

CHAPTER 5 CONCLUSION & LIMITATION

5.1 Conclusion

This study examines the impact of Green Credit implementation and Corporate Social Responsibility (CSR) disclosure on firm value in the banking sector. The findings reveal that Green Credit has a positive and statistically significant effect on firm value. This result indicates that banks that actively implement sustainable financing practices tend to achieve higher market valuations. By allocating credit to environmentally responsible projects and companies, banks demonstrate their commitment to sustainability, thereby enhancing investor confidence and strengthening the institution's reputation. As a result, the market tends to respond positively to banks that integrate environmental considerations into their lending strategies.

Furthermore, the results suggest that sustainable financing initiatives play an important role in shaping investors' perceptions and market evaluations of banking institutions. Green Credit policies signal that banks are better prepared to manage environmental risks and align their operations with global sustainability trends. This commitment to responsible lending can improve stakeholder trust and contribute to long-term financial stability, ultimately supporting higher firm value in the banking industry.

On the other hand, CSR disclosure measured using the GRI Standard does not necessarily translate into stronger firm value. Although CSR reporting aims to increase transparency regarding environmental, social, and governance practices, the market may not always interpret such disclosures as indicators of immediate financial benefits. In addition, the control variable Return on Equity (ROE) shows

a significant relationship with firm value, suggesting that profitability alone does not automatically lead to higher market valuation. These findings highlight that while sustainability initiatives, such as green financing, are increasingly valued by investors, the broader recognition of CSR disclosure and traditional profitability measures in determining firm value may vary with market perceptions and investment priorities.

5.2 Implications

From a theoretical perspective, this research adds to the growing body of literature on sustainable finance by exploring the distinct roles of green financing and CSR disclosure in affecting firm value. The findings offer further insight into how environmentally focused financial practices, such as green credit, can shape market perceptions and corporate valuation. By differentiating the impacts of sustainable financing activities and CSR reporting, this study helps deepen the understanding of how sustainability-related initiatives are viewed by investors and the broader market.

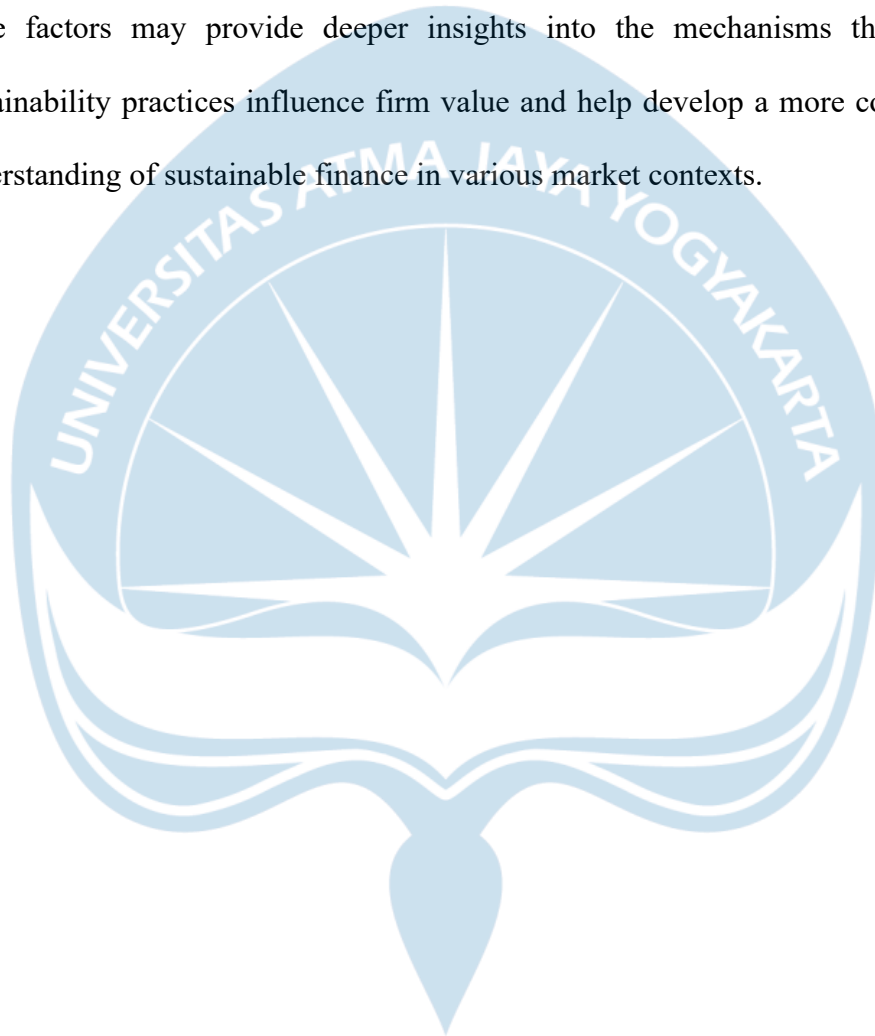
From a practical perspective, the results suggest that banks should not only focus on implementing sustainable financing initiatives but also strengthen the quality and clarity of their CSR reporting. Integrating green financing strategies with transparent and well-structured CSR disclosures may help improve market confidence, reinforce stakeholder trust, and enhance the long-term reputation of banking institutions. Such efforts can support the sustainability of banking operations while contributing to stronger corporate value in the future.

5.3 Limitations and Suggestions

This study has several limitations that should be acknowledged. First, the analysis is based on a relatively small sample of 57 observations drawn from the Indonesian banking sector, which may limit the generalizability of the findings. The focus on a single industry and country context may not fully capture variations in sustainability practices and market responses that exist across different sectors or institutional environments. In addition, the study relies on specific measurements of sustainability practices, such as the Green Credit Ratio and CSR disclosure based on the GRI Standard, which may not completely represent the broader scope of sustainability initiatives implemented by companies. Other environmental, social, and governance (ESG) indicators may also influence firm value but were not included in this analysis. Another limitation relates to the scope of variables examined in the model. Although this study incorporates Return on Equity (ROE) as a control variable, other financial and governance-related factors that may affect firm value—such as firm size, leverage, growth opportunities, risk management practices, and macroeconomic conditions—were not considered. The exclusion of these variables may limit the ability of the model to fully explain variations in firm value. Additionally, CSR disclosure was measured primarily through the GRI framework, which focuses on the extent of disclosure rather than the quality, effectiveness, or actual impact of CSR activities. As a result, the analysis may not fully capture how meaningful sustainability practices influence investor perception and market valuation.

Based on these limitations, several suggestions can be proposed for future research. Future studies could expand the sample size and include companies from different industries to provide a broader understanding of the relationship between sustainability practices and firm value. Cross-country comparisons would also be valuable for

examining how differences in regulatory environments, sustainability policies, and market maturity influence the effectiveness of green financing and CSR initiatives. Furthermore, future research could incorporate additional variables, such as corporate governance mechanisms, institutional ownership, board characteristics, and environmental performance indicators, as moderating or mediating variables. Including these factors may provide deeper insights into the mechanisms through which sustainability practices influence firm value and help develop a more comprehensive understanding of sustainable finance in various market contexts.



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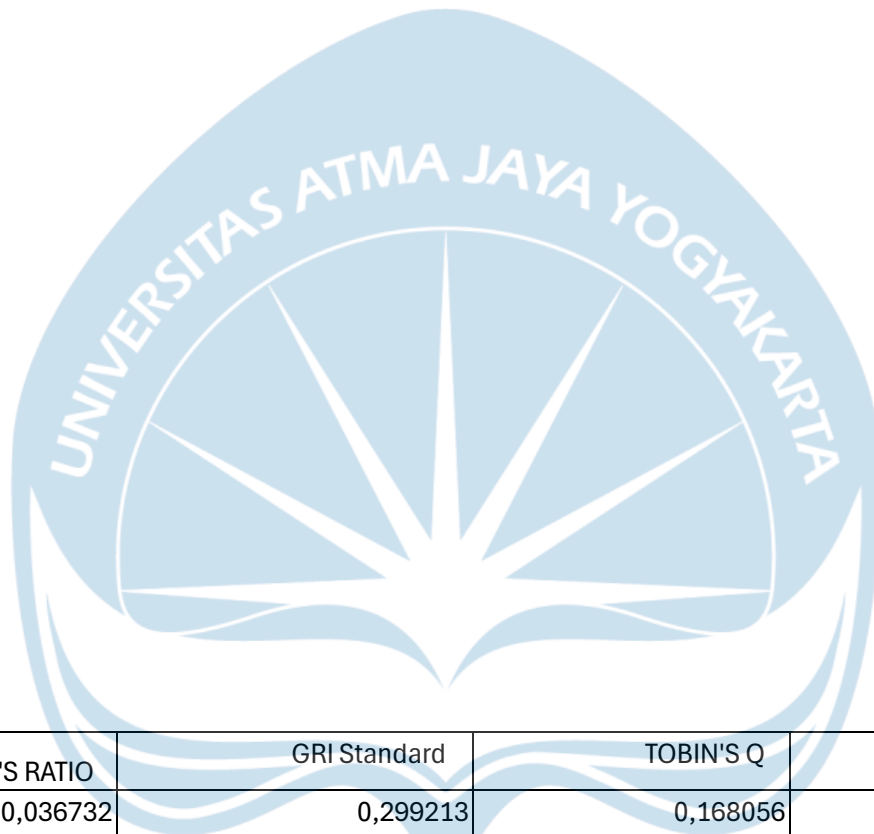
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GREEN CREDIT'S RATIO	GRI Standard	TOBIN'S Q	ROE
0,036732	0,299213	0,168056	-0,08428
0,042299	0,385827	2,539533	-0,07349
0,055184	0,385827	1,930379	-0,02349
0,006687	0,267717	0,899027	0,013734
0,00819	0,559055	0,896768	0,035184
0,029781	0,574803	0,999605	0,035135
0,045133	0,622047	0,914816	0,09209
0,049073	0,645669	0,851807	0,064978
0,041877	0,622047	0,848362	0,058748
0,11427	0,401575	1,628554	0,184263
0,105397	0,433071	1,645089	0,200621
0,105361	0,551181	1,635332	0,208691

0,152896	0,661417	0,949486	0,11257
0,153246	0,716535	0,979845	0,132788
0,140928	0,669291	0,973071	0,129688
0,025231	0,551181	0,894823	0,072236
0,044032	0,551181	0,897025	0,07322
0,050596	0,393701	0,888581	0,063499
0,160055	0,503937	0,982888	0,178209
0,059833	0,535433	0,959562	0,20888
0,088111	0,307087	0,989875	0,19512
0,090739	0,645669	1,007387	0,036459
0,095012	0,566929	1,023406	0,009409
0,091793	0,677165	0,985656	0,038247
0,16118	0,377953	1,417451	0,051914
0,101639	0,433071	1,192052	0,059025
0,08735	0,669291	1,185002	0,038408
0,069665	0,354331	0,924404	0,196411
0,035302	0,716535	0,928104	0,16137
0,04024	0,724409	0,922124	0,124211
0,258632	0,488189	1,286986	0,131827
0,374911	0,511811	1,28417	0,136405
0,419553	0,574803	1,198813	0,129612
0,056742	0,370079	1,219171	0,097247
0,038054	0,377953	1,183691	0,10962
0,028316	0,377953	1,175988	0,119602
0,113578	0,496063	1,025029	0,064536
0,09766	0,850394	1,03437	0,056376
0,077035	0,866142	1,029462	0,051129
0,099675	0,559055	0,928231	0,053524
0,085328	0,543307	0,958981	0,064643
0,077776	0,543307	0,962569	0,083715
0,036481	0,330709	0,889413	0,169443

0,052761	0,354331	0,843633	0,190933
0,052066	0,370079	0,906015	0,187642
0,072807	0,385827	0,996499	0,117528
0,048566	0,362205	0,973954	0,114865
0,116878	0,692913	0,96753	0,092329
0,069179	0,527559	1,238688	0,023245
0,065002	0,535433	1,28051	0,007421
0,063899	0,732283	1,148105	0,000746
0,143079	0,275591	1,475288	0,11491
0,147514	0,354331	1,341566	0,085066
0,129768	0,503937	1,174152	0,079277
0,095227	0,141732	1,006957	0,012656
0,173643	0,385827	0,925184	0,014211
0,190304	0,377953	0,859061	0,019277