has a positive and significant effect on the Bank's performance, but Non-Interest Income has a negative and significant effect on the Bank's performance. In addition, both Banks with state-owned ownership and foreign ownership also have a negative and significant influence in moderating the effect of Income Diversification and Non-Interest Income on ROA. This set of results means that Income Diversification has been affecting well on Bank's performance, but Non-Interest Income has not provided benefits for Commercial Bank's performance in Indonesia.*

*Keywords: Diversification of Income, Non-Interest Income, Government Ownership, Foreign Ownership*