ABSTRACT

This research aimed to analyze the influence of Non-Performing Loans, Cost to income ratio, Loan to Deposit Ratio, Size, Directors and Independent Commissioners as well as knowing the difference influence of those variables to the Return On Asset Conventional Banks and Islamic Banks in Indonesia.

The sample of this research consisted of 45 conventional banks and 10 Islamic Banks listed in the Financial Services Authority (OJK) for the period 2010-2014. There are three stages of analysis performed. First descriptive statistic were computed to understand the different characteristics of the two types of the banks, then multiple linear regression analysis was carried out to analyze the influence of the variabels on bank profitability. Then, Chow Test was carried out to analyze differences influence on the profitability of these two types of banks.

The result of research show that NPL and BOPO have a negative and significant effect of both Conventional and Islamic Bank. LDR has positive and significant effect in Conventional Banks and negatif but non significant effect in Islamic Banks. Bank Size has negative but non significant effect of both Conventional and Islamic Banks. Board of Directors has negatif but non significant effect in Conventional Bank and positif and significant effect in Islamic banks. For Conventional Bank, Independen Commisioner has negatif and significant effect but positif and significant effect in Islamic Bank. Chow test results show differences in regards to factors affecting profitability between Conventional and Islamic banks.

Keywords: Non-Performing Loan (NPL), BOPO, Loan to Deposit Ratio (LDR), Size, Board of Directors, Independent Commissioner and Return on Assets (ROA).

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