ABSTRACT

The ability of banks to obtain profits or profitability can be measured by looking at the level of a good capital structure. In achieving profit, there are elements that must be considered by banks. In the capital structure, there is a ratio to assess whether or not the development of the capital, assets and debt used must be used optimally and not excessive.

This study was conducted to measure profitability using the return of assets ratio (ROA) seen from the level of capital structure using a debt asset ratio (DAR) and a debt equity ratio (DER) that have a simultaneous and partial effect on Islamic banking in Indonesia for the 2014-2018 period. The data used in this study are the quarterly financial reports of Islamic banking in Indonesia.

The population in this study used all Islamic banking in Indonesia, amounting to 14 Islamic banks. The technique used in determining the number of samples is purposive sampling and obtained 12 Islamic banks. The technique of this research method uses panel data regression using Eviews software version 11. The results of t-test research show that DAR does not have a partially significant effect on ROA, while DER has a partially significant effect on ROA. The results of the F test show that the effect of DAR and DER simultaneously has a significant effect on ROA, so it can be said that the capital structure has an influence on profitability with an adjusted R2 level of 0.555520.

Keywords: *Capital Structure, Profitabiliti, DER, DAR, and ROA*