

# The use of company registry data and environmental risk factors in credit decisions: evidence from Cyprus and Slovakia

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## Abstract

The growing significance of environmental and sustainability considerations, in line with global ESG standards, has prompted lenders and businesses to integrate these dimensions into their risk assessment frameworks. Company registry data provides critical insights into a firm's legal status, ownership, and financial disclosures. The goal of this research is to provide empirical evidence on the practical use of company registry data and environmental risk indicators by businesses engaged in credit evaluation and to make policy-relevant recommendations to improve the integration of ESG-related data into national registries and credit risk frameworks. The research employs a cross-sectional survey design on quantitative data collection via structured questionnaires administered to business representatives in Cyprus and Slovakia. The findings reveal distinct profiles for each country, highlighting different stages of maturity in leveraging these two critical information streams. The results could contribute to the development of a unified model for sustainable credit risk assessment.

## Keywords

environmental risk, environmental and sustainability standards, registry data, credit decision-making



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## Introduction

In recent years, the process of credit evaluation has evolved beyond traditional financial statements to include alternative sources of information, such as data from national Registers of Companies and environmental risk indicators. The growing importance of environmental and sustainability considerations, in line with global ESG (Environmental, Social, and Governance) standards, has prompted lenders and businesses to integrate these dimensions into their risk assessment frameworks. Company registry data provides critical insights into a firm's legal status, ownership, and financial disclosures, forming the foundation for due diligence and credit evaluations. In parallel, environmental risk factors such as regulatory compliance, pollution records, and climate vulnerability have emerged as indicators of long-term creditworthiness.

In the context of Cyprus and Slovakia—two European Union member states with distinct economic landscapes and regulatory frameworks—the role of company registry data and environmental factors in credit decision-making is of growing interest. This research explores how businesses in both countries utilize data from the Registrar of Companies (RoC) and consider environmental risks when evaluating potential customers for credit purposes. By comparing practices across small and large enterprises and identifying challenges in integrating such data, this study contributes to a deeper understanding of contemporary credit evaluation approaches in a European setting.

The present background to the Registers of Companies in Cyprus and Slovakia shows the following characteristics. The Register of Companies (RoC) in Cyprus, under the Ministry of Energy, Commerce and Industry, maintains the official record of all registered companies in the country. The registry includes information such as company incorporation dates, share capital, directors, shareholders, and annual returns. It also serves as a public record for compliance documents such as audited financial statements. Access to RoC data in Cyprus is generally available via an online portal (<https://www.companies.gov.cy>), though detailed financial documents may incur a fee. The reliability and comprehensiveness of Cypriot RoC data have made it a valuable tool for financial institutions, legal professionals, and business entities engaged in credit evaluation and due diligence.

In Slovakia, the Ministry of Justice, specifically through the Commercial Register (Obchodný register, <https://www.orssr.sk/>), maintains the company registry. The register provides information similar to that in Cyprus, including company statutes, financial reports, shareholder data, and records of corporate changes. Slovakia has made significant efforts to digitalize its registry in alignment with EU regulations and transparency goals. Public access to the Slovak register is facilitated through online platforms, enabling stakeholders to retrieve company data relevant to risk analysis and investment decisions (Weiss et al., 2025).

While both countries follow EU directives on corporate transparency, differences in access policies, data formats, and regulatory enforcement influence how company registry information is used in practice. The integration of environmental data into these registries remains limited, though the growing emphasis on sustainability reporting may spur future developments in this area.

The goal of this research is twofold. Firstly, it seeks to provide empirical evidence on the practical use of company registry data and environmental risk indicators by businesses engaged in credit evaluation. Secondly, it aims to make policy-relevant recommendations to improve the integration of ESG-related data into national registries and credit risk frameworks, thereby supporting more sustainable financial practices across EU member states.

The paper is structured as follows: following this introduction and contextual background, the literature review presents key academic findings on the role of company registries and environmental risk in credit assessments. The methodology section outlines the data collection methods, sampling strategy, and analytical framework. The subsequent section presents the findings, comparing patterns between Cyprus and Slovakia. Finally, the discussion and conclusion sections interpret the results in light of existing literature and suggest avenues for policy and future research.

## Present state of problem-solving

Company registry data plays a crucial role in risk assessment, particularly when financial institutions or businesses evaluate the credibility and stability of potential partners or clients. Several scholars have highlighted the importance of registry data in facilitating transparency, reducing information asymmetry, and improving the quality of credit decisions (Chava, Livdan and Purnanandam, 2009). According to Hyytinen and Pajarinen (2005), registry-based information about corporate ownership and financial standing is instrumental in enhancing credit market efficiency, especially for small and medium-sized enterprises. Kaya and Seebeck (2019) highlighted the importance of international information on companies through business register websites, leading to increased data availability and their use.

Environmental risk, meanwhile, has emerged as a significant determinant of credit risk in recent literature. Firms with poor environmental performance are likely to face regulatory fines, litigation, and reputational damage,

which can adversely affect their cash flows and debt servicing capacity (Schneider, 2011). In this area, Lyulyov et al. (2020) established a relationship between ERM implementation and enterprise efficiency through environmental uncertainty, market competition, company size, and company complexity.

In the European context, there is increasing pressure on national registries to include ESG-related disclosures. This is particularly relevant in markets like Cyprus, where managers perceive climate change risks as materially significant to financial performance, yet report a disconnect between risk awareness and the formal integration of climate factors into financial reporting and credit assessment processes (Georgiou et al, 2023).

The effect of one factor differs from that of another for each business entity. Duc et al. (2024) investigated the impact of corporate environmental responsibility (CER) on business risks, finding a negative effect on firm risk and highlighting the importance of internal control mechanisms. Cai et al. (2016), examining the relationship between corporate environmental responsibility (CER) and risk in U.S. public firms, conduct a similar study. Their study shows that CER engagement inversely affects firm risk after controlling for various firm characteristics. Such cross-industry analysis further reveals that the inverse CER-risk association mainly comes from the manufacturing sector, whereas in the service sector, CER tends to increase firm risk. As noted by Dorfleitner and Grebler (2020), the inclusion of ESG factors in credit rating models has led to more accurate risk profiling, especially in industries with high environmental exposure.

To solve the problems, the market for green bonds is currently developing rapidly (Medic and Andabaka, 2020). The key to determining whether green bonds have a positive impact is to examine whether firms issuing green bonds actually increase their green investments or merely pretend to do so, for example, engage in greenwashing. Findings from Shi et al. (2023) indicate that the issuance of green bonds positively affects the number of companies' green patent applications.

Empirical studies also confirm a negative correlation between environmental risk and bond credit ratings (Benlemlih and Bitar, 2018). Hachenberg and Schiereck (2018) found that green bonds issued by firms with favourable environmental credentials have lower yields and better credit ratings. Furthermore, a study by the European Central Bank (2022) suggests that companies with higher carbon emissions tend to incur higher financing costs, reflecting the growing integration of environmental risk into credit pricing.

In the European context, there is increasing pressure on national registries to include ESG-related disclosures. Cek and Eyupoglu (2020) found that social and governance performance significantly affects economic performance in all regression models. On the other hand, environmental performance failed to show a significant relationship. However, integration remains inconsistent across member states. Saad et al. (2024) found that in France, CSR activities positively influence credit ratings, particularly when governance mechanisms are strong. A similar result shows a study by Sutinko et al. (2023), which found that companies in Indonesia adopt different components of environmental, social, and governance reports according to their needs, regulations, and analysis complexity. This supports the argument for broader inclusion of sustainability metrics in public corporate records.

In summary, the literature underscores the value of combining company registry data with environmental risk indicators in credit assessment processes. However, gaps remain in terms of standardized integration and accessibility, particularly in countries such as Cyprus and Slovakia. This study seeks to fill that gap by providing comparative empirical evidence on how such data is used in practice.

## **Material and Methods**

This study adopts a mixed-methods approach, centred on quantitative data collected via structured questionnaires administered to business representatives in Cyprus and Slovakia. The methodology is designed to ensure objectivity and relevance while addressing the research aims related to the usage of company registry data and environmental risk factors in credit decisions.

### **Research Design**

The research employs a cross-sectional survey design to collect data from selected respondents at a single point in time. This method is particularly well-suited for exploring perceptions and practices of credit risk evaluation across different business contexts.

### **Sample Selection**

The target population for this study comprises senior decision-makers from registered firms in Cyprus and Slovakia, including owners, managers, accountants, and credit analysts. A purposive sampling method was used to select participants who are directly involved in credit evaluation decisions. Hundred respondents were surveyed—50 from each country. However, in both countries, only 36 participants answered the survey.

### **Analytical Framework**

The questionnaire responses provide the primary data for this study. Data were structured into thematic categories aligning with the study objectives:

- (i) usage of company registry data, and
- (ii) consideration of environmental risk factors. Responses to closed-ended and Likert-scale items were analyzed using descriptive and inferential statistics to detect patterns and significant differences across the two countries and across business sizes.

### Data Collection

Data were gathered using a structured Microsoft Forms questionnaire. The survey was shared through professional networks and e-mail invitations, ensuring anonymity. The questionnaire included sections on demographic information, frequency and methods of registry data use, and attitudes towards environmental risks in credit assessments.

### Data Analysis

The responses were downloaded into Microsoft Excel and SPSS for analysis. Descriptive statistics, such as mean scores and frequencies, were computed, and comparative analyses (for instance, t-tests, chi-square tests) were used to identify differences between groups. Likert-scale data were treated as interval data for purposes of central tendency analysis.

### Validity and Reliability

To ensure content validity, the questionnaire items were derived from established literature and pre-tested with three academic experts and four business professionals. Minor adjustments were made to improve clarity and relevance. Internal consistency was tested using Cronbach's alpha for Likert-scale items, with a threshold of 0.7 considered acceptable (Bryman and Bell, 2015).

### Ethical Considerations

Participants were informed of the study's voluntary nature and assured of confidentiality. No personally identifiable information was collected, and data were stored securely. Ethical approval was obtained from the affiliated academic institution's ethics committee.

### Object of searching

Comparing Cyprus and Slovakia from the perspective of environmental risk assessment based on business register data may be appropriate and interesting for several reasons, despite (or precisely because of) their differences. The reasons are as follows:

1. Membership in the EU and the legislative framework:
  - Common legislative basis: Both countries are members of the European Union and are therefore subject to the same environmental directives and regulations (e.g. Industrial Emissions Directive, E-PRTR – European Pollutant Release and Transfer Register).
  - Data comparability: Thanks to a single European database (e.g. E-PRTR or national business registers), data is standardized, allowing for objective comparisons between countries.
2. Differences in geographical and economic conditions:
  - Different geographical location and climate: Slovakia is a landlocked country with an industrial-oriented economy, while Cyprus is an island with a stronger focus on services and the tourism sector. This diversity allows us to examine how environmental risks differ across different types of economies and environments.
  - Contrast in types of environmental risks: In Slovakia, for example, it may be industrial air or water pollution (e.g. chemical and automotive industries), while in Cyprus, risks may be associated with water management, coastal pollution and tourism.
3. Different volume and number of companies
  - Comparing a country with a relatively small number of industrial enterprises (Cyprus) with a country with a larger industrial base (Slovakia) can highlight how the type and density of enterprises affect environmental pressures.
4. Importance of environmental policy and benchmarking
  - Comparison allows identifying examples of good practice, weak points in regulation, or differences in the implementation of environmental policy between countries.
  - Comparison can serve as a basis for benchmarking the environmental management of companies and support recommendations for improving national policies.
5. Research interest

Research on environmental risk across two countries with different contexts can yield new insights into the factors that influence the environmental behavior of businesses.

## Research question

The central research question addressed in this study is: To what extent do businesses in Cyprus and Slovakia use company registry data and environmental risk factors in credit decision-making? Subsidiary questions include: Are there differences in the use of such data between small and large enterprises? What barriers exist in incorporating environmental considerations into credit evaluations?

## Results

The target population for this study comprises senior decision-makers from registered firms in Cyprus and Slovakia, including owners, managers, accountants, and credit analysts. A purposive sampling method was used to select participants who are directly involved in credit evaluation decisions. Hundred respondents were surveyed—50 from each country. However, in both countries, only 36 participants answered the survey.

## Demographic statistics

The demographic statistics are shown below in Table 1.

Tab. 1. Demographic statistics

Demographic variable	SAMPLE		CYPRUS		SLOVAKIA	
	Number	%	Number	%	Number	%
Sample	72	100	36	50	36	50
<b>Type of business:</b>						
Sole trader	15	20.83	6	16.67	9	25.00
Partnership	7	9.72	3	8.33	4	11.11
Private company	39	54.17	23	63.89	16	44.44
Public company	9	12.50	3	8.33	6	16.67
Other	2	2.78	1	2.78	1	2.78
<b>Business size (number of employees):</b>						
0-10	35	48.61	19	52.78	16	44.44
11-50	18	25.00	8	22.22	10	27.78
51-250	11	15.28	5	13.89	6	16.67
More than 250	8	11.11	4	11.11	4	11.11
<b>Education:</b>						
Elementary school	1	1.39	0	0.00	1	2.78
Secondary school	18	25.00	9	25.00	9	25.00
University graduate	36	50.00	18	50.00	18	50.00
Post graduate	17	23.61	9	25.00	8	22.22
<b>Position:</b>						
Owner	24	33.33	10	27.78	14	38.89
Manager	24	33.33	13	36.11	11	30.56
Credit control	2	2.78	2	5.56	0	0.00
Accountant	13	18.06	6	16.67	7	19.44
Other	9	12.50	5	13.89	4	11.11
<b>Experience (Years):</b>						
0-1.99	11	15.28	6	16.67	5	13.89
2-4.99	14	19.44	7	19.44	7	19.44
5-9.99	11	15.28	6	16.67	5	13.89
10 years or more	36	50.00	17	47.22	19	52.78

The total sample size is 72 respondents, with a perfectly even split of 36 from Cyprus and 36 from Slovakia.

### 1. Type of Business

The sample's business landscape is dominated by private companies, which make up more than half of the sample. The Cypriot sample has a much higher concentration of private companies compared to Slovakia. In contrast, Slovakia has a higher proportion of sole traders than Cyprus. In addition, Slovakia has a higher percentage of public companies (See Table 1), which is in line with the population, and the Bratislava Stock Exchange is larger than the Cyprus Stock Exchange.

This suggests that the Cypriot responses may be more representative of formal, incorporated businesses, while the Slovak sample includes a stronger voice from individual entrepreneurs and larger, public companies.

## 2. Business Size (Number of Employees)

The sample is heavily weighted towards small and medium-sized enterprises (SMEs), with the bulk of businesses in both countries having 250 or fewer employees. The distribution is remarkably similar between the two countries. Both are dominated by micro-enterprises, that is, businesses with no more than 10 employees (See Table 1). Therefore, the findings of the study will be highly relevant to the SME sector in both countries, which is the backbone of their economies.

## 3. Highest Level of Education

The respondents in both countries are a highly educated group, with the bulk being either university graduates or postgraduates (See Table 1). Based on Table 1, the educational profiles for both countries are almost identical. This is a critical control variable, as it indicates that differences in responses are unlikely to be due to disparities in the general education level of the decision-makers. The results implied that respondents with higher education levels are likely capable of understanding and engaging with complex concepts such as credit risk and environmental factors, lending credibility to their responses.

## 4. Position in the Business

The responses come primarily from senior decision-makers, that is, owners and managers. However, Slovakia has a higher percentage of owners than Cyprus, which has a higher percentage of managers (See Table 1).

## 5. Years of Experience in Credit Evaluation

The sample is highly experienced. Exactly half of all respondents have 10 or more years of experience in credit evaluation. The experience profiles for both countries are very similar, with both countries having a strong cohort of highly experienced professionals (See Table 1). Therefore, the high level of experience reinforces the reliability of the data. To summarize, the even country split and the dominance of SMEs make the sample highly relevant for a comparative study of business practices in Cyprus and Slovakia. The data comes from highly educated and experienced individuals in ownership or management positions, which strongly validates the findings. The remarkable similarity in business size, education levels, and professional experience between the two country groups means that any significant differences found in the core questionnaire (e.g., use of registry data, integration of environmental risk) are more likely to be attributable to country-specific factors (e.g., regulatory environment, business culture) rather than these underlying demographic variables.

## Analysis of Company Registry Data Usage

According to Table 2 and the sample, there appears to be a significant difference in how they use and perceive the Registrar of Companies. Cypriot businesses generally use registry data (based on company use) more than their Slovak counterparts.

According to Table 2, there is a significantly higher adoption in Cyprus compared to other countries. Furthermore, Cypriot users are more frequent users, with over half accessing data daily or weekly.

Table 2 shows more hesitancy and non-use of registry data in Slovakia: Slovakia shows a higher rate of non-use (23.7%) and hesitancy ("Maybe" - 21.1%). Their usage is also more sporadic, with the highest proportion being "Occasional" users.

Tab. 2. Basic Usage and Frequency

Question	Option	Overall	Cyprus	Slovakia
<b>7. Use Registry Data</b>	<b>Yes</b>	<b>67.1%</b>	<b>80.0%</b>	55.3%
	No	16.4%	8.6%	<b>23.7%</b>
	Maybe	16.4%	11.4%	21.1%
<b>8. Frequency of Use</b>	Daily/Weekly	41.1%	<b>54.3%</b>	28.9%
	Monthly	12.3%	11.4%	13.2%

Question	Option	Overall	Cyprus	Slovakia
	Occasionally	38.4%	31.4%	<b>44.7%</b>
	Never	8.2%	2.9%	13.2%

According to Table 3, the Cypriot sample indicates a focus on financial health. Just under half of the sample primarily use the registry to "Analyze Financial Health", and their most-used data is the Balance Sheet. This indicates that they primarily use the data for core credit risk assessment.

*Tab. 3. Data Types and Purposes*

Question	Option	Overall	Cyprus	Slovakia
<b>9. Primary Data Used</b>	Balance Sheet	<b>27.7%</b>	<b>37.1%</b>	18.4%
	Information on Liabilities	<b>30.0%</b>	25.7%	<b>34.2%</b>
	Statement of Profit & Loss	17.7%	14.3%	21.1%
	Statement of Cash Flow	2.7%	2.9%	2.6%
	Others	21.9%	20.0%	23.7%
<b>10. Main Purpose</b>	Analyze Financial Health	<b>30.5%</b>	<b>38.9%</b>	22.1%
	Meet Legal Demands	27.8%	27.8%	27.8%
	Strategic Decisions	16.7%	2.8%	<b>30.6%</b>
	Evaluate Competition	6.9%	8.3%	5.6%
	Others	18.1%	22.2%	13.9%

According to Table 3, the Slovakian sample provides evidence that the focus is on strategic decision-making, compliance, and liabilities. This indicates they have a stronger, strategic, decision-driven motivation, since this category is the top reason for using the data. In addition, they most frequently use "Information on Liabilities", which is crucial for understanding a company's debt obligations.

According to Table 4, the samples from both countries provide evidence that they rely heavily on basic internal tools such as Excel. The implication is that if these firms had used specialized software, they could have received a more effective analysis of the financial data.

*Tab. 4. Tools, Quality, and Experience*

Question	Option	Overall	Cyprus	Slovakia
<b>11. Tools Used</b>	Internal Tools (e.g., Excel)	<b>65.3%</b>	<b>69.4%</b>	<b>61.1%</b>
	Specialist Financial Software	19.5%	16.7%	22.3%
	Business Management Software	6.9%	5.6%	8.3%
	Other	8.3%	8.3%	8.3%
<b>12. Data Quality</b>	Good / Very Good	<b>88.9%</b>	<b>91.4%</b>	<b>86.6%</b>

Question	Option	Overall	Cyprus	Slovakia
	Fair	9.7%	8.6%	10.8%
	Poor / Very Poor	1.4%	0.0%	2.6%
<b>13. Detected Mistakes</b>	Yes	9.6%	11.4%	7.9%
	No	<b>90.4%</b>	<b>88.6%</b>	<b>92.1%</b>

Further to this, Table 4 provides evidence that Cypriot users of the data (based on the sample) have a more positive perception of data quality than Slovakian users. This correlates with their higher usage rates. However, very few participants in either country report detecting mistakes, suggesting the data is generally perceived as accurate.

*Tab. 5. Accessibility and Perceived Value*

Question	Option	Overall	Cyprus	Slovakia
<b>14. Access is Simple/Transparent</b>	Yes	56.2%	<b>68.6%</b>	44.7%
	No	<b>43.8%</b>	31.4%	<b>55.3%</b>
<b>15. Contribution to Business</b>	Positive / Very Positive	<b>64.4%</b>	<b>74.3%</b>	55.3%
	Neutral	27.4%	20.0%	34.2%
	Negative / Very Negative	8.2%	5.7%	10.5%
<b>16. Use for Credit/Risk Decisions?</b>	Yes, regularly	20.7%	25.7%	15.8%
	Yes, occasionally	31.5%	31.4%	31.6%
	<b>Total "Yes"</b>	<b>52.2%</b>	<b>57.1%</b>	<b>47.4%</b>
	No	47.9%	42.9%	52.6%

According to Table 5, a majority of Slovak respondents find access to the registry not simple and transparent. This is a critical barrier to usage and a stark contrast to Cyprus, where the bulk of the sample finds it accessible.

Further to these, Cypriot businesses are more likely to view the data's contribution as "Positive" or "Very Positive" (See Table 5). This positive experience likely fuels their higher engagement.

Over half of all respondents use the data for credit and risk decisions, with Cyprus again showing a materially higher adoption rate (See Table 5).

The evidence in tables 2-5 shows that Cypriots are proactive users of the registrar of companies' data. The evidence shows they have: high usage, frequent access and are motivated by financial health analysis. They perceive the registrar of companies as being a high-quality, accessible, and valuable strategic tool. Cypriot actively use data, especially balance sheets, for core credit decisions.

The evidence in tables 2-5 shows that Slovaks are compliant users regarding the registry of companies. The evidence shows there is lower and occasional usage from them, often motivated by legal requirements. The evidence also shows they face significant barriers regarding access to transparency and have a more neutral view of the data's value and quality. The evidence also shows they generally focus on liabilities and use data for credit decisions less consistently.

Hence, the overall implication is that the primary challenge in Slovakia is usability and access. By improving the simplicity and transparency of the registry system, this could unlock greater adoption and more strategic use of the data. The overall implication in Cyprus is that the system is well regarded and used effectively, presenting a potential model for best practices.

### Analysis of Perceptions on Company Registry Use (Statements 17-23)

Here is a detailed analysis of the Likert Scale statements (See Tables 6 and 7) on the use of Registrar of Companies (RoC) data, with tables comparing Cyprus and Slovakia.

The Likert scale data strongly reinforce the findings from the closed-ended questions. Cypriot businesses demonstrate significantly stronger agreement across all positive statements about the RoC, indicating a more deeply integrated and trusted relationship with the registry.

Tab. 6. Average Likert Scores (1-Strongly Disagree to 5-Strongly Agree)

Statement	Overall Avg.	Cyprus Avg.	Slovakia Avg.	Difference (CYP - SVK)
17. Regular use when evaluating customers	3.27	<b>3.71</b>	2.89	+0.82
18. Information is reliable for credit risk	3.48	<b>3.80</b>	3.18	+0.62
19. Helps identify ownership & financial health	3.67	<b>4.00</b>	3.37	+0.63
20. Influences willingness to grant credit	3.29	<b>3.71</b>	2.92	+0.79
21. Rely more on new than existing customers	3.18	3.46	2.92	+0.54
22. More useful for large companies	3.37	3.57	3.18	+0.39
23. Check before major contracts	<b>3.82</b>	<b>4.11</b>	3.55	+0.56

The most significant differences between the two countries lie in how integral the RoC is to their fundamental business and credit decisions (See statements 17, 19, 20 and 23).

Regarding regular use & influence on credit, the gap is large, as Cypriot respondents agree they regularly use the RoC to evaluate customers to a greater extent than those in Slovakia. Similarly, the RoC's influence on the actual willingness to grant credit is significantly stronger in Cyprus. This shows that in Cyprus, the RoC is a key part of the customer onboarding and risk assessment workflow, whereas in Slovakia, it is not (Statements 17 & 20).

Tab. 7. Percentage of Agreement (Agree + Strongly Agree)

Statement	Overall	Cyprus	Slovakia	Difference (CYP - SVK)
17. Regular use when evaluating customers	52.1%	<b>74.3%</b>	31.6%	+42.7%
18. Information is reliable for credit risk	60.3%	<b>74.3%</b>	47.4%	+26.9%
19. Helps identify ownership & financial health	67.1%	<b>80.0%</b>	55.3%	+24.7%
20. Influences willingness to grant credit	52.1%	<b>68.6%</b>	36.8%	+31.8%
21. Rely more on new than existing customers	46.6%	<b>57.1%</b>	36.8%	+20.3%
22. More useful for large companies	53.4%	<b>60.0%</b>	47.4%	+12.6%
23. Check before major contracts	<b>69.9%</b>	<b>82.9%</b>	<b>57.9%</b>	+25.0%

Due diligence for major contracts is the highest-scoring statement overall, indicating its universal importance. However, the habit is still far more entrenched in Cyprus, where the bulk of the sample agrees that they check the RoC before major contracts, compared to just over half in Slovakia. This suggests that even in Slovakia, a majority

see its value for high-stakes decisions, but a large minority may not be conducting this basic due diligence (Statement 23).

Cypriot businesses strongly agree that the RoC is effective for identifying ownership and financial health. In Slovakia, while the majority agrees, the agreement is notably weaker, suggesting potential issues with data clarity, completeness, or users' ability to interpret it (Statement 19).

There is a strong correlation between usage and perceived reliability. In Cyprus, high usage is underpinned by strong trust, with the majority of the sample finding the RoC data reliable for credit risk assessment. However, in Slovakia, less than half share this level of trust. This credibility gap is a major barrier to more frequent and strategic use of the registry (Statement 18).

Both groups see the RoC as more critical for new customers, which is a logical risk-management practice. However, Cypriot businesses apply this logic more consistently. This further emphasizes the RoC's role in Cyprus as a primary tool for initial vetting (Statements 21 and 22).

Both countries have similar perceptions of the usefulness for company size. A majority in both countries see the data as more useful for evaluating large companies. This is likely because larger companies have more complex structures and are legally required to file more detailed reports, making the registry a richer source of information for them (Statement 22).

Based on the evidence in Table 6, Cyprus can be classified as a model of integration and trust. The evidence of the sample shows that the RoC is a core, trusted component of the business decision-making framework. Further to this, its data directly influences credit availability and is considered a mandatory step before major contracts. The high levels of trust and perceived reliability create a virtuous cycle, encouraging more frequent and strategic use.

In contrast, the evidence shows that Slovakia is in a relationship of hesitancy and underutilisation concerning the RoC. The evidence from Slovakian data shows that the RoC is used less frequently, is less trusted, and has less influence on core business decisions.

The evidence shows that while Slovakia is seen as useful for large companies and major contracts, it has not been fully integrated into everyday credit evaluation processes. In addition, the lower scores across the board suggest systemic issues, likely related to the accessibility and transparency problems identified earlier, which erode trust and discourage use.

The overall implication is that the findings point to a "maturity gap" in the use of the company registry. Cyprus represents a more mature model where the registry is a foundational element of the credit ecosystem. For Slovakia to achieve similar levels of integration, the fundamental issues of system accessibility, data transparency, and user trust must be addressed. Simply making the data available is not enough; it must be perceived as easy to access, reliable, and actionable.

### Analysis of Environmental Risk in Credit Evaluation

Tables 8-11 provide analysis of environmental risk in credit evaluation for both countries. The data reveals a significant "awareness-action gap" in both countries. While there is strong theoretical recognition of environmental risks, practical integration into credit evaluation remains limited. Slovak businesses generally adopt a slightly more advanced, structured approach to environmental risk.

#### Part 1: Likert Scale Statements (1-Strongly Disagree to 5-Strongly Agree)

*Tab. 8. Average Likert Scores on Environmental Risk*

Statement	Overall Avg.	Cyprus Avg.	Slovakia Avg.
<b>24. Consider environmental track record</b>	3.29	3.11	<b>3.45</b>
<b>25. Use environmental certifications</b>	3.08	2.91	<b>3.24</b>
<b>26. Env. non-compliance increases credit risk</b>	3.82	3.74	<b>3.89</b>
<b>27. Avoid credit to companies with env. Violations</b>	4.01	3.94	<b>4.08</b>
<b>28. Env. risk more important for certain industries</b>	4.18	4.09	<b>4.26</b>
<b>29. Registries should include env. compliance info</b>	<b>4.38</b>	<b>4.37</b>	<b>4.39</b>

Statement	Overall Avg.	Cyprus Avg.	Slovakia Avg.
<b>30. We would use registry-based env. Data</b>	<b>4.32</b>	<b>4.31</b>	<b>4.32</b>

Both countries overwhelmingly agree that environmental non-compliance increases risk (Statement 26), that they would avoid such companies (Statement 27), and that risk is industry-specific (Statement 28). Most importantly, there is a powerful, unified demand for environmental data in company registries (Statements 29 and 30).

Slovak participants show slightly higher agreement across all statements, especially in the practical application of considering records of accomplishment (Statement 24) and using certifications (Statement 25). This indicates a marginally more proactive stance.

## Part 2: Closed-Ended Questions

*Tab. 9. Importance and Integration of Environmental Factors*

Question	Option	Overall	Cyprus	Slovakia
<b>31. Importance of Credit Evaluation</b>	Extremely/Somewhat Important	<b>69.9%</b>	65.7%	<b>73.7%</b>
	Neutral	20.5%	22.9%	18.4%
	Not Important	9.6%	11.4%	7.9%
<b>33. Regard Env. Factors?</b>	Yes, always	12.3%	8.6%	<b>15.8%</b>
	Yes, sometimes	<b>57.5%</b>	<b>57.1%</b>	<b>57.9%</b>
	No	30.1%	34.3%	26.3%
<b>35. Use Env. Evaluation Tools?</b>	Yes, regularly	6.8%	5.7%	7.9%
	Yes, occasionally	24.7%	25.7%	23.7%
	<b>Total "Yes"</b>	<b>31.5%</b>	<b>31.4%</b>	<b>31.6%</b>
	No	<b>68.5%</b>	<b>68.6%</b>	<b>68.4%</b>

The Awareness-action gap is universal: The large majority of participants in both countries find environmental factors important (Statement 31) and most "always" or "sometimes" consider them (Statement 33), a starkly different picture emerges for tool usage (Statement 35). Over two-thirds do not use any environmental evaluation tools, highlighting a significant implementation deficit. Regarding credit risks, participants in Slovakia view non-environmental factors (business plan and other factors) as the main influences on credit, whereas Cypriot participants view environmental factors as significant (See Statement 34). This may be in line with Cypriot financiers encouraging loans for the green economy.

The evidence shows that Slovakia has slightly deeper integration: Slovakia has a higher proportion of businesses that "always" consider environmental factors, indicating a more systematic approach for some firms (See Table 9).

*Tab. 10. Risk Focus, External Factors, and Policy*

Question	Option	Overall	Cyprus	Slovakia
<b>32. Most Important Risk</b>	Waste and Recycling	<b>41.7%</b>	<b>36.1%</b>	<b>47.2%</b>
	Climate Change (CO <sub>2</sub> )	30.6%	33.3%	27.8%

Question	Option	Overall	Cyprus	Slovakia
	Unsustainable Use of Resources	22.3%	27.8%	16.7%
<b>34. When Risks Influence Credit</b>	Lack of Compliance	<b>31.9%</b>	<b>41.7%</b>	22.2%
	High Risk from Unsustainable Business	27.8%	36.1.0%	19.4%
	Business plan	19.4%	8.3%	<b>30.6%</b>
	Others	19.4%	11.1%	27.7%
<b>36. External Factors Considered</b>	Regulatory Demands	<b>71.2%</b>	<b>74.3%</b>	<b>68.4%</b>
	Business Reputation	46.6%	37.1%	<b>55.3%</b>
	Responsibility to Society	45.2%	40.0%	<b>50.0%</b>
<b>37. Have an Env. Policy?</b>	Yes, detailed policy	16.4%	14.3%	<b>18.4%</b>
	Yes, basic policy	27.4%	22.9%	<b>31.6%</b>
	<b>Total "Yes"</b>	<b>43.8%</b>	<b>37.1%</b>	<b>50.0%</b>
	No	<b>56.2%</b>	<b>62.9%</b>	<b>50.0%</b>

According to Table 10, "Waste and Recycling" is the top environmental risk concern, particularly in Slovakia (Statement 32). "Regulatory Demands" are the dominant external factor, but Cypriot and Slovak businesses place much greater emphasis on this factor, along with "Business Reputation" and "Responsibility to Society," as motivators (Statement 36).

A majority of businesses in both countries lack a formal environmental policy for credit risk. However, Slovakia again leads, with half of its businesses having at least a basic policy, compared to only 37.1% in Cyprus (Statement 37).

Tab. 11. Compliance, Outlook, and Financial Impact

Question	Option	Overall	Cyprus	Slovakia
<b>39. Comply with Env. Regulations?</b>	Yes, strictly	52.1%	51.4%	52.6%
	Yes, with exceptions	31.5%	31.4%	31.6%
<b>40. Influential Regulations</b>	Waste Economy/Recycling	<b>43.8%</b>	<b>42.9%</b>	<b>44.7%</b>
	Emissions/Energy Efficiency	41.1%	37.1%	<b>44.7%</b>
<b>41. Expect Env. Importance to Increase?</b>	Yes, certainly/probably	<b>83.6%</b>	<b>82.9%</b>	<b>84.2%</b>
<b>42. Plan to React to Increasing Risk</b>	Improve/Create Risk Analysis	<b>64.4%</b>	<b>62.9%</b>	<b>65.8%</b>
	No Change	31.5%	31.4%	31.6%
<b>43. Env. Risks Influence Ability to Get Credit?</b>	Yes, very much/somewhat	46.6%	42.9%	<b>50.0%</b>
	No	53.4%	57.1%	50.0%

Question	Option	Overall	Cyprus	Slovakia
<b>44. Impact on Interest Rates</b>	Increase	26.0%	20.0%	<b>31.6%</b>
	No Impact	<b>32.9%</b>	<b>40.0%</b>	26.3%
	Don't Know	31.5%	31.4%	31.6%
<b>45. Are Sustainable Businesses Less Risky?</b>	Yes	49.3%	45.7%	<b>52.6%</b>
	Don't Know	<b>42.5%</b>	<b>45.7%</b>	39.5%

According to Table 11, there is evidence to show that there is a strong, clear consensus that environmental factors will grow in importance (Statement 41). Accordingly, a majority in both countries plan to improve their environmental risk analysis.

However, there is no consensus on how environmental performance should affect interest rates, with answers split between "Increase," "No Impact," and "Don't Know." This indicates a lack of established market practice or guidance (Statement 44).

Only about half of the respondents definitely see sustainable businesses as less risky, with a large "Don't Know" cohort, suggesting the financial materiality of sustainability is not yet universally accepted (Statement 45).

To summarize concerning environmental risk, the evidence shows that Slovakia has a slightly more advanced and systematic approach to environmental risk than Cyprus. The evidence shows it is motivated by a blend of regulatory demands, reputation, and social responsibility. In addition, it is more likely to have a formal policy and to "always" consider environmental factors.

It recognizes the importance of environmental risk but is less proactive in formalizing its approach. It is primarily motivated by regulatory compliance but lags in policy development and systematic integration.

Regarding Cyprus, the evidence shows a massive gap between recognizing risk and using tools to assess it. In addition, the evidence points to an overwhelming, unified demand for environmental data in the ROC, but significant uncertainty exists on how to financially quantify environmental risk (e.g., via interest rates).

The overall implication is that there is a foundation for integrating environmental risk in both countries. However, the evidence shows that the bridge to implementation is not yet built. Providing standardized tools, mandating environmental data reporting in RoCs, and developing clear principles for "green" credit pricing would significantly accelerate adoption, with Slovak businesses slightly more prepared to embrace these changes.

## Discussion

The research identifies a clear dichotomy between Cyprus and Slovakia in their approaches to the Company Registry. Cyprus demonstrates a mature, proactive model. Businesses are frequent, confident users of the registry, primarily to analyze financial health. They perceive the data as high-quality, accessible, and reliable, and fully integrate it into their core credit evaluation and strategic decision-making processes. Slovakia exhibits a hesitant and compliance-driven model. Usage is lower, occasional, and often motivated by legal obligations. A significant barrier is the perception that access is not simple or transparent, which undermines trust and discourages deeper, strategic use of the data.

A central finding across both countries is the significant disconnect between recognizing environmental risk and taking concrete action to manage it. There is a strong consensus that environmental non-compliance increases credit risk, that it is industry-specific, and that lenders should avoid companies with violations (Schwaab et al., 2017). An overwhelming majority expect its importance to grow.

Despite this awareness, a substantial implementation gap exists. Over two-thirds of businesses do not use any environmental evaluation tools, and more than half lack a formal environmental policy for credit risk (Höck et al., 2020). This indicates that environmental risk remains a theoretical concern rather than an operational one for most lenders.

While both countries face the awareness-action gap, Slovakia shows a marginally more advanced posture on environmental risk. A higher proportion of Slovak businesses have a formal policy, "always" consider environmental factors, and are driven by a broader set of motivations, including business reputation and social responsibility. Conversely, Cyprus maintains a decisive lead in the effective utilization of traditional company registry data.

A powerful and unanimous signal from the data is the demand for environmental compliance information to be included in company registries. The very high scores for the statements "Company registries should include

environmental compliance information" and "We would use registry-based environmental data if available" indicate that the single most effective intervention to bridge the awareness-action gap would be to make this data easily accessible and standardized.

The following recommendations are targeted at businesses, regulators, and policymakers in Cyprus, Slovakia, and the wider EU to promote more transparent and sustainable financial practices.

The top priority should be to expand the mandatory disclosure requirements for companies to include key environmental metrics (e.g., compliance records, carbon emissions, waste management data) and integrate this information directly into the company registry (Semenova and Hassel, 2015). This directly addresses the most cited barrier identified in the study. For Slovakia, a critical review and modernization of the registry's digital interface and data accessibility should be undertaken. The goal is to make the system as simple, transparent, and user-friendly as reported in Cyprus, thereby increasing trust and usage. To ensure consistency and comparability, there is a case for developing EU-wide standards for environmental data reporting in registries. This would prevent market fragmentation and make the data more valuable for cross-border credit decisions.

It is recommended that businesses, particularly in Cyprus, move from awareness to action by developing formal environmental risk policies and procedures. This should include creating a basic environmental checklist for credit assessments; providing training for credit managers on identifying and evaluating material environmental risks; and, to close the "tool gap," businesses should invest in and develop the capacity to use environmental risk evaluation tools, moving beyond reliance on basic internal tools like Excel. Industry associations can facilitate this by providing shared resources and training.

In addition, financial institutions should begin to formally discuss and model how environmental performance affects credit risk (Birindelli et al., 2022; Pavolova et al., 2020). This could lead to differentiated interest rates, where sustainable businesses benefit from lower costs of capital, thereby creating a financial incentive for green practices. It is recommended that knowledge exchange between Cyprus and Slovakia will benefit both. Cypriot businesses can share best practices on registry utilization, while Slovak businesses can lead discussions on developing environmental credit risk strategies. It is recommended that the link between environment and finance should be clarified. This can be addressed by tackling the uncertainty around credit pricing by supporting research and issuing guidance on how environmental risk should be reflected in interest rates and loan conditions. This will help create a more predictable and efficient market. By implementing these recommendations, stakeholders can bridge the identified gaps, transforming the company registry into a comprehensive source for both financial and non-financial risk assessment and fostering a credit ecosystem that is not only more rigorous and transparent but also actively promotes environmental sustainability.

## Conclusions

The study set out to investigate the use of company registry data and environmental risk factors in the credit decision-making processes of businesses in Cyprus and Slovakia. The findings reveal distinct profiles for each country, highlighting different stages of maturity in leveraging these two critical information streams. The following conclusions and evidence-based recommendations are proposed to enhance credit policies towards greater rigour and environmental consciousness.

The study is limited by its small sample size and focus on only two countries, which may affect the generalizability of the findings. Additionally, the self-reported nature of the data introduces the risk of response bias. Nonetheless, the study offers important insights for academic research and EU policymaking.

While this study focuses on Cyprus and Slovakia—two EU member states with relatively high levels of regulatory alignment and data transparency—future research could expand the scope to include non-EU countries with different institutional and environmental risk contexts. Comparing the use of company registry data and environmental risk indicators in credit decisions across diverse regions, such as Southeast Asia, Latin America, and Sub-Saharan Africa, would provide a more comprehensive understanding of how varying legal frameworks, data accessibility, and ESG integration levels influence credit practices.

Such cross-country comparisons could facilitate a higher degree of generalization and contribute to the development of a unified model for sustainable credit risk assessment. Additionally, future studies may examine the effectiveness of recent ESG disclosure mandates in jurisdictions such as the United States and Canada, and explore how the digitalization of registries and environmental reporting platforms influences creditors' decision-making capabilities globally.

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