

Editor's Comment:

The paper tries analyses the indicators such as board size, the combination of chairman and president, and the proportion of independent directors, on the banking sector risk of China. There are several papers written on the topic. Chen, Y., & Li, X. (2013) and Bhagat, S., Bolton, B., & Subramaniam, V. (2008) are just two of them A study published in the *Journal of Financial Analysis* found that the proportion of independent directors, the board size, and CEO power negatively affected bank risk-taking during the recent financial crisis. On the other hand, institutional shareholder ownership and the presence of an ex-CEO as Chairman positively influenced bank risk-taking. The study also found that different governance characteristics have different relevance for banks' risk-taking contingent on the economic environment being one of stability or crisis. Another study published in the *Journal of Banking Regulation* examined the impact of board structure, CEO power, and other bank-specific factors on bank risk-taking for a sample of 72 publicly listed European banks in both stable and crisis periods. The study found that the proportion of independent directors, the board size, and CEO power negatively affected bank risk-taking during the recent financial crisis. On the contrary, institutional shareholder ownership and the presence of an ex-CEO as Chairman influenced bank risk-taking positively.

The characteristics of a bank's board of directors can have a significant impact on the bank's risk-taking level. This is because the board is responsible for overseeing the bank's risk management practices and for setting the bank's overall risk appetite. Board size, independence and their expertise are just some of them. Chinese commercial banks have been making progress in improving their risk management practices. However, there is still more that can be done to reduce risk in the Chinese banking sector.

The hypothesis are well designed in the paper and tested using OLS technique.

My recommendation is to publish the paper.

I also suggest to authors read the following reference which they may apply its methodology in the future:

Sahin, Afsin(2022). "The Effects of the Confidence in the US Banking Sector to the Economic Growth: An Application of the Smooth Local Projections Method for Estimating Impulse Responses", *Journal of Applied Economics and Business Research*, Vol. 12, No. 1: 1-19.

Available at: http://www.aebrjournal.org/uploads/6/6/2/2/6622240/joaebrjune2022_01_19.pdf

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