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# Risk Management Committee and Credit Risk Exposure of Banks in Nigeria, Ghana And South Africa: A Comparative Approach

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**KEYWORDS:** Agency Theory; Comparative Approach**;** Credit Risk Exposure; Nigerian, Ghanaian and South Africa Banks; Risk Management Committee.

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**ABSTRACT**

Business organization including banks in Africa has involved risk management committee practice due to poor credit risk management. Consequently, studies in the past have explored risk management committee variable to examine credit risk exposure of banks. However, this research observed that a comparative approach between countries in Africa has not been adequately examined on the effect of risk management committee on credit risk exposure of banks. Hence, this research filled this gap and did a comparative analysis between Nigeria, Ghana, and South Africa on the effect of risk management committee (RMC) on credit risk exposure (CRE) of banks. This research covered a period of ten (10) years spanning from 2014 to 2023 and data were collected from the published financial statements of a sample size of fifteen (15) banks, five (5) banks from each of the countries, Nigeria, Ghana and South Africa. The data were analysed using ordinary least square regression and results were interpreted based on F-Statistics, P-Value (PV) and R-Square ($R^2$). The finding revealed that RMC has negative and significant effect on CRE of banks in Nigeria, Ghana and South Africa. The finding further revealed that there is greater significant effect of RMC on CRE of banks in Nigeria ($R^2 = 63\%$) than South Africa ($R^2 = 55\%$) and Ghana ($R^2 = 47\%$), implying that banks in Nigeria has greater CRE as a result of increase in RMC, followed by South Africa and Ghana. Hence, this research concluded that the implementation of RMC is an important strategic management tool to reduce CRE of banks in Nigeria, Ghana and South Africa. This research recommends that, the banking regulatory bodies in Nigeria, Ghana and South Africa should strictly enforce that banks totally implement the adoption of RMC in line with the corporate governance codes on the number of RMC because this will significantly reduce CRE of the banks.

## 1. INTRODUCTION

Credit risk exposure (CRE) has attracted immerse academic research effort due to its pivotal role plays in enhancing financial performance of business entities particularly, the banks sector. In the banking sector, CRE is seen as the potential risk a lender faces from a borrower's failure to repay a debt. Meanwhile, CRE represents the total amount a lender could lose if the borrower defaults. CRE is relatively associated with the financial institutions like the deposit money banks because the listed deposit money banks receive deposit and provide loans and advances to customers. CRE is basically determined in the financial institution by capital adequacy ratio, loan to deposit ratio, loan loss provision, liquid ratio, nonperforming loans and interest expenses to interest income ratio (Bencharles & Nwankwo, 2021).

The level CRE of banks can be influence by strategic risk management practice such as risk management committee. Risk management committee (RMC) in banks is the committee of directors that are charged with formulation, enforcing, regulating and evaluating the system of risk policy framework of the bank and also to set the risk appetite for the firm, which will invariably reduce CRE (Aldhamari, *et al.,* 2020). The components of RMC include size, gender diversity, frequency of meeting and financial expertise. These components play major roles in determining the efficacy of the committee in mitigating CRE of banks. For instance, financial expertise of the RMC may determine the extent the committee having knowledge of accounting and finance particularly risk evaluation and assessment.

Seeing that RMC is novelties established to reduce and control risks of the enterprise, therefore, this surged inquisitiveness on this research to know if this risk management concept could minimize CRE of banks in Africa like Nigeria, Ghana and South Africa. Basically, Nigeria, Ghana and South Africa are one of the emerging markets in Africa that should establish a solid financial system for faster and robust regional economic growth and is expected to of them to device an effective risk management approach to handle all the prospective risks that may confront its banking sector.

However, the banking industry in Africa countries have over the last decade faced with risk of unrecoverable loan or non-performing loan which was caused by ineffective risk management structure (Odubuasi, *et al.,* 2022). Consequently, banks in Africa countries like Nigeria have witnessed excessive CRE leading to huge financial losses (Frank & Ukpong, 2024). Consequently, this pandemic catastrophe has brought to light how inadequately banks in Africa countries handle risks and the efficacy of RMC in reducing CRE. Consequently, previous studies like Zungu, *et al* (2018) in South Africa, Frank and Ukpong (2024), Wasiu *et al.* (2023) and Yusuf, et al. (2023) in Nigeria, Debrah, *et al.* (2022) in Ghana, Kariuki (2023) in Kenya and among others have dwelt so much on banks in Nigeria in investigating the effect of RMC on financial performance without analyzing broad samples of African nations on the effect of RMC on CRE. Hence, this creates a gap in literature.

Against this backdrop this research raised the following questions (i) How does RMC affects CRE of African banks (Nigeria, Ghana and South Africa)? (ii) what is the different between Nigeria, Ghana and South Africa on the effect of RMC on CRE of African banks? Hence, this research broadly investigated the effect of RMC on CRE of African banks (Nigeria, Ghana and South Africa). Specifically, this research examined the effect of RMC on CRE of African banks (Nigeria, Ghana and South Africa), and assessed the different between Nigeria, Ghana and South Africa on the effect of risk management committee on credit risk exposure of African banks. The research tested the following null hypotheses:

$H0_1$: Risk management committee has no significant effect on credit risk exposure of African banks, Nigeria, Ghana and South Africa.

$H0_2$: There is no significant different between Nigeria, Ghana and South Africa on the effect of risk management committee on credit risk exposure of African banks.

## 2. LITERATURE REVIEW

### 2.1 Conceptual Review

The concept of CRE according to Majani (2022) is essentially in two different perspectives, the expected and unexpected CRE. The expected CRE is the likelihood that the exposure on a bank's credit portfolios will result in the loss of a certain amount of money over a given time horizon under a given probability distribution function. The unexpected CRE represents the difference between the total future losses and the expected losses given a certain confidence interval. Since these unexpected losses constrain capital reserves, they can only be covered by provisions through the use of economic capital, the cost of which is the interest rate in the market.

Effective management of CRE is a fundamental aspect of financial services which aimed at mitigating the potential losses that arise when borrowers or counterparties fail to meet their obligations (Nyebar, *et al.,* 2023). CRE is a multi-faceted process that involves identifying, measuring, monitoring, and controlling credit risk to ensure that it remains within acceptable limits (Kaur & Molla, 2023). Furthermore, Natufe, *et al.* (2023), Adeusi, *et al* (2023) highlighted the key importance of effective CRE management in maintaining the stability, profitability, and resilience of financial institutions. The main focus of CRE in the banking industry is the assessment of borrowers' credit worthiness and the ability of the bank to easily recover loans. The bank may employ credit scoring models, such as the Z-score model and other financial indicators such as capital adequacy ratio, loan loss provision ratio, loan to deposit ratio, loan to assets ratio, liquidity ratio to predict the default based as well as CRE.

According to Lamidi, *et al* (2022), RMC is an independent committee whose major and sole function is the establishment of policies relating to risk in the company's operations as well as the execution of such rules**.** RMC assists the board of directors in the performance of its regulatory responsibilities with respect to the corporation's risk tolerance, risk control, and enforcement procedures, among other things. RMC plays a vital role in acting as supporting-committee that supervises risk taking strategies, policies, and processes (Islam, *et al.,* 2022).

RMC comprises different level of key players such as size of the board, independent directors, gender diversity, and directors having knowledge of accounting and finance and among others. RMC size is the total number of directors in the board. Chukumeka, *et al* (2021) stated that higher board size effectively performs its functions and this reduces the risk of manipulation and discretionary adjustments of the disclosed accounting information. RMC accounting expertise is the proportion of RMC members who have practical experience and have a degree in accounting finance. According to Alduneibat (2023), higher proportion of directors competence in accounting and finance increases financial performance. RMC Gender diversity is the proportion of female directors among the committee.

Lamidi *et al* (2022) stated that the inclusion of females in a RMC would bring a balance in the committee and ensure the quality of decision-making which would result into optimum performance. RMC independence are outside directors and is a major composition of corporate governance mechanisms that oversee management actions because they do not have personal interests in the firm and make fair judgments without any bias. Aldhamari *et al* (2020) stated that directors' independence in RMC is considered an essential tool in the effective governance system which serves as internal control mechanism in monitory excessive behavior of managers as well risk assessment.

**2.2 Theoretical Review**

Several theories such as agency theory, risk management theory, stewardship theory, resource based view theory have been showed to examine the relationship management practices and corporations' operational variables. However, this research anchored on the agency theory because examines the relationship between the agent and principal.

Agency theory was introduced by Jensen and Meckling in 1976 and the theory stated that the agency relationship is a contract between the manager and the investor. This theory studies the relationship between the principal and the agent, that is, the divergence of the objective of managers and shareholders leads to agency cost which can be mitigated through effective control and monitoring mechanisms, thereby improving firm performance (Sani, *et al.,* 2018).

Agency theory suggests that the mechanisms is facilitated by a board whose composition reflects a greater proportion of RMC could represent a more effective way in monitoring and controlling managerial actions. According to Nguyen (2020), agency theory indicates that bank shareholder's and manager's interests may not be the same, hence regarding risk management activities, bank shareholders always want managers to take high risks with high return projects. However, bank managers may not want to take high risks because that may affect their job. As a result, bank managers tend to accept low-risk projects and are less concerned with high returns from these projects. Due to the fact that creating a RMC may boost the transparency of a firm by exposing more information about risk and providing better insight into risks to shareholders, a risk management committee was recommended (Lamindi, *et al.,* 2022).

The effectiveness of bank risk management, meanwhile, is shown through the high risk-high return relationship (Aljughaiman & Salama, 2019), the agency problem can reduce the effectiveness of bank risk management. According to Dionne *et al* (2019), RMC members can contribute significantly and add value to the company by reducing uncertainties and taking prudent measures to develop radical solutions that will reduce business risk and have a positive impact on the company's performance. Therefore, agency theory predicted that higher proportion of RMC would reduce CRE of the bank.

**2.3 Empirical Review**

Frank and Ukpong (2024) investigated the effect of risk management committee on financial performance of listed deposit money banks in Nigeria. Ex-post facto research design was adopted by the study and the population of the study consisted of fourteen (14) Commercial banks listed on the Nigerian Exchange Group as at the year 2023 between the period 2013 and 2022. The regression result showed that risk management committee size has a negative and insignificant effect on financial performance. Furthermore, the result showed that risk management committee independence has a negative and insignificant effect on financial performance. Risk management committee diligence in the study has a positive and significant effect on financial performance. The major gap created by this study is that cross-country approach was not investigated on the subject.

The effect of banks' board risk committee composition on the risk-taking behaviour of deposit money banks in Nigeria was examined by Yusuf, *et al* (2023) and the study covered a sample of twelve (20) deposit money banks listed on the Nigerian Exchange Group (NGX) between 2009 and 2020. The regression result revealed that risk committee financial expertise had negative effect on risk-taking behavior of the deposit money banks in Nigeria. Also, the result revealed that risk committee independence had negative effect on risk-taking behavior of the deposit money banks in Nigeria. This study was limited to Nigeria and did not extend data analysis to include a cross-border data analysis approach.

Kariuki (2023) examined the association between board gender diversity, efficiency and risk-taking behavior of insurers in Kenya over 8 year's period from 2013 to 2020 using a dynamic data analysis model on a Kenyan sample of 53 insurers. It was confirmed by the study that a significant inverse association existed between board gender diversity and risk-taking behavior of insurers in Kenya. It was also revealed by the study an insignificant negative association with risk taking, despite showing that generally insurers are technically inefficient. This study was limited to Kenya without cross-country data methodology.

RMC characteristics and corporate performance of listed DMBs in Nigeria from 2010 to 2019 was examined by Wasiu *et al* (2023) and the study obtained data from secondary sources. The study employed multiple regression technique and the result showed that risk committee independence had negative significant effect on financial performance of listed DMBs in Nigeria. The result implies in the study that increase in risk management committee independence, reduces its potency to combat eminent corporate risks. This study was limited to Nigeria and other countries' like Ghana and South Africa was not examined.

Alduneibat (2023) used descriptive statistics, regression, and correlation models to analysis data on the effect of RMC characteristics on a company's performance in an emerging country. The data used in this study were obtained from Securities Depository Center

(SDC) and result showed frequency of meetings has a negative but not significant relationship. However, this study did not cover a comparative analysis of the subject across countries like Nigeria, Ghana and South Africa.

The effect of RMC independence on financial performance of listed DMBs in Nigeria was examined by Lamidi *et al* (2022) and the data was obtained from secondary sources. The sample size of the study was 13 deposit money banks. The result showed significant negative relationship between risk committee independence and financial performance. Furthermore, in the study, regression result showed that, risk management committee independence had negative significant impact on financial performance. This study did not extend data to include other countries in Africa like Ghana and South Africa.

Shariah supervisory board attributes and corporate risk-taking in Islamic banks was investigated by the study of Mukhibad and Setiawan (2022) and the study covered a sample of 14 Islamic commercial banks in Indonesia for the period from 2010 to 2020. The random effect regression technique found that business, educational background, and Shariah supervisory board (SSB) experience has a negative effect on the risk. However, it was further revealed in the study that SSB's level of education encourages directors to take risks.

Debrah, *et al* (2022) used Quantile Regression modelling, data and from 12 universal Banks in Ghana over the period from 2011 to 2018 to examine the effect of board size on credit risk with bank ownership, bank size and bank age acting as controls in the Ghanaian Banking Sector. The findings revealed that a universal bank with a small board size is not likely to reduce credit risk.

The moderating role of board gender diversity (BGD) in the relationship between corporate governance mechanisms and firm risk-taking were explored by Muhammad and Migliori (2022) and the study used a sample of 192 non-financial publicly traded Italian firms over 2014–2018. The study tested the research hypotheses and assessed the moderating effect of BGD and found a significant relationship between corporate governance mechanisms and firm risk-taking, which is significantly moderated by BGD. This study did not consider African countries like Nigeria, Ghana and Ghana for the purpose of comparison in findings.

Bello (2022) examined the extent to which good corporate culture can reduce against exposure to risk. The study model corporate governance mechanisms and level of risks using panel data logit regression and the results showed that among corporate governance mechanisms board composition had significant inverse relationship with risk. Furthermore, the study revealed that the aggregate results explained effectiveness of corporate governance in reducing risk exposure.

Using three proxies for bank risk-taking and two proxies for gender diversity, the study of Fiador (2022) found ample evidence to support the important influence of corporate governance and board gender diversity on bank risk-taking behaviour. It was indicated by the study that independence had significant effects on the risk profile of banking firms. This study created a fundamental gap in the body of knowledge by not extending data analysis to include cross-country data analysis approach.

## 3. METHODOLOGY

This research adopted ex-post -facto research design since the data is existing data which make it difficult for the researcher to have direct inference over it outcome. Furthermore, this research employed panel data methodology so as to have a balanced approach on the construct. This research selected three countries: Nigeria, Ghana, and South Africa. These countries are selected because they are among the leading emerging economy in the whole of Africa in terms of GDP rate (Odubuasi, *et al.*, 2022). At total, the listed banks as at 31$^{st}$ December, 2023 in Nigeria is twenty-four (24), Ghana is twenty-three (23) and South is thirty (30). Furthermore, fifteen (15) banks, five (5) banks for each country were selected for analysis by this research, employing filtering sample technique which allowed us to sieve out the banks that did not meet our requirement. For instance, some of banks that did not disclose their RMC data were eliminated.

This research sourced data from the annual reports and accounts from the study area between 2014 and 2023. Furthermore, this research employed descriptive statistics and ordinary least square regression to analyse data. Since this research involved a comparative analysis, F-Statistics, P-Value (PV) and R-Square ($R^2$) is used to select between the countries that have higher or lowest significant effect of RMC on CRE.

The variables are measured as: CRE is dependent variable and measured as total equity capital divide total assets; RMC is independent variable and is measured as the total number of directors in the committee. The control variables are audit size measured as dummy variable, "1" for the bank that engaged the services of the big-4 audit firm (KPMG, PWC, Deloitee, and Ernst & Young), otherwise "0", and Financial leverage measured as total debt divide total equity of the bank.

The model used for this research is therefore stated below:

*CRE = f(RMC, financial leverage, audit size)……………………………………………………. (3.1)*

Equation 3.1 is presented in econometric form as;

$CRE = \beta_0 + \beta_1 RMC_{it} + \beta_2 FLV_{it} + \beta_3 AS_{it} + \varepsilon_{it\ t}$....................................................................... (3.2)

Where; CRE is credit risk exposure; RMC is risk management committee; AS is Audit Size; FLV is Financial Leverage ; $\beta_0$ is the intercept; $\varepsilon_{it}$ is the disturbance terms that absorbs effect from other variables that are ignored; and $\beta_1$…..$\beta_3$ are the coefficients.

## 4. RESULTS AND DISCUSSIONS

In this section, a descriptive statistics of all the study variables are presented and followed by test of hypotheses using the panel results from each of the selected countries as well as a summary of the comparative analysis of all the countries' results. In addition, the section indicated discussion of findings.

### 4.1 Descriptive Statistics

**Table 4.1 Descriptive Statistics**

| | | CRE | RMC | AS | LEV |
|---|---|---|---|---|---|
| Nigeria | Mean | 32.4 | 5.78 | 1 | 0.306 |
| | Std. Dev | 34.65 | 2.12 | 0 | 0.251 |
| | Maximum | 98 | 8 | 1 | 0.301 |
| | Minimum | 8 | 3 | 1 | 0.211 |
| Ghana | Mean | 15.52 | 3.84 | 1 | 0.263 |
| | Std. Dev | 12.19 | 2.07 | 0 | 0.212 |
| | Maximum | 96 | 7 | 1 | 0.229 |
| | Minimum | 5 | 2 | 1 | 0.109 |
| South Africa | Mean | 13.74 | 10.4 | 1 | 0.256 |
| | Std. Dev | 4.26 | 3.85 | 0 | 0.206 |
| | Maximum | 18 | 17 | 1 | 0.229 |
| | Minimum | 5 | 5 | 1 | 0.155 |

**Source:** Researchers' Compilation, 2025.

Table 4.1 presents the results for the three countries (Nigeria, Ghana, and South Africa) on the description of the variables. The mean value of CRE in Nigeria is 32.4%, which is the highest among the three countries, indicating stronger CRE in Nigerian banks. In contrast, Ghana has a lower mean value of CRE at 15.52%, while South Africa has the lowest mean value of CRE at 13.74%. The higher standard deviation is banks in Nigeria (34.65) suggest greater variability in CRE across banks compared to Ghana (12.19) and South Africa (4.26). Nigeria's CRE ranges from a minimum of 8% to a maximum of 98%, while Ghana's range is from 5% to 96%, and South Africa's, ranging from 5% to 18%.

For RMC, banks in South Africa stands out with the highest mean value of RMC of 10 directors represented in the RMC, followed by Nigeria at approximate 6 directors and Ghana has the lowest mean value of approximate 4 directors represented in RMC, suggesting that banks in South Africa emphasize on RMC more significantly than Nigeria and Ghana. The standard deviation is higher in banks in South Africa 3.85, indicating a large dispersion of RMC focus across South Africa banks, followed by Nigeria at 2.12 and Ghana at 2.07. Notably, banks in South Africa records the widest range for RMC, with a maximum of 17 and a minimum of 5, signifying a broad diversity in RMC approaches in their business activities, followed by Nigeria with a maximum of 8 and a minimum of 3, and Ghana with a maximum of 7 and a minimum of 2.

For the control variables, all the three countries report identical mean audit sizes (AS) of 1, showing no variation in this variable. This implies that the audit size across banks in Nigeria, Ghana, and South Africa is standardized, with no fluctuation in this parameter. Also, Nigeria has the largest average of financial leverage (FLV) with a mean of 0.306, suggesting that Nigerian banks are significantly debt to equity finance than their counterparts in Ghana and South Africa. Ghana and South Africa have nearly identical means of 0.263 and 0.256, respectively. The variability in bank financial leverage is highest in Nigeria, with a standard deviation of 0.251, compared to Ghana of 0.212 and South Africa of 0.206 indicating a broader range of debt to equity finance in banks in Nigeria.

### 4.2 Test of Hypotheses

**4.2.1 *Hypothesis One ($H0_1$) Restated: Risk management committee has no significant effect on credit risk exposure of African banks: Nigeria, Ghana and South Africa.***

**Table 4.2: ERM and CRE**

| | Nigeria | | Ghana | | South Africa | |
|---|---|---|---|---|---|---|
| | Coeff | Prob | Coeff | Prob | Coeff | Prob |
| C | 2.051 | 0.001 | 1.103 | 0.001 | 1.921 | 0.004 |
| RMC | -0.380 | 0.003** | -2.058 | 0.005* | -5.801 | 0.004** |
| AS | -2.231 | 0.004* | -0.343 | 0.009 | -0.325 | 0.003** |

| | | | | | | |
|---|---|---|---|---|---|---|
| FLV | -1.520 | 0.005* | -3.092 | 0.008 | -4.401 | 0.040** |
| $R^2$ | 0.63 | | 0.47 | | 0.55 | |
| F-STAT | 6.421 | | 4.312 | | 4.941 | |
| PROB | 0.000 | | 0.004 | | 0.002 | |

**Note: ** and * denotes significance at 1% and 5% respectively.**
**Source:** Researchers' Compilation, 2025.

Table 4.2 presents the effect of RMC on CRE of banks in Nigeria, Ghana, and South Africa. In Nigeria, the result shows that RMC has a negative and significant effect on CRE, meaning that a 1% increase in the RMC leads to a 0.380% decrease in CRE. This suggests that when banks in Nigeria increase RMC, their CRE significantly reduces. Furthermore, the control variables audit size and financial leverage both has a negative and insignificant effect on CRE, meaning that a 1% increase in the engagement of the big-4 audit firms and ratio of debt to equity leads to a 2.231% and 1.520% decrease in CRE respectively.
In Ghana, the result shows that RMC has a positive and significant effect on CRE, meaning that a 1% increase in the RMC leads to a 2.058% increase in CRE. This suggests that when banks in Ghana increase RMC, their CRE significantly increases. Furthermore, the control variables audit size and financial leverage both has a negative and insignificant effect on CRE, meaning that a 1% increase in the engagement of the big-4 audit firms and ratio of debt to equity leads to a 0.343% and 3.092% decrease in CRE respectively.
In South Africa, the result shows that RMC has a negative and significant effect on CRE, meaning that a 1% increase in the RMC leads to a 5.801% decrease in CRE. This suggests that when banks in South Africa increase RMC, their CRE significantly decreases. Furthermore, the control variables, audit size and financial leverage both has a negative and significant effect on CRE, meaning that a 1% increase in the engagement of the big-4 audit firms and debt to equity ratio would leads to a 0.325% and 4.401% increase in CRE respectively.

**4.2.2 *Hypothesis Two ($H0_2$): There is no significant different between Nigeria, Ghana and South Africa on the effect of risk management committee on credit risk exposure of African banks.***

**Table 4.3: Country Summary of Result**

| Country | F-Statistics | Probability (p-value) | $R^2$ |
|---|---|---|---|
| Nigeria | 6.421** | 0.000 | 0.63 |
| Ghana | 4.312* | 0.004 | 0.47 |
| South Africa | 4.941* | 0.002 | 0.55 |

Note: **** and * denotes significance at 1% and 5% respectively.**
Source: Researchers' Compilation, 2025.

Table 4.3 presents the country summary of result on comparative analysis between Nigeria, Ghana and South Africa. In Nigeria, it has the strongest model with an F-statistic is 6.421, a p-value of 0.000 and $R^2$ of 63%, meaning the model is statistically significant, and combination of the explanatory variables jointly affects CRE. Similarly, for Ghana, the F-statistic is 4.312, a p-value of 0.004 and $R^2$ of 47%. This indicates that although the explanatory power is weaker compared to Nigeria, the model is still statistically significant at the 5% level. This shows that RMC factors do significantly affects CRE of banks in Ghana, but the model fit is weaker. For South Africa, it has an F-statistic of 4.941, a p-value of 0.002 and $R^2$ of 55% suggesting a highly significant relationship between the explanatory variables and CRE. This implies that in South Africa, the RMC factors is next to banks in Nigeria more significantly and reliably explain variations in CRE compared to banks in Ghana.
Having analysed how the explanatory variables fit to explain the CRE of banks across Nigeria, Ghana and South Africa, we conclude that the null hypothesis ($H0_2$) which stated that the effect of RMC on CRE of banks in Africa (Nigeria, Ghana and South Africa) is not significantly different would not be accepted. RMC have greatest effect on banks' CRE in Nigeria ($R^2$ = 63%). Furthermore, our model has shown that South Africa has a closer chase to Nigeria, in affecting CRE with ERM ($R^2$ = 55%). Finally, Ghana has the least effect of RMC on CRE of banks with explanatory power ($R^2$ = 47%).

**4.3 Discussion of Findings**

This research specifically examined first, the effect of RMC on CRE of banks in Africa (Nigeria, Ghana and South Africa). The finding indicated RMC has negative and significant on CRE of banks in Nigeria, Ghana and South Africa. The implication of this finding is that the more banks in these countries, Nigeria, Ghana and South Africa increase numbers of directors in RMC it would lead to significant decrease in CRE. Significant reduction in CRE of banks in these study countries means that there is reduction in the total amount of money the banks could lose if the borrowers default.
Also, this research specifically examined the different effect RMC has on CRE of banks in Africa. The finding shows that RMC has greater significant effect on banks' CRE in Nigeria than South Africa and Ghana. This implies that the implementation of RMC in

Nigeria has significantly enhanced CRE of banks. Hence, the findings of this research corroborated with the agency theory that argued an organizational adopting RMC implementation will positively reduce CRE which in turn enhance the owners' returns. Furthermore, the findings of this research corroborated with the position of Bello (2022) who found that corporate governance mechanisms board composition had significant inverse relationship with risk. Also, the findings of this research corroborated with the position of Yusuf, *et al* (2023) and Lamidi *et al* (2022) who found that increase in RMC reduces risk-taking behavior of banks in Nigeria. However, the findings of this research did not corroborate with Frank and Ukpong (2024) who found that risk management committee size has a negative and insignificant effect on financial performance of banks in Nigeria.

## 5. CONCLUSION AND RECOMMENDATIONS

This research did a comparative analysis on the effect of RMC on CRE of African banks. The research collected data from annual reports and accounts of banks in Nigeria, Ghana and South Africa) for a period of ten (10) years spanning from 2014 to 2023. The research found that, first banks implemented RMC in Nigeria, Ghana and South Africa has negative and significant effect on CRE. Second, RMC has greater significant effect on banks' CRE in Nigeria than South Africa and Ghana. Hence, this research concludes that the implementation of RMC is an important strategic management tool to reduce CRE of banks in Africa.

On the basis of this conclusion, this research recommends that, the banking regulatory bodies in African countries should strictly enforce that banks totally implement the adoption of RMC in line with the corporate governance codes on the number of RMC because this will significantly reduce CRE of the banks.

This research would not fail to acknowledge the major limitation encountered. This research was limited to Africa banks and sample size was based on those banks with complete data for the period on the variables under investigation. Consequently, the sample size is relatively low size. Hence, this research suggests to future researchers to employ pooled data methodology on banks as well as to include other sectors like the non-financial sector that may have adopted and implement RMC to know their effect on CRE.

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