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Bank Specialization and Credit Risk: Evidence from Global Financial Crisis Shock

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Abstract : In this study, it compare the performance of banks and financial services (operational, financial, and market) across four major regions including Asia, Europe, Africa, and North with the extent of sustainability reporting. We examine how the Environment, Social, and Governance score (ESG) and the three pillars such as Return on Assets, Return on Equity, and Tobin's (Q) affect the performance of banks using data collected from 3450 observations across 40 different nations over ten years of (2011-2020). it also consider implications for governance, macroeconomics, and specific bank attributes. The results indicate a negative correlation between ESG and operational performance (ROA), financial performance (ROE), and market performance (TQ). The inclusion of diverse political and economic contexts lends distinctiveness to this paper. the findings hold significant theoretical implications for global scholars and policymakers. The limited correlation between ESG, its pillars, and the performance of banks and financial services underscores managerial shortcomings within these sectors.

Keywords : bank specialization, financial crisis, credit risk, difference-in-differences, herfindahl hirschman index
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