

Evaluation of Operational Risk Management of Commercial Banks in Ghana

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Abstract

Operational risk has adverse effect on financial performance and business sustainability of commercial banks. This concern has provoked the need to assess the effective means of dealing with bank operational risk. The study sought to empirically evaluate operational risk management of commercial Banks in Ghana. Using descriptive analysis to examine data sourced from 32 commercial in Ghana, the study found minimal comprehension of operational risk prerequisites, lack of systematic risk identification procedures and minimal risk assessment. The study also found that development of active methods of risk monitoring and control were not pronounced among the commercial banks in Ghana. It is therefore, recommended that the commercial banks should inculcate the culture of risk awareness, proper risk identification mechanisms and widespread risk monitoring and control approaches as these have far-reaching implications for effective implementation of any operational risk management efforts of commercial banks.

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Keywords: Operational risk; Commercial banks; descriptive analysis; Ghana

1 Introduction

Banks are invariably faced with different types of risks that may have a potential negative effect on their businesses. Risk management in banking operations

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