Labuan Bulletin of International Business &Finance

***Volume 23 Issue 1*** eISSN 2600- 7894

# THE EFFECT OF RISK MANAGEMENT COMMITTEE (RMC) INDEPENDENCE ON THE FINANCIAL PERFORMANCE OF COMMERCIAL BANKS IN MALAYSIA

**Nazihatul Fadhilah Rusdi[a*], Flicia Rimin[a]**

[a] *Universiti Teknologi MARA Sabah Branch, Kota Kinabalu Campus, Malaysia*
**Corresponding author's email: ziharusdi98@gmail.com*

## ABSTRACT

This study aims to investigates the impact of Risk Management Commitments (RMC) independence on the financial performance of commercial banks in Malaysia, using Return on Assets (ROA) as the performance indicator. The study examines RMC independence, quantified by the proportion of independent members within RMC, along with bank size (total assets) and leverage ratio (debt-to-equity ratio) as independent variables. Utilizing a quantitative research design, the study analyses panel data from 2018 to 2023, sourced from the annual reports of commercial banks in Malaysia. The findings indicate a positive association between RMC independence and financial performance, as measured by ROA. However, this relationship is not statistically significant in both the Random Effects and Fixed Effects models. Therefore, while RMC independence appears positively correlated with financial performance, its effect is not strong enough to be considered statistically significant. The practical implications suggest that improving RMC independence may enhance risk management practices, contributing to better governance and potentially fostering long-term financial stability in Malaysian commercial banks. This study offers valuable insights for stakeholders and policymakers to refine corporate governance structures and strengthen risk management practices in line with regulatory frameworks.

***JEL classification***: *G21, G32, M41*
***Keywords***: *corporate governance; financial performance; Malaysian banking sector, return on assets (ROA); risk management committee independence.*

*Received: December 9, 2024*
*Revised: January 2, 2025*
*Accepted: February 19, 2025*

## 1. INTRODUCTION

In the contemporary banking sector, effective risk management has become increasingly critical due to heightened financial uncertainties and growing regulatory scrutiny. Risk Management Committees (RMC) play a pivotal role in overseeing and managing risks, ensuring that banks remain resilient against financial shocks. In Malaysia, where the banking industry is a key driver of economic stability and growth, the independence of these committees is an essential factor influencing financial performance. This study aims to explore the effect of RMC independence on the financial performance of commercial banks in Malaysia, focusing on Return on Assets (ROA) as the performance metric. The Malaysian banking sector has undergone significant transformations over the past decade, influenced by global financial crises, changing regulatory landscapes, and evolving economic conditions. Amid these challenges, the role of Risk Management Committees (RMC) has become increasingly prominent. These committees are designed to provide oversight, ensuring that risk management practices are robust and effective. RMC independence is expected to enhance their objectivity and decision-making capabilities, thereby improving the financial stability and performance of banks (Noori, 2021).

The importance of effective risk management has been underscored by recent global banking crises. For example, China's banking sector is currently experiencing a widespread crisis, with 40 banks being absorbed into larger financial institutions within just one week. The collapse of Jiangxi Bank of China is one of the most notable cases, highlighting the fragility of banking institutions in the face of financial instability (Jiangxi, 2024). Moreover, smaller banks in China are struggling with bad loans and exposure to the ongoing poverty crisis, further exacerbating the situation. These recent global banking crises, particularly in China, illustrate the critical importance of effective risk management, which is inherently linked to RMC independence. This emphasize the critical need for strong risk management practices to safeguard the financial health of banks, a lesson that is highly relevant for the Malaysian banking sector (Lee, 2024).

In Malaysia, RMC independence often defined by the proportion of non-executive and independent directors on the committee (Rimin et al., 2021). Independence is believed to mitigate conflicts of interest and enhance the quality of risk oversight. Despite the growing recognition of the importance of RMC independence, empirical evidence on its direct impact on financial performance, particularly within the context of Malaysian commercial banks, remains limited. This study seeks to fill this gap by investigating the relationship between RMC independence and financial performance, measured by ROA, while also considering other variables such as bank size and leverage. This study utilizes the Malaysian Code on Corporate Governance (MCCG) 2021 as a framework for evaluating RMC effectiveness. The MCCG 2021 emphasizes the importance of board independence and effective risk management practices, yet there is limited empirical research directly linking these guidelines to financial performance outcomes in the Malaysian banking sector (MCCG, 2021). Therefore, the main objective of this study is to examine the relationship between RMC independence and the financial performance of commercial banks in Malaysia.

## 1.1 Problem statement

The Malaysian banking industry is currently navigating a complex landscape characterized by increasing operational risks, credit risks, and market volatility. Regulatory frameworks in Malaysia mandate the establishment of Risk Management Committees (RMC) within banks to ensure effective oversight of these risks. Despite these regulatory requirements, there is an ongoing debate about the actual effectiveness of RMC in enhancing the financial performance of banks (Ramlee & Ahmad, 2020).

A key element of this debate is the RMC independence. Theoretical and empirical literature suggests that the independence of RMC members defined by the proportion of independent and non-executive directors, plays a crucial role in mitigating conflicts of interest and enhancing the objectivity of risk management decisions (Boudiab et al, 2021). However, in the Malaysian context, empirical evidence on the relationship between RMC independence and financial performance of commercial banks is sparse.

This gap in the literature presents a significant problem. While RMC are expected to improve financial performance through effective risk management, the extent to which their independence contributes to this goal remains unclear. Addressing this issue is essential, especially as banks face mounting pressures from market uncertainties and global financial instability. Therefore, this study aims to investigate the relationship between RMC independence and the financial performance of commercial banks in Malaysia, focusing on Return on Assets (ROA) as the key performance indicator.

### 1.2 Research hypothesis

H1: There is a positive relationship between the Risk Management Committee (RMC) independence and the financial performance of commercial banks in Malaysia.

H2: There is a positive relationship between the size of the bank and the financial performance of commercial banks in Malaysia.

H3: There is a negative relationship between leverage and the financial performance of commercial banks in Malaysia.

## 2. LITERATURE REVIEW

The literature on corporate governance and risk management has extensively explored the role of Risk Management Committees (RMC) in enhancing financial performance through effective risk oversight. This review will discuss various theoretical frameworks, such as Agency Theory and Stewardship Theory, and their relevance RMC practices. Additionally, it will examine the relationship between RMC independence, bank size, leverage, and financial performance.

### 2.1 Agency theory

Agency theory, first introduced by Jensen and Meckling (1976), serves as a foundation for understanding the relationship between shareholders (principals) and company executives (agents). The theory suggests an inherent conflict of interest between the principals and agents, as the latter may not always act in the best interests of the former (Gwala & Mashau, 2023). To mitigate this conflict, various corporate governance mechanisms, including the formation of Risk Management Committees (RMC), have been introduced. The RMC plays a crucial role in minimizing agency costs by overseeing management to ensure they do not take undue risks that could compromise the company's financial stability (Malik et al., 2023). RMC independence is particularly important, as it helps ensure that committee members can objectively evaluate and manage risks without undue influence from the company's management. RMC independence is more likely to act in the best interests of shareholders, thereby aligning the goals of both parties and potentially enhancing the company's financial performance.

**2.2 Stewardship theory**

In contrast to Agency Theory, Stewardship Theory, as proposed by Donaldson and Davis (1991), suggests that managers are not inherently self-serving but act as stewards of the organization, prioritizing the long-term success of the company over personal gains (Waldkirch & Nordqvist, 2016). According to this theory, managers are intrinsically motivated to act in the best interests of shareholders, thus reducing the necessity for extensive oversight mechanisms like RMC (Bonazzi & Islam, 2007). However, Stewardship Theory does not entirely dismiss the importance of RMC. While managers may act as stewards, the complexity and dynamism of the financial environment necessitate a structured approach to risk management. An RMC, even within the Stewardship Theory framework, can provide a platform for collective decision-making and ensure that all potential risks are comprehensively assessed and managed. The theory suggests that a well-functioning RMC complements managerial stewardship by providing a formal structure for risk oversight, thereby contributing to the company's financial stability and performance (Keay, 2017).

**2.3 Risk management practice**

The establishment of dedicated Risk Management Committees (RMC) has gained prominence, particularly in the financial sector, due to the increasing complexity and interconnectedness of financial risks. RMC are tasked with identifying, assessing, and mitigating risks that could negatively impact an organization's financial performance. Their role has become even more critical in the wake of the global financial crisis, which underscored the need for stronger risk oversight mechanisms. Effective RMC practices involve a clear mandate, regular meetings, and the inclusion of members with relevant expertise in risk management. The committee's effectiveness is also influenced by its size, composition, and the frequency of its meetings (Fajembola et al, 2018).

Research by Ellul and Yerramilli (2013) suggests that banks with more active and engaged RMC tend to exhibit better risk management practices, which in turn positively influences their financial performance (Ellul & Yerramilli, 2013) Moreover, integrating risk management into the broader corporate governance framework is crucial. RMC should not function in isolation but rather in coordination with other governance bodies, such as the board of directors and audit committees. This integrated approach ensures that risk management is aligned with the company's strategic objectives, and that all potential risks are adequately addressed (Brown et al., 2009).

**2.4 RMC independence and financial performance**

The RMC independence is a key factor in ensuring effective risk management, which in turn can lead to improved financial performance.RMC Independence are better positioned to make objective decisions, free from the influence of the company's management. This independence is typically achieved by including non-executive directors who have no direct ties to the company, thereby reducing the likelihood of conflicts of interest (Rimin et al., 2021). Empirical studies have shown a positive correlation between RMC independence and financial performance. For instance, research by Boudiab et al. (2021) indicates that banks with RMC independence tend to have lower risk profiles and better financial outcomes. The rationale behind this is that independent RMC are more likely to challenge management's risk-taking decisions and ensure adherence to prudent risk management practices. Furthermore, RMC independence is also associated with improved transparency and accountability, which are essential components of good corporate governance. RMC Independence are more likely to demand detailed risk reports and ensure the disclosure of all relevant information to shareholders and stakeholders. This transparency can enhance investor confidence, which ultimately contributes to better financial performance (Toumeh, 2023).

**2.5 Bank size and financial performance**

Bank size is another factor that has been extensively studied in relation to financial performance. Larger banks tend to have more complex operations and face a broader range of risks compared to smaller banks (Mkhaiber & Werner, 2021). Consequently, the role of the RMC becomes even more critical in larger banks, where effective risk management can significantly impact financial performance. However, the relationship between bank size and financial performance is not straightforward. While larger banks may benefit from economies of scale and a diversified portfolio, they are also more exposed to systemic risks. Research by Badarau & Lapteacru, (2020) suggests that larger banks with effective RMC can better manage these risks and achieve superior financial performance compared to smaller banks. The presence of a robust RMC can help large banks navigate complex risk environments and leverage their size to enhance profitability. Additionally, larger banks typically have access to more sophisticated risk management tools and technologies, which can enhance the RMC's ability to identify and mitigate risks. The expertise of RMC members in larger banks is often more specialized, further contributing to the committee's effectiveness (Jia & Bradbury, 2021).

**2.6 Leverage and financial performance**

Leverage, defined as the use of borrowed funds to finance a company's operations, and presents a double-edged sword in the context of financial performance. While leverage can amplify returns, it also increases the company's risk exposure (Akinnibi, 2023). Therefore, the role of RMC in managing leverage-related risks is critical in ensuring that the company does not take on excessive debt, which could jeopardize its financial stability. Some studies suggest that companies with high leverage tend to have more active and engaged RMC. For example, a study by Aebi et al. (2012) found that banks with higher leverage ratios and more proactive RMC were better able to manage their risk profiles, leading to improved financial performance. This finding highlights the importance of RMC in balancing the benefits and risks associated with leverage. Moreover, RMC play~~s~~ a vital role in monitoring the company's leverage ratios and ensuring compliance with regulatory requirements. In highly regulated industries~~,~~ such as banking, maintaining appropriate leverage levels is crucial to avoiding penalties and preserving financial health. An effective RMC can help a company achieve an optimal balance between leverage and financial performance by implementing robust risk management practices.

## 3. METHODOLOGY

This study employs a quantitative research design to investigate the effect of Risk Management Committee (RMC) independence on the financial performance of commercial banks in Malaysia. The analysis utilizes panel data from a sample of Malaysian commercial banks covering the period from 2018 to 2023. The primary objective is to provide empirical evidence on how RMC independence influences financial performance, as measured by Return on Assets (ROA). Additionally, the study examines other variables such as bank size and leverage ratio to understand their relationship with financial performance.

The following regression model is used to estimate the effects:

$$\mathbf{ROA_{it} = \alpha + \beta_1\, RMCI_{it} + \beta_2\, BS_{it} + \beta_3\, LVG_{it} + \varepsilon_{it}}$$

where:

- i represents the individual bank
- t represents the time period
- $\beta_1$, $\beta_2$, and $\beta_3$ are the coefficients that measure the impacts of each independent variable on ROA.
- $\varepsilon_{it}$ is an error term accounting for unexplained variation in ROA.
- ROA is the dependent variable, representing financial performance.
- RMCI represents RMC independence, reflecting the extent to which the committee operates free from conflict of interest and undue influence from management.
- BS (Bank Size) is the control variable, represented by the total assets or market capitalization of the bank.
- LVG (Leverage) is the control variable, measured by the debt-to-equity ratio, indicating the bank's capital structure and financial risk.

### 3.1 Measurement of variables

The following table outlines the variables used in the study along with their operational definitions:

**Table 1: Measurement of variables**

| Variables | Abbreviation | Operationalization | Sources |
|---|---|---|---|
| Return on Asset | ROA | Net Profit divided by total asset | Annual Report |
| Risk Management Committee Independence | RMCI | Proportion of non-executive directors on RMC | Corporate Governance Report |
| Bank size | BS | Total assets of the bank | Annual Report |
| Leverage | LVG | Debt-to-Equity Ratio | Annual Report |

# 4. RESULT AND DISCUSSION
## 4.1 Descriptive statistic

**Table 2: Summary of descriptive statistic**

| Variable | Mean | Std. dev. | Min | Max |
|---|---|---|---|---|
| **ROA** | 0.0232 | 0.0169 | 0.0030 | 0.1181 |
| **RMCI** | 4.8182 | 1.7023 | 2 | 8 |
| **BS** | 17.4143 | 1.5539 | 15.2208 | 20.4134 |
| **LVG** | 6.5261 | 2.6726 | 0.0021 | 12.4383 |

Notes: ROA = Return on Asset, RMCI =Risk Management Committee Independence, BS = Bank Size, LVG = Leverage

Table 2 provides a summary of the descriptive statistics for the key variables used in the study to assess the impact of Risk Management Committee Independence (RMCI) on the financial performance of commercial banks in Malaysia. The~~se~~ descriptive statistics focus on Return on Assets (ROA), Risk Management Committee Independence (RMCI), Bank Size (BS), and Leverage (LVG).

The mean value for ROA is 0.0232, indicating that, on average, Malaysian commercial banks generate a return of 2.32% on their assets. The standard deviation of 0.0169 suggests moderate variability in ROA across banks, with a minimum value of 0.0030 and a maximum of 0.1181, reflecting significant differences in profitability. On the other hand, RMCI, which measures the independence of the Risk Management Committee, has a mean of 4.8182, suggesting that most banks have approximately five independent members on their committees. The standard deviation of 1.7023 reveals some variability in the independence structure, with a minimum of 2 and a maximum of 8 independent members. Meanwhile, bank Size (BS), measured in logarithmic terms, shows a mean of 17.4143 with a standard deviation of 1.5539, indicating substantial variation in the scale of operations among banks, with a minimum value of 15.2208 and a maximum of 20.4134. Leverage (LVG) has a mean of 6.5261, suggesting that, on average, banks have a relatively high debt-to-equity ratio. The standard deviation of 2.6726 indicates disparities in leverage, with a range from 0.0021 to 12.4383, signifying that some banks operate with significantly higher leverage levels. These descriptive statistics provide an overview of the financial and governance characteristics of the commercial banks under study.

**4.2 Correlation analysisTable 3: Correlation analysis**

| Variable | ROA | RMCI | BS | LVG |
|---|---|---|---|---|
| **ROA** | 1.0000 | | | |
| **RMCI** | 0.2834 * | 1.000 | | |
| **BS** | 0.0358 | 0.1760 | 1.000 | |
| **LVG** | -0.3749*** | -0.2195 | 0.5837* | 1.000 |

Notes: Significance levels are indicated as follows: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 3 presents the correlation analysis, which provides insights into the relationships between Return on Assets (ROA), Risk Management Committee Independence (RMCI), Bank Size (BS), and Leverage (LVG) for Malaysian commercial banks. ROA, the measure of financial performance, shows a positive correlation of 0.2834 with RMCI, suggesting that greater independence in the risk management committee is moderately associated with improved profitability. This positive relationship may indicate that independent oversight contributes to better risk management practices, ultimately enhancing bank performance. Meanwhile, Bank Size (BS) demonstrated a weaker positive correlation with ROA at 0.0358, implying that larger banks tend to have slightly better profitability, though the relationship is not particularly strong. This finding suggests that size alone does not significantly impact financial performance, possibly due to differences in operational efficiency across banks of varying sizes.

In contrast, leverage (LVG) exhibits a negative correlation with ROA (-0.3749), indicating that higher leverage is associated with lower profitability. This aligns with the notion that excessive reliance on debt increases financial risk, which, in turn, reduces returns. The correlations among the independent variables reveal moderate relationships. RMCI and BS have a positive correlation of 0.1760, while LVG is negatively correlated with both RMCI (-0.2195) and BS (0.5837). These findings suggest that banks with greater RMC independence tend to have lower leverage, and larger banks rely more on debt. Overall, the correlation analysis helps to illustrate the interconnectedness of governance structures, financial leverage, and bank performance.

### 4.3 Regression analysis

**Table 4: Result of the regression analysis**

| Variables | Random Effects | | | | Fixed Effect | | | |
|---|---|---|---|---|---|---|---|---|
| | Coef | Std. Err. | Z | P>\|z\| | Coef | Std. Err. | Z | P>\|z\| |
| RMCI | 0.0015 | 0.0015 | 0.96 | 0.338 | 0.0015 | 0.0015 | 1.54 | 0.127 |
| BS | 0.0026 | 0.0020 | 1.32 | 0.185 | -1.42 | 0.159 | -0.0147 | 0.0103 |
| LVG | -0.0027*** | 0.0009 | -3.00 | 0.003 | 0.13 | 0.900 | 0.0002 | 0.0017 |
| Constant | -0.0117 | 0.0297 | -0.39 | 0.693 | 1.62 | 0.108 | 0.2772 | 0.1711 |
| Wald chi2 | 13.14 | | | | | | | |
| Prob > chi2 | 0.0043 | | | | 0.0730 | | | |
| R-squared | Within: 0.0247 | | | | Within: 0.0473 | | | |
| | Between: 0.3826 | | | | Between: 0.0057 | | | |
| | Overall: 0.2429 | | | | Overall: 0.0021 | | | |
| Number of Groups | 22 | | | | 22 | | | |
| Observations | 132 | | | | 132 | | | |

Notes: Significance levels are indicated as follows: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

Table 4 presents the results of the regression analysis, which examines the relationships between the financial metrics and the financial performance of Malaysian commercial banks, as measured by Return on Assets (ROA). Both Random Effects and Fixed Effects models were used to assess the impact of Risk Management Committee Independence (RMCI), Bank Size (BS), and Leverage (LVG) on ROA.

The first Hypothesis (H1) posits a positive relationship between RMCI and the financial performance of banks. The regression results show a positive coefficient of 0.0015 for RMCI in both the Random Effects and Fixed Effects models, indicating a positive association. However, with p-values of 0.338 (Random Effects) and 0.127 (Fixed Effects), the relationship is not statistically significant. This suggests that while there may be a slight positive influence of RMCI on financial performance, there is insufficient evidence to conclude that greater independence in the risk management committee significantly enhances the financial performance of Malaysian commercial banks.

The second hypothesis (H2) posits a positive relationship between Bank Size (BS) and financial performance. In the Random Effects model, BS has a coefficient of 0.0026, but it is not statistically significant with a p-value of 0.185. Similarly, in the Fixed Effects model, BS shows a negative coefficient of -0.0147 with a p-value of 0.159, indicating no significant association between bank size and financial performance. These findings suggest that bank size does not play a statistically significant role in influencing financial performance in this context.

The third hypothesis (H3) posits a negative relationship between LVG and financial performance. The analysis supports H3 in the Random Effects model, where LVG exhibits a negative coefficient of -0.0027 with a highly significant p-value of 0.003 ($p < 0.01$). This indicates that higher leverage negatively affects financial performance, likely due to increased financial risk and higher debt obligations that reduce profitability. However, the Fixed Effects model does not support this finding, as LVG has a positive but statistically insignificant coefficient of 0.0002 ($p = 0.900$). The discrepancy between models highlights the potential for variability in the relationship depending on the method of analysis.

In conclusion, the regression analysis provides partial support for the hypotheses. While leverage appears to negatively impact financial performance in the Random Effects model, the influence of RMCI and BS on financial performance is not statistically significant in either model. These findings suggest that strategic decisions concerning financial leverage are critical for improving performance, while the roles of RMCI and BS may require further investigation or alternative measurements. Stakeholders in the banking sector should consider these insights when evaluating the determinants of financial performance in Malaysian commercial banks.

## 5. CONCLUSION AND RECOMMENDATION

This study aimed to investigate the effect of Risk Management Committee Independence (RMCI) on the financial performance of commercial banks in Malaysia, measured by Return on Assets (ROA). The analysis revealed that, a positive association between RMC independence and financial performance. However, this relationship was not statistically significant in either Random effect or Fixed effects models. Additionally, the study also found that Bank size (BS) did not exhibit a statistically significant influence on financial performance, contrary to previous assumptions, and Leverage (LVG) showed negative effect on financial outcomes. These findings underscore the complexity of the factors that determine financial performance in the banking sector, suggesting that RMC Independence alone may not be a strong enough determinant of profitability.

The novelty of this research lies in its focus on the underexplored relationship between RMC independence and financial performance within the Malaysian banking context. By integrating variables such as bank size and leverage, the study provides a more comprehensive understanding of the governance structures influencing financial outcomes. The use of panel data analysis over a five-year period further strengthens the empirical foundation of the findings, offering a unique contribution to the literature on corporate governance and risk management in the Malaysian banking sector.

Based on these results, it is recommended that future research explore additional corporate governance factors, such as the expertise and composition of the RMC, to provide deeper insights into their collective impact on financial outcomes. Furthermore, banks should focus on strategies to manage leverage effectively while seeking optimal growth through size and scale. Although the direct impact of RMC independence on financial performance remains inconclusive, enhancing the independence and expertise of Risk Management Committee could still promote better overall risk management practices which may contribute indirectly to financial stability.

## REFERENCES

Aebi, V., Sabato, G., & Schmid, M. (2012). Risk management, corporate governance, and bank performance in the financial crisis. *Journal of Banking & Finance*, *36*(12), 3213-3226.

Akinnibi, F. (2023, August 16). *Leverage Meaning in Finance: Advantages, Risks*. Retrieved From Https://Cowrywise.Com/Blog/Leverage-In-Finance/

Badarau, C., & Lapteacru, I. (2020). Bank risk, competition and bank connectedness with firms: A literature review. *Research in International Business and Finance*, *51*, 101017.

Bonazzi, L., & Islam, S. M. (2007). Agency theory and corporate governance: A study of the effectiveness of board in their monitoring of the CEO. *Journal of Modelling in Management*, *2*(1), 7-23.

Boudiab, M., Mehiaddine, S., & Abderrahmane, Y. (2021). The Impact of risk management committee characteristics on corporate voluntary disclosure in Malaysia. *International Journal of Intellectual Human Resource Management (IJIHRM)*, *2*(02), 53-59. Doi:10.46988/Ijihrm.02.02.2021.007

Brown, I., Steen, A., & Foreman, J. (2009). Risk management in corporate governance: A review and proposal. *Corporate Governance: An International Review*, *17*(5), 546-558. Doi:10.1111/J.1467-8683.2009.00763.X

Ellul, A., & Yerramilli, V. (2013). Stronger risk controls, lower risk: Evidence from US bank holding companies. *The Journal of Finance*, *68*(5), 1757-1803

Fajembola, O. D., Rahman, N. A. A., & Rus, R. M. (2018). The relationship between the risk management committee and the chief risk officer with the stability of Nigerian banks. *Journal of Advanced Research in Social and Behavioural Sciences*, *13*(1), 73-86.

Gwala, R. M. (2023). Tracing The Evolution of Agency Theory. *Governance As a Catalyst for Public Sector Sustainability*, 260-285. Doi:10.4018/978-1-6684-6966-8. Ch013

Jia, J., & Bradbury, M. E. (2021). Risk management committees and firm performance. *Australian Journal of Management*, *46*(3), 369-388.

Jiangxi. (2024, July 11). *Jiangxi Bank of China Goes Under*. Retrieved From Https://Thepaypers.Com/Online-Mobile-Banking/Jiangxi-Bank-Of-China-Goes-Under--1269085

Keay, A. (2017). Stewardship Theory: Is Board Accountability Necessary? *International Journal of Law and Management*, *59*(6), 1292-1314.

Lee, S. H. (2024). *A Banking Crisis Is Looming in China. It's Not Just Property*. Retrieved From Https://Www.Barrons.Com/Articles/Banking-Crisis-China-Property-Sector-Economy-Xi-905b35c1

Malik, M., Shafie, R., Ku Ismail, K. N. I., & Bajary, A. R. (2023). Do ownership structures affect the establishment of a risk management committee? Evidence from an emerging market. *Cogent Business & Management, 10*(2), 2244216

MCCG. (2021). *Malaysian Code on Corporate Governance.* Kuala Lumpur: Securities Commission Malaysia.

Mkhaiber, A., & Werner, R. A. (2021). The relationship between bank size and the propensity to lend to small firms: New empirical evidence from a large sample. *Journal of International Money and Finance*, *110*, 102281.

Noori, N. (2021). The effects of financial risks management on financial performance of commercial banks in Malaysia. *Finance and Banking*, 1-90. Doi:10.13140/Rg.2.2.21472.61445

Ramle, R. A. (2020). Malaysian risk management committees and firms' financial performance. *Asia-Pacific Management Accounting Journal*, *15*(2), 147-167. Doi:10.24191/Apmaj.V15i2-07

Rimin, F., Bujang, I., Wong Su Chu, A., & Said, J. (2021). The effect of a separate Risk Management Committee (RMC) towards firms' performances on consumer goods sector in Malaysia. *Business Process Management Journal*, *27*(4), 1200-1216. Doi:10.1108/Bpmj-06-2020-0265

Toumeh, A. A. (2023). The Effect of Risk Management Committee Characteristics on Firm Performance: An Empirical Investigation. *Indian Journal of Corporate Governance*, *16*(2), 323-342.

Waldkirch, M., & Nordqvist, M. (2016). Finding benevolence in family firms: The case of stewardship theory. In *The Routledge companion to family business* (pp. 431-444). Routledge.

.