

ABSTRACT

Islamic Banking is one sector that has the potential to compete in the ASEAN Economy Community. As the country with the largest muslim population in the world, Indonesia has the potential to be the center of the development of Islamic banking and finance industry in ASEAN and the world. However, these advantages still can be maximized by islamic banking in Indonesia to obtain higher profitability.

This research aims to analyze the influence of murabaha financing, Non Performing Finance and Financing to Deposit Ratio to profitability Islamic banks in Indonesia that are projected by Return on Assets. The population in this study is the Islamic Banks in Indonesia. Sample selection technique used is purposive sampling and obtained nine Islamic Banks with a period of study in 2012-2014. Methods of data analysis in this research is panel data regression analysis using Eviews software version 8.

The results showed that murabaha financing, Non Performing Finance and Financing to Deposit Ratio simultaneously has significant effect on profitability. While partially, murabaha financing no significant effect on profitability, Non Performing Finance significant negative effect on profitability, and Financing to Deposit Ratio significant positive effect on profitability.

Keywords: *Murabaha Financing, Non Performing Finance (NPF), Financing to Deposit Ratio (FDR), Profitability, Return on Asset (ROA)*