

ABSTRACT

This study investigated the influence of interest income, non-interest income, and diversification income toward profitability which is proxied by Risk-adjusted return on assets (RAROA), using 4 sample of state-owned commercial banks in Indonesia listed at Indonesia Stock Exchange period 2003-2014.

Researcher using panel data analysis. Also, using F test and t test to test the hypothesis. Variables used in this research are the interest income, non-interest income, and income diversification as an independent variable and profitability of the bank which is proxied by Risk-adjusted Return on Assets as the dependent variable with a significance of 95%.

Based on test results using panel data regression, it can be concluded that the interest income, non-interest income, and income diversification, simultaneously have a significant influence on the Risk-adjusted Return on Assets. Non-interest income partially not have a significant impact Risk-adjusted Return on Assets., whereas interest income and income diversification has a significant influence partially on Risk-adjusted Return on Assets.

Keywords: Interest income, Non-interest income, Income Diversification, Profitability, Risk-adjusted Return On Asset.