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MAKERERE UNIVERSITY BUSINESS SCHOOL

**ASSESSMENT OF RISK MANAGEMENT PRACTICES IN CENTENARY
BANK UGANDA LIMITED**

BY

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**A RESEARCH REPORT SUBMITTED TO MAKERERE UNIVERSITY BUSINESS
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PLAN B

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DECLARATION

I, Musene Eunice, hereby declare that this research report is my own independent investigation and it has not been submitted to any other institution for any award, where it is indebted to the work of others, due acknowledgment has been made.

MUSENE EUNICE

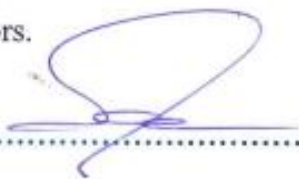
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APPROVAL

This research report is submitted as partial requirement for the award of Master's Degree in Business Administration of Makerere University Business School with the approval as University supervisors.

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DEDICATION

I dedicate this work to my family for the over whelming support, advise and encouragement that I received from them.

ACKNOWLEDGEMENT

First and foremost, I want to thank God for giving me a wonderful life and the chance to earn my master's degree. I owe a debt of gratitude to everyone who supported me during the process and gave me the bravery I desperately needed.

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ABSTRACT

The purpose of the study was to assess the effectiveness of risk management practices in Centenary Bank Uganda Limited. The study's objectives were to examine the effectiveness of risk management practices, to identify the challenges to improve the effectiveness of risk management practices, and to provide strategies to improve the effectiveness of risk management practices in Centenary Bank Uganda Limited. In order to gather information from a sample of 150 staff, the study used a self-administered questionnaire with closed-ended questions. Data analysis was done with SPSS version 25.

The study's findings revealed that the effectiveness of risk management practices was moderate with items such as some risks mitigated by simply avoiding them, examining the severity of all potential risk, insuring some of the identified risks, and reactivity in identifying all its potential risks. The study indicated that challenges do exist such as risks not assessed by using quantitative analysis methods, lack of awareness regarding the importance and benefits of risk management reliance on the output of quantitative data without human judgment, level of internal controls for the risk that it faces, lack of necessary skills and expertise to manage risks effectively, lack of an effective risk management framework (infrastructure, process and policies), difficulty to identify, and classify its main risks, and inadequate risk culture across the entire organization among others. The study further recommended suggested strategies like implement robust risk reporting mechanisms that provide timely and accurate information on risks to key stakeholders including senior management and the board, implement a systematic process to identify, assess and prioritize risks, foster a strong risk culture within the bank that promotes risk awareness, responsibility and accountability at all levels, implement effective risk mitigation strategies and controls to reduce the impact and likelihood of risks, establish a well-defined governance structure that clearly defines roles, responsibilities and reporting lines for risk management activities among others. The study suggested that the proposed should be implemented to ensure successful effectiveness of risk management practices.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Risk management is an important activity for organizations that are striving to provide value for their stakeholders in the face of real-world uncertainties (Al-Tamimi and Al-Mazrooei, 2007). An efficient risk management practice potentially presents value-creating opportunities that may not have been identified otherwise. For a number of years, organizations have been attempted to have effective risk management practices to help them identify and manage the risks inherent in their operations. In a study by Sharifi, Haldar and Rao (2019), suggests that the identification of credit risk influences credit risk performance. Moreover, previous researchers have studied the components of risk management in general (Al-Tamimi and Al-Mazrooei, 2007; Hassan, 2009) but found that risk identification as an important component for improving risk management practices. In addition, Akram and Rahman (2018) shows that loan quality impacts on credit risk management for banks. However, risk management practices have been widely described as the process of understanding risk and risk management, risk assessment and analysis, risk identification, risk monitoring, and credit risk analysis (Khalid and Amjad, 2012; Sharifi, Haldar and Rao, 2019). Firms have widely adopted these risk management practices to safe guard their operations. Specific in Uganda and particularly in Centenary Bank Uganda Limited, risk management practices have remained low as evidenced in the published Annual report (2018). Centenary Bank Annual report (2018) revealed that the bank's non-performing loan rate had increased from 2.8 percent to 4.5 percent, the deterioration of credit quality and the associated credit loss provisions and charges. The report further indicated that the risk of not detecting a material misstatement resulting from fraud was higher than for one resulting from error, as fraud

may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. The report actually shows that risk management practices in this bank were still undesirable.

Besides, Centenary Bank is both a leading Commercial Finance Bank and a private commercial bank in Uganda established in 1985 but with an objective of serving the rural poor and contributing to the country's economic development. It was registered as a full-service commercial bank in 1993. It employs more than 1,900 people. Currently, this bank provides a range of financial services to over 1.4 million clients. In fact, it operates through 63 branches across Uganda as well as through ATMs and mobile banking services. The bank's vision and mission is to emphasize microfinance services for people in rural areas with an aim of providing these in a sustainable manner (Centenary Bank, 2016). However, previous evidence has shown that this bank is experiencing challenges with the existing risk management practices in place. For example, Byamugisha (2017) revealed that they were many challenges faced with risk management practices as the bank sometimes failed to analyze the fair value of credit risk, existence of inefficient market systems, presence of inadequate appraisal of borrowers due to concealment of relevant information by clients, forgeries and poor monitoring of loans by some credit staff members, and there are some times inconsistencies in risk-rating approaches in the bank. This study investigated the effectiveness of risk management practices in Centenary Bank Uganda Limited.

1.2 Statement of the problem

Despite the efforts Centenary Bank has implemented in the bid to improve the risk management practices such as adoption of the enterprise risk management, recruitment of specialized staff managing risks and continuous risk training, this has continued to remain low over time. The

Bank Annual report (2018) reported that the bank's non-performing loan rate increased from 2.8 percent to 4.5 percent and the deterioration of credit quality and the associated credit loss provisions and charges. The report further revealed that the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. This has resulted into increased financial and non-financial risk. This study therefore intended to examine the effectiveness of risk management practices in Centenary Bank Uganda Limited.

1.3 Purpose of the study

This study sought to examine the effectiveness of risk management practices in Centenary Bank Uganda Limited and also suggested appropriate strategies to improve the risk management practices.

1.4 Objectives of the study

- i) To examine the effectiveness of risk management practices in Centenary Bank Uganda Limited.
- ii) To analyze the challenges, Centenary Bank Uganda Limited is experiencing in improving risk management practices.
- iii) To suggest appropriate strategies that can be utilized to improve risk management practices in Centenary Bank Uganda Limited.

1.5 Research questions

- i) What is the effectiveness of risk management practices in Centenary Bank Uganda Limited?

- ii) What are the challenges Centenary Bank Uganda Limited is experiencing in improving risk management practices?
- iii) What are the appropriate strategies that can be utilized to improve risk management practices in Centenary Bank Uganda Limited?

1.6 Scope of the study

1.6.1 Subject scope

The study focused mainly on risk management practices, challenges and strategies of improving risk management practices.

1.6.2 Geographical scope

The study covered centenary bank headquarters in Kampala. This choice for this study was because over the years it has been experiencing ineffectiveness of risk management practices.

1.7 Significance of the study

- i) The study findings would help policy makers to design and implement a strategic policy framework with the view of improving the effectiveness of risk management practices.
- ii) The study findings would contribute to existing body of knowledge in the areas of risk management practices from the developing country context especially from Uganda.
- iii) The findings of the study would help the policy makers at Centenary Bank Uganda Limited to design appropriate strategies to improve on the effectiveness of risk management practices.
- iv) The study findings would be used by future researchers for further research on the effectiveness of risk management practices.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents a review of the existing literature on risk management practices, challenges to improve risk management practices and strategies of improving risk management practices as discussed by different previous scholars.

2.1 Risk Management

Rejda (1998) defined risk management as a systematic process for the identification and evaluation of pure loss exposure faced by an organization or an individual and the selection and implementation of the most appropriate techniques to treat such exposure. Risk management is also described as the performance of activities designed to minimize the negative impact (cost) of uncertainty (risk) regarding possible losses (Schmit and Roth, 1990). According to Fatemi and Glaum (2000) the objectives of risk management include: to minimize foreign exchange losses, to reduce the volatility of cash flows, to protect earnings fluctuations, to increase profitability and to ensure survival of the firm. Risk management is intended to help an organization meet its objectives which may be to maximize shareholder value. Risk management is the firm's processes to cope with risks to minimize the volatility of returns and to ensure the firm's survival. Risk-management processes involve the identification, assessment and management of threatening events as well as the underlying internal communication, decision-making and monitoring processes that make dealing with those events possible. Enterprise risk management (ERM) adds a holistic perspective to a firm's risk-management processes, whereby risk management becomes an integral part of a firm's governance and strategy (Bromiley et al.,

2015). Enterprise risk management (ERM) has become a key resource in the design of risk management systems (Choi et al., 2015; Mikes and Kaplan, 2014). ERM proposes the integrated management of all risks facing an organization as well as the alignment of risk management with corporate governance and the overall corporate strategy (Ramirez and Simkins, 2008). ERM takes a systematic approach to risk management across the entire organization “for identifying, assessing, deciding on responses to, and reporting on opportunities and threats that affect the achievement of its objectives” (Institute of Internal Auditors, 2009). By applying systematic ERM processes, which involve identifying, assessing and responding to all of the risks that pose a challenge to an organisation and its ability to achieve its strategic objectives, firms are presumed to lower their overall risk exposure and thus increase performance (Brustbauer, 2014; Choi et al., 2015). ERM is used to provide firms with an informational advantage that allows them to systematically identify measure and address potential risks and thereby create a competitive advantage (Walker, 2013). At its best, ERM manages risk across the entire organization in an integrated and holistic manner, considering interdependencies across risk situations. ERM is a critical support of the firm’s business strategy and is intended as a means to manage opportunities and risks in a coordinated process for purposes of increasing firm (and stakeholder) value. When comparing various ERM frameworks and standards (COSO, 2004), one can derive that organizational ERM encompasses four key elements. They are: risk strategy, risk assessment, risk governance and risk culture (COSO, 2004; Gatzert et al, 2016).

Demidenko and McNutt (2010) suggests that Effective enterprise risk management is based on ethical risk governance. In addition, internal audit needs to be involved in the process of integrating risk management and compliance. The results of a study by De Souza et al (2012), showed that the main drivers of risk management were regulation, stakeholder demands, and business competitiveness. As a result, it was demonstrated that improved performance is

associated with the maturity level of risk management and the level of stakeholders' involvement in risk management. This implies that more innovations and product developments are needed for Islamic banking in managing risks. Furthermore, the risk management practices are determined by the extent to which managers understand risk and risk management, efficient risk identification, risk assessment analysis, risk monitoring and credit risk analysis (Abu Hussain and Al-Ajmi, 2012).

2.3 Risk Management Practices

In this study, there are a number of risk management practices that have been identified by different scholars. These practices will be adopted and tested in our study. The risk management practices included risk identification, risk assessment, risk mitigation, and risk monitoring and control.

Risk management culture

A strong risk management culture is one where all persons at all levels of the firm appreciate, understand, own and practice the core values of the firm (Cater et al., 2009). It includes a clear understanding of the company's risk tolerances, various structural changes to align risk management, strategic planning, and the creation of a democratic working environment that encourages all employees to raise risk management concerns, and an acceptance and willingness to incorporate risk management concerns into decision-making and business processes (Cater et al., 2009). Risk management culture is concerned with having knowledge of the risk exposure, acceptance or transfer of the risk exposure and embeddedness of risk management in the company as well as recognizing the change of risk management from an individualistic narrow silo type to portfolio type or an integrated management practice (Gupta, 2011).

Risk documentation

The risk policy document contains guidelines which indicate the various procedures and controls that can be used to implement the policies. The board then ensures that the risk policies are enforced at all levels of the firm. A risk policy is a very invaluable tool to every insurance company because it adds value to the company by giving it a clear focus as far as the underwriting of risk is concerned. It also helps management to plan ahead in terms of marketing of its products and the types risk to target.

Risk strategy

Risk appetite is the term used to describe the level and nature of the risk that an organization is willing and able to actively manage at the firm level, what to reject or eliminate by standard business practice, and those to reinsure (Santomero and Babbel, 1997; Cater et al., 2009). For instance, ISO 31000 defines risk appetite as the “amount and type of risk an organization is prepared to pursue or take” (ISO, 2009). A statement of risk appetite, which is mostly stated clearly and formally endorsed by board of directors and top management, seeks to determine the risks to be avoided, risks to be reduced, and the parameters around which acceptable risks should be taken on by the firm (Cater et al., 2009). The risk management department should be able to use high-powered models to identify the major risks faced by the company. Some of the principal risks likely to be faced include different types of market risk, credit risk, operational risk and liquidity risks. It should also undertake periodic financial stress tests to assess the strength and weakness of the firm concerning changes in the market such as market crashes, market volatility or market liquidity and financial crises.

Risk control

Risk control entails the processes of identifying, assessing and monitoring the nature and degree of risk taken by a firm (Cater et al., 2009). Risk identification develops the foundation for the

effective control of risks (Tchankova, 2002). Good practice requires an independent risk management function. The basic function of such a unit/department is the formulation and implementation of risk-control systems. This department should have its own independent budget, be clearly differentiated and independent of or distinctly separated from the internal audit unit. It should set the firm's risk appetite levels and validates the pricing models of the firm. It should also have appropriate enforcement authority.

Risk Monitoring

Effective risk management requires a reporting and review structure to ensure that risks are effectively identified and assessed and that appropriate controls and responses are in place. Risk monitoring can be used to make sure that risk management practices are in line and proper risk monitoring also helps bank management to discover mistake at early stage (Al-Tamimi and Al-Mazrooei, 2007). Al-Tamimi and Al-Mazrooei (2007) found that there is significant difference between UAE national and foreign banks in risk monitoring and controlling. Also, the UAE commercial banks have an efficient risk monitoring and controlling system and it has positive influence on risk management practices. Finally, risk monitoring is important process to ensure that risk management effectively been practiced by banks.

2.4 Challenges to improve the effectiveness of risk management practices

There are a number of challenges that have been identified by different scholars relating to improvement of risk management practices and these include as follows; Sax and Torp (2015) found that that not only do both enterprise risk management and participative leadership style enhance risk performance but a positive interaction effect is also found. In addition, the findings suggest that a safe environment precede participative leadership style indicating this as a prerequisite for management to introduce participative leadership style. These findings underpin

that an effective risk management system should include both a holistic, formalized enterprise risk management system and organizational initiatives that enhance a strategic responsiveness through employee involvement. Rooney and Cuganesan (2015) revealed that the interactions between risk management strategy, management controls and actor interests at Lehman Brothers. The actions and reactions of risk management decision-makers such as Executive Committee and Board members are examined to better understand the role of accounting and leadership.

Khan, Hussain and Mehmood (2016) suggested that besides the growing international and local regulatory pressure, factors that are internal to the organizations like the expected probability of financial distress and its explicit and implicit costs, poor earnings performance and the existence of growth opportunities play vital role in motivating firms to adopt enterprise risk management. It was also found that corporate governance practices such as the independence of the board may also lead towards an initiation of the enterprise risk management.

Jabbour and Abdel-Kader (2016) found that different change agents have taken part in the decision to introduce new risk management system as a part of ERM implementation process. Further, the institutional pressures, coercive, mimetic and normative, were found to differ in character and strength over different intervals of time in relation to the adoption of ERM. Companies that adopted ERM early were mostly driven by internal strategic drivers, whereas the recent adoption decision was more driven by coercive and mimetic pressures.

Bergström, Lundgren & Ericson (2019) found that managerial and organizational concerns that go beyond a technical perspective have been found, which affect the ongoing social build-up of knowledge in everyday information security work. Failure to predict risks is described in relation to an attacker's interest in the organization's assets. That interest is hard to predict as it changes over time (Baskerville et al., 2014). However, not all risks are predictable, measurable and

persistent (Taylor, 2015); some are more unpredictable and better suited to interpretive approaches (Spagnoletti and Resca, 2008).

Furthermore, Aldoseri, and Worthington (2017) reveals that Islamic banking is riskier in emerging markets because of the presence of immature money markets, limitations in the availability of lender of last resort facilities, and deficiencies in market infrastructure.

2.5 Strategies to improve risk management practices

This study proposed a number of strategies to improve effectiveness of risk management practices with the support of the previous studies as follows; Eastburn & Sharland (2017) established that an effective risk management process that assimilates risk tolerance, risk propensity and risk practices into a managerial mindset offers a sound solution for mitigating risk. By envisioning risk as a conceptual model of thinking and interpreting it as a predictable business process, and by offering specific decision enablers that complement the corporate mindset, it creates a safety net against unsafe risk practices. The findings are of interest to financial industry leaders, policy makers and regulators as understanding how an active orientation of risk tolerance, risk propensity and risk practices are coordinated across the organization is vital. Also, managers need to understand how characteristics of risk management manifest itself within their organization in terms of productivity.

The empowerment of employees is largely dependent on management's ability to exhibit a leadership style that supports involvement and the creation of a safe environment, where employees feel comfortable in raising any concerns, even if it contradicts management's opinion or traditional procedures (Huang et al., 2010; Mantere and Vaara, 2008). Intolerance towards failure and persecution of people who voice issues and risks can be destructive for ERM's success. A risk management culture should support knowledge transfer and learning processes.

Before managers implement a leadership style that involves all employees in decisions making, distributes decision authority and exhibits receptiveness (to discuss new ideas and challenge existing processes and customs) and supports as well as encourages experimentation, proactivity and risk-taking, they need to create a culture of psychological safety in which speaking up is considered safe. If managers experience that employees do not trust management or feel safe in expressing their opinions, that is, if they do not believe that employees will or dare express their true opinions, management may not see any benefits in trying to involve employees in decisions. This indicates that, to be able to exercise a participative leadership style, it is crucial first to establish a culture where making your voice heard is considered safe and where the employees trust the management (Sax et., 2015).

Khan, Hussain and Mehmood (2016) emphasized that the board being independent, may exert more pressure on management to adopt sophisticated risk management practices, and second, since it is the board who normally take the decision and responsibility for ERM adoption therefore they may implement such risk management practices in order to prevent the management-shareholder conflict thereby avoiding the management from taking excessively risky projects.

Zwaan, Stewart and Subramaniam (2011) indicated that a high involvement in enterprise risk management impacts the perceptions of internal auditors' willingness to report a breakdown in risk procedures to the audit committee. However, a strong relationship with the audit committee does not appear to affect their perceived willingness to report. The study also finds that the majority of organizations have recently adopted ERM. Internal auditors are involved in ERM assurance activities but some also engage in activities that could compromise objectivity. Demidenko and McNutt (2010) suggested that one way for many organisations to improve their

RM practices – is a key component of the applied ethics of corporate governance. It has developed into a philosophy to assist organizations with the process of protecting shareholders' value while also increasing the bottom-line profitability. Effective ERM is based on ethical risk governance. Internal audit needs to be involved in the process of integrating RM and compliance. It should maintain a degree of independence when assisting with ERM establishment.

Akotey and Abor (2013) revealed that the industry lacks sufficient personnel with the requisite risk management skills and that the sector does not manage risks proactively, rather they do so in a reactive response to regulatory directives. Akotey and Abor (2013) showed that, much of the drive towards risk management in the insurance industry is a reactive response to the regulatory directives, rather than self-driven. This implies that some insurers are yet to appreciate the value of instituting self-driven risk management practices. Taking a reactive approach to risk management simply makes risk management a mere exercise in regulatory compliance and this has the tendency of adversely affecting an insurer's growth in terms of market share and profitability.

Hu & Wu (2016) revealed the top eight factors (i.e. leaders' support, personnel's responsibility, comprehensiveness of identification, costs and benefits, risk appetite, understanding of language, frequency of training and performance management) that highly impact RM in China's state-owned construction enterprises (CSCEs) and the extent to which these factors impact RM. Frequency of training, in an enterprise, the RM level is very important in decision making. Regular training is essential to improve the staff's ability to prevent and face risks, which could aid enterprises to operate more profitably, improving the professionalism of the industry and eventually strengthening the economy (Hemson, 1987). Comprehensiveness of identification, it is well known that risks can appear at any time in the functioning of an enterprise. Only by

adopting proper and comprehensive control measures can the degree of risk be reduced to a negligible level (Wang et al., 2010).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research design, study population, sample size and sampling procedure, data sources, data collection instrument, reliability and validity of instruments, data processing and analysis, ethical considerations and anticipated limitations of the study.

3.2 Research design

This study adopted a cross sectional survey design in nature. The study also will use descriptive and analytical research design. Quantitative data will be considered in this study.

3.3 The study population

The study population constituted of 434 employees at Centenary Bank (Centenary Bank Annual report, 2020). The employees included members from the Finance department, Risk department, Operations department and Credit department.

3.4 Sample size and selection procedure

The sample size is a significant attribute of any empirical study in which the goal is to make inferences about the population from a sample. A sample size of 201 employees as per Krejcie and Morgan table (1970) was taken to represent the views of the entire population. Proportionate stratified random sampling technique was used to categorize the departments of the bank that are to be included in the study as shown in Table 3.1.

Table 3.1. Showing the population and sample size.

<i>No</i>	<i>Departments</i>	<i>Population</i>	<i>Sample</i>
1	Finance	32	14
2	Credit	202	94
3	Operations	180	83
4	Risk	20	10
	Total	434	201

3.5 Data source

3.5.1 Primary data

Primary data was collected directly from employees in each selected bank department.

3.6 Data collection instrument

Primary data was collected through administering self-structured questionnaires so as to ensure confidentiality of the respondents. The questionnaire contained questions on the level of risk management practices, challenges and strategies to improve risk management practices which will be constructed on a five point likert scale ranging from Strongly disagree (1) to Strongly agree (5).

3.7 Validity and Reliability of the research Instruments

The validity of the study is concerned with the extent to which the data collection instruments accurately measure what they intend to (Amin 2005). In this study, expert judgment and content validity index (CVI) were used. After drafting the questionnaire, it was shared with academic supervisors and experts to provide comments regarding the appropriateness and understandability of the items contained in the instrument. Based on their comments, the

questionnaire was amended. CVI was used where the researcher distributed the questionnaire to specific people who are conversant about the subject, not necessarily those targeted by the study to express the content validity. Based on the results obtained, the researcher computed CVI using the formula, K/N where; K is the number of items identified as valid and N is the number of items under each construct. As a general rule, CVI should be 0.7 or better under to be considered valid (Creswell, 2014). Therefore, as indicated in Table 3.2 below, all items contained in the questionnaire were found to be valid.

Meanwhile, Cronbach Alpha coefficient was used to determine Reliability of the instrument. The reliability output from SPSS indicated in the table below, showed that the reliability of the study was found to be acceptable. Reliability was determined using the Cronbach Alpha coefficient to check for consistency in the responses. Cronbach Alpha coefficient was computed based on the field results. Nunnally and Bernstein (1994) indicate that the instrument is regarded as reliable when the Cronbach alpha coefficient obtained under each construct and variable is at least 0.7. The same scale was used to determine the reliability of the questionnaire. The computed Cronbach alpha coefficient results were above 0.7 (Nunnally & Bernstein, 1994; Hair *et al.*, 2014) as indicated in Table 3.2.

Table 3.2: Validity and reliability results

	CVI	Cronbach's Alpha
Effectiveness of risk management practices	0.892	0.867
Challenges to improve Effectiveness of risk management practices	0.883	0.849
Strategies to improve Effectiveness of risk management practices	0.856	0.828

Source: Primary data

3.8 Data processing and analysis

After collecting questionnaires from the respondents, they were compiled, sorted and cleaned to have the required quality, accuracy and completeness. The collected data was entered in the computer and then analyzed using Statistical Package for Social Scientists (SPSS version 24), a computer package for analysis purpose. The data was analyzed using frequencies and descriptive statistics. For instance, examining the effectiveness of risk management practices, assessing the challenges of improving effectiveness of risk management practices and suggesting strategies that can be implemented to improve effectiveness of risk management practices were answered interpreting using means and standard deviations.

CHAPTER FOUR

PRESENTATION AND INTERPRETATION OF FINDINGS

4.1 Introduction

This chapter analyses and interprets the study findings arising from the field data collected from respondents on risk management practices, challenges and strategies of improving the effectiveness of risk management practices. The first section presents background information about the respondents. This is followed by presentation and analysis of the study findings in relation to the specific objectives.

- i) To examine the effectiveness of risk management practices in Centenary Bank Uganda Limited.
- ii) To assess the challenges, Centenary Bank Uganda Limited is experiencing in improving risk management practices.
- iii) To suggest appropriate strategies that can be utilized to improve risk management practices in Centenary Bank Uganda Limited.

4.2 Response rate

A total of 201 questionnaires were distributed and 150 useable questionnaires were returned making a response rate of 75%. This response rate was attributed to the fact that the respondents were always busy in the office during working hours.

4.3 Demographic characteristics of the respondents

This section gives the demographic characteristics of the respondents. The characteristics include gender, age bracket, highest qualification, and period of work. This is based on the information provided on the questionnaire by the respondents themselves.

Table 4.1: Gender of the respondents

Gender		Freq.	Percent	Valid Percent	Cum. Percent
Valid	Male	56	37.3	37.3	37.3
	Female	94	62.7	62.7	100.0
	Total	150	100.0	100.0	

Source: Primary data

Results from table 4.1 show that majority of the respondents were female accounting for 62.7% than male respondents representing for 37.3%. This probably explains reason why there more female staff in handling matters of risk management compared to male's counterparts.

Table 4.2: Age brackets of the respondents

Age bracket		Freq.	Percent	Valid Percent	Cum. Percent
Valid	20-30	20	13.3	13.3	13.3
	31-40	80	53.3	53.3	66.7
	41-50	46	30.7	30.7	97.3
	51-60	4	2.7	2.7	100.0
	Total	150	100.0	100.0	

Source: Primary data

Results in Table 4.2 show that majority of the respondents were in the age groups of 31-40 years (55.7%). It's clear that majority age bracket of the respondents are middle level managers handling risk management matters and are still young. Probably this would explain for the moderate effectiveness of risk management practices at the bank.

Table 4.3: Academic qualification of the respondents

Highest Qualification		Freq.	Percent	Valid Percent	Cum. Percent
Valid	Bachelor	124	82.7	82.7	82.7
	Masters	26	17.3	17.3	100.0
	Total	150	100.0	100.0	

Source: Primary data

Results in Table 4.3 show that majority of the respondents (82.7%) hold a bachelor's degree while only 17.3% hold a master's degree. This implied that respondents were able to understand the various aspects of effectiveness of risk management practices that were raised to them during the study.

Table 4.4: Period of work in the organization.

Working experience		Freq.	Percent	Valid Percent	Cum. Percent
Valid	Less than one year	7	4.7	4.7	4.7
	1-5 years	27	18.0	18.0	22.7
	6-10 years	86	57.3	57.3	80.0
	11 years and above	30	20.0	20.0	100.0
	Total	150	100.0	100.0	

Source: Primary data

Results in Table 4.4 show that majority of the respondents (57.3%) have work experience of between 6-10 years. This meant that respondents in terms of working experience had stayed longer with the bank and handled risk management matters.

4.4 The effectiveness of risk management practices

Item means were used to examine the effectiveness of risk management practices as presented in Table 4.5. In examining the effectiveness of risk management practices, this was based on the practices such risk identification, risk assessment, risk mitigation, and risk monitoring and control. Using the descriptive statistics such as means and standard deviation, the results on the effectiveness of risk management practices are presented in the Table 4.5.

Table 4.5: Effectiveness of risk management practices

Items	N	Min.	Max.	Mean	Std. Dev.
Our bank assesses the likelihood of occurring risk	150	1	5	3.67	.967
All identified risks in this bank are classified.	150	2	5	3.55	.815
Some risks in this bank are mitigated by simply avoiding them.	150	1	5	3.16	1.004
This bank examines the severity of all potential risks.	150	1	5	3.15	.663
This bank insures some of the identified risks.	150	2	5	3.12	.590
Our bank is proactive in identifying all its potential risks.	150	1	5	3.06	1.094
The risk mitigation strategies for this bank engulf risks with high degree of occurrence.	150	1	5	3.04	.818
This bank quantifies all risks identified.	150	1	5	2.94	.971
The risk mitigation strategies in this bank focus on severe risks.	150	1	5	2.87	1.097

Some of the risks identified by this bank are transferred to other parties.	150	1	5	2.81	1.109
The risk management practices are well-communicated to all members of the organization.	150	1	4	2.78	.776
This bank implements proposed risk strategies as timely as planned.	150	1	5	2.49	.792
The risk management practices are regularly reviewed and updated to stay relevant.	150	1	5	2.48	1.015
Overall global mean	150	2.15	4.69	3.0087	.53484

Source: Primary data

Results in Table 4.5 revealed that on the effectiveness of risk management practices, the overall global mean was 3.0087 implying that respondents tended towards moderate on the effectiveness of risk management practices. Further, the following statements were found to be towards agreement namely; our bank assesses the likelihood of occurring risk (Mean=3.63), and all identified risks in this bank are classified (Mean=3.55). Further, respondents further scored the following statements were moderate on the following aspects namely; some risks in this bank are mitigated by simply avoiding them (Mean=3.16), this bank examines the severity of all potential risk (Mean=3.15), this bank insures some of the identified risks (Mean=3.12), our bank is proactive in identifying all its potential risks (Mean=3.06), the risk mitigation strategies for this bank engulf risks with high degree of occurrence (Mean=3.04), this bank quantifies all risks identified (Mean=2.94), the risk mitigation strategies in this bank focus on severe risks (Mean=2.87), and some of the risks identified by this bank are transferred to other parties (Mean=2.81).

Furthermore, respondents disagreed that the risk management practices are well-communicated to all members of the organization (Mean=2.78), this bank implements proposed risk strategies as timely as planned (Mean=2.49), and the risk management practices are regularly reviewed and updated to stay relevant (Mean=2.48).

Based on the results, it's clear that effectiveness of risk management practices was moderate particularly on; some risks mitigated by simply avoiding them, examining the severity of all potential risk, insuring some of the identified risks, reactiveness in identifying all its potential risks, the risk mitigation strategies engulfing risks with high degree of occurrence, quantifying all risks identified, the risk mitigation strategies focusing on severe risks, and some of the risks identified being transferred to other parties.

4.5 Challenges in improving effectiveness of risk management practices

The results in the section below were generated so as to assess challenges that the bank is experiencing in improving effectiveness of risk management practices. Item mean tabulation was used to present the results as presented in Table 4.6.

Table 4.6: Challenges of improving effectiveness of risk management practices

Items	N	Min	Max	Mean	Std. Dev
The bank risks are not assessed by using quantitative analysis methods	150	1	5	4.55	.808
The bank struggle with a lack of awareness regarding the importance and benefits of risk management.	150	1	5	4.45	1.007

My bank relies on the output of quantitative data without human judgment	150	1	5	4.45	.938
Level of internal controls by the bank is not appropriate for the risk that it faces	150	1	5	4.41	1.136
The bank lacks necessary skills and expertise to manage risks effectively	150	1	5	4.33	1.046
The bank does not have an effective risk management framework (infrastructure, process and policies) in place	150	1	5	4.30	.968
The bank finds it difficult to identify, and classify its main risks	150	1	5	4.29	.965
The bank has inadequate risk culture across the entire organization.	150	1	5	3.56	1.397
The rapid changes in risk are not easily recognized and identified by the bank's rules and responsibilities	150	1	5	3.29	1.403
There is insufficient communication and collaboration between various stakeholders within the bank	150	1	5	3.25	1.510
The bank's response to risk does not include an evaluation of the effectiveness of the existing controls and risk management responses	150	1	5	3.25	1.382
Overall global Mean	150	1.91	4.91	4.0109	.54534

Source: Primary Data

From the results in Table 4.6, the results revealed that among the challenges of effectiveness of risk management practices, the following were cited as follows; the bank risks are not assessed by using quantitative analysis methods (Mean=4.55), the bank struggle with a lack of awareness

regarding the importance and benefits of risk management (Mean=4.45), my bank relies on the output of quantitative data without human judgment (Mean=4.45), level of internal controls by the bank is not appropriate for the risk that it faces (Mean=4.41), the bank lacks necessary skills and expertise to manage risks effectively (Mean=4.33), the bank does not have an effective risk management framework (infrastructure, process and policies) in place (Mean=4.30), the bank finds it difficult to identify, and classify its main risks (Mean=4.29), and the bank has inadequate risk culture across the entire organization (Mean=3.56). Furthermore, respondents were not sure on the rapid changes in risk are not easily recognized and identified by the bank's rules and responsibilities (Mean=3.29), there is insufficient communication and collaboration between various stakeholders within the bank (Mean=3.25), and the bank's response to risk does not include an evaluation of the effectiveness of the existing controls and risk management responses (Mean=3.25).

Though the overall was 4.0109 which meant that was above the threshold of 3.50 implying the challenges existed to improve the effectiveness of risk management practices. Therefore, the bank needs to address the above revealed challenges in order to improve current effectiveness of risk management practices. Challenges to address were; risks not assessed by using quantitative analysis methods, lack of awareness regarding the importance and benefits of risk management reliance on the output of quantitative data without human judgment, level of internal controls for the risk that it faces, lack of necessary skills and expertise to manage risks effectively, lack of an effective risk management framework (infrastructure, process and policies), difficulty to identify, and classify its main risks, and inadequate risk culture across the entire organization.

4.6 Suggested strategies to improve effectiveness of risk management practices.

The results in the section below were generated so as to design strategies that can improve effectiveness of risk management practices. Item mean tabulation was used to present the results as presented in Table 4.7.

Table 4.7: Strategies to improve effectiveness of risk management practices

Item	N	Min.	Max.	Mean	Std. Dev.
Implement robust risk reporting mechanisms that provide timely and accurate information on risks to key stakeholders including senior management and the board.	150	4	5	4.88	.326
Implement a systematic process to identify, assess and prioritize risks.	150	3	5	4.86	.367
Foster a strong risk culture within the bank that promotes risk awareness, responsibility and accountability at all levels	150	4	5	4.83	.374
Implement effective risk mitigation strategies and controls to reduce the impact and likelihood of risks.	150	4	5	4.83	.374
Establish a well-defined governance structure that clearly defines roles, responsibilities and reporting lines for risk management activities.	150	3	5	4.75	.517
Deploy advanced risk management tools and technologies such as risk analytics and modeling tools to enhance risk assessment, monitoring and reporting capabilities.	150	4	5	4.74	.440

Develop a comprehensive and well-defined risk management framework that outlines the bank's risk appetite, risk tolerance and risk management objectives.	150	1	5	4.66	.731
Regularly review and update the risk management practices and frameworks to adapt to changing risk landscapes and regulatory requirements.	150	2	5	4.58	.658
Encourage collaboration and information sharing across business units, departments and other stakeholders to ensure a holistic view of risks.	150	1	5	4.56	.916
Seek external expertise and engage with industry experts to gain insights into emerging risks, industry best practices and regulatory changes.	150	1	5	4.24	1.015
Overall global mean	150	3.60	5.00	4.6940	.36255

Source: Primary Data

The results in Table 4.7, show the recommended strategies by the respondents that could be implemented to improve effectiveness of risk management practices and these included the following among others; implement robust risk reporting mechanisms that provide timely and accurate information on risks to key stakeholders including senior management and the board (Mean=4.88), implement a systematic process to identify, assess and prioritize risks (Mean=4.86), foster a strong risk culture within the bank that promotes risk awareness, responsibility and accountability at all levels (Mean=4.83), implement effective risk mitigation strategies and controls to reduce the impact and likelihood of risks (Mean=4.83), establish a well-defined governance structure that clearly defines roles, responsibilities and reporting lines for risk management activities (Mean=4.75), and deploy advanced risk management tools and

technologies such as risk analytics and modeling tools to enhance risk assessment, monitoring and reporting capabilities (mean=4.74).

Further, respondents also agreed that develop a comprehensive and well-defined risk management framework that outlines the bank's risk appetite, risk tolerance and risk management objectives (Mean=4.66), regularly review and update the risk management practices and frameworks to adapt to changing risk landscapes and regulatory requirements (Mean=4.58), encourage collaboration and information sharing across business units, departments and other stakeholders to ensure a holistic view of risks (Mean=4.56), and seek external expertise and engage with industry experts to gain insights into emerging risks, industry best practices and regulatory changes (Mean=4.24).

The overall global mean was 4.6940 which meant that generally respondents tended towards strong agreement that if these strategies are implemented, then the effectiveness of risk management practices would resultantly improve in this bank. The proposed strategies were; implement robust risk reporting mechanisms that provide timely and accurate information on risks to key stakeholders including senior management and the board, implement a systematic process to identify, assess and prioritize risks, foster a strong risk culture within the bank that promotes risk awareness, responsibility and accountability at all levels, implement effective risk mitigation strategies and controls to reduce the impact and likelihood of risks, establish a well-defined governance structure that clearly defines roles, responsibilities and reporting lines for risk management activities, and deploy advanced risk management tools and technologies such as risk analytics and modeling tools to enhance risk assessment, monitoring and reporting capabilities.

CHAPTER FIVE

DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents discussion of findings, conclusions, recommendations and limitations of the study. It focuses on effectiveness of risk management practices, challenges and strategies of improving effectiveness of risk management practices. These sections were guided by the study objectives.

5.2 Discussion of findings

5.2.1 Effectiveness of risk management practices

The findings of the study indicated that effectiveness of risk management practices was moderate. The bank was moderate namely; some risks mitigated by simply avoiding them, examining the severity of all potential risk, insuring some of the identified risks, reactivity in identifying all its potential risks, the risk mitigation strategies engulfing risks with high degree of occurrence, quantifying all risks identified, the risk mitigation strategies focusing on severe risks, and some of the risks identified being transferred to other parties. This implies that effectiveness of risk management practices was still being improved to achieve their intended purpose. These study findings concur with previous scholars such as Demidenko and McNutt (2010) who suggested that Effective enterprise risk management was based on ethical risk governance. In addition, internal audit needs to be involved in the process of integrating risk management and compliance. The results of a study by De Souza et al (2012), also showed that the main drivers of risk management were regulation, stakeholder demands, and business competitiveness. As a result, it was demonstrated that improved performance is associated with the maturity level of risk management and the level of stakeholders' involvement in risk management. This implies that more innovations and product developments are needed for Islamic banking in managing

risks (Tafri et al, 2011). Furthermore, the risk management practices are determined by the extent to which managers understand risk and risk management, efficient risk identification, risk assessment analysis, risk monitoring and credit risk analysis (Abu Hussain and Al-Ajmi, 2012).

5.2.2 Challenges to improve effectiveness of risk management practices

The study findings also showed that there are existing challenges of improving effectiveness of risk management practices and these included; risks not assessed by using quantitative analysis methods, lack of awareness regarding the importance and benefits of risk management reliance on the output of quantitative data without human judgment, level of internal controls for the risk that it faces, lack of necessary skills and expertise to manage risks effectively, lack of an effective risk management framework (infrastructure, process and policies), difficulty to identify, and classify its main risks, and inadequate risk culture across the entire organization. This implies that for the effectiveness of risk management practices to be improved, there is need to find remedies to the revealed challenges.

These study findings are consistent with Bergström, Lundgren & Ericson (2019) who found that managerial and organizational concerns that go beyond a technical perspective have been found, which affect the ongoing social build-up of knowledge in everyday information security work. Failure to predict risks is described in relation to an attacker's interest in the organization's assets. That interest is hard to predict as it changes over time (Baskerville *et al.*, 2014). Additionally, Aldoseri, and Worthington (2017) also revealed that Islamic banking is riskier in emerging markets because of the presence of immature money markets, limitations in the availability of lender of last resort facilities, and deficiencies in market infrastructure. From the discussion it is clear indication that revealed challenges require priority towards their effort to improve effectiveness of risk management practices.

5.2.3 Strategies to improve effectiveness of risk management practices

The study findings also revealed that there are strategies which can be implemented to improve effectiveness of risk management practices and included; implement robust risk reporting mechanisms that provide timely and accurate information on risks to key stakeholders including senior management and the board, implement a systematic process to identify, assess and prioritize risks, foster a strong risk culture within the bank that promotes risk awareness, responsibility and accountability at all levels, implement effective risk mitigation strategies and controls to reduce the impact and likelihood of risks, establish a well-defined governance structure that clearly defines roles, responsibilities and reporting lines for risk management activities, and deploy advanced risk management tools and technologies such as risk analytics and modeling tools to enhance risk assessment, monitoring and reporting capabilities. The study results imply that these strategies are important in improving the effectiveness of risk management practices at the bank.

These study findings agree with Eastburn & Sharland (2017) who established that an effective risk management process that assimilates risk tolerance, risk propensity and risk practices into a managerial mindset offers a sound solution for mitigating risk. By envisioning risk as a conceptual model of thinking and interpreting it as a predictable business process, and by offering specific decision enablers that complement the corporate mindset, it creates a safety net against unsafe risk practices. Also, banks have to review periodically their risk management policies and strategies and compare them with best practices in similar institutions. Moreover, Akotey and Abor (2013) also showed that, much of the drive towards risk management in the insurance industry is a reactive response to the regulatory directives, rather than self-driven. This implies that some insurers are yet to appreciate the value of instituting self-driven risk management practices. Taking a reactive approach to risk management simply makes risk

management a mere exercise in regulatory compliance and this has the tendency of adversely affecting an insurer's growth in terms of market share and profitability.

5.3 Conclusion

The study found that the effectiveness of risk management practices was moderate. The most emphasized were some risks mitigated by simply avoiding them, examining the severity of all potential risk, insuring some of the identified risks, and reactivity in identifying all its potential risks. The study indicated that challenges do exist such as risks not assessed by using quantitative analysis methods, lack of awareness regarding the importance and benefits of risk management, reliance on the output of quantitative data without human judgment, level of internal controls for the risk that it faces, lack of necessary skills and expertise to manage risks effectively, lack of an effective risk management framework (infrastructure, process and policies), difficulty to identify, and classify its main risks, and inadequate risk culture across the entire organization among others. The study further recommended suggested strategies like implement robust risk reporting mechanisms that provide timely and accurate information on risks to key stakeholders including senior management and the board, implement a systematic process to identify, assess and prioritize risks, foster a strong risk culture within the bank that promotes risk awareness, responsibility and accountability at all levels, implement effective risk mitigation strategies and controls to reduce the impact and likelihood of risks, establish a well-defined governance structure that clearly defines roles, responsibilities and reporting lines for risk management activities, and deploy advanced risk management tools and technologies such as risk analytics and modeling tools to enhance risk assessment, monitoring and reporting capabilities. These strategies needed to be implemented so as to improve the effectiveness of risk management practices.

5.4 Recommendations

From the study findings, the following are the derived recommendations that need to be implemented for improved effectiveness of risk management practices.

In a bid to improve the moderate effectiveness of risk management practices, the bank should create a strong risk management culture by promoting awareness, transparency, and accountability at all organizational levels. This includes regular training programs, communication channels and incentive to encourage risk conscious behavior.

The study recommends that there is need to develop a comprehensive risk assessment framework that identifies, evaluates and priorities potential risks faced by the bank. This should both quantitative and qualitative analysis techniques to assess the likelihood and impact of risks.

The study recommends that there is need to implement mechanisms to proactively identify emerging risks and trends in the banking industry. This would involve regular risk assessments, scenario analysis, and benchmarking against industry peers.

The bank needs to design an integrated risk management framework that consolidates all risk assessment and management processes. This would enable a holistic view of risks, facilitates risk aggregation and supports effective decision making.

There is need to establish a robust monitoring and review process to assess the effectiveness of risk management practices. This would involve regular check-ins, performance evaluations, and independent audits to identify audits and make necessary improvements.

5.5 Limitations of the Study

The current study adopted a cross sectional research design where data was collected at one point in time which may not indicate the long-term effects of effectiveness of risk management

practices. The design had a time limit as compared to a longitudinal design that would study the trends of effectiveness of risk management practices at Centenary Bank.

Some respondents were hesitant to give all the required information, because of fear to expose it to the competitors. However, the researcher overcame this by spending time with the respondents to explain to them that the study is basically for academic purposes.

There was difficulty in accessibility of the targeted employees given the COVID 19 pandemic regulations. To overcome this challenge, several reminders and follow ups were sent to the selected employees.

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APPENDIX: QUESTIONNAIRE INSTRUMENT

MAKERERE



UNIVERSITY

Dear Respondent,

I am a masters' student studying at Makerere University Business School. As part of the requirement for a Masters' degree, I am undertaking research titled ***Assessment of Risk Management Practices in Centenary Bank Uganda Limited***. This study is purely for academic purposes and your contribution is an important part of this study. The data I collect will contain your opinions and some personal information about you along with information that identifies your position. It is optional to provide your personal information; however, on doing so, your responses will be recorded as coming from the institution and not you in particular. I want to assure you that no one will link the data you provided to your identity and or/ name except the author and the supervisor. Your prompt assistance and cooperation will be greatly appreciated. I thank you.

Section A: (Tick the most appropriate response).

1. What is your gender?

Male	Female
1	2

2. What is your age bracket?

18- 25 years	25-35 years	35-45 years	45-55 years	Above 55 years
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1	2	3	4	5
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3. For how long have you worked in this organization?

Less than 1 years	1-5 years	6-10 years	Above 10 years
1	2	3	4

4. What is the highest level of education attained?

Certificate/Diploma	Bachelor	Masters	Professional	Others specify.....
1	2	3	4	5

Section B: On a scale of 1-5, express your opinion on the risk management practices. where; 1 = Strongly disagree, 2 = Disagree, 3 = Not sure, 4 = Agree 5 = Strongly Agree.

Please tick (✓) in the most appropriate box.

B	On a scale of 1-5, express your opinion on the effectiveness of risk management practices. where; 1 = Strongly disagree, 2 = Disagree, 3 = Not sure, 4 = Agree 5 = Strongly Agree. Please tick (√) in the most appropriate box.					
1	Our bank is proactive in identifying all its potential risks.	1	2	3	4	5
2	Our bank assesses the likelihood of occurring risk	1	2	3	4	5
3	This bank quantifies all risks identified.	1	2	3	4	5
4	All identified risks in this bank are classified.	1	2	3	4	5
5	This bank examines the severity of all potential risks.	1	2	3	4	5
6	This bank insures some of the identified risks.	1	2	3	4	5
7	The risk mitigation strategies in this bank focus on severe risks.	1	2	3	4	5
8	The risk mitigation strategies for this bank engulf risks with high degree of occurrence.	1	2	3	4	5

9	Some of the risks identified by this bank are transferred to other parties.	1	2	3	4	5
10	Some risks in this bank are mitigated by simply avoiding them.	1	2	3	4	5
11	This bank implements proposed risk strategies as timely as planned.	1	2	3	4	5
12	The risk management practices are well-communicated to all members of the organization.	1	2	3	4	5
13	The risk management practices are regularly reviewed and updated to stay relevant.	1	2	3	4	5
C	On a scale of 1-5, express your opinion on the challenges to improve risk management practices . Where; 1 = Strongly disagree, 2 = Disagree, 3 = Not sure, 4 = Agree 5 = Strongly Agree.					
1	The bank struggles with a lack of awareness regarding the importance and benefits of risk management.	1	2	3	4	5
2	The bank has inadequate risk culture across the entire organization.	1	2	3	4	5
3	There is insufficient communication and collaboration between various stakeholders within the bank	1	2	3	4	5
4	My bank relies on the output of quantitative data without human judgment	1	2	3	4	5
5	The bank does not have an effective risk management framework (infrastructure, process and policies) in place	1	2	3	4	5
6	The bank risks are not assessed by using quantitative analysis methods	1	2	3	4	5
7	Level of internal controls by the bank is not appropriate for the risk	1	2	3	4	5

	that it faces					
8	The rapid changes in risk are not easily recognized and identified by the bank's rules and responsibilities	1	2	3	4	5
9	The bank finds it difficult to identify, and classify its main risks	1	2	3	4	5
10	The bank's response to risk does not include an evaluation of the effectiveness of the existing controls and risk management responses	1	2	3	4	5
11	The bank lacks necessary skills and expertise to manage risks effectively	1	2	3	4	5

D:	On a scale of 1-5, express your opinion on the strategies to improve risk management practices . Where; 1 = Strongly disagree, 2 = Disagree, 3 = Not sure, 4 = Agree 5 = Strongly Agree.					
1	Develop a comprehensive and well-defined risk management framework that outlines the bank's risk appetite, risk tolerance and risk management objectives.	1	2	3	4	5
2	Implement a systematic process to identify, assess and prioritize risks.	1	2	3	4	5
3	Foster a strong risk culture within the bank that promotes risk awareness, responsibility and accountability at all levels	1	2	3	4	5
4	Establish a well-defined governance structure that clearly defines roles, responsibilities and reporting lines for risk management activities.	1	2	3	4	5
5	Implement robust risk reporting mechanisms that provide timely and accurate information on risks to key stakeholders including senior management and the board.	1	2	3	4	5

6	Implement effective risk mitigation strategies and controls to reduce the impact and likelihood of risks.	1	2	3	4	5
7	Deploy advanced risk management tools and technologies such as risk analytics and modeling tools to enhance risk assessment, monitoring and reporting capabilities.	1	2	3	4	5
8	Encourage collaboration and information sharing across business units, departments and other stakeholders to ensure a holistic view of risks.	1	2	3	4	5
9	Regularly review and update the risk management practices and frameworks to adapt to changing risk landscapes and regulatory requirements.	1	2	3	4	5
10	Seek external expertise and engage with industry experts to gain insights into emerging risks, industry best practices and regulatory changes.	1	2	3	4	5

End of the Questionnaire