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Strengthening banking sector governance: challenges and solutions

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Abstract

This study examines the understanding of banking governance among the sample participants and its effectiveness in achieving significant objectives. The research methodology employed in this study adopts a descriptive and analytical approach, aiming to comprehensively examine the multifaceted phenomenon of corporate governance within the context of private banks. The purpose of this study was to assess the comprehension of banking governance and its effectiveness in achieving important objectives. This investigation was undertaken to gain insights into the current state of banking governance, its implementation, and the challenges it faces. By conducting this research, we aimed to provide a clearer understanding of the issues surrounding banking governance and offer recommendations for improvement and finding solutions. The findings of our study indicate that the sample participants have a clear comprehension of governance as an efficient system. However, we identified significant obstacles in the implementation of governance and its objectives, primarily stemming from legal challenges and the overall environment. We also noted that success for private banks is contingent on meeting governance requirements, but the banking sector faces challenges both internally and externally, which render control systems less effective. Furthermore, we found that the Basel standards for banking supervision, through the implementation of supervision and control procedures, seek to enhance solvency and risk management, along with prudential measures. These findings are crucial as they provide a roadmap for strengthening governance practices in the banking sector, which is vital for its stability and effective operation. By addressing the issues identified in this study, stakeholders can work toward achieving a more robust and effective banking governance framework.

Keywords Institutions of private banking, Governance goals, Governance of bank

Introduction

In recent decades, both industrialized and developing economies have shown an increased interest in corporate governance. This interest has been prompted by big crises in finance and failures which resulted in far-reaching consequences for the worldwide financial system. Corporate governance is the institutional authority and administration of a firm, encompassing the distribution of privileges and duties between different players such as a board of executives, directors, investors, and other stakeholders. This involves the processes and laws that regulate making decisions within the firm. Employees, vendors, and clients are only a few of the parties involved in corporate governance. Lenders, banks, and lawmakers are all involved. According to Freeland Basel [1], the Organization for Economic Cooperation and Development (OECD) defines corporate governance as the system of interactions between a company's management, board of directors, shareholders, and other stakeholders. In light of this concept, bank governance may be regarded as a complete system of financial and non-financial monitoring that is put in place to manage, monitor, and guarantee a bank's ethical behavior and activities. The main goal of this system is to protect the interests of investors and

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beneficiaries by preventing corruption in the administrative process.

One area of particular interest is the governance of financial institutions, with researchers exploring comprehensive systems of financial and non-financial oversight to ensure ethical conduct and operations within banks. Notably, Hussain et al. [2] highlight the impact of knowledge sharing and innovation on sustainable performance in Islamic banks, underscoring the importance of these factors in the context of corporate governance. Moreover, Rehman et al. [3] shed light on the imperative role of managerial traits in navigating the impact of the financial crisis and the advent of industry on the tourism industry, emphasizing the significance of technology adoption and reshaping human management systems.

Furthermore, the evolving landscape of corporate governance is intricately linked with advancements in education and technology. Meng et al. [4] offer insights into the role of human–computer interaction and digital literacy in fostering educational learning and psychological resilience among pre-school children, thereby emphasizing the interplay between technological proficiency and mental well-being. These studies collectively underline the multifaceted nature of corporate governance and its intertwined relationship with diverse domains, ranging from finance to education and hospitality.

While the existing literature has made significant strides in understanding the intricacies of corporate governance, there remains a distinct gap in comprehensively elucidating the specific mechanisms through which corporate governance frameworks contribute to mitigating corruption and safeguarding the interests of stakeholders. This study seeks to address this gap by examining the intricate interplay between corporate governance mechanisms and ethical practices within the banking sector, thereby providing a nuanced understanding of the measures essential for fostering transparency and accountability.

Research problem and research questions

The major issue of the study revolves around the ineffective contribution of banks, both governmental and private, to financial and accounting development. This ineffectiveness is attributed to legislative deficiencies, an absence of openness, possible threats to shareholder trust, financial and administrative misconduct, and the effects of technical improvements are all blamed for this inefficiency. Consequently, there is a pressing need to develop work systems and mechanisms within the banking sector. Particularly in private banks without a strategic component to their business, the distance between the board of directors and shareholders is a serious problem.

The following questions are the focus of the research:

1. To what extent are the principles, regulations, and governance culture applied in banking activities?
2. Do private banks provide a conducive environment for the implementation of governance mechanisms?
3. Do beneficiary parties have to adopt governance practices?

The research problem pertains to the ineffective role of banks in financial and accounting development, influenced by legislative weaknesses, lack of transparency, potential risks, corruption, and technological changes. The research questions focus on ideal banking conditions, the application of governance in banking activities, the presence of suitable governance mechanisms in private banks, and the need for beneficiary parties to adopt governance practices.

Research objectives

The following goals are what the research aims to accomplish:

1. Investigate the present state of banking activity, particularly inside private banks, and respond appropriately. Additionally, propose effective crisis management strategies that not only ensure financial stability but also foster customer trust and maintain market confidence, thereby fortifying the resilience of the banking sector.
2. Evaluate the relevance of corporate governance in the private sector and financial institutions.
3. Develop comprehensive guidelines and mechanisms to strengthen risk management protocols, improve transparency, and establish a culture of ethical conduct, thereby safeguarding the interests and rights of all stakeholders, including shareholders, employees, and customers.

Research methodology

The research methodology employed in this study adopts a descriptive and analytical approach, aiming to comprehensively examine the multifaceted phenomenon of corporate governance within the context of private banks. The primary objective is to develop a holistic framework that encapsulates the various characteristics and dimensions of corporate governance, enabling a nuanced understanding of its implications and outcomes.

To effectively conduct the study, a rigorous selection process was undertaken to identify a diverse set of private banks, ensuring representation from various regions and scales of operation. The chosen banks were integral to the field investigation, providing crucial insights into

the practical implementation and adherence to governance practices within their respective institutions.

A meticulously designed questionnaire served as the primary instrument for data collection, encompassing two main areas of inquiry closely aligned with the overarching research objectives. The questionnaire was strategically crafted to elicit comprehensive responses from experts, officials from private banks, and other relevant stakeholders, facilitating a thorough exploration of the intricacies of corporate governance within the banking sector.

The first section of the questionnaire was dedicated to eliciting insights into the fundamental concept of governance, focusing on its definition, objectives, and perceived significance within the banking industry. This section comprised eight carefully formulated questions that aimed to gauge the respondents' understanding and interpretation of the core tenets and principles underpinning effective corporate governance practices.

The second section of the questionnaire delved deeper into the practical aspects of governance, exploring the specific principles, regulations, and methodologies employed by private banks to ensure the effective implementation of governance frameworks. It consisted of two divisions, each tailored to assess distinct facets of governance practices, encompassing a total of nine targeted questions aimed at capturing nuanced perspectives and experiences related to governance adherence and application.

To ensure comprehensive and accurate data analysis, a standardized five-point Likert scale was employed to evaluate the responses provided by the participants. This scale facilitated a systematic assessment of the participants' opinions and perspectives, enabling the researchers to derive meaningful insights into the prevailing attitudes and perceptions surrounding corporate governance within the sampled private banks.

The sample selection process was deliberately structured to ensure a diverse representation of private banks, considering various operational scales and regional contexts. A combination of deliberate and random sampling techniques was employed to enhance the inclusivity and representativeness of the study, thereby reinforcing the validity and reliability of the research findings.

Hypotheses for research

By adopting a comprehensive governance framework, banking institutions can witness a significant improvement in their operational efficiency and overall performance. This, in turn, is expected to contribute significantly to the upward valuation of the market. This association indicates that strong governance practices not only streamline internal processes but also act as a catalyst to enhance investor confidence and market perception, ultimately promoting an environment conducive to sustainable growth and profitability in the banking sector. Therefore, the first research hypothesis can be formulated:

H1 There is a clear correlation among implementing governance as a comprehensive framework and improving banking performance efficiency, thereby leading to a rise in valuation of market.

Incorporating a well-defined governance framework within banks is expected to foster a culture of increased responsibility and accountability among stakeholders. By establishing transparent guidelines and protocols, such a framework can effectively reduce instances of administrative and financial misconduct, thus enhancing a culture of integrity and ethical behavior within the organization. Moreover, the systematic integration of governance practices ensures that shareholders' interests are protected, underscoring the pivotal role of governance in nurturing an enabling environment that prioritizes the long-term sustainability and growth of the organization while supporting the rights and interests of all relevant stakeholders. Hence, the second research hypothesis can be formulated as follows:

H2 Incorporating a governance framework within banks enhances responsibility, diminishes instances of managerial and financial misconduct, and guarantees shareholder interests are protected.

The paper is structured as follows: after the introduction, it provides an overview of the theoretical framework (Section. "Research methodology"), followed by a presentation of the literature review (Section "Framework for the concept of banking governance"). Section "Results" discusses the empirical findings, while Section "Discussion" offers a discussion of the results. Finally, the paper concludes and recommended solutions with implications, limitations, and avenues for future research in Section "Conclusions".

Framework for the concept of banking governance

Over the last two decades, the corporate establishment in general and banks in particular have encountered huge problems.

The adoption of the concept of governance and supporting its application in banks, while noting the effective application of banking governance, were inevitable due to the banking industry's prosperity, intense competition, the emergence of the financial banking services market's liberalization, and the spread of financial corruption.

Understanding the motivations for adopting banking governance, which we touched on in the first demand, as well as the fundamental components of banking governance, which we covered in the second demand, is crucial. It is also important to understand the dimensions of banking governance, which we covered in the third demand [5].

The first demand is the justification for the use of banking governance. In light of the changes and developments in the financial sector, the banking environment has undergone major modifications. According to the International Monetary Fund [6], the growth of the banking industry and the expansion of the geographic and functional scope of its operations has led to a boom as a result.

The rise of non-banking financial organizations as formidable rivals has increased competition among banks, forcing them to modify their strategy via a variety of established channels in order to stay ahead in the changing banking environment. These changes have led to the adoption of banking governance practices. Several factors have contributed to this necessity, including the following:

1. Financial liberalization:

   Financial liberalization is a key characteristic of the modern financial system and a significant aspect of economic progress. The professionalization of liberal methods and the tendency for most nations to move toward global economic integration have grown to be closely related during the course of the twentieth century. According to Al-Saydiya and Muhammad [7], financial liberalization is a collection of policies aiming at diminishing the financial sector's onerous regulations, reducing the state's monopoly over it, and promoting competition.

2. Technological advancements and digital transformation:

   Technological advancements and the widespread adoption of digital solutions have revolutionized the banking industry and intensified competition among banks. Non-banking financial institutions, leveraging innovative technologies, have emerged as strong competitors. In response, banks have recognized the need to adapt their operations and embrace digital transformation to remain competitive.

This shift toward technology-driven banking practices has been driven by several factors. Firstly, customers' expectations have evolved, with a growing demand for convenient and seamless digital banking experiences. Banks have had to invest in digital channels, such as mobile banking apps and online platforms, to meet these expectations.

Furthermore, new financial services and products have been made possible by technology, including robo-advisory services, peer-to-peer lending platforms, and online payment systems. Non-banking financial institutions, often unburdened by traditional banking regulations, have capitalized on these opportunities, forcing banks to innovate and expand their offerings.

Additionally, technology has streamlined internal banking processes, increasing efficiency and reducing costs. Automation, artificial intelligence, and data analytics have empowered banks to enhance risk management, fraud detection, and customer relationship management.

In light of these advancements, banks have recognized the importance of robust banking governance practices to effectively manage technological risks, ensure data security, and maintain regulatory compliance. Embracing technological advancements while adhering to governance standards has become essential for banks to navigate the competitive landscape and deliver value to their customers.

In the context of banking, governance refers to how the Board of Directors and senior management handle the affairs of the Bank, including:

- (The Development of the bank's direction as well as priorities), included delivering financial returns for the shareholder.
- Establishing the bank's degree of risk tolerance.
- Control the bank's day-to-day activities.
- Taking into account the interests of everyone who has a stake in the Bank, including shareholders, workers, and customers.
- Aligning the bank's operations and actions so that it may carry out its duties in a safe, sound way and with a dedication to adhering to all applicable laws and regulations.

Review of literature

The financial sector, both public and private, is confronted with issues such as inadequate laws, rules, and transparency. Private banks struggle to contribute to economic growth, particularly those lacking strategic departments, excellent practices, and international standards. The International Monetary Fund (2015), emphasizes the significance of corporate governance in developing human capital and mitigating risks. To enhance corporate governance, banks must promote awareness among all stakeholders, strengthen the role of administration in risk reduction, crisis prevention, and beneficiary rights

protection. Banks may improve their performance, control, and client focus by applying corporate governance, thereby contributing to financial prosperity.

According to Moghadam (2015), the Basel Committee on Banking Supervision was established to develop mechanisms and standards for the adoption of governance in financial and banking institutions in order to play a significant and effective role in controlling the activities of banks and preventing crises. This was done in response to the financial collapses that occurred in some major economies. Through the function of the bank, the principles of governance are properly applied in the financial system. The financial system has undergone various changes, but while there are some indications of their implementation, they have not been as effective as they could have been.

Wali [8] explored the influence of Dutch firms' performance on discretionary accrual models, highlighting the complexities of financial management and reporting practices. The study emphasized the importance of regulatory oversight and compliance measures to foster transparency and accountability within the banking sector, underscoring the significance of maintaining ethical standards in financial operations [8].

According to Matouk and Tarih [9], this study examines the idea of governance as defined by the Organization for Economic Cooperation and Development. Furthermore, governance has been defined from a banking perspective and in accordance with the Basel Committee, the importance of governance, particularly its application to the banking system, is emphasized with special reference to examples of financial crises such as the one in Southern Eastern Asia in 1997 or the international crisis. The paper uses these instances to emphasize that the banking system's poor practices, particularly its inadequate application of governance, were a key cause of the aforementioned crises, and to demonstrate how they drove certain governments to issue legislation linked to the right application of governance.

Agoba (2017) investigates the influence of financial systems and political institutions on the efficiency of central bank independence in lowering inflation. The study finds that the relationship between central bank independence and inflation is complex and contingent on various factors, drawing from different economic and political theories.

In a rapidly globalizing world, central banks have evolved their primary goal to safeguard their native currency and maintain low and steady inflation rates [10], Mohamed (2019) emphasizes the significance of central bank independence in achieving monetary stability and effective monetary policy. Independent central banks can operate without political interference, emphasizing the importance of this autonomy. In a similar vein, Wali et al. [11] delved into the causes and effects of earnings management on stock prices, emphasizing the intricate relationship between financial manipulation and market performance. Their findings underscored the significance of implementing robust governance frameworks to mitigate the adverse impact of such practices on the banking sector's stability [11]. Furthermore, Mahmood et al. [11] shed light on the effects of corporate social responsibility practices and environmental factors, emphasizing the moderating role of social media marketing in enhancing the sustainable performance of businesses.

Additionally, drawing from contemporary literature, Zhang et al. [12] illuminate the importance of knowledge management in fostering sustainable innovation within small and medium enterprises, highlighting the mediation analysis utilizing a structural equation modeling (SEM) approach. Muhamad Ali et al. [13] investigated the impact of changes in accounting standards on earnings management, providing applied research spanning from 2003 to 2014. Their study shed light on the dynamic relationship between accounting regulations and financial manipulation, underscoring the importance of robust regulatory frameworks to control unethical practices within the banking sector [13].

Moreover, Wali's [14] research on the detection of earnings management through a decrease in corporate income tax highlighted the critical need for transparency and accountability in financial reporting. The study emphasized the importance of stringent monitoring mechanisms to curb deceptive practices that could potentially destabilize the sector [14]. Furthermore, Li et al. (2022) investigate the impact of tax avoidance culture and employees' behavior on sustainable business performance, emphasizing the moderating role of corporate social responsibility. The study emphasizes the critical relationship between ethical business practices, corporate social responsibility, and long-term sustainable performance.

Finally, with the advent of technological advances, Wali [15] explored the security and confidentiality of information in the banking sector, especially in the context of cloud accounting versus traditional accounting methods. This research emphasizes the need for comprehensive data protection and risk management strategies, emphasizing the importance of a governance framework that adapts to the evolving technological landscape [15].

The present study aims to contribute to the existing literature by examining the specific mechanisms through which robust governance frameworks within the banking sector contribute to mitigating risks, enhancing performance, and safeguarding stakeholder interests. By analyzing the interplay between governance practices,

financial stability, and market valuation, this study seeks to bridge the existing gap in understanding the nuanced relationship between corporate governance and banking performance. The following sections will provide a comprehensive analysis of the empirical findings and discuss the implications for policy and practice within the financial sector.

Sample data analysis and research methods

This research will concentrate on private banks particularly, Kurdistan International Bank, Bank of Cihan, Bank of Erbil, and Bank of Harem. The objective was to collect opinions and views from professionals and employees of these private banks. The data were gathered and analyzed using a well-designed questionnaire, and frequency distribution tables, percentages, arithmetic means, and standard deviation were produced using statistical software (SPSS). These statistical methods assisted in gathering data and producing visual displays like graphs. The survey had two sections:

The participants' demographic information was collected in the first section.

The principles, guidelines, and controls necessary to execute efficient governance, was devoted to examining in the second section.

The analysis of the collected data involved a thorough examination of the frequency distribution for each answer category, allowing for a comprehensive understanding of the prevailing trends and patterns within the dataset. Additionally, the use of the standard deviation as a statistical metric further facilitated a robust analysis of the data, providing valuable insights into the variations and consistency of responses across the sample.

Testing of hypotheses

The results of the hypothesis testing reveal strong support for both hypotheses. The participants showed complete agreement with both hypotheses, indicating a high level of consensus among them. The participants' thorough comprehension of these elements is further evidenced by the fact that the average scores for all the questions pertaining to the idea, goals, foundations, laws, and processes of governance continuously clung at about 4. According to Hypothesis 1, there is a clear correlation between implementing comprehensive governance and improving banking performance, which results in a rise in market value and the eradication of market issues. The overall average score of 4.050 reinforces the participants' agreement with this hypothesis. This finding suggests that the participants recognize the importance of comprehensive governance in improving banking performance and addressing market challenges.

According to Hypothesis 2, the integration of the governance system within banks enhances responsibility, reduces cases of administrative and financial misconduct, and ensures the protection of shareholders' rights. The participants' strong agreement with this hypothesis is evident through their consistently high scores. This indicates that the participants acknowledge the role of governance in promoting responsible behavior, mitigating misconduct, and safeguarding shareholders' rights.

Results

In this section, we provide a description and analysis of the research variables. We also present the results obtained from the study with discussion.

The descriptive statistics for the demographic questions are shown in Table 1. The bulk of participants (51.7%) are between the ages of 20 and 30, followed by those between the ages of 31 and 40 (26.7%), 41 and 50 (16.7%), and those above 50 (5%). Females constitute a larger proportion (65%) compared to males (35%). Regarding education, most participants hold a master's degree (58.3%), while 23.3% have a diploma, and 18.3% possess a bachelor's degree. None of the participants have a PhD. In terms of work experience, the majority (33.3%) have less

Table 1 Descriptive Data for Questions about the Population

Details		No	%
Age	20–30	31	52
	31–40	16	27
	41–50	10	17
	51 and more	3	5
Gender	Female	39	65
	Male	20	35
Education level	Diploma	14	23
	Bachelor	11	18
	Master	35	58
	PhD	0	0.0
Experience in years	Less than 4	20	33
	4–8	16	27
	8–12	9	15
	12 and more	15	25
Academic major	Finance and Banking	16	27
	Economics	3	5
	Administration	10	17
	Accounting	16	27
	Computer	10	17
	Others	5	8

Descriptive data for population-related questions typically refer to statistics and information that provides a comprehensive overview of various demographic characteristics of the group or population being studied. These data are essential to understanding composition, distribution, and trends among the sample

Table 2 Descriptions of the governance idea, its goals, and its significance

Inquiries	Strongly disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Standard deviation
	N	%	N	%	N	%	N	%	N	%		
Q1	1	1.7	0	0.0	10	16.7	28	46.7	21	35.0	4.133	0.812
Q2	0	0.0	0	0.0	11	18.3	37	61.7	12	20.0	4.017	0.624
Q3	0	0.0	0	0.0	13	21.7	36	60.0	11	18.3	3.967	0.637
Q4	0	0.0	1	1.7	10	16.7	34	56.7	15	25.0	4.050	0.699
Q5	0	0.	1	1.7	12	20.0	27	45.0	20	33.3	4.100	0.775
Q6	0	0.0	1	1.7	8	13.3	38	63.3	13	21.7	4.050	0.649
Q7	0	0.0	0	0.0	10	16.7	33	55.0	17	28.3	4.117	0.666
Q8	0	0.0	0	0.0	7	11.7	43	71.7	10	16.7	4.050	0.534
Overall											4.062	0.421

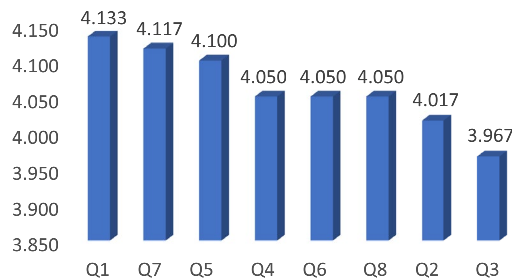

Fig. 1 The mean of each question on governance

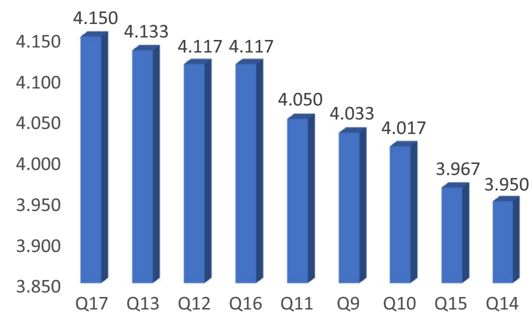

Fig. 2 The mean of each question on governance

than four years, and a significant number (26.7%) have a background in finance and banking.

To offer a comprehensive understanding of the study's participants, Table 1 showcases the descriptive statistics pertaining to the demographic questions. These statistics serve as a valuable lens through which we can discern the diverse characteristics and backgrounds of the individuals involved, thereby enriching the contextual understanding of the research outcomes. Through this analytical lens, we aim to provide a nuanced perspective that not only encapsulates the numerical data but also paints a vivid portrait of the participants, highlighting the diverse tapestry of their experiences and perspectives.

Table 2 provides illustrative data on the goals, significance, and notion of governance. As shown in Figs. 1 and 2, Q1 has the highest mean score (4.133) out of all the questions, followed by Q7 (4.117), Q5 (4.100), Q4 (4.050), Q6 (4.050), Q8 (4.050), Q2 (4.017), and Q3 (3.967). The total average is 4.062, suggesting that respondents overwhelmingly concur with all of the inquiries on the idea of governance, its goals, and its significance. It is proven that governance exists and is important as a result of this acceptance of the first hypothesis.

The second section of the study, which was divided into two subsections with a total of nine questions, concentrated on the concepts, principles, and tools for applying governance. For the purpose of gathering data, the researchers used a five-point Likert scale. To analyze the responses, frequency distribution was used, aligning with the study's objectives. The sample was intentionally selected but also had random elements, and standard deviation was utilized in the analysis.

Table 3 contains descriptive data on the foundations, norms, and procedures involved in governance implementation. Interesting insights about the responses obtained are revealed by the analysis. Among the questions in this section, Q17 stands out with the highest mean score of 4.150, indicating that participants hold strong opinions regarding this particular aspect. It is closely followed by Q13 with a mean of 4.133, Q12 and Q16 with means of 4.117, Q11 with a mean of 4.050, Q9 with a mean of 4.033, Q10 with a mean of 4.017, and Q15 with a mean of 3.967. The question with the lowest mean score in this section is Q14 with a mean of 3.950. These findings are visually represented in Fig. 2

The results suggest that the surveyed experts and officials attribute significant importance to Q17, indicating that they consider it a crucial element in the successful implementation of governance. Q13, Q12, and Q16

Table 3 Statistical Data for Applying Governance's Principles

Inquiries	Strongly disagree		Disagree		Neutral		Agree		Strongly agree		Mean	Standard deviation
	N	%	N	%	N	%	N	%	N	%		
Q9	0	0.0	0	0.0	11	18.3	36	60.0	13	21.7	4.033	0.637
Q10	0	0.0	0	0.0	16	26.7	27	45.0	17	28.3	4.017	0.748
Q11	2	3.3	0	0.0	9	15.0	31	51.7	18	30.0	4.050	0.872
Q12	0	0.0	0	0.0	11	18.3	31	51.7	18	30.0	4.117	0.691
Q13	0	0.0	0	0.0	10	16.7	32	53.3	18	30.0	4.133	0.676
Q14	1	1.7	1	1.7	12	20.0	32	53.3	14	23.3	3.950	0.811
Q15	2	3.3	1	1.7	5	8.3	41	68.3	11	18.3	3.967	0.802
Q16	0	0.0	1	1.7	6	10.0	38	63.3	15	25.0	4.117	0.640
Q17	2	3.3	1	1.7	5	8.3	30	50.0	22	36.7	4.150	0.899
Overall											4.058	0.450

also received high mean scores, suggesting that they are highly valued aspects in the context of governance. On the other hand, Q14 received a relatively lower mean score, indicating that it may be perceived as less significant compared to other questions in this section.

Discussion

The results of the study provide clear evidence that the respondents have a comprehensive understanding of governance and its various components. Their shared understanding of the importance of governance lends credence to the idea that they are well equipped to put governance measures in place and help their organizations establish strong governance practices. Descriptive statistics, such as means, help provide an understanding of participants' opinions and positions regarding the foundations, guidelines, and procedures for governance performance. The findings contribute to a comprehensive analysis of corporate governance practices in private banks. By examining the statistics, researchers can gain valuable insights into the strengths and potential areas for improvement in private banks' governance frameworks.

The significance of the results lies in the fact that they show that the participants have the skills and awareness required to implement governance practices within their organizations. The findings underline how important it is for them to understand effective governance and promote excellent results within their own organizations.

A study by Abbas [16] discusses crisis management and transnational healthcare challenges, highlighting the crucial role of effective governance in handling crises. This study underscores the importance of the respondents' skills and awareness in implementing governance practices within their organizations, as it prepares them to manage crises and challenges effectively.

Moreover, Shah et al. [17] in Utilities Policy emphasizes the importance of environmental policy in the context of renewable electricity generation. The findings of this study resonate with the significance of comprehensive governance practices, as effective governance often involves implementing policies that prioritize sustainable practices.

Additionally, Wang et al. [18] focus on the impact of economic corridors and tourism on the local community's quality of life under the context of the One Belt One Road initiative. This study's insights can be related to the discussion on the significance of the respondents' ability to understand governance and its implementation within their organizations. Furthermore, the study by Micah et al. [19] in The Lancet Global Health, this study's emphasis on the importance of investments in healthcare and pandemic preparedness aligns with the discussion's key point regarding the importance of understanding effective governance in promoting excellent results within organizations.

The recent studies provide additional context and support for the idea that a comprehensive understanding of governance is essential for effective management, especially in the areas of environmental policy, crisis management, community development, and healthcare preparedness. Participants' ability to understand governance concepts and practices is likely to enhance their effectiveness in these areas, ultimately benefiting their organizations and the broader community. Furthermore, the research emphasizes the importance of aligning governance with evolving accounting standards, detecting and preventing earnings management, and adapting to technological advances, all while maintaining strict regulatory compliance and ethical standards. These insights provide valuable recommendations to policy makers and industry stakeholders to strengthen governance

mechanisms and enhance the long-term sustainability and stability of the sector.

Conclusions

This study looked at how well the sample participants understood governance and how well it worked to accomplish important goals. Analyzing data from a chosen sample of responses was part of the research technique. The research sample shows that participants have a good concept of governance as a system that works well and has accomplished important goals. Legal challenges and the overall environment continue to impede the implementation of governance and its objectives. The efficiency of control mechanisms in the banking system is hampered by both internal and external factors, despite the fact that adherence to governance criteria is essential for private banks to succeed. Moreover, the study underscores the critical role of regulatory frameworks, such as the Basel requirements for banking supervision, in bolstering the resilience and stability of the banking system. While acknowledging the existing limitations, the research emphasizes the progressive nature of the Basel requirements, extending beyond conventional prudential safeguards to encompass comprehensive monitoring and control systems. By enhancing solvency and risk management practices, the Basel requirements aim to fortify the foundations of governance within the banking sector, fostering greater transparency, accountability, and long-term sustainability.

Overall, this study underscores the intricate interplay between governance, legal frameworks, environmental dynamics, and regulatory structures, highlighting the need for continuous adaptation and innovation to address the persistent challenges and foster a more robust and resilient governance framework conducive to achieving sustainable objectives across diverse sectors, especially within the intricate landscape of the banking industry.

Recommendations

Several recommendations were made, including increasing public awareness and understanding of the governance culture, strengthening the legal system through enforceable directives and regulations, and investing in workforce development. These recommendations are considered appropriate solutions for private banks:

1. Private banks should prioritize the development and implementation of comprehensive governance guidelines that encompass clear objectives, ethical standards, and transparent practices. This involves creating a robust framework that outlines the responsibilities and roles of various stakeholders, emphasizing the importance of integrity and accountability at all levels of the organization.
2. Private banks should actively engage with all stakeholders, including shareholders, customers, employees, and regulatory authorities, to foster transparency and build trust. Regular communication, feedback mechanisms, and stakeholder consultations can significantly enhance the alignment of organizational objectives with stakeholder expectations, thereby fostering a culture of openness and collaboration.
3. Private banks should invest in advanced risk management tools and technologies, coupled with comprehensive internal and external audits, to proactively identify and mitigate potential risks and compliance breaches.
4. Private banks should leverage technological advancements to enhance transparency and accountability within their operations. This involves the implementation of advanced digital systems for data management, reporting, and monitoring, enabling real-time tracking of financial transactions and governance practices. Embracing fintech solutions that prioritize security and transparency can significantly enhance the overall governance framework within the bank.

Potential limitations

Sample Size and Selection Bias The study's findings might be influenced by the relatively limited sample size and potential selection bias, which could affect the generalizability of the results. The inclusion of a more diverse and larger sample, encompassing a broader spectrum of banking institutions, could provide a more comprehensive understanding of the nuanced dynamics of corporate governance within the banking sector.

Data Quality and Validity Potential limitations related to data quality and validity might have influenced the accuracy and reliability of the study's results. The reliance on self-reported data and potential inaccuracies in the reporting process could have introduced biases, thereby impacting the robustness of the empirical analysis.

External Factors and Economic Conditions: The study's findings might be subject to external factors and economic conditions that were not fully accounted for during the analysis. Macroeconomic fluctuations, regulatory changes, and global financial trends could have influenced the observed relationship between corporate governance practices and banking performance, thereby necessitating a more nuanced understanding of the contextual factors at play.

Implications and future research

The implications of the study's findings hold substantial significance for both academia and the banking industry. Academically, the research highlights the pivotal role of robust governance frameworks in fostering sustainable banking practices, mitigating risks, and enhancing overall performance. It underscores the critical need for continued research and development in the field of corporate governance, particularly within the context of the dynamic and evolving banking landscape.

For the banking industry, the study underscores the imperative need for the adoption and implementation of comprehensive governance frameworks to ensure transparency, accountability, and long-term sustainability. The findings emphasize the potential benefits of integrating governance practices in enhancing operational efficiency, minimizing risks, and fostering a culture of integrity and ethical conduct within banking institutions.

Future research endeavors could build upon this study by delving deeper into the specific mechanisms through which governance practices influence various facets of banking operations. This could involve exploring the role of technology and digital transformation in reshaping governance frameworks, examining the impact of cultural and ethical dimensions on governance implementation, and assessing the long-term implications of governance practices on stakeholder relationships and market valuation. Additionally, comparative studies across different global regions and banking systems could provide valuable insights into the cultural and contextual variations influencing the efficacy of governance practices within the banking sector.

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