

**EXTERNAL AND INTERNAL FACTORS ANALYSIS
TOWARD NON-PERFORMING FINANCIAL (NPF) ON ISLAMIC BANKS
IN INDONESIA**

ABSTRACT

This study aimed to determine the factors that influence the Non-Performing Financial (NPF) on Islamic Banks in Indonesia. The Gross Domestic Product (GDP), Islamic Certificate of Bank Indonesia (ICBI), and the rate of inflation are factors affecting the external side. While, the Internal factors are Financing Deposit Ratio (FDR), Bank Size, and Capital Adequacy Ratio (CAR).

Data was collected using purposive sampling method on Islamic Banks were established in Indonesia during 2009-2013. Samples in this study are using 5 Islamic Banks in Indonesia. This study uses multiple regression were used to examine the factors that influence the Non-Performing Financial (NPF). The results showed that the Gross Domestic Product (GDP), Islamic Certificate of Bank Indonesia (ICBI), Inflation have no significant effect on the Non-Performing Financial (NPF). Financing Deposit Ratio (FDR) has a significant positive effect on the Non-Performing Financial (NPF). Bank Size and Capital Adequacy Ratio (CAR) have a significant negative effect on the Non-Performing Financial (NPF).

Keywords : External Factors, Internal Factors, Islamic Banks, Non-Performing Financial (NPF).