

Review Form 1.7

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	Manuscript

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:

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ART 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)
<p>Compulsory REVISION comments</p> <p>1. Is the manuscript important for the scientific community? (Please write a 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>(Apart from above mentioned 6 points, reviewers are free to provide additional suggestions/comments)</p>	<p>1- Yes, the manuscript could indeed be important for the scientific community interested in finance, risk management, and regional studies related to Sri Lanka.</p> <p>2- .2-Yes.</p> <p>3- Yes. However, the abstract appears to be comprehensive. It effectively summarizes the aim, methodology, findings, practical implications, limitations, and originality of the study. However, without the actual abstract text, a definitive assessment is challenging, but the structure and content described suggest a well-rounded summary of the research.</p> <p>4- Yes.</p> <p>5. Yes.</p> <p>6- Yes, it is sufficient.</p>	
<p>Minor REVISION comments</p> <p>1. Is the language/English quality of the article suitable for scholarly communications?</p>	<p>The language used is clear and professional. However, some sentences are lengthy and could be broken down for easier comprehension. Additionally, ensuring consistency in terminology and formatting throughout the manuscript would enhance its readability.</p>	
<p>Optional/General comments</p>	<ol style="list-style-type: none"> The manuscript can be strengthened by discussing practical applications of the results, such as how this study can assist financial institutions in improving their risk management and increasing trust among customers and investors. Can be adding recommendations for future research, such as exploring the effects of other types of risks on profitability or studying different types of financial institutions, would enrich the discussion. Can be enhancing the manuscript by providing a clear summary of the key findings and conclusions derived from the study would underscore the importance of the research and its potential applications. In table (6) the adjusted R² value of 64.43% indicates that credit and liquidity risk management explain a significant portion of the variability in profitability (ROA) for non-banking financial institutions in Sri Lanka. This metric accounts for the influence of sample size and the number of independent variables, highlighting that improvements in these risk management areas could lead to substantial gains in profitability. Specifically, a higher adjusted R² signifies that variations in credit and liquidity risk management practices have a profound impact on financial performance. This insight underscores the critical role of robust risk management frameworks in enhancing profitability within the financial sector. Furthermore, discussion on practical applications can illustrate how the study's findings can contribute to improving risk management and boosting confidence among customers and investors in non-banking financial institutions. By understanding the potential impacts of effective risk management on financial performance and stability, institutions can refine their strategies to mitigate risks more efficiently. This can include enhancing credit assessment protocols, diversifying funding sources, and maintaining 	

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	<p>adequate liquidity buffers to safeguard against market volatility. Such practices not only enhance operational resilience but also foster trust in the institution's ability to navigate economic uncertainties effectively.</p> <p>6. Adding recommendations for future research would enrich the discussion by suggesting avenues for exploring other dimensions of risk management. For instance, future studies could investigate the effects of different types of risks on profitability beyond credit and liquidity risks. Comparative analyses across various types of financial institutions could also provide insights into sector-specific challenges and opportunities for enhancing financial performance through tailored risk management strategies. These insights would contribute to a more comprehensive understanding of risk dynamics in the financial sector and inform targeted interventions to optimize institutional resilience and profitability.</p> <p>7. To strengthen the paragraph, providing a clear summary of the key findings and conclusions derived from the study would enhance reader comprehension of the research's significance and potential applications in the financial market context in Sri Lanka. Emphasizing how effective risk management practices contribute to sustained profitability and stability in non-banking financial institutions underscores the broader implications of the study's findings. This concluding insight reinforces the importance of ongoing efforts to refine risk management frameworks and adopt proactive strategies to navigate evolving market conditions effectively.</p> <p>8. By integrating these elements, the paragraph can effectively convey the implications of the study's findings and underscore their relevance for stakeholders in enhancing financial sector performance and resilience in Sri Lanka.</p>	
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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>
Are there ethical issues in this manuscript?	<i>(If yes, Kindly please write down the ethical issues here in details)</i>	

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