Independent study title	IMPACT OF ESG PERFORMANCE ON NON-PERFORMING LOANS EVIDENCE FROM ASEAN BANKS
Author	Pannawat Phetranont
Degree	Master of Science (Finance)
Major field	Master of Science Program in Finance (International Program)
Faculty	Faculty of Commerce and Accountancy
University	Thammasat University
Independent study advisor	Associate Professor Anutchanat Jaroenjitrkam, Ph.D.
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ABSTRACT

This study examines how ESG performance affects non-performing loan ratios (NPLs) in 40 ASEAN banks over 2012–2024, testing whether stronger ESG reduces credit risk (stakeholder hypothesis) or raises it through non-core spending (overinvestment hypothesis). Using a panel model with country fixed effects, ESG is measured as both a lagged level and a lagged change. For the full sample, ESG shows no significant effect on NPLs overall, though the environmental and social pillars are positively associated with them, more so when public attention is low. In Malaysia and Singapore, stronger governance significantly reduces NPLs while short-run ESG increases raise them, with public attention moderating the effect. The results suggest ESG scores in most ASEAN markets reflect disclosure and compliance more than substantive credit-risk management, though clearer links emerge as frameworks mature.

Keywords: ESG, Non-performing loans, Credit risk, ASEAN banks, Overinvestment hypothesis, Stakeholder theory, Public attention