

THE EFFECT OF GREEN FINANCE ON BANK VALUE: A CASE FROM INDONESIA

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ABSTRACT

Sustainability is currently a concern for many parties, including banks. The Bank began to consider whether the proposed funding would be allocated for projects that do not conflict with natural sustainability. This is known as green finance. This study aims to determine whether the implementation of green finance affects the value or performance of the bank. The research sample is go-public banks in Indonesia for the period 2019 – 2021. This study found that 70.93% of banks implement green finance. This study found that the implementation of green finance has a positive effect on firm value when the proxy for firm value is Tobin Q. However, when the proxy for firm value is the Price Earnings Ratio, Earnings per share, and Stock Return, then the implementation of green finance has no effect on company value. This study also found that the effect of green finance on firm value was more evident in banks in the KBMI 4 group. Of the four models used in this study, three models found a significant positive effect, namely the TobinQ, Stock Return, and EPS models. only in the PER model did not show any effect.

Keywords: *Green finance, Bank value, Tobin Q*

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INTRODUCTION

Sustainability is a concept that is growing rapidly at this time. In the beginning, this concept was caused by the high need for limited natural resources and the many community activities carried out that turned out to have a bad effect on nature. Climate change is a negative result of this phenomenon, this has happened a lot in Indonesia, as reported by CNN Indonesia (2021) evidence of climate change includes extreme heat waves, increasing temperatures in Sumatra and Kalimantan by 4°C and reduced rainfall by 12%, the occurrence of droughts and floods in several areas, rising sea levels on the coast, tropical cyclones, and a decrease in staple food crops which, if left unchecked, will all cause a decrease in GDP per capita by up to 31%. In 2015, according to Amidjaya &

Green finance is a form of implementation of the Sustainable Development Goals (SDGs) in the business sector or company which is currently starting to get a lot of attention. The definition of Green finance (Urban & Wójcik, 2019) is the process of allocating sources of capital or financial investment activities that concern environmental protection, climate change, environmentally friendly energy, and responsible management in all sectors, whereas according to (He et al., 2019) defines green finance as a series of investment activities or capital loans that take into account environmental impacts and help preserve the environment. It can be seen that green finance is a financial management activity that focuses on environmental sustainability, not just a matter of profits or losses. In some literacies, Green finance has many other names such as sustainability finance, environmental finance, and so on.

Until now, there is still a lot of research being done to find out the causes and impacts of green finance in companies. The research results from (Muslichah, 2020) explain that attention to environmental safety and forms of corporate responsibility has a positive impact on the implementation of green finance because the company will get a good reputation and gain support from investors for capital, or market trust so that it can improve the company's prospects in the future. Which will increase the value of the company (firm value).

Banks are financial institutions that have a role in channeling funds, this means that banks are important players in supporting green finance. Implementation of green finance according to (Soejachmoen, 2017) will also assist the bank in strengthening its position or existence in the face of future global uncertainties regarding the climate crisis, corporate issues, and unforeseen events. According to (Akomea-Frimpong et al., 2022), bank priorities in implementing green finance can be influenced by many things including the level of risk, banking regulations, environmental policies, corporate ethics, and innovative technology. Another form of support according to (Diamond & Dybvig, 1986) in the form of a commitment from the central bank in formulating policies in the banking sector, as was done by China's central bank which was able to motivate the banking industry to implement green finance. In Indonesia, banks are also major players in supporting business and economic activities. The Financial Services Authority (OJK) is a supervisory agency for the financial services industry through OJK Regulation number 12/POJK.03/2021 concerning Commercial Banks groups banks based on core capital to facilitate supervision and support banks to be more competitive, the grouping is into 4 Bank Kelompok Bank berdasarkan Modal Into (KBMI) with KBMI 4 as the highest group because the capital that must be owned is at least IDR 70,000,000,000,000 (seventy trillion rupiahs). KBMI 4 contains banks with large capital, namely PT Bank Rakyat Indonesia Tbk, PT Bank Central Asia Tbk, PT Bank Mandiri Tbk, PT Bank Negara Indonesia (Persero) Tbk, all of these banks are very influential on business and economic activity in Indonesia. The large size of the KBMI 4 bank means that the company has resources and strong competitiveness in the market so when implementing green finance, this category of bank will have a greater influence on the market as well as influence on the company itself. This is due to their already large reputation in the market and also the support of well-organized resources and strong competitiveness in the market so that when implementing green finance, this category of the bank will have a greater influence on the market as well as influence on the company itself. This is due to their already large reputation in the market and also the support of well-organized resources. and strong competitiveness in the market so that when implementing green finance, this category of the bank will have a greater influence on the market as well as influence on the company itself. This is due to their already large reputation in the market and also the support of well-organized resources.

Literature regarding the application of green finance has been extensively researched by academics, research is often carried out on the issuance of green bonds (green bonds for environmentally friendly projects), green firm investments, and green funds. Several kinds of literature have found interesting facts regarding company external factors that can have an impact on the implementation of green finance, as revealed by (Cicchello et al., 2022) the existence of the Covid-19 pandemic has had a significant influence on the performance of green bonds as a result of the economic crisis which has made investors ignore the climate crisis so that the factor of investor attention not wanting to take even greater risks due to the obscurity

of green bonds will affect the performance of green bonds, this influence is an explanation from Pham & Luu Duc Huynh (2020).

Companies internally also have several factors that can support them in implementing green finance. (Russo et al., 2021) explained that the types of green projects that will be carried out and the company's commitment to building green finance in the company have a positive impact. Whereas in the supporting components, some literature found that company risk, company size according to (Akomea-Frimpong et al., 2022), and the application of green management according to (Xing et al., 2020) have a positive influence on the implementation of green finance. The company believes that implementing green finance will add to its competitive advantages, this is the result of a study (Abdullah & Keshminder, 2022). From a green finance point of view, according to (Wang, 2021).

Some of the literature found other interesting things regarding the absence of a positive relationship with green finance so that this can be prepared by several companies or banks that wish to implement green finance. These factors or variables include the state's commitment to implementing sustainability according to Russo, Mariani, & Caragnano (2020) which turned out to be unrelated, especially in the management of green bonds, this is because each of these commitments is too broad which could be influenced by other factors. Discount price factor according to (Naqvi et al., 2021) found no relationship so the application of green finance through green bonds will provide a higher price or premium due to the high risk and lack of clarity in the return on profits in the short-term.

It turns out that the company's internal variables do not always have a positive relationship with the implementation of green finance in the company so these variables give or receive a negative impact. The literature put forward by (Naqvi et al., 2021) found that the implementation of green funds by companies as a form of commitment to implementing green finance has a negative performance effect than the performance of conventional funds optimal to manage conventional management. While the results of research from Chang et al.

In certain variables, there are several differences in the results of the analysis regarding whether there is a relationship with green finance. The role of society or community is the first variable that has different results because according to (Akomea-Frimpong et al., 2022) these variables have a relationship in the component of company support for implementation which will give a good reputation, whereas according to (Azhgaliyeva et al., 2020) found the fact that the social environment is a component that has no relationship to the implementation of green finance because people's understanding is still low on sustainability, especially sustainability finance. (Akomea-Frimpong et al., 2022) stated that environmental policy is also a further variable related to supporting implementation in companies, but according to (Cojoianu et al., 2020)

Overall, the results of research conducted by academics on the literature are interesting, but there are some things that are deemed inappropriate. These are data and locations from research conducted abroad, such as research conducted by (Zhang et al., 2021), which explains that the application of green finance will reduce the cost of capital of companies in China, but the results of this analysis may differ from current conditions. In Indonesia, adjustments are needed if it is to be implemented in Indonesia, then the research conducted is mostly based on variables that influence or cause the implementation of green finance such as research from (Akomea-Frimpong et al., 2022).

This research will provide an interesting contribution to stakeholders. Like the previous article literature, green finance is something new in any research so there is not much literature available in Indonesia so that it can add new insights. Then the results and conclusions of this study will be a major contribution to those in need.

LITERATURE REVIEW

Banking is the most important sector in business and economy. Banking according to Law No. 10 of 1998 is a financial institution that collects money from interested parties (the public) which then manages the money as capital funds or loans for those in need. The history of banking in Indonesia began during the Dutch colonization in the 1700s with the establishment of a banking institution called De Bank van Leening which functioned as a trade support for the VOC. occupied by the Dutch). After independence, the Indonesian government established its own banking institutions and carried out the liquidation of foreign banks in Indonesia. The banking sector operating in Indonesia currently has the main function in accordance with Article 4 of Law No. 10 of 1998, as implementing national development in increasing equity, growth and national stability in improving the welfare of the Indonesian people. Otoritas Jasa Keuangan (OJK) as a supervisory agency for the financial services industry through OJK Regulation number 12/POJK.03/2021 concerning Commercial Banks also groups banks based on core capital to facilitate supervision and support banks to be more competitive, grouping them into 4 Bank Kelompok Bank berdasarkan Modal Inti (KBMI) with KBMI 4 as the highest group due to the minimum required capital (seventy trillion rupiah), followed by KBMI 3 with a minimum core capital of Rp. 14,000,000,000,000.00 (fourteen trillion rupiah) up to Rp. 70,000,000,000,000.00 (seventy trillion rupiah), KBMI 2 with a minimum core capital of IDR 6,000,000,000,000.00 (six trillion rupiah) up to IDR 14,000,000,000,000.00 (fourteen trillion rupiah), and finally KBMI 1 with a core capital of up to IDR 6,000,000,000,000.00 (six trillion rupiah). KBMI 4 which is the highest group with large capital is filled by PT Bank Rakyat Indonesia Tbk, PT Bank Central Asia Tbk, PT Bank Mandiri Tbk, PT Bank Negara Indonesia Tbk. Previously, the grouping carried out by OJK was carried out under a different name, namely Bank Umum berdasarkan Kegiatan Usaha (BUKU) categories 1 to 4 in accordance with OJK Regulation Number 6/POJK.03/2016.

Green finance or usually referred to as sustainability finance according to Urban & Wójcik (2019) is the process of allocating capital resources or financial investment activities that care about environmental protection, climate change, environmentally friendly energy, and responsible management in all sectors. The history of green finance began in 1992 by the United Nations Conference on Environment and Development (UNCED) resulting in an agreement to jointly increase awareness in encouraging sustainable development that pays attention to environmental sustainability and balance so that every activity including the community's economy will have a sense of responsibility in minimizing the impact environment. Whereas in Indonesia its development began in 2009 through Law No. 32 of 2009 concerning Environmental Protection and Management, the Indonesian government regulates business activities that are required to go through the Environmental Impact Analysis (AMDAL) process. Bank Indonesia has included AMDAL requirements as a criterion in channeling capital to business actors. submitting the need for funds to the bank. Bank Indonesia Regulation No 14/15/PBI/2012 Concerning Commercial Bank Asset Quality

Assessment followed by Bank Indonesia Circular Letter No 15/28/DPNP concerning Commercial Bank Asset Quality Assessment encourages the banking sector to consider environmental feasibility factors. The Financial Services Authority (OJK) through OJK Regulation No 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers,

The implementation of green finance can vary depending on the business sector being run, in banking the form of implementation can be in the form of issuing green products, green management, and raising venture capital through green financing schemes such as green bonds. Banking that implements green finance practices can be based on the Legitimacy Theory which states that there is a relationship between the company and the environment, every company action will usually always adjust to the values, norms and ethics that exist in that environment so that if the company wants to continue to exist then Companies must align themselves with the environment and social surroundings. This adjustment can be in the form of following regulations in the surrounding environment, helping to protect the surrounding environment, and adhering to the ethical values of the surrounding community.

Firm value is an investor's view of the success of company managers in managing their resources and is often linked to the company's stock performance. The company's ability to generate profits or profits is also one of the drivers of increasing company value because according to (Muslichah, 2020) companies that are able to generate large profits either at that time or periodically over several years will build a good perspective in the eyes of investors so that they value the company highly. which made him not hesitate to buy company shares at high prices. Firm value has an influence relationship with green finance.

The effect of the implementation of green finance on the value of banking companies.

Green finance is something that has a positive impact on companies because its application will help companies to be more effective and efficient so that it will help companies to be even better when operating, such as investing in renewable energy (using solar panels in companies) will help save electricity costs. The application of green finance will make the company more valuable in the eyes of investors or other stakeholders because the company has proven its commitment to social needs and its current sense of responsibility for environmental sustainability.

Research conducted by (Rizki & Hartanti, 2021) shows that the application of green finance through green innovation investment and environmental responsibility budgeting will make the company more efficient and increase the value of the company, besides that the company will have a competitive advantage, improve its position in the market, and make its customers' investors are interested in investing in these companies so that the implementation of green finance provides many benefits for companies.

H1: There is a positive effect of implementing green finance on firm value in the banking sector in Indonesia.

Differences in the effect of implementing green finance on firm value in the banking category of Bank Group Based on Core Capital (KBMI) 4 with other categories.

The implementation of green finance by 4 large banking companies including PT Bank Rakyat Indonesia Tbk, PT Bank Mandiri Tbk, PT Bank Negara Indonesia Tbk, and PT Bank

Central Asia has a greater positive influence on company value than other bank companies in Indonesia, this is based the company's ability to formulate strategies and budgets for green finance will be more optimal than the banking industry as a whole, which is mostly dominated by small and medium-sized banks which are still limited in resources and other capabilities.

Research conducted by Ayu & Gerianta (2018) shows that large companies, which can be seen from their capital and assets, will have a large corporate value, especially when implementing green finance, these companies will be better than the same companies implementing green finance.

H2: There are differences in the effect of implementing green finance on firm value at Banks in the Bank Group Category Based on Core Capital (KBMI) 4 with other categories.

METHODS

The research object used in this study is a banking company listed on the Indonesia Stock Exchange for the 2019-2021 period. In the financial industry, especially banking, is currently divided into 4 categories based on the company's core capital. This is in accordance with OJK Regulation number 12/POJK.03/2021, this categorization is used to facilitate supervision and support banks to be more competitive. KBMI 4 as the highest group because the capital that must be owned is a minimum of IDR 70,000,000,000,000 (seventy trillion rupiah), followed by KBMI 3 with a minimum core capital of IDR 14,000,000,000,000 .00 (fourteen trillion rupiah) up to IDR 70,000,000,000,000.00 (seventy trillion rupiah), KBMI 2 with a minimum core capital of IDR 6,000. 000,000,000.00 (six trillion rupiah) up to Rp. 14,000,000,000,000.00 (fourteen trillion rupiah), and finally KBMI 1 with core capital of up to Rp. 6,000,000,000,000.00 (six trillion rupiah).

The data used in this research is secondary data or data that is not obtained directly by the authors, but from third parties. The secondary data is sourced from the company's annual financial reports on the banking industry in Indonesia for the 2019-2021 period accessed through the Indonesia Stock Exchange (IDX) on their official website, namely <https://www.idx.co.id/>.

RESULTS AND DISCUSSION

The results of the descriptive statistical test for this research variable can be shown in the following table:

Table 1. Descriptive Statistical Test Results for Research Variable Data

	Descriptive Statistics				
	N	Minimu m	Maximu m	Means	std. Deviation
PER	126	-191.20	16600.00	224.78 61	1496,47912
GF	126	,00	100.00	70.932 5	31.85237
NIM	126	,22	44,68	4.9651	6.20283

Descriptive Statistics					
	N	Minimu m	Maximu m	Means	std. Deviation
UP	126	26.96	35.08	31.441 3	1.72324
KBMI	126	,00	1.00	.0952	,29472
Valid N (listwise)	126				

Based on the results of the descriptive analysis table above, it can be seen that the research data used was 126 data. In the firm value variable (PER) it is known that the minimum value is -191.20, and the maximum value is 16,600 while the mean value obtained is 224.7861. The standard deviation value is 1,496.47912, which means that during the period 2019 to 2021 there has been a deviation from the average company value of 1,496.47912.

The green finance variable (GF) is the next variable which has a minimum value of 0.00 and a maximum value of 100.00 while the mean value obtained is 70.9325. The standard deviation value is 31.85237, which means that during the period 2019 to 2021, there was a deviation from the company value from the average of 31.85237.

The profitability variable (NIM) has descriptive analysis results in the form of a minimum value of 0.22 and a maximum value of 44.68 while the mean value obtained is 4.9651. The standard deviation value is 6.20283, which means that during the period 2019 to 2021, there was a deviation from the average company value of 6.20283.

The firm size variable (UP) in the descriptive analysis has a minimum value of 26.96 and a maximum value of 35.08 while the mean value is 31.4413. The standard deviation value is 1.72324, which means that during the period 2019 to 2021, there was a deviation from the average company value of 1.72324. The KBMI 4 variable (KBMI) which is the last variable in this analysis has a minimum value of 0 and a maximum value of 1 while the mean value is 0.0952. The standard deviation value is 0.29472 which means that during the period 2019 to 2021, there was a deviation in the company value of 0.2947.

Hypothesis Testing Results

The results of multiple linear regression tests and t-tests can be seen in the following table:

- a. PER ratio as a proxy for Company Value

Table 2. Multiple Linear Regression Test Results for PER Model

Coefficients						
Model	Unstandardized Coefficients		Standardized	t	Sig.	
	B	std. Error	Coefficients Betas			
1	(Constant)	5815,054	3950,829		1,472	,144
	GF	6,376	6,043	,136	1.055	,293
	NIM	-14,368	22,033	-.060	-.652	,516

UP	-190,734	135,091	-.220	-1.412	,161
KBMIGF	2,703	6,000	.053	,450	,653

a. Dependent Variable: PER

b. Tobin's Q ratio as a proxy for Firm Value

Table 3. Multiple Linear Regression Test Results for Tobin Q Model

Model		Coefficients			t	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	std. Error	Betas		
1	(Constant)	28,388	4,904		5,789	,000
	GF	,029	,008	,440	3,804	,000
	NIM	,004	,027	,012	,151	,880
	UP	-.932	,168	-.777	-5,556	,000
	KBMIGF	,022	,007	,321	3,018	,003

a. Dependent Variable: TQ

c. Stock Return Ratio as a proxy for Firm Value

Table 4. Multiple Linear Regression Test Results for Stock Return Model

Model		Coefficients			t	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	std. Error	Betas		
1	(Constant)	16,484	5,604		2,941	,004
	GF	,012	,009	,180	1,434	,154
	NIM	-.012	,031	-.035	-.391	,696
	UP	-.537	,192	-.425	-2,802	,006
	KBMIGF	,020	,009	,269	2,337	,021

a. Dependent Variable: RS

d. EPS ratio as a proxy for Company Value

Table 5. Multiple Linear Regression Test Results for EPS Model

Model		Coefficients			t	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	std. Error	Betas		
1	(Constant)	-1083,704	355,893		-3,045	,003
	GF	,114	,544	,018	,209	,835
	NIM	4,696	1,985	,144	2,366	,020
	UP	35,529	12,169	,303	2,920	,004

KBMIGF	3,397	,540	,496	6,285	,000
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a. Dependent Variable: EPS

Table 6. Summary of The Hypothesis Testing Results

Variable	PER models	TQ model	RS models	EPS models
GF	Not significant	Significant positive	Not significant	Not significant
NIM	Not significant	Not significant	Not significant	Significant positive
UP	Not significant	Significant positive	Significant positive	Significant positive
KBMI*GF	Not significant	Significant positive	Significant positive	Significant positive

All of these equations provide information about the relationship between the independent variables and the dependent variable. It is known from the results of these equations that there are variations in positive and negative relationships between green finance variables and firm value. The regression equation can be known as follows:

1. Referring to Table 6, it shows that the majority of the test results are not significant or the green finance variable does not have an effect on the firm value variable and only the Tobin Q model or poxy gives the result that the green finance variable significant positive effect on firm value variables. The regression coefficient value on the green finance (GF) variable is 6,376 with PER as a proxy for firm value, then 0.029 for Tobin Q as a proxy for firm value, 0.012 for Stock Return, and 0.029 114 with EPS as a proxy for firm value, which means that for every increase in the value of the green finance variable by 1 and other variables constant, the value of the firm value variable will increase or decrease by the value of the regression coefficient on the green finance variable. In addition, in the t test with PER as a proxy for firm value, a significant value of the green finance variable is 0.293 or greater than 0.05 ($0.293 > 0.05$), so green finance has no effect on firm value or H0 is accepted. Then Tobin's t test as a proxy for firm value obtained a significant value of the green finance variable of 0.000 or less than 0.05 ($0.000 < 0.05$) so green finance has an influence on firm value or H0 is rejected. In the t test with stock returns as a proxy for firm value, a significant value of the green finance variable is 0.154 or greater than 0.05 ($0.154 > 0.05$), so green finance has no effect on firm value or H0 is accepted. Finally, on EPS as a proxy for firm value, the t test obtained a significant value on the green finance variable of 0.835 or greater than 0.05 ($0.835 > 0.05$) so that green finance has no effect on firm value or H0 is accepted.
2. The value of the regression coefficient on the variable firm size (UP) is -190.734 with PER as a proxy for firm value, Tobin Q as a proxy for firm value obtained at -0.932, then at -0.537 on Stock Return as a proxy for firm value, and on the EPS ratio as a proxy for value company size of 35.529, which means that for every increase in the value of the company size variable by 1 and other variables constant, the value of the company value variable will decrease or increase by the value of the coefficient in each equation. In addition, in the t-test of the PER ratio as a proxy for firm value, a significant value was obtained for the variable firm size of 0.161 or greater than 0.05 ($0.161 > 0.05$), so firm size had no

effect on firm value or H0 was accepted. Then Tobin's Q, which later became a proxy for firm value, obtained a t test with a significant value of 0.000 or less than 0.05 ($0.000 < 0.05$), so the variable firm size has an influence on firm value or H0 is rejected. Stock return as a proxy for the next firm value obtained a significant value of 0.006 or less than 0.05 ($0.006 < 0.05$) so that the firm size variable has an influence on firm value or H0 is rejected. Finally, the EPS ratio, which serves as a proxy for firm value, obtains a significant value for the firm size variable of 0.004 or less than 0.05 ($0.004 < 0.05$), so firm size has an influence on firm value or H0 is rejected. 05) then the firm size variable has an influence on firm value or H0 is rejected. Stock return as a proxy for the next firm value obtained a significant value of 0.006 or less than 0.05 ($0.006 < 0.05$) so that the firm size variable has an influence on firm value or H0 is rejected.

3. The value of the regression coefficient on the variable profitability (NIM) with PER as a proxy for firm value is -14.368, then 0.004 is obtained for Tobin Q as a proxy for firm value, the next Stock Return is a proxy for firm value obtained -0.012, and 4.696 with EPS as company value proxy, which means that every increase in the value of the profitability variable by 1 and other variables is constant, the value of the company value variable will decrease or increase by the coefficient value of each of the results of the equation. In addition, the t test with PER as a proxy for firm value obtained a significant value of the profitability variable of 0.516 or greater than 0.05 ($0.516 > 0.05$) so that profitability has no effect on firm value or H0 is accepted. So, Tobin's Q as a proxy for the next firm value obtained a t test with a significant value of 0.880 or greater than 0.05 ($0.880 > 0.05$) so that profitability has no effect on firm value or H0 is accepted. On the stock return firm value proxy, a significant value was obtained from the t test of 0.696 or greater than 0.05 ($0.696 > 0.05$) so the profitability variable has no effect on firm value or H0 is accepted. Finally, on EPS as a proxy for firm value, the results of the t-test on the profitability variable are 0.020 or less than 0.05 ($0.020 < 0.05$), so profitability has an influence on firm value or H0 is rejected. 05) then profitability has no effect on firm value or H0 is accepted. On the stock return firm value proxy, a significant value was obtained from the t test of 0.696 or greater than 0.05 ($0.696 > 0.05$) so the profitability variable has no effect on firm value or H0 is accepted. Finally, on EPS as a proxy for firm value, the results of the t-test on the profitability variable are 0.020 or less than 0.05 ($0.020 < 0.05$), so profitability has an influence on firm value or H0 is rejected.
4. In Table 6. Results 3 of the Multiple Linear Regression Analysis Model and the T-test show that the majority of the results are that the KBMI 4 GREEN FINANCE (KBMI*GF) variable has a significant positive effect on the firm value variable, and only the PER model or proxy shows insignificant results. This means that the effect of implementing green finance on firm value in KBMI 4 is better than the other categories. The regression coefficient value on the variable KBMI 4 GREEN FINANCE (KBMI*GF) with PER as a proxy for firm value was obtained at 2.703, then at 0.022 at Tobin Q's firm value proxy, then at Stock Return as a proxy for firm value it was obtained at 0.020, and at EPS which to be the next company value proxy, it is obtained by 3, 397 which means that for every increase in the value of the KBMI 4 GREEN FINANCE variable by 1 and the other variables are constant, the value of the company value variable will decrease or increase by the coefficient value of each of the results of the equation. In the t test with PER as a

proxy for firm value, a significant value was obtained for the KBMI 4 GREEN FINANCE variable of 0.653 or greater than 0.05 ($0.653 > 0.05$), so KBMI 4 GREEN FINANCE had no effect on firm value or H_0 was accepted. Tobin's Q as a proxy for the next firm value obtained a t test with a significant value of 0.003 or less than 0.05 ($0.003 < 0.05$) then KBMI 4 GREEN FINANCE has an influence on firm value or H_0 is rejected. Stock return as a proxy for the next company value obtained a significant value of 0.021 or less than 0.05 ($0.021 < 0.05$) then the variable firm size has an influence on firm value or H_0 is rejected. Finally, on EPS as a proxy for firm value, the results of the t test on the KBMI 4 GREEN FINANCE variable are 0.000 or less than 0.05 ($0.000 < 0.05$) so KBMI 4 GREEN FINANCE has an influence on firm value or H_0 is rejected

Discussion

The effect of the implementation of green finance on the value of banking companies.

Based on Table 6. Results 3 of the Multiple Linear Regression Analysis Model and T-test it is known that the results are dominated by the insignificant effect of the green finance variable on firm value variables because the 4 ratios used as the dependent variable show that 3 ratios do not have a significant effect, and 1 ratio has a significant influence so that it can be concluded that the implementation of green finance as a whole does not have a significant effect on firm value. So it is known that when a bank implements green finance, it cannot be ascertained that the bank will have a better corporate value.

The results of this study are based on several reasons that make the implementation of green finance do not have a significant effect on firm value. Green finance is still an early concept that has not yet been implemented in a standardized way, causing banks to experience new problems when implementing green finance, such as a transformation process that costs money, requires additional capital to manage their green financial assets, and increases the potential risk if implementation fails. Then many stakeholders (stakeholders) do not know the concept of green finance, especially the public so when banks implement green finance, they still provide the same value as before implementing the concept of green finance.

The results of this study are supported by the results of (Naqvi et al., 2021) who explained that investors continue to provide the same value or even provide a reduced value to companies that implement green finance as a result of the risks and costs borne by companies from implementing green finance. Research results from (Cicchello et al., 2022) Cicchello et al. (2022) also support the results of this study further, companies that implement green finance do not have an impact on company value because many investors do not prioritize sustainability issues and choose to protect themselves from definite or short-term risks so that their assessment of companies that implement green finance or not will remain the same.

Differences in the effect of implementing green finance on bank value: KBMI 4 Versus other KBMI

In Table 6. Results 3 of the Multiple Linear Regression Analysis Model and T-Test, showing the results of the majority of models or proxies are significantly positive for the influence of the KBMI 4 GREEN FINANCE variables on firm value variables so that the 4 ratios used in this T-test obtained 3 ratios have a significant positive effect, and 1 ratio has no effect. According to the results of this study, KBMI 4, which is a banking group with large core capital

and size, and has the ability to implement green finance well, has a significant influence on firm value.

There is an underlying reason for the results of this study. The company resources owned by banks in the KBMI 4 category are different from the banking industry as a whole because they have large capital resources such as the availability of good funds, competence and competitive human resources, as well as large corporate assets so that banks in this category will be able and can adjust to the required characteristics of green finance. Then the KBMI 4 banking has more organized risk management because of the resources it has so that the uncertainty that occurs or losses that may arise can be managed with the risk management capabilities they have. stakeholder factor, especially the public and investors who have given a good perspective to big banks in Indonesia or banking in the KBMI 4 category, this is a distinct advantage because when these banks decide to implement green finance to help reduce negative impacts on the environment, society, investors and other stakeholders will respond positively because they have entrusted the capabilities and performance of the KBMI 4 banking so far. KBMI 4 Banking is a bank appointed by the government as a pilot and initiator of the application of green finance in Indonesia so that the program from the government is increasingly making investors assess positively or increase their assessment of these banks.

The results of this study are supported by research from Ayu & Gerianta(2018)that a company that has a large size that can be known from the value of its capital and assets will have a different value from a small company so that when a large company implements green finance, the effect on company value will be different from that of a small company that implements it. Then research conducted by Muzayin & Rina(2022)also gave the same results to this study, companies that have a large size will have a large company value as well so that the influence that companies get when implementing green finance on their company value will be much greater. This is because the size of a large company helps them have larger resources such as capital in implementing green finance, then the ability to develop green finance strategies, as well as support from stakeholders for larger companies so that when a banking company with a large size implements green finance, the public, investors or customers will see the company as having more value even though there are small banking companies that both apply green finance.

CONCLUSION

This study found that the implementation of green finance has a positive effect on firm value when the proxy for firm value is Tobin Q. However, when the proxy for firm value is Price Earnings Ratio, Earnings per share, and Stock Return, then the implementation of green finance has no effect on company value. This study also found that the effect of green finance on firm value was more evident in banks in the KBMI 4 group. Of the four models used in this study, three models found a significant positive effect, namely the TobinQ, Stock Return, and EPS models. only the PER model did not show any effect.

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