

Firm Performance and Risk Disclosure of Listed Deposit Money Banks in Nigeria

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Abstract

Seeming inadequacy of financial report in terms of provision of information for economic decision, call for increased transparency and disclosure of risk related information in the annual report and account. This study aims at assessing the impact of firm performance on risk disclosure of the Nigerian listed deposit money banks. This study utilised secondary data collected from the annual reports and accounts of listed deposit money banks for a period of 10 years (2006 - 2015). The data are analysed using descriptive statistics, correlation and regression (OLS and GLS) analyses. The study finds firm performance as proxied by ROA, revenue growth and liquidity to have an insignificant impact on risk disclosure of the sampled banks. Based on these findings, the study recommends that, increase in performance should also be accompanied with increase in risk related disclosure as stakeholders may be deceived by good performance albeit presence of threat that may jeopardize their interest in bank. Banks should be transparent by disclosing information about risk that had impacted or likely to impact their operations. This will reduce seeming inadequacy of financial report and provide signal on healthy or otherwise a bank is thereby guiding the decision of shareholders and stakeholder alike. This will also help regulatory body to take necessary corrective measures in order to forestall unnecessary failure that may affect the banking industry in particular and the economy in general.

Key words: Risk, Risk Disclosure, Firm Performance, Deposit Money Banks

Introduction

Annual Report and Account is one of the most important medium through which directors of a company communicate company performance to

various stakeholders. Therefore, annual report and account should disclose both financial and non-financial information in order to provide a true and fair view of a company's financial position. This is so because, proper disclosure is necessary not only satisfy the information need of stakeholders but also to guide their investment decision. However, given the dynamic nature of business environment, the uncertainties associated with future investments and the Seeming inadequacy of financial report call for increased transparency and disclosure of risk related information in the annual report and account of business entities. For instance Cabedo & Tirado,(2004) argue that, the inadequacy of information on risks facing companies is one of the main weaknesses of the accounting information disclosure by firms. Managers have been seen to skip information allowing third parties to modify their understanding of both risks and the accuracy of the reported profitability (Combes-Thuelin, Henneron, & Touron, 2006).

Though, the level of disclosure of risk information in the annual reports and accounts may be a function of many other factors however, risk disclosure and firm performance seems to gain greater attention from both academic and practice. Performance has been seen as the ability of a business to earn a profit and make progress. For the purpose of this study performance is represented by return on assets (ROA), revenue growth and liquidity.

There are number of studies in respect of relationship between firm performance and risk disclosure in both developed and developing economies (Linsmeier, Thornton, Venkatachalam, & Welker, 2002; Woods and Reber, 2003; Carlon, et al. 2003, Linsley and Shrivs, 2006; Combes-Thuelin, et al., 2006; Abraham and Cox, 2007, Adamu, 2013; Baroma, 2014). However, the impact of firm performance on risk is still subject of debate as findings of previous studies are both contradictory and inconclusive. Therefore, the study aims at assessing the impact of firm performance on risk disclosure of the Nigerian listed deposit money banks. Hence the following hypothesis is formulated:

Ho₁ Firm performance has no significance impact on risk disclosure. The study intends to contribute to the various literatures on risk disclosure and will be significant to regulatory bodies, banks and other stakeholders as it creates further awareness of the need for improved risk disclosure in the financial report.

The rest of the paper is structured as follows: the next section presents relevant conceptual and empirical literature on risk and risk disclosure and section three briefly describes methodology employed in the study. The fourth section presents result of the study and discussion thereon and finally section five concludes the paper and proffers recommendations based on findings of the study.

Literature Review

Firm Performance

Performance is the ability of a business to earn a profit and make progress. For the purpose of this study performance is represented by return on assets (ROA), revenue growth and liquidity. ROA assesses the efficiency of management to use assets in generating revenue. Revenue growth is the percentage increase in gross income or gross revenue overtime. Liquidity is the ability of an entity to meet its short term financial obligation as at when due. It is also another performance indicator especially in banking industry as a bank survives for some time without making profit but certainly it cannot survive without liquidity. Performance attributes are used as independent variables in various risk disclosure studies (Lajili & Zegha, 2005; Mohobbot, 2005; Deumes & Knechel, 2008; Oorschot, 2009; Johansson & Thörnberg, 2011; Elzaher & Hussainey, 2012; Al-Shammari, 2014). Deumes and Knechel(2008), put it that, companies that are better at risk management have higher levels of relative profitability because efficient risk management systems help in identifying and managing such risks in their early stage which in turn help in avoiding such losses and increasing companies' performance and profitability. In addition, it could be assumed that profitable companies have more resources available to invest in internal control and risk management systems. Oyerogba,(2014) also find a

positive relationship between firm performance and risk disclosure.

However, on the basis of the evidence currently available, it seems fair to suggest that firm performance has no significant impact on risk disclosure (Johansson & Thörnberg, 2011; Elzaher & Hussainey, 2012; Al-Shammari, 2014; Halbouni & Yasin, 2016). Meaning that, firm performance is not necessarily accompanied by improved risk related disclosure.

Concept of Risk

Risk is associated with any business undertaking as finance expert put it that the higher the risk the higher the return. UK Treasury opines that, risk is seen as the uncertainty of outcome, whether positive opportunity or negative threat of actions and events. The risk has to be assessed in respect of the combination of the likelihood of something happening, and the impact which arises if it does actually happen (Treasury, 2004). This means that, in risk analysis likelihood and impact of something happening are key factors that need special consideration. Risk is an indispensable element of any business venture. In addition to financial risk, a company is also susceptible to business risk or changes in the overall economic climate that can negatively affect the price of its securities. Hence, it is in the stakeholders' best interest that risk be disclosed in a timely manner. Given the importance of risk disclosure and the dearth of research done on it, there is a pressing need for this issue to be

addressed (Amran, Rosli, & Haat, 2009).

Risk can be divided into different categories, depending on the nature of organization being considered. Cabedo and Tirado (2004), group risks that are facing companies into three major categories: external risks (those referring to general factors in the environment within which the company operates); business risks (those arising from the very nature of the company's business); and Financial risks (those with a potentially direct impact on net cash flows). They refer to business risk as non-financial risk, which are not directly related to monetary assets and liabilities, although they have an effect on future cash flow losses (business risk and strategic risk).

According to BCBS (2001), the measurement of risk irrespective of its classification is composed of three factors; the scale of the exposure, the likelihood of a loss, and the size of the loss. However, the likelihood and size of a loss are uncertain and generally need to be looked at from a statistical perspective. This requires the use of data, which is readily available in respect of some risk type (e.g., market risk) than in others (e.g., operational risk). The scale of the risk exposure may also be uncertain. These could include the insurance contracts where, the upper limit on exposure is not fixed and the derivative contracts, where the counterparty credit exposure depends on the market value of the

contract. Therefore, concerted effort is necessary to ensure that various risks facing company are carefully managed.

Risk management is seen as essential part of internal control and governance and could be used for management appraisal in term of achieving its objective despite uncertainties surrounding the business environment. CBN, (2007) Central Bank of Nigeria in its 2004 Guidelines for Developing Risk Management Framework for Individual Risk Elements which include credit risk, market risk, operational risk and liquidity risk management framework. Different types of risk also need to be disclosed in the financial report in order to satisfy information need of stakeholders.

Risk disclosure can be seen disclosing risk information in the annual reports and accounts. These include nature of the risk, identification, measurement and necessary course of action put in place to mitigate possible negative impact of the risk. Beretta & Bozzolan (2004), define risk disclosure as "the communication of information concerning firms' strategies, characteristics, operations, and other external factors that have the potential to affect expected results". Linsley and Shrives (2006), have judged risk disclosure to be when the reader of financial statement is informed of any opportunity or prospect or any hazard, danger, harm, threat or exposure, that has already impacted on the company or may

impact on the company in the future or of the management of any such opportunity, prospect, hazard, harm, threat or exposure.

Driven by increased complexities in the business world, and an objective to promote transparency and improve disclosure quality by reducing information asymmetries, risk and risk management disclosures are potentially useful to analysts, investors, and other firm stakeholders (Lajili & Zegha, 2005). Regulatory bodies are increasingly publishing different guideline and literature about risk disclosure. However, the literature imply that in principle, there is no basis different among the guidelines. All of them advise to disclose principal/material risk information along with consequence of the risk and the methods of risk measurement and identification (Mohobbot, 2005).

Review of Empirical Studies

Though, the development of literature in risk related disclosure is relatively recent, number of studies have been documented in both developed and developing countries. Mohobbot (2005) in a study of 90 non-financial companies listed in Tokyo stock exchange Japan, finds that no significant relation exists between number of risk disclosure and relative profitability. But company size and the number of risk disclosure are significantly positively correlated. Johansson and Thornberg (2011), in analysis of both quality and quantity of risk disclosure

of 65 companies listed on the Nasdaq OMX Stockholm exchange in order to determine whether quality and quantity of risk disclosure can be explained by size, industry and/or performance of the company. No significant correlation was found between the quality and quantity of risk disclosure and the size or the performance for the whole sample.

Along similar lines, in Kuwait Al-Shammari (2014), investigates the association between specific corporate characteristics and corporate risk disclosure in the annual reports for a sample of 109 Kuwaiti listed non-financial companies. Using manual content analysis and multivariate regression analysis, the result indicates that the quantity of risk disclosures for all categories of risks was very limited. The findings show that the corporate risk disclosure (CRD) is associated positively with size and liquidity, however, the findings also suggests that the association between CRD and profitability is insignificant. Halbouni and Yasin, (2016) also, investigate risk disclosure by public companies in the United Arab Emirates using sample of 52 companies listed on UAE stock markets for 2011 and 2012, the regression results suggests that size, profitability, type of audit firm, leverage and liquidity have insignificant impact on risk disclosure of sampled companies. Business type, company age and liquidity are found to have significant impact on risk disclosure.

Helbok and Wagner (2006), look specifically at operational risk disclosure of 142 banks from North America, Asia, and Europe. The study provides evidence that, the extent and content of disclosure on operational risk are negatively related to a bank's equity ratio and profitability ratio. The findings of the study also indicate that institutions which have a lower equity ratio and/or are less profitable choose a higher level of disclosure with respect to operational risk in order to assure the market that operational risks are well managed.

Oorschot (2009), examines the developments of risk disclosure in annual report by German banks. The result of the Pearson correlation coefficient showed an inconsistent result over the years of the study. In the years 2005-2006 the result was expected to be significantly positive but the result did not provide evidence for this at 5% level of significance. A significant positive relationship was found in the years 2007-2008. With respect to profitability as measured by return on average assets and return on average equity showed a small but not significant positive relationship and negative but not significant result for the years 2005-2006 and 2007-2008 respectively.

The underlying argument in favor of insignificant relation between firm performance and risk disclosure as documented by various studies (such as Lajili&Zegha, 2005; Mohobbot, 2005; Oorschot, 2009; Johansson

&Thornberg, 2011; Elzaher&Hussainey, 2012; Al-Shammari, 2014) could mean that companies with high profitability may not bother to communicate risk information because profitability is major determinant of performance. Therefore, they tend to rely on their performance as major derive of their market value.

Theoretically, from both agency and stakeholder theory perspectives shareholders and other stakeholders are more interested of the company's performance than risk disclosure. They may overlook failure of the company to disclose risk information when the performance is good. Therefore, insignificant relationship between risk disclosure and profitability might not be out of expectation and is not against agency and stakeholder theory.

Theoretical Framework

There is no single theory available to explain disclosure phenomenon completely, and researchers to date tend to select whichever theory articulates best with their hypothesis (Linsley & Shrides, 2000). Therefore, agency theory will be used to guide this study. Agency theory views Company as a form of agency relationship between managers and owners of the business, managers being the agents and shareholders assume the role of principals. Given that, there may be information asymmetry between managers and shareholders.

Agency theory put forward the argument that the bigger a firm is the higher the monitoring and agency cost is due to the asymmetrical information (Zadeh & Eskandari, 2012). According to Healy and Palepu (2001), information asymmetry and the agency problem cause the demand by outside investors for disclosures to be made by management. Investors demand information from companies in which they are interested due to the fact that management has a greater knowledge of both the firm's current and future performance, certainly more than outside investors (Rajab and Schachler, 2009).

Methodology

The population of the study is fifteen (15) listed deposit money banks operating in Nigeria. The whole population is taken as sample of the study after employing two point filter. Thus, for bank to be among the sample must be listed and published financial report throughout the period covered by the study. Adherence to this criteria results to selection of eleven (11) deposit money banks (DMB). Data on risk disclosure and performance attributes were sourced from published financial reports of eleven (11) DMB, which were analysed using descriptive statistics, correlation and regression analysis via STATA statistical package. The study covers a period of ten (10) years (i.e 2006-2015).

The study has dependent and explanatory variables. The dependent

variable is risk disclosure. Beattie, McInnes and Fearnley(2004) summarise number of methods for analysing narrative segment of annual report and account. Content analysis is selected for this study as it involves codifying the text (or content) of a piece of writing into various groups (or categories) depending upon selected criteria (Weber, 1988).The texts is measured by the number of sentences and matched to risk disclosure categories.

The explanatory variables of the study include independent and control variables. The independent variable is firm performance represented by return on asset, liquidity and revenue growth. The size of the firm is used as control variable.

$$Trd = \beta_0it + \beta_1roa_{it} + \beta_2liq_{it} + \beta_3rgw_{it} + \delta_1Siz_{it} + \epsilon_{it}$$

Where:

B_0 = intercept

Roa = return on asset for bank i in period t.

Liq = liquidity for bank i in period t.

Rgw = revenue growth for bank i in period t.

Size = size for bank i in period t.

ϵ = error term for bank i in period t.

TABLE 3.3 VARIABLES AND THEIR MEASUREMENT

S/N	Variables	Measurement
01	Total risk disclosure	Number of sentence disclose risk, its impact or management as used by (Linsley & Shrives, 2006)
02	Return on asset	Profit before tax divide by total asset as used by (Taylor et al. 2010; Oliveira, Rodrigues, & Craig, 2011).
03	Liquidity	Current assets divide by current liabilities as used by (Barde, 2009; Al-Shammari, 2014; Halbouni & Yasin, 2016)
04	Revenue growth	Ratio of change in total revenue from year one to year two as used by (Deumes & Knechel, 2008).
05	Size	Log of total asset as used by (Lajili & Zegha, 2005; Hassan M. K., 2009; Adebimpe & Peace, 2011; Khaledi, 2014).

Result and Discussion

This section presents results of the analysis of data collected for the study. It consists of descriptive statistics,

correlation and multiple regression results.

Table 1: Summary Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Trd	110	286.56	137.94	15.00	496.00
Roa	110	0.02	0.03	-0.10	0.06
Liq	110	1.21	0.03	0.95	1.61
Rgw	110	0.40	0.68	-0.35	6.05
Siz	110	8.94	0.38	8.03	9.64

Source: STATA output 13.0 based on data collected.

Table 4.1 shows average risk disclosures sentences of 287. This means that, banks have an average of 287 sentences of risk disclosure in the annual report and account with minimum of 15 sentences and maximum of 496 sentences. The wider gap between minimum (15) and maximum value (496) indicates a significance dispersion of risk

disclosure among banks or within the bank over time, this can be deduced from the standard deviation of 138. This can further be explained by risk disclosure summary not reported here, as Unity bank and United Bank for Africa have 126 and 404 average risk disclosure sentences respectively.

Return of assets of the sampled banks is 1.7% on average with spread around the mean of 2% and minimum and maximum of -10% and 6% respectively. This indicates a high variation of performance among the banks as depicted by the value of standard deviation (3%) which is higher than the mean value. Sampled banks maintain an average liquidity of 1.20: 1.00 with a standard deviation of 0.11:1.00 and minimum and maximum value of 0.95:1.00 and 1.61:1.00 respectively. This indicates that, current asset of sampled banks is marginally higher than current liability. This also has to do with peculiar nature of banking business as the customers' deposits form major part of bank liability making it difficult for bank to maintain a recommended liquidity ratio of 2:1.

The mean value of size 8.943621 (N878, 255,746,000) indicates that, average value of the total assets of the sampled banks is N878b with a minimum and maximum value of 8.028059 (106,674,103,000) and 9.637756 (4,342,661,715,000). The revenue growth of sampled banks is 40% on average with maximum and minimum value of 600% and -35% respectively. This signifies that, there is wide dispersion of the revenue growth of the sampled banks as portrayed by standard deviation of 68%. The negative minimum value also indicates that, some banks revenue growth is negative or lost is incurred at a particular period.

Table 2: Spearman Correlation Result

	Trd	Roa	liq	Rgw	Siz	vif
Trd	1.0000					
Roa	0.0238	1.0000				1.12
Liq	-0.0652	0.1185	1.0000			1.07
Rgw	-0.3882	0.2123	-0.2040	1.0000		1.24
siz	0.6042	0.1910	-0.0088	-0.3637	1.0000	1.26

Source: STATA output 13.0 based on data collected.

Table 2 presents correlation matrix of dependent (total risk disclosure) and explanatory variables (roa, liq, rgw and siz). The relationship between return on assets and risk disclosure is positive and very weak. The relationship between liquidity and risk disclosure is negative and very weak. Revenue growth is moderately and negatively correlated with risk disclosure. The

relationship between bank size and risk disclosure is positive and moderate. The correlation analysis indicates that all performance attributes employed in the study have no strong correlation with risk disclosure.

TABLE 3: REGRESSION RESULTS

Variables	OLS (rubust)		GLS			
	Coefficient	t	Random effect		Fixed effect	T
			Coefficient	Z	Coefficient	
Constant	-1406.032	-4.18	-2043.918	-7.47	-1853.477	-4.24
Roa	242.9248	0.52	303.3061	0.90	357.6182	1.05
Liq	-96.94814	-0.91	94.16288	1.19	106.3057	1.32
Rgw	-79.08733***	-2.63	-19.19359	-1.56	-19.4613	-1.57
Siz	204.7943***	6.28	248.16***	8.42	254.3439***	6.28
Hetest	0.6463					
Normality for error term	0.0938					
Hausman			0.4480			
Lagrangian multiplier	0.0000					
Obs	110		110		110	
R ² /overall	0.3925		0.3785		0.3763	
R ² within			0.5337		0.5339	
R ² between			0.2303		0.2265	
Adj. R ²	0.3693					
F	18.73***		110.19***		12.07***	
Rho			.55507403		.57518597	

Source: STATA output 13.0 based on data collected

*Significant at the 10% level, **significant at the 5% level, and ***significant at the 1% level.

Table 3 presents OLS and GLS regression results of the dependent variable (total risk disclose) and explanatory variables (return on asset, liquidity, revenue growth and size). After the OLS, a test of heteroskedasticity (Hetestt) was carried out and the result is found to be insignificance (constant variance) hence robust standard error was not considered. For the normality of error term, a normality test result was found to be significant, hence OLS (robust) was run.

Hausman specification test is also carried out in order to choose between GLS random effect and fixed effect. The result is found to be insignificant and the null hypothesis (random effect is preferred) is accepted. Consequently, Breusch and Pagan Lagrangian multiplier test for random effects is conducted and the result found to be significant. Hence, random effect result is selected and presented in table 4.3 and interpreted thereafter. The p-value indicates fitness and reliability of the model to show statistically significant relationship between dependent and

independents variables. Hence, the p-value of 0.0000 provides evidence that the model is fit.

The cumulative overall R^2 is 38% (0.3785), which gives cumulative effect of all explanatory variables jointly on the dependent variable. This means that 38% of the variation in the risk disclosure is caused by return on asset, liquidity, revenue growth and size. Whereas 62% of the variation in the risk disclosure is caused by factors not covered in the Model.

Profitability as measured by ROA is found to have positive and insignificant impact on risk disclosure. This result provides confirmatory evidence to the findings of Mohobbot, 2005; Helbok & Wagner, 2006 Konishi & Ali, 2007; Oorschot, 2009; Elzaher & Hussainey, 2012; Al-Shammari, (2014); Atanasovski et al (2015); and Halbouni & Yasin (2016). This Contradicts significant positive relationship found in the work of Taylor et al. (2010). This implies that, increase in profitability is not accompanied by increase in risk disclosure. This is understandable as profitable banks may hide under the guise of profit and not attract attention towards risk disclosure.

Consistent with the wok of Elzaher and Hussainey(2012)and Halbouni and Yasin (2016), liquidity has positive and insignificant impact on risk disclosure. This is contrary to Al-Shammari (2014), whose finding shows liquidity has positive and significant impact on risk disclosure. Contrary to Deumes and

Knechel (2008), revenue growth is found to have positive and insignificant impact on risk disclosure. This suggests that, increase in revenue do not significantly affects risk disclosure.

To test the hypothesis: performance has no significant impact on risk disclosure. Based on the regression result all three performance variables have no significant impact on risk disclosure. Hence the null hypothesis cannot be rejected.

The result also shows that the control variable (size) has positive and significant impact on the risk disclosure at 1% level of significance. This implies that bigger banks disclose more risk than smaller banks. This is evident in the available literature as large companies are believed to have lager investors who demand more information and wide spectrum of stakeholders with varied needs (Kajüter, 2006; Linsley and Shrivess, 2006, Amran et al. 2009; Muzahem, 2011, Mokhtar & Mellett, 2013).

This finding is consistant with work of (Mohobbot, 2005; Kajüter, 2006; Abraham & Cox, 2007; Konishi& Ali (2007); Deumes & Knechel, (2008);Atan et al (2010); Taylor *et al.* 2010; Meijer, (2011)Johansson & Thörnberg, (2011);Elzaher&Hussainey, (2012); Khaleedi, 2014; Al-Shammari, 2014; Baroma, 2014). The finding contradicts the works of Beretta &Bozzolan, 2004; Hassan, 2009; Rajab & Handley-Schachler, 2009; which

find that, size has no significant impact on risk disclosure.

The findings have practical, theoretical and policy implications. These implications shall go a long way in contributing to existing debate within risk disclosure literature and extend the frontier of research in the area. The findings draw the attention of policy makers towards regulating risk disclosure thereby bridging seeming inadequacy of financial reports and enhancing the transparency of financial statements. This makes financial report more meaningful to the teeming users of the report especially regulatory bodies.

All three performance attributes (roa, liquidity and revenue growth) are found to have insignificant impact on both risk disclosure. This implies that when banks make profit they need not disclose a lot of risk information as the performance would override the need for elaborated risk disclosure. Conversely, when banks are not performing that may view risk disclosure as suicidal as stakeholder may view the failure to perform as fallout of risk exposure of the company. These hypotheses are underpinned by agency theory postulation of conflict of interest between principal and agent, which may cause the directors to delay or conceal useful information (Rattanataipop, 2013). This also evidence of information asymmetry between managers and shareholders as posited by (Jensen & Meckling, 1976).

Summary and Recommendation

Summary

Summary of the major findings:

- i) Revenue growth is found to have insignificant impact on risk disclosure. This finding suggests that increase in gross income of the bank is not normally accompanied by increase in risk disclosure or the quality of the disclosure. Consistent with agency theory inside managers hide under auspicious of increase in revenue and hide risk information to shareholders.
- ii) Return on assets which is the basic performance measure used in various disclosure studies, is found to have positive and insignificant impact on risk disclosure. This implies that, increase in profitability of the bank does not lead to increase in risk disclosure. The finding goes alongside agency theory assumption of conflict of interest and information asymmetry between inside managers and shareholders.
- iii) Liquidity also goes along with two performance attributes above, as it has no significant impact on risk disclosure. This implies that all three performance attributes used in this study have no significant impact on risk disclosure. Thus, confirming the assumption of conflict of interest

between inside managers and shareholder as well as information asymmetry of agency theory.

- iv) The control variable (size) has positive and significant impact on risk disclosure. This means that, bigger banks disclose more risk information than smaller banks.

Conclusion

- i. Performance of the bank does not significantly influence the level of risk disclosure. All three performance indicators employed in the study (ROA, revenue growth and liquidity) do not significantly affect risk disclosure in the financial report. This is consistent with the position of promoters of agency theory as managers can hide under the guise of good performance to hide risk information (information asymmetry) to shareholders.
- ii. Bank size is one of the major determinants of risk disclosure in the financial reports as bigger banks disclose more risk than smaller banks.

Recommendation

- i. Increase in performance (profitability) should be accompanied with increase in risk related disclosure as stakeholders may be deceived by good

performance albeit the present of threat that may jeopardize their interest in the bank. This prevents recurrence of cases like that of former Oceanic and Intercontinental banks. Because had all risk associated with these failed banks are timely disclosed, necessary action(s) would have been taken by regulators to thwart unwanted failures.

- ii. Banks should be transparent by disclosing information about risk that had impacted on the bank or that are likely to impact on it. This reduces seeming inadequacy of financial report and provide signal about what is likely to happen in the bank. It helps regulatory body to take necessary corrective measures in order to forestall unnecessary failure that affects the whole industry and the economy at large.
- iii. Bank executive should be conscious of the size of their bank as it the major determinant of risk disclosure. If the bank is big and is not disclosing enough information about risk like other banks of it status may be perceived by the stakeholders as it is being economical with truth and hence affecting its refutation and rating.

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