ABSTRACT

The rapid development of the banking sector and the complexity of risks faced by banks underscore the importance of implementing Sustainability Reporting (SR) and Enterprise Risk Management (ERM). SR reflects the bank's commitment to environmental and social issues, providing better transparency for stakeholders. On the other hand, ERM assists banks in identifying, measuring, and managing risks effectively. Both aspects are expected to have a positive impact on the bank's financial performance.

This study employs a quantitative method with a descriptive approach. The sampel used are secondary sampel obtained from the annual reports and sustainability reports of banks listed on the Indonesia Stock Exchange (IDX) during the period 2019-2022. Sampel analysis is conducted using IBM SPSS software. The sample consists of 68 banks that meet the specified criteria.

The results show that Sustainability Reporting does not have a significant impact on financial performance, while Enterprise Risk Management has a significant impact on financial performance. This indicates that while SR may not directly influence financial outcomes, ERM plays a crucial role in enhancing the financial performance of banks. The study highlights the critical role of Enterprise Risk Management in improving the financial performance of banks, whereas Sustainability Reporting may require further integration and alignment with financial strategies to demonstrate a measurable impact.

Keywords: Sustainability Reporting, Enterprise Risk Management, Financial Performance, Banking Sector