

ABSTRACT

Bank is an institution that has a role as a collector and distributor of public funds in the form of credit and other banking services. There are 2 types of operational systems in banking, conventional banks and Islamic banks. Conventional Banks are banks that use principles based on national law. Meanwhile, Islamic banks use the principles of Islamic law which refer to the fatwa.

This study aims to determine the effect of bank profitability on Conventional Banks and Islamic Banks in Asia with the independent variables Equity Assets Ratio (EAR), Loan to Assets Ratio (LAR), Deposits to Assets Ratio (DAR), and profitability as measured by Return on Assets (ROA) and Return on Equity (ROE). This study used secondary data on banks registered with Bloomberg from 2017 – 2021. The total sample used was 608 banks using the purposive sampling method so 261 banks were used in this study. The hypothesis test used in this study is multiple linear regression analysis using IBM SPSS 25.

The results of this study indicate that in conventional banks, EAR, LAR, and DAR have a positive and significant effect on ROA. For the ROE variable, EAR has a positive and insignificant effect, LAR has a negative and not significant effect, and DAR has a negative and significant effect. While the research results for Islamic Banks, show EAR has a positive and significant effect, LAR has a negative and insignificant effect, DAR has a positive and insignificant effect. For the dependent variable ROE, EAR has a positive and significant effect, LAR has a negative and not significant effect, and DAR has a positive and insignificant effect.

Keyword : Profitability, Equity to Assets Ratio, Deposits to Assets Ratio, Loan to Assets Ratio, Return on Assets, Return on Equity, Bank

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