ABSTRACK

Sharia Commercial Banks have quite good growth in Indonesia as the country with the largest Muslim population in the World, so it is time for Sharia Commercial Banks to be pioneers in the development of the sharia industry. Therefore it is necessary to increase bank performance in accordance with sharia principles. Bank performance can be measured using profitability ratios which are proxied using Return on Assets (ROA).

This study aims to determine the effect of the Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR), Non Performing Finance (NPF), Gearing Ratio and Corporate Governance on the profitability of Islamic commercial banks registered in the Financial Services Authority in 2014-2018. The data used in this study were obtained from Sharia Commercial Bank financial statement data for the 2014-2018 period. The population in this study is Sharia Commercial Banks in Indonesia. The samples produced were 60 samples using purposive sampling. Data in this study were analyzed with descriptive statistics and panel data regression.

The results showed that the capital adequacy ratio, financing to deposit ratio, non-performing finance, gearing ratio and corporate governance have a simultaneous effect on profitability. Partially, the capital adequacy ratio has a positive effect on profitability and non-performing finance has a negative effect on profitability. Whereas financing to deposit ratio, gearing ratio and corporate governance have no influence on profitability. Although the results of the study state that gearing ratio and corporate governance do not affect profitability, gearing ratio and corporate governance are the renewal variables in this study.

Keywords: Profitability, Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR), Non Performing Finance (NPF), Gearing Ratio, Corporate Governance.