

**Abstract**

The movement of conventional interest rate and Islamic rate of return in Indonesia has the same trend. Although based on concepts, the rate of return on Islamic banking is determined by profit and loss sharing, while in conventional banks is determined by the reference interest rates of the Indonesian Government.

This research aims to know the relationship between the rate of return on conventional bank, Islamic bank in Indonesia deposit market and the Jakarta Interbank Offered Rate (JIBOR) on short term money market by using monthly data from January 2009 – December 2013. The method used in this research is the time series model such as granger causality test.

The results showed that there is a relationship between the rate of return of conventional bank with Islamic bank and conventional bank with JIBOR. The rate of return on conventional bank caused the rate of return on Islamic bank in Indonesia on deposits of 6 months and 12 months, while the rates of return on conventional bank caused the rate of return JIBOR in Indonesia on deposit 3 months and 6 months.

**Keywords:** Deposits, Rate of return, Conventional Bank, Islamic bank, Jakarta Interbank Offered Rate (JIBOR)