# *ABSTRACT*

*Banking has a very important role in the development of the Indonesian economy. The company's profitability in the previous year is an important basis for understanding the company's performance in the coming year. The increase in company profitability is always influenced by two aspects, namely liquidity and solvency. This is because there is always a trade-off between these two aspects and profitability. The performance achievements of banking companies over the past 4 years have been consistently positive from 2016 to 2019. The purpose of this study is to determine the effect of solvency and liquidity on profitability in the banking sub-sector listed on the Indonesia Stock Exchange for the period 2016-2019.*

*This research uses a quantitative method approach. The analysis method used in this research is panel data regression analysis. The type of data used is secondary data in the form of annual reports from the banking sector listed on the Indonesia Stock Exchange during the 2016-2019 period. The population used in this study is the banking sub-sector listed on the Indonesia Stock Exchange from 2016 to 2019. The sampling technique in this study used purposive sampling which resulted in 38 samples over a period of 4 years.*

*Based on this research, the results obtained that the solvency as measured by the Debt to Equity Ratio (DER) and liquidity as measured by the Current Ratio (CR) have a simultaneous effect on profitability as measured by Return on Equity (ROE). Then, partially solvency as measured by Debt to Equity Ratio (DER) affects profitability as measured by Return on Equity (ROE) and liquidity as measured by Current Ratio (CR) has no effect on profitability as measured by Return on Equity (ROE) in the banking sub-sector listed on the Indonesia Stock Exchange for the 2016-2019 period.*



*Keywords: Debt to Equity Ratio (DER), Current Ratio (CR), Return on Equity (ROE), Banks, Indonesia Stock Exchange.*