The Influence of Environmental, Social, Governance Performance and Green Banking on Financial Performance of Banking Sector Companies Listed on the Indonesia Stock Exchange

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ABSTRACT

This study examines the effect of Environmental, Social, Governance (ESG) Performance, and Green Banking, on the financial performance of banking companies listed on the Indonesia Stock Exchange (IDX) for the period 2021-2024. The research uses a quantitative approach with secondary data obtained from sustainability reports and ESG Pillar Scores sourced from the Refinitiv Eikon database. The sample was selected using a saturated sampling (census) technique, resulting in 30 banks with 120 observations. Panel data analysis was performed using the Random Effect Model (REM). The results show that Environmental Performance and Governance Performance do not have a significant impact on Return on Assets (ROA). Social Performance shows a significant negative effect on ROA, indicating that social activities may increase operational burdens. In contrast, Green Banking has a significant positive effect on ROA, suggesting that sustainable banking practices help improve efficiency and profitability. Overall, the findings underline the role of green banking as a sustainability initiative that contributes to financial value in the banking sector.

Keywords: **ESG*, Green Banking, Profitability, Financial Performance, Banking.**

PENGARUH ENVIRONMENTAL, SOCIAL DAN GOVERNANCE PERFORMANCE SERTA GREEN BANKING TERHADAP KINERJA KEUANGAN PADA PERUSAHAAN SEKTOR PERBANKAN YANG TERDAFTAR DI BEI

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ABSTRACT

Penelitian ini bertujuan untuk menganalisis pengaruh *Environmental, Social*, dan *Governance Performance*, serta *Green Banking* terhadap kinerja keuangan pada perusahaan sektor perbankan yang terdaftar di Bursa Efek Indonesia (BEI) selama periode 2021-2024. Penelitian ini menggunakan metode kuantitatif dengan data sekunder yang diperoleh dari *sustainability report*, serta ESG *Pillar Score* yang diakses melalui *database* Refinitiv Eikon. Sampel penelitian ditentukan menggunakan metode sampel jenuh (sensus), menghasilkan 30 perusahaan dengan total 120 observasi. Analisis data dilakukan menggunakan regresi data panel dengan model *Random Effect Model* (REM). Hasil penelitian menunjukkan bahwa *Environmental Performance* dan *Governance Performance* tidak berpengaruh signifikan terhadap *Return on Assets* (ROA). *Social Performance* terbukti berpengaruh negatif signifikan terhadap ROA, mencerminkan bahwa aktivitas sosial bank cenderung meningkatkan beban operasional. Sementara itu, *Green Banking* berpengaruh positif signifikan terhadap ROA, menandakan bahwa praktik keuangan berkelanjutan mampu mendorong efisiensi dan meningkatkan profitabilitas. Temuan ini menegaskan pentingnya implementasi green banking sebagai strategi keberlanjutan yang memberikan nilai tambah finansial bagi perbankan.

Kata Kunci: ESG, *Green Banking*, **Profitabilitas, Kinerja Keuangan, Perbankan.**