E-ISSN : 2963-4946
Vol. 2 No. January 04, 2024

Asian Journal of
Social and Humanities
https://ajosh.org/

The Effect of Sustainability Financial Disclosure, Sustainability Governance and Financing in The Sustainable Business Activities Category on The Share Price of Banks Listed on The Indonesia Stock Exchange

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KEYWORDS

sustainability report; sustainability governance; financing for the category of sustainable business activities

ABSTRACT

This research aims to determine the influence of sustainable financial disclosure, sustainable governance and financing in the category of sustainable business activities on banking share prices listed on the Indonesia Stock Exchange. Based on data processing from 40 banks listed on the Indonesia Stock Exchange, the results showed that sustainable financial disclosure using the GRI FS indicator had a significant positive effect on the share prices of banks listed on the Indonesia Stock Exchange. Meanwhile, sustainability governance does not have a significant effect on the price of banking shares listed on the Indonesia Stock Exchange, and environmental costs do not have a significant effect on the price of banking shares listed on the Indonesia Stock Exchange. The multicollinearity test aims to test whether in a regression model there is a significant correlation or relationship between independent variables, where in a good regression model there should be no correlation between independent variables. Based on the results of the research conducted, it can be concluded that sustainability financial disclosures have a significant positive effect on the stock prices of banks listed on the Indonesia Stock Exchange.

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Introduction

The banking sector in Indonesia is one of the largest capitalizations. As an important sector, banking has a significant impact on the movement of JCI (Composite Stock Price Index) and follows the trend of JCI. If stock prices in the banking sector decline, JCI will also decrease, and vice versa (https://investasi.kontan.co.id/news/pasca-rilis-laporan-keuangan-emiten-perbankan-ihsg-anjlok-lagi-1).

In general, JCI movements throughout 2020 can be divided into two phases. The first phase is the bearish phase that occurred in the first quarter, where JCI experienced consecutive declines of 3.6% (January 2020), 7% (February 2020), and 15% (March 2020). This is due to investor panic over the development of the corona virus around the world, including in Indonesia. Investors sold shares on a large scale, which resulted in a drop in stock prices. The second phase is the bullish phase, which occurred in the fourth quarter, where JCI began to rise after previously plunging to the levels of 5,000, 4,000, to 3,000. JCI managed to return to the level of 6,000 in the fourth quarter (Saud & Shakya, 2020) https://bigalpha.id/news/kaleidoskop-finansial-2020-ini-rangkumannya).

According to Infobank data as of November 30, 2021, of the 8 issuers of Bank BUKU 4, all of them experienced stock price corrections in the red zone, except for one, namely Bank Permata (BNLI), which managed to record an increase in stock prices (Putra, Tri. 2020. https://www.cnbcindonesia.com/market/20201130114532-17-205648/covid-19-meledak-jadi-pembenar-dulang-cuan-dari-saham-bank). To overcome these problems, banking companies must implement sustainability finance guided by sustainable development which contains three dimensions, namely economic, social, and environmental. According to (Saud & Shakya, 2020) stated that to achieve a balance between economic growth, social justice, and environmental sustainability, namely by applying the concept of sustainable development.

The sense of success in sustainable development includes economic, social, and environmental aspects, because economic development depends on natural resources and environmental sustainability to overcome future problems (Vioreza et al., 2023). Therefore, a balance between economic, social, and environmental factors is the key to success in achieving sustainable development goals.

A balance between these three dimensions is key to achieving the sustainable development goals. In addition to sustainable development that considers economic, social, and environmental aspects, sustainable finance also pays attention to these three aspects. According to (Darma, 2022), sustainable finance refers to comprehensive support provided by all financial institutions in Indonesia to support sustainable financial growth. The concept of sustainable finance in Indonesia includes comprehensive support from financial service institutions in achieving sustainable growth, which is based on a balance of social, economic, and environmental aspects, as explained by (Hayati & Yulianto, 2020).

One example of concrete support provided by SOEs for sustainable development is by encouraging the implementation of sustainable finance principles, as described in the Financial Services Authority Regulation (POJK) No. 51/POJK/03/2017 concerning the Implementation of Sustainable Finance for Financial Service Institutions, Issuers, and Public Companies.

Sustainable financial development reflects the industry's efforts to carry out responsible social, economic and environmental responsibility. Corporate Social Responsibility (CSR) is the concrete implementation of these sustainable finance principles. Through CSR, every company is expected to have a positive impact on economic, social, and industrial aspects (Okafor et al., 2021). According to (Abdelhalim & Eldin, 2019), CSR is part of the contribution of business in sustainable development by involving the community in an effort to maintain a balance between profitability, social aspects, and environmental preservation. In this context, companies, governments, and communities have a shared responsibility with implementing CSR programs.

In addition to supporting its social activities, the company has also begun to implement financial inclusion practices. In (Yulianasari & Mahrina, 2021) view, financial inclusion is an effort to remove barriers, both price-related and non-price-related, so that people can more easily access financial services. Meanwhile, according to (Islam et al., 2021), financial inclusion is defined as the provision of financial services to people who do not have access or who cannot afford it, which can be done by opening an account at an official financial institution, which in turn can help reduce poverty and facilitate economic improvement (Baloch et al., 2020).

In addition to reporting on sustainable progress, it is also important to pay attention to aspects of sustainable governance. According to the Organisation for Economic Cooperation and Development (OECD), this governance acts as a framework used to set company goals, provide guidance to achieve these goals, and regulate monitoring of company performance. Corporate governance includes a set of controls used to supervise and manage companies with the aim of increasing profitability and fulfilling their responsibilities, ultimately reflecting value for shareholders (Anggraeni, 2020).

Company management is a control system applied to supervise and manage company operations with the aim of increasing their profitability and accountability, ultimately creating value for shareholders (Yunita, 2022). The company's management system involves a set of rules and guidelines used by management to direct and supervise the company's activities. Effective corporate management practices can increase shareholders' chances of increasing revenue and company value in the long run (Natalia et al., 2023).

One other factor is financing for sustainable types of businesses. In sustainable business practices, companies strive to meet current needs without sacrificing the ability to meet the needs of future generations (Shidik, 2020). According to Bappenas, the concept of sustainable business is in line with the 17 Sustainable Development Goals, which aim to maintain the welfare of society and the environment in a sustainable manner, create sustainable economic activities, and form governance that is able to maintain the improvement of people's welfare from one generation to the next.

Green financing is an initiative in the world of financial services that aims to stimulate sustainable investment in the environment and long-term economic growth. In this case, banks as lenders have the responsibility to assess environmental impacts commercially when providing credit to certain parties, and also to organize efforts to minimize negative impacts on the environment that may arise from these business activities (Hadi et al., 2022).

The Regulation on Issuance and Requirements of Green Bond Securities issued by the Financial Services Authority, described in POJK No. 60/POJK.04/2017, is used as a guide by financial institutions to classify business activities that focus on sustainability. When a business in carrying out its operations promotes efficient and effective use of natural resources, seeks to prevent or improve environmental impacts, or provide solutions to climate change, it can be considered an indicator that the business meets the criteria for sustainability.

Based on this criterion, OJK classifies sustainable business activities into 11 environmentally oriented business categories (KUBL) and adds one of the other sustainable business categories, namely Micro, Small and Medium Enterprises (MSMEs). Thus, the category of sustainable business activities (KKUB) consists of 12 KKUBs which are used by banks as a guide in recording environmentally friendly portfolios. Banks are required to provide information related to this green funding to OJK through the Sustainable Finance Action Plan and can also be submitted to investors through the Sustainability Report.

In this study, there is a variable called core capital, which is the capital placed by bank shareholders. Core capital acts as a buffer and protection against bank failure, and serves to protect wadiah or qard accounts and loans. Every bank is required to have core capital as a preventive measure against risks that may arise. Bank credit risk in Indonesia is usually regulated by Bank Indonesia through the issuance of Bank Indonesia Regulations (PBI) on business activities and office networks, which are based on the amount of core capital of banks. This aims to increase the resilience, competitiveness, and efficiency of the national banking industry, in order to face regional and global dynamics and support maximum and sustainable economic growth in Indonesia. The definition of core capital in article 1 paragraph 2 is paid-up capital and disclosed reserves as stipulated in Bank Indonesia regulations regarding the obligation to provide minimum capital for commercial banks.

Research by (Schumacher et al., 2020) shows that sustainable finance has a significant influence on the pricing of investment shares in Japanese companies. Meanwhile, (Grewal et al., 2021) noted that information regarding sustainable finance also affects the calculation of stock prices in America.

Research that has been conducted by (Schumacher et al., 2020) and (Grewal et al., 2021) only shows the impact of sustainable finance on stock prices in Japan and America using GRI General as a framework. Meanwhile, the research we will conduct will incorporate additional control variables, namely core capital, in the analysis of banking companies in Indonesia

Research Methods

This research applies quantitative approach in research methodology. The concept of quantitative methodology, as explained by (Sugiyono, 2013), refers to research methods based on the philosophy of positivism.

In this study, there are 2 variables, independent (disclosure of sustainability finance, sustainability governance, and financing in the category of sustainable business activities) and dependent (stock price).

In this study, data was collected through secondary data collection from various sources, namely annual reports, sustainability reports, and Yahoo Finance stock price data. The method applied is the documentation method, which involves collecting data from report documents issued by competent parties.

In this study, the focus population is companies in the Banking sector with categories from 2018 to 2022, namely companies with KBMI codes 1, 2, 3, and 4. (Sugiyono, 2011) noted that samples are part of the number and characteristics present in the population. In this study, the use of purposive sampling techniques was used as a sampling method, which was chosen with special considerations. The considerations used to determine the characteristics of the sample are as follows: Banking sector companies listed on the Indonesia Stock Exchange in 2018-2022 or IPO before 2018. Banking sector companies that issue financial statements denominated in rupiah during 2018-2022.

Classical Assumption Test

The use of classical assumption testing aims to assess and check the validity of the data used in research. In addition, this test is also intended to determine whether the regression model used has a normal distribution, does not experience multicollinearity, autocorrelation, and heteroscedasticity.

Data Analysis Methods

In this study, data analysis will be carried out using multiple regression analysis methods, and data processing will be carried out using software called Statistical Package for Social Science (SPSS).

Descriptive statistics

Statistical descriptions describe data by considering a number of metrics, such as mean, standard deviation, variation, maximum value, minimum value, total, range, kurtosis, and skewness.

Double Regression Analysis

Multiple regression analysis is a method used to assess the effect of independent variables on dependent variables, both collectively and individually. In the context of this study, multiple regression equations with linear characteristics are used.

Uji Hypoplant

T Test

The statistical test t aims to show the extent of the influence of each independent variable in explaining the variation of the dependent variable. In addition, this test can also help in determining the direction of influence of each independent variable on the dependent variable by testing their regression coefficient mark.

Test F

The calculation of Test F is done with the aim of determining whether all the independent variables included in the regression model have an impact together on the dependent variable (as described in research by Ghozali in 2019).

Determinant Coefficient Test (R2)

The essence of the coefficient of determination is to assess the extent to which the model is able to explain the variation of bound variables (Sugiyono, 2021). When the R^2 value is small, it indicates that the ability of the independent variable to explain the variation of the dependent variable is very limited. On the other hand, when the value approaches one, it shows that the independent variable provides almost the entire information needed to predict the variation of the dependent variable.

Results and Discussions

Descriptive Research Data

The results obtained from data analysis are statistically descriptive able to explain the general picture by describing the circumstances that occur in the research sample both dependent variables and independent variables during the research period which include the number of samples (n), minimum value, maximum value, sample average (mean) and standard deviation (σ) for each variable. The test results of descriptive statistical analysis in this study are illustrated in the table below:

Table 1 Descriptive analysis results

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
GRI FS	200	.00	1.00	.5547	.23312
GRI General	200	.00	.81	.4280	.19459
Financing for Sustainable Business Activities Category	200	.00	5.87	2.2261	2.12717
Modal	200	1.00	4.00	1.9750	1.10929
SAHAM	200	1.70	3.96	2.8493	.63503
Valid N (listwise)	200				

Source: Output Results SPSS 26, 2023

Based on table 1, it is known that the number of observations is 200 data in the form of panel data from 40 samples of companies listed on the Indonesia Stock Exchange in the Banking sector of Kbmi 1,2,3,4 for 2018-2022. The GRI FS variable has an average value (mean) of 0.5547 with a standard deviation of 0.23312. The maximum value of GRI FS is 1, and the minimum value is 0.00. The GRI General variable has a mean value of 0.4280 with a standard deviation of 0.19459. The maximum value of GRI FS is 0.81, and the minimum value is 0.00.

The Financing Variable for the Sustainable Business Activities Category has an average value (mean) of 2.2261 with a standard deviation of 2.12717. The maximum value of Sustainable Business Category Financing is 5.87, and the minimum value is 0.00. The Capital variable has an average value (mean) of 1.9750 with a standard deviation of 1.10929. The maximum value of capital is 4, and the minimum value is 1. The Stock variable has an average value (mean) of 2.8493 with a standard deviation of 2.8493. The maximum value of the shares is $3.96 and the minimum value is $1.70.

Asumy Classic

Before multiple regression testing is carried out which aims to see the effect of GRI FS, GRI General, Financing for Sustainable Business Activities Category, with the variability of core capital control on the dependent variable, namely stock price, it is necessary to test classical assumptions. In the classical assumption test, there are several tests which include normality tests, multicollinearity tests, heteroscedasticity tests, and autocorrelation tests.

Normality Test

The normality test is carried out to test whether the data used in this study is data that has a normal distribution. A good regression model is one in which the independent and dependent variables have normal or near-normal distributions.

The normality test is not tested on every variable, but rather by using residual values from the regression model. In conducting data normality tests, researchers use the Kolmogorov-Smirnov One Sample Test shown in the following table:

Table 2 Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		200
Normal Parametersa,b	Mean	.0000000
	Std. Deviation	.45079867
Most Extreme Differences	Absolute	.044
	Positive	.044
	Negative	-.034
Test Statistic		.044
Asymp. Sig. (2-tailed)		.200c,d

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

Source: Output Results SPSS 26, 2023

Based on testing the data using the One Sample Kolmogorov-Smirnov Test (Table 2) it can be assessed that, results are obtained that state that the data are normally distributed with the significance value of Asymp. Sig. (2-tailed) of 0.200. That is, the significance value of Asymp. Sig. (2-tailed) of 0.200 which is greater than the established significance of 0.05 (0.200> 0.05) so that it can be known that the data in this study have been normally distributed.

Multicollinearity Test

The multicollinearity test aims to test whether in a regression model there is a significant correlation or relationship between independent variables, where in a good regression model there should be no correlation between independent variables. Multicollinearity will cause the regression coefficient to be small and the regression error standard to be large so that testing the independent variable individually will be insignificant. It is said that multicollinearity does not occur if the tolerance value between independent variables is greater than 0.10 (a > 0.10) and the VIF value is below 10. The results of multicollinearity testing in this study can be seen in the following table:

Table 3 Multicollinearity Test Results

Coefficientsa

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	GRI FS	.668	1.498
	GRI General	.808	1.238
	Pembiayaan Kategori Kegiatan Usaha Berkelanjutan	.726	1.378
	Modal	.613	1.633

a. Dependent Variable: SAHAM

Source: Output Results SPSS 26, 2023

Based on the results of the multicollinearity test that has been carried out, it can be seen that the tolerance value of the independent variable GRI FS is 0.668, GRI General is 0.808, Sustainable Business Activity Category Financing is 0.726, and Capital is 0.613. Meanwhile, the value of variance inflation factors (VIF) in the GRI FS variable is 1,498, GRI General is 1,238, Sustainable Business Activity Category Financing is 1,378, and Capital is 1,633.

From the results of the tests that have been done, the value for tolerance of these variables has a value of more than 0.10 and for a VIF value of less than 10, it can be concluded that in the regression model there is no multicollinearity problem, which means that this regression model is good to use because there is no correlation between each independent variable.

Heteroscedasticity Test

The heteroscedasticity test is performed to test whether in the regression model there is an inequality of variation from the residual one observation to another. A good regression model is one that is homokedasticity or not heteroscedasticity. The heterokesdakcity test in this study was tested with scaterplots. Data does not experience heteroscedasticity if in the scater plot the dots are scattered above and below zero and do not form a certain regular pattern. Heteroscedasticity test on variables Inflation, Interest Rate and Labor Against Investment can be seen in the picture below:

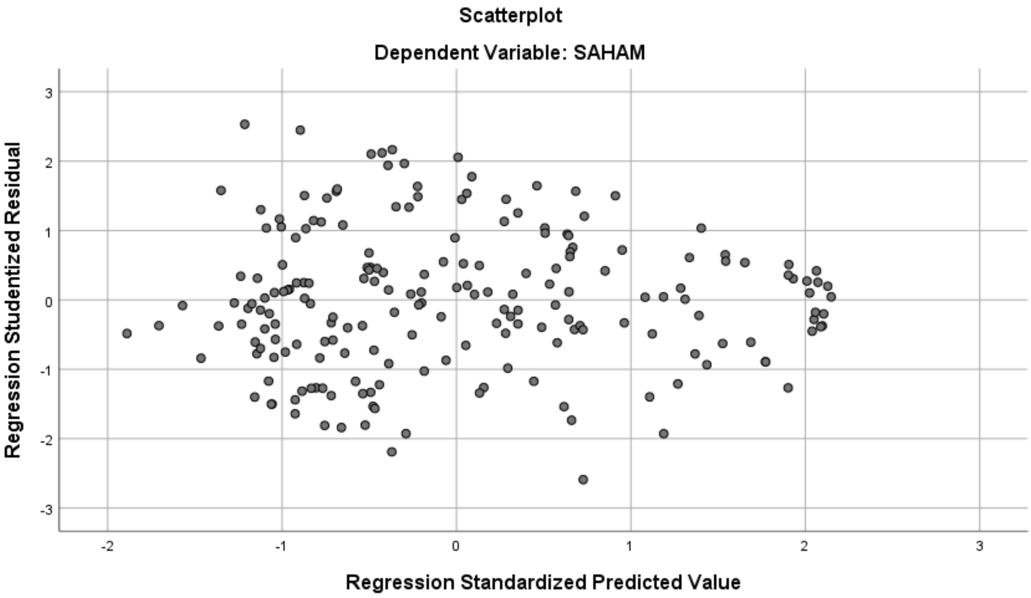

Figure 1 Heteroscedasticity Test
Source: Output Results SPSS 26, 2023

The results of the variable heteroscedasticity test of GRI FS, GRI General, Sustainable Business Activity Category Financing, and core capital on share prices show that the dots are spread above and below zero. The points spread out and do not form a certain regular pattern so it can be concluded that in the regression model heteroscedasticity does not occur. The variables GRI FS, GRI General, Financing for Sustainable Business Activities Category, and core capital to share price show that the dots are spread above and below zero. The points spread out and do not form a certain regular pattern so it can be concluded that in the regression model heteroscedasticity does not occur.

The Automobile

Autocorrelation test is a test conducted to determine whether in a linear regression model there is a correlation between confounding errors in period t with confounding errors in period t-1 (previous). The autucorrelation assumption test aims to test whether in a linear regression model there is a correlation between confounding errors in period t with confounding errors in period t-1. To diagnose the existence of autocorrelation in a regression model, testing is carried out on the Durbin-Watson Test value (Dw Test). In this study, testing the Durbin-Watson Test (Dw Test) value was carried out to determine the presence or absence of autocorrelation in the regression model carried out in order to find accurate results and shown in the following table:

Table 4 Autocorrelation Test Results

Model Summaryb					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.704a	.496	.486	.45540	2.030
a. Predictors: (Constant), Capital, GRI General, Financing for Sustainable Business Activities Category, GRI FS					
b. Dependent Variable: SAHAM					

Source: Output Results SPSS 26, 2023

Based on the output above, it is known that the variables of Profit Management, working capital, financial distress, and inflation against RoA have a DW (Durbin Watson) value of 2,030. Furthermore, we will compare this value with the value of the DW table with a significance of 5%, it is known that the number of data N = 200 and the number of independent variables K = 4 then we get a du value (upper limit) of 1.8094. The DW value of 2.030 is less than the upper bound (du) sure of 1.8094 and the DW value of 2.030 is less than (4 - du) 4-1.8094= 2.1906. So it can be concluded that there is no autocorrelation.

Uji Hypoplant

T Test

The T test is used to determine whether the partially independent variables have a real effect or not on the dependent variable, the degree of significance used is 0.05. If the significance value is less than the degree of confidence, then we accept the alternative hypothesis that an independent variable partially affects the dependent variable. According to the test criteria:

H0 is subtracted when t counts > t table (1.653)

Ha received when t count < table (1.653)

Based on the results of the SPSS 26 test, the results of the T test are in table 4.6 as follows:

Table 6 Test T

Coefficientsa						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.897	.097		19.620	.000
	GRI FS	.841	.169	.309	4.964	.000
	GRI General	-.254	.185	-.078	-1.378	.170
	Pembiayaan Kategori Kegiatan Usaha Berkelanjutan	.021	.018	.069	1.160	.248
	Modal	.278	.037	.485	7.472	.000
a. Dependent Variable: SAHAM						

Data source: Primary data processed (2023)

Based on the results of the statistical test t-test (partial) shows that as follows:

1. The GRI FS variable has a significance value (Sig.) of 0.000 in the Coefficients table with a value of α (degree of significance) 0.05 meaning 0.000<0.05 and a t-count value greater than t table which is 4.964>1.653. This means that GRI FS has a significant positive effect on the stock price.

2. The GRI General variable has a significance value (Sig.) of 0.170 in the Coefficients table a with a value of α (degree of significance) 0.05 meaning 0.170>0.05 and a t-count value smaller than t table which is – (1.378) <1.65833. This means that GRI General has no significant effect on the stock price.
3. The Financing Variable for the Sustainable Business Activities Category has a significance value (Sig.) of 0.248 in the Coefficientsa table with a value of α (degree of significance) of 0.05 meaning 0.248 >0.05 and a t-count value smaller than t table which is 1.160<1.65833. This means that the Financing of the Sustainable Business Activity Category does not have a significant effect on the stock price.

F Test Results

With the help of the Anova table the results of data processing with the SPSS ver 16 program obtained the following data:

Table 7 F Test Results

ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39.809	4	9.952	47.989	.000b
	Residual	40.441	195	.207		
	Total	80.250	199			

a. Dependent Variable: SAHAM
b. Predictors: (Constant), Capital, GRI General, Financing Category Sustainable Business Activities, GRI FS

Data source: Primary data processed (2023)

Based on the table data above, F-count is obtained at 47,989 and sig 0.000. This means that F-count > F-table (47.989 > 2.42) and sig 0.05 (0.000 < 0.05), then the hypothesis is acceptable. In this case, it can be said that the varaibel of GRI FS, GRI General, Sustainable Business Financing Category, and core capital together have a real effect on stock prices, so that the four independent variables can be used to estimate or predict stock price variables.

Results of Coefficient of Determination Analysis (R2)

The coefficient of determination in linear regression is often interpreted as how much the ability of all independent variables to explain variance and its dependent variables. In simple terms, the coefficient of determination is calculated by squaring the correlation coefficient (R), which reflects how much the variation of the dependent variable Y can be explained by the independent variable X. If the value of the coefficient of determination is equal to 0 (R2 = 0), it means that the variation of Y cannot be explained by X at all. Meanwhile, if R2 = 1, it means that the variation of Y as a whole can be expressed by the variable X. The results of the R2 determination test are in the table below:

Table 8 Test Coefficient of Determination

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.704a	.496	.486	.45540	2.030

a. Predictors: (Constant), Modal , GRI General, Pembiayaan Kategori Kegiatan Usaha Berkelanjutan , GRI FS
b. Dependent Variable: SAHAM

Data source: Primary data processed (2023)

Based on table 8 above, the number R2 (R Square) is 0.486. This shows that the percentage of influence of independent variables consisting of GRI FS, GRI General, Sustainable Business Activity Category Financing, and core capital on the dependent variable of stock price is 48.6%. Or the variation of the independent variable used by GRI FS, GRI General, Financing for the Sustainable Business Activities Category, and core capital is able to explain 48.6% of the variation in the dependent variable (stock price). While the remaining 51.4% was influenced or explained by other variables that were not included in this research model.

Discussion

Disclosure of Sustainability Report Disclosure to Stock Price

The GRI FS variable has a significance value (Sig.) of 0.000 in the Coefficientsa table with a value of α (degree of significance) of 0.05 meaning 0.000 <0.05 and a t-count value greater than the table t which is 0.309>1.653. This means that GRI FS has a significant positive effect on the stock price.

The improvement of sustainable financial performance will be able to increase stock prices. According to (Putri, 2020), stock price is the price of a stock that occurs in the stock exchange market at a certain time determined by market participants. The high and low price of these shares is determined by the demand and supply of these shares in the capital market. Stock prices determine shareholder wealth. Maximizing shareholder wealth translates into maximizing a company's share price. The stock price at any one given time will depend on the cash flow expected to be received in the future by the average investor if the investor buys shares (Mulyana et al., 2023).

Almost all banks carry out sustainability reporting in accordance with GRI FS standards, but there are some banking companies that do not provide comprehensive sustainability reports every year. Banks that have fully prepared sustainability reports include Bank Rakyat Indonesia (BRI), Bank Mandiri, Bank Negara Indonesia (BNI), Bank Tabungan Negara (BTN), Bank Central Asia (BCA), Bank Mega, Bank Tabungan Pensiunan Nasional Syariah, and Bank Syariah Indonesia (BSI). On the other hand, a number of banking companies, such as Bank Permata, Maybank Indonesia, Pan Indonesia Bank, Bank OCBC NISP, Bank Sinarmas, Bank Jago, Bank Artha Graha Internasional, Bank IBK Indonesia, Bank Capital Indonesia, Bank Mestika Dharma, Bank Ganesha, Bank China Construction, Bank QNB Indonesia, Bank Woori Saudara Indonesia 1906, Bank Victoria International, Bank Raya Indonesia, Bank Oke Indonesia, Bank Nationalnobu, and Bank Ina Perdana, still do not present comprehensive sustainability reports.

Disclosure of Sustainability Governance to Share Prices

The GRI General variable has a significance value (Sig.) of 0.170 in the Coefficientsa table with a value of α (degree of significance) 0.05 meaning 0.170 >0.05 and a t-count value smaller than t table which is -1.378<1.65833. This means that GRI General has no significant effect on the stock price.

A system consisting of a set of structures, procedures and mechanisms designed for company management based on the principle of accountability that can increase company value in the long term (Yunita, 2022). The corporate governance system leads to a collection of regulations and incentives that management uses to direct and supervise the course of company activities. Therefore, good corporate governance can increase opportunities to increase profits and long-term company value for shareholders (Natalia et al., 2023).

The improvement of sustainable corporate governance will be able to increase stock prices. According to (Putri, 2020), stock price is the price of a stock that occurs in the stock exchange market at a certain time determined by market participants. The high and low price of these shares is determined by the demand and supply of these shares in the capital market. Stock prices determine shareholder wealth. Maximizing shareholder wealth translates into maximizing a company's share price. The stock price at any one given time will depend on the cash flow expected to be received in the future by the average investor if the investor buys shares.

Most banks in Indonesia implement GRI General in their sustainability reports every year. However, some of them have not presented a complete sustainability report. Banks that have presented comprehensive sustainability reports include Bank Rakyat Indonesia (BRI), Bank Mandiri, Bank Negara Indonesia (BNI), Bank Tabungan Negara (BTN), Bank Central Asia (BCA), Bank Mega, Bank Tabungan Pensiunan Nasional Syariah, and Bank Syariah Indonesia (BSI). On the other hand, several banks such as Bank Permata, Maybank Indonesia, Pan Indonesia Bank, Bank OCBC NISP, Bank Sinarmas, Bank Jago, Bank Artha Graha Internasional, Bank IBK Indonesia, Bank Capital Indonesia, Bank Mestika Dharma, Bank Ganesha, Bank China Construction, Bank QNB Indonesia, Bank Woori Saudara Indonesia 1906, Bank Victoria International, Bank Raya Indonesia, Bank Oke Indonesia, Bank Nationalnobu, and Bank Ina Perdana, have not presented a complete sustainability report in each reporting period.

Disclosure of Sustainable Business Activity Category Financing to Share Price

The Financing Variable for the Sustainable Business Activities Category has a significance value (Sig.) of 0.248 in the Coefficientsa table with a value of α (significant degree) of 0.05 meaning 0.248 >0.05 and a t-count value smaller than the table t which is 1.160 < 1.65833. This means that the Financing of the Sustainable Business Activity Category does not have a significant effect on the stock price.

It can be assumed that investors may not have fully included sustainability factors in investment decisions. The complexity of measurement and the lack of universal standards can make it difficult to assess sustainability impacts. Market conditions and industry preferences can also influence the impact. According to Bappenas, the concept of sustainable business is in line with the 17 Sustainable Development Goals to maintain the welfare of society and the environment in a sustainable manner, sustainable economic activities and the creation of governance that is able to maintain the improvement of people's welfare from one generation to the next.

Most banks in Indonesia are involved in Sustainable Business Financing Category, although a number of banking companies' annual sustainability reports are incomplete. Banks that present comprehensive sustainability reports include Bank Rakyat Indonesia (BRI), Bank Mandiri, Bank Negara Indonesia (BNI), Bank Tabungan Negara (BTN), Bank Central Asia (BCA), Bank Mega, Bank Tabungan Pensiunan Nasional Syariah, and Bank Syariah Indonesia (BSI). On the other hand, several banks such as Bank Permata, Maybank Indonesia, Pan Indonesia Bank, Bank OCBC NISP, Bank Sinarmas, Bank Jago, Bank Artha Graha Internasional, Bank IBK Indonesia, Bank Capital Indonesia, Bank Mestika Dharma, Bank Ganesha, Bank China Contruction, Bank QNB Indonesia, Bank Woori Saudara Indonesia 1906, Bank Victoria International, Bank Raya Indonesia, Bank Oke Indonesia, Bank Nationalnobu, and Bank Ina Perdana, presenting an incomplete sustainability report. Improving the quality and completeness of sustainability reports in the banking sector can be a positive step in increasing transparency and accountability of sustainability practices in the industry.

Conclusion

Based on the results of the research conducted, it can be concluded that sustainability financial disclosures have a significant positive effect on the stock prices of banks listed on the Indonesia Stock Exchange. Sustainability governance does not have a significant effect on the share prices of banks listed on the Indonesia Stock Exchange. Financing for the sustainable business activity category does not have a significant effect on the share price of banks listed on the Indonesia Stock Exchange.

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