

ABSTRACT

Utilization of access to technology and information is one of the driving performance improvement of sharia banking industry, among its services the Automated Teller Machine (ATM), Electronic banking and mobile banking. E-banking offers significant benefits for the bank and the customer. For the banking industry the quality of service is a tool to appeal to consumers. As for the company's own e-banking provides advantages such as time and cost efficiency and creating differentiation.

This study aims to determine how the e-banking influence on the profitability of Islamic banks in Indonesia, either partially or simultaneously. With the increase in the number of e-banking and e-banking usage, whether there was an effect on the profitability of Islamic banks in Indonesia, with the phenomenon of fluctuating equity growth. Therefore the focus of this study is there any influence of e-banking to profitability (ROE) Islamic bank in Indonesia.

This study uses quantitative methods with e-banking variables as independent variables. Variable size, Equity Capital, Credit Risk, Expenses Management, Liquidity, Inflation, and Economic Growth as control variables and profitability (ROE) as independent variables. The population used in this study are all Islamic Bank in Indonesia with the time period of 2011- 2015 and all members of the population sampled. Data analysis techniques used using panel data regression analysis.

The results of this study were 1) E-Banking without the control variables did not significantly influence profitability variable (ROE). 2) E-Banking variables significantly influence profitability (ROE). 3) Size no significant effect on the variable profitability (ROE). 4) Capital Equity has no significant effect on the variable profitability (ROE). 5) Credit Risk significant positive effect on the variable profitability (ROE). 6) Expenses Management has no significant effect on the variable profitability (ROE). 7) Liquidity significant positive effect on the variable profitability (ROE). 8) Inflation had no significant effect on the variable profitability (ROE). 9) Economic Growth (GDP) had no significant effect on the variable profitability (ROE). 10) Taken together variable e-Banking, size, Equity Capital, Credit Risk, Expand Management, Liquidity, Inflation and Economic Growth (GDP) significantly affects profitability variable (ROE).

Keywords: *E-Banking, Profitability, Islamic Banking*