An Assessment of the Effect of Risk Management Committee on The Financial Performance of Deposit Money Banks

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Abstract

This study seeks to investigate the effect of Risk Management Committee (RMC) on the financial performance of Deposit Money Banks (DMBs) in Nigeria. Financial performance is judged to be a critical aspect of any organization and thus plays a pivotal role in determining the success and sustainability of such organizations. The study spanned from 2012 to 2022. Data for the study was sourced from secondary source through the financial statements and annual reports of the 7 selected publicly listed DMBs in Nigeria. Correlation/OLS regression analysis techniques were employed in analyzing the data so as to measure the relationship between the variables and effect of RMC indicated by its size, independence and meetings on financial performance of DMBs indicated by ROA and ROE. Findings revealed that RMC size has significant effect on financial performance of DMBs with a mean value of 0.0172 and p – value of 0.021. Furthermore, RMC independence and meetings with the mean value of -0.0049 and -0.0063 respectively were found to affect financial performance of DMBs negatively and insignificantly. The study recommends increasing number of women in the RMC and regular hosting of meetings to fulfil company's objectives and improve its financial performance. Additionally, practitioners and policy formulators need to pay specific attention to RMC size, frequency of meetings and independent boards as a concern in building robust risk management committee.

Introduction

The success and sustainability of an organization are largely determined by its financial performance, which is a crucial component of every organization. Maintaining a solid financial performance is essential for the long-term survival and general economic stability of deposit money banks, which are the key financial intermediaries in Nigeria. Improving financial performance is the main objective of any profit-making firm. How well a business is doing in the marketplace is reflected in its firm financial performance (Tanko, Siyanbola, Bako, & Dotun, 2021). A company's success and profitability in achieving its goals are also reflected in its firm financial performance (Suhadak, 2019). An organization must work to enhance its financial performance in order to draw in investors.

The financial performance of an organization shows how profitable it may be as well as how effective and efficient it is at using its resources (Tanko, 2021). Effectiveness is the capacity of management to choose the most appropriate target or tool for accomplishing particular goals. Efficiency is the input-to-output ratio where the best input results in the best output. Stakeholders including creditors, owners, the government, managers, customers, and the host community depend on this effective use of resources because it will boost their gains from the company (Bello et al, 2020). Furthermore, a company's financial performance and valuation show how prepared it is to pay its debts. It demonstrates a strong willingness to pay taxes to the state. It also shows the return on investment for the shareholders.

In today's world, companies are confronted with a variety of risks that pose major dangers to their ability to achieve their objectives in an environment marked by increased environmental instability and competitive competitiveness (Katuse, 2014). Companies must be properly managed in order to reduce risk-related losses, and this may be accomplished through risk management policies and practices (John et al, 2021). The seamless operation of financial institutions has a tendency to make or break the economy of a country. It is impossible to overstate the importance of financial institutions in a society, which is why the laws and regulations that govern these organizations are so stringent. Financial institutions are exposed to a variety of hazards, including credit, market, and operational risks (Nenu & Vintil, 2018).

During the period preceding the consolidation process (2004-2005), the Nigerian banking system suffered greatly due to abuse of power, fraud, and other criminal activity. In an effort to conduct significant reform, the Central Bank of Nigeria (CBN) put in place a variety of reforms to ensure that Nigerian financial institutions performed better than they had in the past. Among other things, these reforms establish a code of corporate governance for banks and other financial institutions and increase bank capitalization to N25 billion. One crucial element of the Nigerian Code of Corporate Governance for Banks is the establishment of a risk management committee (RMC) to supervise and keep an eye on the operations of banks (CBN Code, 2014).

Accordingly, the entity's risk management framework is controlled by the RMC, a board-level body that also sets the entity's risk appetite and assesses management's performance in relation to it (Boudiab & Ishak, 2020). One essential corporate governance framework for risk management has been recognized as the RMC. According to Fali, Philomena, Ibrahim, and Amos (2020), the RMC is an independent board of directors committee that is in charge of the company's risk management policies and supervises the organization's global risk management system's execution. Regarding the company's risk tolerance, risk control and enforcement system, and governance structure, the RMC will support the board of directors in fulfilling its regulatory obligations.

Researchers, regulators, and practitioners are becoming very interested in the connection between risk committees and financial performance (Alawattegama, 2018). It is becoming more widely acknowledged that a bank's financial performance can be positively impacted by efficient risk governance, which includes having a functional risk committee. Increased stakeholder confidence, better capital adequacy, decreased losses, and increased profitability can result from properly identifying, managing, and mitigating risks. Deposit money banks (DMBs) are subject to a number of risks, such as market, liquidity, credit, and operational hazards, much like any other financial institution. If these risks are not adequately managed, they may have a substantial effect on banks' performance and financial stability.

Regulatory agencies like the Central Bank of Nigeria (CBN) mandate that DMBs in Nigeria set up risk management frameworks in order to reduce these risks. The creation of a risk committee within the bank's governance structure is one of the framework's main components. The risk committee is in charge of creating risk management policies, monitoring the bank's risk management procedures, and making sure that all legal and regulatory obligations are met.

Statement of the problem

Risks that organizations must deal with include credit risk, which is the evaluation of borrowers' financial stability; interest rate risk, which is based on changes in interest rates; foreign exchange risk, which arises when a company conducts business internationally and its cash flows are impacted by exchange rates; capital management risk, which is related to the cost of financing investments; and liquidity risk, which arises when a company is unable to effectively handle the redemption of deposits and other liabilities and to cover funding increases in loan and investment portfolio. Particularly in recent years, as banks have diversified their assets in response to the shifting market, these risks have escalated.

Specifically, as financial markets have become more globalized throughout time, banks' operations and activities have grown quickly, increasing their risk exposure.

The need for a risk management committee independent of the board of directors that focuses on establishing and carrying out strict risk policy, appetite, and limits has grown as a result of the frequent failure of numerous banks, including Skye Bank, Oceanic Bank, Diamond Bank, and others. Because risk management systems are unable to evaluate possible risks that could impact Deposit Money Banks (DMBs), they may also share some of the blame for company failures. As can be seen from the above, one of the main reasons why some significant Nigerian banks failed was a lack of a proper framework for risk management and the inability of risk management committees to carry out their responsibilities.

Numerous financial crises and difficulties have affected the Nigerian banking industry, highlighting the necessity of strong risk management procedures. There is a dearth of empirical data regarding the efficacy of risk management committees in reducing risks and improving financial performance, despite statutory mandates that DMBs create such committees. This study therefore, seeks to investigate the effect of Risk Management Committees on the financial performance of listed deposit money banks in Nigeria by examining the composition, independence, and activities of risk committees, as well as their relationship with key financial performance indicators.

Literature Review

Conceptual Clarification

Risk

Scholars have defined risk in a variety of ways, and it has many different connotations. According to Hansel (1999), as cited by Kedir and Knapkova (2016), risk is the probability of suffering a loss or being killed. Ojeka, Adeboye, and Dahunsi (2021), posits risk as the likelihood that an event will occur or not, as well as the chances of inaccuracy. These descriptions indicate a certain course (accident or loss). In the context of this study, risk is defined as the possibility of suffering a monetary loss. Although obtaining high stock values and profitability may be the top priorities for bankers, none of them can ignore the hazards involved in these choices. Bankers are concerned with many types of risks such as systematic

risk, credit risk, liquidity risk, market risk, interest rate risk, earnings risk, foreign exchange risk and solvency risk (Nwanna, 2019).

Risk Management Committee (RMC)

The board of directors established the risk management committee (RMC) to supervise the company's worldwide risk management framework and risk management policy. According to Ikechukwu, David, and Gabriel (2021), the committee's oversight duties include monitoring the company's risk appetite, risk management and compliance framework, and governance structure. The role of the Risk Management Committee (RMC) is to advise and make recommendations to the Board of Directors regarding risk management governance. Among other things, the risk management committee oversees the creation, application, and oversight of risk management policies on behalf of the Board of Directors.

As affirmed by Sufi & Qaisar (2015), this committee reports to the Board of Directors on a regular basis on the condition of the entity's operational and financial practices.

The responsibilities and duties of this committee include:

i.   Approve and periodically review the risk management policies of the corporation's operations;
ii. Review significant reports from regulatory agencies relating to risk management and compliance issues;
iii. Review and approve the corporation's risk appetite statement on an annual basis.
iv. Review and approve the contingency funding plan contained in the corporation's liquidity policy at least annually.

The components of risk management committees are primarily evaluated in terms of their size, expertise, composition, and diligence, and these factors are thought to have an impact on how the company's risk profile is managed. For this study, the risk management structures that will be employed are the size, meetings, and independence of the committee.

Financial Performance

Financial institutions usually evaluate financial performance using a combination of financial ratios and benchmarking as an indicator of performance in relation to its goals and objectives. There are plethora of elements that influence the advancement of a company's financial performance, and most studies have divided the variables that influence the performance of banks into categories. Measures of financial performance comprises but are not limited to return on assets (ROA) and return on equity (ROE).

Return on Assets

According to Mershal (2022), ROA is a financial ratio that indicates how profitable a company is in relation to its total assets. Corporate management, analysts and investors uses ROA to determine how efficiently a company uses its assets to generate a profit. It is a financial ratio that measures a company's ability to generate profits from its assets. It indicates how effectively a company utilizes its resources to generate earnings. ROA is calculated by dividing the net income of a company by its average total assets. It is expressed as a percentage, representing the profitability of a company's assets. A higher ROA indicates that a company is generating more profits from its assets, which is considered favourable.

There are plethora of factors that can influence a company's ROA, including its industry, business model, and capital structure. Different industries have different asset requirements, and companies with asset-heavy operations may have lower ROA compared to asset-light businesses. In addition, Tanko et al., (2022) opined that companies with higher debt levels may have lower ROA due to higher interest expenses.

Return on Equity

Return on equity (ROE) measures company's return on its equity. This is obtained by dividing the company's net income by its shareholder's equity. This metric is a gauge of a corporation's profitability and how efficiently it generates those profits. The higher the ROE, the better a company is at converting its equity financing into profit. Return on equity (ROE) is a financial metric that measures the profitability and efficiency of a company by evaluating the return generated for shareholders' equity. It is a key indicator used by investors and analysts to assess a company's financial performance and effectiveness in generating profits from the shareholders' investments. A higher ROE indicates that the company is efficiently utilizing its capital to generate returns for shareholders. In contrast, a lower ROE indicates that the business is not making enough money in relation to the investment made by shareholders (Penman, 2013).

Empirical Review

Series of studies have been carried out to examine the effect of risk management committee on financial performance and firm value in both foreign countries and Nigeria.

Odubuasi, Ofor, & Ugbah, (2022) evaluated the effect of risk committee effectiveness on financial accomplishments of listed banks in selected three African countries ranging from 2009 to 2018 financial year.
Ex post facto research design was adopted for the study and panel data in relation to the study were sourced from the annual reports of the chosen banks in the selected countries. The study employed a panel data estimation technique. Results shows that diligence has an inverse statistically significant effect on Return on Equity (ROE), Return on Capital Employed (RCE), composition has a positive statistically significance effect on ROE and RCE account expertise and gender diversity have positive but no significant effect on ROE. Additional results shows that leverage has negative significant effect, whereas firm size has positive but no significant effect on ROE.

Lamidi et al. (2022) examined the characteristics of risk committees as well as their effects on the financial performance of deposit money banks (DMBs) in Nigeria. The study sourced secondary data from the bank's annual reports and financial statement. Furthermore, thirteen (13) DMBs were chosen as a sample using the purposive sample technique. The data was analysed using the panel regression approach. The findings revealed that size and independence of risk management committees have a negative impact on the financial performance, while the size of the committees is insignificant. On the other hand, risk management committee meetings and gender diversity have positive significant impact on the financial performance of DMBs in Nigeria.

Fali et al. (2020) evaluated the effect of risk management committee size, independence, expertise on financial performance of listed insurance companies in Nigeria from 2012 to 2018. The study used a sample size of (24) insurance companies from population of 27 insurance firms. The study used secondary data obtained from annual report of the firms. The dependent variable was measured by return on asset (ROA). The Random Effect regression model was used in the investigation. The study's findings showed that while risk management committee independence and size have a negative and negligible impact on financial performance, risk management committee expertise has a negative but considerable impact. According to the study's findings, risk management committee restrictions on excessive risk taking will result in insurance companies' subpar financial performance.

The study recommends that risk management committee arrangements should include additional members with actuarial science and finance backgrounds in order to increase the effectiveness of the committee.

Nwaobi, Kwarbai & Ajibade, (2015) examined corporate risk management and firm value of some selected manufacturing companies in Nigeria. The study measured firm value using Tobin's Q. The proxies for risk management are corporate risk management, ROA, firm size, thin capitalization & ownership concentration. Pearson Correlation and OLS regression were employed to analyse the data extracted from 10 industrial subsectors from 2002-2012. The study revealed that corporate risk management has positive but insignificant effect on firm value. In addition, Firm size and ROA has positive and significant effect while thin capitalisation and ownership concentration have negative and insignificant effect on firm value.

Elamer & Benyazid (2018) in their study investigated the impact of risk committee on financial performance of UK financial institutions in Libya. All listed financial institutions in the FTSE-100 index between 2010 and 2014 were used in the analysis. The data was analyzed using OLS regression analysis. The results showed a strong inverse association between financial performance (ROA, ROE) and a number of RC characteristics (i.e., existence, size, independence, and frequency of meetings).

Theoretical Framework

This study adopted the Expected Utility Theory (EUT). The theory was developed by Daniel Bernoulli and further extended by Leonard Savage which was considered a foundational theory in risk management. The theory contends that individuals make decisions by evaluating the utility or value associated with different outcomes and their corresponding probabilities. This theory forms the basis for decision-making under uncertainty and helps in determining risk preferences (McKinsey & Company, 2021). The EUT is a fundamental concept in economics and decision theory that provides a framework for understanding individual preferences and decision-making under uncertainty. It has significant implications for risk management, as it helps individuals and organizations evaluate and make decisions in situations where the outcomes are uncertain and involve risks (Damanpour & Aravind, 2021). It assumes that individuals are rational and have consistent preferences over outcomes.

The use of Expected Utility Theory in risk management extends beyond simple investment decisions and can be applied to various domains, such as insurance, banking sector, loan facilities, portfolio management, and project evaluation. It is imperative to note that EUT has been subject to criticism and limitations. One major critique is that individuals often deviate

from the rationality assumptions of EUT, exhibiting behaviours such as risk aversion, risk-seeking, or loss aversion. This led to the development of alternative decision theories, such as Prospect Theory, which accounts for these behavioural biases.

The Agency Theory

The Agency theory also form the theoretical basis for this study. This theory establishes a contractual relationship between the principal (owner/shareholders) and another agent (managers) to act on behalf of the owners (Jensen & Meckling, 1976). Many a time, managers are risk seekers and take actions that affect the firm's financial performance based on their desire for increased compensation. Corporate governance mechanisms were established to reduce the agency problem that occurs in companies (Harrison & Harrell, 1993). In general, from the standpoint of agency theory, the risk committee acts on behalf of the shareholders in order to manage risk exposure.

Thus, the risk management committee's primary responsibility is to monitor management's participation in riskier activities that may have affected the firm's objectives and to inform management when such activities reach an unacceptable risk level that may impede the firm's financial performance. Due to the fact that creating a risk management committee may enhance the transparency of a firm by revealing more information about risk and providing better insight into risks to shareholders, a risk management committee is recommended. As a result, having an effective committee in a firm not only helps the board of directors, but it also helps to reduce the number of agency problems that emerge in the organization. The agency theory stresses the fact that risk management should line up the interest of shareholders and managers so as to increase organizational performance.

Methodology

This study adopts an ex-post facto research design. The study population consists of all the 13 deposit money banks that are publicly listed on the Nigeria Stock Exchange (NSE) as at 31st December, 2022. However, purposive sampling techniques was adopted to arrive at the sample size of seven (7) deposit money banks.

Table 1: Working Population of the Study

S/N	Banks name	Date of incorp.	Date of listing
1	Access Holdings Plc	1989	1998
2	First Bank Nigeria Holdings Plc	1894	1971
3	Fidelity Bank Plc	1987	2005
4	Guaranty Trust Bank Holdings Company Plc	1990	1996
5	United Bank for African Plc	1961	1970
6	Wema Bank Plc	1945	1990
7	Zenith Bank Plc	1990	2004

Source: NXG website (2022).

Furthermore, census sampling techniques was employed to adopt the entire working population as the sample of the study. Panel data for the study was sourced from secondary source i.e annual reports and financial statement of the selected DMBs. Correlation/ OLS regression

analysis techniques were employed in analysing the data so as to measure the relationship between the variables and effect of RMC indicated by its size, independence and their activities on financial performance of DMBs indicated by ROA and ROE. Additionally, post-estimation tests such as heteroskedasticity, multicollinearity, and correlation tests were run to gain insight into the data and determine the suitability of the regression method.

Results and Discussion

Robustness Test of Independent and Dependent Variables
This test was carried out to ensure the validity of all statistical inferences for the Study, in order to assess the impact of distribution problems, in addition to the problems of outliers before deciding on the appropriate statistical method for the study. These tests include Multicollinearity, heteroscedasticity, and normality.

Multicollinearity Test
To check for the presence of multicollinearity between independent variables the study used VIF (Variance Inflation Factors) to check whether the explanatory variables of the model used for the study suffer from multicollinearity. The VIF in excess of 10 should be taken as an indication of harmful multicollinearity and the result in Table 2 of the test shows that the maximum VIF is 1.03 for risk management committee independence and the minimum VIF is 1.01 for risk management committee size and these are less than 10 which indicate absence of multicollinearity.

Table 2: Variance Inflation Factor (VIF)

Variable	1/VIF	VIF
RMCS	0.9910	1.01
RMCI	0.9690	1.03
RMCM	0.9757	1.02
Mean VIF		1.02

Source: author's computation

Heteroskedasticity Test

The result of Breusch-pagan/Cook-weisberg test for heteroskedasticity in Table 5 reveals that the data are heterogeneous is less than 5% level of significance. The figure below indicates that the probability value of 0.000 is less than the critical value of 0.05 level of significance. Thus, the study concludes that there is heteroscedasticity. According to the results of the tests for heteroscedasticity none of the conditions needed to perform an OLS regression analysis could be satisfied. As a result of the foregoing, the result of the robust OLS regression analysis served as the basis for our test of Hypothesis.

Normality Test

All of the variables in appendix have significant values for the Shapiro-Wilk test (Prob>z) of 0.0000 (dependent variable and independent variables) except RMCS which is insignificant at 0.2866. The fact that Prob>z (0.00000) is always less than 0.05 indicates that all of the variables' data significantly depart from a normal distribution. The earlier position of the

heteroscedasticity test is consequently supported by this result. The study uses spearman correlation for correlation matrix.

Hausman Test

The Hausman Test can be used to determine whether Fixed Effects Model or Random Effects Model is more appropriate. To apply this test, the study estimated both the Fixed Effects and Random Effects Models and compare the estimated coefficients using Hausman statistic. The decision rule is to use Fixed Effects if the p-value is significant, if not use Random Effect. The result in Table 5 revealed a p-value of 0.6193. Therefore, the Hausman test suggest the use of Random Effect for the study.

Breusch-Pagan Lagrange multiplier test for Random Effects

As proposed by the Hausman Test, a Random Effect should be used for the study, therefore the study will be subjected to Langragiane multiplier test to choose between the random effect and OLS. The decision rule is that if probability chi-square is less than 5% then random effect will be use and vice versa. The result in Table 5 revealed a p-value of 1.0000 which suggests that the OLS model is the most appropriate for the study.

Discussion of Results

Descriptive Statistics

Descriptive statistical analysis was conducted on the data collected. This includes the mean, standard deviation, minimum and maximum of both the dependent variable and explanatory variables. Table 3 presents the summary of the descriptive statistics of the entire panel data involving the measures of RMC (independent variable) and firm performance (dependent variable). The descriptive statistics revealed that the average ROA for the listed DMBs is 0.0219 which is greater than one, implying that on average, those firms created value and better performance for their shareholders during the sample period. The range of the ROA is between the minimum of -0.2814 and the maximum of 0.5384, and a standard deviation of 0.0784 which indicates a wide variation in the firm value of listed DMBs in Nigeria.

The table also revealed an average of 7 members in the risk management committee size of listed DMBs. The minimum number of members of the risk committee size is 4 and the maximum number is 12. A standard deviation of 1.6996 revealed that there is no wide variation among the size of risk management committee of listed DMBs in Nigeria. However, the result also revealed that there an average of 28.52% independent directors among the risk management committee of listed DMBs in Nigeria. Among these firms, there is a maximum number of 71.43% independent directors and a minimum number of 0 independent directors in the risk management committee. The value of standard deviation as revealed in the table is 17.21% indicating a wide variation in the number of independent directors in the risk management committee.

Furthermore, the average number of annual meetings by risk management committee is 4 times while the minimum number of meetings is 1, indicating that some years the committee hold meetings once. However, the highest number of times the committee has met is 11 times in a

year. The result also revealed that there is no wide variation among the meetings of listed DMBs in Nigeria. The standard deviation 1.5074.

Table 3: *Descriptive Statistics*

Variables	Obs.	Mean	Std. Dev.	Minimum	Maximum
ROA	77	0.0219	0.0784	-0.2814	1.5384
RMCS	77	6.9221	1.6996	4.0000	12.0000
RMCI	77	0.2852	0.1721	0.0000	0.7143
RMCM	77	4.4156	1.5074	1.0000	11.0000

Source: STATA output, 2023

Correlation Analysis

The essence of the correlation matrix is to reveal the relationship between the variables of interest. The variables could be weak, strong, negative or positively correlated. In addition, it seeks to reveal the multicollinearity between the variables, whether perfect multicollinearity or imperfect multicollinearity. The threshold level of judgment among variables to be highly correlated is 80%. This is when there is a high correlation that usually leads to the problem of multicollinearity. Moreover, the crucial issue about this statistic is the direction of the variables in relation to each other. Table 4 reports the spearman correlations. This choice of spearman Rank correlation is because some of the data are not normally distributed. A correlation with a value close to 1 means that the correlation is strong and a negative value is an indication of an inverse relationship. If the results show a positive value, it means there is a direct relationship.

Based on this analysis, there are positive correlations between risk management committee independence and ROA. It also implies that the two variables moved in same direction. However, risk management committee size and risk management committee meetings show different results, whereby for ROA there is a negative correlation. It also suggests that when the risk management committee size and risk management committee meetings increase ROA also decreases and both variables moved in separate direction.

Table 4: *Correlation Matrix for Risk Management Committee and Financial Performance of DMBs*

VAR.	ROA	*RMCS*	*RMCI*	*RMCM*
ROA	1.0000			
RMCS	-0.3123	1.0000		
RMCI	0.1512	-0.1506	1.0000	
RMCM	-0.0053	0.0599	-0.1659	1.0000

Note. STATA output based on data extracted from listed DMBs.

Regression Results on Risk Management Committee and Firm Value

Table 5 shows the regression coefficients and t-statistics of robust OLS model. The result is interpreted based on the OLS according to the LM test. The results show that the overall R^2 for OLS is about 0.1567 which is 16% which expresses the percentage of the total variation in the dependent variable explained by the risk management committee (risk management committee size, risk management committee independence and risk management committee meetings). It indicates that risk management committee size, risk management committee independence and

risk management committee meetings constitute 16% variation in the firm performance of listed DMBs while the remaining 84% are factors not included in this study model.

The model has F-statistic value of 2.28 with significant probability value of 0.0863 which is significant at 10%. This indicates that the model is fit and the explanatory variables were well selected. More so, the selection was not by any chance. In addition, the significant shows that this finding provides enough evidence to rejects the first hypothesis which state that risk management committee does not significantly affect firm performance.

Hypotheses Testing and Result Discussion

Three hypotheses were tested using the coefficients of the independent variables through their respective p-values to determine the validity of the null hypothesis.

H_{01}: Risk management committee size does not have significant effect on firm performance of listed DMBs in Nigeria
The robust OLS result presented in Table 5 shows that risk management committee size has coefficient 0.0172 of and p-value of 0.021. This reveals that risk management committee size has a positive and significant effect on the financial performance of listed DMBs in Nigeria. This however implies that the study rejects the first null hypothesis that states that risk management committee size does not have significant effect on firm performance of listed DMBs in Nigeria.

H_{02}: Risk management committee independence does not have significant effect on firm performance of listed DMBs in Nigeria

Similarly, the coefficient of risk management committee independence is negative (-0.0049) and the p-value is 0.927, which is statistically insignificant at 5% level of significance as can be seen in Table 5. Based on this result, the study therefore fails to reject the second null hypothesis that states that risk management committee independence does not have significant effect on financial performance of listed DMBs in Nigeria. It can be concluded that the number of independent directors in the risk management committee of listed DMBs firms has no significant impact their financial performance.

H_{03}: Risk management committee meeting does not have significant effect on firm performance of listed DMBs in Nigeria
The coefficient of risk management committee meeting is negative (-0.0063) and the p-value is 0.406, which is statistically insignificant at 5% level of significance as can be seen in Table 5. Based on this result, the study therefore fails to reject the third null hypothesis that states that risk management committee meetings do not have significant effect on financial performance of listed DMBs in Nigeria.

Table 5 Robust *OLS Regression Results for Risk Management Committee and Financial Performance of DMBs*

Variables	Coef.	t-stat.	P>|t|
Constants	0.1703	2.60	0.011
RMCS	0.0172	2.37	0.021
RMCI	-0.0049	-0.09	0.927
RMCM	-0.0063	-0.84	0.406

Overall R^2	0.1567
F-Stat.	2.28
Prob>Fstat	0.0863
Hettest	1.0000
Hausman	0.6193
LM	0.0000

Note. STATA 14 output based on data extracted from listed DMBs.

Discussion of the Major Findings

This study has provided sufficient statistical evidence which suggests that risk management committee size can affect DMBs financial performance value positively and significantly. The result implies that a unit increase in the risk management committee size will cause the mean of ROA to increase by 0.0172 units, if all other variables are held constant. In addition, the p-value of 0.021 shows that risk management committee size significantly affects ROA. This finding is in line with previous research of Ugwu et al. (2021) and Odubuasi et al (2022).

On the other hand, the study provided sufficient statistical evidence which suggests that risk management committee independence affects firm performance negatively and insignificantly. The coefficient of -0.0049 points to the fact that a unit reduction in the independent director would cause a 0.0049-unit decrease in the mean of ROA if other driver variables were to be unchanged. These findings are consistent with previous research of Egberi (2022) who found a negative association between risk management committee independence with firm performance of listed oil and gas companies in Nigeria.

Similarly, the study provided sufficient statistical evidence will suggests that risk management committee meeting affects firm performance negatively and insignificantly. This implies that the number of meetings held by the risk management committee might not reflect the quality of discussions. Hence, the relationship between the frequency of meetings and financial performance is not significant in all cases. These findings are consistent with previous research of Elamer and Benyazid (2018) who found a negative association between risk management committee meetings with financial performance of UK Financial Institutions.

Conclusions

This study focused on investigating the effect of risk management committee on financial performance of DMBs. More specifically, this study explores risk management committee size, risk management committee independence and risk management committee meetings and their effect on financial performance of DMBs. The findings revealed insignificant negative relationship between various risk management committee variables (i.e., independence, and meetings) and firm performance (i.e., ROA). It was also revealed that risk management size has significant and positive relationship with firm performance (ROA). It could be argued that risk management committee size helps to improve the performance of listed DMBs in Nigeria. However, risk management meeting and independence do not significantly help in improving the financial performance of listed DMBs in Nigeria.

Recommendations

i. The study recommends that the risk committee be improved by augmenting the proportion of women in its membership committee and that the committee meet on a regular basis to guarantee that risks are managed in order to fulfil the company's objectives and improve its financial performance.

ii. The study also recommends that experts, practitioners and policy formulators and other stakeholders in Nigeria banking sector should pay specific attention to RMC size, frequency of meetings, and independent boards as areas of concern for building a robust risk committee that will stand up against the risks of the enterprise as well as improve the financial performance of DMBs in Nigeria

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