The Green Catalyst: The Governance–Ownership Nexus in Driving Banks' Commitment to Green Loans

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Abstract
Global awareness of the climate crisis has encouraged the banking sector to support the transition toward a low-carbon economy through green financing. This study investigates the effect of governance and ownership structure on green loan commitments. Using agency theory, it analyzes secondary data from 72 commercial banks listed on the Indonesia Stock Exchange from 2017 to 2024, including State-Owned and Private Commercial Banks. The findings show that CEO duality and gender diversity negatively affect green financing, while board financial expertise has a positive impact. Most interactions between ownership structure and governance mechanisms are insignificant; however, the interaction between board expertise and institutional ownership has a significant negative effect, indicating potential conflicts of interest or divergent priorities in promoting green initiatives. This study enriches sustainable finance research and offers insights for regulators, bank managers, and investors in enhancing green loan strategies.

Keywords: Corporate Governance, Ownership, Green Loans