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The Influence of Bank Environmental Performance and Sustainability Committee on Bank Financial Performance through Green Banking

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Abstract

This research aims to analyze the influence of banks' environmental performance and the existence of sustainability committees on banks' financial performance through green banking in banks that implement green banking in Indonesia and are listed on the Indonesia Stock Exchange (IDX) from 2018-2022. The sampling technique used is purposive sampling with specific criteria, resulting in 65 data samples from 13 banks that meet these criteria. This study employs path analysis to determine the effect of independent variables on dependent variables and the Sobel test to determine the indirect effect of the mediating variable on both the dependent and independent variables, using Eviews 12 software. The results indicate that the variable Banks' Environmental Performance affects Green Banking, while the variable Sustainability Committees do not significantly affect Green Banking. Green banking influences banks' financial performance, and it cannot mediate the effect of environmental performance on banks' financial performance. Additionally, Green Banking cannot mediate the impact of Banks' Sustainability Committees on Banks' Financial Performance.

Keywords: Green Banking, Financial Performance, Environmental Performance, Sustainability Committees.

1. INTRODUCTION

The threat of climate change and global warming is increasingly undermining Earth's sustainability in meeting human needs and well-being (Wahyuni et al., 2022). The growing complexity of environmental issues has made climate change and global warming an international concern that captures collective attention. This is due to the increasingly fierce business or industrial competition, which leads to business practices that neglect the natural environment. Greenhouse gas emissions are considered responsible for disrupting the balance of ecosystems, ultimately resulting in losses in many countries (Widyaningrum, 2020) as cited in (Ria et al., 2023).

To protect the existing environment and ecosystems and reduce the carbon footprint, all sectors are expected to address the impacts of their business activities to achieve sustainable development goals. One such sector is the financial sector, specifically banking (Senja et al., 2022). Banking is a business that significantly contributes to the country's economy. The role of banks is to distribute and store funds in ways that stimulate the community's economy or the business world in general (Anggraini et al., 2020). Banking and the environment are at odds in some respects. Banks are profit-oriented institutions, whereas the environment is a system that does not have financial value. Although banking and the environment are two different worlds, they share a common interest in sustainability. Therefore, commitment and cooperation are needed to achieve these benefits by integrating environmental and social management aspects, which can be reflected in financial reports(Mustofa et al., 2020).

By Bank Indonesia Regulation No. 14/15/PBI/2012 concerning the Assessment of Commercial Bank Asset Quality in 2012 issued by Bank Indonesia, national banks are obliged to consider environmental feasibility factors in evaluating a business's prospects and its impact on the environment (Karyani &Obrien, 2020) as cited in (Senja et al., 2022). Bank Indonesia has issued guidelines regarding environmental aspects to help the involved parties have clear directions and regulations in supporting sustainable development. The implementation of green banking principles is outlined in PBI No. 8/21/PBI/2006 and Bank Indonesia Circular Letter No. 8/22/DPbS, as well as the latest relevant regulations in POJK Number 51/POJK.03/2017 regarding the implementation of sustainable finance for financial service institutions, issuers, and public companies (Nurmalia et al., 2021).

Financial performance variables include Environmental Performance, Sustainability Committees, and Green Banking. Environmental performance refers to a company's ability to care for the surrounding environment (Setyaningsih, 2016). Companies with good environmental and social performance will naturally receive positive responses, such as enhancing their public image and strengthening their brand. A positive image held by the company will garner positive views from stakeholders. This positive response can subsequently improve the company's financial performance by increasing sales or profits and attracting additional capital from investors (Aryanti et al., 2023). Research conducted by Setiadi (2021) indicates that environmental performance positively affects financial performance. However, this finding contrasts with Putra (2017) who states that environmental performance does not significantly affect financial performance.

The Sustainability Committee is responsible for promoting sustainability issues with explicit responsibility for overseeing the social and environmental impacts of the company's activities, reviewing and making recommendations regarding stakeholder proposals related to sustainability issues, and reviewing and assessing the company. Al-Shaer & Zaman (2019). Research by Sri Yuliandhari et al. (2022) shows that the sustainability committee variable simultaneously affects the green banking disclosure variable in conventional commercial banking. However, this finding is inconsistent with Roif Muntaha et al. (2021) research, which states that the sustainability committee does not affect CSR disclosure. Research by Orazalin et al. (2024) indicates that the Sustainability Committee Board is positively related to Market Value , In contrast research by (Rahman et al., 2022) suggests that the sustainability committee does not significantly or positively impact corporate sustainability practices and Financial Performance

Green banking practices are one way for banks to minimize environmental damage. In other words, banks must prioritize environmentally friendly activities in their business operations. The implementation of Green Banking aims to reduce environmental harm and can potentially increase the efficiency of banks operating, thereby enhancing profitability. Banks implementing Green Banking practices will gain a better reputation, ultimately contributing to sustainable financial performance (Mahardika & Fitanto, 2023). The better the green banking program practices implemented by the company, the better the impact on the development of banking company performance (Wrespatiningsih & Mahyuni, 2022). Research on the relationship between green banking and financial performance conducted by Senja et al. (2022) shows that Green Banking influences Bank Performance. The study Wrespatiningsih & Mahyuni (2022) found that green banking practices positively impact the performance of banking companies. The research Asfahaliza & Anggraeni (2022) also stated that the study's results found that green banking practices positively and significantly impact bank profitability in Indonesia. Conversely, according to the research by Putri et al. (2022) it was found that Green Banking does not affect financial performance

Referring to the background above, this research aims to analyze banks' environmental performance and the influence of the Sustainability Committee on financial performance through green banking. The researchers are interested in conducting further research due to inconsistencies in previous research findings. The difference between this research and previous ones lies in using the ISO 14001 indicator, whereas previous studies mainly utilized the PROPER indicator. Additionally, this research proposes a new model where Green Banking serves as a mediating variable.

2. LITERATURE REVIEW

2.1 Teori Stakeholder

Stakeholder Theory states that a company is not an entity that acts solely for its interests but must benefit its stakeholders. Stakeholders are all external and internal parties that can influence or be influenced by the company, directly or indirectly. The company must stay in the role of stakeholders: employees, investors, the surrounding environment, the government, and so on (Wrespatiningsih & Mahyuni, 2022). Donaldson & Preston (1995) as cited in Asfahaliza & Anggraeni (2022) who support this theory, also argue that the stakeholder theory will expand the company's responsibilities, not only focusing on investors but on all stakeholders. The stakeholder theory assumes that the existence of the company requires the support of stakeholders, so the company's activities also consider the approval of stakeholders.

2.2 Environmental Performance and Green Banking

Green banking is a concept that encourages banking businesses to reduce environmental pollution, benefiting the environment (Senja et al., 2022). Companies' responsibility is to create a good atmosphere (Tjahjono,2013) as mentioned in (Sawitri & Setiawan, 2017). Companies with good environmental performance indicate that they have low levels of environmental damage (Aryanti et al., 2023). Research conducted by Tandry et al. (2014) states that environmental performance positively influences CSR disclosure, and according to the study by (Aryanti et al., 2023) environmental performance has a significant positive effect on corporate social responsibility disclosure. However, according to Sukasih & Sugiyanto, (2017) environmental performance does not affect disclosure of corporate social responsibility. Therefore, the hypothesis from the above explanation is:

H1 : Environmental Performance Influences Green Banking

2.3 Sustainability Committee and Green Banking

The task of the sustainability committee is to ensure that activities and decisions are taken to consider their impact on the environment, society, and the economy, as well as oversee the management of the company and the bank's commitment to implementing and disclosing green banking practices (Khamilia & Nor, 2022). According to Sri Yuliandhari et al. (2022) it is shown that the sustainability committee variable simultaneously influences the green banking disclosure variable in conventional commercial banking. However, contrary to the research findings Roif Muntaha et al. (2021) the sustainability committee does not affect CSR disclosure. Therefore, the hypothesis from the above explanation is:

H2 : The Sustainability Committee Influences Green Banking

2.4 Green Banking and Financial Performance

Green banking is a new concept that promotes environmentally friendly practices and reduces the carbon footprint of banking activities. The better the implementation of green banking, the better the banking performance (Nurmalia et al., 2021). Among other things, good financial performance is indicated by profit achievement (profitability) and returns. The ability of a bank to generate maximum profits shows that management can manage the company well (Lugina Kurniawan, 2021). The research results Senja et al. (2022) indicate that Green Banking affects Bank Performance. The study by Wrespatiningsih & Mahyuni, (2022) found that green banking practices positively influence the performance of banking companies. In the research by Asfahaliza & Anggraeni, (2022), it is also stated that the research results found that green banking practices have a positive and significant effect on bank profitability in Indonesia. Conversely, according to the research by Putri et al. (2022) it was found that Green Banking does not affect financial performance. This study measures the green banking variable by the number of ATMs. The number of ATMs has not significantly affected ROA because the number of ATMs will incur high costs, thus reducing the bank's ROA. Therefore, the hypothesis from the above explanation is:

H3 : Green Banking Influences Financial Performance

2.5 Environmental Performance and Financial Performance

Research conducted by Setiadi (2021) suggests that environmental performance has a positive effect on the financial performance of companies. This indicates that investors will positively respond to better environmental performance through fluctuations in the company's stock price, which can enhance the company's financial performance. These results do not align with Putra (2017) who suggests that environmental performance does not significantly affect financial performance. Therefore, the hypothesis from the above explanation is:

H4: Environmental Performance Influences Financial Performance

2.6 Sustainability Committee and Financial Performance

The existence of a sustainability committee, with its knowledge and experience, can support the sustainability of a company and is responsible for the company's sustainability strategy and performance (Risk Check, 2019) as cited in (Khamilia & Nor, 2022). Research by Orazalin et al. (2024) shows that the Sustainability Committee Board is positively related to Market Value, In contrast (Rahman et al., 2022) suggest that the sustainability committee does not significantly or positively impact companies' sustainability practices and financial performance. Therefore, the hypothesis from the above explanation is:

H5: The Sustainability Committee Influences Financial Performance

2.7 Green Banking Mediates the Environmental Performance of Banks on Financial Performance of Banks

The better a company performs in terms of environmental management, the more positively it will impact its financial development in the long term. Environmental performance refers to the efforts made by a company to create a good or green environment. Research by Aldama et al., (2021) illustrates that green banking practices can strengthen the relationship between CSR and a company's performance. However, research by Wrespatiningsih & Mahyuni (2022) states that green banking practices do not enhance the relationship between CSR and a company's performance. Based on this, the following hypothesis can be formulated:

H6: Green Banking Mediates the Environmental Performance of Banks on Financial Performance of Banks

2.8 Green Banking Mediates the Sustainability Committee on the Financial Performance of Banks

Committees are crucial in implementing environmental initiatives and introducing the best sustainability management practices to drive stakeholder engagement, address environmental issues, and improve company outcomes (Luo and Tang, 2021; Peters and Romi, 2014). However, the symbolic legitimacy approach argues that such committees function as impression management tools to protect legitimacy and enhance accountability to stakeholder groups, thus not necessarily mitigating sustainability-related risks (Burke, Hoitash, and Hoitash, 2019; Rodrigue, Magnan, and Cho, 2013) as cited in (Orazalin et al., 2024). Findings by Rahman et al. (2022) show no significant mediation of Corporate Sustainability Practices (CSP) in the relationship between the Sustainability Committee (SC) and Financial Performance.

H7: Green Banking Mediates the Sustainability Committee on the Financial Performance of Banks

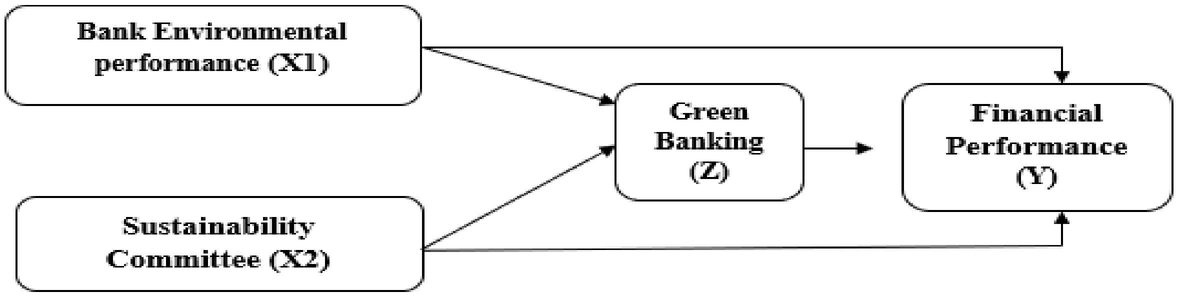

Image 1. Research Model

3 RESEARCH METHOD

This type of research is associative research with a quantitative approach. The research data was obtained from published sources in the form of annual reports of the banking industry listed on the Indonesia Stock Exchange (IDX) and Sustainability Reports received from the websites of the sampled companies. The analysis tool used is Eviews 12 software. The sampling method used in this research is purposive sampling. The sample criteria are bank annual reports for 2018-2022 and banks implementing Green Banking. This research uses path analysis to determine the influence of independent variables on the dependent variable and the Sobel test to determine the indirect impact of the mediation variable on the dependent and independent variables. Data quality testing uses multiple regression analysis formulated as follows:

Substructural Equation I:

Z=a+bBEP+bSC

Substructural Equation II:

Y= a+bBEP+bSC+bGB

Description:

Z = Green Banking
Y = Financial Performance
bBEP = Bank Environmental performance
bSC = Sustainability Committee
bGB = Green Banking

Table 1 Research Variables

No	Variable Name	Measurement Instrument
1	Environmental Performance	ISO (International Standardization Organization) 14001 is an international standard that establishes a structured approach to ensuring the performance of environmental management systems. The standard emerged from several frequently discussed environmental issues (Kamalia et al., 2019)
2	Sustainability Committee	Measured using a dummy scale; if there is a sustainability committee, it is assigned a value of 1. If not, it is assigned a value of 0 (Khamilia & Nor, 2022).
3	Green Banking	GB $\frac{= Jumlah\ Pengungkapan\ GB}{Indikator\ Green\ Coin\ Ratings} x100$ Based on the international journal of Vikas Nath, Nitin Nayak, and Ankit Goel, there are indicators for green banking conceptualized as Green Coin Rating (GCR), which consists of 6 points, Institute of Development and Research in Banking Technology (Nath, N & A, 2014) in (Nurmalia et al., 2021)
4	Financial Performance	Financial performance measurement in this study uses the ROA (Return On Asset) Ratio (Sawitri & Setiawan, 2017)

4 RESULT

The objects of this study are banks in Indonesia that have published annual financial reports from the period of 2018 to 2022, namely Bank Central Asia Tbk, Bank CIMB Niaga Tbk, Bank JTrust Indonesia Tbk, Bank Mandiri Tbk, Bank Maybank Indonesia Tbk, Bank Maybank Indonesia Tbk, Bank Negara Indonesia Tbk, Bank OCBC NISP Tbk, Bank Pembangunan Daerah Jawa Barat dan Banten, Bank Permata Tbk, Bank QNB Indonesia Tbk, Bank Rakyat Indonesia Tbk, Bank Syariah Indonesia Tbk, Bank Tabungan Negara Tbk. The sample was taken using purposive sampling, resulting in 65 data points.

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4.1 Variable Description Table

Tabel 2. Statistik Deskriptif Analisis

	X1	X2	Z	Y
Mean	0.107692	0.400000	0.797428	19720.15
Median	0.000000	0.000000	0.823529	3300.000
Maximum	1.000000	1.000000	0.941177	280000.0
Minimum	0.000000	0.000000	0.421053	-850000.0
Std. Dev.	0.312404	0.493710	0.118109	154024.5

Based on the table above, the descriptive statistics with a sample size of 65 data, the variable of bank environmental performance, has a minimum value of 0.000 and a maximum value of 1.000. The average bank environmental performance among the 65 data points is 0.107, indicating that overall, the bank's environmental performance is quite good. The standard deviation of bank environmental performance is 0.312 (above average), indicating a high level of data variation in bank environmental performance. The variable of the presence of a sustainability committee has a minimum value of 0.000 and a maximum value of 1.000. The average presence of a sustainability committee among the 65 data points is 0.400, indicating that the sustainability committee is functioning well overall. The standard deviation of the sustainability committee is 0.493 (above average), indicating a high level of data variation in the sustainability committee.

The variable of Green Banking has a minimum value of 0.421 and a maximum value of 0.941. The average Green Banking among the 65 data points is 0.797, indicating that Green Banking performed well overall. The standard deviation of Green Banking is 0.118 (above average), indicating a high level of data variation in Green Banking disclosure. The variable of financial performance has a minimum value of -850 and a maximum value of 280. The average financial performance among the 65 data points is 197, indicating that overall, financial performance is fairly good. The standard deviation of financial performance is 154 (above average), indicating a high level of data variation in financial performance disclosure.

4.2 Regression Hypothesis Results

Table 4.2.1 Regression Results Equation I

Dependent Variable: Z
Method: Panel Least Squares

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.781658	0.018463	42.33726	0.0000
X1	0.110613	0.046921	2.357444	0.0216
X2	0.009645	0.029690	0.324855	0.7464

R-squared	0.092483	Mean dependent var	0.797428
Adjusted R-squared	0.063208	S.D. dependent var	0.118109
S.E. of regression	0.114316	Akaike info criterion	-1.454649
Sum squared resid	0.810222	Schwarz criterion	-1.354293
Log likelihood	50.27609	Hannan-Quinn criter.	-1.415052
F-statistic	3.159137	Durbin-Watson stat	0.443879
Prob(F-statistic)	0.049374		

From the path analysis results obtained, the following equation is formulated:

Z=a+bBEP+bSC+ e1

The Regression Test Results indicate that Variable X1 has a t-value of 2.357 with a probability value of 0.021 < 0.05. This suggests that Variable X1 significantly influences Variable Z. However, Variable X2 has a t-value of 0.324 with a probability value of 0.746 > 0.05. This indicates that Variable X2 does not significantly influence Variable Z.

Table 4.2.2 Regression Results Equation II.

Dependent Variable: Y
Method: Panel Least Squares

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-380178.4	128620.5	-2.955816	0.0044
X1	573.9036	62389.18	0.009199	0.9927
X2	423.6418	37851.36	0.011192	0.9911
Z	501195.4	161774.2	3.098117	0.0029

R-squared	0.148092	Mean dependent var	19720.15
Adjusted R-squared	0.106195	S.D. dependent var	154024.5
S.E. of regression	145616.8	Akaike info criterion	26.67491
Sum squared resid	1.29E+12	Schwarz criterion	26.80872
Log likelihood	-862.9345	Hannan-Quinn criter.	26.72770
F-statistic	3.534653	Durbin-Watson stat	1.137756
Prob(F-statistic)	0.019836		

From the results of the path analysis obtained, the following equation is formulated:

Y= a+bBEP+bSC+bGB

The Regression Test Results indicate that Variable X1 has a t-value of 0.009 with a probability value of 0.992 > 0.05. This suggests that Variable X1 does not significantly influence Variable Y. Variable X2 has a t-value of 0.011 with a probability value of 0.991 > 0.05. This indicates that Variable X2 does not substantially influence Variable Y. However, Variable Z has a t-value of 3.098 with a probability value of 0.002 < 0.05. This indicates that Variable Z significantly influences Variable Y.

4.3 Sobel test

The Sobel test is used to determine the indirect effect of the mediating variable on the dependent and independent variables. This test is conducted by calculating the standard error of the coefficient of the indirect impact (S_{ab}) and calculating the t-table value of 1.96. From the calculation results of the Sobel Test, it is found that the obtained t-value is 1.896 < 1.96, which proves that green banking cannot mediate the Bank's Environmental Performance on the Financial Performance of the Bank. Additionally, from the calculation results of the Sobel Test, it is found that the obtained t-value is 0.030 < 1.96, which proves that green banking cannot mediate the Sustainability Committee on the Financial Performance of the Bank.

5 DISCUSSION

5.1 The Influence of Environmental Performance on Green Banking

Based on the results of the t-statistic test, Variable X1 has a t-value of 2.357 with a probability value of 0.02 < 0.05. This indicates that Variable X1 significantly influences Variable Z. The results of this study are consistent with research conducted by Bachtiar & Nainggolan 2023) which states that the implementation of green banking by G-20 countries has a significant positive impact on the environmental performance of banking because many investors are currently interested in investing in companies that comply with regulations related to business sustainability. Additionally, in the current situation, many financial institutions are willing to fund companies that comply with environmental aspects, including in the banking industry. Research conducted by Jatana & Jain (2020) also states that green banking practices significantly impact environmental performance in Nepal and India.

A good work environment and green banking practices can provide significant long-term benefits for companies, including better reputation, higher employee satisfaction, lower risks related to environmental regulations, and potentially greater access to sustainable markets and capital. A supportive and motivating work environment can increase employees' awareness of environmental and sustainability issues. Employees who feel valued and supported are more likely to engage in green banking practices, such as reducing paper consumption or using more environmentally friendly technologies.

The findings of this research are consistent with those Bhardwaj & Malhotra (2013) in an international journal titled "Green Banking Strategies: Sustainability through Corporate Entrepreneurship" which states that pollution prevention is a new concept of environmental entrepreneurship ideas because it is process-based and focuses on cost reduction rather than revenue enhancement. Entrepreneurship has been recognized as a significant channel for sustainable products and processes, and startups are considered a panacea for many social and environmental issues.

5.2 The Influence of the Sustainability Committee on Green Banking

Based on the results, Variable X2 has a t-value of 0.324 with a probability value of 0.746 > 0.05. This indicates that Variable X2 does not significantly influence Variable Z. The presence of a sustainability committee with knowledge may still need to support the company's sustainability. Still, it is responsible for a company's sustainability strategy and performance. The task of the sustainability committee should be to recommend social and environmental approaches in the company's operational activities Velte et al. (2020), as well as oversee the company management and the bank's commitment to implementing and disclosing green banking practices. Some committee members may believe that economic growth and profitability should be prioritized over environmental considerations when carrying out their duties. They may think that sustainable strategies can hinder economic growth or reduce profits.

The research findings Peters & Romi (2013) regarding the positive relationship between the presence of an environmental committee and the disclosure of greenhouse gas emissions are consistent. However, they need to be aligned with the research findings by Roif Muntaha et al. (2021) indicating that the sustainability committee does not affect CSR disclosure.

5.3 The Influence of Green Banking on Financial Performance

Based on the results, Variable Z has a t-value of 3.098 with a probability value of 0.002 < 0.05. This indicates that Variable Z significantly influences Variable Y. The implementation of Green Banking aims to reduce environmental damage and potentially improve banking operations' efficiency, thereby enhancing financial performance (Yadav & Viswanadham, 2016). Through this statement, the implementation of Green Banking is focused on the environment and the sustainability of the bank's performance. Therefore, in bank operations, it is necessary to conduct an impact analysis of potential borrower projects considering environmental factors (Handajani, 2019). By implementing and disclosing Green Banking practices, banks will gain a better reputation, ultimately contributing to sustainable financial performance (Haqqi Lailatul et al., 2021).

Green banking practices, such as using more energy-efficient technology, better waste management, and emission reduction policies, can reduce a company's operational costs. This can enhance profitability by lowering operational expenses related to resource usage and environmental costs. Companies engaged in green banking often develop products and services that support environmental sustainability, such as loans for renewable energy projects or investments in eco-friendly infrastructure. This creates opportunities for new income and portfolio diversification, boosting company revenue.

The findings of this study are consistent with Hanif et al. (2020) , indicating that the implementation of green banking not only has a positive impact on the environment and society but also influences the financial performance of conventional Islamic banks in Indonesia. Furthermore, all green banking indicators align with Islamic perspectives, reinforced by evidence concerning the preservation of nature and the prevention of environmental damage.

5.4 The Influence Of Environmental Performance on Financial Performance

Based on the results, Variable X1 has a calculated t-value of 0.009 with a probability value of 0.992 > 0.05. This indicates that Variable X1 does not significantly affect Variable Y. These findings do not support stakeholder theory, which focuses on encouraging organizations to take actions that consider the long-term interests of stakeholders, not just focusing on shareholders or short-term profits. Managers should enhance financial, social, and environmental performance and ensure the sustainability of their business in the future to provide value to all stakeholders (Agustina & Andayani, 2016). The primary goal of stakeholder theory is to understand and manage the relationship between the organization and these stakeholders and to consider their interests in decision-making

The results of this study are consistent with the research Putra (2017) dan Wulandari & Hidayah (2013) which did not find a significant influence of environmental performance on financial performance. These studies explain that being environmentally friendly has yet to be able to portray good news to the market participants.

5.5 The Influence of the Sustainability Committee on Financial Performance

Based on the results, Variable X2 has a calculated t-value of 0.011 with a probability value of 0.991>0.05. This indicates that variable X2 does not affect variable Y. This is inconsistent with Nur & Priantinah (2012) who stated that corporate social disclosure is successful for companies in negotiating their relationships with their stakeholders. The stakeholder theory provides a basis that is beneficial for its stakeholders. These benefits can include the implementation of corporate social responsibility programs. Corporate social responsibility programs in companies are expected to increase the welfare of employees, customers, and the communities around the company, thereby fostering good relationships between the company and its environment and society. Management in the company is expected to carry out activities according to stakeholders' expectations and report them to stakeholders.

Sustainability audits are also responsible for the environment and society but are not always directly related to financial performance. They typically focus more on non-financial aspects such as environmental impact, social issues, and corporate governance (ESG). Meanwhile, financial performance focuses more on measuring the company's financial health and achieving financial goals.

This study's results align with those Tarigan & Semuel (2014) which divides the dimensions of the sustainability committee into three: economic, environmental, and social. It shows that the economic dimension of the sustainability committee does not affect financial performance, but the environmental and social dimensions do, although their influence is negative.

5.6 The Influence of Environmental Performance on Financial Performance Mediated by Green Banking

From the calculation results of the Sobel Test above, the Z value obtained is 2.368. Therefore, the obtained Z value of 1.896 < 1.96 proves that green banking cannot mediate the Bank's Environmental Performance on the Financial Performance of the Bank. The results of this study do not support stakeholder theory. Companies that allocate workplace environments and green banking can indirectly become determining factors in the company's recognition by stakeholders. Additionally, green banking is now fully considered a responsibility between companies and stakeholders (Rahmadhani et al., 2021)

Although suitable workplace environments and green banking practices are intrinsically positive, their direct impact on a company's financial performance may only sometimes be apparent. Practices such as suitable workplace environments and green banking have long-term effects that are difficult to measure over short periods. While they can help create a stable foundation for long-term growth, their impact may take time to reflect in a company's financial performance. Implementing good workplace environmental practices and green banking often requires significant initial investment. For example, investments in environmentally friendly technology or employee training on green banking practices may require substantial financial resources. These costs may reduce the company's short-term profits, although the long-term benefits may be more significant.

The study's results Tjahjono (2013) indicate that environmental performance does not directly impact firm value, while financial performance significantly influences it. Therefore, environmental performance indirectly influences firm value through financial performance.

5.7 The Influence of Sustainability Committee on Financial Performance Mediated by Green Banking

From the results of the Sobel Test calculation above, the obtained Z value is 0.030. Therefore, the obtained Z value of 0.030 < 1.96 proves that green banking cannot mediate the sustainability committee's effect on the Bank's Financial Performance. The sustainability committee cannot moderate financial performance due to the low awareness of the importance of corporate governance mechanisms in improving the company's finances. Monitoring has yet to influence the quality of corporate social responsibility reporting. The majority of appointments or additions of independent commissioners are only to comply with government regulations, and also the weak role of independent commissioners in advocating for the interests of minority investors.

The practice of green banking has yet to compelled companies to engage in activities that maximize their impact on the environment and avoid environmental pollution. For every business decision, the company still needs to consider its environmental impact. Through these activities, green banking practices have yet to be able to ensure the company's environment remains safe and comfortable. This indirectly affects the sustainability and financial performance of the company in the future (Handajani, 2019)

An influential Sustainable Committee can help develop policies and strategies that support sustainable and environmentally friendly banking practices. These policies may include measuring environmental performance, setting sustainability targets, and guidelines for adopting green banking practices. Thus, the presence of the committee can provide a strong foundation for implementing green banking. The Sustainable Committee monitors the bank's sustainability performance and progress in implementing green banking practices. By conducting careful monitoring, they can identify areas where the bank can improve its sustainability performance and optimize the benefits of green banking. This effective monitoring can then mediate the committee's influence on financial performance.

This study's results are inconsistent with the research conducted by Ratnasari Tria et al. (2021) in which green banking practices positively influence banking financial performance. This means that in this study, green banking has been unable to mediate the sustainable committee's effect on financial performance.

6. CONCLUSION

Based on the analysis of the results and discussions outlined in the previous chapter, the following conclusions can be drawn: (1) Based on the results, the variable of bank environmental performance has a t-value of 3.098 with a probability value of 0.021. This indicates that the bank's environmental performance variable influences the green banking variable. (2) The sustainable committee variable has a t-value of 0.324 with a probability value of 0.746. This shows that the sustainable committee variable affects the green banking variable. (3) The bank environmental performance variable has a t-value of 0.009 with a probability value of 0.992. This indicates that the workplace environmental variable does not affect the financial performance variable. (4) The presence of the sustainable committee variable has a t-value of 0.011 with a probability value of 0.991. This shows that the sustainable committee variable does not affect the financial performance variable. (5)The Green Banking variable has a t-value of 3.098 with a probability value of 0.002. This indicates that the Green Banking variable affects the financial performance variable. (6) The calculation of the Sobel Test above obtained a value of 2.368 for green banking. Therefore, the green banking value obtained is 1.896 < 1.96, proving that green banking cannot mediate the Bank's Environmental Performance on the Bank's Financial Performance. (7)The Sobel Test calculation above obtained a green banking value of 0.030. Therefore, the green banking value obtained is 0.030 < 1.96, proving that green banking cannot mediate the sustainable committee on Bank Financial Performance.

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