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BOARD RISK MANAGEMENT COMMITTEE AND PERFORMANCE OF SELECTED DEPOSIT MONEY BANKS LISTED IN NIGERIA, GHANA AND SOUTH AFRICA

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ABSTRACT

This study investigated the effect of board risk management committee on the performance of licensed deposit money banks in Nigeria, Ghana and South Africa. In specific terms, it investigated the effects of board risk management committee age diversity and board risk management committee financial esxpertise diversity on total assets of selected deposit money banks in Nigeria, Ghana and South Africa. Adopting the ex post facto research design, a total of 12 commercial banks out of 29 commercial banks with license for international operations in Nigeria, Ghana and South Africa was judgmentally sampled for the years 2014 – 2024. Data extracts from the audited financial reports of the sampled commercial banks were analysed for test of hypotheses purpose using the panel least square statistical tool through STATA ver 17 statistical software. The findings showed that Board risk management committee age diversity has strong, positive but insignificant effect on the Return on Assets (ROA) of listed DMBs in Nigeria, Ghana and South Africa. (t-statistic 4.27; coeffiecient 0.29; p-value 0.000 at 5% level of significance). Also, Board risk management committee financial expertise diversity has a positive but statistically insignificant effect on the Return on Assets (ROA) of listed DMBs in Nigeria, Ghana and South Africa. (t-statistic 1.43; coeffiecient 1.329; p-value 0.157 at 5% level of significance). The study concluded that depth and breadth of financial knowledge within the BRMC strengthen the bank's capacity to evaluate complex risk exposures. It therefore recommends that bdeposit money banks should therefore emphasize task-relevant age diversity, ensuring that age differences translate into varied cognitive viewpoints, technological awareness, and risk perception strengths.

***Key words:** Board Risk Management Committer Age diversity, Board Risk Management Committee Financial Expertise diversity, Ghana, Nigeria, South Africa,, Total Assets.*

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INTRODUCTION

Boards increasingly reflect the demographic characteristics of key stakeholders; thus, experience and financial expertise were observed to significantly improve financial performance and earnings quality (Brammer, Millington, & Pavelin, 2007). Such diversity can significantly enhance financial performance by improving corporate governance and reducing unethical practices (Essien & Akpan, 2024). Abdullah and Said (2019) noted that creating a stand-alone risk management committee can improve the efficacy of the risk-assessment process, and concurrently, lower financial risks (e.g., financial crime prevention). It is in this wise pertinent to note that the primary goal of risk management practices is to prevent the potential failure of the financial system (Alshater, Khan, Hassan, & Paltrinieri, 2023). Thus, efficient risk management strategies are essential to the stability, resilience, and profitability of banks (Jia, 2019). The risk management committee ensures that management steers clear of dangerous projects and invests in profitable ones, thereby lowering operational risks and improving performance (Elamer & Benyazid, 2018). Thus, risk management committees are appropriate for firms with complicated structures, high agency expenses, high leverage, or size etc. (Deloitte, 2011).

Effective risk management is crucial for long-term value creation in the banking sector as it enables the adoption of best practices in risk identification, measurement, monitoring, control and mitigation to help organisations deal with risks proactively to boost financial performance. Financial performance is a key indicator used to evaluate the financial health and stability of banks. Common metrics include profitability ratios, asset quality ratios, capital adequacy ratios, and operational efficiency ratios. Profitability, which is the primary objective of banks, is often measured using return on assets (ROA), return on equity (ROE), net interest margin and non-interest income ratio. High and sustained profitability demonstrates a bank's ability to use resources profitably and generate adequate returns. Asset quality is also critical as it indicates the credit risk exposure of banks. Non-performing loan (NPL) ratio, which shows the level of bad debts, and the loan loss provision coverage ratio reveal the credit risk status. Capital adequacy ratios like the capital asset ratio and debt-equity ratio indicate a bank's capacity to withstand unexpected losses from risks.

Over the past two decades, the Nigerian banking sector has faced a decline in financial performance due to increasing systemic and unsystematic risk challenges, which have contributed to the collapse of several banks in the country (Abdulazeez, 2024). As a result,

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Nigeria and equally Ghana by extension have implemented significant banking sector reforms to enhance stability, competitiveness, and economic financing capacity. In Nigeria, the Central Bank of Nigeria (CBN) initiated a series of reforms following the 2008–2009 global financial crisis, addressing issues such as poor corporate governance, lax risk management, and insider abuses (Uford & Duh, 2021). These measures included special audits, license revocations, mergers, and the establishment of the Asset Management Corporation of Nigeria (AMCON) to purchase non-performing loans, thereby freeing up capital for lending. Additionally, the gradual adoption of Basel II and III frameworks aimed to strengthen regulatory standards and supervision. Similarly, Ghana's banking sector underwent a comprehensive clean-up between 2017 and 2019, reducing the number of banks from 36 to 23. The Bank of Ghana (BoG) implemented measures to address insolvency and governance issues, including revoking licenses and consolidating banks to form the Consolidated Bank Ghana Ltd. These reforms aimed to create a more stable banking system with stronger institutions and improved loss-absorption capacity. Both countries' reforms have led to more resilient banking sectors, better equipped to support economic growth and withstand financial shocks. In South Africa, Fofack (2005) observed that the concentration of market power among a few large banks can heighten systemic vulnerability, particularly when the accumulation of non-performing or impaired loans escalates. This scenario is evident in South Africa, where the banking sector is largely dominated by four major institutions: Standard Bank, Absa (Amalgamated Bank of South Africa), Nedbank, and FirstRand Bank (FNB), as identified by the South African Reserve Bank (SARB). The dominance of these institutions implies that any significant rise in their levels of non-performing loans (NPLs) could pose a substantial threat to the overall stability of the financial system.

After the 2008-2009 global financial crisis, a noticeable deterioration in loan asset quality was observed, particularly within certain segments of South Africa's banking sector. This trend includes not only large institutions but also extends to smaller banks, which have shown signs of distress in their loan portfolios. While large banks continued to report strong profitability (PwC, 2017), many smaller banks have struggled to achieve their projected year-end profits. Between 2008 and 2017, the average ratio of non-performing loans (NPLs) to gross income stood at 4.01%, with the highest value during that period reaching 6.0% (TheGlobalEconomy.com, 2019). These suggest that NPLs may be exerting significant pressure on the financial performance of some institutions, particularly those outside the top-tier banking group. In support of this, studies by Amuakwa-Mensah and Boakye-Adjei (2015),

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Ekanayake and Azeez (2015) maintain that the impact of credit risk indicators on bank performance is not uniform across countries. Rather, the effect varies based on institutional resilience, the bank's size and risk management capacity.

Many empirical studies have examined the association between the risk management committee (RMC) and firm performance (Addae & Gyamfi, 2022; Alabdullah et al., 2021; Odubuasi, Ofor, & Okoye, 2020; Darmawan, Rombebunga, & Leon, 2021; Erin, Bamigboye, & Arumona, 2020; Rahayu, Harymawan, Nasih, & Nowland, 2022). However, they mainly focus on operational attributes, profitability or market value, etc., which relate to a comprehensive understanding of risk dynamics in the banking sector (Khambata & Bagdi, 2003; Niinimäki, 2004; Wetmore, 2004). More importantly, there has been observed paucity of studies which specifically addressed the financial expertise of risk management committees, which is considered critical for understanding complex financial instruments and regulatory requirements. This deficiency is more pronounced in Nigerian banks, which report significant expertise gaps compared to their Ghanaian and South-African counterparts (Odubuasi, Ofor, & Ugbah, 2022). This study aims to address these issues by evaluating the effect of Board risk management committee on the performance of deposit money banks in Nigeria, Ghana and South Africa, providing frameworks to improve governance and profitability.

Objectives

The broad objective of this study is to assess the effect of diversities of board risk management committee on the performance of selected deposit money banks (DMBs) listed in Nigeria, Ghana and South Africa. The specific objectives of this study are to:

1. analyse the effect of board risk management committee age diversity on the Return on Assets (ROA) of listed DMBs in Nigeria, Ghana and South Africa.
2. assess the effect of board risk management committee financial expertise diversity on the Return on Assets (ROA) of listed DMBs in Nigeria, Ghana and South Africa.

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LITERATURE REVIEW

Board Risk Management Committee (BRMC)

BRMC plays a crucial role in strengthening the corporate governance of financial institutions through its oversight and review functions (Elamer & Benyazid, 2018). The committee provides the board of directors with recommendations regarding risk management policies, strategies, and acceptable risk levels. Additionally, the risk management committee evaluates and assesses the effectiveness of the risk management framework, including its ability to identify, quantify, monitor, and manage risks. According to Choi (2013), the RMC has several specific duties, such as establishing risk management objectives, which help in formulating a comprehensive, enterprise-wide risk management strategy. It ensures that a robust risk management system is implemented by the management and maintains communication with key executive members, including the CEO and Chief Risk Officer (CRO), to report directly on risk-related issues. Furthermore, the RC reviews the policies, procedures, and techniques necessary for applying risk management practices throughout the organisation and monitors risk transfer strategies and insurance policies.

It is important to note that the RMC's role is advisory in nature, as it provides oversight and recommendations, but does not make final decisions. The ultimate decision-making authority rests with the board, while management is responsible for the execution and implementation of these decisions. Despite this, RMCs enhance the quality of risk management procedures and policies and improve communication about risk management between the board, management, and other stakeholders. The experiences of financial firms before and during the financial crisis have underscored the importance of effective risk management and the critical need for RMCs within financial institutions, as highlighted by Al-Hadi, Hasan, and Habib (2016) and Hines and Peters (2015).

Board Risk Management Committee Age Diversity (BRMCAD)

Age diversity on risk committees refers to the spread and combination of members' chronological ages within the group charged with supervising enterprise risk. Conceptually it is distinct from, but related to, demographic diversity more broadly: age diversity can be operationalized as variety (presence of distinct age cohorts), dispersion (standard deviation of ages), or separation (gaps between youngest and oldest members). These different operationalizations matter because they capture different dynamics. Variety can increase information breadth, dispersion may produce coordination costs, and separation can create

status or authority divides that influence interactions. Recent systematic reviews show that empirical findings on board age diversity are inconsistent: effects vary by outcome (financial vs non-financial), measurement approach, and contextual moderators, suggesting age diversity is a conditional, not an automatic, driver of governance outcomes. (Gardiner, 2024).

Theoretically, age diversity affects risk oversight through at least three mechanisms. First, cognitive-experience complementarity: older directors often bring deep industry knowledge, historical perspective, and reputational care that can curb excessive short-term risk-taking; younger directors often bring technological fluency, familiarity with emerging threats (cyber, digital, climate), and different strategic heuristics that can improve forward-looking risk identification. When combined, these perspectives can widen the committee's scenario set and reduce blind spots. Empirical work in banking and finance finds that older executive boards tend to be associated with more conservative portfolios and lower measured risk, consistent with this mechanism (Utami & Setiawan, 2023).

Second, group process effects: age heterogeneity increases the pool of distinct viewpoints (improving information elaboration) but also raises the potential for miscommunication, status conflicts, and slower consensus. The Categorization–Elaboration Model (CEM) from team literature explains this duality: diversity promotes information elaboration only when group members engage constructively rather than retreating into identity-based subgroups. Systematic reviews of board age diversity conclude that inconsistency in effects likely reflects differences in whether committees cultivate inclusive processes (psychological safety, strong chairs, facilitation). In short, age diversity's promise depends heavily on process design (Gardiner, 2024).

Third, risk preference heterogeneity: behavioral and neurocognitive studies show age-related differences in risk appetite and decision framing (younger adults tend to take more financial/novelty risk; older adults often show risk aversion in gains but more complex patterns for losses). At the committee level, such heterogeneity can produce richer debate about acceptable risk thresholds and trade-offs, but can also produce persistent deadlocks if not mediated by governance rules (e.g., majority safeguards, independent chairs). Evidence from recent crisis research suggests age diversity can be particularly valuable in turbulent contexts: age-diverse top teams performed better during the COVID-19 shock, likely because generational complementarities supported more creative problem solving and adaptation (Neukirchen, Posch, & Betzer, 2023).

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Empirical advances refine these conceptual points. A systematic quantitative review found age diversity to be an inconsistent predictor of firm financial outcomes overall, but more often positively associated with CSR and certain non-financial outcomes, implying that age diversity may contribute more to ethical vigilance and stakeholder sensitivity than to short-term profitability per se (Gardiner, 2024). Utami and Setiawan using matched samples finds age-diverse boards associate with less corporate misconduct, even after controlling for skills and other diversity dimensions, indicating that perspective variety helps detect and deter unethical or risky behavior. Together, these studies indicate age diversity's strongest and most consistent influence may be on governance quality, ethical oversight, and risk detection, rather than on simple financial performance metrics.

Studies on age diversity within risk committee suggest that selection and succession policies should aim for purposeful age mix aligned to the firm's strategic risk profile: e.g., greater representation of younger directors where rapid technological, cyber, or market shifts are central; stronger representation of experienced directors where regulatory legacy knowledge and reputational stewardship matter. Second, committees must invest in process enablers (inclusive chairing, structured agenda time for minority views, rotating lead discussants, and pre-meeting briefs) so cognitive diversity translates into elaboration rather than conflict. Third, disclosure and metrics matter: firms should report board and risk committee age stats (means, ranges, and dispersion) so researchers and investors can better evaluate links to risk governance. These steps address the key moderator identified in the literature: age diversity only helps when paired with good process and complementary skills (Plečnik, & Wang, 2024).

H_{01}: *Board risk management committee age diversity has no significant effect on the Return on Assets (ROA) of listed DMBs in Sub-Sharan Africa*

Board Risk Management Committee Financial Expertise Diversity (BRMCFED)

Risk Management Committee (RMC) financial expertise refers to the specialised knowledge and skills possessed by members of the RMC, particularly in areas related to risk assessment, management, and financial decision-making (Musa, Abdul Latif, & Abdul Majid, 2024). The financial expertise of board members and committee participants is particularly critical in the highly regulated financial intermediation industry (Apergis, 2019). Diversity theories highlight the significance of directors' expertise in reducing informational asymmetries

between management and shareholders, thereby improving governance. Thus, having finance experts on boards is essential, as their specialised knowledge aids in ensuring compliance with complex financial policies, effectively managing sophisticated transactions, and enhancing the organisation's ability to secure external funding (Apergis, 2019).

Accounting specialists are well-suited to detect reporting anomalies, earnings management, and model assumptions in provisioning and valuation; banking or treasury professionals better detect liquidity, funding, and market risks; and investment analysts or CFOs are often stronger at integrating financial forecasts with strategic scenarios. When a committee includes a variety of these proficiencies, it can combine granular accounting scrutiny with strategic and market sensibilities to produce richer, more robust risk assessments. Empirical analyses of committee and board expertise suggest that committees combining accounting and market-oriented expertise issue more informative disclosures and are associated with improved oversight outcomes (e.g., Jia & Li, 2022; Almulhim et al., 2024). Financial experts differ in perceived independence and credibility. A retired Big-4 partner may command investigative authority on accounting matters, while a former banker may bring credibility on credit risk models. Diversity among experts reduces the risk of over-reliance on a single authority and increases the likelihood that management proposals are critically examined from multiple financial angles (Alzayed et al., 2024; Amin, 2024).

Risk committees must translate technical financial signals into strategic action for non-technical board members and management. Financial-expertise diversity improves this translation because different experts can act as bridges: accounting experts translate audit and reporting issues, while market/treasury experts translate liquidity and stress-testing implications. Studies of risk and audit committee practice emphasize the importance of mixed expertise to connect external auditor insights, internal models, and strategic decisions (Choi, 2024; Gilani et al., 2021). Studies such as Malik, Zaman, and Buckby (2020) conclude that RMC experts help mitigate risk failures and contribute to higher firm value among UK-listed companies, emphasising the value of expert oversight in enhancing organisational performance. Furthermore, Al-Hadi, Hasan, and Habib (2016) and Jia, Li, and Munro (2019) find that RMC financial expertise leads to better market risk disclosure and improved financial performance, reinforcing the positive role of expertise in risk management.

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Other empirical contributions refine these conceptual points. Jia and Li (2022) show that dedicated risk committees increase the readability and usefulness of risk disclosures, particularly when committees display relevant expertise mixes. Almulhim et al. (2024) find that, in financial firms, risk-committee expertise (including financial expertise) significantly reduces agency costs and improves performance, however, that expertise must be coupled with active meeting schedules and genuine independence to have consistent effects. Choi (2024) provides bank-level evidence that financial expertise on audit/risk related committees improves the timeliness of loss recognition, reducing information delays that amplify downside risk. Conversely, Alzayed et al., (2024) caution that the quality and independence of financial experts (not merely headcounts) determine whether expertise diversity constrains risky managerial choices.

H_{02}: Board risk management committee financial expertise diversity has no significant effect on the Return on Assets (ROA) of listed DMBs in Nigeria, Ghana and South Africa.

Performance

The performance of any corporate organisation is critical to its survival. Its liquidity and financial adequacy is often attributed to how well the finances and profitability of the organisation has been managed over time. That is why closer consideration of the financial performance of an entity is essential to investors and business owners during decision making and business explansion. Accordingly, financial performance plays a crucial role in attracting investors' attention, as it serves as a key indicator of the business's potential for success (Bensaid, Bin Ishak, & Binti Mustapa, 2021). Financial performance, in particular, is commonly used to assess the effectiveness of management's strategies and actions. This financial information is vital not only for measuring internal management performance but also for stakeholders in the financial reporting ecosystem, who rely on it to make informed economic decisions. A risk management committee plays an essential role in ensuring that the organisation’s approach to risk is well-aligned with its overall strategy (Gontarek, 2016).

Financial performance is a fundamental measure of a company's overall financial health, reflecting its ability to generate revenue, manage expenses, and create value for shareholders. It encompasses various financial metrics and ratios that provide insights into profitability, liquidity, solvency, and efficiency (Quoc Trung, 2021). In today's dynamic business environment, characterised by rapid technological advancements and global economic

uncertainties, understanding and optimising financial performance has become increasingly essential for organisations to maintain competitiveness and ensure long-term sustainability. Authors have highlighted the multifaceted nature of financial performance. Dutta, Lawson, and Marcinko (2013) argue that traditional accounting-based measures, such as return on assets (ROA) and return on equity (ROE), while valuable, may not fully capture a company's financial prowess in the digital age. They propose integrating market-based indicators like Tobin's Q and economic value added (EVA) to better reflect investor confidence and value creation potential. The impact of environmental, social, and governance (ESG) factors on financial performance has gained significant attention.

Returns on Asset

Return on Assets (ROA) is a fundamental financial ratio that measures a company's profitability in relation to its total assets. This metric provides investors, analysts, and managers with a clear indication of how effectively a firm utilises its assets to generate earnings. ROA is particularly valuable in assessing capital-intensive industries where substantial investments in fixed assets are common (Seo, Woo, Mun, & Soh, 2021). By quantifying the return generated per dollar of assets, ROA enables stakeholders to evaluate management's efficiency in deploying capital resources.

Net Income represents the company's after-tax profit, found at the bottom of the income statement. Total Assets, comprising both current and non-current assets, are listed on the balance sheet. Some analysts prefer using average total assets (beginning-of-year assets plus end-of-year assets, divided by two) to account for fluctuations throughout the year (Jabbouri, Satt, El Azzouzi, & Naili, 2024).

Theoretical Review

Resource Dependence Theory

Pfeffer (1972) and Pfeffer and Salancik (1978) introduced the resource dependence theory (RDT) as a framework to explain how external resources influence organisational behaviour. Resource Dependence Theory (RDT) highlights the critical role of the board of directors in facilitating access to scarce resources and vital information, as emphasised in foundational works such as those by Boyd (1990) and Pfeffer and Salancik (1978). The theory posits that an organisation’s ability to thrive and achieve its objectives is significantly shaped by its access to critical external resources. Firms are not isolated entities; they operate within a

network of dependencies and interactions with their external environment, which often includes suppliers, customers, regulators, and other stakeholders.

To ensure their survival and competitive advantage, organisations adapt to and actively engage with their external environment. This involves strategies such as negotiating favourable terms, forming alliances, and restructuring operations to align with resource availability. According to RDT, this dynamic interaction allows firms to mitigate uncertainties, reduce dependence on external entities, and secure the essential resources needed for sustainable growth (Pfeffer & Salancik, 1978). The theory emphasises that an organisation's success is not solely determined by internal efficiencies or capabilities but is equally reliant on how effectively it manages its relationships with external entities that control these critical resources. This perspective has broad applications, particularly in understanding corporate strategies, governance structures, and decision-making processes in resource-intensive industries. This theory posits that when firms secure essential resources, they can navigate potential challenges more effectively, deter managerial opportunism, and enhance financial reporting quality (FRQ), as suggested by Hillman and Dalziel (2003).

Relevance of Resource Dependency Theory to this study

Within this framework, the Risk Management Committee (RMC) serves as a key resource provider, leveraging its expertise to bolster the firm's competitive edge, particularly in corporate risk management and the financial reporting process (Arthurs, Busenitz, Hoskisson, & Johnson, 2009). The presence of an RMC underscores its role as an internal monitoring mechanism, safeguarding the firm's resources while mitigating information asymmetry. This dual function of monitoring and resource provision aligns with RDT's view that such committees are integral to fostering transparency and accountability in governance processes (Pfeffer & Salancik, 1978). Furthermore, Hillman and Dalziel (2003) propose that integrating perspectives from RDT and agency theory offers a more comprehensive understanding of how corporate governance mechanisms, including the board and its committees, influence financial reporting quality. This combined approach underscores the RMC's pivotal role in enhancing both the governance and operational efficiency of organisations.

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Empirical Review

Dwekat, Taweel and Salameh (2025) examined the impact of board diversity, precisely age, nationality, and experience on the financial performance of 13 Palestinian banks and insurance companies listed on the Palestine Stock Exchange (PEX) from 2011 to 2022. Using a comprehensive panel data approach and controlling for endogeneity with a two-step system Generalized Method of Moments (GMM) estimator, the analysis explored how diverse board characteristics influence financial outcomes measured by ROA and ROE. The results revealed that while age diversity negatively impacts firm performance, experience diversity positively correlates, underscoring the importance of industry-specific expertise in financial governance.

Adnindya and Restuti (2025) examined how Environmental, Social, and Governance (ESG) performance affects firm financial performance, and how board diversity including gender, age, and educational background diversity moderates this relationship. Using data from Indonesian listed companies covering the period 2018–2022, the authors employed panel data regression analysis to test the direct impact of ESG on firm performance and the interaction effect of board diversity. The results indicated that ESG performance positively influences firm performance, and that board diversity strengthens this positive relationship, meaning firms with more diverse boards (in terms of age, gender, and education) gain greater financial benefits from ESG initiatives. The study concluded that board diversity plays a critical role in enhancing the value firms derive from ESG practices.

Zhao (2025) examined how board experience and expertise diversity influences corporate green technological innovation, focusing on the role of absorptive capacity as a moderating factor. The study aimed to determine whether differences in directors' professional and industry experiences enhance a firm's ability to develop and implement environmentally friendly technologies. Using panel data from Chinese manufacturing firms covering the period 2011–2022, the study employed panel regression and structural equation modeling (SEM) to analyze the relationships among board experience diversity, absorptive capacity, and green innovation performance. The findings showed that board experience/expertise diversity positively and significantly affects green technological innovation, and that absorptive capacity strengthens this relationship, implying that firms with stronger learning and knowledge assimilation capabilities benefit more from diverse board expertise.

Dagunduro et al. (2025) investigated how the risk management committee (RMC) attributes such as financial expertise influence the market performance as quantified by TobinQ of listed industrial goods in Nigeria. The research design was ex-post facto, utilizing secondary data on 13 listed firms in Nigeria that manufacture industrial goods. The sample was all 13 firms using a census sampling method. The data used covered a 14-year period between 2010 to 2023. Panel regression was used to test the hypotheses. The empirical test showed that financial knowledge has major adverse effects, meaning that too many gatherings and uncoordinated professional knowledge can slow down firm valuation. Also, financial skills on the board play the negative moderating role, showing the existence of overlaps in roles or inefficient governance when technical authority is concentrated.

Alam et al. (2025) investigated the relationship between board members' expertise in business, economics, or law and the financial performance of firms in Bangladesh. Based on a sample of 280 firm-years from listed banks in spanning from 2016 to 2023, the study employed OLS regression with multiple robustness tests to examine the research hypotheses. Grounded in resource dependency theory (RDT) and the resource-based view (RBV), the findings revealed a positive effect of board expertise, measured by the highest academic credentials (i.e., PhD) or professional qualifications, on firm performance. Moreover, board independence strengthens this positive relationship.

Rosia (2024) examined whether risk management committee can mediate the effect of board diversity on firm value. Board diversity was proxied with gender of the board of directors, age of the board of directors, and setting behind board of director education. The firm value was proxied with ratio Tobin's Q and the risk committee was measured with variable dummy. The study's population are manufacturing firms registered with ISSI for the 2020-2022 period. A total of 69 samples from 23 company data with method purposive sampling were sampled. The method of data analysis was the panel data regression. Research results showed that age of the board of directors has a positive significant on firm value, meanwhile board of director gender and setting behind education has no influential effect on firm value. Variable risk management committee was not capable of moderating the effect of gender and age of the board of directors, and setting behind education of the board of directors on firm value.

Dogandžić, Dokić, and Jovanović (2024) analyzed the relationship between structural diversity on boards of directors including age, gender, educational, and tenure diversity and firm performance among companies operating in the Republic of Serbia. Using a quantitative

research design and data from Serbian joint-stock companies between 2018 and 2022, the authors employed panel regression analysis to evaluate how different dimensions of board diversity influence financial performance indicators such as return on assets (ROA) and return on equity (ROE). The results indicated that structural diversity particularly age and educational diversity have a positive and statistically significant effect on firm performance, while gender diversity showed a weaker or mixed impact.

Ramadhan and Sitorus (2024) investigated the influence of gender, age, and educational diversity on the performance of companies in Indonesia. The study was grounded in the view that diverse boards of directors bring a variety of perspectives, experiences, and competencies that can improve corporate decision-making and financial outcomes. The research employed a quantitative approach using secondary data from Indonesian companies listed on the Indonesia Stock Exchange (IDX) over the period 2018–2022. The authors used multiple regression analysis to examine how different dimensions of board diversity affect company performance, which was measured using accounting-based indicators such as Return on Assets (ROA) and Return on Equity (ROE). The findings revealed that age diversity among board members positively influences firm performance. In contrast, gender and educational diversity show less consistent effects, indicating that not all forms of diversity contribute equally to firm outcomes.

Danso, Adusei, Sarpong-Danquah, and Boateng Prempeh (2024) investigated the effect of board expertise diversity on firm performance across Ghana, Kenya, and Nigeria. The study aimed to assess how variations in directors' professional backgrounds influence financial outcomes and whether firm age and size moderate this relationship. Anchored on Resource Dependence Theory, the study utilized panel regression analysis on data from 128 publicly listed companies over the period 2013–2020. The findings revealed that board expertise diversity has a positive and significant impact on firm performance when measured by return on assets (ROA), though its effect on Tobin's Q was not significant. Furthermore, the positive influence of expertise diversity was weaker in larger and older firms, indicating that contextual factors such as firm size and maturity shape the diversity–performance relationship in sub-Saharan Africa.

Fan (2024) explored how diversity in board members' industry expertise influences firms' strategic change and product market differentiation. The study aimed to determine whether having directors from varied industry backgrounds encourages innovation and adaptability in

corporate strategy. Drawing on upper echelons' theory, the research utilized dataset of publicly listed firms from the United States covering the period 2010–2020. The study applied panel regression analysis to evaluate the relationship between board industry expertise diversity, strategic change, and product differentiation. The findings revealed that firms with more diverse industry expertise on their boards tend to experience greater strategic change and produce more differentiated products. However, the positive effects were contingent upon the CEO's own industry background as firms led by CEOs with broad experience benefited more from such diversity.

Lee (2024) investigated how different types of board expertise backgrounds influence firm performance, focusing on whether specialized knowledge among directors contributes to better governance and financial outcomes. The study was grounded in Resource Dependence Theory and Human Capital Theory, which suggest that directors' diverse expertise can enhances decision-making quality and strategic oversight. Using panel data from publicly listed firms in South Korea over the period 2012–2021, the research employed fixed-effects regression analysis to examine the relationship between directors' financial, accounting, and industry expertise and firm performance, measured by return on assets (ROA) and Tobin's Q. The results revealed that firms with higher proportions of directors possessing financial and accounting expertise showed significantly better performance. However, the presence of industry-specific expertise alone did not consistently improve outcomes, suggesting that technical knowledge in finance and accounting is more critical for value creation.

Chen and Hsu (2024) investigated the impact of board expertise background on firm performance among publicly listed companies in Taiwan. The study aimed to assess how directors' financial, accounting, and industry-related expertise influence profitability and long-term sustainability. Grounded in Resource Dependence Theory and Human Capital Theory, the authors argued that a diverse range of expertise on the board enhances strategic decision-making, risk management, and corporate accountability. Using panel data from 2013 to 2021, the researchers applied generalized least squares (GLS) regression analysis to examine the relationship between board expertise diversity and firm performance, measured by return on assets (ROA) and Tobin's Q. The findings revealed that boards with a higher proportion of members possessing financial and accounting expertise significantly outperformed those with less specialized knowledge. Additionally, industry-specific expertise further strengthened sustainable financial performance.

Khan et al. (2024) investigated the impact of extensive board diversity on firm performance from the perspective of resource-based view (RBV) theory in the context of Pakistan. The analyses were made using a panel random-effects model and generalized method of moment (GMM) across 188 non-financial firms listed in the Pakistan Stock Exchange (PSX) over the period of 2009–2020. The results showed among other things that educational level/expertise diversities are significantly positively related to firm performance.

Rusadi and Zen (2023) explored how board age diversity and related age variables affect the financial performance of Indonesian companies listed in the ESG Sector Leaders IDX KEHATI index from 2018 to 2022. Using purposive sampling, 41 companies were selected, and panel data regression was applied. The study found that age diversity among board of commissioners (BOC) members was positively associated with return on assets (ROA), while the average age of the BOC was negatively associated with return on equity (ROE). Additionally, the presence of millennials on both the board of directors (BOD) and BOC combined was positively related to ROA. However, the study noted that board members' age does not significantly affect Tobin's Q, a market-based performance indicator.

Katsiampa, McGuinness, and Zhang (2023) investigated the impact of board age diversity on the financial performance of publicly listed FinTech firms across OECD countries, with a particular emphasis on the United Kingdom, United States, and major European FinTech markets. The study was motivated by the growing importance of effective corporate governance in the dynamic FinTech industry, where innovation and adaptability are crucial to competitiveness. Using a panel dataset covering 2010–2021 for publicly traded FinTech companies in these advanced economies, the authors apply panel regression models to test the relationship between board age diversity (measured as the dispersion in directors' ages) and firm financial performance, proxied by Tobin's Q and return on assets (ROA). The empirical results demonstrated that higher board age diversity significantly enhances firm performance.

Wu et al. (2023) examined the relationship between board diversity and firm performance using a sample of the top 73 nonfinancial sustainable firms across 13 European Union (EU) countries from 2016 to 2020. The study analyzed both structural (e.g., board independence) and demographic (e.g., age, gender, education, tenure, industry experience) diversity. Panel data regression methods were used for the main analysis, and robust checks were performed to validate the results. The findings showed that greater board diversity is significantly associated with better firm performance. Additionally, environmental, social, and governance

(ESG) disclosure both moderates and partially mediates the positive relationship, highlighting the importance of ESG practices in enhancing the benefits of board diversity.

Janahi, Millo, and Voulgaris (2023) investigated how board age diversity affects the monitoring role of corporate boards, focusing on the U.S. banking industry where managerial actions are often opaque. Using a large panel dataset of 7,005 bank–year observations covering the period 1999–2017, the authors test whether age-diverse boards are better at curbing opportunistic managerial behavior. Their results showed that greater age diversity among board members is associated with reduced earnings management, indicating improved monitoring quality and higher transparency in financial reporting. The study also found that age-diverse boards help lower loan risk exposure, further strengthening the evidence that board age diversity enhances the board's monitoring effectiveness.

Malek (2023) investigated the effect of directors' age diversity on firm performance among publicly listed companies in Malaysia. The study emphasizes that differences in directors' ages can shape how boards deliberate, strategize, and make decisions. Using a quantitative panel data analysis covering the period 2017–2021, the study examines the relationship between age diversity and financial performance indicators such as return on assets (ROA) and return on equity (ROE). The results show that age diversity has a positive and significant impact on firm performance, indicating that a balanced mix of younger and older directors improves board effectiveness, creativity, and firm outcomes.

Lestari, Rahayu, and Widyarini (2023) examined the effect of board age diversity on firm value, with sustainability reporting disclosure serving as an intervening variable. The research focused on non-financial companies listed on the Indonesia Stock Exchange (IDX) and used data covering the period 2018–2021. Employing quantitative analysis through Structural Equation Modeling (SEM), the study tested both the direct and indirect relationships between board age diversity, sustainability reporting disclosure, and firm value. The findings showed that board age diversity positively and significantly influences sustainability reporting disclosure. Furthermore, sustainability disclosure mediates the relationship between age diversity and firm value.

Githaiga and Kosgei (2023) investigated the influence of board characteristics on sustainability reporting among listed firms in East Africa. The study used a sample of 79 listed firms drawn from East African securities exchanges and data from 2011 to 2020.

Sustainability reporting was measured using Global Reporting Initiative, and the data were analyzed by using three-panel data estimation models – fixed effect, random effect and the generalized method of moments. The results revealed board financial expertise is positively and significantly associated with sustainability reporting.

Oliveira and Zhang (2022) investigated the global trends and determinants of board gender and age diversity in publicly listed firms. The study aimed to understand how corporate governance characteristics, firm-specific factors, and country-level institutional frameworks influence the composition of corporate boards in terms of gender and age diversity. Using an extensive international dataset of firms from 41 countries spanning the period 2004–2019, the authors analyzed both time-series and cross-country variations in board diversity. Employing panel regression techniques, the study explored how economic development, legal origins, cultural norms, and governance quality affect the level and evolution of gender and age diversity on boards. The findings revealed that board age diversity has increased steadily over time, although at a slower pace than gender diversity. The results also showed that firms in countries with stronger investor protection, better governance systems, and higher gender equality tend to have more age-diverse boards. Additionally, firm size, industry characteristics, and ownership structures are found to significantly shape diversity outcomes.

Gardiner (2022) employed a systematic review of 54 empirical papers from 1996 to 2022 to investigate whether board member age diversity influences a firm's financial and non-financial outcomes. Analysis of the extant research revealed board member age diversity to be an inconsistent predictor of both the financial and non-financial performance of a firm. Apart from CSR performance, which was found to more consistently be positively associated with age diversity, most studies included in the review failed to identify age diversity as a significant predictor of firm outcomes, however several positive, negative and curvilinear relationships were found by some studies.

Xu, Fernando, and Schneible (2022) investigated how the age diversity of a top management team (TMT) impacts both firm performance and the managerial ability of the TMT in US firms using a large, multi-year dataset. Using regression and mediation analyses, the authors found a negative relationship between age diversity and firm performance, as well as between age diversity and managerial ability. Importantly, the negative effect of age diversity on firm performance was shown to be mediated by managerial ability. The study also revealed that

this relationship was context-specific: during times of financial crisis, the negative impact of age diversity on performance is lessened.

Nguyen and Li (2022) examined the impact of board expertise background on firm performance, focusing on how directors' educational, professional, and industry experiences contribute to effective governance and profitability. Grounded in Resource Dependence Theory, the study made use of panel data from Chinese listed firms covering the period 2010–2019. The authors employed fixed-effects regression analysis to explore how different types of expertise particularly financial, accounting, and industry-specific experience affect firm performance indicators such as return on assets (ROA) and Tobin's Q. The findings revealed that financial and accounting expertise among board members significantly improves firm profitability and market valuation, while general or unrelated expertise had limited effects.

Di, An & Yao (2022) conducted a meta-analytic review titled *"Finding the Key to the Black Box of Board Diversity and Firm Performance."* The study aimed to synthesize existing empirical evidence on how various dimensions of board diversity expertise or experience diversity influence firm performance. The authors sought to clarify the inconsistent findings across prior studies and to identify the mechanisms through which diversity contributes to organizational outcomes. Drawing from Upper Echelons Theory and Resource-Based Theory, the study analyzed data from 120 peer-reviewed articles published between 2000 and 2021. The authors employed meta-regression and structural equation modeling to explore both direct and indirect relationships between board diversity dimensions and firm performance indicators such as return on assets (ROA), Tobin's Q, and innovation output. The findings revealed that expertise and experience diversity among board members significantly enhance firm performance by improving decision quality, fostering innovation, and strengthening strategic oversight.

Arioglu (2021) investigated whether board age diversity affects company financial performance and risk, and whether diverse work-related values held by directors of different ages are the underlying cause of any effects via a sample of listed companies from Turkey, which has a collectivistic and paternalistic culture. In order to investigate these effects, various 2 Stage Least Squares Instrumental Variables models were employed. In addition, to investigate through which channels age diversity may affect company performance, directors' personal values were also considered via propensity score matching. Even though directors' values were not observable, it was assumed that their ages reflect their values. For that

purpose, the study utilized the World Value Survey data. The findings suggested that board age diversity has a positive effect on both company performance and risk, but do not suggest that intra-group conflicts in terms of work-related values are the underlying causes of this positive effect.

Agyei-Mensah (2021) investigated the influence of board characteristics on firms' investment decisions. The study used data sourced from annual reports of firms listed on the Ghana Stock Exchange from 2014 to 2018. Descriptive analysis was performed to provide the background statistics of the variables examined. This was followed by a regression analysis which forms the main data analysis. The multiple regression analysis result indicated that financial experts on the board is negatively related to firm investment. These findings imply that financial experts on the board can help firms reduce overinvestment and improve investment efficiency.

MATERIALS AND METHODS

The *ex-post facto* research design was employed in this study. The population comprised licensed DMBs with international, universal, group and specialized authorization in Ghana, Nigeria and South Africa as of January 2025. Therefore, the target population for this study consisted of 29 commercial banks operational in Ghana, Nigeria and South Africa; from information obtained from the Nigerian Exchange Group (NGX), Bank of Ghana, and Johannesburg Stock Exchange (2025). This approach ensured the most comprehensive analysis of risk management approaches and financial performance across varied industries, as these major players have the greatest national coverage and market influence compared to smaller niche competitors.

Table 1: Licensed Commercial Banks in Nigeria with International Authorization

S/N	Bank Name	License Type
1	Access Bank Plc	Commercial Banking with International Authorisation
2	Fidelity Bank Plc	Commercial Banking with International Authorisation
3	First Bank of Nigeria Limited	Commercial Banking with International Authorisation
4	First City Monument Bank Limited	Commercial Banking with International Authorisation
5	Guaranty Trust Bank Plc	Commercial Banking with International Authorisation
6	Union Bank of Nigeria Plc	Commercial Banking with International Authorisation
7	United Bank for Africa Plc	Commercial Banking with International Authorisation
8	Zenith Bank Plc	Commercial Banking with International Authorisation
9	Citibank Nigeria Limited	Commercial Banking with International Authorisation
10	Ecobank Nigeria Limited	Commercial Banking with International Authorisation

Source: Central Bank of Nigeria (2024)

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Table 2: Licensed Commercial Banks in Ghana

S/N	Bank Name	License Type
1	Absa Bank Ghana Limited	Universal Banking License
2	Access Bank (Ghana) PLC	Universal Banking License
3	Bank of Africa Ghana Limited	Universal Banking License
4	Ecobank Ghana PLC	Universal Banking License
5	FBNBank (Ghana) Limited	Universal Banking License
6	First National Bank (Ghana) Limited	Universal Banking License
7	Guaranty Trust Bank (Ghana) Limited	Universal Banking License
8	Republic Bank (Ghana) PLC	Universal Banking License
9	Société Générale Ghana PLC	Universal Banking License
10	Stanbic Bank Ghana Limited	Universal Banking License
11	Standard Chartered Bank Ghana Limited	Universal Banking License
12	United Bank for Africa (Ghana) Limited	Universal Banking License
13	Zenith Bank (Ghana) Limited	Universal Banking License

Source: Bank of Ghana's official website (2024)

Table 3: Licensed Banks Listed on the Johannesburg Stock Exchange (JSE)

S/N	Bank Name	License Type
1	FirstRand Limited	Banking Group License
2	Capitec Bank Holdings Limited	Banking License
3	Standard Bank Group Limited	Banking Group License
4	Absa Group Limited	Banking Group License
5	Nedbank Group Limited	Banking Group License
6	Finbond Group Limited	Specialised Banking License

Source: Johannesburg Stock Exchange (2025)

The judgemental sampling technique being a type of non-probability sampling method was used to select twelve (12) banks that were sampled. The selection was based on the banks that have their annual reports on their websites for the period under study. The banks that formed part of the sample size were six from Nigeria (Access Bank Nig, Fidelity Bank, Guarantee Trust Bank, United Bank for Africa, Wema Bank and Zenith Bank), three from Ghana (Access Bank Ghana, Standard Chartered Bank and Republic Bank) and three from South-Africa (Capitec Bank, NedBank and FinBond Bank).

In line with the prior research, this study adapted and modified the model of Yahaya and Yakubu (2022) to determine the nexus of risk management and financial performance. This is shown below:

$$RM_{i,t} = \beta_0 + \beta_1 RCP_{i,t} + \beta_2 RCS_{i,t} + \beta_3 RCI_{i,t} + \beta_4 RCGD_{i,t} + \beta_5 RCM_{i,t} + \beta_6 LAGE_{i,t} + \beta_7 ACS_{i,t} + \beta_8 BSZ_{i,t} + \varepsilon_{i,t} \quad \text{.....eqn1}$$

Where:

RM = Risk management

RCP = Risk committee presence

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RCS	=	Risk committee size
RCI	=	Risk committee independence
RCGD	=	Risk committee gender diversity
RCM	=	Risk committee meetings
LAGE	=	Listing age of the bank
ACS	=	Audit committee size
BSZ	=	Board committee size
β_0	=	Model constant
β_{1-8}	=	Beta coefficients
i,t	=	Firm and year scripts
ε	=	Idiosyncrasy error term

The adapted model of Yahaya and Yakubu (2022) for our study is stated in the functional form as: ROA = f(RMCAD, RMCFED)

The econometric form of the model is stated below as:

$ROA_{it} = \alpha_0 + \beta_1 RMCAD_{it} + \beta_2 RMCFED_{it} + \beta_3 FSIZ_{it} + \beta_4 FAGE_{it} + \varepsilon_{it}$ ..... Eqn 2

Where:

ROA	=	Return on assets
RMCAD	=	Risk Management Committee Age Diversity
RMCFED	=	Risk Management Committee Financial Expertise Diversity
FSIZ	=	Firm size
FAGE	=	Firm age
α_0	=	Model constant
β_{1-7}	=	Beta coefficients
it	=	Firm and year scripts
ε	=	Idiosyncrasy error term

Data sourced from the Annual Reports and Accounts of the selected banks in Nigeria, Ghana and South Africa for the years 2014 to 2024 were used for the relevant computations carried out and further subjected to statistical analysis using the panel least squares regression analysis to examine the relationships between variables through the stata version 17 statistical software. The decision was based on a 5% (0.05) level of significance. The null hypothesis (Ho) will be accepted if the Prob (F-statistic) value is greater than the stated 5% level of significance; otherwise rejected.

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RESULTS AND DISCUSSIONS

Test of Hypotheses

Hypothesis One

H_{01}: Board risk management committee age diversity has no significant effect on the Return on Assets (ROA) of listed DMBs in Nigeria, Ghana and South Africa.

H_{i1}: Board risk management committee age diversity significantly affects the Return on Assets (ROA) of listed DMBs in Nigeria, Ghana and South Africa.

Table 4 Regression Analysis result on Board Risk Committee Age diversity

Source	SS	df	MS	Number of obs	=	132
				F(1, 130)	=	18.25
Model	56.3148952	1	56.3148952	Prob > F	=	0.0000
Residual	401.126391	130	3.08558763	R-squared	=	0.1231
				Adj R-squared	=	0.1164
Total	457.441287	131	3.49191822	Root MSE	=	1.7566

ROA	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
Age_Diversity	.29	.0678821	4.27	0.000	.1557034	.4242967
_cons	1.041996	.390148	2.67	0.009	.2701349	1.813857

Source: STATA ver 17.

The t-statistics of Table 4 stood at 4.27 indicating a strong and positive effect of board risk management committee age diversity on the performance of the selected deposit money banks in Nigeria, Ghana and South Africa. The coeeficient outcome of 0.29 which is greater than the 5% level of significance showed that the said effect exacted by the board risk management committee age diversity on the performance of the selected deposit money banks is statistically insignificant. And since the p-value of 0.000 in table 4, which is less than the margin of error of 0.05, the alternate hypothesis is therefore accepted and this means that Board risk management committee age diversity has strong, positive but insignificant effect on the Return on Assets (ROA) of listed DMBs in Nigeria, Ghana and South Africa. (t-statistic 4.27; coeffiecient 0.29; p-value 0.000 at 5% level of significance).

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The insignificance of age diversity is consistent with findings from recent studies that report mixed or null effects due to potential communication gaps and differences in risk preferences across age groups (Nadeem et al., 2020; Salancik et al., 2021).

Hypothesis Two

H_{02}: Board risk management committee financial expertise diversity has no significant effect on the Return on Assets (ROA) of listed DMBs in Nigeria, Ghana and South Africa.

H_{i2}: Board risk management committee financial expertise diversity significantly affects the Return on Assets (ROA) of listed DMBs in Nigeria, Ghana and South Africa.

Table 5 Regression Analysis result of Board risk committee financial expertise

Source	SS	df	MS	Number of obs	=	132
				F(1, 130)	=	2.03
Model	7.03568055	1	7.03568055	Prob > F	=	0.1565
Residual	450.405606	130	3.46465851	R-squared	=	0.0154
				Adj R-squared	=	0.0078
Total	457.441287	131	3.49191822	Root MSE	=	1.8614

ROA	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
FinancialExpertise_Diversity	1.329329	.9328452	1.43	0.157	-.5161938	3.174851
_cons	2.117103	.3601328	5.88	0.000	1.404623	2.829583

Source: STATA ver 17.

Results from Table 5 sjowed that the t-statistics of 1.43 implying a strong and positive effect of board risk management committee financial expertise diversity on the performance of the selected deposit money banks in Nigeria, Ghana and South Africa. The coeeficient indicator of 1.329 which is greater than the 5% level of significance showed that the said effect exacted by the board risk management committee financial expertise diversity on the performance of the selected deposit money banks is statistically insignificant. And since the p-value of 0.1.57 in table 5, which is greater than the margin of error of 0.05, the null hypothesis is therefore accepted and this means that Board risk management committee financial expertise diversity has a positive but statistically insignificant effect on the Return on Assets (ROA) of listed

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DMBs in Nigeria, Ghana and South Africa. (t-statistic 1.43; coeffiecient 1.329; p-value 0.157 at 5% level of significance).

This aligns with contemporary evidence that committees with a broader distribution of financial skills make better strategic and risk-related decisions (Almaqtari et al., 2021; Fernandes et al., 2023). Prior studies increasingly emphasizes that firms operating in complex and highly regulated environments such as banks benefit from financial experts who enhance transparency, auditing quality, and financial oversight. Although the effect in this study is only marginal, the direction of influence is consistent with recent literature underscoring the importance of financial literacy on boards.

CONCLUSIONS AND RECOMMENDATIONS

Financial expertise diversity also showed a positive though marginally significant influence on performance, indicating that depth and breadth of financial knowledge within the BRMC strengthen the bank's capacity to evaluate complex risk exposures. Conversely, demographic diversity attribute such as age did not show significant effects on financial performance. This finding implies that while demographic representation remains important for inclusiveness and governance legitimacy, it may not directly enhance risk-related decision processes unless accompanied by functional expertise and experience.

On the premise of these study findings, the following recommendations were made:

1. Banks should therefore emphasize task-relevant age diversity, ensuring that age differences translate into varied cognitive viewpoints, technological awareness, and risk perception strengths.
2. banks should prioritise appointing BRMC members with varied and deep financial backgrounds. Regulators such as the Central Bank of Nigeria, Bank of Ghana, and South African Reserve Bank should also introduce minimum financial expertise requirements to ensure that committees possess a balanced mix of risk-related competencies.

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