

ABSTRAK

The banking industry plays an important role to the economy of a country. The banking industry have a bigger risk than other industries . In investing, beside considering the return of investment activity that will be obtained also have to consider the risks that will affect the banking value in the future . Risk measurement commonly used in the banking industry is the method of Risk Adjusted Return on Capital (RAROC) . Financial performance measurement can be carried out based on the values measures by using Economic Value Added (EVA) .

This study aims to determine the risk adjusted return on capital and economic value added in the banking industry that listed in Indonesia Stock Exchange on 2008-2013 . This research is categorized as an empirical study. The number of samples in this study is 11 emiten. This study is using secondary data with documentation technique.

The results of the analysis showed that the value of RAROC and EVA on all banks tend to fluctuated every years. Bank Rakyat Indonesia is the bank with the highest RAROC value, while the bank with the lowest RAROC value is Bank Danamon. Bank Negara Indonesia is a bank that generates the highest EVA value, and this bank also produces the lowest value of EVA .

Keywords : *RAROC, EVA, Banking, and Financial Performance.*