

THE ROLE OF BOARD STRUCTURES IN INCREASING BANK ACCOUNTABILITY: GLOBAL EXPERIENCE

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Abstract. *The governance of banking institutions plays a critical role in the stability and integrity of financial systems globally. The structure of the board of directors significantly influences how banks manage risks, comply with regulations, and align operations with the interests of shareholders and other stakeholders. Understanding how board structures differ across regulatory and cultural landscapes is crucial for enhancing bank accountability and performance. This article aims to critically evaluate how various board structures impact the accountability of banking institutions across different global contexts. The goal is to identify effective governance practices that can be adapted to improve bank accountability worldwide. Employing a comparative case study methodology, this research analyzes board structures in banking institutions across continents including North America, Europe, Asia-Pacific, the Middle East, Africa, and Latin America. Data from primary sources like interviews and secondary sources such as regulatory documents and academic articles are synthesized to assess the impact of board configurations on governance and accountability. The analysis reveals that effective board structures often include a high proportion of independent directors, robust audit and risk committees, and a commitment to diversity, which correlate with enhanced accountability and financial performance. However, variations exist due to cultural, economic, and regulatory differences that influence board effectiveness across regions. The findings suggest that while there is a global trend towards standardizing governance practices, local adaptations remain essential. The study recommends that banks and regulators focus on enhancing board independence, diversifying board composition, and strengthening risk oversight to improve governance frameworks. Future governance models should incorporate a dynamic approach to adapt to technological advancements, economic shifts, and societal expectations, ensuring that banking institutions can effectively meet emerging challenges and opportunities.*

Keywords: *corporate governance; banking institutions; board structures; board governance; global banking system; accountability.*

JEL Classification: *G28; G34; G38; O32*

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Introduction. The governance of banking institutions is a critical factor in the stability and integrity of financial systems worldwide. Among the various components of corporate governance, the structure of the board of directors plays a pivotal role in shaping the strategic direction and accountability of banks. The composition, competencies, and functioning of the board directly influence how a bank manages risks, complies with regulations, and aligns its operations with the interests of shareholders and other stakeholders.

In the article we explore the diverse approaches to board structure across different regulatory landscapes and cultures, examining how these variations contribute to the accountability of banks on a global scale. Drawing on a range of international examples, the article highlights best practices and the challenges faced in implementing effective board governance. As financial markets continue to integrate and globalize, understanding these differences and their impacts on governance has become crucial for regulators, investors, and banking executives aiming to enhance the accountability and performance of their institutions. This analysis not only sheds light on the current state of board governance in banking but also provides insights into future trends and necessary reforms to meet evolving challenges in the financial sector.

Literature Review. The role of board structures in increasing accountability within banking institutions has been a significant focus of scholarly research and industry analysis. This literature review examines key findings from various studies and reports that explore the influence of board configurations on governance and accountability in banks across different global contexts.

Research consistently underscores the importance of board composition in enhancing bank accountability. Adams and Mehran (2012) argue that the presence of independent directors is crucial as they provide unbiased oversight and enhance the accountability mechanisms within banks. Moreover, Erkens, Hung, and Matos (2012) found that banks with higher proportions of independent directors were less likely to face bankruptcy during the financial crisis, suggesting that independence can contribute significantly to financial stability and accountability.

Diversity on bank boards has also been highlighted as a factor contributing to more effective governance. Studies by Carter, Simkins, and Simpson (2003) demonstrate that gender and ethnic diversity bring diverse perspectives to board discussions, leading to more comprehensive risk assessments and decision-making processes. This diversity is not only correlated with better financial performance but also with higher levels of accountability and transparency.

Globally, regulations play a pivotal role in shaping board structures. Macey and O'Hara (2003) discuss how different regulatory frameworks influence board practices, with stringent requirements in places like the European Union fostering more rigorous governance structures compared to other regions. The Basel III framework, as discussed by Tarullo (2014), emphasizes the need for stronger risk management practices at the board level, directly impacting board structure and functions to ensure higher accountability and risk oversight.

Comparative studies, such as those by Aguilera and Jackson (2010), provide insights into how cultural and institutional variations affect board structures and their effectiveness in governance. For example, Japanese banks tend to have larger boards

that include executives from other firms within their keiretsu (corporate group), which can influence their governance practices and accountability mechanisms.

Finally, literature on best practices in board governance, such as the works by Walker (2009), who reviewed the governance of UK banks post-financial crisis, suggests that beyond compliance, effective boards engage actively with management to shape strategy and oversee its implementation. The Walker Review also emphasizes the role of specialized committees (like risk and audit committees) in enhancing board oversight and accountability.

The literature indicates a consensus on the critical role of board structures in banking governance, pointing to composition, diversity, regulatory compliance, and the adoption of best practices as key elements that enhance accountability. This review sets the stage for further exploration into how these elements are implemented globally and the effects they have on bank performance and accountability. Through this analysis, the forthcoming sections of the article will delve deeper into global case studies and data-driven insights to enrich our understanding of effective board governance in the banking sector.

Aims. The primary aim of this article is to critically evaluate how various board structures impact the accountability of banking institutions across different global contexts, with the goal of identifying effective governance practices that can be modeled and adapted to enhance bank accountability worldwide.

The main objectives of the Article are:

- *to compare board structures globally:* analyze and compare different board structures used in banking institutions across various countries, focusing on key elements such as the proportion of independent directors, board size, diversity, and the presence of committees dedicated to audit, risk, and compliance.
- *to understand regulatory influences:* examine how national and international regulations shape board structures in banks, and how these structures respond to regulatory requirements aimed at increasing accountability.
- *to evaluate the effectiveness of different board structures:* assess how various board structures contribute to or hinder accountability in banks by looking at case studies and performance outcomes from multiple banking systems.
- *to identify best practices:* identify best practices in board governance that effectively increase accountability and transparency in banking operations, drawing on successful examples from leading global banks.
- *To Recommend Strategies for Improvement:* Provide recommendations for banks and regulators on optimizing board structures to enhance accountability, based on the synthesis of global experiences and proven governance frameworks.

Through these objectives, the article seeks to provide a comprehensive overview of how board structures can be strategically designed and implemented to bolster accountability within the banking sector, offering actionable insights for stakeholders across the financial industry.

Methodology. The core of the research methodology involves comparative case studies of banking institutions across different regions, including North America, Europe, Asia-Pacific, the Middle East, Africa, and Latin America. This approach

allows for an in-depth understanding of how board structures vary across different regulatory and cultural environments and their impact on bank accountability. This comprehensive methodological framework enables a detailed exploration of the role of board structures in enhancing bank accountability globally, providing valuable insights that can guide future reforms in bank governance.

Results. The global experience concerning the role of board structures in enhancing bank accountability reveals a complex landscape shaped by diverse cultural, regulatory, and economic factors. Here's an overview of how different regions and countries implement board structures to increase accountability in banking institutions:

1. North America. In the United States, the Sarbanes-Oxley Act and subsequent regulations have stressed the importance of independent directors and robust audit committees. Most U.S. banks now have a majority of independent directors on their boards, which is believed to enhance oversight and accountability. Canadian banks also follow a similar structure, emphasizing transparency and accountability, partly driven by the guidelines set by the Office of the Superintendent of Financial Institutions (OSFI).

In North America, the role of board structures in increasing bank accountability has been significantly shaped by a combination of regulatory changes, market dynamics, and evolving best practices over the past few decades. Here's an overview focusing on the United States and Canada, which are representative of North American approaches to corporate governance in the banking sector:

United States of America. The U.S. has a robust regulatory framework that strongly influences board structures and governance practices. Key legislative acts include:

- *The Sarbanes-Oxley Act (2002)*: Introduced in response to financial scandals in the early 2000s, this act mandates stricter audit requirements, increased transparency, and higher accountability for corporate boards.
- *The Dodd-Frank Act (2010)*: Enacted after the 2008 financial crisis, it includes provisions for improving board accountability through enhanced oversight and risk management practices.

These regulations have reinforced the importance of having independent directors and competent audit committees. For instance, Dodd-Frank led to the creation of risk committees in major banks, responsible for overseeing the integrated risk management framework.

U.S. banks typically emphasize a high proportion of independent directors who are expected to provide unbiased oversight. The role of these directors is critical in strategy formulation, risk management, and ensuring that executive actions align with broader corporate governance principles.

U.S. banks are also required to have regular board evaluations, which include assessments of individual directors and the effectiveness of the board as a whole. These evaluations help maintain high standards of accountability and transparency.

Canada. In Canada, the Office of the Superintendent of Financial Institutions (OSFI) sets guidelines that influence how banks structure their boards. These guidelines stress the importance of governance practices that enhance accountability. Similar to the U.S., Canadian banks favor a structure dominated by independent

directors. Canadian banks are also known for their strong emphasis on ethical governance and sustainability issues, integrating these into board deliberations and decision-making processes more explicitly than in many other regions. Risk management is a critical component of board duties in Canadian banks, with many having dedicated risk management committees that work closely with the board to ensure that all types of risks (credit, market, operational) are adequately monitored and managed.

The common trends and practices in the governance structure of banking institutions in the United States of America and Canada are presented in Table 1.

Table 1. The common trends and practices in the governance structure of banking institutions in the United States of America and Canada

Feature	Description
Emphasis on Independence and Expertise	Both U.S. and Canadian banks prioritize having independent directors with expertise in finance, economics, and increasingly, technology, to address the growing cyber risks and digital transformation in banking
Audit and Risk Committees	These committees are standard features, tasked with overseeing financial reporting and risk management practices, thus ensuring the banks operate within the regulatory frameworks and adhere to high standards of accountability
Diversity and Inclusion	There is an increasing focus on enhancing diversity on bank boards in both countries, driven by the recognition that diverse boards can contribute to more effective governance and decision-making
Regular Evaluations and Transparency	Regular performance reviews of boards, transparent reporting, and open communication with stakeholders are key aspects of ensuring accountability in North American banks

Source: systematized by the authors

In summary, the experience in North America reflects a sophisticated and highly regulated approach to corporate governance in banking, with a clear emphasis on independence, expertise, and accountability mechanisms to ensure that banks not only comply with regulations but also serve the interests of their stakeholders effectively.

2. Europe. European banks have seen a significant transformation in board structures, especially after the financial crisis of 2008. The European Banking Authority (EBA) guidelines and the EU's Capital Requirements Directive IV have placed a greater emphasis on the roles of risk and audit committees. In the UK, the Walker Review led to reforms that require banks to appoint a greater number of non-executive directors who possess financial industry expertise to enhance the scrutiny of executive decisions.

In Europe, the role of board structures in increasing bank accountability has been heavily influenced by regional regulations, historical financial crises, and a strong emphasis on risk management and transparency. European governance frameworks have evolved to address the complexities of a diverse banking sector that spans multiple nations with varying legal and economic contexts.

European Union (EU) Directives. The EU has implemented several directives and regulations that significantly impact how bank boards operate, aiming to enhance accountability and stability:

- *The Capital Requirements Directive IV (CRD IV):* This directive, along with the Capital Requirements Regulation (CRR), sets stringent requirements for banks in

the EU, including governance standards. It emphasizes the importance of board diversity, the role of risk management, and the need for effective internal controls.

- *The Markets in Financial Instruments Directive II (MiFID II)*: Although primarily focused on investment services, MiFID II affects bank boards by increasing transparency and requiring firms to act in the best interests of their clients, thereby indirectly impacting board responsibilities.
- *The European Banking Authority (EBA) Guidelines*. The EBA issues guidelines that recommend best practices for the internal governance of banks. These guidelines advocate for robust risk management structures and functions, including the establishment of risk committees at the board level in significant institutions.

The common trends and practices in the governance structure of banking institutions in the European Union are presented in Table 2.

Table 2. The common trends and practices in the governance structure of banking institutions in the European Union

Feature	Description
Independence and Expertise	Like their counterparts in North America, European banks are required to have a significant number of independent non-executive directors on their boards. These directors are expected to bring impartial oversight and diverse expertise, particularly in finance, risk management, and increasingly, digital technology.
Diversity	European bank boards are also focusing on diversity, not just in terms of gender and ethnicity but also in professional backgrounds and international experience. This trend is partly driven by regulatory encouragement and the recognition that diverse boards can enhance decision-making processes and strategic oversight.
Committees	Specialized committees, particularly audit, risk, and compliance committees, are common features in European bank boards. These committees play critical roles in ensuring that banks adhere to both internal standards and external regulatory requirements, enhancing accountability.

Source: systematized by the authors

Nordic Countries. In countries like Sweden, Finland, and Norway, there is a strong tradition of transparency and ethical banking. Boards in these countries often include stakeholders' representatives, which can include employees. This model enhances accountability by aligning the interests of various stakeholders directly with board decisions.

Southern Europe. In Southern European countries like Italy and Spain, banks have traditionally had more centralized, less independent boards. However, recent reforms have pushed for greater independence and stricter governance codes, influenced by both EU regulations and local financial crises.

Central and Eastern Europe. Banks in Central and Eastern Europe are rapidly aligning with EU standards as many of these countries are relatively recent EU members. The transformation includes adopting more Western-European practices in terms of board independence and risk governance.

Overall, the European experience with board structures in banking shows a robust move towards enhanced governance characterized by greater independence, regulatory compliance, risk oversight, and diversity. These changes reflect an ongoing commitment to improving accountability and stability within the banking sector, driven by both past crises and proactive regulatory frameworks.

3. Asia-Pacific. The corporate governance framework in Asian banks varies widely. For instance, Japanese banks often feature boards with insiders and representatives from cross-shareholding firms, which can sometimes dilute accountability. In contrast, Australia has adopted governance practices similar to those in the UK and US, with a strong emphasis on independent directors and formal risk management committees.

In the Asia-Pacific region, the role of board structures in increasing bank accountability is diverse and influenced by varying levels of economic development, cultural factors, and regulatory environments across different countries. This diversity results in a mix of board practices and governance standards, ranging from highly evolved frameworks in developed markets like Australia and Japan to emerging approaches in countries like India and China.

Australia. Australian banks adhere to stringent governance codes, similar to those in Western countries. The Corporate Governance Principles and Recommendations set by the Australian Securities Exchange (ASX) emphasize the importance of independent directors, audit committees, and risk management practices. Australian boards are noted for their rigorous compliance with these standards, enhancing accountability and transparency.

Japan. Corporate governance in Japanese banks has unique characteristics, often featuring larger boards that include executives from other firms within the same keiretsu (business group). While this can lead to strong business relationships, it sometimes raises concerns about the independence of board members. Recent reforms, however, have pushed for more independent directors and enhanced transparency in response to global governance standards.

Singapore. Singapore stands out in Southeast Asia for its strong regulatory framework, guided by the Monetary Authority of Singapore (MAS). Singaporean banks are required to have independent directors and robust risk management systems, with governance practices that closely align with international standards.

China. The governance structures in Chinese banks are heavily influenced by state ownership, with many banks still predominantly controlled by the government. This arrangement affects the level of independence perceived in board decisions. However, recent reforms aim to enhance corporate governance by increasing the number of independent directors and improving transparency and accountability mechanisms.

India. Indian banking governance has undergone significant changes, especially after the financial reforms of the early 1990s. The Reserve Bank of India (RBI) mandates the presence of independent directors and has set strict guidelines for audit and risk management committees. These changes have been aimed at improving the accountability and efficiency of banks, with an increasing emphasis on aligning with global governance practices.

The common trends and practices in the governance structure of banking institutions in the Asia-Pacific region are presented in Table 3.

Table 3. The common trends and practices in the governance structure of banking institutions in the Asia-Pacific region

Feature	Description
Regulatory Influence	In nearly all Asia-Pacific countries, local regulatory bodies play a crucial role in shaping the governance of banks. These regulators are increasingly aligning their standards with international norms to ensure stability and accountability
Diversity in Board Practices	While there is a general trend towards adopting best practices such as the inclusion of independent directors and the establishment of key committees, the actual implementation varies significantly due to cultural, economic, and regulatory differences across countries
Risk Management Focus	Post-global financial crisis, there has been a heightened focus on risk management across the region. This has led to the creation of more specialized committees within boards, tasked with overseeing various types of risks
Challenges in Independence and Transparency	Despite improvements, some countries still face challenges related to the independence of board members and transparency in board operations, often influenced by traditional business practices and political relationships

Source: systematized by the authors

The Asia-Pacific region presents a complex but evolving picture of corporate governance in banking. While developed nations often lead in governance standards, emerging markets are rapidly catching up, driven by the need to integrate into the global financial system and to attract international investors. As these countries continue to develop their regulatory frameworks and governance structures, the role of board structures in enhancing bank accountability is becoming increasingly vital and sophisticated.

4. Middle East and Africa. In the Middle East, governance practices are often influenced by family ownership and state control. However, there is a growing trend towards adopting Western governance practices, including the appointment of independent directors and the establishment of clear governance policies. African banks, particularly in South Africa, have moved towards comprehensive corporate governance frameworks with clear mandates for board independence and accountability as part of broader economic reforms.

The role of board structures in increasing bank accountability in the Middle East and Africa presents a diverse picture, influenced by varying degrees of regulatory maturity, economic development, and cultural factors. Both regions have unique challenges and have been implementing reforms to enhance corporate governance in banking.

Middle East. In many Middle Eastern countries, banks are often controlled by state entities or family conglomerates, which can impact the independence of board members. However, there is a growing trend towards reducing such influences and increasing the presence of independent directors to align with international governance standards. Countries like the United Arab Emirates, Saudi Arabia, and Qatar have been at the forefront of adopting new governance regulations. These regulations often mirror Western standards to some extent, emphasizing transparency, accountability, and the protection of shareholder rights. In Islamic banks, board structures also have to accommodate Sharia compliance, which introduces an additional layer of oversight in

the form of Sharia boards. These boards ensure that all banking activities align with Islamic law, affecting decisions and policies at every level.

Dubai International Financial Centre (DIFC) and Abu Dhabi Global Market (ADGM) have established themselves as hubs with strict governance codes, influencing the broader region to enhance corporate governance practices.

Saudi Arabia has also reformed its corporate governance framework significantly, aiming at increasing the number of independent directors and enhancing board accountability as part of its Vision 2030 reforms.

South Africa. As the most developed banking sector in Africa, South Africa has a robust governance framework influenced by the King Codes of Governance. The King IV Report, in particular, emphasizes leadership, sustainability, and corporate citizenship, with a strong focus on risk governance and board independence.

Nigeria. Nigeria has made significant strides in reforming its banking sector, particularly after the 2009 banking crisis. The Central Bank of Nigeria enforced stricter requirements on board composition and risk management, which have been crucial in restoring trust and accountability in banks.

Kenya and other East African nations. These countries are increasingly aligning with global best practices, though challenges remain in terms of fully implementing effective governance structures. Efforts are ongoing to enhance the regulatory frameworks and to ensure that boards are more accountable.

The common trends and practices in the governance structure of banking institutions in the Middle East and Africa are presented in Table 4.

Table 4. The common trends and practices in the governance structure of banking institutions in the Middle East and Africa

Feature	Description
Regulatory Enforcement	One of the primary challenges across Africa is the consistent enforcement of regulations. While many countries have established formal governance codes, the degree of enforcement varies, impacting the effectiveness of these codes
Capacity Building	Enhancing the skills and expertise of board members is a focus area, with various initiatives aimed at training directors on governance, risk management, and ethical leadership
Increasing Independence and Diversity	Efforts are ongoing to diversify board compositions and increase the number of independent directors to reduce insider control and enhance objectivity in board decisions

Source: systematized by the authors

In both the Middle East and Africa, there is a clear trend towards enhancing the structures and practices of bank boards to increase accountability. These efforts are shaped by a combination of adopting international best practices and adapting them to local cultural and economic contexts. Despite progress, challenges such as ensuring the independence of boards, enforcing regulations, and building board capacity remain. As these regions continue to evolve, the focus on improving governance frameworks indicates a commitment to achieving higher standards of accountability and transparency in the banking sector.

5. Latin America. Latin American banks have historically had less focus on board independence, with many banks controlled by families or state entities. However, there has been a shift towards greater transparency and accountability, driven by both internal reforms and the influence of international financial institutions.

In Latin America, the role of board structures in increasing bank accountability reflects a region in transition, characterized by a blend of evolving regulatory frameworks, economic variability, and efforts to align with international standards. The governance landscape across Latin American countries is diverse, with different nations at varying stages of regulatory and corporate governance development.

Latin American countries have progressively adopted stricter regulations for banking governance, often influenced by financial crises that highlighted the need for better oversight and accountability. For example, following the 1994 economic crisis, Mexico implemented significant reforms to enhance the supervision and regulation of its financial sector.

Many Latin American banks have been aligning with Basel II and III standards, which dictate comprehensive risk management and corporate governance practices. This alignment has pushed local regulators to enforce stricter governance requirements.

There has been a growing emphasis on increasing the number of independent directors on boards. This shift aims to ensure that boards can operate without undue influence from controlling shareholders, typically powerful families or state entities that are common in the region.

Countries like Brazil and Chile have seen a trend towards the professionalization of board members, where directors are chosen based on their expertise and experience rather than personal connections or affiliations. This professionalization helps enhance the board's role in strategic oversight and accountability.

Brazil. As one of the largest economies in the region, Brazil has implemented comprehensive regulations concerning board structures in banks. The Brazilian Securities and Exchange Commission (CVM) and the Central Bank of Brazil enforce regulations that mandate transparency, disclosure, and the presence of independent board members.

Chile. Known for its stable economic environment and mature financial markets, Chile has strong governance frameworks in place. Chilean banks are required to have a majority of independent directors, and the country has been a pioneer in introducing corporate governance improvements in Latin America.

One of the significant challenges in the region is the economic and political volatility, which can affect the implementation and consistency of governance practices.

While many countries have established formal governance standards, the enforcement of these standards can be inconsistent. Regulatory bodies in some countries may lack the resources or authority to fully enforce compliance.

The common trends and practices in the governance structure of banking institutions in the Middle East and Africa are presented in Table 5.

Table 5. The common trends and practices in the governance structure of banking institutions in the Middle East and Africa

Feature	Description
Focus on Risk Management	Reflecting global trends, there is an increased focus on establishing risk committees within boards, tasked with overseeing financial and operational risks
Diversity and Inclusion	Efforts are underway to enhance board diversity, reflecting a broader understanding that diverse boards contribute to more effective governance and decision-making

Source: systematized by the authors

Latin America's experience with board structures in banking shows a significant evolution toward improved governance and accountability. This shift is driven by both external pressures, such as the need to compete in global markets, and internal pressures, including the need to prevent financial crises. Despite progress, there are still considerable challenges related to enforcement and political and economic instability, which can impede the full realization of governance reforms. As these countries continue to advance their regulatory frameworks and adopt international best practices, the role of board structures in enhancing bank accountability is expected to become increasingly robust and effective.

The role of board structures in increasing bank accountability manifests through several common features and notable differences across global banking systems. These features and differences reflect the diverse regulatory environments, cultural norms, and economic conditions of different regions (Figure 1).

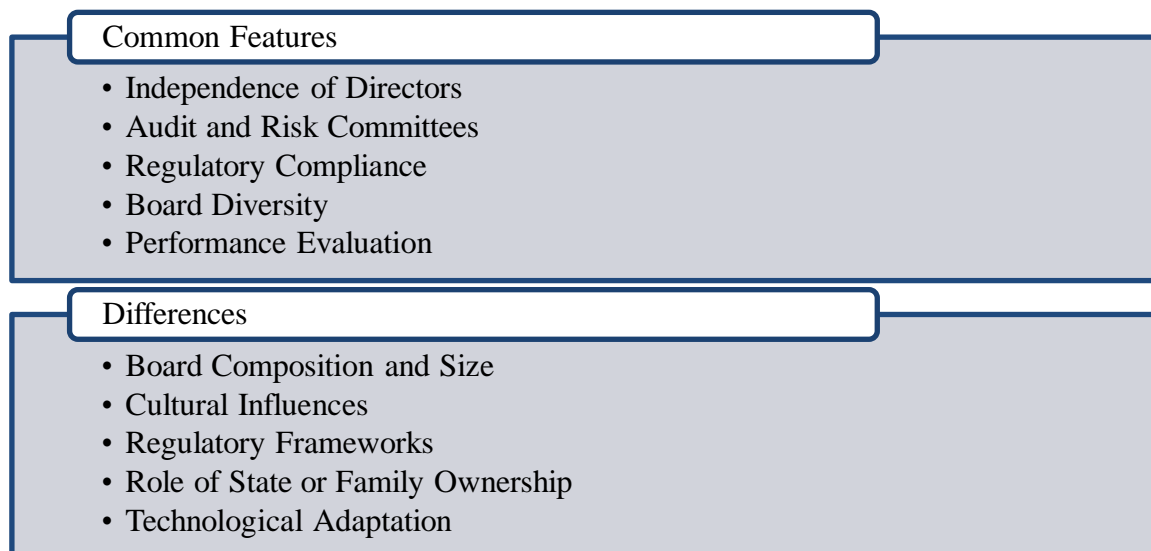


Figure 1. The common features and differences across global banking systems

Source: systematized by the authors

The common features across global banking systems are:

1. *Independence of Directors:* Globally, there is a common emphasis on having independent directors on bank boards. Independence is crucial for reducing conflicts of interest and for providing unbiased judgment on executive management decisions, which in turn enhances accountability.

2. *Audit and Risk Committees*: Another widespread feature is the establishment of specialized committees, particularly for audit and risk. These committees are tasked with oversight of critical areas that impact bank stability and integrity, thereby ensuring that the institution adheres to both internal policies and regulatory requirements.

3. *Regulatory Compliance*: Across different jurisdictions, compliance with regulatory guidelines is a foundational aspect of board responsibilities. Regulations typically dictate certain structures and practices to ensure that banks operate within the legal framework, promoting transparency and accountability.

4. *Board Diversity*: There is a growing global recognition of the value of diversity on bank boards, including gender, ethnic, and professional diversity. Diverse boards are more likely to consider a wider range of perspectives and solutions, which can lead to more effective governance and increased accountability.

5. *Performance Evaluation*: Regular evaluation of board performance, including assessments of individual directors and the effectiveness of the board as a whole, is becoming a norm. These evaluations help in identifying areas for improvement and in reinforcing accountability mechanisms within the board.

The main differences across global banking systems are:

1. *Board Composition and Size*: While the trend is towards having more independent directors, the actual composition and size of boards can vary significantly. For instance, U.S. and European banks tend to have smaller boards with a higher proportion of independent directors, whereas in parts of Asia and Latin America, boards might be larger and include more insiders or affiliated members.

2. *Cultural Influences*: Cultural factors heavily influence board dynamics and governance practices. For example, consensus-driven cultures like Japan may have a different approach to decision-making compared to more individualistic Western practices, which can affect how accountability is perceived and implemented.

3. *Regulatory Frameworks*: There is considerable variability in how different countries regulate board structures. For instance, European banks operate under stringent EU regulations that dictate detailed governance practices, whereas regulatory frameworks in emerging markets may be less prescriptive, allowing more flexibility in how boards are structured.

4. *Role of State or Family Ownership*: The presence of state or family ownership can significantly impact board structure and its role in governance. In many emerging economies, family-owned or state-controlled banks may have less stringent requirements for independence, affecting how accountability is enforced.

5. *Technological Adaptation*: The degree to which boards are prepared to handle and oversee technology-driven changes in the banking sector can differ. Boards in technologically advanced regions are more likely to have members with digital expertise, which is crucial for overseeing areas like cybersecurity and digital banking services.

By understanding these common features and regional differences, stakeholders can better appreciate the complexities involved in structuring boards to enhance accountability in the banking sector. This knowledge also aids in designing governance models that are both effective and culturally appropriate for specific banking environments.

Based on the conducted research, we systematized global trends in corporate governance in banks (Figure 2).



Figure 2. The most important global trends in corporate governance in banks

Source: systematized by the authors

The most important global trends are:

1. *Increasing Independence*: There is a global trend towards increasing the number of independent directors on bank boards to ensure unbiased oversight.
2. *Enhanced Risk Management*: Post-2008, there has been a heightened focus on risk management capabilities at the board level, with many banks establishing dedicated risk committees.
3. *Diversity and Inclusion*: There is growing recognition of the value of diversity in board composition, not just in terms of gender or ethnicity but also in terms of expertise and international experience.
4. *Regulatory Influence*: Regulatory bodies worldwide are playing a more active role in defining and enforcing standards for board structures and practices, often learning from global best practices but also tailoring requirements to local contexts.
5. *Technological Expertise*: With the rise of fintech and digital banking, boards are increasingly expected to have members with technological expertise to oversee and guide digital strategy and cybersecurity measures.

This global experience underscores a move towards more structured, independent, and diverse board compositions, reflecting a broader commitment to enhancing accountability and governance standards within the banking sector worldwide.

Discussion. In the analysis of global experiences regarding the role of board structures in increasing bank accountability, a few key themes emerge, each highlighting how governance practices are shaped by local contexts while also adhering to emerging global standards. This discussion explores these themes, reflecting on both the convergences and divergences in board structures across

different regions, and considering the implications for future governance practices in the banking sector.

Convergence Towards Global Standards. One of the most notable trends is the convergence towards global governance standards, particularly in terms of board independence and the establishment of specialized committees. Regulatory influences, such as those from the Basel Committee on Banking Supervision and local financial authorities, have pushed banks towards adopting structures that enhance accountability. Independent directors and committees like audit, risk, and compliance are now seen as essential features of effective governance. These mechanisms are critical not only for meeting regulatory requirements but also for addressing the complexities of modern banking, which involves managing a wide array of financial products and risk factors.

Impact of Cultural and Regulatory Environments. Despite global trends towards standardization, regional differences shaped by cultural and regulatory environments continue to impact board structures. For instance, in Asia, particularly in Japan and China, cultural norms influence corporate governance practices, which can sometimes delay the adoption of practices seen in Western contexts, such as the rapid integration of independent directors. Similarly, in the Middle East and parts of Africa, state and family ownerships significantly influence board decisions, which may affect the board's ability to act independently.

These regional variations suggest that while global norms provide a framework for accountability, effective governance is also deeply contingent on understanding and integrating within specific cultural and regulatory contexts.

Challenges and Opportunities. The shift towards more structured and accountable board practices is not without its challenges. One major issue is the enforcement of governance regulations, especially in regions where regulatory bodies may lack the resources or authority to effectively monitor and enforce compliance. Additionally, the increasing need for boards to understand and integrate technology strategies—such as those involving digital banking and cybersecurity—poses a challenge for traditional board members who may lack this expertise.

However, these challenges also present opportunities. For instance, the push towards digital savviness on boards can lead to more innovative approaches to banking and governance. Furthermore, the global banking community's ongoing efforts to enhance board accountability can serve as a catalyst for broader corporate governance reforms in other sectors.

As the banking sector continues to evolve, particularly with advancements in technology and changes in the global financial landscape, board structures will need to adapt continually. The increasing emphasis on sustainability and ethical banking, coupled with the need to address issues like climate change, suggests that future board structures will likely need to incorporate a wider range of expertise and perspectives.

Moreover, as banks aim to rebuild trust, particularly after the financial crises and scandals of the past decades, enhancing board accountability remains a crucial strategy. Boards that are capable of not only meeting regulatory demands but also exceeding them by proactively addressing the needs and concerns of all stakeholders will set the standard for governance in the future.

Conclusion. In conclusion, the role of board structures in increasing bank accountability demonstrates a pivotal intersection of global standards and regional adaptations. As we have explored, there is a clear trend towards enhancing governance frameworks across the globe, influenced heavily by major financial crises, evolving regulatory demands, and a growing emphasis on transparency and ethical management. This trend reflects a collective acknowledgment within the banking sector of the critical role that effective board governance plays in ensuring stability and trust in financial institutions.

Throughout different regions—from North America and Europe to Asia-Pacific, the Middle East, Africa, and Latin America—we observe a convergence towards certain key governance features such as the inclusion of independent directors, the establishment of specialized committees, and a focus on risk management. These elements are becoming universally recognized as essential components of a robust governance framework capable of enhancing accountability.

However, our analysis also highlights significant regional differences that stem from cultural, economic, and regulatory nuances. These differences necessitate a flexible approach to governance that respects local contexts while striving for global best practices. The challenge for banks and regulators is to strike an optimal balance between these global norms and local adaptations to create governance structures that not only comply with international standards but also excel at managing region-specific challenges.

Looking forward, the global banking sector must continue to evolve and adapt its governance practices in response to new risks and opportunities presented by technological advancements, economic shifts, and societal expectations. The rise of digital banking, the integration of sustainability goals, and the broader socio-economic impacts of banking operations demand a more dynamic and forward-thinking approach to board governance.

Ultimately, the effectiveness of board structures in increasing bank accountability will be measured by their ability to foster a culture of ethical decision-making, rigorous risk oversight, and unwavering commitment to the interests of all stakeholders. As the global landscape continues to change, the adaptability and responsiveness of board structures will play a decisive role in shaping the future resilience and integrity of the banking industry. This ongoing evolution in governance is not just a response to past failures but a proactive strategy to ensure future success and stability in the global financial system.

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