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Risk Disclosures in Bank Reporting: Sustainable Finance Roadmap Era

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Abstract
Objective – This research aims to investigate risk disclosures in bank reporting in the era of the sustainable finance roadmap.

Design/methodology – This research uses a content analysis approach with 252 annual reports and 85 stand-alone sustainability reports on 36 banks listed on the Indonesia Stock Exchange for 2014-2020.

Results – The reporting of 36 banks listed on the Indonesia Stock Exchange in the sustainable finance road map era contained the codification of risk disclosures used in this research. Banks as financial service institutions carry out and detect risk disclosures in bank reporting regarding business activities in line with economic, social, and environmental protection. The risk disclosures in the annual and stand-alone sustainability reports show the bank's efforts to detect risks and anticipate sustainable finances. In line with the Sustainable Finance Action Plan, the banks' effort to provide long-term value creation for sustainable competitive advantage, society, environment, and strengthening resilience has managed all economic, social, and environmental risks. Sustainable financial risks anticipating banks can maintain the company's continuity.

Limitation/Suggestion – The implementation of business activities and the detection of risk disclosures confirm that external institutional factors such as pressure from potential stakeholders and Government regulations are the main reasons for implementing sustainable finance practices. Detection through risk disclosures in bank reporting strengthens sustainable finance, maintains company continuity, and improves community welfare to support the Government in achieving the Sustainable Development Goals

Novelty/Originality – Bank reporting investigated using methodology through the codification of risk disclosures in this research in the sustainable finance roadmap era with an institutional theory approach.

Keywords: Annual Report, Bank Reporting, Risk Disclosures, Stand-Alone Sustainability Report, Community Welfare

1. Introduction

Accounting disclosures are essential for all stakeholders because these disclosures provide the necessary information to reduce perceived uncertainty and enable a match between economic and financial decisions (Mailafia & Adamu, 2021). Accounting disclosures contained in company reporting can detect risks that may arise due to uncertainty. Reporting of an organization's economic activities must have clarity and provide important information that can communicate the possible consequences of business activities and company risks to facilitate decision-making (Wahh, Khin, & Abdullah, 2020). Risk disclosures are essential information that must complete as mandatory disclosures in the company annual report (Alsaeed, 2006). However, Regional Development Banks (RDBs) disclosed risk disclosures in the annual and stand-alone sustainability reports (Dosinta, 2020).

The banking sector is the most crucial sector that must detect risk disclosure in corporate reporting. The role of banks in maintaining funds deposited by customers and maintaining operational stability, playing a major role as managers of financial flows in a country and becoming increasingly with the development of financial technology. In Indonesia, the role of the banking sector is getting stronger, especially with various regulations that require Government institutions to use non-cash transactions through bank transfers or e-money facilities provided by banking services as Financial Services Institutions (FSI). The Government uses the e-money feature to distribute social programs for people in need to expand financial inclusion and prevent fraud (Sastiono & Nuryakin, 2019).

The Financial Service Authority (2014), has compiled a Sustainable Finance Roadmap aimed at the financial services industry under the supervision of the Financial Service Authority. The first phase of the medium-term period for 2015-2019 emphasizes strengthening sustainable finance focused on the basic framework of regulation and reporting system. Then, the long-term Sustainable Finance Roadmap for 2020-2024 focused on one of them for the integration of risk management.

The Financial Service Authority, (2016) describes what bank reporting must be anticipated and disclosed regarding risk management: credit, market, liquidity, operational, compliance, legal, reputation, and strategy. Therefore, risk disclosure is essential for any party interested in the company (Linsley & Shrives, 2006), especially corporate reporting. Research on risk disclosures has been widely carried out, including on companies listed on the stock exchange in the UK (Elzahar & Hussainey, 2012; Gonidakis, Koutoupis, Tsamis, & Agoraki, 2020), India (Shivaani, Jain, & Yadav, 2020), and Egypt (Marzouk, 2016) on banking companies listed on the stock exchange conducted by Maffei et al., (2014) in Italy and Oliveira et al., (2011) in Portugal. In the Indonesian context, research on risk disclosures includes reporting on RDBs (Dosinta, 2020) and companies that carried out the Initial Public Offering (IPO) (Setiawan & Andriyanto, 2019).

Based on the Financial Services Authority Regulation Number 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies to report sustainable finance as comprehensive support from the financial services sector to create sustainable economic growth by aligning economic interest, social, and the environment in corporate reporting (Financial Service Authority, 2017). The company's social and environmental responsibilities are disclosed in the annual and stand-alone sustainability reports (Saputra & Murwaningsari, 2021). In Indonesia, sustainability reporting is a voluntary Environmental Social Governance (ESG) reporting practice (Dosinta, Brata, & Heniwati, 2018), as a real action by the company so that stakeholders believe that the company is committed to maintaining social requirements within the company environment (Anugerah, Saraswati, & Andayani, 2018). The research results by Diouf & Boiral (2017) showed that companies highlight the positive aspects of sustainability performance that are disclosed in the sustainability reports.

Reporting that was previously voluntary but mandatory regulations save the potential to dig deeper into the reasons that underlie companies in presenting sustainability reports. First, as one of the strategies carried out by the company to gain legitimacy, including the implementation of sustainability reporting practices (Higgins, Stubbs, & Milne, 2015). Second, to meet the expectations of internal and external stakeholders (Searcy & Buslovich, 2014). Third, companies are under institutional pressure to report sustainable finance as part of corporate reporting. Searcy & Buslovich (2014) argue that sustainability reports are more aimed at stakeholders and regulated according to the guidelines prepared by Global Reporting Initiatives (GRI). Companies use globally applicable standards in preparing sustainability reports in Indonesia because standard setters do not regulate standards (Nur, Saraswati, & Andayani, 2019), such as GRI. The codification proposed by Probohudono et al. (2013), which used by Setiawan & Andriyanto (2019), includes adaptations from GRI, such as risks and opportunities due to climate change, because it is essential to understand institutions in a country about discussions related to disclosures (Shi, Pukthuanthong, & Walker, 2013), particularly in corporate reporting.

The results show that by identifying risk disclosures in corporate reporting, companies can anticipate risks, protect businesses (Gonidakis et al., 2020), and help companies make investment decisions (Setiawan & Andriyanto, 2019). Risk disclosure as a form of accountability for RDBs as a company engaged in the financial sector shows that the company prioritizes the Financial Services Authority as a framework for the RDBs Transformation program (Dosinta, 2020). Based on the background described and previous research, this research is interesting to study further, so it raises a question. How are risk disclosures in bank reporting in the era of the sustainable finance road map?

In the context of bank reporting listed on the Indonesia Stock Exchange (IDX), institutional theory plays a role in explaining the practice of green banking disclosures in the annual report (Handajani, 2019). Institutional theory can clarify thinking about disclosure in corporate reporting about reporting an institution (DiMaggio & Powell, 1983), partly because of institutional pressures that can encourage organizations to engage in routine social action (Cormier, Magnan, & van Velthoven, 2005). Based on the Sustainable Finance Roadmap intended for the FSI, this research investigates risk disclosures in bank reporting in the era of the Sustainable Finance Roadmap with an institutional theory approach.

This research is essential considering the gaps that have not been done in the previous studies. This research offers an academic contribution in providing an overview of the face of bank reporting listed on the IDX in the era of the Sustainable Finance Roadmap. Using the methodology through the codification of risk disclosures proposed by (Probohudono et al., 2013) empowerment risk is part of Linsley & Shrives, (2006), and environmental risk is part of Gonidakis et al., (2020). The results from this research are expected to conform with institutional theory. In the practical aspect, an alternative in making decisions for banks listed on the IDX from the result obtained from this research.

The remaining of this paper proceeds as follows. Then, a literature review and theoretical framework. Furthermore, the method contains the research design. Then, the results and discussion include the relationship with institutional theory and conclusions that have the research implications.

2. Literature Review

The institutional theory assumed institutional environment as socially shaped (DiMaggio & Powell, 1983), emerged as a conceptual approach used to analyze and understand changes and dynamics between companies (Dumay, Frost, & Beck, 2015). Still, it has also been used to explain changes in accounting practices and clarify the influence of accounting practices on institutional and organizational changes (Rambaree, 2019). As a result, the institutional theory proposes that each company can modify its behavior towards sustainable practices; furthermore, sustainability assurance adapted to the social environment in which the company thrives (Meyer & Rowan, 1977).

Furthermore, Simnett et al.'s (2009) research results show that companies operating in industries that face large social and environmental risks indicate the need for assurance of sustainability information by using sustainability assurance statements as a tool to improve the company reputation and credibility. The results of Clarkson et al. (2008) show a greater preference for sustainability disclosure in industrial companies that are sensitive to environmental issues than companies that operate with less supervision and criticism from stakeholders. Thus, the adaptation process of an organization operating in countries with similar institutional structures will adopt homogeneous forms of behavior to its institutional environment and argue that it enhances firm stability and viability facilitates political power institutional legitimacy

(DiMaggio & Powell, 1983). Institutional isomorphism and institutional pressure on the organization will lead to organizational change towards homogeneity (Meyer & Rowan, 1977).

The key concept in understanding institutional theory is isomorphism, which is mostly used to explain the homogeneity of forms isomorphism has three primary forms the reason for homogeneity is changed; coercive, mimetic, and normative (DiMaggio & Powell, 1983). Pressure from 'powerful' stakeholders is a coercive isomorphism, and identifying best practices is mimetic, then; companies change corporate reporting to meet these pressures and internalize norms derived from standardization is a section on normative isomorphism (Dosinta & Brata, 2020). For corporate reporting, mimetic isomorphism is why companies prepare sustainability reports (Rudyanto, 2019), integrated reporting (Dosinta, 2017; Dosinta & Brata, 2020). Normative isomorphism and coercive isomorphism are why companies prepare sustainability reports (Martínez-Ferrero & García-Sánchez, 2017). Institutional pressure plays a role in voluntary disclosure in corporate reporting, especially in developing countries (Zaini, Samkin, Sharma, & Davey, 2018), and in adopting new forms of reporting by organizations in a company, such as sustainability reports and other forms of reporting (Dosinta & Brata, 2020). The growth of multinational companies in the global market and the importance of the economic and social fields in developing countries, as well as the needs of managers, shareholders, and other stakeholders regarding regulations, laws, norms, and social and cultural aspects of various other countries have fostered the application of institutional theory in various fields business (Martínez-Ferrero & García-Sánchez, 2017). Disclosure may not be purely an economic decision, especially considering social and political aspects (Abraham & Shrives, 2014) and other elements such as the environment. Accounting disclosure in corporate reporting provides accounting and financial information and can expand through other aspects such as accountability in social and environmental aspects (Fahlevi, Indriani, Mulyany, & Nadirsyah, 2019). Accounting can be a means for someone to take responsibility for human life because based on unity (Sitorus, Triyuwono, & Kamayanti, 2017), and humanism (Shonhadji, 2016).

The results of Dosinta's (2020) research show an alignment of risk disclosures in corporate reporting with stakeholder theory because RDB reporting is a form of corporate communication to stakeholders, one of which is the Financial Services Authority as the regulator of RBD. Meanwhile, Oliveira et al. (2011)research suggests that agency theory is strong enough to be the basis of research in shading various levels of risk. However, understanding institutional roles is essential because institutional pressures have increased between organizations in understanding risk disclosures within reporting practices, especially regarding sustainability (Truant, Corazza, & Scagnelli, 2017). Therefore, this study uses an institutional theory approach because banks have to comply with Financial Services Authority regulations, including risk detection and risk disclosure in bank reporting.

3. Research Method

This study uses content analysis with codification proposed by empowerment risk proposed by Linsley & Shrives (2006), environmental risk proposed by Gonidakis et al. (2020), and Probohudono et al. (2013) to provide an external reference on risk disclosures presented in Table 1. This research documents and examines various aspects of the narrative contained in risk disclosures, review the relative emphasis and assumes that changes in corporate reporting must have something to do with it, which can be studied more deeply (Carnegie & Napier, 1996). Content analysis is appropriate in this study because it is applied to archival data, sentences as the basis for coding with the text coding method into categories based on specific criteria, and the aim is to conclude the meaning the underlying material is then present in the investigated texts (Milne & Adler, 1999). Content analysis is a research technique to generate valid conclusions by marking 'something' behind the text, then considering something hidden or underlying and which may unintentionally find interesting meanings and messages (Krippendorff, 2013). Such a classification process needs to be reliable to draw valid conclusions (Beattie, McInnes, & Fearnley, 2004).

Table 1. Risk Disclosures

Risk	Risk Disclosures Items	Reference
Empowerment risk	(1)Leadership and management (2)Outsearching (3)Performance incentives (4)Changes readiness (5)Communications	Linsley & Shrives, (2006)
Environmental risk	(6)Environmental incidents (7) Environmental destruction/war (8)Natural disaster (9)Environmental laws and regulations (10)Extreme weather – climatic conditions	Gonidakis et al., (2020)
Credit risk	(11)Provide consumer credit business (12)Extensions of credit	Probohudono et al., (2013)
Operating risk	(13)Generally Accepted Accounting Principles (GAAP) risks of the special purpose entity (14)Internal control and the extent risk are acceptable (15)Impact accounting policy changes (16)Internal control including risk (17)Internal control and risk of incident	
Business risk	(18)Identifying, evaluating and managing risks (19)Future prospects (20)Impact of strategy (21)Effects of acquisition (22)Safety policy (23)Impact of strategy on future (24)Effects of disposals (25)Capital project committed (26)Committed expenditure for capital projects (27)Data on accidents (28)Safety of products (29)Cost of safety measures	
Strategy risk	(30)External factors and company's prospect (31)Major regional economic development (32)Risks and opportunities due to climate change (33)Risks related to corruption (34)Risk-control programs regarding serious diseases (35)Freedom of association risk	

Source: Linsley & Shrives, (2006); Gonidakis et al., (2020) & Probohudono et al., (2013)

This study uses thematic content analysis developed by Beattie et al., (2004) as the primary strategy to collect and analyze data. Then, generate inferential and objective identification based on specific content characteristics (Jose & Lee, 2007). This study uses the unit of analysis in the form of text by considering thematic differences. The procedure includes identifying the theme based on the codification of the risk disclosure aspect, then interpreting the meaning associated with the results of the identification of the theme, then providing a code that adapted to the text quote, and concluding. Two researchers simultaneously investigated the risk disclosure aspect (Onwuegbuzie & Leech, 2007) and Anney (2014) to understand the risk disclosures aspect in the annual report and stand-alone sustainability report. They were known as investigator triangulation (Smith, 2015) to obtain valid and reliable research findings. Understanding the risk disclosure aspect includes the similarity of the codification results of six aspects, empowerment risk, environmental risk, credit risk, operating risk, business risk, and strategic risk. Then an understanding of the interpretation of meaning related to the results of the identification of the theme. Furthermore, the researcher hand-coded the coding on the risk disclosures aspect, and other researchers vali-

Annual Report, Bank Reporting, Risk Disclosures, Stand-Alone Sustainability Report, Community Welfare

dated text quotes for various codes for reliability. If there is no match between the findings and conclusions, the two researchers will repeat and discuss the suitability of the results and conclusions.

Based on data from Indonesia Stock Exchange, (2021) there were 47 banks listed on IDX until 2020. This study uses 36 banking companies listed on the Indonesia Stock Exchange, considering that they have published company reports on each bank's website from 2014-2020. In this research, the reporting analysis unit published on each bank's website is 252 annual reports and 85 stand-alone sustainability reports, for a total of 337 reports. This research does not use period consistency in the stand-alone sustainability report. For example, because the stand-alone sustainability report of Bank Danamon starting in 2019, the unit of analysis at Bank Danamon consists of seven annual reports from 2014-2020 and two stand-alone sustainability reports from 2019-2020.

4. Results and Discussions

Based on the codification of empowerment risk proposed by Linsley & Shrives (2006), environmental risk proposed by Gonidakis et al., (2020), and credit risk, operating risk, business risk, and strategy risk proposed by & Probohudono et al. (2013) show that risk disclosures contained in 36 bank reporting listed on the IDX for the 2014-2020 period in the era of the sustainable finance roadmap as an effort to detect risks and anticipate sustainable financial risks. The annual report disclosed risk disclosures using the codification of risk disclosures in this research, presented in Table 2.

	Annual Report							
BUKU	2014	2015	2016	2017	2018	2019	2020	Total
BUKU 1	6	4	4	4	4	2	-	24
BUKU 2	9	11	11	11	11	13	15	69
BUKU 3	17	17	17	16	16	14	14	123
BUKU 4	4	4	4	5	5	7	7	36
Total	36	36	36	36	36	36	36	252

Table 2. Risk Disclosures in Annual Report based on BUKU

Table 3 shows the increasing trend of banking companies in presenting stand-alone sustainability. In fact, in Financial Service Authority (2017), the sustainability report can be presented as a stand-alone or an integral part of the annual report. Table 3 shows that although the stand-alone sustainability report is a voluntary ESG report in Indonesia (Dosinta et al., 2018), the company was still doing it. FSI, especially Bank Umum Kegiatan Usaha (BUKU) 3, BUKU 4, and foreign banks must implement sustainable financial services reports with mandatory provisions for the first time in the reporting period January 1st, 2019-December 31th, 2019. Then from January 1st, 2020 to December 31st, 2020, for FSI in BUKU 1 and BUKU 2.

	Stand-Alone Sustainability Report							
BUKU	2014	2015	2016	2017	2018	2019	2020	Total
BUKU 1	-	-	-	-	-	-	-	-
BUKU 2	-	-	-	-	-	-	2	2
BUKU 3	5	7	7	6	6	8	8	47
BUKU 4	4	4	4	5	5	7	7	36
Total	9	11	11	11	11	15	17	85

Table 3. Risk Disclosures in Stand-Alone Sustainability Report based on BUKU

Table 3 shows that nine banks published stand-alone sustainability reports in 2014, BRI, BNI, Bank Mandiri, BTN, BJB, Bank JATIM, CIMB Niaga, Bank Permata, and Bank NISP. Then, in the annual report 2019 observations, seven banks are included in the BUKU 4 category with more than 30 trillion Rupiah in the capital, namely BRI, BNI, Bank Mandiri, BCA, Bank Panin, Bank CIMB Niaga, and Bank Danamon.

Next, based on observations in the annual report 2020 that present a stand-alone sustainability report, two banks are included in the BUKU 2 category with 1 trillion Rupiah-5 trillion Rupiah in the capital, namely Bank Mestika and Bank Victoria International.

Empowerment Risk

Based on the codification of changes readiness as part of empowerment risk, banking companies support the Government to achieve the Sustainable Development Goals (SDGs) through the implementation of sustainable finance. Bank JATIM disclosed in the stand-alone sustainability report 2020, which shows the GRI reference 103-2.

> "Sustainable development was an adaptation of the Sustainable Development Goals (SDGs), a global action plan agreed upon by world leaders, including Indonesia, to end poverty, reduce inequality and protect the environment. The SDGs contained 17 Goals and 169 Targets that were expected to be achieved by 2030. In addition to having an SDGs secretariat at the Ministry of National Development Planning/Bappenas, Indonesia's commitment to SDGs or the Sustainable Development Goals was realized through Presidential Regulation of the Republic of Indonesia Number 59 of 2017 concerning Implementation of Achieving Sustainable Development Goals. Before the Presidential Decree and POJK No.51/POJK.03/2017 was issued, Bank Jatim's commitment to creating harmony between economic, social, and environmental aspects had been realized through the implementation of Social and Environmental Responsibility, as regulated in Law Number 40 of 2007 concerning Limited Companies (TJSL) (GRI 103-2)" (Bank JATIM, 2020: 109).

Environmental Risk

The Indonesian Government in each province has allocated budgets for disasters in several departments such as social services, education, and health for disaster recovery because Indonesia is known for its high disaster risk, especially during the last two decades (Fahlevi, Indriani, & Oktari, 2019). Likewise, banking companies that impact natural disasters that are part of environmental risk have anticipated the impact of the natural disaster; Bank Maspion has a disaster recovery plan and has the readiness of was disclosed in the annual report 2019. Thus, not only the regional Government is prepared for disaster risk, but the banking companies is also ready to respond to disaster risk in Indonesia. Although Bank Maspion was included in the BUKU 2 category in 2019 and did not publish a stand-alone sustainability report, Bank Maspion detects disaster risk through its 2019 annual report.

> "The Bank also has a Disaster Recovery Plan that contains plans and steps to replace or restore access to data, hardware, and software needed so that the Bank can carry out critical operational activities after disruption and/or disaster. To ensure the level of readiness and in order to evaluate the Disaster Recovery Plan, the Bank conducts crisis simulations on a regular basis at least once a year" (Bank Maspion, 2019: 253).

Credit Risk

Banking companies are responsible for the environment based on the codification of extensions of credit which is part of credit risk. Although Bank Woori Saudara was included in the BUKU 2 category in 2019 and did not publish a stand-alone sustainability report, Bank Woori Saudara detected credit risk through the 2016 annual report emphasizing the anticipation of credit.

> "Bank Woori Saudara's commitment to assuming responsibility for the environment and conservation of nature is poured in the form of the Bank's lending policy, which provides that any credit analysis related to lending to industries posing an impact on the environment and environmental preservation is required to include a provision on the obligation of having Environmental Impact Assessment (AMDAL)" (Bank Woori Saudara, 2016: 273).

Operating Risk

Internal control, including risk, is part of operating risk shown by Bank BUKOPIN consistently monitoring operational and financial risks. Bank BUKOPIN disclosed in the stand-alone sustainability report 2019, which shows reference GRI 102-22.

> "IMPLEMENTATION OF PRUDENT PRINCIPLE (102-11) As a Company engaging in the banking services sector, Bank Bukopin is faced with the potential of significant operational and financial risks. To avoid these risks, the company applies the principle of prudence by optimizing Integrated Internal Control Systems, which are the Internal Audit Work Unit, Compliance Work Unit, and Risk Management Work Unit." (Bank Bukopin, 2019: 90).

Business Risk

Based on the codification of future prospects, which are part of business risk, Bank Ganesha presents the first year in submitting a Sustainability Report in an Annual Report and Sustainability Report to implement sustainability finance reports. Although Bank Ganesha is included in the BUKU 2 category in 2020 and does not publish a stand-alone sustainability report, Bank Ganesha implements a sustainability report as an integral part of the annual report.

> "Welcome to the Annual Report and Sustainability Report of PT Bank Ganesha Tbk. This is the first year for Bank Ganesha to submit a Sustainability Report as required in the Financial Services Authority Regulation No. 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Service Institutions, Issuers, and Public Companies. Following the prevailing laws and regulations, Bank Ganesha is committed to publishing an Annual Report and a Sustainability Report, either in one package or separately, as a manifestation of the principle of transparency to all stakeholders. This Annual Report contains statements on the financial condition, operation result, projections, plans, strategies, policies, and objectives of the Bank, which are classified as forward-looking statements in the implementation of the prevailing laws and regulations, except for historical matters. These statements have the prospect of risk, uncertainty and could result in actual developments which materially different from those reported" (Bank Ganesha, 2020:1).

The safety policy is part of business risk, the community's needs, and through direct contributions to Corporate Social Responsibility (CSR) activities, is disclosed in the stand-alone sustainability report of Bank Permata 2019, which shows the GRI 102-15 reference.

> "PermataBank is fully committed to support the achievement of SDGs with stakeholders, one of which is by implementing sustainable finance. The commitment is realized by PermataBank through the development of sustainable finance products and services in accordance with the needs of the

> community and through direct CSR activity contribution [GRI 102-15]" (Bank Permata, 2019: 95).

Based on the safety policy that is part of the business risk, CIMB Niaga ensures data security and customer privacy and maintains the safety of transactions and digital infrastructure from various cyber-attack risks and technological threats crimes. Bank CIMB Niaga disclosed in the stand-alone sustainability report 2020, which shows the Sustainability Accounting Standard Board – Financial Sector reference, namely FN-CB-230a.2.

> "Customer Data Security and Privacy Protection [FN-CB-230a.2]. On the one side, innovation in technology increases convenience and speed in transactions, but on the other side, can also have a negative impact on the possibility of cyber-attacks and technology crimes. To anticipate this risk, CIMB Niaga has a specific IT Security Unit tasked with ensuring data security and customer privacy, as well as maintaining transactions and digital infrastructure security from different threats of cyber attack and technology crimes" (Bank CIMB Niaga, 2020: 88).

Strategy Risk

Based on the codification of external factors and the company's prospect, which is part of strategy risk, it was disclosed in Bank Permata's 2017 annual report that there are no issues that have the potential to affect business continuity significantly.

> "In accordance with the existing Recovery Plan, PermataBank strives to maintain and manage its performance in accordance with the regulations and ensure its capital adequacy in order to anticipate all potential loss and risk exposure held by PermataBank on an ongoing basis" (Bank Permata, 2017: 264).

Based on the codification of major regional economic development, which is part of strategy risk, shows banking companies' responsibility in building economic growth and improving people's welfare. The BNI disclosed in a stand-alone sustainability report 2015.

> *"Sebagai salah satu bank tertua di Indonesia, BNI memiliki tanggung jawab dalam membangun pertumbuhan ekonomi Indonesia dan meningkatkan kesejahteraan masyarakat"* (Bank Negara Indonesia, 2015: 82). [As one of the oldest banks in Indonesia, BNI have the responsibility to build Indonesia's economic growth and increase community welfare]

The contribution on economic, social, and environmental performance disclosed stand-alone sustainability report Bank Mandiri 2014 based on the codification of major regional economic development.

> "This year, Bank Mandiri is continuing its commitment to disclose information on the economic, social, and environmental performance of the company to our stakeholders through the publication of a Sustainability Report. We recognize that sustainable development must be supported by responsible business activities that provide an optimal contribution to the social and economic resilience of the community" (Bank Mandiri, 2014: 12).

Based on the codification of risks and opportunities due to climate change which is part of the risk strategy, there are disclosures by BRI and Bank CIMB Niaga, which show that they are implementing sustainable finance as support for the SDGs. BRI disclosed the risks and opportunities due to climate change in the stand-alone sustainability report 2019, referencing GRI 102-11. While Bank CIMB Niaga disclosed in the stand-alone sustainability report, shows the reference to Sustainable Banking Assessment.

> "Therefore, BRI always runs our business activities by promoting the principle of prudence, both in raising and distributing funds to the public. The prudence principle is also applied as a response to the potential environmental damage, climate change, and social conflict, which is carried out through Risk Management which includes identification, measurement, mitigation, supervision, and monitoring of social and environmental risks of the project or activity being funded [102-11]" (Bank Rakyat Indonesia, 2019: 16).

> "The response to climate change is also realized through compliance with external initiatives, including the preparation of a Sustainable Finance Action Plan based on FSA Regulation No.51/POJK.03/2017 on the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies; and issuance of sustainability bonds based on FSA Regulation No. 60/POJK.04/2017 on Issuance and Requirements of Green Bonds, [102-12]" (Bank Rakyat Indonesia, 2019: 17).

> "Strategies in Respond to Global Challenges through Sustainability Pillars and Sustainable Finance Action Plan (RAKB) [SUSBA 1.1.1.3] The Sustainability Pillars and RAKB serve as guidelines for all work units in implementing sustainable finance and controlling risks, especially the Environment, Social, and Governance (ESG) risks. The Sustainability Pillars was also mapped against the support needed for achieving the Sustainable Development Goals (SDGs)" (Bank CIMB Niaga, 2020: 24).

Codification of freedom of risk is part of strategic risk shows to provide long-term value creation, sustainable competitive advantage, and strengthening resilience because it has managed all economic, social, and environmental risks. The BTN disclosed in a stand-alone sustainability report 2018, which shows references to GRI 102-15.

> "*Rencana Aksi Keuangan Berkelanjutan diharapkan akan memberikan penciptaan nilai jangka panjang (long-term value creation) tidak hanya dalam bentuk terciptanya keunggulan bersaing yang berkelanjutan bagi perusahaan (sustainable competitive advantage), tetapi juga bagi masyarakat dan lingkungan yang lebih luas serta adanya penguatan ketahanan (strengthening resilience) karena Perusahaan telah mengelola semua risiko (ekonomi, sosial dan lingkungan) dengan lebih tepat [GRI 102-15]*" (Bank Tabungan Negara, 2018: 6). [Sustainable Finance Action Plan would expect to provide long-term value creation in the form of the creation of sustainable competitive advantage for the company sustainable competitive advantage and society and the environment more area and the strengthening of resilience, because of the company has managed all risks (economic, social and environmental) with more appropriate].

Risk Disclosures, Bank Reporting, and Sustainable Finance Road Map

An organization has a responsibility to identify risks early on that may occur in the future. Detection of risks in corporate reporting can be early identification, which requires in-depth knowledge of the organization through ethics, social and environmental issues (Truant et al., 2017). Initial identification from risk disclosures can be threats or opportunities regarding the achievement of an organization. Still, it is regard to the economic activity. As a country's economy supporting, the banking sector needs to ensure that banks can include detection through risk due to the increase in digital-based financial transactions and the enormous use of e-money in the era of the industrial revolution 4.0 (Mehdiabadi, Tabatabeinasab, Spulbar, Yazdi, & Birau, 2020), especially risk disclosures in bank reporting.

The company wants to be sustainable, including anticipating accounting failures in company reporting through risk disclosures (Linsley & Shrives, 2009). The proper risk management process helps companies identify risks that are willing to be accepted or avoided and then successfully measure the identified risks; this adequate risk management process allows companies to integrate business strategies to achieve the desired goals (Cervantes-Cabrera & Briano-Turrent, 2018). The reporting of 36 banks listed on the IDX in the sustainable finance road map era contained the codification of risk disclosures used in this research. Banks as FSI carry out and detect risk disclosures in bank reporting regarding business activities in line with economic, social, and environmental protection. The risk disclosures in the annual and stand-alone sustainability reports show the bank's efforts to detect risks and anticipate sustainable finances.

Several principles used in the implementation of sustainable finance (Financial Service Authority, 2017) carried out by banking companies listed on the IDX are the principles of strategy and sustainable business practices, then the principles of managing social and environmental risks. In line with the Sustainable Finance Action Plan, the banking companies' effort to provide long-term value creation for sustainable competitive advantage, society, environment, and strengthening resilience has managed all economic, social, and environmental risks. Sustainable financial risks anticipating so that banks listed on the IDX can maintain the company's continuity.

The existence of a company besides gaining profit for the company itself and making a positive contribution to society in economic, social, environmental aspects (Trireksani & Djajadikerta, 2016), and the primary demand of the shareholders (Dosinta & Brata, 2020) to keep the company's continuity. Environmentally friendly banks raise their standards and influence the behavior of other business actors to be socially responsible (Handajani, 2019). Omran & Ramdhony (2015) state that the implementation of CSR shows the company's role in society as an institution that has ethical, social, and legal responsibilities. As the results of research by Ullah & Rahman (2015), CSR activities disclosed in the reporting of banks listed on the Dhaka Stock Exchange (DSE) in Bangladesh are not required to be guided by GRI. Likewise, the reporting of banks listed on the IDX is not required to disclose CSR based on GRI. Financial Service Authority, (2017) regulation does not require the use of guidelines required by GRI to disclose the application of sustainable finance in corporate reporting. However, there are banks listed on the IDX that prepare stand-alone sustainability reports used to GRI guidelines, Sustainability Accounting Standard Board, and Sustainable Banking Assessment.

Institutional Theory, Sustainability of the Company, and Community Welfare

Sustainable finance activities and disclosures of banks listed on the IDX are explained by coercive, mimetic, and normative mimetic. The bank's actions to carry out and disclose business activities in line with economic, social, and environmental protection confirm that external institutional factors such as pressure from potential stakeholders and pressure from government regulations are the main reasons that encourage the implementation of sustainable finance practices. This study confirms that the efforts made by banks to adopt sustainability issues collectively through sustainable finance in banking practices argue that the occurrence of mimetics isomorphic. Sustainable finance in banking practice is in line with ethical practices currently demanded by the banking finance industry. This context benefits and appreciates government regulatory mechanisms for compliance with sustainable finance implementation and compliance with established business norms. Ethical issues that impact the environment of the bank's business practices. Corporate responsibility towards the environment provides added value for all parties because the environment plays an important role not only for organizations but also for companies (Dosinta & Brata, 2020) and investors (Siddique & Sciulli, 2020). Collective actions of institutional investors will increase corporate accountability related to short-term financial aspects and environmental activities, society, climate change, and disclosure practices in corporate reporting (Rupley, Brown, & Marshall, 2012).

The institutional theory argues that organizations operating in shared or similar environments will have comparable pressure behind decisions and policies to adopt similar practices (Meyer & Rowan, 1977). DiMaggio & Powell (1983) argue that organizations that prioritize legitimacy will try to adjust to external expectations or social expectations to ensure the organization's existence. Every decision taken by an organization has a social meaning influenced by the institutional context in which the company operates (Famiola & Wulansari, 2020). Therefore, this study agrees with Famiola & Adiwoso (2016) and Famiola & Wulansari (2020) that creating isomorphism between organizations in the same or similar fields is very important.

The results of Suryani & Rofida (2020) research show that community power has not encouraged companies to implement environmental accounting. However, the results of this study indicate banking companies' efforts to prioritize the community's strength for the company's sustainability. Detection through risk disclosures in bank reporting strengthens sustainable finance, maintains company continuity, and improves community welfare to support the Government in achieving the SDGs. This study agrees with what was conveyed by Nugraheni et al. (2020) that the importance of social and environmental responsibility for the community's welfare.

5. Conclusions

The reporting of 36 banks listed on the Indonesia Stock Exchange in the sustainable finance road map era contained the codification of risk disclosures used in this research. Banks as financial service institutions carry out and detect risk disclosures in bank reporting regarding business activities in line with economic, social, and environmental protection. The risk disclosures in the annual and stand-alone sustainability reports show the bank's efforts to detect risks and anticipate sustainable finances. In line with the Sustainable Finance Action Plan, the banking companies' effort to provide long-term value creation for sustainable competitive advantage, society, environment, and strengthening resilience has managed all economic, social, and environmental risks.

The implementation of business activities and the detection of risk disclosures confirm that external institutional factors such as pressure from potential stakeholders and Government regulations are the main reasons for implementing sustainable finance practices. This study confirms that the efforts made by banks to adopt sustainability issues collectively through sustainable finance in banking practices argue that the occurrence of mimetics isomorphic. Sustainable finance in banking practice is in line with ethical practices currently demanded by the banking finance industry. Detection through risk disclosures in bank reporting strengthens sustainable finance, maintains company continuity, and improves community welfare to support the Government in achieving the SDGs.

The limitations of this research are inherent in the use of content analysis methodologies chosen by the researcher, which allows widens subjectivity. Based on the limitations of this research, agendas further research using developed categories and codifications. This study did not directly confirm the company's case study, so the interpretation is derived from the banking reporting data collection results. Therefore, further research is recommended to schedule confirmation directly to the case study company and use different data collection methods to consider the economic consequences of implementing sustainable finance regulations.

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