

ABSTRACT

This research aims to analyze the factors influencing the liquidity of Islamic banks in Indonesia. The data used in this research was secondary data collected from Otoritas Jasa Keuangan (Monetary Service Authority). The methodology used in this research was multiple linear regression using Ordinary Least Square (OLS) method. To look into the factors influencing the liquidity of Islamic banks in Indonesia, the following variables were used; Short Term Mismatch (STM), Capital Adequacy Ratio (CAR), Return on Assets (ROA), Return on Equity (ROE), and Non Performing Financing (NPF). This research used monthly data from 2015 to 2017. The result reveals that CAR, ROE, and NPF variables have positive and significant influence on STM, while ROA variable has positive but not significant influence on STM dependent variable. Islamic banking is suggested to maintain STM in a healthy condition by increasing CAR, ROA, and ROE while decreasing NPF.

Keywords: Short Term Mismatch (STM), Capital Adequacy Ratio (CAR), Return on Assets (ROA), Return on Equity (ROE), Non Performing Financing (NPF)