

ABSTRACT

This research intends to examine how green loans impact sustainable profitability within banking sector firms, considering institutional ownership as a moderating factor. Green loans are financial support offered by banks and other financial organizations for projects or actions that aid in protecting the environment and reducing the effects of climate change. These projects may include renewable energy initiatives, improving energy efficiency, waste management efforts, and the creation of eco-friendly transportation systems.

This research took place within the banking industry in five countries: Indonesia, Malaysia, Singapore, Thailand, and Germany, during the years 2020 to 2024. The study employs a cross-country analysis methodology with the use of purposive sampling. This study used a total of 106 data points collected from observations from Bloomberg, bank's financials reports as well as sustainability reports. The data were examined through Moderated Regression Analysis (MRA) to explore the connection between green loans and sustainable profitability with institutional ownership as a moderating factor.

The findings of this research show that green loans have a significant and negative impact on sustainable profitability, which is inconsistent with the research hypothesis. Additionally, this research shows that institutional ownership, acting as a moderating factor has a significant positive effect on the relationship between green loans and sustainable profitability.

Keywords: Green Loans, Sustainable Profitability, Institutional Ownership

