

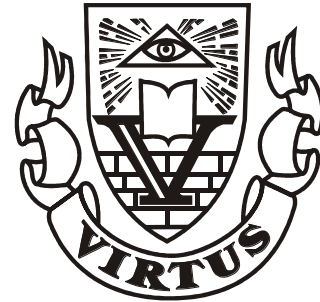
# RISK GOVERNANCE & CONTROL: Financial markets and institutions

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VOLUME 2, ISSUE 3, 2012

## CONTENTS

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**Editorial** 4

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**THE EFFECT OF SPECIFIC SHARE REPURCHASES ON SOUTH AFRICAN PAYOUT RATIOS: AN EXPLORATORY STUDY** 7

This paper was extracted

*Annalien de Vries, Pierre D. Erasmus, Willie D. Hamman, Nicolene Wesson*

This article reports on an investigation of whether the introduction of share repurchases in 1999 resulted in differences in the dividend payout ratios of South African listed firms. Dividend payout ratios for the two ten-year sub-periods preceding and following the introduction of share repurchases respectively are compared for a sample of repurchasing firms and all listed firms. The results indicate that dividend payout ratios were statistically significantly lower during the ten-year sub-period following the introduction of share repurchases than before. The payout ratios for those firms involved in specific share repurchases, however, were found not to differ significantly from payout ratios in general. Furthermore, the payout ratios of repurchasing firms did not change significantly during the two sub-periods.

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**BASEL III AND PRUDENT RISK MANAGEMENT IN BANKING: CONTINUING THE CYCLE OF FIXING PAST CRISES** 17

*François Laurens*

Financial crises have had a significant impact on bank regulation and supervision. Reforms are often focussed on correcting past failings. Following the 2007 financial crisis, Basel III reforms have been introduced with a view to promote a more resilient banking sector and to improve the banking sector's ability to absorb shocks arising from financial distress. A review of the Basel III reforms and the literature on the link between capital adequacy regulations and bank stability indicates that these regulations are unlikely to prevent the failure of banks resulting in systemic crises.

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**COMMON MISTAKES OF INVESTORS** 23

*Yuen Wai Pong Raymond*

Behavioral finance is an actively discussed topic in the academic and investment circle. The main reason is because behavioral finance challenges the validity of a cornerstone of the modern financial theory: rationality of investors. In this paper, the common irrational behaviors of investors are discussed.

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## **FACTORS AFFECTING BANK GOVERNANCE IN MALAYSIA**

26

**Wan Masliza Wan Mohammad, Rapiah Mohd Zaini, Haslina Hassan, Takunda Guest Charumbira**

This paper was extracted

Since the financial crisis in year 1997, banks in Malaysia had undergone various issues and transformations, including stricter regulation on merger and acquisitions and greater enforcement of corporate governance. Besides that, the institutions had also gone through the transformation in terms of the risk assessment practice due to the stricter rulings under Basel II regulations. Taking into account of these changes, this study empirically examines the effects of corporate governance, risk and capital on the performance of banks in Malaysia. Based on 132 firm-year samples for the period of 2004-2009, study indicates a significant and negative relationship between bank risks and performance. It further reveals that the risk weighted capital (RRWC) improves bank performance. However none of the corporate governance variables have any associations with banks performance.

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## **BANK LIQUIDITY RISK MANAGEMENT: A SOUTH AFRICAN SURVEY TO DETERMINE FUTURE CHANGE**

33

**S. Claassen, J.H. Van Rooyen**

In 2008 the global financial system and, more particularly, the world banking system suffered a financial crisis worse than any earlier crises. The financial crunch brought to light that liquidity risk management in banks poses a problem, and that the world's financial institutions will have to change their current practices as it relates to this risk. Apart from the importance of liquidity and the risk that it may cause, the integrated nature of all risks made banks more aware of the fact that none of these risks can be managed in isolation.

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## **A WHITE ELEPHANT IS NOT A BLACK SWAN: WHY YOU CAN DO MORE ABOUT IT PROJECT RISK THAN YOU THINK (A REPLY TO FLYVBERG AND BUDZIER)**

54

**Robert Zafft**

Failed IT projects destroy value on a massive scale. Failure occurs because traditional efforts to improve IT performance treat project delivery as an operational endeavor driven by technologists. Progress, these technologists say, lies in ever more complex implementation methodologies. In reality, an IT project is a business endeavor which must be evaluated in financial terms, both as a standalone effort and in relation to other efforts competing for resources. Moreover, a client or vendor's projects represent a rolling collection of endeavors. They are best analyzed and managed as a portfolio. Proof of success will not only come through better project delivery and business ROI but the ability to insure IT projects for timeliness, adherence to budget, and full functionality.

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## **AN EMPIRICAL ANALYSIS OF FISCAL FEDERALISM IMPLEMENTATION AND OF COST ACCOUNTING IN ITALIAN PUBLIC ADMINISTRATIONS**

64

**Pina Puntillo**

The core features of fiscal federalism are the transition from historical expenditure to standard costs as a criterion for determining financial needs of public bodies, together with the attempt to establish more meaningful accountability mechanisms, both to policy makers and to public management. The measurement of standard costs represents one of the pillars of fiscal federalism and it will be pursued using the mechanism of "best practice". Full implementation of fiscal federalism, therefore, requires the verification of the operating costs of all public administrations. According to statutory law, regions are also required to provide verification of operating costs, for the successful pursuing of fiscal federalism. The present research is going to assess the level of diffusion of cost accounting in Italian regional public administrations.