

ABSTRACT

In 2017, The Financial Services Authority (*Otoritas Jasa Keuangan*) as a legal entity that regulates and supervise financial industry in Indonesia, released the *Peraturan Otoritas Jasa Keuangan Nomor 51 / POJK.03 / 2017* about the implementation of sustainable finance for financial service institutions, including the banking sector. Since the publication of the regulation, banking companies in Indonesia have to perform sustainable business as part of their CSR program to increase financial service's social and environmental awareness in Indonesia. Because of this, the significant influence between conducting sustainable finance as part of banking company's Corporate Social Responsibility and the company profits should be explored in order to gain insights about their significance upon each other.

This research is aimed to learn whether there is a significant effect of Corporate Social Responsibility Disclosure towards profitability of banking companies listed in the Indonesia Stock Exchange within 2017-2020, proxied by Return On Assets and Return On Equity. The Global Reporting Initiative (GRI) G4 standards will be used as the basis of the CSR Disclosure Index measurement within this research.

The companies being analysed in the research are 9 banking companies that qualify based on the purposive sampling done throughout the research. The methodology that will be performed throughout this research is quantitative method, with data panel regression analysis as the data analysis technique.

The result obtained from this study revealed that CSR Disclosure has significance and negative influence towards the dependent variable ROA. The result displayed that when the value of CSR increases by 1 value, then the value of ROA will decrease by 0,022463 unit. On the other hand, the test on the dependent variable ROE showed that CSR Disclosure has no significance and negative influence. It was also revealed that the value of ROE will decrease by 0,0135151 unit when the value of CSR increases by 1 value.

Keywords: CSR disclosure, financial performance, profitability, Return On Assets, Return On Equity