

ABSTRACT

Indonesia is the largest Muslim country in the world, so it must adhere to the provisions in sharia. This can encourage an increase in sharia economic performance, especially sharia banking. In carrying out its business activities, one of the mainstay products of Islamic banking is financing, which aims to increase employment opportunities and economic welfare of customers by applying sharia principles. In banking operational activities, income is important, including in the distribution of financing because the amount of income earned is a reference in increasing financing. Return On Assets (ROA) is an indicator used to determine the ability of banks to generate returns on a number of assets owned. The higher the return on assets, the better a bank is in utilizing its assets to earn profits so that the higher the disbursed profit-sharing financing

This study aims to determine the simultaneous effect of capital adequacy ratio and profit sharing ratio on profitability in Islamic commercial banks in Indonesia in 2017-2021. This study consisted of 9 samples of Islamic commercial banks with a research period of 5 years so that a total sample unit of 45 data was obtained. Samples were obtained by purposive sampling. The analytical method used is descriptive statistics and panel data regression.

The results of this study indicate that simultaneously the capital adequacy ratio and profit sharing ratio have a significant effect on profitability. Partially, the profit sharing ratio has a significant effect on profitability. While the capital adequacy ratio has no significant effect on profitability.

Keywords: Capital Adequacy Ratio, Profit Sharing Ratio, Profitability