ABSTRACT

mgr Muddassar Rasheed Malik

This PhD dissertation addresses a critical research gap by investigating the impact of risk governance on the performance of public commercial banks in the countries of Organization for Economic Cooperation and Development (OECD). The research seeks to understand the role of risk governance in shaping bank risk, financial performance, and regulatory adjustments, thereby contributing to the existing literature on risk governance in the banking sector.

Drawing on the theoretical frameworks of Knight's risk theory (1921), the upper echelon theory, and regulatory compliance theory, this study comprehensively examines the relationships between risk governance and various performance indicators. The research specifically focuses on key elements of risk governance, including the Risk Committee (RC), Chief Risk Officer (CRO), Chief Financial Officers (CFO), directors with PhD degrees, senior directors and independent directors. By considering these factors collectively, this research addresses the research gap by providing a comprehensive analysis of risk governance's internal strength and effectiveness within banks.

The research methodology employs a rigorous design, utilizing a combination of quantitative data collection and analysis techniques. The data sources include BankFocus and BoardEx databases. Statistical analyses, such as regression models, are employed to test the hypotheses and explore the associations between risk governance and the performance indicators of bank risk, financial performance, and regulatory adjustments.

The findings contribute to academic knowledge by shedding light on the importance of risk governance in the banking sector. The results demonstrate a positive association between risk governance and Tier 1 Capital ratio. Furthermore, the study reveals a positive association between risk governance and financial performance, highlighting the significance of effective risk governance in driving favorable financial outcomes. Additionally, the research identifies a negative association between risk governance and regulatory adjustments, suggesting that banks with strong risk governance frameworks are less likely to require significant regulatory interventions.

The study's contributions extend the existing literature by addressing the research gap and providing valuable insights for regulators and bank managers. The findings offer guidance in developing and implementing effective risk governance strategies, ultimately contributing to improved risk management practices in the banking sector. The findings contribute to academic knowledge, provide practical implications for regulators and bank managers, and inform the development of effective risk governance strategies within the banking sector.