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THE ROLE OF RISK MONITORING COMMITTEE IN ENHANCING CORPORATE RISK DISCLOSURE

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ABSTRAK

Industri perbankan menghadapi tantangan dalam transparansi pengungkapan risiko yang memengaruhi kepercayaan investor dan stabilitas keuangan. Penelitian ini bertujuan mengkaji pengaruh karakteristik komite pemantau risiko terhadap tingkat pengungkapan risiko. Sampel dipilih melalui purposive sampling terhadap perusahaan perbankan yang terdaftar di BEI periode 2018–2022, menghasilkan 205 observasi dari 44 perusahaan. Data sekunder didapatkan dari media sosial, laporan tahunan, dan situs resmi perusahaan, kemudian dianalisis dengan regresi linier berganda. Temuan mengindikasikan bahwa keberagaman gender dan frekuensi rapat komite memberikan dampak positif terhadap pengungkapan risiko, sedangkan independensi dan kualifikasi komite tidak menunjukkan pengaruh yang berarti. Penelitian ini menyoroti pentingnya meningkatkan tata kelola di industri perbankan Indonesia melalui perbaikan komite pemantau risiko.

Kata Kunci: pengungkapan risiko, komite pemantauan risiko, tata kelola, perbankan, Indonesia

ABSTRACT

The banking industry faces challenges in risk disclosure transparency, which affects investor confidence and financial stability. This research examines risk monitoring committee characteristics and risk disclosure. The sample was selected through a purposive sampling of banking companies listed on the IDX for the period 2018–2022, resulting in 205 observations from 44 companies. Secondary data was obtained from social media, annual reports, and official company websites, and then analyzed using multiple linear regression. This study found that gender diversity and the frequency of committee meetings positively influence risk disclosure, while committee independence and qualifications do not have a significant effect. These findings highlight the importance of enhancing corporate governance in Indonesian banks, particularly through strengthening risk monitoring committees.

Keywords: risk disclosure, risk monitoring committee, governance, banking, Indonesia

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1. Introduction

In the banking industry, annual reports are an essential aspect that functions as a source of information to maintain public trust in decision-making. The concept should include financial instruments, risk analysis, and strategies taken by banks to face economic and financial challenges. In this context, shareholders need detailed risk information to make investment decisions. The company can also explain risk management more transparently. Increasing risk transparency through annual reports supports the ability of shareholders and stakeholders to manage risk more effectively (Dosinta & Astarani, 2021). Additionally, reasonable risk management capabilities positively influence the banking industry's stability.

Risk management implementation is governed by Bank Indonesia Regulation Number 6/8/PBI/2003 and reinforced by POJK (Financial Services Authority Regulation) Number 18/POJK.03/2016 for Commercial Banks, as well as POJK Number 65/POJK.03/2016 for Sharia Business Units and Commercial Banks. The regulation requires banks to enforce effective and comprehensive risk management. This includes ongoing oversight by the Board of Directors and Commissioners as well as preparing standard procedures and policies. Moreover, banks should identify and control risks like market, credit, liquidity, legal, operational, reputation, and strategic compliance. Risk disclosure is critical in helping a company identify and implement optimal risk management strategies, reducing the potential for unexpected problems (Slamet et al., 2023). Banks can better understand risk by implementing risk disclosure practices, enabling companies to carry out operational activities efficiently and achieve optimal profits.

The pandemic of 2020 significantly negatively influenced the global financial sector, with a greater impact than the Global Financial Crisis of 2008-2009 (Riadi et al., 2022). The resulting market and economic instability prompted the Government and Bank Indonesia to implement a monetary policy and increase financial digitalization. This step helps society overcome the disruption of the pandemic and enables banks to develop digital financial services such as mobile banking (Yudaruddin, 2023).

Banking digitalization is relatively low, specifically in risk management and institutional structure. Purbaya Yudhi Sadewa, Chairman of the LPS (Deposit Insurance Agency) Board of Commissioners, emphasized the importance of good risk management in facing the complex cybercrime threat. Even though digital banks managed to record profits, many experienced significant losses, adding to the urgency of strengthening risk management strategies. A concrete example of the challenge can be seen in Bank Syariah Indonesia (BSI), which experienced service disruption due to a ransomware attack on May 8, 2023. This incident shows significant risk and the importance of transparency and communication in building trust to minimize the negative influence of cyberattacks (Solikhawati & Samsuri, 2023).

Based on this case, risk disclosure practices need attention, a critical issue requiring improvement. Excellent and transparent risk disclosure increases investor and stakeholder confidence and supports economic growth. Risk disclosure represents a key component of corporate governance, providing stakeholders with insights into the risks faced by a company and how these risks are addressed (Almunawwaroh & Setiawan, 2023; Bravo,

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2017; Zyznarska-Dworczak & Rudžionienė, 2022). Enhanced risk disclosure can improve corporate reputation and firm value (Bravo, 2017).

A strategic step to improve risk disclosure is forming a risk monitoring committee within the board of commissioners regulated by the Financial Services Authority (OJK) or Bank Indonesia (Ticoalu & Agoes, 2023). The risk committee is accountable for supervising the scope of the company's risk management disclosures (Agustina et al., 2021). Risk committees and risk disclosure are integral to corporate governance, helping firms manage risks effectively and maintain transparency with stakeholders. Risk committees are essential for effective corporate governance, particularly in monitoring and managing risks that could lead to a firm's collapse (Rimin et al., 2024; Jia & Bradbury, 2021; Saputra & Juliarto, 2023). They are also instrumental in minimizing information asymmetry and enhancing firm performance (Muqorobin & Simamora, 2023). Risk committees contribute to better corporate governance by ensuring that risk information is systematically reviewed and disclosed. This reduces information asymmetry between stakeholders and management, fostering greater transparency (Al-Hadi et al., 2016; Weekes-Marshall, 2022). They are often recommended to be separated from audit committees to enhance their effectiveness (Rimin et al., 2024; Jia & Bradbury, 2021).

Previous research showed that the Risk Management Committee effectively controlled, detected, and prevented risk (Larasati et al., 2019). This has been regulated through PJOK Number 55/POJK.03/2016 Article 34, passed on December 7, 2016, demands companies to establish a risk monitoring committee within the Board of Commissioners. This committee should consist of an Independent Commissioner, risk management expert, and financial expert, ensuring independence and good governance. According to Aldhamari et al. (2020), Aldhamari et al. (2023), Erin et al. (2023), Qin et al. (2023), Malahim (2023), and Jiraporn &Lee (2018), independent committees increase transparency and reduce risk despite different results from Jia et al. (2019) and Nahar & Jahan (2021). The existence of a risk management committee is linked to greater levels of risk disclosure. Firms with such committees are more likely to disclose extensive risk-related information because of their specialized focus on firm risks (Ayuningtyas & Harymawan, 2022; Al-Hadi et al., 2016).

The effective functioning of the Risk Monitoring Committee is not inherently guaranteed; rather, it is contingent upon various factors and characteristics that define the committee itself. A comprehensive evaluation of these elements is essential to ensure the committee's ability to fulfill its oversight responsibilities effectively. The qualifications and size of risk committees positively impact the extent of risk disclosures. Committees with members possessing relevant skills in risk management are more effective in disclosing comprehensive risk information (Jia & Li, 2022; Hasan et al. 2023). The existence of women on risk monitoring committees is vital because gender is more careful and conservative when making decisions. Moreover, women also have a different perspective that benefits strategic decision-making (Dewi & Eriandani, 2022; Khoirotunnisa, 2021). Aldhamari et al. (2020) and Erin et al. (2023) supported the results that the existence of women on the committee was positively associated with increasing risk disclosure quality. However, Hasan et al. (2023) and Malik et al. (2021) identified a negative relationship, showing the complexity and variation of gender influences on risk management and disclosure.

Risk monitoring committee members' qualifications are vital to the effectiveness of management and supervision under PJOK. This requires the committee to include a risk management expert. Malahim (2023) and Nahar & Jahan (2021) revealed a positive association between the high qualifications of committee members and increased risk disclosure quality, accompanying the importance of having adequate qualifications. In contrast, Mashamba and Gani (2022) found no evidence of a substantial association between high qualifications and increased company risk disclosure.

The frequency of risk monitoring committee meetings is considered crucial in effective management. This is because more frequent meetings facilitate a more active exchange of information, allowing members to understand various aspects of risk and adjust mitigation strategies appropriately (Nguyen, 2022). Erin et al. (2023) and Nahar & Jahan (2021) reported that regular meetings positively influenced risk disclosure quality. Meanwhile, Malahim (2023) found that the frequency did not influence risk disclosure, indicating variations in effectiveness depending on the context or implementation of the committee.

Several research focused on characteristics of the risk monitoring committee but were conducted abroad, such as Aldhamari et al. (2020), Aldhamari et al. (2023), Dewi & Eriandani (2022), Erin et al. (2023), Hasan et al. (2023), Malahim (2023), Malik et al. (2021), Mashamba & Gani (2022), Nahar & Jahan (2021), Nguyen (2022), and Jiraporn &Lee (2018). This research explored characteristics such as committee independence, gender, and qualifications, as well as the frequency and effectiveness of meetings. However, there still needs to be a literature gap specifically addressing the banking sector. This absence of research shows a gap in understanding the work of the risk monitoring committee in the context of the markets and regulations. The variables considered to gain a deeper understanding include company size, leverage, and liquidity.

This research is aimed at addressing a significant literature gap by assessing the characteristics and effectiveness of risk monitoring committees specifically within banking companies. While previous research has examined different factors of risk committees—like gender diversity, qualifications, meeting frequency, and independence—they have primarily focused on non-banking sectors or international contexts. The absence of research tailored to banking institutions, which operate under unique regulatory environments and risk exposure frameworks, limits the understanding of how governance structures affect risk management in financial firms. Given the banking sector's critical role in financial stability, an investigation into the committee's function within this specific industry is necessary.

This research contributes to both practical and theoretical advancements in corporate governance, particularly within the banking sector. Theoretically, it expands the current knowledge base by filling a literature gap in risk monitoring committee characteristics specific to banking institutions. While previous studies have examined committee independence, gender diversity, and qualifications, they have predominantly focused on non-banking sectors. By incorporating banking-specific risk factors such as liquidity, company size, and leverage, this research bridges governance and financial risk management theories, providing a more industry-tailored perspective. Practically, the research offers valuable insights for banking executives and stakeholders by highlighting how risk monitoring committees can enhance financial stability and improve oversight structures. By identifying key characteristics that contribute to effective governance, banks can refine their risk management practices to mitigate financial and operational risks. From a policy perspective, the findings provide regulators and policymakers with empirical evidence to assess the adequacy of existing governance frameworks in addressing banking sector risks. This research could lead to improved regulations, ensuring that risk monitoring committees are structured to optimize financial oversight and disclosure, ultimately strengthening governance practices within financial institutions.

2. Literature Review and Hypothesis Development

Agency theory, which investigates the association between shareholders (principals) and management (agents), represents a foundational framework for understanding risk disclosure practices. It posits that because of information asymmetry, agents may not consistently behave in the principals' best interests, necessitating mechanisms to align interests and enhance transparency (Jensen & Meckling, 1976). Risk disclosure is a key mechanism, aimed at reducing information asymmetry and mitigating agency problems by communicating essential risk information to stakeholders about the risks encountered by the company. The integration of agency theory with risk disclosure practices emphasizes the significance of risk committees in mitigating agency problems and enhancing transparency (Panda & Leepsa, 2017; Agustina et al., 2021).

An influential independent risk monitoring committee significantly influences risk disclosure levels (Al-Maghzom et al., 2016). A competent committee increases risk information transparency and helps management transfer risky operational aspects (Erin et al., 2023). Meanwhile, independent members are essential in company governance to monitor management actions and protect stakeholder interests (Aldhamari et al., 2020). The independent risk monitoring committee strengthens company governance and increases risk transparency (Malik et al., 2021). The research showed mixed results, where Aldhamari et al. (2020) and Nahar & Jahan (2021) obtained positive and negative influence, while Malik et al. (2021) reported no significant influence.

H_1: Independent risk monitoring committee positively influences risk disclosure

According to Al-Maghzom et al. (2016), agency theory argues that gender does not influence the effectiveness of company boards. Meanwhile, upper-echelon theory shows that demographic characteristics such as gender influence strategic decisions. A review of psychological research by Razak and Helmy (2020) states that women and men possess distinct leadership styles, including communication, caution, and decision-making. According to Setyaningrum et al. (2019); Saggar et al., 2022; and Aldhamari et al., 2020, women are more careful and consider risk. However, Hasan et al. (2023) and Malik et al. (2021) stated no significant association between women's leadership in risk management and disclosure. A higher proportion of women directors may reduce financial constraints.

H_2: Gender of risk monitoring committee positively influences risk disclosure

The importance of educational individuals' qualifications in handling internal control and governance responsibilities is the key to success in identifying and managing company risk (Aldhamari et al., 2020). Governance success depends on the expertise of individuals who understand aspects of internal control and governance in depth. The selection provides an advantage in designing risk management strategies according to the company's complexity. Isa & Lee (2020) showed that financial or accounting qualifications helped the risk monitoring committee to understand banking products from a market viewpoint as well as conduct in-depth assessments of bank risk and performance. However, Mashamba and Gani (2022) found that qualifications, experience in accounting or finance, and risk monitoring committee formation did not influence risk outcomes.

H_3: The qualifications of the risk monitoring committee positively influence risk disclosure

Committee meetings have an essential role in the banking governance framework. POJK stipulates that risk monitoring committee meetings should be held under the bank's requirements and attended by 51% of members. These meetings play an essential role in mitigating risk. The committee has a more significant opportunity to perform more effective performance monitoring and evaluation to prevent excessive risk-taking (Nahar & Jahan, 2021). Erin et al. (2023) and Nahar & Jahan (2021) showed that regular meetings positively influenced risk disclosure quality. This gives the committee more opportunities to discuss topics related to risk reporting. However, Malahim (2023) explained that the frequency of meetings had little influence on risk disclosure quality.

H_4: The number of risk monitoring committee meetings positively influences risk disclosure

3. Research Method

The population included companies in the financial sector detailed on the IDX in 2018-2022. The data comprised 235 annual reports from 47 companies published in 2018-2022. A purposive sampling technique was used to gain 205 financial reports. This period marked significant growth in financial technology, such as banking digitalization, which influenced risk management and information disclosure. The analysis method used was multiple regression.

Table 1. Research Sampling

No	Sampling Criteria	Total
1.	Financial companies detailed on IDX for the 2018–2022 period	235
2.	Companies that did not issue annual reports	(10)
3.	Companies with incomplete annual reports required for the 2018–2022 period	(5)
4.	Outlier data	(15)
	Total Observations	205

Risk disclosure was identified as the dependent variable, and an index score system was adopted based on IFRS 7 and Basel II standards developed by Nahar and Jahan (2021). This index covered 6 main risk elements: credit, market, liquidity, general, operational, and strategic risk under POJK Number 18/PJOK.03/2016 provisions. The method received support from Alshirah et al. (2022), Gull et al. (2023), Jain & Raithatha (2022), and Nahar et al. (2016), which added validity to the method.

The absence of financial ties determined the independent risk monitoring committee, share ownership, family relationships, or inclusion in management or political matters with the Board of Directors or Commissioners. These criteria were built on various research showing the importance of independence in risk oversight. Several relevant research, such as Aldhamari et al. (2020), Al-Hadi et al. (2016), Jia et al. (2019), and Nahar & Jahan (2021), supported this method to the effectiveness of risk monitoring.

The method of measuring gender diversity follows Yusuf et al. (2023), according to the proportion of women members to the total number in the risk committee. This method assumes that women's participation percentage can show the level of gender diversity and provide an overview of equality in risk decision-making structure. This research used the main measure of qualifications based on a method adapted from Al-Hadi et al. (2016) to define the qualifications of risk monitoring committee members. This research considered formal educational background in accounting or finance, including bachelor's, master's, or doctoral degrees. The measure is computed by dividing the number of members with relevant educational qualifications by the total risk committee. The method identifies competence in carrying out risk oversight duties, a critical aspect of effective company governance.

Risk monitoring committee meetings are important in increasing supervision effectiveness (Erin et al., 2023). The frequency of committee meetings in a year represents the main measure used to measure the variable. This research adapts the method used by Jia et al. (2019) and Nahar & Jahan (2021), which stated the importance of meeting frequency as a direct indicator of supervisory activity. The measurement was carried out by counting the number of meetings the risk committee held.

Table 2. Variables Measurement

No	Variables	Abbreviation	Measurement	References
1.	Risk Disclosure	RDs	$\frac{\text{Total of disclosure}}{\text{Total risk disclosure index}} \times 100\%$	Nahar & Jahan (2021)
2.	Independent risk monitoring committee	RCind	$\frac{\text{Number of independent committee}}{\text{Risk monitoring committee member}} \times 100\%$	Nahar & Jahan (2021)
3.	Risk Monitoring Committee gender	RCgend	$\frac{\text{Number of women on the committee}}{\text{Risk monitoring committee member}} \text{X } 100\%$	Yusuf et al. (2023)
4.	Risk monitoring committee	RCqual	1 if the risk monitoring committee possesses academic qualifications and is professional in accounting or finance	Al-Hadi et al. (2016)

No	Variables	Abbreviation	Measurement	References
	qualification		and 0 if not. $\frac{\text{Qualified committee member}}{\text{Risk monitoring committee member}} \times 100\%$	
5.	Risk monitoring committee qualification meeting	RCmee	Number of meetings held by the risk committee	Jia et al. (2019) Nahar & Jahan (2021)
6.	Company size	Size	Natural logarithm of total assets	Düsterhöft et al. (2023), Jain & Raithatha (2022), Kamaruzaman et al. (2019).
7.	Leverage	Lev	$\frac{\text{Total liabilities}}{\text{Total assets}}$	Karim et al. (2022)
8.	Liquidity	Liq	$\frac{\text{Current assets}}{\text{Current liabilities}}$	Haj-Salem et al. (2020)

This research covers several control variables to ensure more accurate and reliable results. The control variable is company size, represented through the total assets' natural logarithm (LN). This measurement method follows Düsterhöft et al. (2023), Jain & Raithatha (2022), and Kamaruzaman et al. (2019). LN total assets control company size variations, influencing internal dynamics and risk monitoring capabilities. As a control variable, leverage is determined by the total liabilities to assets ratio. This is because shareholders and creditors need more information. Liquidity is measured by the proportion between current assets and current liabilities. Moreover, Haj-Salem et al. (2020) reported that companies with more substantial liquidity showed greater transparency in risk disclosure. The following is the regression equation to test the hypothesis in this research.

$$RD = \alpha + \beta 1\ RCind + \beta 2\ RCgend + \beta 3\ RCqual + \beta 4\ RCmee + \beta 5\ Size + \beta 6\ Lev + \beta 7\ Liq + e$$

Where:

RD = Risk Disclosure
α = constant
β 1-7 = regression coefficient
RCind = Independent Risk Monitoring Committee
RCgend = Gender Risk Monitoring Committee
RCqual = Qualification Risk Monitoring Committee
RCmee = Meeting Risk Monitoring Committee
Size = Company Size
Lev = Leverage
Liq = Liquidity

e = error.

4. Results and Discussion

Table 3 displays the outcomes of descriptive statistical analyses for the variables employed in this research. The risk disclosure variable (RDscore) indicates that the mean risk disclosure level among banking institutions in Indonesia is 78.56%, with a Std. Dev of 6.943%. This demonstrates that the majority of banks have sufficiently disclosed risks in compliance with IFRS 7 and Basel II standards, although notable discrepancies exist, where PT Bank Negara Indonesia Tbk achieved the highest score of 93%, while PT Bank Aladin Syariah Tbk attained the lowest score of 55%.

The Independent Risk Monitoring Committee (Rcind) variable exhibits an average of 97.18%, suggesting that nearly all committee members across most companies are independent, with a Std. Dev of 8.248%. A minimum of 40% was identified at Bank Raya Indonesia Tbk, whereas a maximum of 100% was recorded at 40 companies with entirely independent committee members. The gender variable of committee members (Rcgend) indicates that the average proportion of women in the Risk Monitoring Committee is 16.77%, accompanied by a notably high Std. Dev of 17.685%. This signifies a disparity in gender representation, with certain companies lacking female members on their committees, whereas in instances like Bank Central Asia Tbk, the female representation is as high as 75%.

Table 3. Descriptive Statistics Results

Variables	Obs	Min	Max	Mean	Std. Dev
RD	205	0.55	0.93	0.786	0.0694
RCind	205	0.40	1.00	0.971	0.0825
RCgend	205	0.00	0.75	0.168	0.1768
RCqual	205	0.50	1.00	0.919	0.1297
RCmee	205	2.00	42.00	7.907	6.3606
Size	205	13.40	21.27	17.443	1.7079
Le	205	0.10	1.32	0.799	0.1262
Liq	205	0.76	10.26	1.338	0.7308

Regarding committee member qualifications (Rcqual), the average company exhibits a qualification level of 91.94%, with a standard deviation of 12.974%, suggesting that most committee members possess backgrounds or expertise in finance or accounting. A minimum threshold of 50% signifies that at least half of the members in certain companies fulfill the qualifications, while others have all committee members qualified. The variable representing the number of committee meetings (Rcme) indicates that, on average, the committee convenes 7.91 times annually, exhibiting considerable variability (Std. Dev of 6.36059). The frequency of meetings varies from 2 to 42, signifying the presence of companies with exceptionally high supervisory engagement, exemplified by Bank Rakyat Indonesia (Persero).

Table 4. Classical Assumption Test Results

Classical Assumption Test	Method	Indicator	Result
Normality test	Kolmogorov-Smirnov	Asyimp. Sig (2-tailed) > 0.05	0.074 > 0.05
Multicollinearity test	Tolerance value and VIF	Tolerance > 0,01 VIF < 10	Tolerance / VIF RCind 0.950 1.053 RCgend 0.966 1.035 RCqual 0.986 1.014 RCmee 0.767 1.303 Size 0.669 1.495 Le 0.384 2.603 Liq 0.432 2.314
Heteroscedasticity test	Glejser	p-value > 0.05	p-value RCind 0.365 RCgend 0.279 RCqual 0.150 RCmee 0.978 Size 0.087 Le 0.506 Liq 0.877
Autocorrelation test	Durbin-Watson (DW)	dU < d < 4 – dU	1.740 < 1.820 < 2.260

Table 4 reveals the classic assumption test results used to ensure the regression model's validity. The data from this research were put through a series of classical assumption tests, covering tests for multicollinearity, autocorrelation, heteroscedasticity, and normality. The Kolmogorov-Smirnov method was used to perform the normality test, with an Asymp. Sig. (2-tailed) of 0.074, surpassing the threshold of 0.05. This exhibits that the residuals are distributed normally, which supports the normality assumption. Tolerance values and the Variance Inflation Factor were utilized to test multicollinearity. All independent variables exhibited tolerance values exceeding 0.01 and VIF values below the critical value of 10, suggesting that the predictors did not exhibit multicollinearity. The heteroscedasticity test, performed using the Glejser method, yielded p-values above 0.05 for all examined variables, indicating that the data is not heteroscedastic and that residual variance is constant. Finally, the Durbin-Watson test was used to determine autocorrelation within the residuals. The DW statistic was 1.820, which is between the critical values of 1.740 and 2.260, indicating that no autocorrelation exists. Overall, the findings demonstrate that the regression model satisfies the classical linear regression assumptions, indicating its reliability and robustness for future analysis.

The regression model demonstrates a moderate degree of explanatory power, with an R^2 of 0.268 and Adjusted R^2 of 0.242, showing that around 24.2% of the variance in the dependent variable is described by the independent variables. The F-statistic of 10.327, coupled with a p-value of 0.000, implies the overall significance of the regression equation, suggesting that the predictors collectively exert a meaningful influence on the dependent variable. This highlights the importance of the selected independent variables in shaping the dependent variable.

The first hypothesis (H1) showed that H1 was rejected. Even though the results do not report a substantial effect, the committee independence level is high, with an average of 97%. This indicates that the committee has met the expected independence criteria. Due to several factors, more independent risk monitoring members should be able to increase company supervision. An independent party's existence can fulfill the government's regulatory requirements. More independent risk monitoring committee is needed to guarantee better company supervision. However, only an independent risk monitoring committee paired with other attributes, like better monitoring and financial expertise, is effective in alleviating the risk of funding limitations (Malik et al., 2021).

Table 5. Regression Test Results

Variables	Predicted sign (+ / -)	Standardized Coefficient	p-value
(Constant)		0.575	0.000
RCind	+	-0.061	0.248
RCgend	+	0.076	0.002***
RCqual	+	-0.020	0.549
RCmee	+	0.002	0.009***
Size	+	0.009	0.002***
Le	+	0.113	0.039**
Liq	+	0.003	0.696
R^2	0.268		
Adjusted R^2	0.242		
F	10.327		
Prob (F-Statistic)	0.000		

Note: significant at ***p<0.01, **p<0.05, *p<0.1

The second hypothesis (H2) stated that women's risk monitoring committees influenced risk disclosure. According to Jia (2019), the variable is considered to increase risk monitoring and reduce the possibility of experiencing financial difficulties as perceived by the market. This is supported by Aldhamari et al. (2020) and Erin et al. (2023), showing a positive correlation between women's risk monitoring committees and risk disclosure. Another study on Indonesian banks highlighted that the existence of female members on risk monitoring committees positively moderates the association between enterprise risk management disclosure and firm value, indicating a beneficial role of gender diversity in risk monitoring (Rustiarini & Suryandari, 2021). The existence of women in governance roles tends to enhance accountability and transparency, contributing to better risk management practices. Women are likely to be more risk-averse than men, which influences group risk-taking decisions. In the group setting, a larger number of female members is linked to increased risk aversion, impacting the overall risk disclosure process (Nieboer, 2015). This is attributed to the diverse perspectives and enhanced discussions that female member brings to the committee, leading to more thorough and transparent disclosures.

The third hypothesis (H3) test found that committee qualifications did not influence risk disclosure. Even though committee members have good qualifications, these qualifications do not directly impact the disclosure level. The existence of qualified members on the committee is anticipated to increase risk disclosure quality. However, different factors have a greater influence in shaping risk disclosure practices. Mashamba & Gani (2022) found no evidence to support the hypothesis that the existence of board members possessing qualifications and experience in finance and risk management increased risk reporting in banks. This research analyzes the effectiveness of appointing finance or risk experts in lowering risk-taking among managers. Risk committees also consider factors such as board members' ability to evaluate management decisions. This finding contrasts with those of Aldhamari et al. (2020), Al-Hadi et al. (2016), and Nahar & Jahan (2021).

The fourth hypothesis (H4) showed that the regression analysis reported a substantial positive correlation between the number of risk monitoring committee meetings and the extent of disclosure. Increasing the number of meetings results in larger levels of risk disclosure. Changes in the number are positively linked to a rise in risk disclosure. Regularly held meetings enable the company to engage in in-depth discussions regarding risk reporting. Frequent meetings of risk monitoring committees can potentially improve the accuracy of risk disclosures by ensuring continuous oversight and timely updates on risk management practices (Rustiarini & Suryandari, 2021; Adamu, 2020; Raimo et al., 2022). Therefore, frequent risk committee meetings help produce more comprehensive and higher-quality risk reports, as supported by Erin et al. (2023) and Nahar & Jahan (2021).

This study covers all Indonesian banks, including commercial and Sharia banks, to provide a comprehensive overview. The sample includes various bank types for broader representation. Further analysis focuses on the impact of risk monitoring committee characteristics specifically within commercial banks to assess result consistency.

Table 6. Regression Test Results with Commercial Banks as a Sample.

Variables	Predicted sign (+ / -)	Standardized Coefficient	p-value
(Constant)		0.702	0.000
RCind	+	-0.064	0.231
RCgend	+	0.099	0.000***
RCqual	+	-0.017	0.620
RCmee	+	0.002	0.009***
Size	+	0.009	0.004***
Le	+	0.024	0.820
Liq	+	-0.033	0.418
R^2	0.260		
Adjusted R^2	0.245		
F	10.752		
Prob (F-Statistic)	0.000		

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Note: significant at ***p<0.01, **p<0.05, *p<0.1

This research covered all banking companies in Indonesia, including commercial and Sharia banks. The sample includes various types of banks to obtain a comprehensive image. In the advanced analysis stage, the influence of characteristics of risk monitoring committees on commercial banks is analyzed. This is executed to assess the consistency of the separate test results.

The regression analysis found that the independent committee holds a significance level of 0.231 and a coefficient of -0.064. Therefore, this variable does not significantly influence risk disclosure in commercial banks. Committee gender displays a substantial positive effect with a significance level of 0.000 and a coefficient of 0.099. In this context, the existence of women committee members is positively linked to enhanced risk disclosure. Committee qualifications have a significance level of 0.620 and a coefficient of -0.017, showing that the variable does not significantly influence risk disclosure. The frequency of committee meetings demonstrates a substantial positive effect with a significant level of 0.009 and a coefficient of 0.002. Company size also exhibits a substantial positive effect, as evidenced by a significance level of 0.004 and a coefficient of 0.009 since banks with larger sizes tend to disclose risk better. These results show that committee gender, meeting frequency, and company size are important determinants of risk disclosure. These findings demonstrate that the results derived from the commercial bank sample are in line with those from the initial model, strengthening the reliability and generalizability of the conclusions.

5. Conclusion, Implication, and Limitations

In conclusion, this research was performed to examine characteristics of independent risk monitoring committees, gender, qualifications, and number of meetings on risk disclosure of banking companies over the 2018-2022 period. The findings demonstrated that the independent risk monitoring committee did not significantly influence risk disclosure as a formality to comply with regulations. In comparison, gender diversity on committees had a significant influence, with women's participation presenting different perspectives to improve transparency and risk disclosure quality. Committee qualifications linked to formal education did not show a significant influence since practical experience was crucial in risk monitoring. Meanwhile, the number of committee meetings significantly increased risk disclosure because higher frequency allowed for more in-depth discussions and effective risk management. This research provided a comprehensive understanding of risk monitoring committees and their effect on risk disclosure. The results could benefit companies in the financial sector, specifically banking, by improving risk management, company governance, transparency, and accountability. In this context, the implementation should strengthen credibility and improve the ability to identify, manage, and disclose risk, contributing to long-term resilience and stability. Moreover, these results should provide important directions for future research in developing risk management theory and practice.

This research presented several limitations. Measuring risk disclosure using a scoring scale caused subjectivity and differences in results due to the absence of reference standards. The indices adapted from international research were not suitable for conditions in Indonesia. Additionally, Risk Committee qualifications measured based on educational background did not have a significant influence. Independent risk monitoring committee measurements were often based on annual reports, opening up opportunities for manipulation. Therefore, further research was recommended to develop local reference standards, use more objective assessment methods such as machine learning, apply specific and relevant committee qualification indicators, and adopt a comprehensive method in evaluating the independence of the risk monitoring committee.

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