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Risk Management Committee, Financial Reporting Quality and Financial Performance of Banks: A Lesson from Nigeria

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ABSTRACT

This study examined the relationship of risk management committee, financial reporting quality, and financial performance of banks in Nigeria. The study employed the ex-post Facto research design and data were sourced from the published financial reports of the banks and Central Bank of Nigeria (CBN) statistical bulletin. Out of a population of sixteen deposit money banks, five banks with complete data for a period of five years, from 2012 to 2016, were used as sample. The result of simple regression analysis test showed that risk management committee practices do not have a significant relationship with liquidity level of banks. However, the result also showed that financial reporting quality has a significant relationship with the net assets value per share of banks in Nigeria. Consequently, the need to strengthen the risk management committee of every banking organization in Nigeria is recommended even as the banks will benefit when a greater focus is given to compliance with financial reporting standards thereby ensuring that they compete favourably with their counterparts in the developed economies.

Keywords: Risk management committee, liquidity level, net assets value per share, financial reporting quality.

INTRODUCTION

The recent unprecedented collapse of several corporations the world over has directed the attention of corporate managers and regulators to the importance of effective risk management. This is because risk is paramount to every business decision. With increasingly excessive operating and financial risks assumed by businesses, it was only a matter of time for these businesses to experience failure leading ultimately to the financial and economic meltdown of the recent past. The 2008 financial crisis for instance, was traceable to market participants that sought for higher yields in a low interest rate, low inflation rate environment. Without adequate appreciation of the risk inherent in key business decisions, and without the exercise of due diligence, some of these businesses went into bankruptcy. Furthermore, many corporate boards also failed to exercise adequate oversight functions over the activities of corporate executives.

Many businesses were also excessively exposed to international currency risks because of increased globalization of businesses. The failure of central banks and other regulatory agencies to intervene when it the systemic failure became imminent sent shock waves across the global financial system. Risk management has therefore evolved as a holistic way of managing the combination of factors that contribute to risk.

Suffice to say that the way and manner the financial activities of a firm are communicated to members of the public is also a risk that ultimately affects the performance of the firm. The governance of the financial reporting process is a risk management strategy that is the hallmark of management efficiency. Inability and inconsistency in doing this scare investors. [1] opine that every financial statement is expected to disclose reliable, comparable and understandable information. Reliability connotes that such financial information should be free from error, bias and faithfully represents what it purports to represent [2]. The quality of financial reporting is

therefore essential as it influences the financial decisions as well as shareholders pristinely in making informed economic (investment) decision that ultimately enhances the overall efficiency of the market [3].

To underlie the crucial nature of quality financial reporting, Nigerian government established various bodies charged with the responsibility of issuing guidelines for financial reporting and for ensuring the effective management corporations' chief among which is the Companies and Allied matters Act of 1990. There is also the Securities and Exchange Commission (SEC) code of corporate governance of 2003 which regulates the management of public companies and the Central Bank of Nigeria prudential guidelines as code of corporate governance applicable to for banks. Financial Reporting Council (FRC) of Nigeria regulates the financial reporting of listed and non-listed firms in Nigeria mainly through the promulgation of accounting standards applicable in Nigeria and recently through the adoption of the International Financial Reporting Standard which has emerged as the globally accepted standard for financial reporting.

Despite these efforts corporate failures have remained a glaring reality all over the world and Nigeria is perhaps one of the hardest hit. For instance," Katsina Steel Rolling Mill Company Limited, Niger Sugar Company Limited, Golden Guinea Breweries Limited, Aba textile Mills Limited" [4] are some of the Nigerian companies that have experienced one form of corporate failure or the other. In addition, a number of firms quoted on the Nigerian Stock Exchange literally exist only in name. Many of these businesses cannot pay dividend to their equity holders and some of these stocks have remained inactive for a long time and yet they continue to be Exchange. The problem associated with risk management and financial reporting quality has also manifested in the banking sector resulting in poor financial performance and the non-payment of dividend to their shareholders and thereby limiting their ability to raise capital and or secure loans for expansion. All these engender the question of the effectiveness of risk management practices and financial reporting quality in these firms.

The objective of this study is to examine the effect of risk management practices and financial reporting quality on financial performance of deposit money banks in Nigeria. Specifically, the study investigates the effect of risk management committee and financial reporting quality on return on assets (ROA), Net assets Value per share and earnings per share of deposit banks in Nigeria.

A review of extant literature revealed the studies of [5], [6] [7] that focused on financial reporting quality and financial performance in the context of foreign countries and without considering the aspect of risk management committee and financial performance. In Nigeria, [8], [9] sought to only establish the link between corporate governance and financial reporting in quoted companies and never considered the implication for financial performance. On the other hand, [10] [11] studied the effect of ethical compliance by the accountant on the quality of financial reporting and performance of quoted companies in Nigeria. The study did not include financial institutions in the sample. Furthermore, none of the studies above considered risk management committee as a variable of corporate governance. Hence, the need for a study to examine the effect of risk management committee and financial reporting quality on financial performance of deposit money banks in Nigeria.

THEORETICAL FRAMEWORK

Corporate governance practices are seen to have great effect to maximization of stakeholder's wealth and to the growth prospects of an economy. Paramount to corporate governance is effective maximization of stakeholders' wealth and reduction of risk for the investor as well as attraction of investment capital and improving the performance of companies [12]. The adoption of corporate governance is crucial especially when considering financial market stability, investment and economic growth. The presence of an effective corporate governance system helps to provide a degree of confidence that is necessary for the proper functioning of the market economy and by extension hence, economic growth.

Meanwhile, corporate governance has understandably been defined from different perspectives. According to [13], corporate governance is about building credibility,

ensuring transparency and accountability as well as maintaining an effective channel of information disclosure that would foster good corporate performance. [14] opine that corporate governance is the process and structure by which the business and affairs of institutions are directed and managed, in such a way as to improve long term shareholders' value by enhancing interest of other stakeholders. Organization for Economic Corporation and Development (OECD) (1999) considers corporate governance to involve the distribution of rights and responsibilities among different participants in the corporation such as managers, board members, shareholders and other stakeholders. Corporate governance therefore is all about building trust and sustaining confidence among various groups that make up an organization [15]. It is making sure the business is well managed and shareholders interest protected always [16]. Corporate governance is therefore the entire measures and structure which practically identify the rights and responsibilities of players in a corporation. It provides the structure through which the company's objectives are set and provide the means of attaining those objectives and the mechanism for monitoring performance [17].

Inherent in the process of decision making is the need to manage risk. Therefore, a crucial aspect of corporate governance that must be critically considered is risk management. Risk management emphasizes the need to minimise risk while maximising returns. Investors are interested in how risk is being managed in the firm. The code of corporate governance of the Central Bank of Nigeria directs all deposit money banks to have a risk management committee to discourage executive recklessness. The risk management committee ensures that the organization operates efficiently and effectively and complies with the regulatory requirements. The committee is to ensure that risks exposures are properly evaluated and appropriate actions taken to avoid jeopardising the interest of the firm that could lead to bankruptcy or liquidation.

Ethical Relativism theory

The theory of ethical relativism holds that whether an action is right or wrong is a function of moral norms of the society in which it is practiced. According to [18] to the relativist, there are no universal moral standards that can be universally accepted. This is because moral belief is a function of culture and since there are different cultural contexts therefore what may seem right to one person may not necessarily be so to another. This theory encourages one to explore the reason underlying beliefs that differ from our own, while challenging us to examine our beliefs and the values we hold [19].

Arbitrage Pricing Theory

The arbitrage pricing theory holds that return on assets are subject to a series of factors. It implies that price of a security is driven by many factors which can be divided in two: Macro factors and micro factors. The arbitrage theory is based on the idea that an asset's return can be predicted using the relationship between that same asset and many common risk factors. This theory is however a substitute to capital asset pricing model as both assert a linear relation between asset expected returns and their covariance with other random variables [20], [21], [22].

Resource dependency theory

[23] opine that resource dependency theory was originally developed by [24] and was further exposited by [25]. The theory emphasizes the role of directors in providing access to resources needed by the firm to enhance performance. [26] asserts that resource dependency theory connects the role directors play in providing or securing vital resources for the firm through linkages to the external environment. The theory supports the appointment of representatives of independent organizations as a way of obtaining resources essential to the success of the firm [27]; [28]; [29]; [30]. In this wise, [4] classify directors into four role categories namely: insider, business experts, support specialists and community influenced. The resource dependency theory support of the diversity of the background of boards is vital to enhance the quality of their advice [9]. Consequently, board members who also have background in or are also members of risk management committee are likely to enhance risk management practices in the firm.

This study will adopt the three theories because the theories relate to the study. That is while Ethical Relativist theory focuses on the attitude of people as in what should be reported and what should not be reported based on morals of the reporter. The

Arbitrage Pricing Theory direct our attention to risk management as it affects investment and resource dependency theory is adopted as one of the theories of corporate governance since the directors are to mobilize skills and other resources to enhance performance.

Empirical Review

[12] carried out a study of the relationship internal control system and the financial performance of companies quoted in the Nairobi Securities Exchange. The objective of the study was to determine the effect of the control environment, internal audit, risk management, internal control activities and role of corporate governance controls on the financial performance of quoted companies in Kenya. The study adopted survey research design and out of a population of 62 companies, a sample of 38 companies was selected for the study. The study employed both secondary and primary data. The primary data was gotten through questionnaire while the secondary data were extracted from the annual report publications. The data was analysed using both descriptive and inferential statistics and the hypotheses were tested using analysis of variance (ANOVA), chi-square and correlation analysis with the aid of statistical package for social science (SPSS) version 21.0. The result of the study revealed that there is significant association between risk management component of the internal control system and financial performance. The study recommended that quoted companies in Nairobi Securities Exchange (NSE) should have risk management function adequately entrenched in all their day to day operations to ensure continuous improvement in their financial performance.

[15] investigated corporate governance and financial reporting quality in selected Nigerian company of some selected companies ranging from commodities, breweries, oil and gas and beverage firms. The study covered a ten years period between 2006 and 2015. The population of the study include all quoted companies in Nigeria and sample of the study is 5 companies spread across three major sectors in Nigeria that is manufacturing; service and banking were selected based on purposive sampling procedure. The data was subjected to econometric tests using the vector auto-regressive (*VAR*) model. The result of the analysis revealed that there is a significant relationship between board size, board independence, audit quality, audit committee and quality of external auditor and financial reporting quality. The study recommends a greater focus on corporate governance indicators as to bring about globally accepted standard of financial reporting in the Nigerian emerging market to attract the interest of investors.

In a study of Tunisian firms, [17] investigated corporate governance and financial reporting quality for a sample of 22 non-financial firms. The study covered a period of 11 years from 1997- 2007. They examined financial information quality using two models of which was developed by [20] and the second model focusing on the information content of earnings [3]; [4]. The study used board characteristics and ownership structure of the firms as proxies for corporate governance and the result revealed that governance mechanisms affect the financial information quality of the Tunisian companies

The study by [9] examined corporate governance and financial reporting practice in Nigeria. The study covered a ten years period that is 2006-2015 and data for the study was obtained from annual reports of 40 quoted companies. Corporate governance was measured using board characteristics, audit committee, board independence, board size and growth. The result of the test of hypotheses showed that the corporate governance improves the financial reporting quality of the quoted companies in Nigeria.

In 2011 Klai and Omri, investigated corporate governance and financial reporting quality: the case of Tunisian Firms. The objective of the study was to examine the effect of corporate governance mechanisms on the financial reporting quality for a sample of 22 non financial Tunisian firms. The study covered a period of 11 years from 1997-2007. The study examined financial information quality using two models that is [11] model and the second model captures the information content of earnings [2]; [3]. The study focussed on Board characteristics and ownership structure of the firms and the result revealed that governance mechanisms affect the financial information quality of the Tunisian companies

A similar study was carried out by [19] on corporate governance attributes and financial reporting quality with empirical evidence from Iran. Using the data of firms listed in Tehran Stock Exchange (TSE) during the period 2003 – 2011 of a sample of 136 firms and applying the model for the measurement of financial reporting quality developed by [23] and board characteristics of board size, board independence, ownership concentration, institutional ownership to measure corporate governance, the study found no evidence to support a significant relationship between the independent variables and financial reporting quality.

Also, in a study of the financial reporting quality of the manufacturing sector in Nigeria, [21] sought to determine whether monitoring characteristics mattered. The study utilized correlation research design and the secondary data of a sample drawn from a population of 59 quoted manufacturing firms in the Nigerian Stock Exchange as at 31st December employed longitudinal balanced panel data to account for individual heterogeneity of the sample companies while the two step multiple regressions was used to analyse the quality of financial reports of the sample firms. The result showed a positive and significant relationship between monitoring characteristics and financial reporting quality. The result further showed that the monitoring characteristics have a positive and significant relationship with financial performance proxied by return on assets and return on equity. The proxies of monitoring characteristics namely leverage, independent directors, audit committee, institutional, block and managerial shareholding are all returned a positive and significant p-values implying that monitoring characteristics is influencing financial reporting quality of the quoted manufacturing firms in Nigeria. The paper recommended that shareholders of quoted manufacturing firms should ensure that the board of directors is composed in such a way as to ensure diversity of experience without compromising, compatibility, integrity, availability and independence and uphold debt to enable them to checkmate the manipulative accounting by management.

[14] carried out a study on Ethical compliance by the accountant on the quality of financial reporting and performance of quoted companies in Nigeria. The study employed a descriptive survey design hence primary data was used. The population for the study comprised of accountants and accounting officers in quoted manufacturing firms in Nigeria while the sample of study comprised of twenty companies drawn from five sectors Nigerian Stock Exchange. The sample was systematically and purposively selected and a five-point scale questionnaire was administered to determine the effect of ethical issues on organizational financial reporting and performance. The result of the data analysed using descriptive statistical tools and Spearman Rank Correlation Coefficient revealed that ethical compliance by accountants positively and significantly affect the quality of financial reporting and performance of organizations. The paper concluded that the ethical compliance by the accountant on professional ethics of integrity, objectivity, honesty, transparency and accountability will improve the quality of financial reporting and performance of organizations. The paper recommended that organizations should establish the of ethics officers in Nigerian organizations, creation of non-threatening environment for the discussion of difficulties that prevail in the environment and that impinge on the ability of the accountant to up-hold the codes of professional ethics in the discharge of their day-to-day responsibility.

MATERIALS AND METHODS

The research design for this study is ex-post facto. The ex-post facto research design is a method of finding out possible antecedents of event that have happened but cannot be manipulated by the investigator. [12] opine that ex-post facto investigation seeks to reveal possible relationship by observing an existing condition and searching back in time for plausible contributing factor. [11], [12] adopted the ex-post facto research design in a similar study. The data for this study is sourced from the published audited financial statement of the companies in our sample. The dependent variable financial performance is measured by liquidity ratio (LR) and net assets value per share(NAVS) while the independent variable is risk management committee (RMC) and financial Reporting Quality (FRQ). The ordinary least square regression technique was used for analysis with the aid of SPSS data analysis software.

Model Development and Specification

Financial Reporting Quality

Financial reporting quality is the link between corporate governance and financial performance. Financial reporting quality has been defined by [19] as the precision with which financial reports convey information about the firm's operations and in particular its expected cash flows to equity investors and other stakeholders. Thus, financial reporting is a medium through which the accountability of stewards is rendered to shareholders and stakeholders of organizations. [30] further asserted that it is the way by which managers of organizations give account of their stewardship. The essential character of every financial report is the ability to disclose in clear terms what resources were acquired and available, how they were utilized and what result was achieved from such utilization. Thus, the core objectives of financial reporting may be divided into two: 1) To aid investment decision making and 2) for management accountability.

Investment Decision: The investor needs to decide whether to invest, how much to invest, and what returns to expect from the investment. Information in financial report aids the investor to determine whether the investment will provide acceptable returns within the acceptable range of risk. Investment return comprises of future interest or dividend and capital appreciation. The investor needs to determine the amount and certainty of a company's future earning power and thereby estimate the future cash return in dividends and capital appreciation. Earning power, which may differ from accounting net income, refers to the ability of a firm to produce continuous earnings from the operating assets of the business over a period of years, which may differ from accounting net income. Management accountability: Financial reports are also used to assess management's effectiveness in utilizing the resources entrusted committed to them to run the enterprise. Management is not only responsible to owners of the business for the custody and safe-keeping of enterprise resources, but much more for their efficient and profitable use and for protecting them from adverse economic conditions such as inflation or deflation. Management accountability is one of the purposes of financial reports and therefore the financial reporting quality defines how this accountability function is discharged without compromising the financial reporting standards.

In this study, and following [8], financial reporting quality is measured using the accrual method. The accrual model measures financial reporting quality in terms of the degree or the extent of earnings management under existing legislation. Thus, financial reporting quality is a measure of the extent to which current accounting standard or other regulation allows for the manipulation of earnings. Some theorists and researchers believe that since earning is most crucial financial performance measure in organizations and that when it is negatively affected or manipulated, the company's financial reporting quality will be affected. Thus is calculated as

$$\Delta WC_{it} = CFO_{it}-1 + CFO_{it} + CFO_{it} +1 + \Delta REV_{it} + PPE_{it} + \varepsilon$$

Where:

ΔWC = the change in working capital accruals or current accruals from the Statement of cash flows

CFO = the cash flows from operating activities

ΔREV = Change in revenue

PPE = Property, plant and equipment

Risk management committee

Risk is the probability that the actual return on an investment will be lower than the expected return. [23] asserted that risk is the future uncertainty associated with the deviation from expected earnings or expected outcome. It is the potential of gaining or losing something of value. In 2004, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) developed enterprise risk management (ERM) framework to address risk management issues as it concerns organizations. This framework was updated in 2017 to accommodate the changing dynamics in risk management. The emphasis of the COSO ERM framework is to help organizations to integrate risk

management in the formulation of strategy and business objectives with a view to optimising the outcomes. Risk management is made possible through a coordinated effort of effective internal control system, which assists to identify risk and analyse their possible effect. According to [7], it is the core function of management to decide upon the internal control activities required to mitigate those risks and achieve the internal control objective of efficient and effective operations, reliable financial reporting and compliance with laws and regulations.

In finance and accounting, the focus of risk management lies in identifying and managing a firm's exposure to financial risk defined as the variability in cash flows and market values initiated by unpredictable changes in commodity prices, interest rates and exchange rates [11], [12]. The role of risk management committee in promoting and propagating risk management practices in organizations cannot be over emphasized as they assist corporate boards to exercise their risk oversight responsibilities. Therefore, the number of members of risk management committee that are also members of the governing boards is an indication of the primacy of place that is accorded risk management. Consequently, risk management in this study, is measured as the number of members risk management committee sitting on the board.

Liquidity level

Liquidity is defined as the ability of a company to meet its financial obligations as they fall due. The liquidity level, then, is a measure of a company's ability to pay its short-term debts and obligations. Investors often consider liquidity ratios when performing fundamental analysis on a firm. A company that is consistently having problem at meeting its short-term debt obligation is at a higher risk of bankruptcy. Liquidity ratios are good measures of whether a company will be able to comfortably continue as a going concern. It is advisable for investors to always compare a company's ratios against those of its competitors, its sectors and its industry and over a period of several years. There are three major types of liquidity ratios: (1) current ratio (ii) Quick ratio (iii) Cash ratio. The most considered liquidity ratio by investors is perhaps the current ratio. The current ratio is adopted in this study as the measure of liquidity level is calculated as current assets divided by current liabilities.

For ease of analysis, the following models were developed to guide the analysis of hypotheses in this study

Model 1

$LR_{it} = f(RMC)$ ---------1

$LR_{it} = (\beta_0 + \beta_1 + e)$ ------2

Model 2

$NAVPS_{it} = f(FRQ)$ ----------3

$NAVPS_{it} = (\beta_0 + \beta_1 + e)$ ------4

Where LR is equal to liquidity level and NAVPS represents net assets value per share both of which are financial performance measures and the vector of dependent variables, and RMC is equal to risk management committee and FRQ represents financial reporting quality are vector of independent variables. β_0, β_1, β_2 are coefficients of the independent variables and e represents the error term.

DATA ANALYSIS

Test of Hypothesis One

$H_{o1:}$ There is no significant relationship between risk management committee and liquidity level of quoted banks in Nigeria.

Decision rule: Accept the null hypothesis if the probability value computed by means of Spss is less than or equal to 0.05 (i.e. $P \leq 0.05$).

Table 1: Ordinary Least Squares Regression of Risk Management Committee and Liquidity Level of Deposit Money Banks in Nigeria

	Coefficients	Standardized Coefficients		
Variable	B	Beta	T	Sig.

(Constant)	56.852		4.180	0.000
RMC	-2.183	-0.158	-1.106	0.274
R	0.158			
R^2	0.025			
Adj R^2	0.005			
F-ratio	1.223			
Sig.	0.274			

- Dependent Variable: LR2
- Predictor variable: (Risk management committee)

*** indicates the result is significant at 0.05 level.

As can be seen from the table above, the adjusted coefficient of multiple determinations showed a statistical value of 0.025. Indicating that only 2.5% of the total variation observed in the dependent variable (liquidity level) is explained by the changes in the predictor variable (Risk management committee) in this study. Implying that about 97.5% of the changes in the dependent variable is accounted for by other variables other than the independent variable in this study. The F-ratio of 1.223 further highlights the appropriateness of the model specification and though is not significant at 5% level. Hence, this study accepts the null hypothesis and concludes that the relationship between risk management committee and liquidity levels of quoted deposit money banks in Nigeria is not significant.

From Table 1 there is negative and insignificant relationship between risk management committee and liquidity level of quoted money deposit banks in Nigeria. This is supported by a co-efficient of regression value of -2.183, indicating that a marginal increase in the value of the independent variable by one unit will reduce the liquidity level by 2.183 percentage points. The insignificant and negative between the financial performance measure and risk management committee is at variance from the result of similar studies by [7] [8] though these studies were not carried out in Nigeria. The finding in this study is also at variance with that of [10] was conducted in Nigeria though did not cover the banking sector and did not include risk management committee as a variable in the study. But this study concentrated on banking sector of Nigerian economy and included risk management committee as a corporate governance measure which no other previous study in this area have done. The implication of this finding is that the risk management committee of deposit money banks in Nigeria have not been effective in the discharge of their responsibilities. This could because of lack of expertise or the diversity of relevant skills on the part of members of the committee. This conclusion arrived at based on the parameters used in this study and is without prejudice to the qualification of members of the risk management committees, which was not considered specifically in this study.

Test of Hypothesis Two

H_{02}: There is no significant relationship between financial reporting quality and net assets value per share of quoted deposit money banks in Nigeria.

Decision rule: Accept the null hypothesis if the probability value computed by means of Spss is less or equal to 0.05 (i.e. $P \leq 0.05$).

Table 2: Ordinary Least Squares Regression of Financial Reporting Quality and Net Asset Value per Share of Deposit Money Banks in Nigeria

Variables		Coefficients B	Standardized Coefficients Beta	T	Sig.
	(Constant)	40.917		10.657	0.000
	FRQ~~2~~	-0.304	-0.319	-2.335	.024***
	R	0.319			
	R^2	0.102			
	Adj. R^2	0.083			
	F-ratio	5.451			
	Sig.	0.024			

- a. Dependent Variable: NAVPS2
- Predictor variable: (Financial reporting quality)

*** indicates the result is significant at 0.05 level.

As can be seen from the table above, the adjusted coefficient of multiple determinations showed a statistical value of 0.102. Indicating that about 10.2% of the total variation observed in the dependent variable (net assets value per share) is explained by the changes in the predictor variable (financial reporting quality) in this study. Implying that about 89.8% of the changes in the dependent variable is accounted for by other variables other than the independent variable in this study. The F-ratio of 5.451 further highlights the appropriateness of the model specification and is also significant at 5% level. Hence, this study rejects the null hypothesis and concludes that financial reporting quality has a positive significant relationship with net assets value per share of quoted deposit money banks in Nigeria.

The result in Table 2 show~~ed~~ that financial reporting quality has a coefficient of regression value of -0.304. This indicates that an increase in financial reporting quality by one unit shall lead to a reduction in the net asset value per share by a 0.304 percentage points. Despite this, the relationship between the dependent and independent variables is though negative but significant with an *f*-value of 5.451. And a *p*-value of 0.024. This implies that there is significant but negative relationship between financial reporting quality and net asset value per share of deposit money banks in Nigeria. This corroborates the finding of [16], implying that financial reporting quality improves the financial performance of deposit money banks in Nigeria.

CONCLUSION

This study examined the effect of risk management committee and financial reporting quality and financial performance of deposit money banks in Nigeria. The findings of this study revealed that

1. There is a negative and insignificant relationship between risk management committee and the liquidity level of the deposit money banks in our study. We therefore conclude that the members of the risk management committees of deposit money banks appears not to have the diversity of skills sufficient to impact positively on the monitoring and oversight function of the board of director of banks in Nigeria.
2. There is a negative but significant relationship between financial reporting quality and the net assets value per share of deposit money banks in our study. Therefore, it is safe to conclude that negative though significant relationship financial reporting quality and the net assets value per share is an indication that deposit money banks are not maximising the value of the former perhaps due to low level of capitalization as reflected in the value of the later.

RECOMMENDATIONS

a. Risk management committees in various banking organizations should be strengthened with relevant risk management skills set to ensure that risks are always evaluate and better managed as to have a greater impact on the financial performance.

b. The possession of relevant and diverse qualification should be a prerequisite for enlistment into the risk management committee of every bank.

c. There should be greater focus on and compliance with globally accepted standards for financial reporting by Nigerian deposit money banks to enable the Nigerian economy measure up with those of other developing economies and
d. The capital base of deposit money banks needs to be increased to increase the value of net asset per share and thereby maximise the value of financial reporting quality.

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