

Moderating Effect of Risk Management Committee Expertise on the Relationship Between Credit Risk and Value of Listed Deposit Money Bank in Nigeria

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ABSTRACT

The effect of credit risk on value of banks has become a global phenomenon, even the well performing banks are suddenly plunged into crisis if risk is not carefully monitored. The objective of this study is to examine the effect of credit risk on value of listed deposit money banks in Nigeria: moderating effect of risk management committee expertise. The study has been designed to cover a period of twelve (12) years (2013 - 2024). The ex-post facto (correlational) research design has been used. The 13 listed deposit money banks in Nigeria formed the population of the study out of which twelve (12) companies have been selected to form the sample. The multiple linear regression, correlation and descriptive statistics have been used to analyze the data. The risk management committee expertise has negatively and insignificantly moderated the relationship between credit risk and price to book value and the Firm Size has negative and significant effect on Price to Book Value. The study recommended that banks in Nigeria should make sure that ability to pay loans should be given utmost regards rather than just depending on collaterals.

Keywords: credit risk, deposit money banks, price to book value, risk management committee expertise, multiple linear regression.

INTRODUCTION

A firm value is an amount investors are willing to pay in order to take over a business entity (Shaki, Falack, Maurice & Emmanuel, 2020). Moreover, firm value is the benchmark for investors to assess the success of a company which is reflected in the company's stock prices. Similarly, effective communication and openness to shareholders is very important in building firm value. Rising stock prices is a reflection of market confidence in the good prospects of the companies, especially in the future (Reschiwati, Syahdina & Handayani, 2020).

Firm value is the price at which investors are willing to pay for the shares of any company. If the company offers shares to the public then the firm value will be reflected in the share price. So, when the shares appreciate, the firm value increases and vice versa. Furthermore, the financial performance affects the value of the company positively, because investors tend to see financial performance in the sense of security and benefit to them, thus feel the shares of such company worthy for investment. One of the goals of any firm is to maximize its value as well as financial performance, to realize that, of course, management requires a precise strategy in managing funds (Burhamzah, Kadir, & Sobarsyah, 2019).

From the foregoing argument, credit risk exposure by any bank serves as a source of financial distress. Managing credit risk is the core of banking activities and managing credit risk not only serves as source of success to banks but also source of entire economic development.

Credit risk occurs when a debtor defaults on a loan or other line of credit. It may also arise from a change in the credit quality of counterparty resulting from a market based re-evaluation; perhaps following a rating

agency downgrade or from actual default. This kind of risk is largely that of the financier and includes the loss of principal and interest, and the loss may be complete or partial (CBN, 2014).

According to Perera and Morawakage (2016) the credit risk involves high risk of loss as a result of an obligatory non-payment of an obligation in terms of loans or other lines of credit. It is also to be pointed out that, providing credit is the core of banking operations. A loan is non-performing when payment of interest and principal are past due by 90 days or more, or at least 90 days of interest payments have been capitalized, refinanced or delayed by agreement or payment are less than 90 days overdue, but there are other good reasons to doubt that payments will be made in full (Adesugba & Bambale, 2016).

It is the function of the banks not only to accept deposit but also granting credit facilities and therefore it is inevitably exposed to credit risk. The intermediation function of a bank naturally exposed them to credit risk. Credit risk is by far the most significant type of risk faced by banks and the success of the bank usually depends on how successful bank deals and manages credit risk exposure (Maxwell & Peter, 2016).

The risk management committee expertise is a phrase that measures the percentage of directors that serve on the risk management committee that have accounting and finance training (education). The directors who have accounting and financial knowledge have added advantage to understanding risks in their various disguises (Odubuasi, Virginia & Oby, 2021).

The presence of risk management committee is a fundamental measure of an organization commitment to robust risk management practices. The risk management committee provides the structure, expertise and strategic oversight required to manage risk proactively, making it an essential feature of effective corporate governance. By establishing risk management committee, companies demonstrate accountability, improve transparency and enhanced the ability to adapt to an evolving risk landscape (Yahaya, 2024).

Statement of Research Problem

The firm value is crucial in businesses especially banking industry because it is one of the essential components of well-governed firms. After the global financial crisis of 2007-2008, the firm value became more important in corporate governance and finance, because the share price of various shares was severely affected and exposed to the deterioration of market capitalization (Jagirani, Chee & Kosim, 2023).

The Nigerian banking sector has undergone series of reforms since 1999, all with the view to improve the capacity and health of the banking system. The first major exercise has been the assessment of the risk assets quality in 2005 which led to the removal of eight CEOs and the subsequent injection of 600 billion naira into the banks (CBN, 2017). However, this economic bailout provided the banks with cash and capital they needed to strengthen themselves for future success and a way out is an entrenchment of sound risk management framework

Furthermore, some studies revealed positive results, such studies include Owojori, Akintoye and Adidu (2011); Ayodele and Alabi, (2014); Odeke and Odongo, (2014); Muriithi, (2016); Oluwagbemiga, Isaiah Esiemogie, (2016); Mardiana, endah and dianata, (2018); Altarawneh and Shafie (2018). While some studies as well revealed negative results, such studies include: Tassew and Hailu, (2019); Iyinomen; Okoye and Ifeoma, (2019); Ewool and Quartey (2020); Greuning and Bratanovic, (2021); Al-Nimer, Abbadi, Al-Omush and Ahmad (2021). The research works previously conducted were inconclusive. Hence the use of moderator variable in order for this study to contribute its quota to the conclusiveness of the studies previously conducted.

Objective of the Study

Examine the moderating effect of risk management committee expertise (RMCE) on the relationship between credit risk (CR) and value (PBV) of listed deposit money banks in Nigeria.

Research Hypothesis

H₀₁ Risk management committee (RMCE) has no significant moderating effect on the relationship between credit risk (CR) and value (PBV) of listed deposit money banks in Nigeria.

Significance of the Study

The output of this research is expected to be useful in the banking industry in many ways. If the study is carefully reviewed by the banks they will understand the concept of financial risk, what it is all about, in what ways it is useful to the banks. The banks will understand how credit risk is affecting the banks; it is through default of payment of loans and interests that constitute credit risk? It will expose banks to different risk undertaken in day to day operations. The banks will understand how counter parties are making defaults and the tendency of these default to undermine the profitability or otherwise of the banks.

Furthermore, the firm's value is useful to shareholders, because they will know the performance of a firm at a point in time. When taking investment decisions, the knowledge of the value of a firm is fundamental. If the value of the firm as indicated by stock prices falls, shareholders might deinvest and vice versa. Sometimes a firm may fail in dividend payout, which is a great signal to shareholders that the value of the firm would deteriorate which can be a bad signal to shareholders and other investors.

LITERATURE REVIEW

Conceptual Framework

Risk is defined as lack of predictability of outcome. It covers both pleasant surprises and adverse business outcome. The sources of risk are varied and depend on business area. For example a financial firm involved in trading financial instruments will face a market risk as a result of unpredictable price changes. The interest rate risk arises from interest rate fluctuations that render the returns on financial assets uncertain. This also poses significant financial uncertainty when there are gaps in value between the set of claims made on a firm's assets and the assets value when the claims are due. Exchange rate risk arises from fluctuations in the value of foreign currency. The credit risk is arises as a result of defaults in the repayment of loans. The operating risk stems from frequent changes in or discontinuance of a revenue stream against a continuing level of fixed cost expenditures (Bansal, Kauffman, Mark & Peters, 1992).

Credit risk cannot be avoided as it is linked to core activities of banks and emphasizes more on appropriate credit policies that will raise the quality of loans and reduce the volume of non-performing loans. The higher the credit risk, the greater the risk of banking failures, again, a credit derivative is a derivative security that has a payoff which is conditioned with the occurrence of credit events. The credit risk management is the policies and strategies installed by the firm in order to mitigate and reduce credit risk exposure. The credit event is defined with respect to a reference credit, and the reference credits assets that are issue by the reference credit. If the credit event has occurred, the default payment is expected to be made by the counterparties. Beside the default payment a credit derivative can have further payoffs that are not default contingent (Semmler, Bernard & Robert, 2008).

Through effective management of credit risk exposure, banks not only support the viability and profitability of their owned business, but also contribute to systemic stability and to an efficient allocation of capital in the economy (Alshatti, 2015). The increased attempt of Nigerian banks to promote their presence in other markets may have affected their efficiency and credit risks. The first of these aspects is based on the incentives of the banks to reduce costs and to improve the management of their resources in order to gain competitiveness. Furthermore, there is poor knowledge of the new markets by the newly entered banks and the greater permissiveness in the acceptance of risk with a view to increasing market share in certain sectors or regions (Yimka, Taofeek, abimbola & Olusegun, 2015).

Moreover, investors interested in investing in shares want dividends, and the value of their investment increases through increasing stock prices. This price increase is also an interpretation of an increase in the

value of the firm. Therefore, various financial performance analyses, firm value inclusive, are important consideration for investors when making investment decisions (Jonnius & Marsudi, 2021). One of the fundamental desires of shareholders is to increase company's value because high value reflects the prosperity of the company's shares. In principle, the company's value can be represented through the company's share price because the market price of the company's shares reflects comprehensive investors' assessment of equity owned by shareholders (Kembaren, Endro & Pendrian, 2022).

Furthermore, the risk management committee is an autonomous board of directors' committee saddled with the responsibilities of risk management policies and oversees its implementation. The committee also helps board of directors in its regulatory duties in respect of the corporation's risk tolerance and risk control and enforcement process and the governance system that governs it. However, the guideline for risk management requires that the committee must comprises of not less than three directors all of them non-executive directors and is expected to be chaired by an independent director. Moreover, the guideline provided the role and responsibilities of the risk management committee which includes, monitoring the risk strategies, policies and risk tolerance level as well as reviewing the sufficiency of risk management policies and framework in identifying, measuring, monitoring and control of risk and effectiveness of its policies and framework (Obriki & Peter, 2022).

THEORETICAL FRAMEWORK

Financial Distress Theory

According to Baldwin and Scott (1983) when a firm's business deteriorates to the point where it cannot meet its financial obligations, the firm is said to have entered into financial distress. They went further to state that, the first signals of financial distress are violation of debt payments and failure or reduction of dividend payout. Whitaker (1999) argues that the first entry into financial distress is the first year when the cashflows are less than current maturities long-term debt. The firm has enough to pay its creditors as long as the cashflows exceed the current debt obligations. The key factor in identifying the firm in financial distress is her inability to meet contractual debt obligations.

The financial distress theory explains clearly how firms enter into financial distress as a result of poor liquidity risk management. That is, when a firm lack adequate cash flow to meet its debt maturing obligations, that firm is said to have violated liquidity risk management.

In the case of commercial banks, the inability to provide cash for withdrawal by the depositors and loans to borrowers as and when the demand of such arises constitute liquidity problem and subsequently financial distress may occur. Also, other creditors need to be taken into account when firms are putting in place risk management measures. The credit risk in banks also needs to be addressed since it may lead to financial distress. Loan portfolio management is an important determinant of the firm's liquidity. Therefore, banks are expected to manage credit and liquidity risks properly in order not to fall into the trap of financial distress (Muriithi, 2016).

METHODOLOGY

The research design is ex-post facto (correlational research design) on the ground that the data will be extracted from already prepared annual reports. It explores causes and effects relationships where causes already exist and cannot be manipulated. The effort here is to ascertain whether there is relationship between credit risk and value of listed deposit money banks in Nigeria: the moderating effect of risk management committee expertise. The research design is adopted with some modifications from Sabo (2017); Philip and Abisola (2019); Ironkwe and Osaat (2019); Iyinomen, Okoye and Ifeoma (2019); Abubakar, Garba and Sulaiman (2020); Adebayo, Ifeanyi and Abiodun (2020); Chioma et al (2021).

Population of the Study

The population of the study consists of all listed deposit money banks (commercial banks) in Nigeria. The

deposit money banks play important roles in the distribution of economic resources of any country (Wisdom, Muideen & Akindele, 2018). Deposit money banks facilitate economic growth in numerous ways but the main function of bank is to provide funds for investment purposes. Deposit money banks in the process of credit creation affect the economy through the provision of credit to fund private/public investment and consumption (Chioma et al, 2021).

Table 3.1 exhibits the list of the listed deposit money banks in Nigeria which represent the population of the study.

Table 3.1 Population of the Study

Commercial Banking License with International Authorization			
S/N	Names	Date of Incorporation	Date of Listing
1	ACCESS BANK PLC	1989	1998
2	FCMB PLC	1982	2013
3	FIRST BANK PLC	1894	2012
4	FIDELITY BANK PLC	1987	2005
5	GTCO PLC	1990	2021
6	UBA PLC	1961	1970
7	ZENITH BANK PLC	1990	2004
Commercial Banking License with National Authorization			
8	STANBIC IBTC PLC	1989	2012
9	UNITY BANK PLC	1987	2006
10	UNION BANK PLC	1917	1971
11	WEMA BANK PLC	1945	1990
12	STERLING BANK PLC	1992	1993

Source: Generated from Nigeria Exchange Group Listed Banks 2024

Table 3.2 Variables of the study and their Measurements

Proxies	Acronym	Status	Measurement	Justification
Firm Value proxied by Price to Book Value	PBV	Dependent Variables	Market price per share/ book value per share	Doorasamy (2021); Fadrul, Budiyo and Asyik (2021); Endri and Fathony (2020)
Credit Risk	CR	Independent Variable	Loan to deposit ratio	Bhattarai (2019); Hamza (2017); Perera and Morawakage (2016)
Using risk management committee expertise	RMCE	Moderator Variable	Number of members with accounting/finance qualification	Saidu, Ibrahim and Muktar (2017); Aliyu, Musa and Zachariah (2015); Jibril (2014)

Model of the Study

In order to examine the effect of independent variable on the dependent variable with moderator variable strengthening/directing the relationship, the following model has been spelt out and the model has been slightly modified from the one used by: Soyemi, Ogunleye and Ashogbon (2014); Sabo (2017); Wisdom Muideen Akindele (2018); Abubakar Garba and Sulaiman (2020); Adebayo, Ifeanyi and Abiodun (2020); Chioma et al (2021). Other variables which effect firm value of listed deposit money banks in Nigeria that are not captured by this study are represented by an error term, μ . The functional relationship among these variables can be defined thus:

$$FV_{it} = f(PBV)_{it} + \mu_{it} \dots\dots\dots 2$$

$$RMCE_{it} = f(RMCE)_{it} + \mu_{it} \dots\dots\dots 3$$

FV_{it} = Firm value for bank i in year t

$RMCE_{it}$ = Risk management committee expertise for bank i in year t

From these regression equations one models will be developed to test the hypotheses

$$PBV_{it} = f(\beta_0 + \beta RMCE_{it} \times \beta CR_{it} + \beta RMCE_{it} \times \beta FS_{it}) + \mu_{it} \dots\dots\dots \text{Hypothesis}$$

PBV_{it} = Price to book value for bank i in year t measured as market price per share/ book value per share.

$RMCE_{it}$ = Risk management committee expertise for bank i in year t measured as number of risk management committee members that have accounting/finance qualification

CR_{it} = Credit risk for bank i in year t measured as loan to deposit ratio.

FS_{it} = Firm size for bank i in year t measured as logarithm of total assets of a bank.

β_0 = intercept of the regression model.

μ_{it} = error term for bank i in year t.

β = Coefficient for bank i in year t

i = Bank

t = time

RESULTS AND DISCUSSION

Descriptive Statistics of the Variables of the Study

Table 4.1 presents the central tendencies, variability and relative position of dependent, explanatory and moderator variables of the study.

Table 4.1 Descriptive Statistics of the Variables of the Study

Variables	TYPE	Observation	Mean	Std Deviation	Minimum	Maximum
PBV	ratio	144	1.57	0.86	0.42	4.42
CR	%	144	0.62	0.17	0.03	0.99
RMCE	%	144	0.89	0.10	0.67	1.00
FS	log	144	12.4	0.51	11.19	14.48

Source: Generated by the author from annual report data of the sample companies (2013-2024) using STATA software.

Table 4.1 presents descriptive statistics. Column one presents variables of the study which comprises of dependent and explanatory variables as well as moderator variable. Column two presents the type and column three exhibits 144 observations and column four and five exhibit mean and standard deviation. Column six and seven show minimum and maximum value of observations respectively.

The mean of price to book value (PBV) of 1.57 indicates that the stocks of the banks under study are overvalued. Therefore, it is advisable for investors to avoid investing in the shares of the banks for now,

because according to financial rules, if the price to book value (PBV) of the company is below one (1), it means that the shares of the company are undervalued which will attract investors to purchase its shares.

The standard deviation of 0.86 shows that majority of the shares of the sampled banks are undervalued. This goes a long way in attracting investors willing to invest in the shares of the banks. The management and board of directors of the sampled banks are advised to increase over capitalization of their stocks.

The minimum amount of 0.42 showed that among the sampled banks, there are few that their shares are quite undervalued, which is favourable for investors, because by looking at the price to book value, investors can find out the value of their shares, whether it is overvalued or undervalued. Investors buy shares if the value of the share is undervalued, and will reject shares that are overvalued while, the maximum amount of 4.42 shows that some of the banks' shares are highly overvalued which is not favourable for investors.

In credit risk (CR), the mean value of 0.62 shows that on average for every N1 loaned out to customers, 62% are collected within a short period of time of one year which shows that credit risk is well managed. This also shows that the sampled banks are doing well in terms of disbursement and the collection of loans. The standard deviation of 0.17 shows that some banks' policies of loans disbursement are poor, because for every N1 disbursed as loans only 17% are collected within one financial year which reveals that credit risk is not well managed.

The minimum amount of 0.03 shows that some banks are extremely poor in their policy of loans disbursement and the collection of such loans within one financial year, because, some of the banks are only able to collect back their loans of 3% within one calendar year. The maximum amount of 0.99 shows that some banks are extremely good in disbursement and collection of loans; because they can collect 99% of their loans disbursed to customers including interest altogether which also shows that credit risk is well managed.

In risk management committee expertise, the mean value of 0.89 showed that on average 89% of the banks have strong relationship between dependent (PBV) and independent (CR, FS) variables. The standard deviation of 0.1 revealed that 10% of the banks have weak relationship between dependent and independent variables. The minimum amount of 0.67 reveals that 67% of the banks have strong relationship between dependent and independent variables. The maximum amount of 1.00 revealed that some banks have 100% strong relationship between dependent and independent variables.

In firm size (FS), the mean value of 12.4 showed that on average the banks have strong assets base, the standard should be 9. The standard deviation of 0.59 revealed that 59% of the banks have strong assets base. The minimum amount of 11.19 revealed that almost all banks have strong assets base. The maximum amount of 14.48 reveals that some banks have very strong assets base.

Correlation among Dependent, Explanatory and Moderator Variables

Correlation is used in order to ascertain the extent to which the dependent, independent/explanatory and moderator variables fluctuate together.

Table 4.2 Correlation Matrix among Dependent, Explanatory and Moderator Variables

	PBV	CR	RMCE	FS
PBV	1.0000			
CR	0.0479	1.0000		
RMCE	-0.1007	-0.1445	1.0000	
FS	-0.1656	-0.2158	0.1120	1.0000

Source: Generated by the author from annual report data of the sample companies (2013-2024) using STATA software, version 14.

The table shows the correlation coefficient between the dependent variables (PBV), explanatory variables (CR, FS,) and moderator variable (RMCE) of listed deposit money banks in Nigeria. The absolute values of the coefficients indicate the strength of the relationship ranging from -1 to 1. The signs (+ and -) indicate the direction of the correlation whether positive or negative. The 1.0000 on the diagonal of the table shows that each variable is perfectly correlated with itself.

The price to book value (PBV) positively correlated with explanatory variables: credit risk (CR), but negatively correlated with firm size (FS), and the moderator variable risk management committee expertise (RMCE). This means that if the value of the banks increase by 5% credit risk is going to increase by 5%, which means that credit risk is likely to improve with the improvement of firm value.

If the banks decide to increase the assets base by 16%, the firm value would likely be decreased by the same amount of 16%. So leaving the size of the assets of the banks in the current position is advisable.

The price to book value (PBV) and risk management committee expertise are negatively correlated, that is if the values of the banks increase the risk management committee expertise is decreasing and vice versa.

Regression

Robustness Test, Normality test

Table 4.3 Normality Test of the Variables of the Study

Variables	Observation	Skewness	Kurtosis	Adj chi2	Pro>chi2
PBV	144	0.0000	0.0629	21.47	0.0000
CR	144	0.3889	0.2514	2.09	0.3513
RMCE	144	0.3728	0.0000	49.87	0.0000
FS	144	0.0286	0.0269	8.66	0.0132

Source: Generated by the author from annual report data of the sample companies (2013-2024) using STATA software.

The skewness is a measure of the asymmetry of the distribution of a variable. The skewness value of a normal distribution is zero, usually implying symmetric distribution. A positive skewness value indicates that the tail on the right side of the distribution is longer than the left side and the bulk of the values lie to the left of the mean. In contrast, a negative skew value indicates that the tail on the left side of the distribution is longer than the right side and the bulk of the values lie to the right of the mean (Kim, 2013). Moreover, West (1996) proposed that there is substantial departure from normality, when there is skewness value of > 2 .

Kurtosis is a measure of the peakedness of a distribution. The original kurtosis value is sometimes called kurtosis (proper). Furthermore, West (1996) proposed that there is substantial departure from normality of data if kurtosis value is > 7.1 .

Generally, for small samples ($n < 50$), if skewness or kurtosis are larger than 1.96, that corresponds with an alpha level of 0.05 then reject the null hypothesis and conclude that the distribution of the sample is not normal (Kim, 2013).

Therefore, the data are normally distributed because all skewness and kurtosis of the study are less than one (1). Most studies agree that skewness and a kurtosis that are less than one (1) generally prove normality of data (Kim, 2013).

Multicollinearity of the Variables of the Study

This table presents the multicollinearity of the variables of the study.

Table 4.4 Variance Inflation Factor of the Variables of the study

Variables	VIF	1/VIF
FS	1.17	0.8517
CR	1.80	0.6224
RMCE	1.10	0.9114
Mean VIF	1.39	

Source: Generated by the author from annual report data of the sample companies (2013-2024) using STATA software, version 14.

Multicollinearity is a high degree of linear intercorrelation between explanatory variables in a multiple regression model which lead to wrong results of regression analysis. Diagnostic tools of multicollinearity include the variance inflation factor (VIF), condition index, condition number and variance decomposition proportion (VDP). Multicollinearity is present when variance inflation factor (VIF) is higher than 5 to 10 (Kim, 2019).

Multicollinearity is a case of multiple linear regression in which the predictor variables are themselves highly correlated. Moreover, if the primary goal is to understand how different X variables (explanatory variables) impact Y (dependent variables) then multicollinearity is a big problem. Multicollinearity is a matter of degree, not a matter of presence or absence.

If there is multicollinearity, the multiple linear regression cannot be precisely estimated. There are different methods used to detect multicollinearity in research works. One should be observing correlation matrix, second is through variance inflation factor (VIF), or by using eigenvalues of the correlation matrix (Paul, 2018).

The tolerance value is simply the inverse of VIF. The lower the tolerance, the more likely is the multicollinearity among the explanatory variables. If the $VIF = 1$ it indicates that the independent variables are not correlated to each other. If the value of VIF is $1 < VIF < 5$, it shows that the variables are moderately correlated to each other. If the variance inflation factor (VIF) is between 5 to 10, it indicates strong multicollinearity. If the variance inflation factor (VIF) is ≥ 5 to 10, it indicates that there is presence of multicollinearity among the predictors in the regression model (Shrestha, 2020).

In this research, the variance inflation factors (VIF) are all less than five (5). The mean value of variance inflation factor (VIF) is 1.39 which indicates the absence of multicollinearity in the model.

Heteroskedasticity Tests

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity

Ho: Constant variance

Variables: fitted values of pbv

chi2(1) = 16.84

Prob > chi2 = 0.0000

The Breusch-pagan test as proposed by Breusch and pagan (1979) is one of the most commonly used tests for detecting heteroskedasticity. It is based on regressing the square residuals from the original regression on the independent variables.

If heteroskedasticity is present, the square residuals will be correlated with the independent variables, leading to a significant coefficient in the Breusch-pagen test (Raza, Ahmed, Razzaque & Hina, 2023). In this study, the coefficient is significant, and then there is presence of heteroskedasticity in the model.

Table 4.5 Multiple Linear Regression of the Dependent, Explanatory and Moderator Variables

VARIABLES	COEFFICIENT	Z	P>[Z]	95% INTERVAL	CONF.
PBV	T				
RMCE CR	-1.1877	-0.33	0.738	-8.1592	5.7838
FS	-0.4461	-3.75	0.000	-0.6791	-0.2130
SIGN NO OBSERVATION R-SQUARE COVARIANCE	0.0000	0.0000	0.0000 144 0.16 78	0.0000	0.0000

SOURCE: Annual Report and Account Data of Listed Deposit Money Banks in Nigeria. $p < 0.1$; $p < 0.05$; $p < 0.01$. Indicate 10%, 5% and 1% significant level.

The table 4.5 presents regression results of the dependent variable, price to book value (PBV), explanatory variables: credit risk (CR), firm size (FS), and moderator variable risk management committee expertise (RMCE) of listed deposit money banks in Nigeria.

DISCUSSION OF FINDINGS

The hypothesis states that risk management committee expertise has no significant moderating effect on the relationship between credit risk and firm value. The findings from the table revealed that risk management committee expertise has negatively and insignificantly moderated the relationship between credit risk and price to book value as revealed by the p-value of 0.738 and coefficient of -1.1877. This means that risk management committee expertise has weak influence on the relationship between credit risk and firm value of listed deposit money banks in Nigeria. Therefore, we accept the null hypothesis which says that risk management committee expertise has no significant moderating effect on the relationship between credit risk and value of listed deposit money banks in Nigeria.

This finding is consistent with the findings of Reschiwati, Syahdina and Handayani (2020); Al-Nimer, Abbadi, Al-Omush and Ahmad (2021).

CONCLUSIONS AND RECOMMENDATIONS

The risk management committee expertise has negatively and insignificantly moderated the relationship between credit risk and price to book value. Therefore, risk management committee expertise has little influence on the relationship between credit risk and firm value of listed deposit money banks in Nigeria. The multiple linear regression, correlation and descriptive statistics have shown insignificant effect of risk management committee expertise as a moderator between credit risk and value of listed deposit money banks in Nigeria.

The firm size has negative and significant effect on price to book value. Therefore, the size of the banks matters more, as far as firm value is concerned. The firm size has negative and significant effect on price to book value. It concludes that assets base is essential to the management of the commercial banks in Nigeria as far as firm value is concerned. The assets base as revealed in multiple regression of the study is much more important to the banks. Therefore, it is not a fault if more resources are concentrated on the management of assets base of the banks, since it is essential to the value of the banks. Many banks reveal strong assets base, therefore the numbers are enough to conclude that the assets base are fundamental to the existence and survival of the banks in Nigeria.

It is found that the risk management committee expertise has insignificant moderating effect on the relationship between credit risk and firm value. Therefore, it is recommended that researchers should give little effort on risk management committee expertise as a moderating effect between credit risk and firm value of listed deposit money banks in Nigeria. Although risk management committee expertise has little moderating effect on the relationship between credit risk and value of banks in Nigeria, banks are advised to diversify ways of collecting borrowed funds using alternative means such as gauging the ability of the

customers to pay the loans in time rather than depending solely on the assets display by the customers, that would go a long way in reducing credit risk as well as non-performing loans bedeviling banks in Nigeria. The firm size as control variable has significant effect on firm value of listed deposit money banks in Nigeria. Assets play important role in the existence and survival of any bank therefore; banks in Nigeria should make efforts and improve their assets base by improving on their financial performance and their firm value. If banks can earn more profits, that would enable them to invest in different kinds of assets which would go a long way in improving their firm value, because the value of the firm and its assets base are going hand in hand, because increase in assets base means increase in firm value of any firm.

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