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# ANALYSIS OF SUSTAINABLE FINANCE IMPLEMENTATION: CASE STUDY AT BANK ABC

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## ABSTRACT

Indonesia has agreed to the Paris Agreement by committing to reduce Greenhouse Gases (GHG). The Financial Services Authority (Indonesian: Otoritas Jasa Keuangan; OJK) supports Indonesia's commitment by issuing POJK 51 on Sustainable Finance (SF) and the Indonesian Green Taxonomy (IGT). In practice, the implementation of SF is still ineffective, and the implementation of green taxonomy is still difficult. This study aims to analyze the implementation of SF and green taxonomy at Bank ABC. The approach used in this study is a case-study approach. This study uses primary and secondary data collected through interviews and documentation. The results of the study indicate that Bank ABC has implemented SF based on POJK 51. While the implementation of green taxonomy at Bank ABC has not yet been implemented, Bank ABC has no obstacles/difficulties in implementing SF. The obstacles/difficulties faced by Bank ABC in implementing green taxonomy are comprised of the small number of companies that implement environmentally friendly operational activities.

**Keywords:** sustainable finance, green taxonomy, POJK51.

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# INTRODUCTION

As the largest GHG emitter, Indonesia has agreed to the Paris Agreement by committing to reducing GHG. Indonesia's target is to reduce GHG emissions by 29% with its own efforts, and 41% with foreign assistance (OJK, 2018). OJK has supported the Indonesian government's commitment by issuing a SF roadmap.

During the implementation of the SF roadmap Phase I (2021-2019), OJK issued POJK51, concerning the implementation of SF. This regulation requires banks to apply SF principles, as well as to prepare a Sustainable Finance Action Plan (Indonesian: Rencana Aksi Keuangan Berkelanjutan; RAKB) and Sustainability Reports (SR) (OJK, 2017). The function of the RAKB and SR is to determine the bank's commitment to implementing SF (Harjanti, 2021).

To assist in the implementation of SF, OJK issued the Indonesian Green Taxonomy (IGT). IGT is a classification of environmentally friendly business activities. There are three classifications in IGT: (1) "Green", (2) "Yellow", and (3) "Red" (OJK, 2022b). Green taxonomy can help banks classify green activities. Green taxonomy can also help banks develop or improve their portfolio of financial products and/or services. The existence of green taxonomy is also expected to prevent the possibility of the inappropriate reporting of green activities (i.e., greenwashing) (OJK, 2022b).

Sustainable finance and green taxonomy are related. To implement SF and identify sustainable projects or business activities, green taxonomy is needed (Ehlers et al., 2021). Green taxonomy is also needed to align the perception of what is meant by “green” or “sustainable.” Therefore, with the existence of green taxonomy, banks can accelerate the implementation of SF.

However, the implementation of SF is still ineffective in practice, and the implementation of green taxonomy is difficult. According to research conducted by , TukIndonesia (2023) the top four banks still channel financing to unsustainable sectors—namely, palm-oil plantations, and pulp and paper. Sonny Keraf, former Minister of Environment, stated that three things underlie the ineffective implementation of SF: (1) financing decisions that are still based on profits; (2) no coercive power regarding bank attention to Environment, Social, and Governance (ESG); and (3) ineffective environmental law enforcement. Limited internal capacity is also often an obstacle to implementing SF. Adequate banks capacity are needed in terms of institutions and human resources for its implementation to be created optimally (Halimatussadiah et al., 2018). Thompson (2021) said that banks must have the required knowledge and skills to implement sustainable finance (e.g., developing and implementing products, services, and financial tools that can manage capital to support the bank's transition). Meanwhile, the difficulty in implementing green taxonomy lies in obtaining granular and representative data, and the application of thresholds in the IGT. In addition, the different levels of understanding between banks and the potential for policy changes make the implementation of thresholds difficult (Anggela, 2022). Therefore, the implementation of SF and green taxonomy must be evaluated to find out whether SF and green taxonomy are truly being applied and are not just greenwashing.

The researcher wants to know how SF and green taxonomy are implemented at Bank ABC. Bank ABC is a bank with a Bank Group based on Core Capital 2 (Indonesian: Kelompok Berdasarkan Modal Inti; KBMI). The resources owned by Bank KBMI 2 are not as large as Bank KBMI 3 and 4. Therefore, the implementation of SF and green taxonomy at Bank ABC may not be as easy as Bank KBMI 3 and 4. In addition, this bank was also listed on the IDX in 2012. Banks that have entered the capital market have greater accountability, so that the information conveyed to the public is of high quality. Therefore, it is necessary to see how well Bank ABC implements SF and green taxonomy.

Several previous studies have discussed SF and green taxonomy. Setyowati (2023) studied the development and implementation of a SF roadmap in Indonesia. Mochamad Roland et al. (2023) studied the impact of SF on company value in the banking sector. Schütze and Stede (2024) studied the threshold of green taxonomy in the transition sector. Meanwhile, few studies discuss the implementation of SF and green taxonomy. What distinguishes this study from previous studies is its contribution to studying the implementation of green taxonomy.

## LITERATURE REVIEW

### 1. Institutional Theory

Institutional theory explains that corporate actions and practices are governed by regulations, norms, beliefs, and social values that are accepted to shape corporate behavior (Jamali et al., 2020), to survive (Meyer & Rowan, 1977; Vadasi et al., 2019), to seek legitimacy (Moussa et al., 2022), and to enhance and protect corporate legitimacy (Chu et al., 2018). Companies cannot ignore institutional pressures. If they do not comply with these pressures, then the company cannot operate, can lose its income, can have its reputation damaged, can have its legitimacy threatened, and can even cause conflict (DiMaggio & Powell, 1983; Oliver, 1991; Pfeffer & Salancik, 2015).

There are three institutional pressures: (1) coercive isomorphic, (2) cognitive, and (3) normative. Coercive isomorphism is the process by which companies change their policies, structures, and practices, due to direct influences (e.g., government policies and indirect influences, such as societal cultural expectations from institutional pressures). Cognitive isomorphism is the process by which companies imitate and adopt the practices of other companies that are considered successful and legitimate as a response to uncertainty. Normative isomorphism is the change in the structure, policies, and practices of a company, due to the presence of dominant and professional human resources (e.g., managers or special staff).

### 2. POJK 51

POJK 51 is a regulation issued by the OJK to guide banks through the process of implementing SF. POJK 51 requires banks to implement eight principles of SF, prepare SR, and RAKB. Table 2.1 displays the eight principles of SF (OJK, 2018).

**Table 1. The Eight Principles of SF**

| No. | PRINCIPLE | EXPLANATION |
|---|---|---|
| **1** | Responsible Investment | This is an approach to investment decision-making that takes economics and ESG into account. This principle applies to the distribution and collection of funds that consider economic, social, environmental, and governance factors. |
| **2** | Sustainable Business Strategies and Practices | This integrates economic, social, and environmental aspects into business policies, practices, and strategies (i.e., vision, mission, company structure, strategic plans, SOPs, work programs, and determination of risk factors in collecting or distributing funds). |
| **3** | Social and Environmental Risk Management | This is the principle of caution while testing environmental and social risks during the collection and distribution of funds. |
| **4** | Governance | The bank implements transparent, accountable, independent, responsible, equal, fair, and professional governance throughout their management and activities. |
| **5** | Informative Communication | Banks must prepare informative reports. In addition to being informative, the report must be accountable and easy to understand. The media used to communicate this report must be efficient and accessible to all stakeholders. |
| **6** | Inclusive | Bank products or services must be accessible to all Indonesian people. |
| **7** | Development of Priority Leading Sectors | Banks must consider the priority leading sectors that have been determined by the government through the Medium-Term and Long-Term Development Plans (RPJMN and RPJ). |
| **8** | Coordination and Collaboration | Banks involve themselves in activities, forums, or collaborations related to SF. |

In addition, banks are required to prepare RAKB. The report must be submitted to the OJK every year. Banks can submit RAKB as part of the business plan or in a separate document. Banks are required to implement RAKB effectively (i.e., there is no deviation between realization and RAKB, or there is deviation, but it is not material). There can be material deviations between realization and RAKB, but the bank must make every effort to comply with it by providing an explanation that is acceptable to the OJK. The preparation of RAKB is based on the bank's priorities—namely, the development of sustainable financial products/services, the development of internal bank capacity, and the adjustment of organizations, risk management, governance, and SOPs (OJK, 2018).

### 3. Indonesian Green Taxonomy (IGT)

Green taxonomy is a classification system that defines green and non-green companies (Lee, 2020; Vargas, 2023). The existence of green taxonomy will uniformly define sustainability. Inaccurate and non-uniform definitions of sustainability will lead to incorrect sustainability investment decisions and greenwashing (Kemfert & Schmalz, 2019). Greenwashing is a company's actions related to environmental practices, wherein the claims made by the company cannot be verified (de Freitas Netto et al., 2020; Pernecky & Lück, 2013).

In January 2022, OJK issued the IGT. The IGT aims to provide an overview of the classification of a sector/subsector that has been categorized as green. This document can be used as a basis for banks to formulate policies, guidelines or guidelines in carrying out their sustainable business (Fiona et al., 2022), prevent greenwashing, and can be used by banks as a basis for determining the green portfolio reported in the RAKB or SR (OJK, 2022b).

The clarification criteria for IGT are divided into three categories: (1) green, (2) yellow, and (3) red. The green category is a business activity that has complied with all green thresholds. The yellow category is a business activity that only meets some of the green threshold criteria. The red category is a business activity that does not meet the green or yellow threshold criteria.

### 4. Previous Research

Amalia (2022) conducted a study on the evaluation of the implementation of SF, based on POJK 51 at Bank XYZ. The results of the study indicate that Bank XYZ, as a BUKU 2 bank, has complied with implementing SF, based on POJK51. Bank XYZ's problem with implementing SF is limited internal capacity. The results of Adam (2018) study also showed the same results. The results stated that Bank DEF showed maximum efforts in fulfilling the provisions of SF, based on POJK51. Meanwhile, research on green taxonomy is still lacking. OJK (2022a) conducted an evaluation to determine the implementation of green taxonomy at the pilot-project stage. The results showed that the credit or financing portfolio in the green sector had a lower value than the red and yellow classifications.

## METHODS

The approach used is a case-study approach. This approach was chosen because it can create a deep understanding of the topic to be studied (i.e., the implementation of SF and green taxonomy at Bank ABC).

### 1. Data Collection

The data used are primary and secondary data. Primary data is data obtained directly from the company via a semi-structured interview process. Semi-structured interviews use a list of questions but do not strictly adhere to them. This means that either the questions asked are slightly different from the existing list of questions, or the order of the questions is not sequential with the list of questions (Clarke & Braun, 2013). Semi-structured interviews provide an opportunity for respondents to add important information that arises during the interview process. The respondents in this study were respondent A from the Strategic Planning and Work Management Division, and respondent B from the Risk Management Division. Interview with respondent A was conducted at the Head Office of Bank ABC in Province X on February 12, 2024, and interview with respondent B was conducted online via WhatsApp on March 21, 20214. The interview with respondent A was conducted to obtain data and information on the implementation of SF and green taxonomy at Bank ABC. The interview with respondent B was conducted to obtain further information on the implementation of green taxonomy at Bank ABC. Questions given to respondents were regarding SF at Bank ABC, how Bank ABC implements the eight principles of SF, and whether the RAKB made by Bank ABC is effective.

Secondary data is data obtained indirectly from the company, (e.g., annual reports [2019-2023], SR [2019-2023], the IGT thematic report, RAKB, and news portals). Documents are used to verify certain terminology mentioned by the interviewer. The use of documents can encourage researchers to generate other questions or viewpoints.

**a. Data Analysis**

This study uses two data analysis tools: (1) interactive model analysis, and (2) document analysis. Interactive model analysis consists of four activities: (1) data collection, (2) data reduction, (3) data display, and (4) conclusion drawing/verification (Miles & Huberman, 1994). This activity takes place continuously, until the collected data becomes saturated data. Data reduction is the process of selecting, simplifying, and transforming data. Data display is a collection of organized and compressed information that allows conclusions to be drawn. Finally, conclusion drawing/verification is a summary of data reduction. In this study, the document-analysis method functions as a complementary method. Document analysis is a method for reviewing printed or electronic documents. In addition, triangulation is used to validate this study. Triangulation is the process of identifying consistencies among diverse evidence. The type used is data triangulation—namely, the use of various data sources (Gast & Ledford, 2018). Triangulation can increase credibility and validity in this study.

## RESULT AND DISCUSSION

### 1. Implementation of Sustainable Finance

The implementation of SF by Bank ABC began in 2019. This is in accordance with POJK51. At that time, Bank ABC was a BUKU 3 Bank, and it was required to start implementing SF in 2019. The implementation of SF by Bank ABC is based on the POJK51. This is in accordance with institutional theory. Of the three types of institutional pressures, the pressure experienced by Bank ABC is coercive isomorphic.

For over five years, Bank ABC has implemented SF, based on POJK51. The results of this study are like the results of the research conducted by Adam (2018), Amalia (2022), and OJK (2022a) in that banks have tried to implement SF, based on POJK51. Respondent A said there were no difficulties in implementing SF. The following is an analysis of the implementation of eight principles of SF and the realization of Bank ABC's RAKB.

**a. Eight Principles of Sustainable Finance**

Throughout their five years of implementing SF principles, Bank ABC has tried to implement eight principles of SF, based on POJK51. The following are the results of the analysis.

**1) Principle of Responsible Investment**

Bank ABC distributes credit to sectors that have met the principles of the Sustainable Business Activity Category (Indonesian: Kategori Kegiatan Usaha Berkelanjutan; KKUB). In 2023, there were four KKUB sectors financed by Bank ABC. Bank ABC's credit distribution to KKUB is 2%-3% of the total credit distribution.

In terms of fundraising, Bank ABC has never issued green bonds. Based on annual reports, SR, and news, there is no indication that Bank ABC has issued green bonds. This contrasts with the statement of respondent A, who said that Bank ABC had issued green bonds.

Bank ABC has eight sustainable products. Two of them are environmentally friendly financing products. These products are Environmentally Friendly Motor Vehicle Credit and Environmentally Friendly Home Ownership Credit. In the SR, Bank ABC only mentions these two sustainable products. There is no information about the other six sustainable products.

**2) Principles of Sustainable Business Strategy and Practices**

One of Bank ABC's sustainability strategies is providing easy capital to debtors who develop businesses and support environmentally friendly activities. In practice, Bank ABC provides incentives in the form of special rates to customers whose operational activities are sustainable. Bank ABC also has SOPs related to SF. Bank ABC has also adjusted its organizational structure. Bank ABC has added functions, duties, and responsibilities to the corporate-secretary division, which is the division related to the implementation of SF and RAKB.

**3) Principles of Social and Environmental Risk Management**

Bank ABC has implemented a principle of prudence when measuring social and environmental risks from fund-distribution activities. Bank ABC avoids providing credit to companies that pollute the environment. Based on Bank ABC's SR, Bank ABC's KKUB credit distribution is only 2%-3%. The small amount of credit distribution made by the bank shows that Bank ABC is careful when providing credit to debtors. The strict selection process makes it difficult for people to receive credit. Bank ABC also has a green financing policy. The policy was first implemented in 2019. Bank ABC carries out an initial screening process for loan applications. One of the requirements for loan applications is to have ISO 14001, ISO 2600, an Environmental Impact Analysis document, and a PROPER rating of at least Blue. Specifically for the plantation sector, companies are required to have Indonesia Sustainable Palm Oil (ISPO), and the Roundtable on Sustainable Palm Oil (RSPO). Based on the SR, Bank ABC distributes to the plantation sector. The plantation sector was chosen because this sector directly contributes to sustainable national development. Table 2 shows the NOA, ceiling, and credit distribution of Bank ABC to the plantation sector in 2019-2023.

**Table 2. NOA, ceiling, and credit distribution of Bank ABC to the plantation sector in 2019-2023**

| | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| **NOA** | 1860 | 7639 | 3223 | 434 |
| **PLAFOND (milliar)** | 182 | 223 | 315 | 234 |
| **RECORDED (milliar)** | 145 | 156 | 269 | 217 |

**4) Governance Principles**

Bank ABC's governance has implemented the principles of Good Corporate Governance (GCG). Every six months, there is an independent governance assessment. Furthermore, the report is submitted to the OJK to reassess whether the governance carried out by Bank ABC is in accordance with OJK criteria.

In line with the principles of SF, Bank ABC also formed a team, who aims to ensure that the implementation of SF and RAKB can be carried out according to the predetermined time target. At the beginning of the implementation, Bank ABC formed a Green Banking Team. The purpose of forming the team was to create and implement action steps contained in the Bank Jatim Green Banking Action Plan and Roadmap. Furthermore, in 2022, Bank ABC replaced the team with a SF team.

**5) Informative Communication Principles**

Bank ABC has prepared and provided informative reports by compiling and communicating RAKB and SR. Bank ABC has been compiling SR since 2012. Bank ABC's SR is prepared based on POJK51 and SEOJK16 and GRI Standards. The reporting period for Bank ABC's SR is once a year. Bank ABC communicates its SR on its official website. Bank ABC has been preparing its RAKB since 2019. Bank ABC's RAKB is part of the Bank Business Plan (Indonesian: Rencana Bisnis Bank; RBB), which means that Bank ABC's RBB contains the RAKB. Bank ABC communicates the RBB at the General Meeting of Shareholders.

**6) Inclusive Principles**

Bank ABC still routinely educates customers who are not very familiar with banking. Bank ABC also created a branchless financial service aimed at rural communities. The service is run by several agents who have been appointed by Bank ABC as representatives of the bank. These agents are placed in remote areas that are not reachable by Bank ABC. In addition, Bank ABC has developed several digital applications, which are expected to make their service reach wider and easier. Bank ABC also distributes funds to various levels of society. Credit is intended for corporations, and financing is intended for MSMEs. Bank ABC also distributes funds to sustainable corporations and MSMEs annually. The amount of credit given also increases every year.

**7) Principles of Priority Leading Sector Development**

In an interview with respondent A, respondent A answered that currently, Bank ABC's priority leading sector is on the consumer side. Respondent A did not mention which priority leading sector has been determined by the government of Province X.

Based on the answer from respondent A, there is a difference in understanding regarding the priority leading sector. The priority leading sector is a sector that has a strong influence on regional economic growth and has been determined by the government in the RPJM and RPJ. Respondent A revealed the main sector that Bank ABC is currently focusing on, then the researcher asked about investments or projects related to the city government. Respondent A said that Bank ABC has a cooperative investment with the government. Bank ABC makes cooperative investments with each city/district in Province X. Respondent A stated that Bank ABC has a special credit product intended for local governments. The function of this credit product is to finance facilities and infrastructure that are government assets. With this credit, local governments can accelerate regional development.

Based on the SR, Bank ABC's priority leading sector is the plantation sector. In the SR, Bank ABC said that this sector directly contributes to sustainable national development and environmental sustainability. This is in accordance with the priority leading sectors in the RPJM and RPJ of Province X’s provincial government. In the 2020-2024 RPJM report for Province X, one of the selected priority leading sectors is the plantation sector. Bank ABC also reserves credit intended for priority leading sectors (e.g., the agriculture, plantation, fisheries, livestock, and marine sectors). These sectors will receive interest subsidies from the government if they accept this credit.

**8) Principle of Coordination and Collaboration**

Based on the news (https://www.antaranews.com/), Bank ABC participated in a local forum held by the provincial government in 2023 regarding the green industry. The Credit Division also held a gathering with customers. Bank ABC also carries out several activities related to sustainable finance. One of these activities is the provision of solar-cell PJU by Bank ABC for areas in need.

**b. RAKB**

Bank ABC began compiling RAKB in 2019. Bank ABC chose two out of three existing priorities: (1) the development of sustainable financial products/services, and (2) the development of internal bank capacity. Based on an interview with respondent A, respondent A did not specifically explain why Bank ABC chose these two priorities. Respondent A said that currently Bank ABC is still in the process of providing education to employees—especially employees at branches. Regarding the development of sustainable products/services, respondent A said that Bank ABC is currently trying to implement a green environment. In an interview with respondent A, respondent A did not explain the reasons for the development of sustainable products or services that have been carried out by Bank ABC.

Bank ABC has implemented RAKB effectively. In 2020, there was no deviation between realization and RAKB. In 2021, 2022, and 2023, there were deviations in RAKB, but they were not material. For programs that have not yet been realized, Bank ABC will continue the unrealized programs into the following year. This is in accordance with the data in the 2021 and 2022 SR. In 2021, there were two priority activities that had not yet been realized. In 2022, the two priority activities continued. Bank ABC responded to several unrealized programs by re-evaluating the programs.

**c. Implementation of Green Taxonomy**

The implementation of green taxonomy at Bank ABC is still in the planning stage. Based on an interview with respondent A, Bank ABC has implemented green taxonomy. Bank ABC has participated in the OJK pilot project on the implementation of green taxonomy. The researcher could not confirm the statement from respondent A because he did not receive documents related to green taxonomy—namely, the IGT thematic report. This is a confidential bank document.

Regarding whether all debtors are classified into the green, yellow, and red categories, there are debtors who have not been classified. Debtors who have not been classified are old debtors. Therefore, debtors who are not classified are included in the white category. The researcher also could not confirm the statement from respondent A because he did not receive documents related to green taxonomy—namely, the IGT thematic report. Bank ABC also prepared to conduct an assessment related to the classification of green taxonomy on its bank debtors. The preparations made by Bank ABC are to flag and map each debtor in accordance with guidance from OJK. Regarding the SOP related to green taxonomy, respondent A said that currently, Bank ABC still does not have an SOP/policy related to green taxonomy. Based on the statement of respondent A, this is inconsistent with its implementation because respondent A said that Bank ABC had implemented green taxonomy.

When conducting the second interview with respondent B, the researcher received a different answer. When the researcher asked respondent B about the implementation of green taxonomy, respondent B said that Bank ABC implemented green taxonomy, but it had not yet reached the green, yellow, and red category classification. Respondent B said that Bank ABC had its own coloring classification, and it was not related to the environment.

Regarding the report that Bank ABC gave to OJK, respondent B confirmed respondent A's statement that Bank ABC reported something to OJK. The researcher could not confirm the statement from respondent B regarding the report that Bank ABC reported to OJK because the document was confidential.

The researcher also could not interview the credit division as the division concerned because the credit division felt they had never implemented green taxonomy. In the SR, there is also no discussion of green taxonomy carried out by Bank ABC.

The researcher concluded that the implementation of Bank ABC's green taxonomy is still in the planning stage. The researcher also concluded that there are still differences in the understanding of green taxonomy, based on the answers of the two informants regarding the implementation of green taxonomy; therefore, it must be completed. Based on the 2021-2023 SR, Bank ABC has never conducted or participated in training on green taxonomy. Bank ABC has also never participated in seminars related to green taxonomy. Therefore, it can be concluded that Bank ABC has not yet provided education to its employees regarding green taxonomy.

There are difficulties experienced by Bank ABC in implementing green taxonomy. Bank ABC finds it difficult to find debtors whose operational activities are environmentally friendly. Respondent A said this is because the company is still reluctant to switch to environmentally friendly operational activities, due to their high implementation costs.

There are other factors that cause Bank ABC to have difficulty finding debtors whose operational activities are environmentally friendly—namely, Bank ABC also must compete with other banks to find debtors in the green category. Unlike large banks (e.g., Bank BCA, Bank BNI, or Bank Mandiri), whose operational areas are throughout Indonesia, Bank ABC's operational area is only in Province X, Province Y, and City Z. Therefore, Bank ABC must compete with other large banks to find debtors whose activities are sustainable.

Bank ABC's main sector is also one of the factors that makes it difficult to find debtors whose operational activities are environmentally friendly. Bank ABC's main sector is consumer credit. This was mentioned by Resource Person A during the interview regarding the priority leading sector. Bank ABC explained that their market share is comprised of ASN and village officials. Bank ABC also has productive credit, which they offer to ASN and village officials. This is in accordance with Bank ABC's credit productivity. In Bank ABC's 2023 annual report, credit productivity shows that Bank ABC distributes more consumer credit than productive credit. Bank ABC's consumer credit is 58% of their total credit. In addition, the difficulty in finding debtors whose operational activities are environmentally friendly may be caused by the debtor's ignorance of Bank ABC's sustainable products and/or services. In the SR, Bank ABC states that it has eight products in compliance with the KKUB. However, Bank ABC never mentions these products and/or services in its SR. In the 2023 SR, Bank ABC only mentions two of the eight products that comply with the KKUB. There is also no information about these products on Bank ABC’s website. On the website, there is only information about conventional and sharia products and/or services. There is also no information on Bank ABC's sustainable products and/or services on the news portal.

## CONCLUSION AND RECOMMENDATION

This study aims to evaluate the implementation of SF and green taxonomy at Bank ABC. The results of this study indicate that Bank ABC has implemented SF, based on POJK51. The implementation of SF at Bank ABC is based on the existence of POJK51. This is in accordance with institutional theory. Bank ABC has also tried to implement eight financial principles into its business practices. Bank ABC has also implemented RAKB effectively. In its implementation, Bank ABC has had no difficulties.

This study also shows that there has been no implementation of green taxonomy. The implementation of green taxonomy at Bank ABC is still in the planning stage. This is because there is a contradiction between respondent A and respondent B regarding the implementation of green taxonomy at Bank ABC. Respondent A said that Bank ABC participated in the OJK green taxonomy pilot project, while respondent B said that Bank ABC carried out taxonomy but had not yet been colored. However, both sources answered that Bank ABC reported green taxonomy to OJK. Looking at the statements from both sources, it can be concluded that Bank ABC did submit a report to the OJK, but the report submitted to the OJK was not a report on green taxonomy. Bank ABC also currently does not have an SOP related to green taxonomy. Considering the differences in answers between sources, the sources' understanding of green taxonomy is still lacking. Based on Bank ABC's 2021-2023 SR, Bank ABC has never held training or seminars for employees on green taxonomy.

Bank ABC's difficulty in implementing SF and green taxonomy is the difficulty of getting debtors whose operational activities are environmentally friendly. There are several factors that make it difficult for Bank ABC to get debtors whose operational activities are environmentally friendly, namely Bank ABC must compete with other large banks to get debtors whose operational activities are environmentally friendly, Bank ABC's main sector is consumer credit, and prospective debtors' ignorance of Bank ABC's sustainable products and/or services.

Based on the results of the analysis, the researchers recommend that Bank ABC must hold training or seminars on green taxonomy; Bank ABC must create SOPs/policies on green taxonomy, and Bank ABC must start marketing its sustainability products on its website, local news portals, national news portals, and SR. This study has limitations to be improved on in future research—namely, the data obtained is limited to SR, annual reports, online news, and interview results with two respondents (i.e., the Strategic Planning and Work Management Division, and the Risk Management Division). This study still cannot examine documents (e.g., the bank's RBB and Green Taxonomy Report) and cannot interview the credit division, due to the respondents' reluctance to be interviewed. Further research can use other secondary data (e.g., the bank's RBB, the IGT thematic report, and interviews with the credit division) to get a deeper picture of green taxonomy implementation at a bank.

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