

## DISSERTATION PROPOSAL FORM

*Please Type in the appropriate spaces. Boxes will expand as you type.*

<b>Name</b>		<b>Student Number</b>	
<b>Course</b>			

### Provisional Title of Your Dissertation.

Title: "Evaluating the effectiveness of risk management strategies in the banking sector:  
A study in St. Vincent and the Grenadines"

**Describe the topic(s) or issue(s) you wish to investigate for your Dissertation. These must relate to the subjects that comprise your programme of study, and must clearly indicate what your aims /objectives / research questions will be.**

Aim:

This study aims to analyse the results of the risk management strategies in St. Vincent and the Grenadines and their influence on its bank's financial performance.

### **Objectives:**

1. To conduct a comprehensive review of the existing literature on risk management practises in the banking industry, with a specific emphasis on the Caribbean region.
2. To analyse the risk management strategies implemented in St. Vincent and the Grenadines and assess their efficacy in mitigating diverse forms of risks.
3. To identify the challenges and limitations faced by St. Vincent and the Grenadines in implementing risk management strategies and recommend strategies for improvement.
4. To compare the risk management practices in St. Vincent and the Grenadines with those of other leading banks in the Caribbean region and identify best practices.
5. Based on the outcomes of this study, provide recommendations to improve the banking industry's risk management practises.

### **Research Questions**

The main research question of the study is, "What is the effectiveness of risk management strategies in the banking sector of St. Vincent and the Grenadines?"

**Sub-questions:**

1. What are the risk management strategies employed in St. Vincent and the Grenadines to manage various types of risks?
2. How effective are the risk management strategies employed in St. Vincent and the Grenadines in managing different types of risks?
3. What is the impact of risk management strategies on the financial performance of banking sector of St. Vincent and the Grenadines?
4. What are the challenges and limitations faced by St. Vincent and the Grenadines in implementing risk management strategies, and how can these be addressed?
5. Based on the research findings, what recommendations can be made to enhance the efficacy of risk management strategies in the banking industry?

**What facts or information will you need to gather? How will you access these?**

The research methodology proposed for this study entails primary mixed research, employing both qualitative and quantitative data, which involves the use of semi-structured interviews and survey questionnaires as a means of data collection. The study will involve engaging with primary stakeholders of St. Vincent and the Grenadines, such as high-level executives, risk management personnel, and other pertinent personnel. Thematic and frequency analysis will be employed to scrutinise the interview and survey data and discern recurring patterns and themes concerning risk management strategies and their efficacy in mitigating various forms of risks. The methodology being proposed is expected to yield comprehensive and detailed findings regarding the efficacy of risk management strategies implemented by the bank (Moser and Korstjens, 2017). This will enhance the overall comprehension of risk management practices within the banking industry.

**To which subject area(s) is this proposal - in your view - most strongly related?**

Related to the banking sector, which is an integral part of the global economy, its stability and sustainability depend on the execution of risk management practises as outlined by Alukhanyan et al. (2019) and Kwateng et al. (2022). The banking sector of St. Vincent and the Grenadines has far-reaching effects on its economy. The objective of this study is to evaluate the effectiveness of the risk management strategies employed by St. Vincent and the Grenadines and their impact on the financial performance of the banking sector. The review will shed light on the financial institution's risk management

procedures, outlining their strengths and weaknesses and suggesting ways to improve them. The results of this study will be of significant use to banks worldwide, as they will shed light on how to improve risk management procedures in the banking industry. The banking industry is distinguished by a significant degree of risk owing to the inherent nature of its activities (Battiston et al., 2017). The stability and sustainability of banks heavily rely on the implementation of efficient risk management practices (Alexander and Fisher, 2018; Yip and Bocken, 2018). The present study conducts a comprehensive analysis of the diverse categories of risks that banks encounter, such as "credit risk, market risk, liquidity risk, and operational risk", along with the tactics implemented by banks to mitigate these risks. Furthermore, the review underscores the significance of risk management within the Caribbean region and financial institutions' obstacles in executing proficient risk management methodologies. The literature review serves as a fundamental basis for the study and brings to light the areas of knowledge that require further investigation, which the research endeavours to tackle.

#### **Types of risks in the banking sector:**

There are several potential risks to the financial security of financial institutions in the banking sector. Contrast this with market risk, which refers to the possibility of losing money due to changes in the value of financial assets on the open market (Leo et al., 2019). Inadequate finances to pay financial commitments is known as liquidity risk, whereas losses due to fraud, cyberattacks, or natural catastrophes are examples of operational risk (Chen et al., 2018). Risk management in the financial sector relies heavily on understanding various types of threats.

#### **Strategies for managing risks in the banking sector**

Traditional methods like risk transfer and risk reduction coexist with more modern methods like stress testing and scenario analysis in the toolkit of bank risk managers (Acharya et al., 2018). Risk reduction involves lessening the effect of risks using diversification and hedging, whereas risk transfer involves shifting risks to another business.

#### **Risk management practices in the Caribbean banking sector:**

The Caribbean banking industry has particular challenges in adopting good risk management practices due to its small size, limited resources, and sensitivity to external shocks such as natural catastrophes and economic crises (Scobie, 2016). Banks in the area need help implementing risk management practices due to limited data availability, a lack of knowledge, and cultural considerations. A thorough understanding of these

challenges and solutions is essential for the Caribbean banking industry to implement effective risk management practices.

### **The impact of risk management on financial performance**

Risk management can potentially severely impact the bottom line of financial institutions (Gallati, 2022). Banks with strong risk management procedures have been shown to increase profits while decreasing default risk and lowering the cost of capital. However, depending on the type of risk and the strategies used, the connection between risk management and financial performance can be intricate and nuanced. Institutions can only make educated judgements about their risk management practices once they fully grasp the connection between them.

## **References**

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