

Review Form 1.7

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| Journal Name: | Asian Journal of Economics, Business and Accounting |
| Manuscript Number: | Ms_AJEBA_119880 |
| Title of the Manuscript: | Evaluating the Efficacy of Risk Management Practices and Their Necessity for Enhancing the Profitability of Financial Institutions in Sri Lanka |
| Type of the Article | Original Research Article |

General guideline for Peer Review process:

This journal's peer review policy states that **NO** manuscript should be rejected only on the basis of '**lack of Novelty**', provided the manuscript is scientifically robust and technically sound. To know the complete guideline for Peer Review process, reviewers are requested to visit this link:

(<https://www.journalajebea.com/index.php/AJEBA/editorial-policy>)

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PART 1: Review Comments

| | Reviewer's comment | Author's comment (if agreed with reviewer, correct the manuscript and highlight that part in the manuscript. It is mandatory that authors should write his/her feedback here) |
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| <p>Compulsory REVISION comments</p> <p>1. Is the manuscript important for scientific community? (Please write few sentences on this manuscript)</p> <p>2. Is the title of the article suitable? (If not please suggest an alternative title)</p> <p>3. Is the abstract of the article comprehensive?</p> <p>4. Are subsections and structure of the manuscript appropriate?</p> <p>5. Do you think the manuscript is scientifically correct?</p> <p>6. Are the references sufficient and recent? If you have suggestion of additional references, please mention in the review form.</p> <p><u>(Apart from above mentioned 6 points, reviewers are free to provide additional suggestions/comments)</u></p> | <p>Yes. Risk management is an important issues for financial institution.</p> <p>No. The use of language like Efficacy, Practices, and Necessity are not required. No measure and analysis of these variables. Suggestion: Impact of Credit and Liquidity Risk on Profitability of Financial Institutions in Sri Lanka</p> <p>Yes. But the arrangement in sections does not seem to be in line with the Journal guide. The content on Originality needs to be moderated. For example, in Lokenthini, P., & Jameel, A. L. M. (2023) (The relationship between financial risk and the financial performance of licensed commercial banks in Sri Lanka.) the author consider credit risk, liquidity risk and even market risk.</p> <p>Yes. The content is well structured.</p> <p>To a large extent. Two issues are raised for improving this:</p> <ol style="list-style-type: none"> 1. Data set: The study uses quarterly data from 2014 to 2021; which is 8 years. However, for quarterly data, it translate into 32 data point. The author claimed that the quarterly data was annualised. Suggesting it was initially quarterly, but converted to annual. With 3 variables (ROA, Credit Risk, Liquidity Risk), annual data may not have a reliable results. If this was the procedure, the author should use the original quarterly data set and run the analysis again. Whichever approach, is should be mention in the paper. It should be clear to the reader, the data points used for analysis. 2. Some strong statements and inferences in the discussion require provision of related benchmark (either in the literature or methodology or any other place). For examples: <ol style="list-style-type: none"> i. the average and maximum ROA statistics indicate that the banking sector in Sri Lanka experienced relatively low profits on total assets] [no indication of what constitute low, medium or high profitability; the current average ROA of 1.228 translate into 22.8% profitability; how do we know this is low] ii. the banking sector in Sri Lanka has demonstrated effective credit risk management, as evidenced by the average and maximum values of the non-performing loans and advances ratio <p>Adding recent papers (2022-2024) would increase the value of the paper. See four examples below:</p> <ol style="list-style-type: none"> 1. Arun, M., & Balagobei, S. (2023). Impact of Credit Risk and Bank-Specific Factors on the Financial Performance of Licensed Banks in Sri Lanka. 2. Hamsagini, K. (2023). IMPACT OF CREDIT RISK MANAGEMENT ON PROFITABILITY OF COMMERCIAL BANKS IN SRI LANKA. 3. Nishanthi, R., & Gunarathne, A. G. D. L. K. (2022, October). Relationship between credit risk and profitability of selected commercial banks in Sri Lanka. In <i>5th Annual Research Symposium in Management</i> (p. 84). 4. Lokenthini, P., & Jameel, A. L. M. (2023). The relationship between financial risk and the financial performance of licensed commercial banks in Sri Lanka. | |
| <p>Minor REVISION comments</p> <p>1. Is language/English quality of the article suitable for scholarly communications?</p> | <p>Yes. The language is adequate.</p> | |

Commented [A1]: why

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| Optional/General comments | | |
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PART 2:

| | Reviewer's comment | Author's comment <i>(if agreed with reviewer, correct the manuscript and highlight that part in the manuscript. It is mandatory that authors should write his/her feedback here)</i> |
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| Are there ethical issues in this manuscript? | <i>(If yes, Kindly please write down the ethical issues here in details)</i> | |

Reviewer Details:

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