ABSTRACT

This study examines the impact of environmental disclosure on the financial performance of the banking sector in Indonesia during the period of 2021-2023. Environmental disclosure is evaluated as the independent variable, while financial performance, represented by Return on Assets (ROA) and Return on Equity (ROE), serves as the dependent variable. Control variables, including firm size and leverage, are incorporated to ensure comprehensive analysis.

The study utilizes a quantitative research approach, analyzing secondary data from 31 banks listed on the Indonesia Stock Exchange (IDX) using purposive sampling. A total of 93 observations were recorded over three years. Data analysis is conducted through multiple regression analysis, supported by descriptive statistical analysis and classical assumption tests.

The findings indicate a significant positive relationship between environmental disclosure and financial performance, specifically ROA and ROE, in the Indonesian banking sector. This suggests that transparency in environmental practices contributes to improved financial outcomes, enhancing stakeholder trust and aligning with sustainable development goals.

Keywords: Environmental Disclosure, Financial Performance, Return on Assets (ROA), Return on Equity (ROE), Banking Sector, Sustainability.