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Gender Diversity: Green Banking and Financial Performance

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Abstract
Unbalanced industrialization has damaged the environment and resulted in natural and industrial disasters. Environmentally conscious banking has become a target for investors, leading to increased financial performance. The aim of this research is to examine the effect of green banking on financial performance, moderated by gender diversity. This study employs a quantitative approach. The population consists of 12 sharia banks in Indonesia from 2017 to 2023. The research sample includes 72 companies, using a saturated sampling technique. The data is secondary, sourced from the annual reports of sharia banks. Data analysis was conducted using SEM-PLS, processed with WarpPLS 7.0. The results indicate that green banking has a significant positive effect on financial performance. Additionally, gender diversity moderates the effect of green banking on financial performance. These findings emphasize the importance of integrating green banking practices and gender diversity to improve the financial performance of sharia banking. This research contributes to the development of sustainable banking strategies and highlights the relevance of gender diversity in creating added value for Sharia financial institutions.

Keywords
Financial performance, gender diversity, green banking.

INTRODUCTION

The demand for ethical corporate behavior today emphasizes environmental concern alongside profit achievement to maintain long-term sustainability (Diah et al., 2019). Environmental issues have remained a hot topic for many circles in recent years. Various environmental problems, such as energy resource degradation, climate change, deforestation, and massive exploitation of natural resources caused by human activities, have further contributed to the decline in the quality of environmental resources.(Millenia et al., 2024).

The banking sector is one of the main sources of financing for the development of various industries in Indonesia (Sahetapy et al., 2018). The banking sector has contributed IDR 262 trillion or USD 19 billion in loans and guarantees to companies involved in forest fire cases throughout 2019-2020 (Rosmayanti, 2020). This phenomenon illustrates the inability of banks to identify and mitigate environmental and social risks within their sustainable management strategies to enhance financial performance (Khamilia & Nor, 2022).

One factor that can improve financial performance is green banking (Fajriah et al., 2023). Green banking is a comprehensive support from the financial services industry for sustainable growth, resulting from the alignment of economic, social, and environmental interests (OJK, 2021). The implementation of green banking is reinforced by POJK Number 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies, which relates to climate change and encourages the adoption of green banking and sustainable economic growth (Winarto et al., 2021). Sharia banks have not yet fully disclosed and implemented green banking practices (Febriyane et al., 2023). This fact aligns with Indonesia's ranking as the 26th most polluted country in the world according to the Air Quality Index Report (IQAir). On the other hand, Sharia banks have yet to achieve optimal performance, as seen in Figure 1.

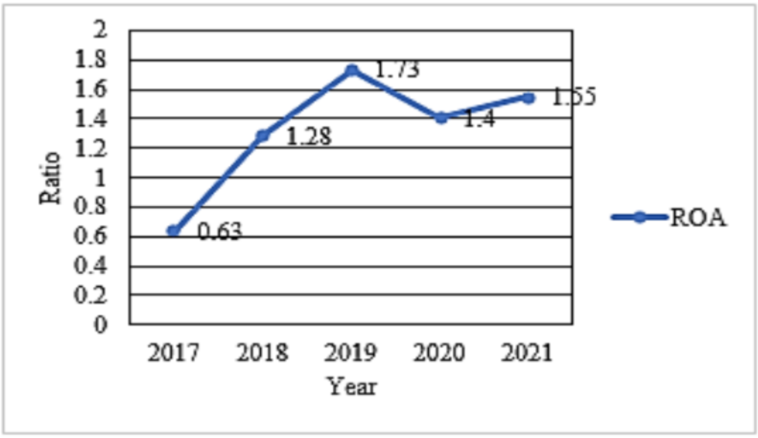


Figure 1. Development of Financial Performance from 2017 to 2022

Freeman, (1984) states that stakeholder theory reveals that companies must disclose their responsibilities regarding environmental actions. Companies are held accountable by stakeholders, as they play a crucial role in the company's interests (Prena, (2021). Financial performance is an important indicator for investors to measure a company's success. Investors expect returns on their investments, which can be achieved if the company is able to deliver good performance (Yuniarti et al, 2022). Stakeholders have the ability to control and influence the company because shareholders have rights over the actions taken by the company's management; therefore, stakeholders also have rights concerning the company (Suryani & Mariani, 2018). Khaer & Anwar, (2022), the research findings show that green banking can enhance banks' financial performance. This proves that banks with environmental concerns attract investors that leads the improvement of financial performance (Lapinskienė & Danilevičienė, 2023).

However, these findings contradict the Siahaan et al. (2021) who revealed that green banking has a negative and insignificant effect on financial performance due to the high costs incurred by banks in implementing green banking (Tandukar et al., 2021). The inconsistency in previous studies motivated this research to add a moderating or mediating variable (Surya et al., 2023). The moderating variable in this study is gender diversity. Gender diversity in Indonesia is an interesting issue to explore, as the presence of women on corporate boards can improve company performance (Maghfiroh & Utomo, 2019; Rahmanto & Dara, 2020; Juliana & Yanto, 2021; Joevanty & Suzan, 2022; Yuniarti et al., 2023). The role of women in the board of directors and commissioners has a positive influence on improving company performance. This is because women tend to be more cautious in decision-making compared to men, avoiding high risks and preferring safer, and lower-risk options for the company (Handayani & Panjaitan, 2019; Juliana & Yanto, 2021; Mustahidda & Wahyono, 2022; Sari & Widiatmoko, 2023; Sejati et al., 2020).

Research on green banking and its impact on financial performance is still relatively limited, although this topic has received increasing attention in recent years. Most of the existing studies focus more on the sustainability and corporate image aspects, but not enough to comprehensively address the direct relationship between green banking implementation and measurable financial performance, both in the short and long term. Green banking can have a positive impact in terms of improving corporate image, attracting investors who care about sustainability, and increasing long-term cost efficiency through environmentally friendly initiatives (Ali et al., 2021). López & García, (2019) which states that banks that focus on sustainability tend to have a better reputation, which in turn can increase their attractiveness in the market and support better financial performance in the long run.

However, some studies also show that green banking can add significant start-up costs and pose challenges in implementing policies that are financially beneficial in the short term. Nguyen & Nguyen, (2020) mentioned that the cost of implementing green technology in banking can affect profitability in the near term, although the long-term benefits of cost savings and sustainability are more obvious. In addition, research by Saeed et al. (2022) revealed that for some banks, the transition to green banking faces difficulties in managing the balance between additional operational costs and higher financial returns in the long run. Bohdanowicz & Zientek, (2021) found that companies with higher levels of gender diversity in managerial teams tend to make more sustainable and inclusive decisions, which in turn can improve efficiency and profitability.

The limitations in this literature suggest a significant research gap, which is the main motivation for this study. Most of the existing research has not provided a clear understanding of the two-sided dynamics of the impact of green banking on financial performance, which includes both the long-term financial benefits and the challenges faced by banks in the implementation process. Thus, this study aims to fill the gap by exploring both sides in more depth, as well as offering a more holistic perspective on how green banking can affect the financial performance of banks, by paying attention to the related aspects of costs, risks, and opportunities.

Furthermore, the study also focuses on the role of gender moderation in the relationship between green banking and financial performance, a dimension that is still rarely explored in the existing literature. Through this research, we hope to make an important contribution in enriching the existing literature, by filling in the gaps identified, as well as offering findings that can be used for more informed decision making in the banking sector.

Therefore, companies that integrate gender diversity in their business policies and strategies tend to have a significant competitive advantage (Dufresne & Shaw, 2020). Kramar & Lee, (2020) showed that companies with more gender diversity in managerial teams have a more inclusive approach to sustainability and risk management, which has the potential to improve their financial performance. Smith & Williams, (2019) reveals that more environmentally friendly investment decisions, influenced by gender diversity in organizations, can provide more financially profitable results in the long run. Based on these findings that gender is more appropriately seen as a moderation variable, which affects how green banking policies are implemented and ultimately impacts the company's financial performance.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Stakeholder Theory

Stakeholder theory suggests that companies should inform stakeholders about their environmental responsibility (Freeman, 1984). Companies are held accountable to stakeholders, as stakeholders act as the company's key interest holders (Prena, 2021). Financial performance is an important indicator for investors to assess a company's success. Investors expect returns on their investments, which can be achieved if the company performs well (Yuniarti et al., 2022). Stakeholders have the ability to control and influence the company, as shareholders have the right to oversee management actions, thus stakeholders also have rights concerning the company (Suryani & Mariani, 2018). Rusmana & Purnaman, (2020) reveal that a company's sustainable development heavily depends on the support provided by the stakeholders. Recognition of stakeholders beyond shareholders affects the effectiveness of achieving company goals by transforming social responsibility into socio-economic responsibility, which aims to maximize profit solely for shareholder welfare (Pradita & Suryono, 2019).

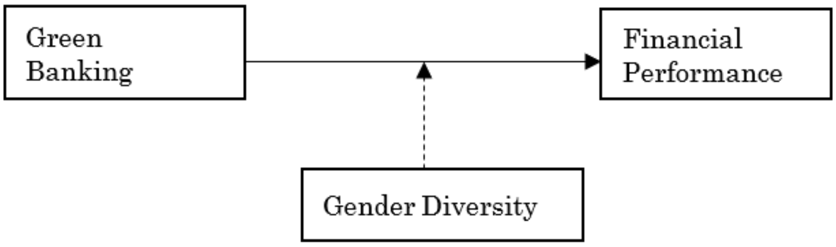
Conceptual Framework

This study develops a conceptual framework that examines the influence of green banking on financial performance with gender diversity as a moderation variable. Green banking includes sustainable banking policies and practices that can improve financial performance through operational efficiency, better risk management, and attracting consumers who care about sustainability. However, these influences can differ depending on the gender diversity in the organization.

Gender diversity in managerial teams can strengthen the implementation of green banking policies by bringing various perspectives in decision-making, which leads to more effective policy implementation and has a positive impact on financial performance. This is in accordance with stakeholder theory, which states that diversity in an organization can increase the ability to meet the expectations of various stakeholders, such as customers, employees, and society, which in turn improves the overall performance of the organization (Freeman, 1984). Therefore, gender diversity moderates the relationship between green banking and financial performance by facilitating more inclusive and responsive decisions to the needs of various stakeholders, supporting long-term sustainability and profitability (Kramar & Lee, 2020).

Green banking practices are seen as latent variables that are measured through several indicators, including environmentally friendly financing policies, sustainable natural resource management, sustainability education and campaigns to customers, and product and service innovations that support sustainability (López & García, 2019; Norton & Tong, 2020). This green banking practice is believed to improve banks' financial performance through better operational efficiency and risk management. However, this relationship can be moderated by gender diversity, because gender diversity in the managerial team can affect the effectiveness of the implementation of green banking policies.

Banks with more gender diversity tend to be more responsive to sustainability issues, which in turn can reinforce the positive impact of green banking on financial performance (Bohdanowicz & Zientek, 2021). Therefore, gender diversity plays an important role in strengthening or weakening the relationship between green banking and bank financial performance. Gender diversity as a moderation variable is more in line with the objectives of this study, which focuses on how gender diversity can strengthen or modify the relationship between green banking and financial performance (Bohdanowicz & Zientek, 2021; Kramar & Lee, 2020). The conceptual framework of this research aims to test the effect of competence and independence on audit quality, with gender as a moderating variable. The conceptual framework of the research can be described as follows:



Picture 1: Conceptual Framework

The Effect of Green Banking on Financial Performance

Banks' efforts to address issues related to green banking are essentially aimed at gaining legitimacy from regulators and the public. According to Hanif et al. (2020) several banks have adopted green banking as a powerful management tool because, through green banking reports, companies can achieve good performance. The implementation of green banking not only helps reduce environmental damage but also improves the efficiency of banking operations, thus enhancing profitability (Mahardika & Fitanto, 2023). The operational activities of banks should include an effect analysis of the projects of prospective debtors, taking environmental factors into account (Handajani et al., 2019). By adopting and disclosing green banking practices, banks will gain a better reputation, which ultimately contributes to sustainable financial performance (Qudriyah et al., 2021).

Stakeholder theory suggests that companies that care about the environment will attract investors (Surya et al., 2023). This theory highlights that a bank's actions can have a significant effect on society, and there is a public demand for "ethics" and "values" (such as the adoption of environmentally friendly operational practices), which, in turn, leads to improved financial performance (Qudriyah et al., 2021). Mahardika and Fitanto (2023) found in their research that green banking improves financial performance for banks (Karyani & Obrien, 2020). Based on theory and previous research, the hypothesis of this study is:

H1: Green banking affects financial performance.

The Effect of Green Banking on Financial Performance Moderated by Gender Diversity

Gender diversity refers to the presence of women on the board of directors and commissioners within a company. The presence of women in leadership positions can help improve financial performance, as women tend to make more cautious decisions, particularly when it comes to high-risk matters that may affect the company (Prasetyo & Dewayanto, 2019; Devika & Yuliana, 2020; Juwita & Suvi, 2021; Lubis et al., 2022; Natalia et al., 2023). Stakeholder theory explains that leadership styles between men and women may vary depending on the circumstances. The inclusion of women in the leadership of companies that practice green banking can enhance the company's financial performance. Sharia banking focuses on improving financial performance by increasing company profits

(Fauzi & Laksito, 2019; Khorraz & Dewayanyo, 2020; Erawati & Sari, 2021;Axel et al., 2023). Gender diversity, through better social behavior, problem-solving abilities, and interactions with stakeholders, positively affects the financial performance (Gusti & Darmawati, 2023). Gender diversity can drive green banking as a goal to improve financial performance while reducing environmental harm. Hoque et al. (2022) stated that gender diversity is sensitive to green banking and sustainability. The hypothesis proposed in this study is:

H2: Gender diversity moderates the effect of green banking on financial performance.

RESEARCH METHOD

Research Type

This study is quantitative research. Quantitative research aims to examine the effect of independent variables on dependent variables (Berete, 2011). Berete, (2011) explains that the quantitative approach relies on the collection and analysis of numerical data. This study aims to provide empirical evidence regarding the effect of green banking on financial performance with gender diversity as moderating. The research approach used is explanatory research. Explanatory research is a study that aims to empirically test the hypotheses (I. Ghozali, 2013).

Population and Sample

The population is the generalization area consisting of objects or subjects that have specific characteristics determined by the researcher as the purpose to draw conclusions (I. Ghozali, 2013). The population in this study consists of public sharia banks published in the Financial Services Authority website (www.ojk.go.id), with the total number 13 sharia banks. The sample is a portion of the population selected using a sampling technique (I. Ghozali, 2013). The sample in this study consists of 12 banks that are selected using purposive sampling. Purposive sampling is a sampling method that is based on certain criteria (I. Ghozali, 2013).

Operational Definitions and Variable Measurement

Table 1. Operational Definitions and Variable Measurement

No	Variable	Operational Definition	Measurement	Scale	Source
1	Financial Performance	The form of success, achievement, and the company's ability to work effectively and efficiently in creating value for the company and capital owners	ROA $= \frac{\text{Net Profit}}{\text{Total Asset}}$	Ratio	Juwita & Suvi, (2021) ; Natalia et al., 2023)
2	Green Banking	The concept of financing or credit products and banking services that prioritize aspects of sustainability in economic, environmental, social, cultural, and technological dimensions simultaneously	$\text{GBDI} = \frac{\sum di}{n}$ GBDI = Green Banking Disclousure Indeks di =1 if the item is reported, and 0 if the item is not reported n = Number of disclosures of expected green banking indicators (21)	Ratio	Bose et al. (2018)
3	Gender Diversity	Gender diversity that places women on the board of directors and board of commissioners	Dummy Variable 1: Has gender diversity 0: No gender diversity	Dummy	Rosiana et al., (2022); Wisudanto & Fikri, (2023)

Data Analysis Techniques

The data analysis technique used in this research employs quantitative analysis, with path analysis as the analytical tool. This study utilizes WarpPLS version 7.0 for data processing (Solihin & Ratmono, 2021). The analysis stages consist of the outer model and the inner model (Ghozali & Latan, 2014). The outer model comprises three types of assessments. Validity testing is conducted by examining the correlation between component scores and outer loading factors; an indicator is considered valid if its outer loading factor is greater than 0.70 (Hair et al., 2014). Solihin & Ratmono, (2021) explain that if an outer loading factor is below 0.40, the corresponding indicator will be removed. However, if the outer loading factor falls between 0.40 and 0.70, careful consideration is needed to determine whether to retain the model.

Indicators with loading factors between 0.40 and 0.70 may be deleted if their removal leads to an increase in average variance extracted (AVE) and composite reliability (CR) exceeding the predetermined thresholds. The minimum acceptable values for AVE and CR are 0.50 and 0.70, respectively (Ghozali & Latan, 2014; Hair et al., 2014; Solihin & Ratmono, 2021). After assessing the outer model, the inner model is evaluated to test the relationships between variables using R^2. An R^2 value of 0.70, 0.45, and 0.25 indicates strong, moderate, and weak relationships, respectively (Ghozali & Latan, 2014; Hair et al., 2014; Solihin & Ratmono, 2021).

The hypothesis testing design is structured based on the research objectives, which aim to determine the separate effects of the independent variables. For the significance level, a ρ-value of 5% (0.05) is used. Therefore: If the ρ-value is greater than α (0.05), then H_0 is accepted and H_1 is rejected. If the ρ-value is less than α (0.05), then H_0 is rejected and H_1 is accepted (Hair et al., 2014; Ghozali & Latan, 2014; Solihin & Ratmono, 2021).

RESULTS AND DISCUSSION

Validity and Reliability Testing

Validity testing is conducted to determine the research's ability in measuring what it is supposed to measure (Cooper & Schindler, 2006). In this study, validity is assessed using convergent validity and discriminant validity. Convergent validity is measured by the Average Variance Extracted (AVE) value; a variable can be considered valid if the AVE value is greater than 0 (Solihin & Ratmono, 2021). Discriminant validity is measured by comparing the Square Root of the Average Variance Extracted (AVE) for each construct with the correlations among other constructs in the model. These values, located in the diagonal column and marked in parentheses, must be higher than the correlations among latent variables in the same column (Solihin & Ratmono, 2021). The AVE values from the convergent and discriminant validity tests are presented in Table 2.

Table 2. The result of convergent validity measurement

Variabel	Nilai AVE
Green Banking	1.000
Financial Performance	1.000
Gender Diversity	1.000
Gender Diversity * Green Banking	1.000

Source: Processed data (2024)

Table 3. Measurement Results of Discriminant Validity

Variable	GB	KK
Green Banking	1.000	1.000
Financial Performance	1.000	1.000

Source: Processed data (2024)

Tables 2 and 3 that the convergent validity and discriminant validity tests have met the values. From the results above, it can be concluded that all of these variables are valid and can provide confidence. When the variables are declared valid, then reliability testing is carried out on all variables used in this study. The reliability of the variable was tested using the composite reliability coefficient and Cronbach's alpha, both of which must be above 0.70 as a reliability condition (Hair et al., 2014; Solihin & Ratmono, 2021) . The results of composite reliability and Cronbach's alpha measurements that have been analyzed using SEM-PLS version 7.0 can be presented in Table 4:

Table 4. The results of composite Reliability dan Cronbach's Alpha measurement

Variable	Composite Reliability	Cronbach's Alpha
Green Banking	1.000	1.000
Gender Diversity	1.000	1.000
Financial Performance	1.000	1.000
Green Banking*Gender Diversity	1.000	1.000

Source: Processed data (2024)

Table 4 shows that all variables have a composite reliability and Cronbach's alpha greater than 0.70. From these results, it can be concluded that all variables in this study are reliable and can be used for further analytical tests.

Outer Model Testing

The outer model test is used to measure both reflective and formative indicators. This study emp reflective indicators. Reflective indicator is used to assess how observed variables reflect latent variables to be measured in the research model. Reflective indicators will be tested to see how well they describe latent constructs (green banking and financial performance). In SEM-PLS, the loading coefficient of each reflective indicator will be calculated to measure how strong the relationship between the indicator and the latent construct. Reflective indicators are based on factor loadings, with factor loadings greater than 0.70 being highly recommended (Solihin & Ratmono, 2021). The results of the outer model test are presented in Table 5. Table 5 shows all indicators declared to be indicators that can reflect each related variable.

Table 5. Outer Model Testing

Variable	Green Banking	Financial Performance	Gender Diversity	Loading Factor	p value	conclusion
Green Banking	1.000	0.000	0.000	0.093	< 0.001	accept
Financial Performance	0.000	1.000	0.000	0.093	< 0.001	accept
Gender Diversity	0.000	0.000	1.000	0.093	< 0.001	accept

Source: Processed data (2024)

Inner Model Testing

The inner model test is conducted to measure the overall relationships between the variables in this study. The measurement of the inner model is carried out to test the relationships between variables using R^2. If the results are 0.70, 0.45, and 0.25 for R^2, then each model indicates strong, moderate, and weak relationships, respectively (Solihin & Ratmono, 2021). The influence among variables in this study uses the predictive relevance (Q^2) value, which aims to assess the predictive validity of the independent variables. The predictive validity of an independent variable is considered good if it has a Q^2 value greater than 0. The results of the inner model testing are presented in Table 6.

Table 6. Inner Model Testing

Variable	Adjusted R Square	Q Square
Financial Performance	0.304	0.372

Source: Processed data (2024)

Table 6 shows that the financial performance has an Adjusted R^2 value of 0.304 that indicates the structural model is categorized as moderate (≤ 0.50). This means that 30.4% of the financial performance variable is explained by the variables in the structural equation, namely Green Banking, moderated by gender diversity, while the remaining 69.6% is explained by other variables not included in this study. The predictive relevance for the financial performance variable is reflected in the Q square value of 0.372, which is greater than 0, indicating that the model has good predictive validity (Solihin & Ratmono, 2021)

Model Fit Test

The model fit test utilizes four measures: Average Path Coefficient (APC), Average R-Squared (ARS), Average Adjusted R-Square (AARS), and Average Block Variance Inflation Factor (AVIF). APC, ARS, and AARS are used to assess the average values of the path coefficients, R-squared, and adjusted

R-squared produced by the model. These three model fit measures are evaluated based on a p-value of ≤ 0.05. Meanwhile, AVIF is used to address collinearity issues within the PLS model, with a recommended value of ≤ 3.3 (Solihin & Ratmono, 2021).

Table 8 The result of Model Fit test

Average path coefficient (APC)	0.358, p<0.001
Average R-squared (ARS)	0.354, p<0.001
Average adjusted R-squared (AARS)	0.204, p<0.004
Average block VIF (AVIF)	1.214

Source: Processed data (2024)

Table 8 indicates that this study is considered fit. Table 8 shows that both APC and ARS have p-values ≤ 0.05 and AVIF values ≤ 3.3, indicating that there are no multicollinearity issues among the indicators and variables (Hair et al., 2017; Sholihin & Ratmono, 2020).

Hypothesis Testing

Table 9. Hypothesis Testing

Variable	Path coefficient	p value	Conclusion
GB – FP	-0.313	< 0.01	H1 Accept
GB*GD - FP	0.302	<0.01	H2 Accept

Source: Processed data (2024)

The Effect of Green Banking on Financial Performance

Hypothesis one (H1) states that green banking effects financial performance. The results of the research using statistical tests indicate that the green banking variable has a significant positive effect on financial performance, leading to the acceptance of H1. This suggests that as the level of green banking disclosure by companies increases, financial performance tends to decrease. The costs incurred by companies for green banking activities can reduce profitability, as the growing awareness of companies regarding green banking leads to increased expenditures, which ultimately become a financial burden.

This research supports stakeholder theory, which asserts that a company is not merely an entity operating for its own interests but must also provide benefits to its stakeholders. Therefore, the sustainability of the company is heavily influenced by the support given by stakeholders. This theory reveals that a bank's actions can have a significant effect on society at large and that there is public demand for ethical and value-driven practices (such as the implementation of environmentally friendly operational practices), which can enhance financial performance (Qudriyah et al., 2021).

The findings of the research align with those of Mahardika & Fitanto, (2023) that indicates the green banking has an effect on the financial performance of banks (Karyani & Obrien, 2020). The acceptance of this hypothesis suggests that the higher the level of green banking disclosed, the more it will affect financial performance. This is due to investors' lack of awareness regarding the importance of green banking disclosure, as banks typically only communicate this through advertisements without providing relevant information. The lack of investor enthusiasm to invest in companies negatively effects the financial performance of banks, preventing it from reaching its full potential. Green banking can encourage investors and stakeholders to have a positive perception of the company. In green banking reports, the attention of banks towards the environment, society, and even stakeholders are highlighted. Banks with effective green banking disclosures will gain numerous benefits, such as improved financial performance and increased public trust through a positive reputation (Mercuri et al., 2019; Suaidah & Putri, 2020; Syadeli & Sa'adah, 2021).

The Effect of Green Banking on Financial Performance Moderated by Gender Diversity

Hypothesis 2 in this study states that green banking affects financial performance moderated by gender diversity. The statistical calculations indicate that gender diversity moderates the effect of green banking on financial performance, thus H2 is accepted. This suggests that the presence of women in banking has diverse effects on financial reporting decisions, particularly regarding the disclosure of green banking initiatives. This research supports stakeholder theory, which explains that the leadership styles of men and women differ depending on specific conditions and situations. The inclusion of women in company leadership focused on green banking can enhance the financial performance of the company.

Sharia banking emphasizes financial performance by increasing the company's profit (Axel et al., 2023; Erawati & Sari, 2021; Fauzi & Laksito, 2019; Fitriani et al., 2022; Khorraz & Dewayanyo, 2020). Gender diversity's social behavior and its ability to solve problems more effectively, as well as its better interaction with stakeholders, positively effect financial performance (Gusti & Darmawati, 2023). Gender diversity can encourage green banking as a goal to improve financial performance while reducing environmental damage. Hoque et al. (2022) reveal that gender diversity is sensitive to green banking and sustainability. The findings of this study align with the research by Kahloul et al. (2022), which indicates that gender diversity moderates the effect of CSR on financial performance (Santoso & Wahyudi, 2021).

The presence of women on corporate boards strengthens the company's management structure. This can be explained by the fact that women are generally more cautious and possess better business acumen and observational skills, which help them analyze the effects and risks involved in decision-making. Gender diversity plays an important role in moderating the relationship between green banking (GB) and financial performance (FP). Sufficient gender diversity can reduce the negative effects of green banking on financial performance, especially by creating a more inclusive decision-making process that focuses on long-term sustainability. To achieve the positive impact of green banking on financial performance, a minimum of 30% women are needed on the board of directors or management team. The results of this study provide important insights into how green banking can improve financial performance moderated by gender diversity. Within the framework of the CSR pyramid banks that are committed to sustainability and have a more gender-inclusive leadership structure may be more successful in integrating CSR principles to improve corporate financial performance (Carroll, 2016).

CONCLUSION

Based on the research findings and discussions outlined above, it can be concluded that Green Banking has a significant effect on financial performance. This result indicates that the implementation of Green Banking plays a significant role in financial performance. Gender diversity can moderate the effect of Green Banking on financial performance. This shows that gender diversity can influence the relationship between Green Banking and financial performance. A limitation of this study is that the measurement of financial performance only uses ROA, and the research sample is limited to Islamic banking. Gender diversity moderates the effect of green banking on financial performance by impacting policy, practice and stakeholder theory. In policy, banks that promote gender diversity in leadership can increase stakeholder trust and strengthen sustainable green banking. In practice, gender diversity enriches decision-making, helps create more innovative green financial products, and improves financial performance by meeting the needs of sustainability-minded customers. From a stakeholder theory perspective, gender diversity ensures that organizational decisions take into account the interests of various parties, both internal and external, thus strengthening legitimacy and trust. By integrating gender diversity in green banking strategies, organizations can achieve better financial performance and stronger relationships with stakeholders. Future research could replace the measurement of financial performance with ROE and ROI and expand the sample to include not only Islamic banking but also conventional banking, mining companies, and manufacturing companies.

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