ABSTRACT

This research aims to examine the influence of inflation sensitivity, GDP sensitivity, share of financing, and bank's characteristic measured by FDR, NPF, and BOPO towards profitability of sharia banks in Indonesia.

Sampling technique used in this study was purposive sampling by using some criteria; sharia banks which run their business operation in Indonesia and reported their financial statements during this study period in 2006-2010. Data used in this study obtained from Bank of Indonesia publication in 2006-2010. It was found 8 samples from 34 sharia bank in Indonesia which had to be analyzed. Analysis technique used in this study was multiple linear regression which used t-statistic test to examine the influence of each independent variables which are used partially and f-statistic test to examine the appropriate model for this study by using 5% of significance level. Moreover, it was also examined by classical assumption test, which consist of normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test.

The result of this study showed that the data in this study were normally distributed. Based on multicollinearity test, heteroscedasticity test, and autocorrelation test, there was not found deviation variable from classical assumptions test. It meant that the data which were used in this study have fulfilled the requirements of using multiple linear regression model. From the analysis, it showed that BOPO and NPF in partial, influenced significantly negative towards sharia banks profitability measured by ROA.

Keywords: inflation sensitivity, GDP sensitivity, share of financing, FDR, NPF, BOPO and ROA

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