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The Effect of Green Banking Disclosure, Non-Performing Loans (NPL), and Profitability on Company Value

(Study of Banking Sub-Sector Companies Listed on the Indonesia Stock Exchange (IDX) for the 2017–2022 period)

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Abstract: Company value reflects the public's assessment of a company's performance, which its share price can measure. The greater the public's trust in the company, the greater the demand for its shares, and vice versa. Companies often face factors affecting company value, such as green banking disclosure, non-performing loans (NPL), and profitability. This study aims to determine the effect of green banking disclosure, non-performing loans (NPL), and profitability on company value. This research was conducted at banking sub-sector companies listed on the Indonesia Stock Exchange (IDX) for 2017–2022. The number of samples used in this study was 35 companies with 150 observations, and a purposive sampling method was used. The data in this study were tested using multiple regression analysis. The results of this study show that green banking disclosure and non-performing loans (NPL) do not affect company value. Profitability affects the value of the company

Keywords: Green Banking Disclosure, Non-Performing Loans, Profitability, Company Value.

1. Introduction

Company value is how investors view a business, which often associates itself with stock prices. The importance of company value growth is underlined by the fact that when company value increases, employee welfare also increases. The company's value is illustrated by a stable and increasing share price. When a company's value rises, so does its stock price. The management team will consult creatively to increase the productivity of the company. Managers must have the necessary skills and be able to see opportunities to maximize company productivity. Businesses with high levels of employee productivity will experience an increase in stock prices. Because the price on the stock market is a reflection of the price of a company's stock, the price of a company's stock fluctuates between buyers and sellers when a transaction occurs.

Company value also reflects the public's assessment of a company's performance, which its stock price can measure. The greater the public's trust in the company, the greater the demand for its shares, and vice versa. Corporate value is influenced by information relating to the company's core business. One example is forest and land fires (forest fires) to open oil palm plantations, according to news and information from the UGM Faculty of Forestry. The high demand for palm oil makes clearing forest land for oil palm plantations extensive. Large-scale clearing of oil palm plantations is also a multidimensional problem because it involves investors who may need to be more concerned about environmental impacts, permissive policymakers, and the economic conditions of the people who need livelihoods.

Even though the forest fires only directly affected the stock prices of the agricultural sector, several banks were also considered involved because they financed palm oil-producing companies (Financial Services Authority, 2019). The value of bank shares is not affected by forest fires. However, the existence of statements of bank involvement in environmental damage indicates that banks cannot simply ignore their customers' business activities or their customers' goals when applying for credit or loans. Until now, the relationship between banks and the environment has not been the main focus because bank activities do not cause significant environmental damage. Along with the growing public awareness of the environment, the value of banking companies may also be affected by the environmental impact of company operations.

Company value is influenced by various factors, including stakeholder perceptions of the company or company reputation (Sahi & Pahuja, 2020). The company's reputation is related to current issues related to the company, including environmental issues. The bank operates in the service sector, so its operational activities do not cause significant environmental damage. However, the bank manages financing in such a way that if it finances a project that is not environmentally friendly, then its reputation will be threatened because the bank is considered to have participated in launching the project even though it has no direct role (Zhixia et al., 2018).

The concept of green banking emerged to overcome environmental damage and improve bank operations in the economy. Banks carry out business activities that support environmental preservation efforts and issue banking products such as investments in companies or sustainable and socially responsible projects. The implementation of green banking must be disclosed in reports prepared according to specific standards to avoid information asymmetry among stakeholders and make it easier for stakeholders to evaluate bank performance in environmental preservation. Several countries, including Indonesia, have implemented green banking and strengthened it with specific standards. Guidelines for implementing green banking in Indonesia are contained in the Sustainable Finance Roadmap issued by the Financial Services Authority (Oyegunle & Weber, 2015).

Environmental issues must be a significant concern because environmental damage is increasing annually, so green banking disclosure alone is not enough to determine a bank's reputation. The bank is a complex entity, so many other contextual factors also affect the bank's reputation. Several contextual factors influence the effect of green banking disclosure on company value. One factor that affects a bank's value is non-performing loans (NPL).

According to Kasmir (2016), a non-performing loan (NPL) is a ratio that measures a bank's ability to cover the risk of the borrower's failure to repay the loan. Non-performing loans reflect credit risk; the lower the NPL, the lower the credit risk borne by the bank. During the COVID-19 pandemic, NPL has become even more important to study because the pandemic has created a multidimensional crisis, especially in the financial sector. The Policy on Enforcing Restrictions on Community Activities (PPKM) resulted in a decline in the performance of several entities and people's purchasing power. So some customers experience difficulty paying loans, and the ratio of non-performing loans to banks increases (Financial Services Authority, 2021). This ratio compares the number of non-performing loans, including substandard, doubtful, and loss loans, to total loans. As of May 2021, NPLs in banking have reached 3.35% and are close to the threshold set by Bank Indonesia, which is 5%. High NPLs can lead to a decrease in bank profits and indirectly hinder banks from implementing various innovations in green banking.

There has not been much research on the disclosure of green banking because the concept of green banking is not well known in Indonesia, but the forest fire disaster that occurred provides a new view that the role of banks now is to participate in overcoming environmental damage by controlling the operational activities of sectors. Corporate value cannot be separated from NPL because one of the main functions of a bank is channeling funds, so refunds are a source of income that affects bank profits as a whole.

Another factor that affects the value of the company is profitability. *Profitability* is the income used to finance profitable investments. Profitability can also be interpreted as supervision and management performance in managing the company. Companies with high profits allow the use of retained earnings as a source of corporate funding and use low amounts of debt, and vice versa. Profitability is essential for companies to maintain business continuity in the long term because profitability shows whether the company has good future prospects. Profitability is one of the main attractions for business owners (shareholders), because profitability is achieved by managing the funds shareholders invest. Profitability also reflects their right to profit sharing, which is their right, namely how much funds are reinvested and how much funds are paid as cash dividends or stock dividends to shareholders (Jusriaini & Rahardjo, 2013).

This research is a development of previous research. The difference between this study and previous studies lies in the variables and indicators of green banking disclosure used. This study uses reporting items on environmental aspects according to the GRI standard to assess the level of disclosure of green banking and environmental regulations that apply in Indonesia. The object of this research is banks in Indonesia that publish sustainability reports in the 2017–2022 period. Based on these differences, this study will provide empirical findings different from previous studies.

2. Literature Review and Hypothesis

2.1 Market Efficiency Theory

Market efficiency theory is a theory that discusses the price or value of securities in a way that fully reflects the available information. More broadly, market efficiency relates to the price or value of securities with information, namely how the market responds to available information and to what extent this information can affect new stock price movements. The relationship between efficient markets and information refers to the availability of information about the price or value of securities that reflects all available data easily and quickly. Market efficiency has a form that can be viewed in terms of the availability of information, or it can be called market efficiency in terms of information. This theory is related to how information can be used to assess an efficient market.

Another expression states that in an efficient market, the price of an asset or security wholly and quickly reflects the available information about that asset or security. In studying the concept of an efficient market, our attention is focused on the extent and how fast this information can affect the market in the form of changes in security prices. Jones (1998) states that current security prices reflect two types of information: information that is already known and information that still requires guesswork. General information includes two types of information: past information, current information, and events that have been reported but are still occurring. An example of information that still requires guesswork is when many investors believe that interest rates will fall soon. Prices will reflect that belief before the actual decline. Then, according to Beaver (1989), market efficiency is measured by how much the security price differs from its intrinsic value. Whether or not the market is efficient also affects investors implementation of their investment strategy. If the market is efficient at that time, the performance of index mutual funds is more substantial than that of stock mutual funds.

2.2 Signalling Theory

Spence (1973) proposed this theory, explaining that the owner of the information can offer a signal in the form of information as a reflection of a company's situation that is helpful to investors. The signaling hypothesis, according to Yasar et al. (2020), can explain managerial behaviors as well as investors' objectives for the company. Information is seen as critical in determining whether or not to invest in the company. To avoid asymmetric information between investors and firms, company signals are required.

Two types of signals are provided by the company, namely direct and indirect signals. *Direct signals* are signals sent by parties who claim to be able to provide information of a certain quality, for example, company management. While the indirect signal is a signal from a third party that supports the truth of the direct signal. Investors will use the signals about the company to create perceptions of the company and make decisions.

Information regarding the company's financial performance is a material consideration for investors. The company's non-financial performance is also an added value for investors to pay attention to. If the company provides information that can provide added value, then the published information is considered good news and is expected to increase the company's value. This information is contained in the company's annual report and the sustainability report, which reveal the company's performance and responsibility toward economic, social, and environmental aspects.

2.3 Stakeholder Theory

A group that has an interest in and relates directly or indirectly to or has a connection with the activities of a company is called a stakeholder. Therefore, this group can influence or be influenced by the company. Company stakeholders include employees, society, the government, investors, and competing companies. Of course, good relations between companies and stakeholders must be maintained because stakeholders can influence the availability of resources needed to support the company's operational activities. In addition, when there is a balance between interests and requests from various stakeholder groups, the company's goals can be achieved.

There are two concepts in the development of stakeholder theory: the policy model and business planning, and the corporate social responsibility model of stakeholder management. Companies must pay attention to their social responsibility to shareholders and stakeholders in the environment where the company is located, and because of that, the stakeholder theory emerged. Stakeholder theory also provides an understanding of how companies can increase corporate value through operational activities that can be carried out while minimizing the impact of losses for parties with an interest in the company. For banks, disclosing information about green banking practices is one way to fulfill the wishes of company stakeholders. Disclosure of green banking information will increase stakeholder confidence and the company's value.

2.4 Company Value

Corporate value is a condition that a company can achieve as an illustration of public trust in the company during its business activities from its founding to the present. A company's value that increases significantly can mean that the company's management is going well. This indicates that the performance achieved by the company is good enough that the company's goals can be achieved. For a company offering or selling shares to the public, its value is often associated with its share price. When a company's stock price is high, its value is also high. This indicates that a high corporate value means the company's goals are achieved and can improve shareholders' welfare. Given this, investors and potential investors will have more confidence in companies with a high corporate value that reflects good company performance and prospects, so investors will remain willing to invest more in the company. In assessing a company's value, one can use the market ratio by comparing the market value with the company's book value. Several market ratios can be used to assess a company: price-to-book value (PBV), market-to-book ratio, and Tobin's Q ratio.

2.5 Green Banking Disclosure

According to Schultz (2010), green banking is an environmentally friendly practice and an effort to reduce carbon emissions from banking operations. The practice of green banking by banks is also considered a form of banking response to issues regarding environmental problems. Banking began to implement green banking practices because, previously, banks also contributed to causing environmental damage, even though it was not directly visible. This caused banking to pay less attention to these causes. To achieve this goal, banks must innovate in technology, behavior, and management innovation in banking operational activities.

Items regarding green banking consist of several essential points that banks apply in running their businesses to impact the environment positively. Items regarding green banking make it easier for investors to analyze the enormous contribution and impact of bank activities and policies on the environment. The more green banking items disclosed indicate that the bank is open.

Based on market efficiency theory, companies will always try to convince the community as a stakeholder to support and recognize their operational activities. Thus, the broader disclosure of green banking will have a more decisive influence on company value because if investors know the complete available information, it will make them invest in companies and increase a company's stock and market prices.

The above explanation is in line with previous research conducted by Winarto et al. (2021), which shows that green banking disclosure affects company value at Islamic Commercial Banks listed on the IDX in 2017–2020. Furthermore, research by Nurzanah and Aisyah (2022) shows that green banking disclosure affects company value at registered banking companies on the Indonesia Stock Exchange (IDX) for the 2015–2019 period. Then the hypothesis proposed in this study is as follows:

H1: Green Banking Disclosure Affects Company Value.

2.6 Non-Performing Loans (NPL)

A non-performing loan (NPL) measures a bank's ability to protect the risk of failure of credit repayments by debtors. The NPL ratio compares total non-performing loans, including bad, substandard, and doubtful loans, to total loans. The bank's health can be disrupted if there are problem loans, so it can give a bad rating to banks with high NPLs. NPL shows credit risk; the smaller the NPL, the smaller the credit risk borne by the bank, so that the company's value will increase. Conversely, if the NPL value is higher, the company's value will decrease (Yulianti et al., 2015). With an increase in NPL, more management is needed to reduce the NPL value (Setyawan et al., 2017).

Based on market efficiency theory, companies will always try to convince the community as a stakeholder to support and recognize their operational activities. Thus, a lower non-performing loan (NPL) will have a more decisive influence on company value. Increased company value makes the bank attractive to many investors. If many investors invest capital, the share price will increase as well as the market price. The above explanation is in line with previous research conducted by Anisa and Suryandari (2021), showing that non-performing loans (NPL) affect company value at commercial banks listed on the Indonesia Stock Exchange for the 2017–2019 period.

Furthermore, Muzaki's (2022) research shows that non-performing loans (NPL) affect company value. NPL also affects bank profits, so a low NPL level is needed so that banks can maximize the profits they generate and carry out various innovations to increase company value. Then the hypothesis proposed in this study is as follows:

H2: Non-Performing Loans (NPL) Affect Company Value.

2.7 Profitability

According to the signal theory, having greater knowledge about the firm will encourage the corporation to provide better information about the company to possible investors. The stronger the company's profitability growth, the better the company's performance, and the better the company's future prospects. Of course, investors will consider the company's value to be reasonable.

According to Sartono (1997) in Septia (2015), profitability is the company's ability to earn profits concerning sales, total assets, and own capital. Profitability can also be interpreted as a company's ability to generate profits within a certain period of time. The profitability ratio will describe the level of effectiveness of managing a company. A company's higher profitability can provide a positive signal to investors that the company is in good condition and profitable. The higher and better the company's profitability growth shows that its performance is considered good, the better it will be. This happens because the amount of profitability is influenced by the amount of profit generated by the company, and the greater the profit, the greater the possibility for the company to distribute dividends. Of course, this can attract investors to own these shares. High stock demand will make the stock price high so that the high stock price can increase the company's value.

According to market efficiency theory, businesses will always endeavor to persuade the community as a stakeholder to support and recognize their operational operations. Profitability is one of the factors that investors examine while investing, therefore increased profitability will have a more significant influence on business value. If a large number of investors invest capital, the stock price and market price will both rise.

Previous research was conducted by Adelia (2021), which examined the effects of managerial ownership, institutional ownership, liquidity, growth opportunity, and profitability on company value in manufacturing companies in the food and beverage subsector listed on the Indonesia Stock Exchange (IDX) in 2016–2019. The results of profitability affect the value of the company. Furthermore, research conducted by Nadhiyah and Fitria (2021) shows that profitability affects company value in companies listed on the Indonesia Stock Exchange for the 2016–2019 period. Then the hypothesis proposed in this study is:

H3: Profitability affects company value.

3. Methodology and Procedure

3.1 Population and Sample

The data used in this research is secondary data obtained through the Indonesia Stock Exchange (IDX). This study uses a population obtained from the financial reports of banking sub-sector companies consistently listed on the Indonesian Stock Exchange (IDX) in 2017–2022. The retrieval of research sample data was obtained by the purposive sampling method. The criteria for sampling to be examined are as follows:

Table 1: Research Sample Criteria

No.	Information	2017	2018	2019	2020	2021	2022	Total
1	Banking sector companies listed on the IDX and issuing annual reports or sustainability reports	47	47	47	47	47	16	251
2	Companies that do not use the rupiah currency	(1)	(1)	(1)	(1)	(1)	(0)	(5)
3	Companies that experience losses	(7)	(7)	(5)	(7)	(5)	(32)	(63)
	The number of companies that are in the research sample for 2017–2022	32	35	35	35	32	14	183
	Total Outlier	(3)	(5)	(7)	(7)	(8)	(3)	(33)
	Amount Sample	29	30	28	28	24	11	150

Source: Data Analysis Results, 2023

The number of banking companies registered on the Indonesian Stock Exchange (IDX) and issuing annual reports or sustainability reports during the 2017–2022 period is 251. Of the 251 data points on these banking companies, five do not use the rupiah currency, and 63 suffer a loss. So that the total observations that were used as research samples were 183 company data points. Furthermore, the outlier data are 33 company data points. The final sample size is 150 companies' data.

Table 2: Research Measurement Indicators

Variable	Indicator	Source
Company Value	$\text{Company Value} = \frac{MVE+D}{TA}$	Afifah et al. (2021)
Green Banking Disclosure	$\text{GBD}_a = \frac{\sum Disclosed\ Items\ A}{21}$	Sekaran & Bougie (2016)
Non-Performing Loans	$\text{NPL} = \frac{Total\ Problem\ Loans}{Total\ Loans}\ x\ 100\%$	Harrison (2020)
Profitability	$\text{Profitability} = \frac{\sum Income\ after\ Tax}{\sum Total\ Assets}$	Kasmir (2016)

In Table 2, it is explained that the dependent variable in this study is company value, while the independent variables are green banking disclosure, non-performing loans (NPL), and profitability.

3.2 Data Analysis Method

This study uses multiple regression analysis methods. Multiple linear regression analysis was used to determine the significance of the effect of green banking disclosure, non-performing loans (NPL), and profitability on company value. The regression equation model used to test the hypothesis is as follows:

$$\mathbf{NP = \alpha + \beta_1 GBD + \beta_2 NPL + \beta_3 PRO + \varepsilon}$$

4. Results and Discussion

4.1 Descriptive Statistical Analysis

Descriptive statistics are carried out to recognize patterns in several types of data, summarize the data, and present the information in the desired form. The independent variables used in this study consist of three variables: green banking disclosure, non-performing loans (NPL), and profitability. The dependent variable is company value in banking companies for the 2017–2022 period. Based on the data obtained from each banking company's annual report and sustainability report as a research sample, each piece of data can be described as follows:

Table 3: Results of Descriptive Statistical Analysis

Variable	N	Minimum	Maximum	Mean	Std. Dev
een Banking Disclosure	150	0,000	0,857	0,63238	0,153599
n-Performing Loans	150	0,000	16,149	3,06910	2,436225
fitability	150	0,001	9,099	1,21581	1,179106
mpany Value	150	0,779	2,287	1,06449	1,195264
Valid N (listwise)	150				

Source: Data Analysis Results, 2023

Based on Table 3, the results of the descriptive statistical test show that green banking disclosure (GBD), with a minimum value of green banking disclosure of 0,000, is the green banking disclosure value of Bank of India Indonesia Tbk (BSWD) in 2018 and 2019. The maximum value of green banking disclosure is 0,857, which is the value of green banking disclosure at Bank Tabungan Negara Tbk (BBTN) in 2017 and 2022, Bank Mandiri Tbk (BMRI) in 2018, 2019, and 2020, Bank Negara Indonesia Tbk (BBNI) in 2018, 2019 and 2020, and Bank Central Asia Tbk in 2022. The mean value is 0,63238, and the standard deviation value is 0,153599. For the standard deviation, the value is smaller than the mean value.

Based on Table 3, the results of the descriptive statistical test show that a non-performing loan (NPL), with a minimum value of a non-performing loan of 0,000, is the value of a non-performing loan from Bank Maspion Indonesia Tbk (BMAS) in 2018, 2019, and 2020, Bank Capital Indonesia Tbk (BACA) in 2020. The maximum value of a non-performing loan is 16,149, which is the value of a non-performing loan at Bank Permata Tbk (BNLI) in 2019. The mean value is 3,06910, and the standard deviation value is 2,436225.

Based on Table 3, the results of the descriptive statistical test show that the profitability data obtained a minimum value of 0,001 which is the profitability value of Bank Maspion Indonesia Tbk (BMAS) in 2019. The maximum profitability value is 9,099, which is the profitability value at bank BTPN Syariah Tbk (BTPS) in 2019. The average profitability value in banking companies during 2017-2022 is 1,21581, which means that the company can generate profit after tax at 121,581% of total assets. Every one rupiah of total assets can contribute profit after tax of 1,21581 rupiah. The standard deviation value is 1,179106.

Based on Table 3, the results of the descriptive statistical test show that the minimum value of the company value is 0,779 or 77,9%, which is the company value of Bank Panin Dubai Syariah Tbk (PNBS) in 2021. The maximum value of the company value is 2,287 or 228,7% which is the company value of Bank BTPN Syariah Tbk (BTPS) in 2019. The company's mean (average) value is 1,06449, and the standard deviation is 1,195264.

Discussion

Before testing linear regression, the data must pass the classical assumption test. In this study, the significance value of the normality test was 0,153, which means that the data in this study were usually distributed. For the multicollinearity test, the tolerance value for each variable is 0,973-0,975-0,971, and for the VIF value is 1,028-1,026-1,030, which means that each variable is free from multicollinearity. For the heteroscedasticity test, the significant value of each variable is 0,536-0,503-0,132, which means that each variable is independent of heteroscedasticity. For the autocorrelation test, the significance value of the run test is 0,743, which means that each variable is independent of autocorrelation. The results of multiple linear regression tests were carried out using the IBM SPSS 26 program described in the table below.

Table 4: Results of Multiple Linear Regression Analysis

Variable	Regression Coefisient	T-count	Sig.	Information
Constant	1,033	17,083	0,000	
Green Banking Disclosure	-0,141	-1,643	0,102	H_1 Rejected
Non-Performing Loans	0,000	0,077	0,938	H_2 Rejected
Profitability	0,099	8,789	0,000	H_3 Accepted
R^2 = 0,349 Adjusted R^2 = 0,336			F-count = 26,100 Sig. = 0,000	

Source: Output SPSS, 2023

Based on the results of the linear regression test in Table 4, it is known that the value of the adjusted R square is 0,336 or 33,6%. These results indicate that the independent variables, namely green banking disclosure, non-performing loans, and profitability, can explain the variation in the dependent variable, namely company value of 0,336 or 33,6%. In comparison, the remaining 0,664 or 66,4% is explained by other variables not included in this research. The simultaneous F test results show a significance value of 0,000. The significance value produced by the F test is less than 0,05, so it can be concluded that the multiple regression model meets the requirements and is a fit regression model.

The green banking disclosure variable has a t-test significance value of 0,102, meaning more than 0,05 or 5%. Thus, **H1 is rejected**, meaning that green banking disclosure does not affect company value. This result is because banking companies that have disclosed green banking indicators by disclosing 21 green banking items such as green financing, paperless, utilization of information technology (internet banking, phone banking, sms banking) as well as commitments and environmentally friendly banking policies have not experienced a significant increase or decrease on the value of the company. Green banking disclosure does not affect company value. It can also be caused by a need for more information about green banking in Indonesia, causing investors in Indonesia not to make green banking an aspect of making decisions to invest in stocks. The absence of clear rules regarding green banking or the absence of socialization regarding the importance of green banking by the government usually causes this. This research is consistent with Tiara and Jayanti (2022), which shows that green banking disclosure does not affect company value.

The non-performing loan variable has a t-test significance value of 0,938, which means more than 0,05 or 5%. Thus it can be concluded that **H2 is rejected**, meaning that non-performing loans do not affect company value. This result is because banking non-performing loans (NPL) in Indonesia are supervised by Bank Indonesia; if a bank exceeds the specified level of non-performing loans (below 5%), the bank cannot provide loans in the form of credit, which is the primary source of income for a bank. This can also happen because Indonesia's average level of non-performing loan (NPL) ratio is still low at 1,84%, so investors pay less attention to non-performing loan (NPL) variables as an indicator in assessing a company. Based on the results of the research and analysis carried out, the right strategy for issuers, especially banking companies, is to maintain the ratio of non-performing loans (NPL) to comply with Bank Indonesia regulations and to be around the national banking non-performing loan (NPL) average by carrying out management risk. The risk management program that can be implemented is freezing lending by a bank branch if the branch's non-performing loan (NPL) has reached a limit that is still classified as healthy according to BI regulations. The level of non-performing loans (NPL) is influenced by the culture of a region, making it easier to distribute loans to avoid exceeding bank non-performing loans (NPL). Maintaining the NPL level can also be done by improving the quality of the selection of credit, taking into account the indicators of the selection of credit for debtors. This research is consistent with Horisson's (2020) research, which shows that non-performing loans (NPL) do not affect company value.

The profitability variable has a t-test significance value of 0,000, which means less than 0,05 or 5%. Thus, **H3 is accepted**, meaning that profitability affects company value. This result is because an increase in company profitability will signal investors and shareholders that the company is in good condition, so investors will respond by buying company shares, which will increase the company's value. These results support the signal theory, in which companies that can generate stable profits or increase profitability are directly related to the company's net profit as the company generates these profits to increase the company's value. Companies need to pay attention to the company's profitability when the company wants to increase the value of the company. The higher the profitability obtained, the company's value will increase and provide a positive direction. Profitability is considered essential for a company because profitability indicates the company's performance during the year; besides that, high profitability will attract investors to invest in the company. Profitability is an essential element in assessing a company's success in managing the company's financial performance, so this success impacts the company's welfare for employees and provides an image for the company. The profit obtained is used to carry out operational or non-operational activities, such as increasing company performance to contribute much to the surrounding environment. The results of this study align with the research of Berlianban et al. (2020), which shows that profitability affects company value.

5. Conclusion

This study examines the effect of green banking disclosure, non-performing loans (NPL), and profitability on firm value. This research was conducted at banking sub-sector companies listed on the Indonesia Stock Exchange (IDX) for 2017-2022. Based on the results of the tests carried out, it can be concluded that:

1. Green banking disclosure does not significantly affect company value, so H_1, which states that green banking disclosure affects company value, is not proven true.
2. Non-performing loans do not significantly affect firm value, so H_2, which states that non-performing loans affect company value, is not proven true.
3. Profitability significantly affects firm value, so H_3, which states that profitability affects company value, is proven true.

Based on the results of the discussion, the suggestions that can be given are:

1. Develop green banking disclosure indicators, for example, disclosure of emissions generated.
2. Adding non-financial factors or phenomena, such as a pandemic, as independent variables.
3. The study uses independent variables, namely green banking disclosure, non-performing loans, and profitability, to determine the effect on firm value. It is hoped that the researcher for further research can use and add other independent variables such as company size and loan to deposit.

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