A study related to the Impact of ESG Factor on Financial Performance of Banks

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Abstract: The purpose of the present study is to examine how Environment, Social, and Governance (ESG) factors impacted the financial health of private banks in India. The study is important as it help to ascertain impact of ESG on financial performance of private banks in India.The article also undermines Return on Asset and Net profit ratio using stratified and random sampling method to evaluate the ESG's impact on the financial performance of Banks and makes suggestions for data sampling based on assumptions it formulates. The article compares the ESG ratings of private banks, drawing attention to the most salient strengths and flaws of these Banks' ESG practices. According to the findings of this study, a bank's market value is the best metric for measuring the impact of ESG aspects on its performance. The study plans to ascertain the impact of ESG on financial performance of Indian private banks usingstatistical tools and techniques, putting to test the hypotheses that were formulated.

Keywords: Financial Performance, Profitability, Ratio Analysis, Sustainability.

1. Introduction

The importance of environmental and social concerns has grown in recent years. Though more costly than "conventional" items, customers nowadays often choose eco-friendly options. Investors are increasingly seeking businesses that are not just lucrative but also long-term beneficial to society. Environmental, social, and governance considerations (abbreviated ESG) are becoming central to the investment decisions of many sources of funding. Numerous conventional fund managers have already begun using ESG investing techniques (Duuren et al., 2016). At now, $26 billion in ETFs meet the criteria for ESG investments. Their expansion is exponential. The biggest investment firm in the world, BlackRock, predicted in 2019 that ESG assets will grow to $400 billion during the next decade. (Financial Times, 2019).

While investors are certainly interested in making a good social effect, they also want to see a return on their money. It is believed that firms with ESG plans have a more long-term, sustainable perspective than "conventional" corporations, which would lead to better financial results than organizations without ESG strategies. Numerous scholarly research back up this view, showing a favorable correlation between ESG performance and monetary returns. Over 2,200 individual investigations were pooled together to form single research in 2015. There is a positive correlation between financial & ESG success, according to 90% of research. On top of that, most of the research reveals beneficial, lasting connections **(Friede et al., 2015)**.

Several schools of thought contend that firms with ESG initiatives will outperform those without. According to **Porter & Van der Linde (1995)**, businesses can cut down on externalities (pollution) because to environmentally conscious legislation that encourages them to be creative and innovative. The concept of the Balanced Scorecard was established by **Yagi (2019)**, and its aim is to include and assess the requirements of a company's numerous stakeholders, including shareholders, using a variety of financial and nonfinancial indicators, including those related to social concerns. Managers of corporations should care not only about making their shareholders happy, but about making everyone who has a stake in their success happy.

1.1 *Role of Banks in Growth of Economy*

Banks play an essential part in the growth of every economy. Banks play a crucial role in fostering economic development by aggregating domestic and foreign capital, translating various risks into opportunities for investment, and channeling these resources to the sectors of the economy where they will have the most impact. To suggest that banks are crucial in the development and growth of business and industry is an understatement.

Effective and successful banks increase the worth of their shareholders and inspire their investors to put more money into the bank. Therefore, the economy will expand as more jobs are generated and more products and services are manufactured. There can be no progress in emerging economies like Ethiopia's if savings are not effectively directed into productive investment possibilities, which is why banks are so important. To put it simply, banks may be considered the engine that drives any economy, as the inability of

banks to function properly has severe consequences for the economy. More than anything else, the global financial crises that have occurred over the past three decades, such as the 2008 financial crisis in the United States, the 1998 financial crisis in Russia, and the 1997 financial crisis in Asia, support this claim. As a result, the efficacy of the banking system is widely acknowledged as a prerequisite for economic development and for bolstering the resilience of the economic and financial system in the face of financial crisis.

Figure 1: ESG Factor

1.2 *ESG - The Prevalent Measure of Sustainability*

The ESG score is a popular metric. The environmental, social, and governance (ESG) elements are often used to evaluate an investment's long-term viability **PRI (2018)**. However, there is no conventional technique to determine an ESG score, and there is no agreement on what constitutes the E, S, and G elements. There is a lack of consistency in how ESG ratings are calculated, and various parties might use their own methodology. What makes a good ESG score is, however, up to interpretation. The authorities are under considerable pressure to settle on a norm for the financial markets because of this ambiguity.

1.3 *ESG's Impact on Financial Performance*

Investors, creditors, SRI analysts, and management have been talking more and more about environmental, social, and governance (ESG) issues, sometimes known as ESG considerations, in recent years. Due to the growing awareness of the need to ensure a country's long-term economic and social viability, investors and creditors are more focused on making responsible and sustainable investments. In addition to maximization of profits and other traditionally short-term objectives, many companies throughout the globe are increasingly concentrating on ESG goals and other forms of long-term sustainability. Research shows that a company's strong ESG performance may have a positive effect on its bottom line in a variety of ways, depending on its industry and location. Because of the growing need for openness and long-term thinking in the business sector, multinational corporations are increasingly prioritizing ESG strategies and

investments. Principals for Responsible Investing was established in 2006 by the United Nations to highlight the importance of environmental, social, and governance actions in investment decisions. Companies that prioritize environmental, social, and governance (ESG) factors are increasingly gaining traction, with the belief that doing so would improve their bottom line. Companies engage in ESG operations not only to benefit their financial stakeholders but the well-being of all its stakeholders. Environmental, social, and governance (ESG) efficiency and effectiveness have become more crucial to investors, policymakers, and the public as the global motto indicates sustainability in all aspects.

2   Research gap

In the Indian context, there are a very few studies which look at the impact of ESG on financial performance of private banks. The study found that most studies restricted to the S&P ESG India Index which has been discontinued since October 2013. Other studies looked at the direct relationship between ESG performance and financial performance of banks abroad using membership in the ESG Index as the proxy for measuring ESG performance. The gap found in the study using an appropriate Profitability ratio for measuring impact of ESG on financial performance of Indian Private banks from 2012 to 2022, analyzing the linear relationship between the variables, study of the ESG score at a disaggregated level and seeing whether the ESG disclosures and performance improve the information environment by reducing the information asymmetry.

3   Research Objectives

- "To investigate the impact of ESG on a financial performance of Banks using Return on asset and Net ProfitRatio."
- "To investigate the impact of ESG on selected firm performance using Tobin's q model."

4   Literature Review

This section of the study holds reviews of related literature done in the past to help understand the standings of the topic.

a) ESG and financial performance

All parties involved in the financial system benefit greatly from adhering to best ESG standards. The commitment of banks to strong governance and environmental policies is bolstered by their high social and governance performance, which in turn reduces financial risk **"Chollet&Sandwidi, 2018"**. Financial uncertainty is reduced when risks are minimal, and this in turn increases CSR efforts. Banks with strong profitability don't have to worry about their short-term viability, so they have more room in their budgets to allocate toward corporate social responsibility initiatives. **"Kumar et al. (2022)"**

According to **"Nizam et al. (2019)"**, the ESG framework, due care, and existing disclosure standards are all part of the process of adopting ESG policies, and all of them come with their own associated expenses. While improving ESG performance is likely to result in some upfront expenses, the long-term benefits of more predictable income, less business risks, more fruitful performance outcomes, and substantial value addition should more than cover those expenditures.

The literature has already examined both ESG performance as well as corporate scandals. **"Buallay et al. (2021)"** examined 882 banks in developed and developing nations during the 2008 financial crisis and concluded that ESG performance significantly contributed to the enhanced market-based and accounting performance of banks in emerging markets. These findings provide credence to the value creation hypothesis based on non-financial metrics of corporate governance excellence, risk management, social and environmental performance.

b) ESG pillars and financial performance

There is more nuance than just cause and effect in the ESG-FP connection. To some academics, the benefits of ESG practices are outweighed by the costs they impose on businesses, which in turn leads to lower profits **"Kim and Lyon 2015"**. Others, however, **"Porter and Kramer, 2006"** have emphasized the upside of a company's sustainable conduct. In our work, we do more research on this connection by deconstructing the ESG tenets that we use in our empirical experiments.

> ➤ *Environmental performance & financial performance*

The stakeholder as well as resource-based theories both suggest that banks' environmental activities contribute to FP. Banks are not major sources of pollution, but their everyday

operations may result in substantial amounts of energy and paper use. When reviewing the financial as well as non-disclosures of banks, European investors are becoming increasingly picky about how they treat the environment **"Buallay 2019; Jo, Kim, and Park 2015"**. Innovative banking goods and services benefited from the banks' eco-friendly activities, giving them a competitive edge. However, there is a risk that spending on the environment would become too expensive, thus learning how long incremental spending pays off is an issue of paramount importance. . "Sharma **and Kumar (2022)"**

> ### *Social performance & financial performance*

To restate, the bank's social activities include its interactions with all its constituents (customers, employees, suppliers, local community, government etc.). Let's look at the notion of the Balanced Scorecard as a theoretical jumping off point for the connection between social activities & financial success. "**Kaplan and Norton (2001)"** came up with the concept of a Performance Measures to measure (using non-financial and financial indicators) the operations of a firm from several perspectives to encourage a long-term view of the organization's activities. The goal is to increase the bank's profitability via the use of non-financial measures and the advocacy of the interests of all parties involved. In hospitality industries **"Chi andGursoy (2009)"** discovered that 3- and 4-star hotels' financial results increase when guests express happiness with the service they received. According to the study, the level of employee happiness has an indirect effect on business results. In the healthcare industry, "**Atkins et al. (1996)"** observed a robust correlation between staff happiness and patients' reports of treatment quality. Low morale in the workplace has a chilling effect on patient satisfaction, which in turn reduces repeat business and hurts the hospital's bottom line. In Indonesia, **"Hatane (2015)"** discovered that high levels of employee contentment and productivity boost the bottom line. In Scandinavia, **"Eklof et al. (2019)"** Research conducted on nine banks in the area between 2004 and 2014 indicated a positive and statistically significant association between customer happiness and loyalty and several accounting and stock market indices (ROA, profit margin and Tobin's Q).

> ### *Governance performance & financial performance*

Higher performance is linked to improved governance, as postulated by the agency hypothesis. Business organizations must redesign their value chains, create new governance frameworks, and

develop novel business models if they are to survive in the next years **"Jamile et al., 2021"**. **"Centobelli et al. 2019; Elali, 2021"**. The agency problem in the banking industry may be mitigated and the interests of managers and shareholders aligned via improved governance disclosure. By bolstering credibility, enhancing oversight, and decreasing room for error, good governance methods increase productivity **"Zehri and Zgarni 2020"**. The connection between governance and FP, however, is still up for debate. There was no correlation between CG quality and bank performance, according to the research of "**Shakil et al. (2019)"**.

4   Research Methodology

Most of the study is done using secondary quantitative data, which was collected by various banks in India. 5 banks were selected for the study using a random sampling technique. A secondary data collection method was also used to find relative literature to find the research gap and need of the study. Secondary data collection methods were used in the present study to investigate and justify the study's objective, and the selected method helps in getting a clear image on an impact of ESG Factor on financial performance of Banks. A sample of 5 private banks was selected namely HDFC bank, ICICI Bank, AXIS Bank, Yes Bank and Kotak Bank. With this a data for ten years (2012-2022) was selected and to determine an impact of ESG on financial performance using Regression Analysis and Anova test.

Statistical Tools and Techniques

As previously mentioned, secondary data gathering methods were employed. The secondary data collection method was used to find related literature for the study and understand the research gap and need. The result and analysis were done using statistical tools and techniques. The tools used were Excel and SPSS (Statistical Package for the Social Sciences). While ratio analysis (Return on asset and Net profit margin), Tobin's q formula and Regression techniques were used to find the objective. (Table below)

Table 1: Statistical techniques used for objectives and their description

Sr. No.	Objective	Statistical Technique	Description

1.	"To investigate the impact of ESG on a financial performance of Banks using Return on asset and Net profit Ratio"	Regression	The relationship between one dependent variable and a group of independent variables is studied statistically using a method called regression, which is widely used in the domains of finance and Accounting.
2.	"To investigate the impact of ESG on selected firm performance using Tobin's q model."	Regression	The relationship between one dependent variable and a group of independent variables is studied statistically using a method called regression, which is widely used in the domains of finance and Accounting.

➢ **Formulas for Ratios used-**

- Return   on   Asset-

$$\frac{Net\ Income}{Total\ Assets}$$

- Net   Profit   Margin-

$$\frac{Net\ Profit}{Sales}$$

- Tobin's   q-

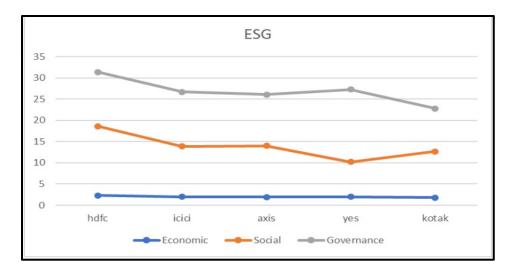$$\frac{Market\ Value}{Book\ Value}$$

Figure 1: ESG score of selected Banks.

5 Result and Interpretation

This section of the study is filled with analysis and interpretation of that said analysis. The tools and techniques used for doing the data collection and analysis are already confirmed in the above section of methodology.

The below part holds the full analysis and interpretation of the study. It is divided into two parts as per the objective. The objectives are then tested from the data gathered using statistical techniques.

"To investigate the impact of ESG on a financial performance of Banks using Return on asset and Net profit Ratio."

Kotak Mahindra

Table 1: Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.883[a]	.780	.560	62.97493
a. Predictors: (Constant), ESG of Kotak Mahindra				

Table 1 represents the R-value which represents the simple correlation and is 0.883, which indicates a high degree of correlation. The R2 value indicates how much of the total variation in the dependent variable, "Profitability Ratio", can be explained by the independent variable.

Table 2: Anova

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14058.451	1	14058.451	3.545	.311[b]
	Residual	3965.842	1	3965.842		
	Total	18024.293	2			
a. Dependent Variable: Profitability Ratio						
b. Predictors: (Constant), ESG of Kotak Mahindra						

Above table 2 is the ANOVA table, which reports how well the regression equation fits the data (i.e., predicts the dependent variable). This table indicates that the regression model predicts the dependent variable significantly well. This indicates the statistical significance of the regression model is 0.311, which is more than 0.05, and indicates that, overall, the regression model statistically does not significantly predict the outcome variable (i.e., it is not a good fit for the data).

Table 3: Coefficients

<table>
<thead>
<tr><th colspan="7">**Coefficients^a**</th></tr>
<tr><th rowspan="2">Model</th><th></th><th colspan="2">Unstandardized Coefficients</th><th>Standardized Coefficients</th><th rowspan="2">T</th><th rowspan="2">Sig.</th></tr>
<tr><th></th><th>B</th><th>Std. Error</th><th>Beta</th></tr>
</thead>
<tbody>
<tr><td rowspan="2">1</td><td>(Constant)</td><td>240.002</td><td>76.374</td><td></td><td>3.142</td><td>.196</td></tr>
<tr><td>ESG</td><td>-16.639</td><td>8.837</td><td>-.883</td><td>-1.883</td><td>.311</td></tr>
<tr><td colspan="7">a. Dependent Variable: Profitability Ratio</td></tr>
</tbody>
</table>

The Coefficients table 3 provides us with the necessary information to predict the effect of the "Profitability Ratio", as well as determine whether the "ESG of Kotak Mahindra" is statistically significant to the model.

HDFC bank

Table 4: Model Summary

<table>
<thead>
<tr><th colspan="5">**Model Summary**</th></tr>
<tr><th>Model</th><th>R</th><th>R Square</th><th>Adjusted R Square</th><th>Std. Error of the Estimate</th></tr>
</thead>
<tbody>
<tr><td>1</td><td>.865^a</td><td>.749</td><td>.498</td><td>75.08698</td></tr>
<tr><td colspan="5">a. Predictors: (Constant), ESG of HDFC Bank</td></tr>
</tbody>
</table>

Above table 4 represents the R-value which represents the simple correlation and is 0.865, which indicates a high degree of correlation. The R2 value indicates how much of the total variation in the dependent variable, "Profitability Ratio", can be explained by the independent variable.

Table 5: Anova

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	16831.802	1	16831.802	2.985	.334[b]
	Residual	5638.055	1	5638.055		
	Total	22469.857	2			
a. Dependent Variable: Profitability Ratio						
b. Predictors: (Constant), ESG of HDFC Bank						

Above table 5 is the ANOVA table, which reports how well the regression equation fits the data (i.e., predicts the dependent variable). This table indicates that the regression model predicts the dependent variable significantly well. This indicates the statistical significance of the regression model 0.334, which is more than 0.05, and indicates that, overall, the regression model statistically does not significantly predicts the outcome variable (i.e., it is not good fit for the data).

Table 6: Coefficients

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	266.556	87.733		3.038	.202
	ESG	-12.591	7.287	-.865	-1.728	.334
a. Dependent Variable: Profitability Ratio						

The Coefficients table 6 provides us with the necessary information to predict the effect of the "Profitability Ratio", as well as determine whether the "ESG of HDFC" is statistically significant to the model.

ICICI bank

Table 7: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.794[a]	.630	.260	71.34428
a. Predictors: (Constant), ESG of ICICI Bank				

Above table 7 represents the R-value which represents the simple correlation and is 0.794, which indicates a high degree of correlation. The R2 value indicates how much of the total variation in the dependent variable, "Profitability Ratio", can be explained by the independent variable.

Table 8: Anova

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8674.717	1	8674.717	1.704	.416[b]
	Residual	5090.006	1	5090.006		
	Total	13764.723	2			
a. Dependent Variable: Profitability Ratio						
b. Predictors: (Constant), ESG of ICICI Bank						

Above table 8 is the ANOVA table, which reports how well the regression equation fits the data (i.e., predicts the dependent variable). This table indicates that the regression model predicts the dependent variable significantly well. This indicates the statistical significance of the regression model 0.416, which is more than 0.05, and indicates that, overall, the regression model statistically does not significantly predict the outcome variable (i.e., it is not good fit for the data).

Table 9: Coefficient

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	195.576	85.501		2.287	.262
	ESG	-10.990	8.419	-.794	-1.305	.416
a. Dependent Variable: Profitability Ratio						

The Coefficients table 9 provides us with the necessary information to predict the effect of the "Profitability Ratio", as well as determine whether the "ESG of ICICI Bank" is statistically significant to the model.

Axis Bank

Table 10: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.706[a]	.498	-.003	62.72037
a. Predictors: (Constant), ESG of Axis Bank				

Table 10 represents the R-value which represents the simple correlation and is 0.706, which indicates a high degree of correlation. The R2 value indicates how much of the total variation in the dependent variable, "Profitability Ratio", can be explained by the independent variable.

Table 11: Anova

<table>
<tr><td colspan="6" align="center">ANOVA^a</td></tr>
</table>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3908.643	1	3908.643	.994	.501^b
	Residual	3933.845	1	3933.845		
	Total	7842.488	2			
a. Dependent Variable: Profitability Ratio						
b. Predictors: (Constant), ESG of Axis Bank						

Above table 8 is the ANOVA table, which reports how well the regression equation fits the data (i.e., predicts the dependent variable). This table indicates that the regression model predicts the dependent variable significantly well. This indicates the statistical significance of the regression model 0.501, which is more than 0.05, and indicates that, overall, the regression model statistically does not significantly predicts the outcome variable (i.e., it is not a good fit for the data).

Table 12: Coefficient

Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	144.023	74.861		1.924	.305
	AXIS BANK	-7.507	7.531	-.706	-.997	.501

a. Dependent Variable: Profitability Ratio

The Coefficients table 12 provides us with the necessary information to predict the effect of the "Profitability Ratio", as well as determine whether the "ESG of Axis Bank" is statistically significant to the model.

Yes Bank

Table 13: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.005[a]	.000	-1.000	29.67082
a. Predictors: (Constant), ESG of Yes Bank				

Above table 10 represents the R-value which represents the simple correlation and is 0.005, which indicates a low degree of correlation. The R2 value indicates how much of the total variation in the dependent variable, "Profitability Ratio", can be explained by the independent variable.

Table 14: Anova

ANOVA[a]					
Model	Sum of Squares	Df	Mean Square	F	Sig.

1	Regression	.018	1	.018	.000	.997[b]
	Residual	880.358	1	880.358		
	Total	880.376	2			
a. Dependent Variable: Profitability Ratio						
b. Predictors: (Constant), ESG of Yes Bank						

Above table 8 is the ANOVA table, which reports how well the regression equation fits the data (i.e., predicts the dependent variable). This table indicates that the regression model predicts the dependent variable significantly well. This indicates the statistical significance of the regression model is 0.997, which is more than 0.05, and indicates that, overall, the regression model statistically does not significantly predicts the outcome variable (i.e., it is not a good fit for the data).

Table 15: Coefficient

<table>
<tr><th colspan="6">Coefficients^a</th></tr>
<tr><th rowspan="2">Model</th><th colspan="2">Unstandardized Coefficients</th><th>Standardized Coefficients</th><th rowspan="2">T</th><th rowspan="2">Sig.</th></tr>
<tr></tr>
</table>

		B	Std. Error	Beta		
1	(Constant)	26.042	30.433		.856	.549
	ESG	-.013	2.764	-.005	-.005	.997
a. Dependent Variable: Profitability Ratio						

The Coefficients table 15 provides us with the necessary information to predict the effect of the "Profitability Ratio", as well as determine whether the "ESG of Yes Bank" is statistically significant to the model.

b) **"To investigate the impact of ESG on selected Bank's performance using Tobin's q model."**

Table 16: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.499[a]	.249	-.001	3.07951
a. Predictors: (Constant), tobinsq model				

Table 16 represents the R-value which represents the simple correlation and is 0.499, which indicates a low degree of correlation. The R2 value indicates how much of the total variation in the dependent variable, "Profitability Ratio", can be explained by the independent variable.

Table 17: Anova

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9.442	1	9.442	.996	.392[b]
	Residual	28.450	3	9.483		
	Total	37.892	4			
a. Dependent Variable: ESG						
b. Predictors: (Constant), tobinsq model						

Above table 17 is the ANOVA table, which reports how well the regression equation fits the data (i.e., predicts the dependent variable). This table indicates that the regression model predicts the dependent variable significantly well. This indicates the statistical significance of the regression model is 0.392, which is more than 0.05, and indicates that, overall, the regression model statistically does not significantly predict the outcome variable (i.e., it is not a good fit for the data).

Table 17: Coefficients

		Coefficients[a]				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.

1	(Constant)	28.642	2.256		12.699	.001
	tobinsq model	-4.843	4.854	-.499	-.998	.392
a. Dependent Variable: ESG						

The Coefficients table 15 provides us with the necessary information to predict the effect of the "Tobin's-q model", as well as determine whether the "ESG of all Banks" is statistically significant to the model.

4   Conclusion

The present study investigated the quadratic impact of ESG on financial performance of banks using accounting ratios. For this, 5 private banks from India are being selected and data is being analyzed for 4 years that is from 2019 to 2022. It considers the Environmental, Social, and Governance (ESG) ratings in isolation. Accounting ratios (Return on Assets & Net Profit Ratio) and market (Tobin's q) proxies were used to approximate financial performance. Bank-specific factors, macroeconomic variables, & financial development variables make up the control variables.

The purpose of "ESG reports" is to make public the company's efforts to improve environmental, social, and governance factors. Because investors and financial analysts rely heavily on ESG reporting to evaluate a company's ESG initiatives and "sustainability," ESG reporting is crucial for firms. Non-financial reports may also be referred to as ESG reports.

Stakeholders, including investors, managers, and others, place a premium on a company's ESG performance, or how well it does economically, environmentally, socially, and in terms of corporate governance. The study compares the financial outcomes of companies with strong and weak ESG performance. Overall, ESG factors drove up share prices and profits for companies in both the dynamic and static analyses. The ESG qualities of a company's workers contribute to the company's bottom line. However, there is no consensus on the effect of certain ESG factors on a company's bottom line. There is a distinction between the financial success of high-ESG and low-ESG businesses.

The dynamic and static data used in the study show that complete ESG significantly affects both market capitalization and earnings per share. Analytical techniques such as regression, ANOVA and various accounting ratios were used to examine the effect of ESG factors on the financial performance of the firm in the case of a pandemic. Investment firms, company executives, policymakers, and even regulators may all benefit from improved financial performance if ESG performance is prioritized.

The primary findings of this study suggest that ESG (total), environmental and social performance has a favorable effect on the ROA accounting indicator. Tobin's Q, and NPM all benefit from a Bank's social performance. After analyzing the results obtained it can be said that results of yes bank are not good as compared to other banks.

A wide range of interested parties can benefit from this study. As a first step, customers should move towards account opening in banks, applying for loans, investors and executives should push for public measures that improve financial reporting and the health of the Banks. There should be regulatory support for the creation of such policies.

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