Sustainable Finance for Promoting Inclusive Growth

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Abstract
Various essential things will be revealed in this research on how sustainable financial performance promotes inclusive growth when the Indonesian state is experiencing a sizeable economic impact due to the covid-19 pandemic. Independent variables used to measure inclusive growth include divisia of money, fiscal policy, and green banking, while the dependent variable is inclusive growth. Multiple regression analysis was used for statistical data on developments for the last ten years per semester. The data collection by downloading statistical information and annual financial report data and analyzed using SPSS Version 20. This study indicates that divisia of money, fiscal policy, and green banking positively affect inclusive growth. The collaboration of various elements will benefit inclusive and equitable economic growth, providing opportunities for all levels of society to take part in decision-making and the use of resources. Green banking is expected to improve its reputation in the eyes of customers for its sustainability.

Keywords: green banking, inclusive, sustainability finance.

INTRODUCTION
Since 2019, the whole world has experienced the most significant global challenge: a coronavirus disease pandemic, better known as COVID-19, caused by Coronavirus 2 or SARS CoV2 (Chan, 2020). This disease is very contagious compared to previous disease outbreaks, spreading rapidly and infect most societies globally (Madhav, 2018). The shift in people's lifestyles due to the COVID-19 pandemic has significantly impacted the economy and areas of life. Most countries in the world, their people have experienced events that the Covid-19 pandemic crisis has hit in the form of social restrictions, the risk of being exposed to this pandemic virus, reduced income, and job losses which have caused the poverty rate to increase and of course suffered
enormous economic damage (Shretta, 2020). The economic downturn is due to a global cumulative loss of GDP in 2020 and 2021 (Gopinath, 2020); quick action is essential in economic recovery and a more significant future impact (Dollar, 2019).

The recovery of economic activity is, of course, considered quite tricky, especially in developing countries such as Indonesia, where economic growth is under quite intense pressure, which has an impact on the economic slowdown due to Covid-19 and the PPKM policy, which undoubtedly reduces the mobility of the Indonesian economy. Accelerating economic growth does play a strategic role in improving people’s lives, but economic growth will not occur if there is no economic activity from the community. The affordability of costs should accompany the ease with which the community can access and obtain financial services. People who cannot afford it also have the right, especially those in rural areas, and are productive (Bank Indonesia, 2014). According to Klasen (2010), Inclusive growth in Asian countries has emerged as poverty has decreased and inequality has increased. Inclusive growth places the main focus on income and efforts to improve welfare. There are two strategic objectives (according to the Asian Development Bank), namely sustainable income growth and equal opportunities for all levels of society (Anand et al., 2013); inclusive growth is also supported by social and education spending, educational attainment levels, elements of financial stability in the macroscope (e.g., inflation). This growth can be realized through the participation of all aspects of society in developing and utilizing resources for welfare.

Inclusive growth is one of the principles of sustainable finance as a combination of the components of the service industry in the financial sector which aims for sustainable development through the harmonization of economic, social, and environmental objectives. Sustainable finance is a must in the post-covid-19 recovery period and strengthens risk management, environmental governance, and social aspects. The prolonged epidemic has changed the paradigm and lifestyle of today’s society. The current state of a pandemic is extraordinary and surpasses multiple crises that have occurred before. For future developments related to sustainable finance financing, it is necessary to formulate various approaches to accelerate the implementation of sustainable finance after the Covid-19 pandemic by establishing
implementation guidelines and standards. The pandemic has made many people aware of the importance of sustainable finance and opening opportunities for preparation and implementation in the financial industry because it involves various environmental, social, and governance issues. Sustainable financing directly contributes to long-term financial stability and economic growth.

A monetary policy is inseparable from economic growth; monetary policy with the money supply model is a model that connects the money supply and macroeconomic fundamentals. The monetary policy set by the government becomes a determinant in economic activity if the Central Bank can transmit its changes to the market. The division money series for Indonesia was built as an adjustment of the transmission mechanism through the determination of monetary policy in Indonesia so that it has a real impact on inclusive and sustainable growth. In economic policy in Indonesia, there is a transmission mechanism theory with its main view on money being able to influence temporary asset prices and credit. The credit aspect is currently a significant concern, especially amid financial liberalization (Mwabutwa, 2016);(Ibarra, 2016). However, the role of monetary aggregates in directing the economy is still a matter of debate, so it is essential to review monetary aggregates in monetary policy. Division money is introduced by Barnett (1980) when the amount of easy money or conventional monetary aggregates is found to be inadequate during financial liberalization; this means that division money is superior. The division’s money structure can also overcome the criticism posed by monetary aggregates (Leong et al., 2018). Other countries (United States) have progressively adopted division money as their stock money (Belongia & Ireland, 2016).

When the COVID-19 pandemic began to occur in Indonesia, the government made every effort to help the economy by providing policies on the tax system. As stated by (Mooij et al., 2020), the taxation system helps address post-COVID-19 fiscal challenges. While this does not change the main principles underlying the central taxes on income, wealth, or consumption, the recovery from COVID-19 offers an opportunity to resolve the weaknesses of the tax system and revive taxes to support the desired transformation. This means that taxes in a country facing significant challenges in the post-COVID-19 world support every business to keep fighting and survive
to still contribute to taxing the country. In addition, this pandemic is accelerating the adoption of digital technologies that are transforming the economy, which poses new tax challenges and opportunities (Gupta et al., 2017). Taxes can also play an essential role in reforestation (IMF, 2020). In many countries, threatening income shortfalls amplify pre-COVID-19 challenges to funding significant spending needs as part of sustainable development goals (Gaspar, 2019).

Recently, green finance has been implemented, which refers to financial instruments where the results can promote a sustainable financial system; this application can include green bonds, green loans, and green mortgages (Flammer, 2020); (Katona, 2020). Green finance aims to internalize environmental externalities and reduce risk perception in financial markets and the broader economy. Making a green economy will have a better impact where costs are low due to cheaper carbon technology. Technological developments make change more financially attractive (Khoshnava, 2019); (Chen, 2021). It is recognized that the sustainable finance sector has a significant element future (Čábelková et al., 2020). In general, green finance is mainstreaming investment to generate adequate security, protect portfolios from climate risks and finance sustainable growth (Faske, 2018). According to Migliorelli (2021), a green finance strategy whose aim is to build an understanding of greening can clarify the development of a sustainable financial system so that it demonstrates its social goals.

**LITERATURE REVIEW AND HYPOTHESIS FORMULATION**

**Inclusive Growth**

Looking back at inclusivity, it can be understood the importance of a policy in reducing poverty which can hamper economic growth, especially in Indonesia, are increasing the financial sector as the core of the development agenda (Bank Indonesia, 2014) (Purnamawati & Yuniarta, 2020). Economic growth emphasizes an inclusive financial system and pays attention to the absorption of labor numbers for the underprivileged layers of society. The positive impact of financial inclusion on economic growth has been widely revealed through research results. According to (Amidžic et al., 2014), Financial inclusion has three main aspects: ease of access to services, the number of ATMs used, and the quality of services offered to satisfy people's desires and reach all groups. In the end, financial inclusion became the
main focus of development in various countries through central banks. This is related to certainty in fulfilling services and loans for the community with the relief of conditions provided (Committee Rangarajan, 2008). In India, Reyes (2010) access to finance is the main thing by placing the public to gain good access to product portfolios such as credit, insurance, and others.

**Divisia Money**

Measuring the money supply in an economy, one will often use simple aggregates based on the broad money supply. The reason is related to the purpose of money itself, namely as a medium of exchange, hedge, and unit of account. The difference lies in the money in circulation and depends on its use. Division money in its use is in the form of aggregation to calculate and weigh the components of cash that are by their use in transactions. The relationship in a relatively short period from divisia money is solid when viewed through a comparison between aggregate and simple nominal expenditures, monitored by the regulator (Hancock, 2005). Barnett & Chang (2011) provide an alternative regarding the consistency of monetary measures and financial aggregates. His research is based on the number theory of statistical indices by linking it to microeconomic theory and index number theory (Divisia) to produce a new economic paradigm. The definition of division money refers to the total size of the monetary services provided by each measurement. The weighted addition method constructs a monetary aggregate through economic pooling, in which financial assets with recurring transactions are calculated using the higher weights.

As a comparison indicator, financial assets used for savings purposes are calculated using a lower weight. The Divisia monetary index is described as a measure of the amount of the money supply as a weight for economic components such as currency, demand deposits, savings, and deposits. The division index does not only consider the variability of stock weights on monetary assets in the aggregate when measuring the flow of financial services in the economy. The index emphasizes the price and amount of money invested. A gap is expected to be ignored, especially Divisiona, and look at the increase in the money supply when interest rates on savings and time deposits are at lower levels (Barnett & William, 2015). The balance in growth and demand for money is supported by the absorbed division of money (Belongia & Ireland, 2019); (Serletis &
The use of division in aggregate capital is a plan in Indonesia, as a developing country. It is hoped that this will then be able to have a comprehensive impact on inclusive growth.

H1a: Divisia money has positive and significant influence on economic growth

Fiscal Policy

Until now, taxation affecting inclusive growth is still a matter of debate. Taxes generally affect employment and investment and have implications for economic growth (measured by GDP). However, tariffs also affect broader aspects of social welfare, such as playing an essential role in any redistribution through the state budget (Abdel-Kader et al., 2020). So that in the end, the concept of social welfare that forms the theory of public finance includes the inclusiveness of growth by taking into account values. Taxes have the purpose of financing public spending. This affects inclusive growth, for example, productive expenditure on education and infrastructure is essential for economic growth, or it can be redistributive transfers in the form of money or goods that are very important to include. A minimum level of tax revenue is required for countries to ensure that they can provide their essential functions conducive to inclusive economic growth (Gaspar, 2016). An inclusive recovery will be possible if supported by fiscal policy. Inclusive growth is also reflected in the progressiveness of the tax system, where the tax burden increases along with the income and wealth of taxpayers. This is also seen based on another dimension of equality (fairness). Strong growth after a pandemic requires taxes that minimize adverse effects on investment, savings, employment, productivity, or consumption. The fiscal policy objective is to reduce state budget spending. The policy will regulate spending made by the government to more prioritized things and increase the tax burden. Thus, the state budget will not move towards a deficit. If done correctly, fiscal policy can improve the country’s economic climate. When the country’s economy moves forward and convincingly, there will be many investors who come. That way, the pace of state investment will be faster, and state revenues will increase drastically due to taxes obtained from the acquisition of entrepreneurs.

H2: Fiscal policy has positive and significant influence on economic growth.
Green Banking

Environmental risks are currently a major concern of the world. Damage to the environment has a negative impact on the sustainability of life in the future, to anticipate it, Law No. 32 of 2009. Bank Indonesia is the main driver of green banking (Andry & Saudi, 2021). The existence of green financing provides solutions in the level of sustainability for a company. This in essence has a positive impact on the environment, human health and the macro economy. According to Lymperopoulos et al. (2012), This responsibility for environmental sustainability is emphasized by green banking through the development of an inclusive bank strategy that will be able to provide certainty that economic development will be sustainable. Central banks and financial watchdogs on climate finance include the need to establish a long-term national system, to limit financial flows to carbon-intensive and polluting borrowers to mitigate credit market failures (Lu, 2019). This is said to include using credit-to-debt mechanisms in investments to encourage reforestation and minimize impacts on regular climate projects (Clark & Reed, 2018). The environmental team has worked closely with public and private sector organizations to align the international financial system with the Sustainable Development Agenda, such as green financing mechanisms. The existence of research on green finance is essential in supporting a more effective and efficient sustainable financial and economic system so that it is beneficial for the economy, both public and private sectors.

H3: Green banking has positive and significant influence on economic growth

METHOD

Secondary data obtained is from reports related to the problems studied, namely data on division of money, fiscal policy, green banking, and inclusive growth in Indonesia from 2011-2020 using per semester; this data is obtained through the official website www. bps.go.id, www.kemenkeu.go.id and through www.ok.go.id. The collection technique for data is by downloading statistical information and annual financial report data. The data used are statistical data on developments from 2011 to 2020. The population and samples used in this study are all data on outcomes in Indonesia in the division of money, fiscal policy, green banking, and inclusive growth in the last ten years per semester.
a) Divisia money (X1) is defined as an aggregate monetary index related to money, and it uses the Divisia index method (Wikipedia, 2020).

b) Fiscal policy (X2) is defined as economic policy related to government revenues through the household sector. This policy is not some kind of macroeconomic engineering to change taxes. The government uses this tax to finance expenditures caused by government activities (Funke, 2020).

c) Green banking (X3) is an activity implemented in the banking sector with state certainty regarding the benefits of the environment for the earth's future. As an intermediary, there is a bank that provides support in the form of recommendations to protect the environment and responsible investment in social aspects (Lalon, 2015).

d) Inclusive growth (Y) is defined as inclusive economic growth, which can be achieved when all parts of society that are weaker in the economy, especially in agriculture and small industry, are fostered and aligned with other sectors as part of society in terms of economic growth (Swamy, 2010).

Formulation:
\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon \]

Information:
- \( Y \) = Inclusive growth
- \( X_1 \) = Divisia money
- \( X_2 \) = Fiscal policy
- \( X_3 \) = Green banking
- \( \alpha \) = constant / intercept
- \( \beta_1, \beta_2, \beta_3 \) = Regression coefficient
- \( \epsilon \) = Error disturbance (confounding variable)

**RESULTS AND DISCUSSION**
The variables involved in this study are a division of money, fiscal policy, green banking as the independent variable, while the inclusive growth variable is the dependent variable. This research is located in Indonesia with statistical development data related to the division of money, fiscal policy, green banking, and inclusive growth. The population and sample used in this study are all data on developments in Indonesia on the division of money, fiscal policy, green banking, and inclusive growth in the last ten years per semester with data obtained through the official website www.bps.go.id, www.kemenkeu.go.id and through www.ok.go.id. Before the data were analyzed using multiple linear regression analysis, it was first
tested with classical assumption testing.

Normality testing used Kolmogorov-Smirnov. The criteria used if the significance value > 0.05, then the data can be normally distributed and if the significance value is < 0.05, then the data is not normal.

Kolmogorov-Smirnov Z is 0.126 with a significance value (Asymp. Sig. 2-tailed) 0.200. Significance of more than 0.05 means that the data is normally distributed.

**Table 1. Kolmogorov-Smirnov Normality Test**

<table>
<thead>
<tr>
<th>Unstandardized Residual</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Normal Parameters</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.000000</td>
<td>3.6598723</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Most Extreme Differences</th>
<th>Absolute</th>
<th>Positive</th>
<th>Negative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.126</td>
<td>0.126</td>
<td>0.121</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Test Statistic</th>
<th>Asymp. Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.200(^{d,d})</td>
</tr>
</tbody>
</table>

Source: SPSS IBM Output Version 20.0

**Table 2. Multicollinearity Test Results**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Collinearity Statistics</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tolerance</td>
<td>VIF</td>
</tr>
<tr>
<td>Divisia Money (X(_1))</td>
<td>0.598</td>
<td>1.672</td>
</tr>
<tr>
<td>Fiscal policy (X(_2))</td>
<td>0.297</td>
<td>3.369</td>
</tr>
<tr>
<td>Green Banking (X(_3))</td>
<td>0.404</td>
<td>2.473</td>
</tr>
</tbody>
</table>

Source: SPSS IBM Output Version 20.0

**Table 3. Autocorrelation Test**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. An error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.908(^a)</td>
<td>0.825</td>
<td>0.738</td>
<td>0.446</td>
<td>2.096</td>
</tr>
</tbody>
</table>

Source: SPSS IBM Output Version 20.0
Based on data analysis, it can be seen that all variables in this study have a tolerance value of > 0.1 and VIF < 10 (there is no multicollinearity). In autocorrelation test explain the correlation between the confounding error in period t and t-1 (previous).

The results of the Durbin Watson test in this study showed that the DW value was 2.096. The value of 2.096 is compared with the value of the Durbin Watson table at a significance of 5% with the formula (k; N), while the number of independent variables is three or k = 3, and the number of N = 10, then (k; N) = (3; 32). With this value, it is found that the dL value is 0.525 and the dU is 2.016, so it can be concluded that there is no autocorrelation in the regression model of this study. The division variable has a value of 0.635 > 0.05. It is interpreted that there is no heteroscedasticity in the regression model. The significance level of the green banking variable = 0.493 > 0.05; in the sense that there is no heteroscedasticity. The value of determination coefficient R2 lies between 0 and 1.

**Hypothesis Test Result**

Table 5 shows that the value of Adjusted R Square is 0.735; this means that 73.5% of the dependent variable of inclusive growth in financial sustainability can be explained by independent variables, which include division of money, fiscal policy, and green banking. At the same time, the remaining 26.8% is influenced by other variables.

The multiple linear regression analysis is used to determine whether there is an influence and relationship between the independent variables, namely division of money, fiscal policy, and green banking, on the dependent variable of inclusive growth.

The constant value (α) was 6.408; the regression coefficient value of division money (β1) is 1.440; the
The interpretation of formulation:

a) The constant value (6.408) shows that if divisia of money (X1), fiscal policy (X2), and green banking are equal to zero, then the value of inclusive growth (Y) is 6.408.

b) The value of the division of money coefficient (β1) of 0.440 positively affects inclusive growth (Y) explain; for every one-unit increase in divisia of money (X1), the value of inclusive growth (Y) will increase.

c) The value of the coefficient of fiscal policy (β2) of 0.172 has a positive effect on inclusive growth (Y). This means that for every increase in fiscal policy (X2) by one unit, the value of inclusive growth (Y) will increase.

d) A green banking coefficient value (β3) of 0.101 positively affects inclusive growth (Y). This means that for every one-unit increase in green banking (X3), the value of inclusive growth (Y) will increase.

The partial hypothesis test determines the effect of divisia of money, fiscal policy, and green banking on the dependent variable, namely inclusive growth. In this study, 20 samples were used to obtain df = n-k-1, = 20-3-1, so that the t table with df = 16 was 2.11991. The following calculation results are presented in Table 7.

The detailed tests are as follows. Testing the first hypothesis obtained the t-count value of 2.275 > t-table value of 2.1199 and the significance

### Table 6. Multiple Linear Regression Analysis Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>6,408</td>
</tr>
<tr>
<td></td>
<td>Divisia money</td>
<td>0,440</td>
</tr>
<tr>
<td></td>
<td>Fiscal Policy</td>
<td>0,172</td>
</tr>
<tr>
<td></td>
<td>Green banking</td>
<td>0,101</td>
</tr>
</tbody>
</table>

Source: SPSS IBM Output Version 20.0
Table 7. Partial Significance Test (t-Test)

<table>
<thead>
<tr>
<th>Model</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>3.484</td>
<td>0.013</td>
</tr>
<tr>
<td>Divisia money</td>
<td>2.275</td>
<td>0.005</td>
</tr>
<tr>
<td>Fiscal Policy</td>
<td>2.359</td>
<td>0.004</td>
</tr>
<tr>
<td>Green banking</td>
<td>2.121</td>
<td>0.030</td>
</tr>
</tbody>
</table>

value of division money of 0.005 < 0.05 (H1 is accepted). The results of testing the second hypothesis regarding the impact of fiscal policy variables on inclusive growth variables obtained a count value of 2.359 > t-table value of 2.1199 and fiscal policy significance value of 0.004 < 0.05 so that H2 is accepted. The results of testing the third hypothesis regarding the impact of the green banking variable on the inclusive growth variable obtained a count value of 2.121 > a t-table value of 2.1199 and a green banking significance value of 0.030 < 0.05 so that H3 is accepted. In general, Divisia money, Fiscal policy, and Green banking, has a positive and significant effect on inclusive growth.

Discussion

Covid-19 is now almost destroying the fabric of people’s lives, both in the social, health, and even economic fields. Nearly all countries feel the impact, especially in developing countries, including Indonesia; growth in Indonesia is supposed to be growing every year. Still, starting from March 2020, Covid-19 entered Indonesia, the Indonesian economy has declined until now. This is due to the increasing unemployment, so that it is affected by the growing poverty rate as well. In Indonesia, financial inclusion itself is a national strategy in promoting economic growth using poverty alleviation, equal income, and the creation of financial system stability (Hadad, 2010). Inclusive growth enables all members of society to participate in and benefit from economic growth and development on an equal basis regardless of different socioeconomic backgrounds (Hill, 2012).

Monetary policy affects economic growth through aggregate spending. This research states that divisia of money, one of the financial policies, affects economic growth. This research is also supported by Puah & Hiew (2010), Leong et al. (2010), Sianturi (2017), Hendrickson (2013), and Polat (2018), states that the money demand function has an
impact on the use of monetary aggregates for division of money. Consumers' investment decisions and other forms of spending are strongly influenced by the amount of money circulating in the community and interest rates, which then result in changes in aggregate demand to respond to the monetary policy set by the government (Asongu, 2013). According to Odeleye & Anthonia (2020) defines that the money supply is the amount of money and other financial instruments in an economy in a certain period. Several kinds of literature with theoretical and empirical implications related to inclusive growth describe the relationship between monetary policy and economic growth (Purnamawati & Werastuti, 2013). As for research by Khabo (2005), The amount of money in circulation also significantly affects economic growth, in addition to monetary policy related to monetary aggregates as stated by Barnett (1980), look at the use of division money in monetary aggregates because it has links with other macroeconomic variables. This influence provides essential information about the inflation rate in Indonesia (Tang, 2015). It can be said that monetary policy provides benefits and valuable outcomes for determining wages for employees (Belongia & Ireland, 2016).

Policies in the realm of growth are known to have a relationship related to inclusiveness. The central policy on government intervention that often becomes the public's view is monetary and fiscal policies. Fiscal policy has been identified as the most suitable policy instrument to address unemployment, poverty, and inequality in developed countries (Purnamawati, 2014). Based on the discussion, it is found that fiscal policy affects inclusive growth. This is by the delivery (Heshmati, 2014) that fiscal policy is used in developed countries for macroeconomic stability, investment in infrastructure, and economic growth. It is also stated that fiscal policy is the primary tool in government intervention policies in promoting more inclusive growth (Mobolaji, 2015), (Metu, 2019). Same with Birdsall's (2012) research that fiscal policy has two objectives: fairness and discipline. This macroeconomic policy can shape the environment and provide the necessary incentives for inclusive growth. This means that a country is expected to improve inclusive economic growth through fiscal policy by equalizing income and creating jobs to increase GDP per capita and reduce poverty. In addition, fiscal
policy is a stabilizing instrument. The government can manage inflation and deflation for a period by wise manipulation of government spending and from the tax program.

Inclusive growth needs to be accompanied by environmentally friendly and sustainable development, which banks can implement green banking. This statement is by the results obtained by this study which states that green banking affects inclusive growth, which is supported by the research of Handajani (2019), Ragupathi & Sujatha (2015); Lymperopoulos (2012). The application is intended to pursue high growth targets and focus more on efforts to reduce carbon emissions, achieve energy security through the development of renewable energy, manage resources including forests, soil and water carefully to avoid environmental damage, and maintain the availability of resources. For future generations while creating economic opportunities and minimizing negative social impacts.

Green banking, by definition of Bai (2011), is a bank that carries out operational activities that are environmentally friendly, has responsibility and performance towards the environment, and also sees other aspects related to blame for environmental conservation in its business activities (Bihari, 2011). In making business-related decisions to lead to the reduction of the negative impact of the operational activities of financial institutions. This, in turn, can support the development of sustainable investment (Shaumya & Arulrajah, 2016). According to Gupta (2015), Technological facilities to support the implementation of green banking in the form of online banking, internet banking, green checking accounts, green loans, mobile banking, electronic banking outlets, and wise use of energy can impact sustainable finance. The development of green banking practices is expected for all banks to apply the principles of sustainable finance by creating financial products and services that can contribute to financial system stability through environmentally friendly lending policies. Solid, consistent, and supported by infrastructure development will accelerate the “green movement” by banks. This activity can ensure sustainability for banks and the preservation of the natural environment (Masukujjaman & Aktar, 2013).

Environmental risks are currently a significant concern of the world. Damage to the environment has a negative impact on the sustainability of life in the future, to
anticipate it, Law No. 32 of 2009. Bank Indonesia is the primary driver of green banking (Andry & Saudi, 2021). The existence of green financing provides solutions in the level of sustainability for a company. This, in essence, has a positive impact on the environment, human health, and the macroeconomy. According to Lymperopoulos et al. (2012), green banking emphasizes this responsibility for environmental sustainability by developing an inclusive bank strategy that will be able to provide certainty that economic growth will be sustainable. Central banks and financial watchdogs on climate finance include the need to establish a long-term national system, to limit financial flows to carbon-intensive and polluting borrowers to mitigate credit market failures (Lu, 2019). This includes using credit-to-debt mechanisms in investments to encourage reforestation and minimize impacts on regular climate projects (Clark & Reed, 2018). The environmental team has worked closely with public and private sector organizations to align the international financial system with the Sustainable Development Agenda, such as green financing mechanisms. The existence of research on green finance is essential in supporting a more effective and efficient sustainable financial and economic system so that it is beneficial for the economy, both public and private sectors.

**CONCLUSION, IMPLICATION & LIMITATION**

The researchers explain how the influence of sustainability finance on inclusive growth by using the variables of division money, fiscal policy, green banking, and inclusive growth. A country wants its country to have inclusive growth, which can later improve the economy in its country. It is a mutual agreement that inclusive growth measures the quality of economic growth of a country with reduced poverty, unequal income distribution, and employment. Sustainability finance is considered a convenient thing to be carried out by Indonesia to inclusive growth considering the Covid-19 pandemic condition, which has reduced the community’s economic life to date.

It can be explained that the overall dependent variable has a positive effect on the independent variable. Divisia money by using the money supply is one of the macroeconomic variables in increasing inclusive growth because the monetary aggregate channel using division money has been able to
perform well in transmitting the impact of monetary policy so that it can be considered in the use of division money as a tool or policy indicator to complement the current targeting framework. This, as well as fiscal policy where the government can ensure that the state budget is allocated more maximally to overcome inequality in obtaining opportunities for the manufacturing sector as well as human welfare in the fields of education and health so that there are no restrictions on socioeconomic status and geographic location in obtaining the equitable distribution of interest, and green banking which is one of the credit financing strategies based on environmentally friendly so that there is determination in regulations through the role of banking (green banking) which is then able to improve its image in the eyes of customers and be useful for its sustainability in the future.

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