

THE IMPACT OF GOVERNANCE ON FINANCIAL RISK MANAGEMENT WITHIN THE BANK

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Abstract:

This study aimed to determine the impact of governance in its six principles (the existence of a basis for an effective governance framework, the preservation of shareholders' rights, the fair treatment of shareholders, the role of stakeholders, disclosure and transparency and the accountability of the board of directors), on the management of the financial risks of the BNA/DRE 181 bank, in the State of Tlemcen. In this study, we used the descriptive analysis approach and the case study approach represented in the random distribution of questionnaires to a sample of 58 employees, and (56) questionnaires were collected, meaning that the study sample consisted of 56 workers, and we used the spss v22 statistical processing method to store the data and analyze the results. Through the results, we managed to confirm the hypothesis that there is a significant positive relationship between the variables of the study, i.e. the principles of governance, and its impact on the management of financial risks at the BNA/DRE 181 bank in Tlemcen. The most important recommendations we have proposed are: The need for banks to pay attention to the principles of governance in order to achieve the best management of financial risks.

Key words: governance, banking governance, financial risk management, BNA/DRE 181 bank

JEL: M13, G 31, G34

1 Introduction

Corporate governance is defined as any system by which a company is directed and controlled and it deals with the mechanisms necessary to regulate the different interests that are expressed within the firm. The strong media coverage of corporate governance could lead one to believe that this is just a fad. Its origins, however, can be traced back to the beginnings of the separation of ownership and power in companies. As early as the end of the eighteenth century, Adam Smith (1776) already noted that the extreme diffusion of capital degrades the economic performance of the company and that non-owner managers are less attentive than those who manage their own company. (RICHARD & MASMOUDI, 2010, p. 173)(Liu & McConnell, 2013, pp. 1-17)

The notion of governance first concerned companies, then it spread to banks, given that the bank is an industrial firm that assumes crucial intermediation functions more precisely, it corrects the asymmetry of information between investors and borrowers and it directs savings towards investments, and given its

growing involvement in the real sphere. It has become imperative to set up a governance specific to the bank. (Ladjouzi , 2014, pp. 27-38)

Indeed, the banking sector plays a key role in the global and local economy, particularly in a context of globalisation, market liberalisation and increased capital mobility. This has prompted banks to take on increased risks to optimize their returns, reinforcing the need for effective governance to oversee and streamline the management of banking risks, including financial risks (TURUNÇ, 1999, pp. 89-129)(Sunaryo, Astuti, & Zuhrohtun, 2019, pp. 38-46)

Awareness of the importance of governance has been amplified by the recent economic and financial crises, as well as by the corruption scandals that have shaken many economies and companies around the world, culminating in the 2008 crisis. Banks have been directly implicated in this crisis due to their excessive exposure to real estate loans, resulting in part from weak supervision and a lack of adequate governance mechanisms (Yeoh , 2010, pp. 42–69) (Chiang Lee , Wang , & Zhang , 2023, pp. 180-202)

Therefore, the objective of bank governance is to strengthen risk management by building on a set of principles and mechanisms, such as those established by the Basel Committee on Banking Supervision, to foster trust among all stakeholders through increased accountability, enhanced transparency and disclosure of information (Chikhi, Marrif, & Zenagui , 2019, pp. 30-43)

BNA/DRE 181 in Tlemcen, like any other financial institution, is faced with financial risks that can have a significant impact on its operations and performance. Governance, as a fundamental pillar of organizational strategy, can have a considerable influence on how a bank understands and manages these financial risks.

2 Literature review

2.1 The theoretical foundations of corporate governance:

Governance concerns not only the proper functioning of the institution but also the quality of the action of these institutions in the social space. It is the subject of specific reflection on how to better involve the actors in the decision-making process.(Cardinal & Andrew, 2017, p. 9)

According to (RODERICK RHODES, 1996): the term governance stems from the need, not only of economic science (as far as corporate governance is concerned), but also of political science (as far as state government is concerned) as well as for the social sciences.(Rhodes, 1996, pp. 652-667)

2.1.1 Corporate Governance

There are many proposed definitions for corporate governance, each offering interesting and distinct perspectives.(AMAKHIR, & BENGHAZALA , 2023, pp. 264-280)

According to the Institute of Internal Auditor (IIA): Corporate governance is defined as "the combination of processes and structures implemented by the board of directors to inform, direct and monitor the activities of the organization in order to achieve its objectives."(LAMKARAF & ZAAM, 2019, pp. 559-572)

According to the Global Reporting Initiative (GRI), "governance is established within companies by a 'Governance Body': a committee or board responsible for the strategic direction of the organization, the control of its management and the responsibility for reporting to the parent organization and its stakeholders."(CHRIEF , 2023, pp. 375-391)

2.1.2 Banking governance:

Banking governance can be described as "the exercise of authority, giving direction and ensuring control, it contributes to the establishment of a stable climate, confident on both sides of its balance sheet: lenders (savers) and borrowers (credit applicants) and disciplinary (prudential system, internal control

and financial communication)". According to another definition given by the Bank for International Settlements (BIS), bank governance is "the art or way of understanding risk and ensuring an adequate level of capital"(Levine, 2004, pp. 1-19) (Talhaoui & Azzaoui, 2023, pp. 37-61)

2.1.3 The principles of governance according to the OECD:

The principles of governance according to OECD are: (OECD , 2015, pp. 1-56)

- ✓ The existence of a basis for an effective governance framework
- ✓ Preservation of shareholders' rights
- ✓ Fair Treatment of Shareholders
- ✓ The role of stakeholders in governance
- ✓ Disclosure and Transparency
- ✓ The responsibility of the board of directors

2.2 Financial risk management within the bank:

The bank is often presented as a portfolio of risks. Banking risk is multiple. Tradition distinguishes a legion of sub-categories: rates, exchange, transformation, counterparty... It is sometimes difficult to find one's way in this maquis; Especially since the boundaries are often blurred between the different categories (the risk of transformation is often a risk of interest rates, but not always, etc.) (Chiappori & Yanell, 1996, pp. 97-111)

The term "financial risks" in general refers to the irregularity of returns and the fluctuation of their value or ratio to the capital invested, which constitutes the element of risk. The regularity of returns is mainly related to the uncertainty about future forecasts (Beloudah, 2020, pp. 573-589)

Risk management has traditionally involved the use of insurance to protect against accident-related losses. Over time, alternative forms of risk management emerged, especially in the 1950s, when some losses were uninsurable or expensive to insure. The 1970s saw the emergence of derivatives to manage various risks. In the 1980s, financial risk management became complementary to pure risk management, with an increased focus on market and credit risks. The 1990s saw the emergence of operational and liquidity risk management, as well as international regulations for financial risks. Despite these advances, the 2007 financial crisis highlighted shortcomings in the application of and compliance with risk management regulations and governance rules (Dionne, 2013, pp. 19-46)

C.A. Williams & M.L. Smith & P.C. Young consider financial risk management to involve the performance of activities aimed at identifying, measuring and addressing the risks to which the company is exposed, as well as managing their causes and the consequences that flow from them. The main goal of financial risk management is to enable the business to evolve and achieve its goals more effectively and efficiently (Williams, Smith, & Young, 1998, p. 24)

2.3 Relationship between banking governance and risk management:

Corporate Governance A series of processes, policies, habits, regulations, and organizations that determine the direction, control, and management of an organization or company. The Corporate Governance Principles were first developed by the OECD in 1999 and re-updated in 2015 by the OEGCG (Gasperz, Sososutiksno, & Limba, 2022, pp. 531–547) . The wave of corporate scandals that swept through well-known companies in Europe and the USA (such as Societe Generale, Lehman Brothers, etc.) raised questions about the composition of the board of directors that can better monitor and control the management activities of the organization (Oino & Itan, 2018, pp. 1-9)• There is no evidence that banks whose boards have more financial expertise performed better. (Stulz, 2016, pp. 43-60)• where Failures in bank governance and risk management functions were identified as the main causes of the 2007-2008 financial crisis. (Haddou & BENSaid , 2015, pp. 207-222)

In the study of (Aebia, Sabatob, & Schmidc, 2012, pp. 3213-3226)The results showed that the banks in which it offers CRO Reporting directly to the Board of Directors, performs much better in times of financial crisis, and corporate governance mechanisms related to risk management positively impact the bank's performance during the crisis. . study (Nguyen & Dang, 2022, pp. 1-14)Analyzes the effectiveness of banking risk management in ASEAN countries through the use of bank data in these countries from 2002 into 2019, the results showed that the risk governance structure significantly affects the effectiveness of banks' risk management. Specifically, the size of the audit committee, its independence, financial and accounting expertise, coupled with an independent risk committee and the quality of external audit can enhance the effectiveness of banks' risk management. As an extension, through the development of the Risk Governance Effectiveness Index, we find that the effectiveness of risk governance can enhance the effectiveness of risk management in general.

In a study (Bastomi, Salim, & Aisjah, 2017, pp. 670–680)On the Impact of Corporate Governance on Financial Performance on Banks Listed on Stock Exchange Indonesia (IDX) For the period 2011-2015 , either directly or indirectly through credit risk and operational risk. The results showed that improving the application of corporate governance can reduce credit and operational risk and increase financial performance, while lower credit risk and operational risk can increase financial performance. Governance failures underscore the need for a strong risk management function as a necessary structure to effectively monitor and control enterprise-wide risk exposures.(Ellul, 2015, pp. 279-299). However, risk management cannot be viewed in isolation.: They are closely related to the type of governance structures adopted by banks and their business models.

Both (Kakar, et al., 2021, pp. 342-366)By studying the advanced mechanisms of corporate governance, data from 39 Bank operating in Pakistan for the time period of 2010 into 2015. This study then highlighted three aspects of corporate governance, including risk management, banking performance and ownership structure. The results analyzed that when there is an interdependence between three built variables, corporate governance will be better implemented.

The study evaluates the impact of corporate governance on banking risks represented in capital risk, credit risk and liquidity risk of twenty commercial banks listed on the Pakistan Stock Exchange during the period(Gulzar, et al., 2021, pp. 196-207) 2009-2018.. The empirical results found that different dimensions of governance affect banks' risks differently. In the context of Pakistan, the findings reveal that Board independence and gender diversity in the Board and Audit Committee have a significant impact on bank risk.

study Conducted by (Guerrouf & Khentouche, 2020, pp. 31-60)which aimed to Identify the banking governance system and its principles, as well as the degree of commitment of banks to apply these principles to help them develop banking risk management. where A random sample of 30 individuals was selected from the employees and workers of bank branches in the wilayat of Oum El Bouaghi. This study concluded that the majority of respondents consider that the branches of the banks surveyed are concerned with all the principles of bank governance. There is also a positive relationship between banking governance and risk management.

The function of banking governance is fundamental and complex in dealing with the risks associated with banking institutions. As the financial industry is dynamic and complex, strong governance frameworks are needed that promote long-term flexibility, transparency and stability. Study confirms (Hamed Ahmed Alnor, et al., 2024, pp. 194-206)stressed the importance of strong oversight of the Board of Directors in risk management. This suggests that to monitor risk exposure, make informed choices, and hold management accountable for risk management actions, a qualified board with the required expertise is essential.

Banking governance influences financial risk management by establishing clear supervisory structures and decision-making processes within banks. Effective governance fosters a strong risk management culture, with a particular focus on transparency, accountability and independence of oversight bodies (Amri & Benthabet, 2018, pp. 43-61)

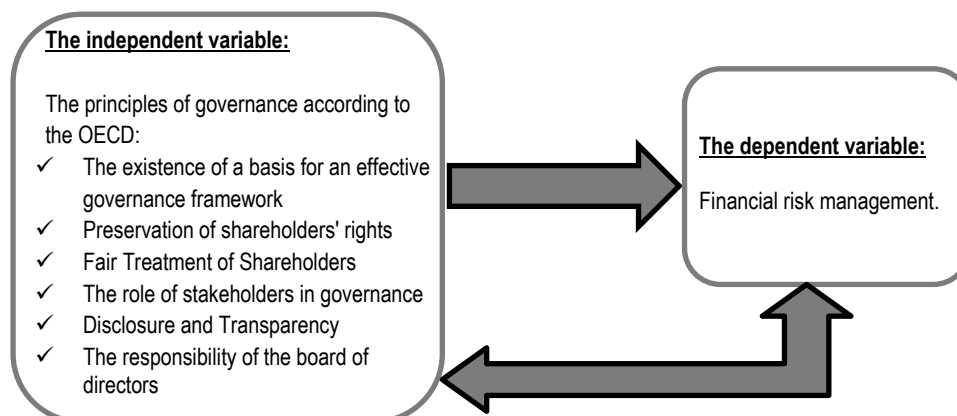
3 Research methodology:

The "DRE/181" reception department is a financial institution responsible for the management of banking activities in the Tlemcen region. It offers a range of financial services, including wire transfers, account action alerts, and credit maturities, as well as pawn lending.

The community studied consists of 58 employees of the bank "BNA/ DRE 181", in order to know and determine the impact of bank governance on the management of financial risks of this bank.

Our research was based on a random sample in the bank "BNA/ DRE 181", affecting all categories of employees of the bank. The total number of questionnaires distributed to collect the study data is 56, with 2 forms that were not fully answered and 2 that were not obtained. Thus, the sample of the study is made up of 52 employees.

Figure 01: Study variables



Source: establish by ourselves

In this study, we used the questionnaire as the main tool. ANGERS M. presents the questionnaire as a "direct technique for questioning individuals". JAVEAU C. adds another clarification remotely: "the questionnaire is a document on which the answers on the reactions of a given subject are noted". In short, the questionnaire is a research technique that is used to collect information from people through a form, which contains a number of questions.

The research questionnaire is organized along two main axes. The independent variable is the first, which concerns the principles of banking governance, while the dependent variable, financial risk management, is the second.

➤ The different parts of the questionnaire and its recipients:

The questionnaire is designed in three parts:

Part 01: The first part includes: The personal data of the bank's employees included: gender, age, level of education, field of study, current position, and work experience.

The questions in the second and third parts are structured to get answers that vary from "strongly agree" to "strongly disagree", with an intermediate neutral option. In addition, respondents have the option to choose from several proposals to express their level of agreement or disagreement. But most of the responses were formulated according to the LICERT scale.

Table 01: The LIKERT Scale of Measurement

Classification	Totally agree	All right	Neutral	Disagreement	Strongly disagree
Degree	5	4	3	2	1

Source: establish by ourselves.

Part 02: includes a set of questions focused on the principles of governance, divided into six axes that reflect the independent variable. These axes are represented in the following table:

Table 02: The axes of the study of the second part of the questionnaire (the principles of governance).

Focus of the study	Questions
The existence of a basis for an effective governance framework	From question 01 to question 05
Preservation of shareholders' rights	From question 01 to question 05
Fair treatment of shareholders	From question 01 to question 05
The role of stakeholders	From question 01 to question 05
Disclosure and transparency	From question 01 to question 05
The responsibility of the board of directors	From question 01 to question 05

Source: establish by ourselves.

Part 03: This section contains a set of questions related to financial risk management, consisting of fifteen questions that illustrate the dependent variable.

To answer the research question and prove whether the assumptions used are valid, we adopted an analytical descriptive approach. This approach has made it possible to define the theoretical framework and basic concepts relating to governance and financial risk management.

In addition to the descriptive approach, we also used a case study method to test the research hypotheses specific to the banking organization studied. Applying an analytical approach, the results were then analyzed using the SPSS v22 program.

4 Results and discussion:

4.1 The reliability of the axis:

To assess the reliability of the questionnaire, the researchers used Cronbach's Alpha method. When the Cronbach alpha coefficient exceeds 0.6, it means that there is reliability between the expressions in the questionnaire.

Table 03: The total Alpha cronbach test.

Number of Items	Alpha Cronbach
45	0.911

Source: establish by ourselves from the results of the SPSS 22.

From the result of the table, we note that the value of the Alpha Cronbach coefficient has far exceeded (0.6), which indicates that the expressions of the questionnaire have a high degree of reliability, the value of the Alpha Cronbach coefficient for all expressions (0.911), i.e. that all the declarations of the study expressions have a high reliability and stability.

4.2 Data analysis:

In this part, we will analyze the data related to the principles of governance and financial risk management at the National Bank of Algeria, Tlemcen branch.

Table 04: Data Analysis

	Average	Standard deviation	T-Test	Ddl	Sig. (Bilateral)
The existence of a basis for an effective governance framework	4.308	0.783	40.2608	51	0.000
Preservation of shareholders' rights	3.824	0.701	39.5884	51	0.000
Fair treatment of shareholders	3.762	0.6278	43.9176	51	0.000
The role of stakeholders	3.698	0.8242	33.8392	51	0.000
Disclosure and transparency	3.45	1.0054	25.333	51	0.000
The responsibility of the board of directors	3.92	0.8066	34.8362	51	0.000
Total Score (The Principles of Governance.)	3.827	0.79133	36.2958667	51	0.000
Financial risk management	3.9273	0.71593	41.81653	51	0.000

Source: establish by ourselves from the results of the SPSS 22.

The results in the table above show that the average total score for (the principles of governance) is 3.827. This suggests that the sample agrees on the importance of governance principles in the BNA bank (DRE 181).

Overall, the individuals in the sample agree on the elements of the financial risk management dimension (mean = 3.9273).

4.3 Test hypotheses and discuss the results of the study:

Using the spss statistics program, we obtained the following results:

4.3.1 The main hypothesis:

H1: There is a significant positive relationship between the principles of governance and financial risk management within the BNA DRE/181

A. Correlation coefficient (R-squared):

Table 05: Correlation coefficient

Model	R	R-two	R-two adjusted	Estimation standard error
1	0.748 ^a	0.560	0.551	0.24164

Source: establish by ourselves from the results of the SPSS 22.

The table above shows the correlation coefficient between the variables, which was estimated to be (0.748), which represents the percentage (55.1%) of respondents determined by the determination coefficient.

B. ANOVA Analysis of Variance:

Table 06: ANOVA variance.

Model	Sum of squares	Ddl	Medium four of a kind	F	Sig
Regression	3.714	1	3.714	63.606	0.000 ^b
Residues	2.919	50	0.058		
Total	6.633	51			

Source: establish by ourselves from the results of the SPSS 22.

The table above highlights the importance of the mutual influence of aspects of banking governance principles and financial risk management.

Sig Significance = 0.000 < α = 0.05 This confirms the validity of the model.

Accept the H1 hypothesis and reject the H0 hypothesis because it is linear. There is a statistically significant positive correlation between the principles of bank governance and the financial risk management of 5% of employees at the BNA\DRE 181 level

C. Regression coefficients.

Table 07: Regression coefficients.

Model	Non-standardized coefficients		Standardized coefficients	T	Sig
	B	Standard error	Beta		
1	(Constant)	1.233	0.339	3.632	0.001
	PG	0.706	0.089	7.975	0.000

Source: establish by ourselves from the results of the SPSS 22.

From the results in the previous table, we see that the model that expresses the relationship between governance principles and financial risk management is a linear model.

$$Y = 0.706 X + 1.233$$

Where Y is the dependent variable (financial risk management) and X is the independent variable (the principles of governance), the number 0.706 is the value of β equal to the slope of the regression equation.

4.3.2 The first sub-hypothesis:

H1a: There is a significant positive relationship between the existence of a basis for an effective governance framework and the management of financial risks within the BNA DRE/181.

A. Correlation coefficient (R-squared):

Table 08: Correlation coefficient.

Model	R	R-two	R-two adjusted	Estimation standard error
1	0.581 ^a	0.338	0.325	0.29639

Source: establish by ourselves from the results of the SPSS 22.

We find that the coefficient of determination $R^2 = 0.338$ This indicates that the component or assets of the principle of the existence of a basis for an effective governance framework affects financial risk management, and that the correlation coefficient has reached $R = 0.581$, indicating that there is a strong direct relationship between the existence of a basis for an effective governance framework and financial risk management with a rate of 58.1%.

B. ANOVA Analysis of Variation:

Table 09: ANOVA variance.

Model	Sum of squares	Ddl	Medium four of a kind	F	Sig
Regression	2.241	1	2.241	25.512	0.000 ^b
Residues	4.392	50	0.088		
Total	6.633	51			

Source: establish by ourselves from the results of the SPSS 22.

According to the previous table we have significance is equal to 0.000 was less than 0.05 This confirms the validity of the linear model, therefore, we confirm the hypothesis that there is a significant positive relationship between the existence of a basis for an effective governance framework within the **BNA/DRE 181 bank** and the management of financial risks.

C. Regression coefficients:

Table 10: Regression coefficients.

Model		Non-standardized coefficients		Standardized coefficients	T	Sig
		B	Standard error	Beta		
1	(Constant)	2.690	0.248		10.838	0.000
	Q5	0.286	0.057	0.581	5.051	0.000

Source: establish by ourselves from the results of the SPSS 22.

From the results in the previous table, we find that the model that expresses the relationship between the existence of a basis for an effective governance framework and the management of financial risks is a linear model.

$$Y = 0.286 X_1 + 2.690$$

Where Y is the dependent variable (financial risk management) and X₁ is the independent variable (the principles of governance), the number 0.286 is the value of β_1 equal to the slope of the regression equation.

4.3.3 The second sub-hypothesis:

H1(b): There is a significant positive relationship between the preservation of shareholders' rights and the management of financial risks within BNA DRE/181.

A. Correlation coefficient (R-squared).

Table 11: Correlation coefficient.

Model	R	R-two	R-two adjusted	Estimation standard error
1	0.472 ^a	0.233	0.207	0.32111

Source: establish by ourselves from the results of the SPSS 22.

We find that the coefficient of determination $R^2 = 0.233$. This indicates that the component or assets of the principle of preservation of shareholders' rights affects the management of financial risks, and that the correlation coefficient reached $R = 0.472$, indicating that there is a significant positive relationship between the preservation of shareholders' rights and the management of financial risks with a rate of 47.2%.

B. ANOVA analysis of variance:

Table 12: ANOVA variance.

Model	Sum of squares	Ddl	Medium four of a kind	F	Sig
Regression	1.478	1	1.478	14.333	0.000 ^b
Residues	5.156	50	0.103		
Total	6.633	51			

Source: establish by ourselves from the results of the SPSS 22.

According to the previous table we have the significance is equal to 0.000 was less than 0.05 This confirms the validity of the linear model, therefore, we confirm the hypothesis that there is a significant positive relationship between the preservation of shareholders' rights and the management of financial risks within **the National Bank of Algeria**.

C. Regression coefficients:

Table 13: Regression coefficients.

Model		Non-standardized coefficients		Standardized coefficients	T	Sig
		B	Standard error	Beta		
1	(Constant)	3.118	0.218		14.283	0.000
	Q6	0.216	0.057	0.472	3.786	0.000

Source: establish by ourselves from the results of the SPSS 22.

From the results of the previous table, we can see that the model that expresses the relationship between the preservation of shareholders' rights and the management of financial risks within the National Bank of Algeria is a linear model.

$$Y = 0.216 X_2 + 3.118$$

Where Y is the dependent variable (financial risk management) and X₂ is the independent variable (the principles of governance), the number 0.216 is the value of β_2 equal to the slope of the regression equation.

4.3.4 The Third Sub-Hypothesis:

H1c: There is a significant positive relationship between the fair treatment of shareholders and the management of financial risks within BNA DRE/181.

A. correlation coefficient (R-squared).

Table 14: Correlation coefficient.

Model	R	R-two	R-two adjusted	Estimation standard error
1	0.520 ^a	0.270	0.255	0.31119

Source: establish by ourselves from the results of the SPSS 22.

We find that the coefficient of determination $R^2 = 0.270$ This indicates that the component or assets of the principle of fair treatment of shareholders affects financial risk management, and that the correlation coefficient has reached $R = 0.520$, indicating that there is a significant positive relationship between fair treatment of shareholders and financial risk management with a rate of 52%.

B. ANOVA Analysis of Variance:

Table 15: ANOVA variance.

Model	Sum of squares	Ddl	Medium four of a kind	F	Sig
Regression	1.791	1	1.791	18.499	0.000 ^b
Residues	4.842	50	0.097		
Total	6.633	51			

Source: establish by ourselves from the results of the SPSS 22.

According to the previous table we have the significance is equal to 0.000 was less than 0.05 This confirms the validity of the linear model, therefore, we confirm the hypothesis that there is a significant positive relationship between the fair treatment of shareholders in governance and financial risk management within the **National Bank of Algeria**.

C. Regression coefficients:

Table 16: Regression coefficients.

Model		Non-standardized coefficients		Standardized coefficients	T	Sig
		B	Standard error	Beta		
1	(Constant)	2.923	0.237		12.307	0.000
	Q10	0.266	0.062	0.520	4.301	0.000

Source: establish by ourselves from the results of the SPSS 22.

From the results of the previous table, we can see that the model that expresses the relationship of fair treatment of shareholders and financial risk management within the National Bank of Algeria is a linear model.

$$Y = 0.266 X_3 + 2.923$$

Where Y is the dependent variable (financial risk management) and X₃ is the independent variable (the principles of governance), the number 0.266 is the value of β_3 equal to the slope of the regression equation.

4.3.5 The Fourth Sub-Hypothesis:

H1d: There is a significant positive relationship between the role of stakeholders in governance and financial risk management within BNA DRE/181.

A. correlation coefficient (R-squared).

Table 17: Correlation coefficient.

Model	R	R-two	R-two adjusted	Estimation standard error
1	0.622 ^a	0.386	0.374	0.28533

Source: establish by ourselves from the results of the SPSS 22.

We find that the coefficient of determination $R^2 = 0.386$ This indicates that the component or good principle of the role of stakeholders affects financial risk management, and that the correlation coefficient reached $R = 0.622$, indicating that there is a significant positive relationship between the role of stakeholders in governance and financial risk management with a rate of 62.2%.

B. ANOVA Analysis of Variance:

Table 18: ANOVA variance.

Model	Sum of squares	Ddl	Medium four of a kind	F	Sig
Regression	2.563	1	2.563	31.479	0.000 ^b
Residues	4.071	50	0.081		
Total	6.633	51			

Source: establish by ourselves from the results of the SPSS 22.

According to the previous table we have the significance is equal to 0.000 was less than 0.05 This confirms the validity of the linear model, therefore, we confirm the hypothesis that there is a significant positive relationship between the role of stakeholders and the management of financial risks within the **National Bank of Algeria**.

C. Regression coefficients:

Table 19: Regression coefficients.

Model	Non-standardized coefficients		Standardized coefficients	T	Sig
	B	Standard error	Beta		
1	(Constant)	2.858	0.195	14.679	0.000
	Q15	0.271	0.048	5.611	0.000

Source: establish by ourselves from the results of the SPSS 22.

From the results of the previous table, we can see that the model that expresses the relationship, the role of stakeholders and the management of financial risks within the National Bank of Algeria is a linear model.

$$Y = 0.271 X_4 + 2.858$$

Where Y is the dependent variable (financial risk management) and X_4 is the independent variable (governance principles), the number 0.271 is the value of β_4 equal to the slope of the regression equation.

4.3.6 The fifth sub-hypothesis:

H1e: There is a significant positive relationship between disclosure and transparency and financial risk management within BNA DRE/181.

A. correlation coefficient (R-squared).

Table 20: Correlation coefficient.

Model	R	R-two	R-two adjusted	Estimation standard error
1	0.458 ^a	0.209	0.194	0.32387

Source: establish by ourselves from the results of the SPSS 22.

We find that the coefficient of determination $R^2 = 0.209$ This indicates that the component or property of the principle of disclosure and transparency affects the management of financial risks, and that the correlation coefficient has reached $R = 0.458$, indicating that there is a significant positive relationship between disclosure and transparency and financial risk management with a rate of 45.8%.

B. ANOVA Analysis of Variance:

Table 21: ANOVA variance.

Model	Sum of squares	Ddl	Medium four of a kind	F	Sig
Regression	1.389	1	1.389	13.242	0.000 ^b
Residues	5.244	50	0.105		
Total	6.633	51			

Source: establish by ourselves from the results of the SPSS 22.

According to the previous table we have the significance is equal to 0.000 was less than 0.05 This confirms the validity of the linear model, therefore, we confirm the hypothesis that there is a significant

positive relationship between disclosure and transparency and financial risk management within the National Bank of Algeria.

C. Regression coefficients:

Table 22: Regression coefficients.

Model		Non-standardized coefficients		Standardized coefficients	T	Sig
		B	Standard error	Beta		
1	(Constant)	3.497	0.126		27.653	0.000
	Q21	0.132	0.036	0.458	3.639	0.000

Source: establish by ourselves from the results of the SPSS 22.

From the results of the previous table, we can see that the model that expresses the relationship between disclosure and transparency and the management of financial risks within the National Bank of Algeria is a linear model.

$$Y = 0.132 X_5 + 3.497$$

Where Y is the dependent variable (financial risk management) and X₅ is the independent variable (the principles of governance), the number 0.132 is the value of β_5 equal to the slope of the regression equation.

4.3.7 The sixth sub-hypothesis:

H1f: There is a significant positive relationship between board accountability and financial risk management within BNA DRE/181.

A. correlation coefficient (R-squared).

Table 23: Correlation coefficient.

Model	R	R-two	R-two adjusted	Estimation standard error
1	0.545 ^a	0.297	0.283	0.30542

Source: establish by ourselves from the results of the SPSS 22.

We find that the coefficient of determination $R^2 = 0.297$ indicates that the component or assets dimension of board responsibility affects financial risk management, and that the correlation coefficient has reached $R = 0.545$, indicating that there is a significant positive relationship between board responsibility and financial risk management with a rate of 54.5%.

B. ANOVA Analysis of Variance:

Table 24: ANOVA variance.

Model	Sum of squares	Ddl	Medium four of a kind	F	Sig
Regression	1.969	1	1.969	21.114	0.000 ^b
Residues	4.664	50	0.093		
Total	6.633	51			

Source: establish by ourselves from the results of the SPSS 22.

According to the previous table we have the significance is equal to 0.000 was less than 0.05 This confirms the validity of the linear model, therefore, we confirm the hypothesis that there is a significant positive relationship between the responsibility of the board of directors and the management of financial risks within the **National Bank of Algeria**.

C. Regression coefficients:

Table 25: Regression coefficients

Model		Non-standardized coefficients		Standardized coefficients	T	Sig
		B	Standard error	Beta		
1	(Constant)	2.765	0.256		10.786	0.000
	Q26	0.270	0.059	0.545	4.595	0.000

Source: establish by ourselves from the results of the SPSS 22.

From the results of the previous table, we can see that the model that expresses the relationship between the responsibility of the board of directors and the management of financial risks within the National Bank of Algeria is a linear model.

$$Y = 0.270X_6 + 2.765$$

Where Y is the dependent variable (financial risk management) and X₆ is the independent variable (the principles of governance), the number 0.286 is the value of β_6 equal to the slope of the regression equation.

5 Conclusions

Corporate governance is a set of controls or procedures that guide an organization in achieving its goals to maximize long-term stakeholder gains. To ensure accountability for their activities, good corporate governance is essential to protect not only the interests of stakeholders but also those of other parties, including consumers, suppliers, workers and government. A company that uses risk management must increase its overall understanding of risk to be able to maximize profitability and return on invested capital. Companies can reduce losses by improving their risk response and aligning their investment strategies with their plan with the help of risk management .(Affes & arboui, 2023, pp. 374–394)(Ayoob Mohammed Hassan , Binti Haji Din , & Senasi, 2023, pp. 1247-1260)

Better corporate governance practices led to better operational performance for banks after the financial crisis period. Changes in corporate governance guidelines or codes over time have had a significant impact on corporate governance practices and thus improve the operational performance of the bank (Orazalin & Mahmood , 2019, pp. 80-101).

The study we conducted aimed to determine the impact of governance denial on risk management. This theoretical study was based on a case study carried out with a group of 52 employees. With input from BNA management, we relied on questionnaires to collect data to analyze and test the plausibility of key assumptions.

➤ Study results:

There is a significant positive relationship between governance (the existence of a basis for an effective governance framework, the preservation of shareholders' rights, the fair treatment of shareholders, the role of stakeholders, disclosure and transparency, board accountability) and risk management.

The results showed that the principle of the role of stakeholders had the greatest impact with a percentage of 62.2%.

The results showed that the level of principle of governance within BNA Bank was the lowest in terms of disclosure and transparency with a percentage of 45.8%, compared to the other principles and according to the sample surveyed.

The results also showed that BNA's level of risk management was better in terms of responding to the role of stakeholders, the existence of a basis for an effective governance framework and the fair treatment of shareholders, according to the sample interviewed, compared to supervisory behaviour.

The results also showed that the level of risk management of the BNA bank was almost similar in terms of response, preservation of shareholders' rights, disclosure and transparency with a percentage of 47.2% and 45.8%.

The results showed that there is a statistically significant effect of governance on the financial risk management of BNA DRE/181 Bank, which means that attention must be paid to the principles of governance to increase the level of risk management.

➤ **Recommendations:**

- Ensure that the board of directors includes competent and independent members with expertise in financial risk management. The board must play an active role in overseeing and managing risk, ensuring that risk management policies and practices are adequate and effective.
- Develop clear and consistent policies and procedures for identifying, assessing, managing, and monitoring financial risks. These policies should be aligned with the institution's strategic objectives and integrated into all of its activities.
- Make risk management a priority at all levels of the organization. Create a culture where risk management is valued and encouraged, and where all employees understand the importance of their role in risk management.
- Provide regular training on governance and risk management principles to all employees, with a focus on the specific risks to which the institution is exposed.
- Also make employees aware of the financial and reputational consequences of poorly managed risks.
- Ensure that internal and external stakeholders are transparently informed about the financial risks to which the institution is exposed, as well as the steps taken to manage them. Open communication builds trust and reduces uncertainty.

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