

**Financial Performance of Indonesian Banking Industry: A Comparative Study  
of  
Shariah-Based Banks and Non-Shariah Based Banks**

**ABSTRACT**

This study aims to determine whether there are differences between the performance of Islamic banks and conventional banks. The sample used are all private Islamic banks and randomly selected private conventional banks with similar size, for the period of 2012 to 2016. The study employs both parametric test, which is T-test, and non-parametric test, i.e. Wilcoxon and Kruskal-Wallis test, to see if the two types of banks perform differently. The results suggest that there is no difference in profitability and solvency between the two, but at the same time, Islamic banks tend to have higher liquidity. This research shows that the business model of both types of banks may not be so different, yet the contracts used are different, i.e., profit-loss-sharing-based vs. debt-based (interest-based) contracts.

**INTISARI**

*Penelitian ini menguji apakah ada perbedaan kinerja antara bank syariah dan bank konvensional. Sampel yang digunakan adalah semua bank syariah yang tidak tercatat di pasar modal dan bank konvensional dengan karakteristik besaran aset serupa yang dipilih secara acak. Studi ini menggunakan uji parametrik, yaitu T-test, dan non-parametrik, yakni uji Wilcoxon and Kruskal-Wallis, untuk melihat apakah ada perbedaan yang nyata diantara kedua tipe bank. Hasil penelitian menunjukkan bahwa tidak ada perbedaan untuk profitabilitas dan solvabilitas dari kedua jenis bank. Riset ini menunjukkan bahwa mungkin model bisnis kedua bank tidak jauh berbeda, meski dengan kontrak yang berbeda, bagi hasil dan kontrak berbasis hutang (bunga).*

**Keywords:** Conventional Banking, Islamic Banking, Profitability, Liquidity, Solvency, Financial Ratio's.