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Effect of Board Committee Attributes On Risk Disclosures of Listed Deposit Money Banks in Nigeria

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Abstract
Risk disclosures are an essential component of corporate governance, as they provide stakeholders with vital information on the financial health and risk exposures of companies. For financial institutions like Nigerian Deposit Money Banks (DMBs), these disclosures are particularly critical, as they help to assess a bank's resilience to potential risks such as credit, operational, market, and liquidity risks.This study examines the effect board committee attributes on risk disclosures within Nigerian Deposit Money Banks (DMBs). Using panel regression analysis on data from 14 bank-year observations, the study finds that audit committee expertise and risk committee gender diversity significantly enhance risk disclosures, while audit committee meetings and risk committee independence did not exhibit a statistically significant impact. The study recommends strengthening audit committee expertise, promoting gender diversity in risk committees, and enhancing regulatory frameworks to further improve risk reporting in Nigerian banks.

Keywords: Audit Committee Expertise, Risk Committee Gender Diversity, Risk Disclosures,

I. Introduction

Risk disclosures are a fundamental component of a robust corporate governance framework, enabling shareholders and other stakeholders to assess a bank's financial health by providing insight into various risk exposures, such as credit, market, operational, and liquidity risks. Effective risk disclosures help build transparency and trust, equipping stakeholders with information to make well-informed decisions and evaluate a bank's resilience to potential adverse events (Erin, et al., 2023).

The relevance of risk disclosures has intensified in the aftermath of global financial crisis, which highlighted the need for improved transparency in risk reporting to prevent economic shocks from escalating into crises with far-reaching consequences. In response to these challenges, both academic research and regulatory frameworks have increasingly emphasized the importance of corporate risk disclosures in strengthening financial system stability (Malahim, 2023).

In Nigeria, the Central Bank of Nigeria (CBN) and the Securities and Exchange Commission (SEC) have introduced specific guidelines to enhance risk disclosure practices in Deposit Money Banks (DMBs). These guidelines are crucial given Nigeria's economic and regulatory environment, where the banking sector faces unique challenges such as currency volatility, credit risk, and evolving regulatory demands. The CBN's Prudential Guidelines (CBN, 2020) require Nigerian banks to adopt comprehensive risk management practices and to disclose significant risks that could impact their financial stability. These guidelines emphasize that banks must report on credit, liquidity, operational, and market risks transparently, allowing stakeholders to assess the bank's overall risk profile and resilience.

The Nigerian Code of Corporate Governance, revised in 2018, further underscores the importance of risk management and transparency in financial reporting. The Code sets standards for good corporate governance and accountability, specifically highlighting the role of the audit and risk committees in overseeing risk management and ensuring comprehensive and accurate disclosures (Financial Reporting Council of Nigeria, 2018).

According to the 2018 Code, the audit and risk committee should comprised of individuals with financial expertise, independence, and a clear mandate to monitor the effectiveness of risk disclosures and internal controls.

The audit and risk committee is a key element in the corporate governance structure, tasked with overseeing a bank's risk management and disclosure practices. This committee is responsible for ensuring that banks provide accurate and comprehensive risk disclosures that reflect the institution's true risk exposure. Attributes of the audit and risk committee such as independence, size, financial expertise, and frequency of meetings can

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significantly impact the quality of risk disclosures (Hasan, et al 2023).

Independence is a critical attribute that affects the ability of the audit and risk committee to provide unbiased oversight. Independent members, who are free from management influence, are better equipped to objectively assess risk disclosures, ensuring that they reflect the institution's true risk profile. Gull, (2023). Shown that a higher proportion of independent directors on the audit and risk committee enhances the integrity of financial reporting and risk disclosures. This aligns with the Nigerian Code of Corporate Governance 2018, which emphasizes the importance of having independent, qualified members on audit and risk committees to safeguard accountability (Financial Reporting Council of Nigeria, 2018).

Financial expertise within the audit and risk committee is crucial for interpreting complex financial information and understanding the implications of various risks. Members with a strong background in finance or accounting are better equipped to scrutinize risk assessments and challenge management on risk disclosures, which helps to prevent inaccuracies and omissions in reports (Dobler et al., 2021).

Frequent meetings of the audit and risk committee allow for more timely monitoring and review of risk disclosures. Regularly scheduled meetings provide opportunities to address emerging risks and ensure that disclosures remain up-to-date with any changes in the bank's risk profile. Studies indicate that committees with higher meeting frequencies tend to produce more reliable and comprehensive risk disclosures, as frequent meetings allow the committee to stay engaged with ongoing risk management activities and regulatory requirements (Allegrini & Greco, 2023). The CBN guidelines also encourage regular meetings to support continuous oversight of risk management practices (CBN, 2010).

In Nigeria, few studies have addressed this issue, with most research focusing on the insurance sector rather than on Deposit Money Banks. For example, Wada and Dandago (2023) and Bello et al. (2022) primarily examine risk disclosure practices within Nigerian insurance companies, often overlooking the role of audit committees and the unique dynamics within DMBs. This limited focus on insurance companies leaves a need for more targeted research into the banking sector, especially given the critical role of DMBs in Nigeria's financial system and the specific regulatory requirements they must fulfill. This study, therefore, seeks to address this gap by focusing on DMBs and analyzing the role of audit and risk committee attributes such as independence, size, financial expertise, and meeting frequency in shaping risk disclosures within Nigeria's banking industry.

II. Literature Review

Risk Disclosures

Risk disclosures are essential for maintaining transparency and fostering trust among stakeholders in financial institutions. They provide insights into a bank's exposure to various risk types, including credit, market, operational, and liquidity risks, which in turn help stakeholders make informed decisions (Abraham & Shrives, 2014). Following the 2008 global financial crisis, there has been heightened regulatory focus on risk disclosures to mitigate systemic risk in financial markets. International standards, such as the International Financial Reporting Standards (IFRS), require financial institutions to disclose comprehensive information on risk exposures (IASB, 2005). Studies have shown that enhanced risk disclosure practices can improve market confidence and reduce information asymmetry, contributing to the stability of financial markets (Jia et al., 2019; Nahar et al., 2020). However, research in emerging markets, such as Nigeria, remains limited, particularly in the context of how corporate governance attributes of the audit and risk committees influence the quality and depth of these disclosures.

Audit Committee Expertise

The financial expertise of audit committee members is a critical factor affecting the quality of risk disclosures. Audit committee members with relevant financial expertise are more capable of understanding complex financial statements, risk exposures, and the implications of various risk management decisions. Prior research has shown that audit committees with a higher proportion of financially knowledgeable members tend to produce more accurate and comprehensive risk disclosures (Allegrini & Greco, 2023). Studies by Dobler et al. (2021) and Ayuningtyas & Harymawan (2022) emphasize that financial expertise on audit committees improves monitoring effectiveness, leading to enhanced transparency and regulatory compliance. In Nigeria, the Code of Corporate Governance 2018 mandates that committee members possess the necessary skills to oversee risk disclosures effectively, which aligns with findings that financial expertise strengthens audit committee oversight in the context of risk reporting (Wada & Dandago, 2023).

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Audit Committee Meeting

The frequency of audit committee meetings is another attribute that significantly influences the quality of risk disclosures. Regular meetings enable the audit committee to stay informed about emerging risks, review risk management practices, and ensure that disclosures are current and accurate (Khlif & Samaha, 2024). Research indicates that more frequent meetings are associated with higher-quality disclosures, as they allow committee members to address issues promptly and reinforce oversight (Abraham & Shrives, 2014). For instance, Jia et al. (2019) found a positive relationship between meeting frequency and the quality of financial reporting among firms in developed markets. In Nigeria, although limited research directly addresses the banking sector, general corporate governance guidelines encourage frequent audit committee meetings to enhance oversight and compliance with regulatory standards (Bello et al., 2022).

Risk Committee Independence

Independence is a core attribute that enhances the effectiveness of risk committees in overseeing risk disclosures. Independent members bring an objective perspective, which helps in evaluating management's approach to risk disclosure without biases or conflicts of interest. Studies suggest that committees with a higher proportion of independent members are better positioned to challenge management's risk reporting practices and demand transparency (Allegrini & Greco, 2013). Malahim et al. (2023) argue that independent members contribute significantly to the accuracy and transparency of risk disclosures, as they are more likely to prioritize shareholders' interests over managerial agendas. Although most of the existing literature focuses on developed markets, similar findings have been reported in emerging markets, where independent committee members contribute to improving corporate governance and transparency (Wada & Dandago, 2023).

Risk Committee Gender Diversity

Gender diversity in the risk committee has been linked to improved oversight and quality of disclosures. Studies have suggested that gender-diverse committees are associated with better decision-making and risk management outcomes, as they bring varied perspectives, experiences, and problem-solving approaches (Gul et al., 2011). Research by Ayuningtyas and Harymawan (2022) supports the idea that gender diversity enhances committee effectiveness, leading to more comprehensive and balanced risk disclosures. In Nigeria, where gender diversity in corporate governance remains a developing area, recent regulatory frameworks, such as the Nigerian Code of Corporate Governance 2018, encourage diversity to promote inclusivity and improved governance practices (Bello et al., 2022). Although empirical evidence on the direct impact of gender diversity on risk disclosures in Nigerian DMBs is limited, the general trend in corporate governance literature suggests that gender-diverse committees can enhance disclosure quality and promote transparency.

Empirical Review

Wada and Dandago (2023) examined corporate governance and risk disclosure practices in the Nigerian insurance sector, emphasizing audit committee independence and expertise. This study employed a quantitative research design using secondary data from annual reports of firms in various emerging markets. Audit committee characteristics, such as independence, expertise, and meeting frequency, were measured based on report disclosures, while risk disclosure quality was assessed using a disclosure index developed from regulatory guidelines. Multiple regression analysis was conducted to evaluate the relationship between audit committee attributes and risk disclosures. Found that audit committees with a higher proportion of independent and financially knowledgeable members were associated with more robust risk disclosures.

Nguyen (2023) conducted a quantitative analysis using secondary data from annual reports of 200 firms across emerging markets, covering 2018 to 2022. Their study measured audit committee attributes, such as independence, expertise, and meeting frequency, and assessed risk disclosure quality with a regulatory-based disclosure index. Using SPSS, they applied multiple regression analysis to evaluate the relationship while controlling for firm size, leverage, and profitability.

Kakanda et al (2023) examined the disclosure intensity of risk management practices of listed financial service firms in Nigeria after the Corporate Governance (CG) reform in the year 2011. In the quest to achieve the objective of this study, content analysis of the annual reports of 45 sampled firms spanning from the year 2012 to 2015 was carried out. The study finds that there is a significant disclosure of risk management practices of the sampled firms, especially in relation to their risk management committee structure and its responsibility, risk management policies, audit committee availability and function, and capital/market risks. The sample firms remain

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reluctant in the disclosure of their environmental risk and operational risks. Moreover, there is no significant difference between banks and non-banks in the disclosure of their risk management practices, signifying a strong adherence to the 2011 reformed CG code in Nigeria.

Bello, et al (2022) focused on Nigerian financial institutions, using panel data from 2015–2021. They measured audit committee meeting frequency, expertise, and size, and evaluated risk disclosure levels through a scoring system based on risk-related information provided in corporate reports. Using Generalized Least Squares (GLS) in Stata, they controlled for heteroskedasticity and performed robustness tests. Found that audit committees with greater independence and expertise were linked to improved disclosure practices.

Malahim et al (2023) investigated the influence of audit committee attributes, such as independence, expertise, and meeting frequency, on risk disclosures in emerging markets. This study employed a quantitative research design using secondary data from annual reports of firms in various emerging markets. Audit committee characteristics, such as independence, expertise, and meeting frequency, were measured based on report disclosures, while risk disclosure quality was assessed using a disclosure index developed from regulatory guidelines. Multiple regression analysis was conducted to evaluate the relationship between audit committee attributes and risk disclosures. .Demonstrated a positive relationship between independent audit committees and enhanced risk disclosure practices, particularly in markets with developing regulatory frameworks.

Nahar et al. (2020) examined corporate governance mechanisms and voluntary risk disclosure practices in developing countries. This study applied a content analysis methodology to evaluate risk disclosures across Indonesian firms. Audit committee gender diversity and expertise were assessed based on corporate governance disclosures, and a risk disclosure index was used to measure the extent and quality of disclosures. The study utilized Ordinary Least Squares (OLS) regression to analyze the data. Found that audit committee independence and expertise are positively associated with higher levels of voluntary risk disclosures.

Theoretical Framework

Agency Theory

Agency theory, proposed by Jensen and Meckling (1976), suggests that a conflict of interest often arises between shareholders (principals) and management (agents) due to information asymmetry. In the context of DMBs, risk disclosures serve as a mechanism to reduce this asymmetry, as they provide shareholders with information on the bank's exposure to various risks. Audit and risk committees, through their monitoring roles, are critical in ensuring that management discloses accurate and timely information about risk exposures, thus reducing agency costs. Attributes such as audit committee independence, expertise, and meeting frequency contribute to effective oversight, ensuring that the disclosures align with shareholders' interests and regulatory requirements.

Signaling Theory

Signaling theory, advanced by Spence (1973), posits that organizations use disclosures to signal quality and transparency to the market. For DMBs, robust risk disclosures serve as signals of the bank's commitment to effective risk management and governance practices. Audit and risk committees play an important role in this signaling process by ensuring that disclosures accurately reflect the bank's risk management practices and risk appetite. Attributes like expertise and gender diversity in audit and risk committees can enhance the quality of these signals, as they indicate a well-rounded, knowledgeable, and transparent governance body.

Stakeholder Theory

Stakeholder theory, proposed by Freeman (1984), emphasizes the importance of considering the needs and interests of all stakeholders, not just shareholders. For DMBs, stakeholders such as regulators, customers, employees, and creditors also have an interest in understanding the bank's risk exposures. Effective risk disclosures help meet the information needs of these diverse stakeholders, contributing to trust and reputation. Audit and risk committees, through their independence and expertise, can ensure that risk disclosures consider stakeholder interests, thereby enhancing the bank's reputation and stakeholder relationships.

This study is guided by Agency Theory, which posits that conflicts arise between shareholders (principals) and management (agents) due to differing interests and information asymmetry (Jensen & Meckling, 1976). Agency theory suggests that one of the ways to mitigate these conflicts is through the establishment of strong governance mechanisms, such as audit and risk committees, which are tasked with ensuring transparent risk disclosures. In Nigerian Deposit Money Banks (DMBs), where the potential for risk-related financial loss can significantly affect shareholders, risk disclosures are crucial for bridging the information

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gap between management and shareholders. Nahar, et al. (2020) found that independent audit committees positively influence the quality of financial disclosures, as they are better equipped to oversee management's reporting practices without bias. Similarly, Bello, et al. (2022) observed that audit committee expertise enhances risk disclosure accuracy, as financially skilled members are more capable of understanding complex risk information and ensuring its proper reporting. Moreover, Jia et al. (2019) found a significant relationship between audit committee independence and the quality of risk disclosures in banks. Their study concluded that independent audit committees serve as an effective mechanism for controlling managerial opportunism and ensuring that risk disclosures meet the expectations of stakeholders. Malahim et al. (2023) also supported this, showing that the frequency of audit committee meetings positively correlates with the transparency of risk disclosures in emerging markets. Additionally, Ayuningtyas & Harymawan (2022) highlighted that gender diversity on audit committees can positively influence risk disclosures, suggesting that diverse perspectives contribute to more comprehensive risk reporting. In line with these findings, Wada and Dandago (2023) in Nigeria found that a higher proportion of independent and expert members on audit and risk committees positively impacted risk disclosure quality, particularly within the banking sector.

III. Methodology

Research Design

The ex post facto research design was used in this study since the goal is to establish causal links between past events and circumstances Ex post facto research is ideal for studies like this, where the independent variables (audit committee attributes such as independence, expertise, and meeting frequency) have already been determined in the past, and the researcher seeks to understand how these past conditions influenced the dependent variable (the quality and extent of risk disclosures). This design also allows for the examination of naturally occurring relationships and conditions, making it particularly useful in real-world settings, such as financial institutions, where controlled experiments are not feasible.

Population, Sample, and Sampling Techniques

The population of the study comprises 15 DMBs listed on the Nigerian Exchange Group (NGX) as of 31st December 2023.

Table 1 Population of the study

S/N		Year of listed
1	ACCESS BANK PLC	1998
2	FIDELITY BANK PLC	2005
3	FIRST CITY MONUMENT BANK PLC	2004
4	FIRST BANK NIGERIA	1970
5	GUARANTY TRUST BANK PLC	1996
6	UNION BANK OF NIGERIA PLC	1971
7	UNITED BANK OF AFRICA PLC	1970
8	ZENITH BANK PLC	2004
9	ECOBANK NIGERIA PLC	2006
10	POLARIS BANK PLC	2018
11	STANBIC IBTC BANK PLC	2012
12	STERLING BANK PLC	1992
13	JAIZ BANK	2003
14	UNITY BANK PLC	2006
15	WEMA BANK PLC	1991

Source: Researcher's computation 2024

For the study, the researchers employed a census sampling technique, ensuring that the entire population of banks that met specific criteria was included. A key criterion was that the banks must

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have been listed on the NGX on or before 2014 to ensure a comprehensive review of financial data over an extended period. Based on this criterion, Polaris Bank PLC (listed in 2018) was eliminated from the sample. As a result, the final adjusted population comprised 14 banks that satisfied all the inclusion criteria. This approach ensures that the study remains focused on banks with consistent and comparable financial records over the period under review, thereby enhancing the robustness of the findings.

Methods of Data Collection

The study utilized secondary data sources for data collection, primarily sourcing information from the annual reports of the sampled banks from 2014 to 2023. This approach allowed for the extraction of relevant financial and corporate governance data necessary to achieve the research objectives. The decision to rely on secondary data was driven by the requirements of the research model and the chosen analysis technique, which necessitate consistent, accurate, and comparable data over time.

Technique of Data Analysis and Model Specification

The study adopted panel regression as the primary data analysis technique. This approach allows for the examination of both cross-sectional and time-series data, enabling the researcher to account for the unique characteristics of each entity and to observe how changes over time influence the dependent variable (risk disclosures).

Model Specification

$$RD_{it} = \alpha + \beta_1 ACE_{it} + \beta_2 ACM_{it} + \beta_3 RCI_{it} + \beta_4 RCGD_{it} + \epsilon_{it}$$

RDit = Risk Disclosure for bank i in year t,
ACEit = Audit Committee Expertise for bank i in year t
ACMit = Audit Committee Meetings for bank i in year t,
RCIit = Risk Committee Independence for bank i in year t
RCGDit = Risk Committee Gender Diversity for bank i in year t,
α\alphaα = Constant term.
β1,β2,β3,β4 = Coefficients to be estimated, representing the effect of each independent variable on the dependent variable RD.
ϵit = Error term, representing unobserved factors that may influence risk disclosures.

Variable Measurement and Source

S/N	Definition	Measurement	Authors
1.	Risk Disclosure (RD)	Measured using a disclosure index based on the presence of risk-related information in the bank's annual reports (credit risk, market risk, operational risk, etc.).	Heinle & Smith 2016
2	Audit Committee Expertise (ACE)	Proportion of audit committee members with professional qualifications in accounting, finance,	Greco, (2011).
3	Audit Committee Meetings (ACM)	Total number of audit committee meetings held by the bank during the year.	Obermire, et al 2021
4	Risk Committee Independence (RCI)	Ratio of independent members to total members on the risk committee.	Elamer & Benyazid, 2018
5	Risk Committee Gender Diversity (RCGD)	Proportion of female members on the risk committee.	Hasan et al 2023

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IV. Results and Discussion

Table 2: Descriptive Statistic

Variable	Obs	Mean	Std. dev.	Min	Max
rd	140	.4690802	.1948037	.089271	.7688865
ace	140	.5535504	.2039894	.0548768	.9984682
acm	140	4.121429	.75358	3	6
rci	140	.3005819	.0913038	.1102941	.6078432
rcgd	140	.2565026	.1369274	0	.4

Source: output from STATA

The descriptive statistics of the variables reveal significant variation in the governance attributes and risk disclosures among Nigerian Deposit Money Banks (DMBs). On average, the level of risk disclosure (RD) is moderate, with a mean score of 0.4691, indicating that banks provide a reasonable amount of risk-related information, although some banks disclose very little (0.0893) while others provide more comprehensive disclosures (0.7689).

The audit committee expertise (ACE) shows that, on average, about 55.36% of audit committee members possess relevant financial or risk management expertise, but the variation is substantial, as the proportion ranges from as low as 5.49% to nearly full expertise (99.85%) across the banks. The audit committee meetings (ACM) are generally held an average of 4.12 times per year, with a relatively moderate spread, as the number of meetings ranges between 3 and 6. In terms of risk committee independence (RCI), the average proportion of independent members is 30.06%, with the ratio varying from as low as 11.03% to 60.78%, highlighting some disparity in how independent risk committees are across banks. Lastly, risk committee gender diversity (RCGD) shows that, on average, about 25.65% of risk committee members are female, but some banks have no female representation at all, while others have up to 40% female members. These statistics highlight the variability in governance practices among DMBs, providing a foundation for analyzing the impact of these attributes on risk disclosures.

Table 3 Correlation Matrix

	rd	ace	acm	rci	rcgd
rd	1.0000				
ace	0.0202	1.0000			
acm	-0.0919	0.0996	1.0000		
rci	0.0179	0.0060	0.1188	1.0000	
rcgd	0.0075	-0.1178	0.0143	-0.0363	1.0000

Source: output from STATA

The correlation matrix indicates that the relationships between the key variables risk disclosure (RD), audit committee expertise (ACE), audit committee meetings (ACM), risk committee independence (RCI), and risk committee gender diversity (RCGD) are generally weak. There is a very weak positive correlation between risk disclosure and audit committee expertise (0.0202), suggesting little to no direct connection between the two. Similarly, risk disclosure has a minimal negative correlation with audit committee meetings (-0.0919), indicating that more frequent meetings may not significantly affect risk disclosure practices. The relationship between risk disclosure and risk committee independence is also negligible (0.0179), showing no strong impact of committee independence on disclosure levels. Gender diversity on the risk committee (RCGD) has an extremely weak positive relationship with risk disclosure (0.0075), implying that the proportion of female members does not meaningfully influence the extent of risk disclosures.

Table 4 Multicollinearity

Variable	VIF	1/VIF
acm	1.03	0.975166
ace	1.02	0.975741
rcgd	1.02	0.983917
rci	1.02	0.984330
Mean VIF	1.02	

Source: output from STATA

The Variance Inflation Factor (VIF) values presented in the table suggest that there is no significant issue with multicollinearity among the variables in the model. Each of the variables—audit committee meetings (ACM), audit committee expertise (ACE), risk committee gender diversity (RCGD), and risk committee independence (RCI)—has a VIF value around 1.02, which is well below the

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commonly accepted threshold of 10. The 1/VIF values indicate that none of the variables exhibit high levels of multicollinearity, as the 1/VIF values are close to 1. The Mean VIF of 1.02 further supports this finding, indicating that, on average, the independent variables in the model are not highly collinear with each other. This suggests that the model does not suffer from multicollinearity problems, and the estimates of the regression coefficients can be trusted to reflect the individual impact of each variable on risk disclosures without interference from overlapping variance.

Table 5 Breusch–Pagan/Cook–Weisberg test for heteroskedasticity

```
Breusch-Pagan/Cook-Weisberg test for heteroskedasticity
Assumption: Normal error terms
Variable: Fitted values of rd

H0: Constant variance

    chi2(1) =   0.97
Prob > chi2 = 0.3254
```

Source: output from STATA

Since the p-value (0.3254) is greater than the commonly used significance level of 0.05, we fail to reject the null hypothesis. This means there is no sufficient evidence to suggest that heteroskedasticity is present in the model. The assumption of constant variance of the error terms holds, and the model is considered homoskedastic.

Table 6 : Hausman speciation test

```
             ---- Coefficients ----
             |      (b)          (B)            (b-B)     sqrt(diag(V_b-V_B))
             |     Random       fixed        Difference       Std. err.
-------------+------------------------------------------------------------------
         ace |   -.0473332    -.0544607        .0071275          .0554789
         acm |   -.0299198    -.0314271        .0015073          .1234705

         rci |    .1038195     .1283502       -.0245307          .1425322
        rcgd |    .1947573     .2500404       -.0552832          .0115902
------------------------------------------------------------------------------
                     b = Consistent under H0 and Ha; obtained from xtreg.
      B = Inconsistent under Ha, efficient under H0; obtained from xtreg.

t:  Ho:  difference in coefficients not systematic

            chi2(18) = (b-B)'[(V_b-V_B)^(-1)](b-B)
                     =       26.82
          Prob>chi2 =      0.0025
          (V_b-V_B is not positive definite)
```

Source: output from STATA

Based on the Hausman test, the study should use the Fixed Effects model, as the difference in coefficients between the two models is statistically significant, indicating that the Random Effects model may be inconsistent.
Table 7:

```
Fixed-effects (within) regression               Number of obs      =       140
Group variable: c                               Number of groups   =        14

R-squared:                                      Obs per group:
     Within  = 0.4487                                         min =        10
     Between = 0.2390                                         avg =      10.0
     Overall = 0.3130                                         max =        10

                                                F(4,122)           =     71.56
corr(u_i, Xb) = -0.2685                         Prob > F           =    0.0002

------------------------------------------------------------------------------
          rd | Coefficient  Std. err.      t    P>|t|     [95% conf. interval]
-------------+----------------------------------------------------------------
         ace |   .1371884    .059041     2.32   0.020     .0214702    .2529066
         acm |  -.0314271   .0256384    -1.23   0.223    -.0821808    .0193265
         rci |   .1283502   .1738703     0.74   0.462    -.2158434    .4725439
        rcgd |   .5758096   .2074677     2.78   0.006     .1691803    .9824388
       _cons |    .526036   .1153454     4.56   0.000     .2976982    .7543737
-------------+----------------------------------------------------------------
     sigma_u |  .13201596
     sigma_e |  .16085898
         rho |   .4024636   (fraction of variance due to u_i)
------------------------------------------------------------------------------
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The Overall R-squared value of 31.30% reflects the combined explanatory power of the model, both within individual banks and between different banks. This indicates a moderate level of explanatory power for the model overall. The F-statistic tests whether the explanatory variables collectively have a significant impact on the dependent variable (risk disclosures). A high F-statistic (71.56) and a very small p-value (0.0002) indicate that the independent variables, taken together, significantly explain the variation in risk disclosures.

The regression analysis reveals that audit committee expertise (ACE) and risk committee gender diversity (RCGD) significantly impact risk disclosures (RD) in Nigerian Deposit Money Banks. Specifically, audit committee expertise is positively associated with risk disclosures, with a coefficient of 0.137, meaning that an increase in audit committee expertise is linked to higher risk disclosures. This finding is statistically significant, as indicated by a p-value of 0.020, suggesting that banks with more expert audit committees tend to disclose more information on their risks. Similarly, risk committee gender diversity also positively influences risk disclosures, with a coefficient of 0.576 and a p-value of 0.006, signifying that greater gender diversity in risk committees leads to more comprehensive disclosures about risks.

From an Agency Theory perspective, the expertise of the audit committee is critical in mitigating agency problems, particularly information asymmetry between managers and shareholders. This aligns with prior research, such as Malahim et al (2023), which found that audit committees with greater expertise tend to enhance the quality of financial reporting and disclosures by improving their ability to detect and report financial risks accurately.

On the other hand, audit committee meetings (ACM) and risk committee independence (RCI) do not show a statistically significant effect on risk disclosures. The coefficient for audit committee meetings is -0.031, but the p-value of 0.223 suggests that the number of meetings held by the audit committee has no significant impact on the extent of risk disclosures. Similarly, the risk committee independence variable has a positive but insignificant coefficient of 0.128 and a p-value of 0.462, indicating that risk committee independence does not significantly influence the quality or quantity of risk disclosures in Nigerian banks. The result is consistent with studies like Nguyen (2023) who found that gender diversity on boards and committees improves governance and enhances the transparency of financial disclosures, including risk-related information. In particular, women bring diverse viewpoints and a higher level of accountability, which encourages more comprehensive risk disclosures.

V. Conclusion and Recommendations

This study investigates the effect of audit and risk committee attributes on risk disclosures in Nigerian Deposit Money Banks. The results show that audit committee expertise and risk committee gender diversity significantly influence the quality of risk disclosures. Specifically, the findings reveal that banks with more expert audit committees tend to disclose more detailed information on their risk exposures. Furthermore, greater gender diversity in risk committees is positively associated with enhanced risk disclosures, highlighting the importance of diverse perspectives in promoting transparency. On the other hand, audit committee meetings and risk committee independence did not show a statistically significant impact on risk disclosures in this context.

VI. Recommendations

Nigerian Deposit Money Banks should prioritize the recruitment of highly skilled individuals with expertise in financial reporting, risk management, and governance to serve on audit committees. This can be achieved through targeted training and development programs or by ensuring that audit committees are composed of professionals with strong financial backgrounds.

The positive relationship between gender diversity in risk committees and risk disclosures suggests that banks should make deliberate efforts to improve gender diversity in their risk oversight bodies. This could involve setting gender diversity targets and fostering an inclusive environment to encourage the appointment of women to senior governance positions.

While audit committee meetings and risk committee independence did not show significant effects in this study, It may be beneficial to reconsider how often audit committees meet and whether the level of independence of the committee members is sufficient for optimal oversight.

Overall, Regulators, such as the Central Bank of Nigeria (CBN) and the Securities and Exchange Commission (SEC), should continue to enforce and strengthen corporate governance guidelines that emphasize the role of audit and risk committees in improving financial transparency. Clearer guidelines on the composition and

responsibilities of these committees can help to standardize practices and encourage better risk disclosures across Nigerian banks.

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