

Does Risk Management Committee Influence Financial Stability Indicators: Evidence from Jordanian Banks

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ABSTRACT

This study investigates the influence of Risk Management Committee (RMC) composition on financial stability indicators in Jordanian banks. Specifically, it examines the relationships between various characteristics of the RMC (size, independence, gender diversity, and overlap with the audit committee) and key financial stability metrics (Non-Performing Loans (NPL) and Capital Adequacy Ratio (CAR)). Utilising a quantitative approach and analysing data from all of Jordanian banks (both commercial and Islamic), the research aims to identify the significant impacts of RMC characteristics on these financial stability indicators while considering bank size as a moderating factor. The findings are expected to provide valuable insights into the role of effective risk management governance in enhancing the financial stability of banks in Jordan, offering practical implications for policymakers and banking executives in their governance frameworks. This study contributes to the broader understanding of how risk management structures can be optimised to bolster financial performance and stability in the banking sector.

Keywords: Risk Management Committee, Financial Stability, Jordanian Banks

