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THE EFFECT OF WORKING CAPITAL CREDIT FINANCING OF REGIONAL GOVERNMENT BANKS ON THE VALUE OF THE SRI-KEHATI INDEX IN THE CONTEXT OF SUSTAINABLE FINANCE IN INDONESIA

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Abstract *– This study analyzes the impact of Working Capital Credit (KMK) financing by Regional Development Banks (BPD) on the SRI-Kehati Index, which reflects the sustainability performance of industrial sectors in Indonesia. Greenhouse gas emissions generated by industrial activities financed by KMK from BPD contribute to the climate change occurring in Indonesia. The study uses secondary data, including documents, reports, and publications related to BPD financing in the industrial sector. The Vector Error Correction Model (VECM) method is employed to examine the long-term and short-term relationships between KMK financing in five key sectors—agriculture, mining, manufacturing, energy, and construction—and sustainability performance as measured by the SRI-Kehati Index. The results indicate that KMK financing by BPD contributes positively to sustainable development in the industrial sector. The dependent variable used is the SRI-Kehati Index, which measures the social and environmental performance of companies, while the independent variables include the agriculture, mining, manufacturing, energy, and construction sectors. KMK financing by BPD can enhance corporate sustainability performance by prioritizing sustainable business practices and recognizing companies that meet certain sustainability standards. Additionally, this financing encourages the adoption of environmentally friendly technologies and responsible business practices. Thus, KMK financing by BPD not only plays a role in economic growth but also contributes to climate change mitigation and environmental conservation.*

Keywords: *Regional Development Bank, Bank Financing, Sustainability Performance, SRI-KEHATI*

INTRODUCTION

Climate change is a global issue that is increasingly alarming due to its widespread impact on various aspects of life. Global warming, which occurs due to increased greenhouse gas (GHG) emissions, has led to various extreme weather phenomena, such as floods, droughts, and rising sea levels. One of the main contributors to GHG emissions is industrial activity, which often relies on energy from fossil fuels. In Indonesia, industrial sectors such as manufacturing, energy, and mining are major players in generating emissions that exacerbate climate change.

The rapid industrialization in Indonesia has brought positive impacts in terms of economic growth, but on the other hand, it has also caused negative impacts on the environment. Many large industries operate using outdated technologies that are less environmentally friendly, resulting in high levels of GHG emissions. Additionally, uncontrolled exploitation of natural resources has further worsened environmental damage. Therefore, it is crucial to integrate sustainability aspects into every industrial activity so that economic growth can proceed in a sustainable manner.

The role of financial institutions, especially banks, is crucial in supporting the industrial sector by providing working capital credit. This credit allows companies to expand their operations, increase production capacity, and adopt new technologies. However, this financing policy is often not accompanied by considerations of environmental impact. Banks tend to extend credit to established companies with low risk, without considering whether these companies implement environmentally friendly business practices.

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In recent years, the Indonesian government has recognized the importance of integrating sustainability principles into the national financial system. The sustainable finance roadmap initiated by the government aims to encourage financial institutions, including banks, to more seriously consider environmental, social, and governance (ESG) aspects in their financing decisions. However, the implementation of this policy still faces various challenges, including a lack of awareness among bankers and decision-makers in the financial sector.

One important initiative that has emerged is the SRI KEHATI Index, developed to measure the sustainability performance of companies listed on the Indonesia Stock Exchange. This index evaluates companies based on various sustainability criteria, including environmental impact, social responsibility, and corporate governance. Companies that successfully enter this index are considered to have a commitment to sustainable development. However, although the SRI KEHATI Index has become a reference for investors concerned with sustainability aspects, many companies still struggle to obtain financing from banks.

Regional Development Banks (BPD) are one of the financial institutions that play an important role in providing working capital credit for the industrial sector in Indonesia. As banks owned by regional governments, BPDs have a responsibility to support economic development in their respective regions. However, although BPDs have disbursed substantial working capital credit, questions remain about how much this financing supports the sustainability principles promoted by the SRI KEHATI Index.

Financing provided by BPDs is often focused on industrial sectors that are considered to have high growth potential, such as manufacturing and energy. These sectors indeed make significant contributions to the economy but are also major sources of GHG emissions. Therefore, it is important for BPDs to ensure that the credit they extend also supports environmentally friendly and sustainable business practices. In this way, BPDs can play a more active role in encouraging companies to adopt green technologies and reduce their negative environmental impact.

On the other hand, there are sectors like agriculture and construction that, although important, often receive a smaller share of financing. Yet, these sectors also have significant potential to contribute to sustainable development if supported with adequate financing. For instance, the agricultural sector can increase productivity and sustainability through the application of environmentally friendly farming technologies, while the construction sector can reduce its environmental impact by using more efficient and environmentally friendly building materials.

In the effort to achieve sustainable development, the role of the government is also crucial in creating a regulatory framework that supports this goal. The government needs to encourage banks to be more proactive in extending financing to projects that have a positive impact on the environment. Additionally, there need to be incentives for companies that implement sustainable business practices, so they are increasingly motivated to innovate and contribute to environmental conservation.

Against this background, this research was conducted to analyze the impact of working capital credit financing provided by Regional Development Banks on the SRI KEHATI Index value in the context of sustainable finance in Indonesia. This research is expected to provide deeper insights into the extent to which BPD financing policies support sustainability principles and the challenges faced in their implementation. The results of this research are expected to provide input for policymakers and practitioners in the financial sector to pay more attention to sustainability aspects in every financing decision.

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LITERATURE REVIEW

1. Sustainable Finance

Sustainable finance refers to the integration of environmental, social, and governance (ESG) factors into financial decision-making processes. It encompasses various financial activities, such as investment, lending, and insurance, aimed at promoting sustainable development and addressing global challenges like climate change and social inequality. Sustainable finance has gained significant attention due to the growing recognition of the need to transition to a more sustainable and inclusive economy (Buckley et al., 2019).

2. Sustainable Financing

Sustainable financing refers to the provision of financial resources to support sustainable development initiatives. This involves the allocation of capital and investment in projects, businesses, and activities that promote environmental sustainability, social progress, and good governance. Sustainable financing can take the form of green bonds, impact investments, microfinance, and partnerships between the public and private sectors. The goal is to address the funding gap for sustainable development projects, facilitate the transition to a low-carbon economy, and achieve the United Nations Sustainable Development Goals (SDGs) (Scholtens & Sie, 2021).

3. Sustainable Financing Banks

Sustainable financing banks are financial institutions committed to providing financing that supports sustainable development. They allocate their financial resources to environmentally friendly, socially responsible, and well-governed investments. Additionally, sustainable financing banks strive to enhance transparency, accountability, and responsible banking practices. Their role in transforming the financial sector into a more sustainable one includes promoting financial innovation, applying ESG criteria in investment decision-making, and providing financing for projects that contribute to sustainable development (Cohen et al., 2020).

4. Index

An index is a measurement tool used to track, compare, and analyze changes in a variable or group of variables. In the context of sustainable finance, indices are used to measure and evaluate the performance of sustainable finance, such as sustainable investments or portfolios that integrate ESG factors. Indices provide information on the relative performance, risks, and environmental and social impacts of investments or portfolios. The development of sustainable indices and their use in investment decision-making is a key focus in recent research (Dowling & Pfeffer, 2019).

5. Sustainability Index

A Sustainability Index, also known as an ESG Index (Environmental, Social, and Corporate Governance), is an evaluation tool used to measure and report a company's performance in terms of sustainability and social responsibility. This index integrates environmental, social, and corporate governance factors in assessing an entity's performance (Brulé, 2022). One of the key theories underlying the Sustainability Index is the Concept of Sustainable Development. This theory emphasizes the importance of balancing economic growth, social equity, and environmental conservation. The Sustainability Index aims to measure how well companies can integrate sustainable considerations into their operational activities, thereby not only generating financial profits but also providing positive benefits for society and the environment (Peng & Zhang, 2022).

6. Sri Kehati Index

The SRI KEHATI Index is an index used to measure the sustainability performance of companies in Indonesia. This index was developed by the KEHATI Foundation with the aim of identifying and promoting companies that implement socially and environmentally responsible business practices. The SRI KEHATI Index encompasses ESG aspects, including environmental protection, human rights, social sustainability, and good corporate governance. KEHATI uses this index to encourage companies in Indonesia to prioritize sustainable business practices and to recognize companies that meet certain sustainability standards (Kehati, 2021).

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METHODS

This research employs a quantitative approach with a causal design to analyze the cause-and-effect relationship between the financing provided by Regional Development Banks (BPD) and the sustainability performance of the industrial sector in Indonesia, as measured by the SRI KEHATI Index. The data used in this study are secondary data obtained from BPD financial reports, economic statistics, and other relevant official publications. The data cover the period from 2009 to 2022, with a focus on key industrial sectors such as agriculture, manufacturing, energy, and construction. The use of time series data allows for an in-depth analysis of financing trends and dynamics as well as their impact on sustainability.

The data collection procedure was conducted through documentation methods, where data were sourced from official sources such as Bank Indonesia and BPD annual reports. The collected data were then analyzed using the Vector Error Correction Model (VECM) to evaluate long-term relationships and the influence of independent variables on the dependent variable. VECM was chosen for its ability to handle non-stationary time series data and to assess how variables return to equilibrium after disturbances. Additionally, descriptive analysis was performed to provide a general overview of data distribution and emerging trends over the research period.

The analysis techniques used in this study are not limited to VECM but also include correlation and regression tests to evaluate the strength and direction of relationships between variables. These tests were conducted to ensure that the data used are valid and meet the necessary assumptions, such as normality of distribution and absence of autocorrelation. Thus, this research can produce valid and reliable conclusions regarding the impact of BPD financing on the sustainability performance of the industrial sector. All steps in this research method are supported by relevant literature to ensure that the approach used is scientifically acceptable.

RESULTS and DISCUSSION

Table 1 Descriptive Variables

Segment	Variable	Description
Industri	∆da	Agriculture
	∆dn	Mining
	∆df	Manufacturing
	∆de	Energy
	∆dc	Construction
	∆si	SRI Kehati

∆si menunjukkan korelasi negatif yang kuat dengan ∆da, ∆dn, ∆df, ∆de dan ∆dc, dengan nilai berkisar antara -0.88 hingga -0.43. Hal ini mengindikasikan adanya hubungan yang signifikan secara statistik antara variabel-variabel tersebut.

Table 2 Descriptive Statistics

Variable	Observation	Average	Standard Deviation	Min	Max
∆da	162	5887.324	2385.347	1335.59	11040.44
∆dn	162	689.8892	297.4128	252	1977.263
∆df	162	5421.838	3538.406	589	15635.09
∆de	162	331.237	293.894	27.46	1361
∆dc	162	14045.49	6032.852	4584.93	26728.68
∆si	162	293.2057	79.8063	131.93	440.14

Koefisien dari masing-masing variabel menggambarkan dampak jangka panjang pada ∆si. Koefisien negatif menandakan adanya hubungan negatif jangka panjang dengan ∆si, sedangkan koefisien positif menunjukkan hubungan positif jangka panjang dengan ∆si.

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Table 3 Correlation

Variabel	∆da	∆dn	∆df	∆de	∆dc	∆si
∆da	1.0000					
∆dn	0.5093	1.0000				
∆df	0.4917	0.7411	1.000			
∆de	-0.1872	-0.1318	-0.3576	1.0000		
∆dc	0.6945	0.4459	0.7083	-0.2950	1.0000	
∆si	0.1891	0.1919	0.6435	-0.3000	0.7072	1.0000

Koefisien dari masing-masing variabel menunjukkan dampak jangka panjang pada ∆si. Koefisien negatif mengindikasikan adanya hubungan negatif jangka panjang dengan ∆si, sedangkan koefisien positif mengindikasikan hubungan positif jangka panjang dengan ∆si.

Table 4 Augmented Dickey-Fuller and Phillips-Perron (ADF-PP)

	Variabel	Test Statistic	1%	5%	10%
Z(rho)	∆da	-0.455	-20.003	-13.822	-11.081
	∆dn	-6.641	-20.003	-13.822	-11.081
	∆df	2.197	-20.003	-13.822	-11.081
	∆de	-23.746	-20.003	-13.822	-11.081
	∆dc	-8.435	-20.003	-13.822	-11.081
	∆si	-3.514	-20.003	-13.822	-11.081
Z(t)	∆da	-0.311	-3.490	-2.886	-2.576
	∆dn	-1.342	-3.490	-2.886	-2.576
	∆df	2.227	-3.490	-2.886	-2.576
	∆de	-3.649	-3.490	-2.886	-2.576
	∆dc	-1.998	-3.490	-2.886	-2.576
	∆si	-1.524	-3.490	-2.886	-2.576

For the variable ∆da (delta of agricultural assets), the Z(rho) value is -0.455, which is higher than the lowest critical value at the 10% level (-11.081). This suggests that this variable is not stationary at level 1 because the null hypothesis of a unit root cannot be rejected. Similarly, the Z(t) value for ∆da is -0.311, which is also higher than the critical value at the 10% level (-2.576), indicating non-stationarity.

The variable ∆dn (delta of mining sector assets) shows similar results. The Z(rho) value of -6.641 is still higher than the critical value at the 10% level, and the Z(t) value of -1.342 also indicates that the data is not stationary. In contrast, the variable ∆de (delta of energy sector assets) demonstrates stationarity at the first difference level, with Z(rho) of -23.746, which is lower than the critical value of -20.003 at the 1% level, and Z(t) of -3.649, which is also lower than the critical value of -3.490 at the 1% level.

Variables ∆df (delta of manufacturing sector assets) and ∆dc (delta of construction sector assets) each show that they are not stationary, with Z(rho) and Z(t) values higher than the critical values at the 10% level. For instance, the Z(rho) for ∆df is 2.197, which is much higher than the lowest critical value, and the Z(t) also shows a positive value of 2.227, indicating that this variable does not reject the null hypothesis.

Finally, the variable ∆si (SRI-Kehati Index) has Z(rho) and Z(t) values of -3.514 and -1.524, respectively, which are also higher than the critical values set at the 10% significance level. This shows that ∆si is also not stationary at level 1.

Overall, the results from Table 4 show that most variables are not stationary at the level, except for ∆de (delta of energy sector assets), which demonstrates stationarity. For other variables, further

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differencing or other methods are needed to achieve stationarity, which is a crucial requirement for advanced analysis such as VECM.

Table 5 Johansen co-integration

Variable	Coefficient	Standard err	t	p> | t |	[95% conf. interval]	
∆ga	1	.	.	.	.	.
∆gm	-109.6133	24.09621	-4.55	0.000	-156.841	-62.3856
∆gf	100.4538	14.54261	6.91	0.000	71.95076	128.9567
∆ge	-199.4624	32.79482	-6.08	0.000	-263.7391	-135.1858
∆gc	-174.0163	25.50971	-8.82	0.000	-224.0144	-124.0182
∆gi	424.0605	5341.074	0.08	0.937	-10044.25	10892.37
cons	-326901.5	.	.	.	.	.

Results and Discussion should be an objective description of the results and should be in relation to the purposes of research. The discussion also needs to be supported by the reference list. Results can be presented in figures, tables and others that make the readers understand easily.

Table 6 Lagrange-Multiplier (LM)

Segment	Lag	Chi^2	Prob
Industry	1	30.478	0.987
	2	12.229	0.720

The results from the Lagrange Multiplier (LM) test, as shown in Table 6, indicate that there is no significant evidence of autocorrelation in the models tested for both segments. For Segment 1, the high Chi-Square value of 30.478 with a probability of 0.987 suggests that the null hypothesis, which states the absence of autocorrelation, cannot be rejected. This implies that the model for Segment 1 does not exhibit significant autocorrelation. Similarly, for Segment 2, the Chi-Square value of 12.229 with a probability of 0.720 also indicates that there is no significant autocorrelation problem in this model. The high probabilities in both segments lead to the conclusion that the tested models do not experience significant autocorrelation.

Table 7 Jarque-Bera

Segment	Equation	Chi^2	Prob
Industry	∆da	315.584	0.0352
	∆dn	127.169	0.0119
	∆df	291.618	0.0847
	∆de	163.197	0.1067
	∆dc	1520.1	0.0048
	∆si	13.9251	0.0856
	all	5.793655	0.0456

The regression results show the coefficients for each independent variable against ∆ai. ∆da has a significant positive coefficient (1.0456), indicating that an increase in ∆ga is related to an increase in ∆si. ∆dn has a significant negative coefficient (-0.1568), indicating that a decrease in ∆dn is related to an increase in ∆si. ∆df has an insignificant negative coefficient. ∆ge has a significant positive coefficient (0.878), indicating that an increase in ∆de is related to an increase in ∆si. ∆dc has a significant negative coefficient (very large, -124.3381), indicating a strong relationship between a decrease in ∆dc and an increase in ∆si.

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Table 8 VECM regress

Variabel	Parms	RMSE	R-sq	Chi2	P>chi2
∆da	2	315.584	0.0352	5.793655	0.0552
∆dn	2	127.169	0.0119	1.917508	0.3834
∆df	2	291.618	0.0847	14.72258	0.0006
∆de	2	163.197	0.1067	18.99147	0.0001
∆dc	2	1520.1	0.0048	0.7620558	0.6832
∆si	2	13.9351	0.0856	14.88374	0.0006

Table 8 shows the results of the VECM model regression for various variables. The results for the variable ∆da show a very low R-squared value (0.0352), indicating that the model only explains a small amount of variation in the data. Although the Chi-Square value is quite high, its probability (0.0552) is close to the 5% significance level, so this result is almost significant. The variable ∆dn also shows a very low R-squared (0.0119) and a low Chi-Square value with a high probability (0.3834), indicating no significant evidence of a relationship between these variables. In contrast, the variable ∆df, although its R-squared is still low (0.0847), shows significant results with a high Chi-Square value and a very low probability (0.0006). The variable ∆de also shows significant results with a slightly higher R-squared (0.1067) and a very low probability (0.0001), indicating a significant relationship in the model. The variable ∆dc shows a very low R-squared (0.0048) and high probability (0.6832), indicating no significant relationship. Finally, the variable ∆si has a low R-squared (0.0856), but a high Chi-Square value and low probability (0.0006) indicating a significant relationship in the model. Overall, the variables ∆df, ∆de, and ∆si show significant results, while the other variables are less significant with low R-squared.

Table 9 VECM long-term causality analysis

Variabel		Coeficient	Std. err.	z	p> | t |	[95% conf. interval]	
∆da	ce1L1.	-0.000556	0.0065806	-0.08	0.933	-0.0134543	∆da
∆da	cons	58.56068	29.04104	2.02	0.044	1.641287	∆da
∆dn	ce1L1.	0.002715	0.0026517	1.02	0.306	-0.0024823	∆dn
∆dn	cons	15.52973	11.70245	1.33	0.184	-7.406657	∆dn
∆df	ce1L1.	0.001086	0.0060808	0.18	0.858	-0.0108322	∆df
∆df	cons	90.56341	26.83556	3.37	0.001	37.96668	∆df
∆de	ce1L1.	-0.014815	0.003403	-4.35	0.000	-0.0214849	∆de
∆de	cons	-31.34495	15.01793	-2.08	0.037	-60.67955	∆de
∆dc	ce1L1.	-0.00666	0.0316971	-0.21	0.834	-0.068753	∆dc
∆dc	cons	86.33251	139.8843	0.62	0.537	-187.8357	∆dc
∆di	ce1L1.	0.0010182	0.0002904	3.51	0.000	0.0004491	∆di
∆di	cons	4.0849	1.281431	3.19	0.001	1.573341	∆di

Table 9 presents the results of the long-term causality analysis from the VECM model, showing coefficients, standard errors, z-values, p-values, and 95% confidence intervals for various variables. For the variable ∆da, the coefficient for ce1L1 is -0.000556 with a very high p-value (0.933), indicating no significant long-term effect from the lag on ∆da. However, the constant for ∆da shows a coefficient of 58.56068 with a p-value of 0.044, significant at the 5% level, indicating a significant long-term relationship with the ∆da variable. The variable ∆dn has a ce1L1 coefficient of 0.002715 and a p-value of 0.306, showing no significant long-term effect from the lag.

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The constant for ∆dn is 15.52973 with a p-value of 0.184, indicating no significant relationship at the 5% level. For the variable ∆df, the ce1L1 coefficient of 0.001086 is also not significant (p-value 0.858), but the large and significant constant coefficient (90.56341) with a p-value of 0.001 indicates a significant long-term relationship with this variable. The variable ∆de shows a ce1L1 coefficient of -0.014815 with a p-value of 0.000, which is significant, indicating a significant long-term effect on ∆de. The constant for ∆de (-31.34495) is also significant at the 5% level, indicating a long-term relationship.

For the variable ∆dc, both ce1L1 coefficient (-0.00666) and constant (86.33251) do not show significant results with p-values of 0.834 and 0.537, respectively. Finally, the variable ∆di shows a ce1L1 coefficient of 0.0010182 and a p-value of 0.000, which is significant, and the constant (4.0849) is also significant (p-value 0.001), indicating a significant long-term relationship with this variable. Overall, the results indicate that variables ∆de and ∆di have significant long-term relationships with the model, while other variables show non-significant results.

Referring to the four preliminary assessments, the research can proceed with the analysis using the VECM method. The main results from the VECM analysis, as recorded in Table 8, indicate that although there are significant values in the industry panel, the proportion of its impact on the index is relatively small, at 15% for the industrial sector. This suggests that factors beyond the observed variables have a greater influence. Additionally, large-scale banking practices tend to neglect sustainable financing in favor of pursuing high profits.

The research finds that an increase in the SRI-Kehati index results in a decrease in performance in several financing sectors, such as agribusiness, manufacturing, energy, housing, and apartments. This finding indicates that an increase in the sustainable index will drive demand for sustainable investments. Moreover, the results confirm that the sustainable development index is related to various sectors.

In sectors like agribusiness, manufacturing, energy, and housing, financing issues often reflect the challenges faced by the housing sector as well. Although the Indonesian government has established regulations to encourage environmentally friendly development, such as Government Regulation of the Republic of Indonesia Number 14 of 2016, adequate financing in these sectors remains uneven.

From these findings, it is evident that the challenges in implementing sustainable financing by Indonesian government banks are not only related to regulations and policies that may be ineffective or inefficient in certain sectors. Other main constraints include limited access to financing from government banks, inadequate technology, and insufficient amounts of financing.

Furthermore, the imbalance in financing allocation also reflects the need for deeper reforms at both policy and operational levels. Government banks must be more proactive in providing innovative and inclusive financing solutions and enhance technological capacity to support sustainable projects. Additionally, synergy between government policies and on-ground implementation needs to be strengthened to ensure that sustainable development initiatives can proceed effectively and have a significant positive impact on the economy and environment in Indonesia.

In conclusion, this research highlights the importance of addressing the barriers within the sustainable financing system to ensure that vital sectors such as agribusiness, manufacturing, energy, and housing can develop in a way that supports the country's sustainable development goals. This requires a collaborative effort from the government, banks, and other stakeholders to create a more inclusive and sustainable financing ecosystem.

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CONCLUSION

This study focuses on analyzing the relationship between Working Capital Credit (Kredit Modal Kerja or KMK) financing by Regional Development Banks (BPD) across various industrial sectors and the value of the SRI-Kehati Index, which reflects sustainability performance in Indonesia. Based on the analysis, several conclusions can be drawn regarding the research questions posed.

1. Agriculture Sector: The analysis results indicate that KMK financing in the agriculture sector has a significant positive impact on the SRI-Kehati Index. This suggests that increasing financing in this sector can contribute to improved sustainability performance, aligning with expectations to support sustainable agriculture.
2. Mining Sector: KMK financing in the mining sector also shows a significant impact on the SRI-Kehati Index. However, this impact is complex and influenced by market volatility and existing environmental regulations, indicating that this sector faces unique challenges in supporting sustainability.
3. Manufacturing Sector: The manufacturing sector displays a strong positive influence on the SRI-Kehati Index. This result suggests that KMK financing in the manufacturing sector can effectively enhance the sustainability performance of the involved companies, particularly in terms of energy efficiency and waste management.
4. Energy Sector: Financing in the energy sector also has a significant impact on the SRI-Kehati Index. This financing tends to support sustainable energy projects, including renewable energy, which is crucial in efforts to reduce greenhouse gas emissions and transition to a low-carbon economy
5. Construction Sector: The construction sector shows a positive impact on the SRI-Kehati Index, although the impact is more moderate compared to the manufacturing and energy sectors. This indicates that there is significant potential to promote more sustainable construction practices through appropriate financing.

Overall, while financing from Regional Development Banks in various industrial sectors has the potential to support sustainable development, the study's findings indicate that this impact remains relatively limited. Although there is a significant positive relationship between KMK financing and the SRI-Kehati Index, the total contribution of this financing to sustainability has not yet reached its full potential. This may be due to a continued focus on short-term profits rather than long-term sustainable investments.

Moreover, the results from the VECM test suggest that BPD financing is not fully integrated into a long-term relationship with the SRI-Kehati Index, indicating that to achieve a more significant impact, more consistent and focused efforts are needed from all stakeholders. It is important to increase awareness, provide appropriate incentives, and strengthen policies that support sustainable financing so that KMK financing by BPD can truly contribute significantly to sustainable development in Indonesia.

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