

Corporate Governance Role on Profitability of Commercial Banks in Rwanda: A Case of Selected Commercial Banks in Rwanda Stock Exchange, 2014-2018

Author's Details:

Martha Mukakalisa^a, Dr. Albert Ong'uti Maahe^b,

^a Graduate Student / University of Lay Adventist of Kigali, Rwamagana Campus

^b Lecturer, Faculty of Economic Sciences and Management / University of Lay Adventists of Kigali, Kigali Campus

Abstract

Background: Corporate governance is the mechanisms, tactics and relations through which firms are managed and directed. The ineffective and poor corporate governance may be one of the major cause of decline of profitability of some commercial banks. This implied absence of robust corporate governance system among companies which hinder the public trust threatening their financial profitability and survival. This study was interested to find out a significant role of corporate governance on profitability of the commercial banks in Rwanda Stock Exchange (RSE) selected Bank of Kigali and I&M Bank.

Method: The study adopted a descriptive and correlation research design to investigate the relationship between corporate governance and profitability of commercial banks in Rwanda. The population of study was two commercial banks listed in Rwanda Stock Exchange namely Bank of Kigali and I&M Bank. The secondary data were collected from the financial annual reports of two selected commercial banks. The data analyzed by using SPSS 23.0.

Results: The findings revealed that the level of corporate governance used by selected Bank in Rwanda in RSE was good where the average value of board composition of BK was 7.2 directors while I&M Bank was 8.8 directors; the average value of Board committee of BK was 5.2 while I&M Bank was 5.6 and also the average value of Board meeting of BK was 25.8 while I&M Bank was 33.2. The findings further revealed that the level of profitability of selected Bank in Rwanda stock exchange was good where the average of ROA of selected Bank in RSE for the period 2014- 2018 was 3.077% and the average of ROE of selected Bank in RSE for the period 2014- 2018 was 19.09%. It was further revealed that there is positive and significant moderate association between corporate governance and profitability of selected banks at ($r=0.615^*$ and $p=0.004<0.01$). This implies that an increase of corporate governance resulting increase of profitability of selected banks in Rwanda. Findings also revealed that 23.9% changes in return on assets was caused by changes in corporate governance, 53.6% changes in net profit margin was caused by changes in corporate governance and also 31.7% changes on return on equity was caused by changes in corporate governance.

Conclusion: The increase in board composition is associated with increase in profitability of selected commercial banks in Rwanda Stock Exchange. The special attention should be taken upon when dealing with the number of board members because too small boards which will be overburdened with the firm's work will lead to underperforming.

Key words: Corporate Governance, Profitability, Commercial Banks in Rwanda.

Introduction

Corporate governance has turn out to be a topical problem due to the fact of its significant contributions to the growth of current economies where the non-public sector plays a key position in the boom process to the world. Absence of accurate corporate governance is frequently blamed for the woeful performance of enterprise entities. Developed personal sector pushed economies with records of installed corporate governance structures constantly document high and predictable increase rates. Thus, low financial boom rates that symbolize growing countries are often attributed to low level of company governance practices in these economies. In spite of conflicting evidence for corporate governance as an essential driver of corporate performance, it is extensively mentioned that lax or insufficient corporate governance practices promote company disasters. (OECD, 2009).

The worldwide financial crisis of 2008, which started in the United States, was attributed to U.S. banks' immoderate risk-taking. Consequently, in order to manage such threat and draw people's attention to the agency hassle inside banks, there are statements made through bankers, central bank officials, and other associated authorities, emphasizing the significance of tremendous company governance in the banking industry considering 2008 (Peni and Vahamaa, 2011).

The African continent continues to have strong champions of corporate governance both in public and private sectors. Some countries have adopted a national Code on Corporate Governance such as Mauritius, Malawi and Zimbabwe or have national codes under development currently, such as Nigeria and Kenya, while other countries have governance codes issued by private sector institutions or bodies suited to wide application across all sectors such as the King Code in the case of South Africa. (ACGN, 2016)

Rwanda's amended Company law is strong on investor protection. It has one stock exchange namely Rwanda Stock Exchange whose stated purpose is 'to provide a platform for companies to raise capital for their businesses, to provide an avenue for Rwandans to mobilize savings for investment, to promote good corporate governance for companies, enable the government to raise capital for investment projects, and to be a barometer for the economy. (Jimmy W., 2018)

Commercial banks in Rwanda still face obstacles with respect to the handling of the risks that the bank is exposed such as increase of non-performing loans in 2015 and 2017 due to management issues especially in credit committee issues, poor internal control mechanisms, internal controls override, lack of or non-compliance with legal provisions, lack of risk management systems, insider abuses and fraud (BNR, 2018).

Method

Study population, Study area, Study design

The target population for this study was the four listed commercial banks in the Rwanda Stock Exchange (RSE). The study selected two commercial banks, Bank of Kigali (BK) and I&M Bank. The reason of choosing on BK and I&M Bank instead of choice all commercial banks listed in Rwanda Stock Exchange is that other commercial banks did not disclose all the information on corporate governance practices (board composition, board committee and board meeting) in their annual financial statements published at their website and RSE website. Hence, why the researcher decided to take sample size of 2 commercial banks which are BK and I&M Bank Rwanda instead of 4 because only I&M Bank Rwanda and BK have all necessary information regarding to corporate governance practices (board composition, board committee and board meeting) and profitability in their annual financial statements published. The secondary data were collected from financial annual reports from their websites.

Inclusion criteria and exclusion criteria

The study used financial statements of BK and I&M Bank for 5 years from 2014 up to 2018. The observations that the research is interested in were; board composition, board committee, board meeting and profitability ratios (ROA, ROE and NPM) for the above two sampled commercial banks.

Ethical approval and consent

The approval letter of permission given by University of Lay Adventist of Kigali after presenting and reviewing the research proposal for its relevance, was presented to the management of BK and I&M Bank for permission to conduct the study and granted. Secondary data collected from their financial statements were treated carefully and privately and the results were used for research purposes only.

Statistical analysis

Secondary data appropriated for this study as it is readily available and used to study role of corporate governance and profitability of listed commercial banks. The study used regression model which helped to investigate the relationship between corporate governance and profitability of selected banks in RSE. The data for the study collected from secondary sources and was entered into Version 23 of the Statistical Package for Social Sciences (SPSS) to conduct analysis. The analysis was performed using descriptive statistics. The level of statistical significance was set at $P \text{ value} < 0.05$.

Results

Socio-demographic characteristics of most important corporate governance used by selected Bank in Rwanda

Data collected present descriptive analysis related to corporate governance as board of composition, board committee and board meeting of BK and I&M Bank for the period from 2014 up to 2018. The results show that the average value of board composition of BK was 7.2 Directors with standard deviation of 0.84 directors while the average value of board composition of I&M Bank was 8.8 directors with standard deviation of board composition of I&M Bank was 1.3 directors. The average value of Board committee of BK was 5.2 with standard deviation of 0.89 while the average value of board committee of I&M Bank was 5.6 with standard deviation of Board committee of I&M Bank was 0.89. The average value of Board meeting of BK was 25.8 with standard deviation of 4.49 while the average value of Board meeting of I&M Bank was 33.2 with standard deviation of Board meeting of I&M Bank was 5.26. This implies that variables of corporate governance of BK and I&M Bank varies with different structure of commercial banks according to size, scope and complexity of operations and ownership structure.

Table 1: Descriptive statistics of corporate governance used by selected Bank in RSE

Years	BK			I&M Bank		
	Board composition	Board committee	Board meeting	Board composition	Board committee	Board meeting
2014	8	5	29	9	5	34
2015	7	5	22	7	5	26
2016	7	5	32	8	5	30
2017	6	5	24	10	6	37
2018	8	6	22	10	7	39
Min	6	5	22	7	5	26
Max	8	6	32	10	7	39
Average	7.2	5.2	25.8	8.8	5.6	33.2
St. dev	0.84	0.45	4.49	1.30	0.89	5.26

Level of profitability of selected Bank in RSE from 2014 up to 2018

The study used descriptive statistics such as percentage, mean and standard deviation to analyze the level of profitability of selected Bank in RSE over the last 5 years from 2014 up to 2018. The profitability ratios computed were return on assets, net profit margin and return on equity to indicate the level of effectiveness of utilization of banks resource to generate profit of banks and how this profit generating wealth among to shareholders. The average ROA of BK and I&M Bank was 3.077%, the average NPM of BK and I&M Bank was 29.74% and the average ROE of BK and I&M Bank was 19.09%. The results were summarized in the table below.

Table 2: Level of profitability of selected Banks in RSE from 2014 up to 2018

Years	NPM of selected Bank in RSE in %	ROA of selected Bank in RSE in %	ROE of selected Bank in RSE in %
2014	33.84	3.415	20.775
2015	32.675	3.255	20.37
2016	28.51	3.03	19.1
2017	27.08	2.855	18.76
2018	26.605	2.83	16.46
Total	148.71	15.385	95.465
Mean	29.74	3.077	19.093
Min	26.605	2.83	16.46
Max	33.84	3.415	20.775
st.dev	3.31	0.25	1.70
Lower limit	26.43	2.827	17.393
Up limit	33.05	3.327	20.793

Table 3: Return on Assets of &M Bank and BK from 2014-2018

Years	I&M Bank "000" in Rwfs			BK "000" in Rwfs		
	Net income	Total assets	ROA in %	Net income	Total assets	ROA in %
2014	4561603	150307650	3.03	18316825	482607964	3.8

2015	4924299	171826768	2.86	20484058	561226400	3.65
2016	5803151	206138860	2.81	20755867	638336598	3.25
2017	6513401	260174192	2.5	23348880	727204700	3.21
2018	7462572	294165633	2.54	27366616	877401364	3.12
Maximum	7462572	294165633	3.03	27366616	877401364	3.8
Minimum	4561603	150307650	2.5	18316825	482607964	3.12
Mean	5853005.2	216522621	2.748	22054449.2	657355405.2	3.406
St. dev	1178932.59	60049690.08	0.22	3464713.05	152838408.82	0.30

Table 3 indicated the average value of ROA of I&M BANK was 2.74% with standard deviation of 0.22% while the average value of ROA of BK was 3.4% with standard deviation of ROA of BK was 0.3%. This implies that the average value of ROA of I&M BANK is less than the average ROA of BK over 2014 to 2018 but the trends of ROA of I&M BANK have large variation from the mean compared to the trends of return on assets of BK.

Table 4: Return on Equity of I&M Bank and BK from 2014-2018

Years	I&M Bank"000" in Rwfs			BK"000" in Rwfs		
	Net income	Total equity	ROE in %	Net income	Total equity	ROE in %
2014	4561603	21614577	21.1	18316825	89547734	20.45
2015	4924299	24460676	20.1	20484058	99245545	20.64
2016	5803151	30423125	19.07	20755867	108485600	19.13
2017	6513401	35064526	18.5	23348880	122750132	19.02
2018	7462572	39567498	18.86	27366616	194705081	14.06
Maximum	7462572	39567498	21.1	27366616	194705081	20.64
Minimum	4561603	21614577	18.5	18316825	89547734	14.06
Mean	5853005	30226080	19.526	22054449.2	122946818	18.66
St. dev	1178933	7384263	1.06197	3464713.05	41939429.5	2.68

Table 4 shows the average value of return on equity of I&M BANK was 19.52% with standard deviation of 1.06% while the average value of return on equity of BK was 18.66% with standard deviation of return on equity of BK was 2.68%. This implies that the average value of return on equity of I&M BANK is great than the average return on equity of BK over the five years of the study but the trends of return on equity of I&M BANK have large variation from the mean compared to the trends of return on equity of BK.

Table 5: Net profit margin of I&M Bank and BK from 2014-2018

Years	I&M Bank"000"			BK"000"		
	Net income in Rwfs	Total revenue in Rwfs	NPM in %	Net income in Rwfs	Total revenue in Rwfs	NPM in %
2014	4561603	14073054	32.4	18316825	51909827	35.28
2015	4924299	15762012	31.2	20484058	59966855	34.15
2016	5803151	20441506	28.3	20755867	72254385	28.72
2017	6513401	24483000	26.6	23348880	84707152	27.56
2018	7462572	30960821	24.1	27366616	93997805	29.11
Maximum	7462572	30960821	32.4	27366616	93997805	35.28
Minimum	4561603	14073054	24.1	18316825	51909827	27.56
Mean	5853005.2	21144079	28.52	22054449	72567204.8	30.964
St. dev	1178932.59	6836966.90	3.37	3464713.05	17264435.06	3.49

Table 5 shows the average value of net profit margin of I&M BANK was 28.52% with standard deviation of 3.37% while the average value of net profit margin of BK was 30.96% with standard deviation of net profit margin of BK was 3.49%. This implies that the average value of net profit margin of I&M BANK is less than the average net profit margin of BK over the last five years but the trends of net profit margin of I&M BANK have large variation from the mean compared to the trends of net profit margin of BK. This implies that BK has superior net profit margin compared to I&M BANK by developing effective corporate governance compared to its competitors in Rwanda.

Relationship between corporate governance and profitability of selected commercial banks

Table 6 results indicate that there is a positive and significant moderate association between corporate governance and profitability of selected banks at ($r= 0.615^*$ and $p=0.004<0.01$). This implies that an increase of corporate governance resulting increase of profitability of selected banks in Rwanda.

Table 7 provides the summary of results of regression analysis for the effect of board composition, board committee and board meeting on return on equity. The results indicate that board composition, board committee have negative and insignificant effect on return on equity of selected Bank in Rwanda stock exchange while Board meeting have positive and significant effect on return on equity of selected Bank in Rwanda stock exchange ($\beta_1= -0.120$, $t= -.140$, $p =.893>0.05$, $\beta_2= -2.184$, $t= -1.935$, $p =0.101>0.05$, $\beta_3=.223$, $t= 2.465$, $p =.023>0.05$) respectively.

This shows that 1 per cent increase in board composition and board committee will lead to 0.120 and 2.184% decrease on return on equity while 1% increase in board composition will lead to 0.223% increase on return on equity. This implies that as the board size increases the profitability of commercial banks in terms of ROE declines.

Table 6. Significant association between corporate governance and profitability of selected commercial banks

		Corporate governance	Profitability of selected banks
Corporate governance	Pearson Correlation	1	.615**
	Sig. (2-tailed)		.004
	N	10	10
Profitability of selected banks	Pearson Correlation	.615**	1
	Sig. (2-tailed)	.004	
	N	10	10

**. Correlation is significant at the 0.01 level (2-tailed).

Table 7: Regression coefficients between corporate governance and return on equity

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	25.268	4.278		5.906	.001
	Board composition	-.120	.854	-.081	-.140	.893
	Board committee	-2.184	1.128	-.774	-1.935	.101
	Board meeting	.223	.152	.683	2.465	.023

Discussions

Level of corporate governance used by selected banks in RSE

The findings revealed that the level of corporate governance used by selected Bank in Rwanda like board composition of selected banks in RSE was good where the average value of board composition of BK was 7.2 Directors with standard deviation of 0.84 directors while the average value of board composition of I&M Bank was 8.8 directors; the average value of Board committee of BK was 5.2 with standard deviation of 0.89 while the average value of board committee of I&M Bank was 5.6 and also the average value of Board meeting of BK was 25.8 with standard deviation of 4.49 while the average value of Board meeting of I&M Bank was 33.2. These findings are in the line with Bender & Ward, (2009), found that banks in Kenya should have at least five directors in their individual boards of directors. These results are also in agreement with Danoshana and Ravivathani (2013), found that the number of Board committee in Sri Lanka varies according to the banks size, operational of banks and structure of banks. According to Danoshana and Ravivathani (2013), found that the number of Board committee in Sri Lanka varies according to the banks size, operational of banks and structure of banks.

Level of profitability of selected banks in RSE since 2014-2018

For the second objective, the findings revealed that the level of profitability of selected Bank in Rwanda stock exchange was good as indicated in the Table 4.3, where the average of NPM of selected Bank in RSE for the period 2014- 2018 was 29.74% and the standard deviation was 3.31 % which implies that NPM of selected Bank in RSE were ranged between 26.43% and 33.05% the average of ROA of selected Bank in RSE for the period 2014- 2018 was 3.077% and the standard deviation was 0.25% which implies that ROA of selected Bank in RSE were ranged between 2.82% and 3.32% and the average of ROE of selected Bank in RSE for the period 2014- 2018 was 19.09% and the standard deviation was 1.7% which implies that ROE of selected Bank in RSE were ranged between 17.39% and 20.79%. This finding agrees with Ali and Zulkafli (2011), found that effective corporate governance in commercial banks play significant role in improving profitability of banks since corporate governance play a major role in resource allocation of company.

Relationship between corporate governance and profitability of selected banks in RSE

For the third objective, the findings indicate that there is positive and significant moderate association between corporate governance and profitability of selected banks at ($r= 0.615^*$ and $p=0.004<0.01$). This implies that an increase of corporate governance resulting increase of profitability of selected banks in Rwanda and also, revealed that that 23.9% changes in return on assets is caused by changes in corporate governance, revealed that 53.6% changes in net profit margin is caused by changes in corporate governance, and 31.7% changes on return on equity is caused by changes in corporate governance. This result is consistent with the view of Sharma and Mitra (2015) found that large boards confer benefits to banks as they comprise more experienced directors than a bank with a small board. This result is consistent with the view of Uwuigbe & Fakile (2012) found that large boards have positive correlation with return on assets of commercial in Nigeria. These findings are in disagreement with Gurusamy (2017) found that the large number of board composition reducing the return on equity of banks in India since every board member are assigned certain percent of salaries which reduce the return of banks in India.

Conclusion

An increase of corporate governance resulting to the increase of profitability of selected banks in Rwanda. Board composition influences its cohesiveness and that large boards may increase the quality of decision-making since they offer a broader array of perspectives. Therefore the study concludes that board composition, may have negative or positive effect on the profitability of banks listed at Rwanda stock exchange depending to the size. The higher ratio of independent board directors was positively related with ROA, ROE and NPM of banks listed in RSE. Increasing the level of the proportion of independent directors should simultaneously increase bank profitability, as they are more effective monitors of managers.

REFERENCES

- i. Arun, T., & Turner, J. (2009). *Corporate governance and development: reform, financial systems and legal frameworks*. Cheltenham: Edward Elgar Publishing Limited, pp. 24
- ii. Aebi, V., G. Sabato and M. Schmid, 2012. Risk management, corporate governance, and bank performance in the financial crisis. *Journal of Banking & Finance*, 36(12), 3213-3226.
- iii. Anderson, C., & Campbell, T. (2002). Corporate governance of Japanese banks. *Journal of Corporate Finance*, 10(1), 327-354.
- iv. Bender & Ward. (2009). *Corporate financial strategy*. Oxford: Elsevier Butterworth Heinemann, pp. 68-72.
- v. Black, B., A.G. DeCarvalho, V. Khanna, W. Kim and B. Yurtoglu, 2014. Methods for multicountry studies of corporate governance: Evidence from the BRIKT countries. *Journal of Econometrics*, 183(2), 230-240.
- vi. Cornet, B., Sahu, T.N & Manna, A. (2009). Impact of board composition and board meeting on firms' performance: A study of selected Indian companies. *Journal of Management*, 10(2), 99-112.

- vii. Center for Financial Inclusion (CFI). (2018). *Global Microscope: Enabling Environment for Financial Inclusion and the Expansion of Digital Financial Services*. Available Online at: <https://www.centerforfinancialinclusion.org/research>.
- viii. Daily, C., Dalton, D. & Cannella, A. (2003). *Corporate governance: Decades of dialogue and data*. *Academy of Management Review*, 28(3), 371-382.
- ix. Dewji, H. & Miller, S. (2013). *Assessing the components of effective corporate governance*. *Strategic Management Review*, 7(1), 47-63.
- x. Faber, D. (2009). *Institutional ownership, CEO characteristics and the probability of fraud occurrence in firms*. New Jersey: John Wiley & Sons Inc, pp.16-20.
- xi. Fortin, R., Goldberg, G.M. and Roth, G. (2010). *Bank risk taking at the onset of the current banking crisis*. *Financial Review*, 45(4), 891-913.
- xii. Gatsimbanyi, S. Y. (2015). *Corporate governance and financial performance of commercial banks in Rwanda*. *Journal of Business & Economic Research*, 5(3), 65-71.
- xiii. Gillibrand M., (2004). *Concentration of ownership and corporate performance: Evidence from the Zagreb Stock Exchange*. *Financial Theory and Practice*, 36(1), 29-52.
- xiv. Haan, J. and R. Vlahu, 2016. *Corporate governance of banks: A survey*. *Journal of Economic Surveys*, 30(2), 228-277.
- xv. Hermalin, B.E., & Weisbach, M.S. (2001). *Boards of directors and firm performance: Evidence from Greece*. *Journal of International Accounting, Auditing and Taxation*, 31(6), 20-36.
- xvi. Hoque, M.Z., Islam, R.M. and Ahmed, H. (2013). *Corporate governance and bank performance, a case of Bangladesh Banks*. *Journal of Engineering Education*, 98(1), 53-66.
- xvii. Imam, M.O. and M. Malik, 2007. *Firm performance and corporate governance through ownership structure: Evidence from Bangladesh stock market*. *International Review of Business Papers*, 3(7), 88-110.
- xviii. Institute of Company Secretaries of India (ICSI). (2014). *Corporate governance and firm performance in emerging markets: Evidence from Turkey*. *International Business Review*, 28(1), 90-103.
- xix. Iraya, C. Mwangi, M. & Wanjohi, G. (2014). *The effect of corporate governance practices on earnings management of companies listed at the Nairobi securities exchange*. *European Scientific Journal*, 11(1), 82-98.
- xx. Jimmy, Walabyeki (2018). *Corporate Governance in Rwanda: The Role of the External Auditor* (April 8, 2016). Available at SSRN: <https://ssrn.com/abstract=2760806> or <http://dx.doi.org/10.2139/ssrn.2760806>
- xxi. John, K., L. Litov and B. Yeung, 2008. *Corporate governance and risk-taking*. *Journal of Finance*, 63(4): 1679-1728.
- xxii. Judge, W.Q., I. Naoumova and N. Koutzevol, 2003. *Corporate governance and firm performance in Russia: An empirical study*. *Journal of World Business*, 38(4): 385-396.
- xxiii. Khan, S. (2011). *Multiple directorships of board members and earnings management: An empirical evidence from French listed companies*. Singapore: IACSIT Press
- xxiv. Kiel, G.C. & Nicholson, G.J. (2003). *Board composition and corporate performance: How the Australian experience informs contrasting theories of corporate governance*. *An International Review*, 11(6), 189-205.
- xxv. Kiruri, R. M. (2013). *The effects of ownership structure on bank profitability in Kenya*, *European Journal of Management Sciences and Economics*, 1 (2), 116-127.
- xxvi. Khravish, H. A. (2011) *Determinants of Commercial Banks Performance: Evidence from Jordan*, *International Research Journal of Finance and Economics*, 5 (5), 19-45.
- xxvii. Kayitesi, R. (2014). *The effect of corporate governance on the financial performance of commercial banks in Rwanda* (Unpublished thesis of MBA in Finance). University of Nairobi, Nairobi.
- xxviii. Levine, R., (2004). *The corporate governance of banks: A concise discussion of concepts and evidence*. *Academic Journal of Accounting and Economic Researches*, 5(3), 87-98.

- xxix. Lin, Y. (2007). *Research on the characteristics of Board System and Firm Performance in China: The Comparison between State and Non- State Listed Companies*, *Asian Social Sciences*, 3 (5), 143-155.
- xxx. Lipton, S.M., & Lorsch, K.K. (2012). *Corporate governance practices and firm performance: Evidence from top 100 public listed companies in Malaysia*. *Procedia Economics and Finance*, 35(5), 287-296.
- xxxi. Mugisha, S. X., Jaya, S., Joseph, O., Mbabazi, M. (2015). *Effect of corporate governance on the financial performance of banking industry in Rwanda: (A case study-commercial banks in Rwanda)*. *International Journal of Small Business and Entrepreneurship Research*.3(6),29-43.
- xxxii. Mukorombindo, D. & Ugwuanyi, G. O. (2014). *An empirical assessment of the determinants of bank profitability in Kenya: Bank characteristics panel evidence*. *Journal of Accounting and Taxation*,4(3), 38-43.
- xxxiii. Mwika, J. (2012). *Effect of corporate governance codes for institutional investors on capital markets: A Case Study of Rwanda (Unpublished MSc Thesis)*. University of Rwanda, Kigali.
- xxxiv. Narwal, K. & Jindal, S. (2015). *The impact of corporate governance on the profitability: An empirical study of Indian textile industry*. *International Journal of Research in Management, Science & Technology*, 3(2), 81-85.
- xxxv. OECD (2019). OECD (2009). *The corporate governance lessons from the financial crises*. [Online]. Available: <https://www.oecd.org/corporate/ca/corporategovernanceprinciples>.
- xxxvi. Olweny, T. & Shipho, T. M. (2011). *Effects of banking sectorial factors on the profitability of commercial banks in Kenya*, *Economics and Finance Review*, 1 (5), 1-30.
- xxxvii. Osazuwa, N.P., Ahmad, A.C., & Che Adam, N. (2016). *Financial performance in Nigerian quoted companies: The influence of political connection and governance mechanisms*. *International Journal of Economics and Financial Issues*, 6(7), 137-142
- xxxviii. Pearce J.A & Zahra ,S.A. (2012). *Board Composition from a Strategic Contingency Perspect*. *Journal of Management Study*, 29(4),414-438.
- xxxix. Peni, E. and Vahamaa, S. (2012). *Did Good Corporate Governance Improve Bank Performance during the Financial Crisis?* *Journal of Financial Services Research*, 4(1), 19–35.
- xl. RSE. (2018). *Financial stability market reports*. Kigali, Rwanda: RSE
- xli. Samad, F.A & Zulkafli, A.H. (2015). *Corporate governance and performance of banking firms: Evidence from Asian Emerging Markets*. *Issues in Corporate Governance and Finance*, 2(1), 49-74.
- xl. Sanda, A. U., A. S. Mikailu & Garba, T. (2010). *Corporate governance mechanisms and firms' financial performance in Nigeria*. *Afro-Asian Journal of Finance and Accounting*, 2(1), 22-39.
- xliii. Tomar, S. & Bino, A. (2012). *Corporate Governance and Bank Performance: Evidence from Jordanian Banking Industry*. *Jordan Journal of Business Administration*, 8(2),353-372.
- xliv. Umutesi, C.G., (2017) *Effect of corporate governance on financial performance of listed commercial banks in Rwanda (Unpublished thesis of MBA)*. United States International University-Africa, Kigali.
- xl. Uribe Bohorquez, M.V., Martínez Ferrero, J., & García Sánchez, I.M. (2018). *Board independence and firm performance: The moderating effect of institutional context*. *Journal of Business Research*, 8(4), 28-43.
- xlvi. Uwuigbe, O. R. & Fakile, A. S. (2012). *The Effects of board size on financial performance of banks: A Study of Listed Banks in Nigeria*, *International Journal of Economics and Finance*, 4 (2), 260-267
- xl. Van Ness, R., Miesing, P. & Kang, J. (2010). *Board of director composition and financial performance in a Sarbanes Oxley world*. *Academy of Business and Economics Journal*, 10(5), 56-74.
- xl. World Bank (2019). *Economic profile: Africa overview*. Available at: <https://www.wb.org/>