ABSTRACT

This study aims to analyze the effect of Environmental, Social, and Governance (ESG) disclosure on the stock prices of banking companies in the Asian region during the 2022–2024 period. ESG disclosure is measured both in aggregate and based on its three pillars, namely Environmental, Social, and Governance Disclosure. Stock price serves as the dependent variable, with Price Difference, Return on Assets (ROA), Leverage, Firm Size, and Firm Age as control variables.

This study uses secondary data obtained from the Bloomberg terminal at the Bloomberg Laboratory of the Faculty of Economics and Business, Universitas Diponegoro, as well as the annual and financial reports of the companies. The population consists of banking companies listed on the stock exchanges of eleven Asian countries. Using a purposive sampling method, 232 banking companies were obtained with a total of 696 firm-year observations. The data were analyzed using panel data regression with a Fixed Effect Model estimation, corrected with clustered robust standard errors using Stata 17.

The results show that ESG disclosure in aggregate has no significant effect on banking stock prices. At the pillar level, only Governance Disclosure has a positive and significant effect, while Environmental Disclosure and Social Disclosure have no significant effect. These results remain consistent both in the model without control variables and in the model with the selected control variables. The findings indicate that the value relevance of ESG disclosure for banking investors is limited and operates solely through the governance dimension, consistent with Signaling Theory and Agency Theory, which emphasize that only costly and verifiable signals are priced by the market.

Keywords: *ESG Disclosure, Environmental Disclosure, Social Disclosure, Governance Disclosure, Stock Price, Banking.*