



# An Analysis Of The Implementation Of Green Banking Based On Pojk No. 51/Pojk.03/2017 Using An Environmental, Social, And Governance (Esg) Approach At State-Owned Banks In Indonesia

Adam Adib Mahendra <sup>1\*</sup>

<sup>1</sup> Faculty of Law and Political Science, Muhammadiyah University of Surakarta, Sukoharjo, Centar Java, Indonesia, 57169

\* [c100220206@student.ums.ac.id](mailto:c100220206@student.ums.ac.id)

Article	Abstract
<p><b>Keywords:</b> Green Banking; Sustainability Report; State-Owned Banks; ESG; POJK</p> <p><b>Article History</b> Received: 14 Apr, 2026; Reviewed: 16 Apr, 2026; Accepted: 29 Apr, 2026; Published: 1 May, 2026;</p>	<p><i>Climate change and environmental degradation encourage the financial sector to play an important role in supporting sustainable development. The banking sector, particularly State-Owned Banks (Bank BUMN) in Indonesia, holds substantial responsibility due to its large-scale financing activities and its close connection with government policies. The implementation of sustainable finance in the banking sector is regulated through Financial Services Authority Regulation (POJK) No. 51/POJK.03/2017 on the Implementation of Sustainable Finance, which requires banks to prepare sustainability reports as a form of applying sustainability principles. This regulation promotes the implementation of Green Banking by integrating Environmental, Social, and Governance (ESG) aspects into banking operations. This study analyzes the implementation of Green Banking in Indonesian State-Owned Banks based on POJK No. 51/POJK.03/2017 and examines the effectiveness of sustainability reporting using the ESG approach. This research employs a normative juridical method with a literature-based approach. The data used consist of secondary data, including laws and regulations, sustainability reports of Bank Mandiri, Bank Rakyat Indonesia (BRI), Bank Negara Indonesia (BNI), and Bank Tabungan Negara (BTN) for the 2020–2024 period, as well as relevant legal and academic literature. Data are analyzed descriptively and qualitatively by assessing the conformity of banking sustainability practices with ESG indicators. The analysis is also conducted using Lawrence M. Friedman's Legal System Theory, which emphasizes legal substance, legal structure, and legal culture. The findings show that all State-Owned Banks examined have consistently prepared sustainability reports and implemented Green Banking principles. However, the level of transparency and quantitative disclosure of ESG indicators still varies, particularly in environmental and governance aspects. Thus, although POJK No. 51/2017 has been formally implemented,</i></p>

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*strengthening legal culture and improving transparency remain necessary to ensure that Green Banking implementation becomes more effective and substantive.*

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## INTRODUCTION

Issues such as climate change, environmental degradation, and social inequality have become global challenges that directly impact the sustainability of economic development. The financial sector, particularly the banking industry, plays a crucial role in supporting sustainable development through policies and business activities that prioritize environmental, social, and governance (ESG) considerations. One way to fulfill this role is by implementing the concept of Green Banking (Yuspin et al., 2024).

Green Banking is a banking practice that integrates sustainability principles into operational activities and financing disbursement. Through the implementation of Green Banking, banks are expected not only to focus on financial profits but also to be accountable for the environmental and social impacts of their business activities. In practice, this concept is realized through operational efficiency, environmentally friendly financing, and the application of Environmental, Social, and Governance (ESG) principles (Yuspin et al., 2024).

In Indonesia, the commitment to sustainable finance is realized through the issuance of Financial Services Authority Regulation No. 51/POJK.03/2017 on the Implementation of Sustainable Finance. This regulation requires financial services institutions, including banks, to integrate sustainability principles into their business activities and to prepare sustainability reports as a form of accountability to the public.

However, the implementation of the obligation to prepare sustainability reports in banking practice still faces various challenges. Sustainability reports prepared by banks generally meet administrative requirements; however, the quality of disclosures, particularly regarding ESG indicators, remains inconsistent and is not yet fully supported by adequate quantitative data (Indra Siswanti et al., 2025).

Therefore, this study aims to analyze the implementation of Green Banking at State-Owned Enterprises (SOEs) in Indonesia based on the provisions of POJK No. 51/POJK.03/2017 using the Environmental, Social, and Governance (ESG) approach. The subsequent analysis was conducted using Lawrence M. Friedman's Legal System Theory to assess the effectiveness of sustainable finance implementation from the perspectives of legal structure, legal substance, and legal culture.

## METHOD

This study employs a normative legal methodology with a legislative and conceptual approach. The data used consists of secondary data obtained through a literature review of relevant legislation, sustainability reports of State-Owned Enterprises (SOEs) for the 2020–2024 period, and relevant academic literature. The

data were analyzed qualitatively using the Environmental, Social, and Governance (ESG) approach and Lawrence M. Friedman's Legal System Theory to assess the effectiveness of Green Banking implementation based on POJK No. 51/POJK.03/2017.

## **RESULTS AND DISCUSSION**

### **Implementation of the Green Banking Concept at State-Owned Banks in Indonesia in Relation to Green Banking Principles**

The implementation of Green Banking at State-Owned Banks (BUMN) was analyzed through the sustainability reports of Bank Mandiri, Bank Rakyat Indonesia (BRI), Bank Negara Indonesia (BNI), and Bank Tabungan Negara (BTN) for the 2020–2024 period. These four banks were selected because they play a significant role in the national economy and are under direct government supervision, making them expected to lead the way in implementing sustainable finance in accordance with the provisions of POJK No. 51/POJK.03/2017 (Kartiko et al., 2024).

From an Environmental perspective, state-owned banks have generally disclosed various policies and programs focused on managing environmental impacts, such as reducing greenhouse gas emissions, improving energy efficiency, managing waste, and increasing green financing. However, Environmental indicator disclosures are still dominated by policy narratives, while the presentation of quantitative data has not been consistently implemented across all banks and indicators (Nouvan, 2025).

In the Social aspect, state-owned banks have demonstrated their commitment through corporate social responsibility programs, financial literacy initiatives, consumer protection, and human resource development. These programs are consistently reported in sustainability reports, although the quality of disclosures varies across banks and is not yet fully accompanied by measurable performance indicators (Setyowati, 2023).

Furthermore, regarding the Governance aspect, state-owned banks generally have adequate governance structures, including anti-corruption policies, risk management, and internal oversight mechanisms. However, disclosures regarding the effectiveness of governance implementation remain normative and do not fully reflect a substantive evaluation of governance performance (Devi Nur Alfiah & Lilik Pujiati, 2024).

Overall, the analysis indicates that the implementation of Green Banking at state-owned banks has proceeded in accordance with the formal provisions of POJK No. 51/POJK.03/2017. However, this implementation remains largely focused on fulfilling administrative obligations, so the integration of ESG principles has not yet been fully and deeply reflected in operational practices and sustainability reporting.

### **Implementation of Sustainability Reporting Examined Through Lawrence M. Friedman's Legal System Theory**

The effectiveness of implementing POJK No. 51/POJK.03/2017 in promoting Green Banking practices at State-Owned Banks (BUMN) can be analyzed using Lawrence M. Friedman's Legal System Theory, which emphasizes three key elements: legal structure, legal substance, and legal culture. This approach is used to assess not only the existence of regulations but also their implementation in banking practices (Manurung et al., 2024).

From the perspective of legal structure, the Financial Services Authority (OJK) plays a crucial role as the supervisory body in the implementation of sustainable finance. The obligation for SOEs to prepare sustainability reports indicates that the supervisory function has been formally established. However, this supervision still places greater emphasis on the fulfillment of administrative obligations, without a thorough evaluation of the quality and substance of the sustainability reports (Khaer & Anwar, 2022).

From the legal substance perspective, OJK Regulation No. 51/POJK.03/2017 has provided a clear normative basis regarding the obligation to implement sustainable finance. This regulation sets out the principles, mechanisms, and reporting obligations that banks must fulfill. However, these provisions are not accompanied by strict sanctions regarding the quality of implementation, so the effectiveness of their application still depends on the commitment of each individual bank (Risma Wati & Muhammad Iqbal Fasa, 2025).

Furthermore, from a legal culture perspective, the implementation of Green Banking at state-owned banks still shows a tendency toward formal compliance with regulations. Banks have fulfilled their sustainability reporting obligations; however, the integration of sustainability principles into business strategies and decision-making has not yet fully reflected a substantive commitment (Candra Ningluthfi & Arif Nurohman, 2024).

Based on these three elements, it can be concluded that the implementation of POJK No. 51/POJK.03/2017 in promoting Green Banking at state-owned banks has proceeded in a normative manner, but has not yet been fully effective in establishing sustainable financial practices oriented toward quality and long-term impact.

## CONCLUSION

Based on the research findings and discussion, it can be concluded that state-owned enterprises (SOEs) have generally implemented the principles of Green Banking through the preparation of sustainability reports in accordance with the provisions of POJK No. 51/POJK.03/2017. This implementation is reflected in the disclosure of Environmental, Social, and Governance (ESG) aspects in the 2020–2024 sustainability reports of SOE banks.

However, the implementation of Green Banking at SOE banks remains largely administrative in nature. This is evident from the limited disclosure of quantitative data on certain ESG indicators, as well as the suboptimal integration of sustainability

principles into the banks' strategies and operations. Consequently, the implementation of POJK No. 51/POJK.03/2017 has not yet been fully effective in driving substantive sustainable financial practices.

Therefore, it is necessary to strengthen the supervision and evaluation of the quality of sustainability reports by the Financial Services Authority, as well as to enhance the commitment of state-owned banks to integrate sustainability principles into their policies and business activities to support sustainable development goals.

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