

## ABSTRACT

Efficiency is one of method to measure performance input output an economic activity unit. Efficiency in banking industry is one of the popular performance measure, because can solve problem in measuring banking performance. This research aims to look cause of factors efficiency value difference Islamic Banking in Indonesia compared relatively to each period.

Data at this research uses monetary data of Islamic Banking was obtained from Bank of Indonesia then divided to become input and output variable. Determination of input output variable at this research uses Value Added Approach, that Value Added Approach is determination of input output variable based on target of bank to maximal yield added value. Its input output variable consist of : Demand Deposits, Saving Deposits, Time Deposits, Paid-In Capital, Placement at Bank of Indonesia, Inter Bank Assets, Mudharabah, Musyarakah, Murabahah, Istishna, Ijarah and Qardh.

This research uses Data Envelopment Analysis method having gain in measuring inefficiency to each input output variable. Data of Envelopment Analysis is a special designed procedure to measure relative efficiency that merger input output is not possible to be done. This research has resulting Islamic Banking efficiency in Indonesia (not include BPRS), period from January 2005 until November 2009. Weakness in this research cannot give suggestion specifically to each bank because obtained data in the form of data aggregate islamic banking (not include BPRS). By using Data Envelopment Analysis method, islamic banking efficiency in Indonesia during year 2005-2009 experiencing of mean efficiency equal to 99,94%.

Keywords: efficiency, Islamic Banking, Data Envelopment Analysis

