Volume 22(2), May 2022 http://doi.org/10.17576/gema-2022-2202-04

Genre Analysis of Risk Management Reports by an Islamic Financial Institution in Malaysia

Roslina Abdul Aziz[a]
leenaziz@uitm.edu.my
Akademi Pengajian Bahasa,
Universiti Teknologi MARA,
Cawangan Pahang, Malaysia

Nadhratunnaim Abas[b]
nadhra@uitm.edu.my
Akademi Pengajian Bahasa,
Universiti Teknologi MARA,
Cawangan Pahang, Malaysia

Khairul Firhan Yusob
khairulfirhan@uitm.edu.my
Akademi Pengajian Bahasa,
Universiti Teknologi MARA,
Cawangan Pahang, Malaysia

Norhidayah Md Yusof
norhidayahmy@uitm.edu.my
Akademi Pengajian Bahasa,
Universiti Teknologi MARA,
Cawangan Pahang, Malaysia

ABSTRACT

Risk management report (RMR) has become an important section for a bank's annual reports as it has been used to inform the stakeholders and the public of its stability. Nevertheless, most studies on risk management have yet to place much emphasis on language use nor move-step structure employed in the report since more attention is given to the risks faced by the institutions and how they are solved. This preliminary study aims to explore the move-step structure of risk management reporting in the RMR. To achieve this aim, genre analysis was utilised as a method to investigate how language was used in specific contexts to achieve their communicative purposes. Five RMR of an Islamic bank operating in Malaysia were obtained from its official website and analysed for their communicative content as demonstrated by the move-step constructs. The findings revealed that the RMR adhered to five moves. The findings provide an insight into how an Islamic financial institution's reputation is constructed through the appropriations of the textual conventions in the reports. The present study will benefit researchers and readers of RMR.

Keywords: Genre analysis; Islamic financial institution; move analysis; risk management report

a Main author
b Corresponding author

eISSN: 2550-2131
ISSN: 1675-8021

INTRODUCTION

Risk management is a key activity for financial institutions and its practice is reflected in Risk Management Report (RMR). RMR is an audited section that has been mandated to public listed companies. However, its enforcement only took place in the early 2000s (Gao et al., 2019). When it was first implemented, the U.S gave directives to all public listed companies to disclose significant risk factors in their annual reports. China followed the practice by setting up China Securities Regulatory Commission (CSRC). The commission was held responsible in assuring public listed companies to discuss risk factors that they encounter (Gao et al., 2019). Since then, RMR has been used as a channel to inform the public of the stability of a bank. To date, risk management reporting has been evolving and to some extent may be used to anticipate the future of a banking institution (Härle et al., 2016).

Risk management reporting between Islamic and conventional banks has been found to be slightly different since the former uses shariah principles as guidelines. This results in high total risks faced by Islamic banks (Hussain & Al-Ajmi, 2012) even though both types of banks are exposed to different types of risks (Baej, 2013). These differences are unique elements to be studied in the reporting of risk management considering that Malaysia operates in dual banking systems; Islamic and conventional.

To date, most studies on risk management have yet to place much emphasis on language use nor moves in the report, but more focus is given to the risks faced by the institutions and the ways they are solved. Louhichi and Zreik (2015) perceived a positive correlation between risk reporting and firm reputation as it supports the legitimacy theory that necessitates risk information to depict good reputation. Thus, it is crucial to linguistically examine this link by highlighting the move-step pattern of RMR as this would provide an insight into how a financial institution's reputation is constructed through the appropriations of the textual conventions in the reports. According to Hussain et al. (2020), well-reputed company images can be constructed based on interdiscursive appropriations of positive language features with reduced negativity.

The need to conduct such a study is also heightened by the lack of studies involving financial institutions in countries where English is a second language (L2) (Mobasher et al., 2013) and the scarcity of genre studies on RMR. The main objective of the present study is to uncover the rhetorical moves of risk management reporting by utilising genre analysis. In other words, the study aims to explore the move-step patterns in the RMR produced by an Islamic financial institution in Malaysia. Further, it intends to provide researchers, readers of RMR and financial professionals with the valuable data and knowledge of the reporting practice that could help financial institutions to project the desired company image, hence gaining the trust of stakeholders and future investors.

LITERATURE REVIEW

GENRE ANALYSIS

Genre is understood as a category of texts that belong to similar types. Some common genres that we often come across are lectures, journal articles, speeches and any other types of texts which can be both written and spoken. In linguistics, genre has been critically conceptualised by three schools of thought: New Rhetoric Studies, Systemic Functional Linguistics (SFL) and English for Specific Purposes (ESP). The present study adapts the ESP approach by Swales (1990). Since its introduction, genre analysis has provided a strong analytical framework for research in specialised discourse studies and contributed to developing second language (L2) pedagogy. Hyland (2007) considers genre as a communicative strategy which is used to accomplish social actions that belong to specific discourse communities.

Besides, genre analysis also provides insights into the nature of different genres. Bhatia (2002) finds genre analysis as a means of exploring highly conventionalised texts which belong to similar contexts. He believes that genre analysis can be used in investigating how members of the same discourse communities interpret and utilise a genre to achieve certain communicative goals. While genre analysis is most often investigated based on its linguistic features, most studies have concentrated on the rhetorical moves found in different genres and further developed their own framework for move analysis; for instance, the studies have examined corporate discourse such as annual report narratives (Rutherford, 2005) and sections of annual reports involving Management Forewords (Mobasher & Ali, 2015) and Letters to the Shareholders (Falco, 2018). Other studies have also involved Arabic patent abstracts and a product information brochure (see Alzarieni et al., 2019 & Goh et al., 2019).

RISK REPORTING

Robayany et al. (2019) views 'risk' as coherent with uncertainties and probabilities pertaining to profits and losses. Studies on risks have often been associated with 'risk management' and 'risk disclosure'. Financial risks, according to Elamer et al. (2019) can be exemplified by credit risk, market risk, capital management and adequacy risks. Mandatory and voluntary risk disclosures act as the mitigation strategies to counter for possible risk occurrences. Mandatory risk disclosure applies to the disclosure that fulfils the minimum requirement. Meanwhile, voluntary risk disclosure covers other risk information in the form of narrative sections which is not mandated for annual reports. Furthermore, two elements related to shariah compliance are religiosity and ownership structure (Rosli et al., 2017). Regardless, Ramli et al. (2019) found that the market firms listed in Bursa Malaysia were prone to disclose the mandatory risk instead of voluntary risk information.

The quality of risk reporting has been examined in terms of the comprehensibility of the reports such as in Polizzi and Scannella (2020) who found that the risk disclosure practices of Italian banks needed to be improved. Besides, the quality of risk reporting has also been analysed by comparing the reports to examine the extent of the disclosure. Based on the annual reports of 48 manufacturing companies over a six-year period (2010–2015) in Bangladesh, Dey et al. (2018) discovered that they lacked standardisation as certain risks seemed to be disclosed more than the others. In contrast, Ahmad et al. (2015) found that the risk disclosure among Malaysian public listed firms indicated good compliance with risk management and effective monitoring of internal control disclosure. Moreover, Lajili et al. (2020) who observed the increased information disclosure in the Canadian and German risk reporting concluded that it tended to be weighted on firm authorities more than its performance. Hence, this further indicates deficiencies in the quality of the reporting.

Studies that examined banks' risk disclosures had compared the reports produced by the Islamic banks with those of the conventional banks. The results tended to vary, hence, could not conclusively determine whether or not one type of financing was better than the other. Some discovered that conventional banks reported more profits although Islamic banks could be more liquefied (Alam et al., 2018; Qian & Velayutham, 2017). In another comparison involving five

eISSN: 2550-2131
ISSN: 1675-8021

Islamic and 19 conventional banks in Pakistan, Khan et al. (2017) observed the prevalence of the former in terms of profitability, efficiency, risk and liquidity management. However, a number of studies agreed that Islamic banks were prone to more risks due to their adherence to the shariah law (see Hemrit, 2019; Alam et al., 2018; Khan et al., 2017). The Malaysian Islamic banks showed better risk disclosures than the foreign Islamic banks (Kabir et al., 2019; Chong et al., 2019). Kabir et al. (2019) found that the reports by the Malaysian Islamic banks were better than those reported in Bangladesh as the risk information in the latter indicated good governance. Unfortunately, they were also described with 'window dressing', a term that denotes general, standardised and not updated annual reports with the absence of actual instances of risks as well as the mitigation strategies. Nevertheless, other studies demonstrated that the Islamic banks had insufficient risk information in their disclosures. Grassa et al. (2020) reported that the level of risk disclosure of some but not all Islamic banks was lower, with Malaysia placed second after Turkey. Meanwhile, based on the analysis of the annual reports of five Malaysian Islamic banks, Rhanoui and Belkhoutout (2019) concluded that each bank had not properly disclosed certain risk information.

The analysis of bank reports in terms of language use has shown that the linguistic features of banks' reports tend to be appropriated according to the communicative goals of the discourse community. The writing styles of the reports were observed as evolving along with the passing time. Moretti and Pestre (2015) pointed out that, based on World Bank Annual Reports from 1946 to 2012, the recent documents appeared more distant as they employed strings of jargons that might not be easily comprehensible. Clusters of nouns were frequently found in the reports and nominalisation was employed to diminish the role of social actors. Additionally, Pecican (2007) discovered high frequency of conceptual metaphors in English Central Bank reports which resulted in more accurate reporting. In another study, Ferard (2009) noticed that the English financial terms that were borrowed in the production of French Annual Reports of the European Central Bank consequently produced the kind of content that reflected an "Anglo-Saxon economic viewpoint", which might not truly reflect the actual performance (Ferard, 2009, p. 103). Besides the choice of vocabulary, banks' risk-taking behaviour was also influenced by the tenses used in the reports. Based on the corpus of 1402 bank reports from 82 countries, Osei-Tutu and Weill (2021) found that the reports of the banks that took more risks were often marked with future time reference. Meanwhile, those without the future tense marking seemed to report less risks.

METHODOLOGY

DATA

The corpus data for the study, which is a compilation of RMR, were extracted from the Annual Reports[1] of an Islamic bank in Malaysia from 2015 to 2019. These reports were obtained from the bank's official website. Table 1 below summarises the composition of the Annual Report corpus and the RMR sub-corpus analysed in this study:

[1] The Annual Reports were extracted from a larger Corpus of Bank Annual Report (CorBAR), which comprises Annual Reports of international and local, conventional and Islamic banking institutions operating in Malaysia.

TABLE 1. Word tokens of Annual Reports corpus and RMR sub-corpus

	Word Tokens	
Year	**Annual Report Corpus**	**Risk Management Report Sub-corpus**
2015	33164	1158
2016	28641	1191
2017	33300	1578
2018	31137	877
2019	30977	1253
Total	157219	6057

APPROACH TO GENRE ANALYSIS

The study adopted Bhatia's (1993) approach to genre analysis with its main focus on identifying 'moves' used by authors to achieve the communicative functions in the text. Bhatia's (1993) seven steps to analysing unfamiliar genres were used as the guiding principles in analysing the data. According to Bhatia (1993), it is necessary to consider some or all of the seven steps as summarised below:

1. Placing the Given Genre-Text in a Situational Context:

   Step 1 is to place the unfamiliar genre within the situational context, which could be established by relying on researchers' prior knowledge of a genre and the internal clues available in the text collection of the genre (Bhatia, 1993). Hence, the researchers relied on their own experience, library research and input from a specialist informant to derive the situational context for the text gathered and analysed. The situational context allows researchers to have a better understanding of the communicative conventions of a genre. The genre investigated in this study belongs to the banking community, which may comprise the gatekeepers, shareholders, investors, employees, and the customers of the bank.

2. Surveying Existing Literature:
   Bhatia (1993) states that the review of existing literature should include literature on other linguistic examinations conducted on the genre or similar genres, research tools, methods, theories of linguistic/discourse/genre analysis which might be relevant to the situation to be analysed. Documents/texts relevant to the speech community involved which may include practitioner advice, guidebooks, manuals etc. and any discussion on the social structure, interactions, history, beliefs, goals etc., of the professional or academic community in question which uses the genre in question should also be reviewed.

   For this study, the literature reviewed on genre analysis included studies by Bhatia (1993) on product and self-promotion in business settings, introductions in student academic writings, legal discourse in professional settings, Mobasher and Ali (2015) on management forewords, Falco (2018) on letters to the shareholders, Alzarieni et al. (2019) on Arabic patent abstracts, Goh et al. (2019) on product information brochures and Rutherford (2005) on corporate annual reports. Relying on the literature available, this study aimed at analysing the genre-text of RMR by a prominent Islamic bank in Malaysia. The existing literature as well as the lack of it in the related research context supported the genre analysis conducted in this study.

3. Refining the Situational / Contextual Analysis:
   Once the researcher has established the text in a situational framework, the next step is to refine the analysis further by defining the (i) speaker/writer of the text, the audience, their relationship and their goals; (ii) historical, socio-cultural, philosophic and/or occupational placement of the community in which the discourse takes place; (iii) network of surrounding texts and linguistic traditions that form the background to this particular genre-text; (iv) topic/subject/extra-textual reality which the text is trying to represent, change or use and the relationship of the text to that reality (Bhatia, 1993, p. 64-65).

   This study identified the writer as the bank, while the audience as the gatekeepers (including but not limited to Bank Negara Malaysia, Securities Commission of Malaysia, Shariah Compliance Board, etc.), shareholders, existing and potential investors, employees and customers to whom the bank is accountable for reporting its financial standing, key achievements and strategies for future growth.

4. Selecting Corpus:
   In selecting the right kind and size of corpus, a researcher needs to clearly define the genre so that it is distinguishable from other genres that are similar or closely related to it. The definition of the genre can be based on the communicative purposes, situational context(s), and some distinctive textual characteristics of the genre-text (Bhatia, 1993). The genre of this study belongs to the written communication produced by the bank to disclose mandatory and voluntary information to its shareholders and customers. The study focused on the RMR section that is intended to report the possible risks that the bank may face, and the measures taken by the bank in managing them. The selection of the texts was influenced by a few conditions such as; a convenient collection of data, representativeness of the data to the topic of study and appropriateness for corpus compilation to be used in the study.

5. Studying the Institutional Context
   In understanding the influence of the organisational context on the construction of a genre, a study of the institutional context from which the genre originates has to be conducted. This entails studying the linguistic, social, cultural, academic and professional rules and conventions that influence the use of language. In this study, the genre investigated is regulated by two main regulating bodies such as Bank Negara Malaysia (BNM) and Securities Commission of Malaysia (SCM) and the writing conventions and the structural layout of the genre adhere to strict industry requirements, in particular, the Companies Act 1965 and Bursa Malaysia Securities Berhad.

6. Levels of Linguistic Analysis
   The next step is to conduct a series of linguistic analysis, which may focus on one or more of the following three levels of linguistic realisation:

eISSN: 2550-2131
ISSN: 1675-8021

Level 1: Analysis of lexico-grammatical features involves analysing specific language features that are predominantly used in the specific genre. Nevertheless, Bhatia (1993) cautions that, even though the analysis may help to confirm or disapprove of intuitive statements, they provide very little information about how texts are textualised.

Level 2: Analysis of text-patterning or textualization. The analysis focuses on the tactical aspects of the conventional language specialist writers utilised when operating in a specific genre. It goes beyond the linguistic description and provides the answer to why specialist writers write the way they do. The analysis thereby goes beyond the linguistic analysis.

Level 3: Structural interpretation of the text-genre, highlights the cognitive aspects of language organisation, which would reveal the preferred ways specialist writers communicate their intention in a particular genre.

The linguistic analyses were not administered as they were beyond the scope and objectives of the study.

7. Specialist Information in Genre Analysis.
In establishing validity of the move analysis conducted, findings have to be checked and validated by a specialist informant, who is generally a practising member of the disciplinary culture from which the specific genre originates. The specialist informant not only confirms and validates the findings, but also "adds psychological reality" to the analysis (Bhatia, 1993, p. 80). This study gained assistance from the bank's internal auditor who has aided in checking and validating the move schemes in this study.

The move scheme analysis involves the following process;

i. Analysing the core components of RMR
ii. Analysing the move schemes following Singh et al. (2012)
iii. Sending move scheme to specialist informant for validation

FINDINGS

MOVE-STEP STRUCTURE OF RMR OF BANK

A thorough analysis on the corpus data finds that the RMR of the bank comprise five moves and the number of steps for each move tends to vary. A summary of move-step structure of the RMR is shown in Table 2 below:

TABLE 2. Summary of move-step pattern of RMR by the bank

Move	Step	2015	2016	2017	2018	2019
M1: Overview (OVW)	S1. Outlining scope of risks/ scope of risk management	✓	✓	✓	✓	✓
M2: Risk	S1. Stating importance of risks	✓	✓	✓	X	X

Management	S2. Outlining the structure	✓	✓	✓	✓	✓
Framework	S3. Outlining Risk Governance	✓	✓	✓	✓	✓
(RMF)	S4. Outlining Risk Appetite	✓	✓	✓	✓	✓
	S5. Outlining Risk Management Process	✓	✓	✓	✓	✓
	S6. Outlining Risk Culture	✓	✓	✓	✓	✓
M3 Shariah	S1. Clarifying definitions of term(s)	✓	✓	✓	✓	✓
Compliance Risk	S2. Establishing the compliance	✓	✓	✓	✓	✓
(SCR)/Shariah	S3. Stating responsibility	✓	✓	✓	✓	✓
Non-Compliance Risk	S4. Establishing the compliance	X	✓	✓	✓	✓
(SNCR)	S5. Describing the procedures involved	✓	✓	✓	X	X
M4: Information	S1. Overviewing IT risk	X	X	✓	✓	✓
Technology Risk	S2. Mitigating risk	X	X	✓	✓	✓
(ITR)	S3. Stating responsibility	X	X	✓	✓	✓
	S4. Describing the procedures involved	X	X	✓	X	✓
M5: Compliance Culture (CR)	S1: Stating bank's commitment in cultivating compliance culture	X	X	X	✓	✓
	S2: Reporting the measures taken	X	X	X	✓	✓
	S3: Highlighting the strength of the bank's policy and framework	X	X	X	✓	✓
	S4: Highlighting the effectiveness of 3 lines of defence approach	X	X	X	✓	✓
	S5: Highlighting the measure taken to ensure staff commitment	X	X	X	✓	✓
	S6: Listing the bank's achievements and key compliance activities	X	X	X	✓	✓

Table 2 exhibits the results of the analysis of five RMR published by the bank from 2015-2019. Overall, there are five moves and different numbers of steps for each move. Move 2 (Risk Management Framework) and Move 5 (Compliance Culture) consist of more steps than any other moves. The analysis also shows that Move 1 consistently appears throughout the corpus data since it functions as an introduction of the reports. Even though each move has a different number of steps, it is evident that most of the steps occur consistently throughout the data.

The following subsections detail out all moves by providing a description of the moves and the steps that take place in RMR. To further clarify, examples from RMR are presented in Appendix A. The words that are used to signal the moves and steps are highlighted in bold.

MOVE 1: OVERVIEW (OVW)

This move appears at the beginning of RMR. In fact, the move has been typically used as the opening of different genres (see Barabas, 2018). Its main communicative function is to overview the scope of risks and risk management practice of the bank. This move only comprises one step which is outlining the scope of risks. Since the move introduces readers to the risks that the bank has to deal with, it becomes an obligatory move. As can be seen in Table 2, the move is available throughout the corpus.

Step 1: Outlining scope of risks/scope of risk management

The first step that appears in RMR involves outlining the scope of risks by informing readers the significance of practising risk management. This is done to assure stakeholders of the ability of the bank in managing risks. Typically, the bank would begin by briefly narrating the global situation before narrowing it to the local situation which directly involves the bank. Example 1.1 illustrates how risk management practice is introduced in the report. The reports first stated the challenges in the global situation and later the focus was shifted to the local scenario before moving on to the important role of risk management practice.

MOVE 2: RISK MANAGEMENT FRAMEWORK (RMF)

This move appears as the second move in the RMR. A risk management framework (RMF) is a systematic process for determining potential threats to the bank and establishing a strategy for removing or mitigating their effects (Sookye & Mohamudally-Boolaky, 2019). Therefore, the main communicative function of the move is outlining the RMF by introducing the elements or strategies used by the bank in mitigating risk which comprise Risk Governance, Risk Appetite, Risk Management Process and Risk Culture. All of these strategies are treated as individual steps. Since all RMR must introduce the framework used in the risk management practice, this move becomes obligatory and appears across the corpus data. The move consists of six steps, namely stating importance of risks, outlining the structure, outlining risk governance, outlining risk appetite, outlining risk management process and outlining risk culture. All of these steps are further elaborated below:

Step 1: Stating importance of risks

Possessing risks is perceived positively and banks that do not take risks are viewed as making more losses than profits (Temile et al., 2019). Therefore, Step 1 is written to emphasise the inevitable occurrence of risks in a running financial institution. This step states the reasons for a bank to have good risk management. As shown in Table 2, this step appears only in the first three years of corpus data. It was found that throughout the years, the same wordings were used to indicate the step (see Example 1.1) which signals the practice of ‘window dressing’ (Kabir et al., 2019). The example depicts the significance of risks and how good risk management practice helps in dealing with the risk.

eISSN: 2550-2131
ISSN: 1675-8021

Step 2: Outlining the structure

Step 2 is typically used to introduce the elements of RMF, namely Risk Governance, Risk Appetite, Risk Management Culture and Risk Culture. Due to the function of the step, it has appeared throughout the five years. It is also worth noting that window dressing (Kabir et al., 2019) is also evident here. The example of the step can be seen in Example 2.1 which informs how the bank highlights RMF in guiding the risk management using its elements.

Step 3: Outlining Risk Governance

Risk Governance is the most important aspect in RMF since it highlights the bank's structure in managing and implementing the framework. Risk governance also aims to implement effective corporate governance principles to risk evaluation and management in ensuring that risk-taking practices are consistent with an institution's ability to sustain losses and long-term viability (Bank Negara Malaysia, 2013). Hence, in this step, the bank establishes compliance by stating its responsibility in following the guidelines provided by BNM. The step also introduces the risk committee that is responsible for the implementation of the framework as can be seen in Example 2.3a.

The step also informs readers of the measures taken in ensuring risk governance. In doing this, the bank uses the 3-Lines of Defence Approach[2] to explicate where risks arise in the company and how they are managed. Example 2.3b shows how this step is written in the risk management section.

Step 4: Outlining Risk Appetite

The role of risk appetite (RA)[3] is to help organisations make better decisions, as nearly all of the decisions that an organisation has to make involve an element of risk (Epetimehin, 2013). Step 4 communicates the importance of RA and the maximum level of risk the bank is prepared to tolerate in support of its stated strategy. In this step, the bank states the scope of its RA, highlighting the commitment of the bank in the RA elements it adopts. Adjectives like *critical* and *robust* were used to stress the bank's commitment (see Example 2.4a). It also highlights the bank's commitment to the stakeholders, giving assurance that the RA elements are adopted, and the bank's preparedness and commitment can result in optimum *risk returns*. Strong verbs like *ensure* and *enhance* were used to deliver the bank's confidence (see Example 2.4b). From 2015 to 2017, the step ended with the bank's statement of compliance to relevant laws and the shariah rules and principles, with specific emphasis to its zero-tolerance to shariah non-compliance (SNC) (see Example 2.4c), which aims to ensure the stakeholders of the bank's compliance to Islamic Financial Services Act 2013[4]. As an Islamic bank, it is obliged to abide by the statutory duties as stipulated by the Act and this is stressed in this step.

[2] Introduced by the Institute of Internal Auditors in 2013 (in Hakim, 2017), the approach was developed after the 2008/2009 worldwide economic meltdown to enhance communication on risk management and control by clarifying essential roles and duties of the senior management, governing bodies/boards/audit committee and internal auditor (IIA, 2013). It has since been applied successfully by many European institutions for years (Luburic et al., 2015) and has been adopted by financial institutions in this region, including Malaysia (Hidayah, 2016).
[3] The British standard publication on Risk Management Code of Practice published in 2008 (revised 2011) defines risk appetite as "the amount and type of risk that an organization is prepared to seek, accept or tolerate".
[4] The Islamic Financial Services Act 2013 outlines thorough statutory duties for the Board of Directors, Shariah Committee and the management of Islamic financial institutions to ensure that the industry achieves shariah compliant status (Jamil & Jamal, 2013).

Step 5: Outlining Risk Management Process

Risks are inherent in any enterprise, hence, they need to be properly dealt with and managed through RMF to further strategize for their mitigation. Realising this, the bank's initiative is announced in this step as it attempts to standardise the process involved in managing the risks encountered. Nevertheless, while the 2015-2017 reports were prefaced by the efficacy of this initiative, this part was absent in the 2018-2019 reports as shown in Examples 2.5a and 2.5b. The 2018-2019 reports excluded the part in Example 2.5a but began the section with Example 2.5b which represents the second part of step 5.

With the absence of the first part, the efficacy of the initiative for risk management in the later reports was conveyed by the premodifiers of *structured*, *systematic* and *consistent* (see Example 2.5b). While the reference to the institution remains the same in the 2015-2018 reports (*Bank*), the 2019 report tends to represent it in a wider scope through the term *Group* (see Example 2.5b). This can imply the transformation of the institution from a reference with a more restricted function, *Bank* as a financial institution to a *Group* of financial bodies.

Step 6: Outlining Risk Culture

The risk culture of an organisation ensures the effectiveness of its RMF. Wood and Lewis (2018) attributed weak risk culture to a great deal of financial losses such as in the 2008 global financial crisis and scandals. The Institute of International Finance (IIF) (as cited in Wood & Lewis, 2018) defines risk culture as "the norms and traditions of behaviour of individuals and groups within an organisation that determine the way in which they identify, understand, discuss, and act on the risks the organisation confronts and the risks it takes" (p. 20). This definition highlights the essence of risk culture in influencing risk management behaviour. Hence, the analysis uncovers the bank's initiative in incorporating risk culture as Step 6 covers the reference to risk culture which has been presented in two different versions as shown in Examples 2.6a and 2.6b. The later versions tend to condense the reference to risk culture while maintaining the integrity of the concept. The 2015-2017 reports continued with the definition of *culture* as presented in Example 2.6c. This definition has not been included in the later years, perhaps, due to the inclination to condense the reports. The inclusion of the tagline (*Managing Risk is Everyone's Business*) is also presented in two different versions within which they embrace the notion of culture as each member's responsibility (see Examples 2.6d and 2.6e).

MOVE 3: SHARIAH COMPLIANCE RISK (SCR)/SHARIAH NON-COMPLIANCE RISK (SNCR)

The third move is Shariah Compliance Risk (SCR) or in 2019 was referred to as Shariah Non-Compliance Risk (SNCR), which appeared from 2015 until 2019[5]. According to Islamic Financial Services Board (IFSB), SNCR can be defined as the potential risk due to the Islamic bank's unsuccessful attempt in complying with the shariah rules and principles that are decided by the shariah board or any relevant entity in the jurisdiction in which the Islamic bank operates (Oz et al., 2016). Thus, it can be seen that this move communicates the bank's commitment to SCR/SNCR through the five steps discussed below:

[5] Both SCR and SNCR carry the same meaning as mentioned in the BNM's Shariah Governance Framework (2011, p. 5), the terms SCR and SNCR are used interchangeably in the bank's documents.

Step 1: Clarifying definitions of term(s)

This step is used to clarify the definitions of the terms SCR and SNCR as can be seen in bold in Example 3.1a and Example 3.1b respectively. It informs the readers what SCR/SNCR means, hence, provides an understanding of what the bank's SCR/SNCR entails. According to Bhatti (2019), SNCR can be regarded as a form of operational risk whose function is to ensure a bank's operation adheres to the shariah procedures.

Step 2: Establishing the compliance

Step 2 is where the bank establishes its compliance by highlighting its adherence to Shariah-compliance Risk Management Guideline (see Example 3.2). This is one of the key aspects emphasised by the bank in giving assurance to its stakeholders that the bank's operation is always monitored and in line with the shariah-compliance guideline. Alvi (2005) stresses that it is essential for a bank to refer to and be guided by a proper regulation and supervision in order to ensure its clients' continuous confidence. Hence, the presence of this step in the bank's RMR from 2015 to 2019 has been observed.

Step 3: Stating responsibility

Step 3 draws and assures the stakeholders of the bank's responsibilities in managing SCR in terms of developing strategies, designing and implementing the SCR management. The statements of responsibilities appeared in the bank's Annual Report 2015 and 2016 (see Example 3.3a). Nevertheless, from 2017 to 2019, the bank simplified this step by only stating the unit responsible for managing SCR as seen in Example 3.3b. Hanefah et al. (2020) highlights that practising shariah compliance in a bank's operation could enhance its clients' confidence in terms of the effectiveness and efficiency of operations, the reliability of financial reporting and the level of compliance with applicable laws and regulations as well as accounting and auditing standards.

Step 4: Establishing the compliance

Step 4 communicates the bank's transformation in managing its SCR by adopting the Operational Risk Management (ORM) tools, which were introduced in 2016 and have been used since. ORM tools help the bank manage its SCR as the tools are tailor-made to suit the regulatory requirements on shariah governance as stated in Example 3.4a. Although the bank omitted the term *ORM* in 2019 (see Example 3.4b), the establishment of ORM could still be identified in Step 4 of that year. Having tools which are tailored to the bank's needs helps to manage its SCR more effectively. Abdullah et al. (2011) highlights that specific adaptation of operational risk measurement and risk management practices based on the nature of Islamic banks are needed in achieving greater SCR.

Step 5: Describing the procedures involved

Step 5 communicates the procedures involved in the management of the shariah compliance risk. It highlights the shariah risk awareness initiatives undertaken by the bank in ensuring its staff are well-versed in shariah compliance risk specifically and the shariah principle in Islamic banking generally as mentioned in Example 3.5. The step is a manifestation of the bank's readiness in managing the shariah compliance risk and is seen as a way to gain the stakeholders' trust. Hanefah et al. (2020) believes that the management of Islamic financial institutions must be equipped with ample knowledge regarding shariah compliance in terms of the internal aspect of control and understanding of its principle.

MOVE 4: INFORMATION TECHNOLOGY RISK (ITR)

Bank Negara Malaysia (2020) defines Information Technology Risk (ITR) as the risks that emerge from the use of technology or the internet. These risks occur as a result of deficiencies or breaches in IT applications, software, platforms, or infrastructure, which could lead to financial impairment, disturbances in financial services or operations, or reputational damage to the bank. Thus, in acknowledging the risk, ITR is introduced as Move 4 in RMR. Its main communicative function is to explicate the risk involving information technology. However, ITR was only introduced in 2017. This shows the transformation of the bank in managing its risks is in line with the transition of time. This move comprises four steps which are discussed further below:

Step 1: Overviewing IT risk

The first step begins with a brief introduction of ITR. As the name suggests, this step is used to give an overview of ITR by describing the reason for the bank to be technology dependent. It is crucial to establish the step since it allows readers to understand the new risk the bank has to manage. As can be seen in Example 4.1, it further clarifies that dependency on technology inevitably exposes the bank to ITR.

Step 2: Mitigating risk

Bank Negara Malaysia (2020) highlights that mitigating ITR is one of the strategic plans that any financial institution must be equipped with. Therefore, Step 2 is used to inform the stakeholders what the bank has planned to mitigate ITR. Some of the plans that the bank has to offer are enhancing *its controls and processes as well as invest in the latest IT infrastructure* as can be seen in Example 4.2. This shows the bank's effort in convincing the stakeholders by stating their effort in mitigating the risk.

Step 3: Stating responsibility

Since mitigating ITR has been made mandatory to the bank, it has set up a department dedicated to fulfil the task. The responsibility of the department includes, among others, *establishing, maintaining and enforcing IT risk policies and guidelines*. Hence, Step 3 is used to inform stakeholders of the department accountable to supervise ITR and the tasks that they are assigned. Example 4.3 illustrates how the bank states the responsibility of the department.

Step 4: Describing the procedures involved

In convincing stakeholders of how the bank mitigates ITR, informing the procedures that take place is crucial. Thus, Step 4 is used to highlight the four mechanisms that the bank applies in managing ITR, which include designing, executing and monitoring processes (see Example 4.4). However, unlike other steps which appear consistently throughout the corpus, this step was excluded in 2018 possibly due to the need to condense the report.

MOVE 5: COMPLIANCE CULTURE (CR)

Move 5 on compliance culture was introduced in 2018 as a part of the bank's RMR. Prior to 2018, compliance culture was treated separately from the bank's RMR, hence, was placed under a different heading. The move is inclusive of 6 steps, all of which communicate the bank's concerted efforts in ensuring its full commitment in cultivating compliance culture.

Step 1: Stating bank's commitment in cultivating compliance culture

BNM in 2016 issued a Compliance Policy which emphasises that compliance in banks begins from the top with *the board and senior management lead by example*, who at the same time are responsible to usher in a strong compliance culture involving all officers and each staff member in all business lines and functions within the bank (Bank Negara Malaysia, 2016). Adherence to this policy is clearly communicated in Step 1 where the bank communicates its continuous effort and commitment in cultivating compliance culture, highlighting the involvement of top management (*strong tone from the top*) and every facet of the bank (*blood and vein of every employee*) in this effort (see Example 5.1).

Step 2: Reporting the measures taken

Step 2 communicates the measures taken by the Board and Senior Management of the bank to embed and integrate the principles of zero-tolerance to non-compliance. The first measure was to integrate *the principle of 'Zero-Tolerance'* throughout the financial year, followed by reinforcing *compliance resources* and the final was approving *all proposed budget for compliance systems and projects* (see Example 5.2). This step is a reassurance of the bank's commitment to cultivating compliance culture as well as illustrating a strong presence of the Board and Senior Management in ensuring zero-tolerance to non-compliance is achieved.

Step 3: Highlighting the strength of the bank's policy and framework

Step 3 communicates the strengths of the bank's policy and framework, which have given it the right *platform*, *mechanism* and *tools* to manage its compliant risks. This is seen as an effort to secure stakeholders' trust and confidence. In the same step, the bank once again reiterates the total involvement of the staff in mitigating its compliance risks by employing *robust identification* and *mitigation process* (see Example 5.3) in its concerted effort to develop an *overall compliance environment.*

Step 4: Highlighting the effectiveness of 3 lines of defence approach

Step 4 states as a matter-of-factly the effectiveness of 3-lines of defence approach adopted by the bank (see Example 5.4). Further explanation on the approach was not available in this step as it has been dealt with under the RMF (M2S2) of the RMR.

Step 5: Highlighting the measure taken to ensure staff commitment

Step 5 communicates the measures taken by the bank to ensure that staff of all levels are committed to the bank's compliance risks by setting compliance to risk as the staff's Key Performance

eISSN: 2550-2131
ISSN: 1675-8021

Indicator (see Example 5.5). This is to ensure that the mitigation of risk is implemented by every staff across the board.

Step 6: Listing the bank's achievements and key compliance activities

The last step (Step 6) concludes Move 5 by listing the bank's achievements and key compliance activities (see Example 5.6) for the financial year concerned, which provides further proof of the bank's well integration of compliance culture and commitment in its practices.

CONCLUSION

The analysis of the rhetorical moves and steps in RMR of the bank identifies five moves with varying numbers of steps for each move. The findings reveal that some moves occur annually while others have only appeared more recently. Move 1 (*Overview (OVW)*), Move 2 (*Risk Management Framework (RMF)*) and Move 3 (*Shariah Compliance Risk* (*SCR*) */ Shariah Non-Compliance Risk* (*SNCR*)), for example, could be found in all RMR but Move 4 (*Information Technology Risk* (*ITR*)) and Move 5 (*Compliance Culture (CR)*) only appeared in RMR published in 2017 and 2018 respectively. Additionally, since RMR is an audited section of an annual report obliged to be disclosed annually, it tends to show instances of 'window dressing' (Kabir et al., 2019) through its generalised, standardised and lack of updated information. This is demonstrated by the presentation of generalised mitigation strategies and the absence of actual instances of risks. Moreover, the RMR of 2015-2017 comprise almost similar moves while RMR of 2018 and 2019 are shorter in length but contain additional moves. Nonetheless, it can be concluded that RMR is strengthened by the generalised mitigation strategies that function as the bank's countermeasures against any risks to communicate its resilience and thus, are used to convince the stakeholders.

The study is significant to both researchers and readers of RMR. First, the methodological procedure described in detail can be adopted by future studies aiming to apply Bhatia's (1993) seven steps to analyse other corporate or financial genres. The methodology presented offers an in-depth comprehension in analysing the rhetorical structure of corporate reports. The insights into how an Islamic financial institution in Malaysia communicates its risk resilience and risk mitigation strategies could benefit researchers working within the sphere of corporate discourse or communication. Further, it unveils the rhetorical structure of risk reports by an Islamic bank in Malaysia and to the knowledge of the researchers, is perhaps the first to expand the genre analysis of the sub-categories of annual reports to the risk management section. Comparative genre analysis can also be performed on RMR by financial institutions from countries of different culture and language backgrounds or between performing and less performing companies to see if culture, language background and company performance impact the linguistic structure of RMR. The move-step structure derived from the study can be a reference to future studies that intend to broaden the research scope to include genre analysis of RMR between local and international Islamic banks or between Islamic and conventional banks. Hence, it allows the readers to be aware of the macrostructure of the reports. This will offer a better understanding of the reports to them.

ACKNOWLEDGEMENT

This study was funded by Ministry of Higher Education (Malaysia) and Universiti Teknologi MARA (UiTM) under Research Acculturation of Early Career Researchers RACER/1/2019/SSI01/UITM//1

REFERENCES

Abdullah, M., Shahimi, S., & Ismail, A.G. (2011). Operational risk in Islamic banks: Examination of issues. *Qualitative Research in Financial Markets*, 3(2), 131-151.

Ahmad, R., Abdullah, N., Jamel, N., & Omar, N. (2015). Board characteristics and risk management and internal control disclosure level: Evidence from Malaysia. *Procedia Economics And Finance*, *31*, 601-610. doi: 10.1016/s2212-5671(15)01147-8

Alam, N., Hamid, B. A., & Tan, D. T. (2018). Does competition make banks riskier in dual banking system?. *Borsa Istanbul Review, 19*, 34-43.

Alvi, I., A. (2005). Guidelines for financial controls, operational controls and shariah compliance. *Islamic Finance News*, *2*(16).

Alzarieni, M. M., Zainudin, I. S., Awal, N. M., & Sulaiman, M. Z. (2019). Rhetorical structure of the Arabic patent abstracts. *GEMA Online® Journal of Language Studies*, *19*(4), 148-168.

Baej, Y. M. A. H. (2013). *A comparison of key dimensions in conventional and Islamic banking: An international perspective with implications for the bank transformation process in Libya*. Unpublished Doctoral dissertation, Griffith University, Queensland, Australia.

Bank Negara Malaysia. (2011). *Shariah Governance Framework for Islamic Financial Institutions*, [Online], available at: http://www.bnm.gov.my/guidelines/05_shariah/02_Shariah_Governance_Framework_20101026.pdf.

Bank Negara Malaysia. (2013). *Risk Governance,* [Online], available at: https://www.bnm.gov.my/documents/20124/938039/gl_013_5.pdf/d00c604b-412b-6a32-990e-f6368249a598?t=1592212357829

Bank Negara Malaysia. (2016). *Compliance Policy*. [Online], available at: https://www.bnm.gov.my/documents/20124/938039/pd_compliance_Oct2015+%28Reissuance_May2016%29.pdf/6da52ca8-734a-d2fb-e214-093430ea8fb6?t=1592219195301

Bank Negara Malaysia. (2020). *Risk Management in Technology (RMiT)*. [Online], available at: https://www.bnm.gov.my/documents/20124/963937/Risk+Management+in+Technology+%28RMiT%29.pdf/810b088e-6f4f-aa35-b603-1208ace33619?t=1592866162078

Barabas, C. D. (2018). Rhetorical moves and the functional constituent of process in higher education institutions' promotional materials. *The Asian ESP Journal*, *14*(1), 364-390.

Bhatia, V.K. (1993). *Analyzing genre: Language use in professional settings.* London: Longman.

Bhatia, V.K. (2002). Applied genre analysis: Analytical advances and pedagogical procedures. In A. Johns (Ed.), *Genre in the classroom: Multiple perspectives* (pp. 279–283). Mahwah, NJ: Lawrence Erlbaum Associates.

Bhatti, M., (2019). Managing Shariah Non-Compliance Risk via Islamic dispute resolution. *Journal of Risk and Financial Management*, *13*(1), 1-9.

British standard publication on Risk Management Code of Practice. (2008). BSI 31100 Risk management: Code of practice (BS 3110:2011) BSI.

Chong, V. S., Lam, J. M., & Tan, S. H. (2019). The relationship of risk management and bank profitability performance between domestic and foreign Islamic banks in Malaysia. *Humanities & Social Sciences Reviews*, *7*(6), 411-415.

Dey, R. K., Hossain, S. Z., & Rezaee, Z. (2018). Financial risk disclosure and financial attributes among publicly traded manufacturing companies: Evidence from Bangladesh. *Journal of Risk and Financial Management*, *11*(3), 50. doi:10.3390/jrfm11030050.

Epetimehin, F. M. (2013). Impact of risk appetite on the value of a firm. *European Scientific Journal*, *9*(22), 331-344.

Elamer, A. A., Ntim, C. G., Abdou, H. A., Zalata, A. M., & Elmagrhi, M. (2019). The impact of multi-layer governance on bank risk disclosure in emerging markets: The case of Middle East and North Africa. *Accounting Forum*, *43*(2), 246-281.

Falco, G. (2018). Discourse strategies in governance genres: How corporations manage economic and financial crisis. *Critical Approaches to Discourse Analysis Across Disciplines*, *10*(1), 115-134.

Ferard, C. (2009). A wolf in sheep's clothing? English terminology in French annual reports of the Europeans central bank from 1991 to 2008. *The Journal of Specialised Translation*, *12*, 103-147.

Gao, X., Wang, X., & Tian, F. (2019). Do significant risk warnings in annual reports increase corporate bond credit spreads? Evidence from China. *China Journal of Accounting Research*, *12*(2), 191-208.

Goh, C. F., Chan, M. Y., Ali, A. M., & Rashid, S. M. (2019). The complementary and alternative medicine (CAM) product information brochure: How is generic structure used to persuade potential users?. *GEMA Online® Journal of Language Studies*, *19*(4), 219-242.

Grassa, R., Moumen, N., & Hussainey, K. (2020). Do ownership structures affect risk disclosure in Islamic banks? International evidence. *Journal of Financial Reporting and Accounting*, *19*(3), 369-391 https://doi.org/10.1108/JFRA-02-2020-0036

Hakim, A. L. (2017). Application of three lines of defense in Islamic financial institution. *International Journal of Management and Applied Research, 4*(1), 44-57. https://doi.org/10.18646/2056.41.17-005

Hanefah, M., Kamaruddin, M., Salleh, S., Shafii, Z. and Zakaria, N., (2020). Internal control, risk and Sharīʿah non-compliant income in Islamic financial institutions. *ISRA International Journal of Islamic Finance*, *12*(3), 401-417.

Härle, P., Havas, A., Kremer, A., Rona, D., & Samandari, H. (2016). *The future of bank risk management* (McKinsey Working Papers on Risk). New York: McKinsey & Company.

Hemrit, W. (2019). Difference between the determinants of operational risk reporting in Islamic and conventional banks: Evidence from Saudi Arabia. *Journal of Operational Risk, Forthcoming*, *15*(1), 1-38.

Hidayah, N. N. (2016). Critical reflection on the three lines of defence and the role of Shariah Governance in Islamic Financial Institutions. *Islamic Finance Review*, 33-41.

Hussain, H. A., & Al-Ajmi, J. (2012). Risk management practices of conventional and Islamic banks in Bahrain. *The Journal of Risk Finance*, *13*(3), 215-239.

Hussain, S. S., Ali, A. M., Kasim, Z. M., Jalaluddin, I. (2020). A review on the rhetorical structure and linguistic features of corporate annual reports. *International Journal of Academic Research in Business and Social Sciences*, *10*(9), 236-256.

Hyland, K. (2007). Genre pedagogy: Language, literacy and L2 writing instruction. *Journal of Second Language Writing, 16* (3), 148-164.

Institute of Internal Auditors (IIA). (2013). *The Three Lines of Defense in effective risk management and control*, USA: Institute of Internal Auditors [Online], available at: https://na.theiia.org/standards-guidance/Public%20Documents/PP%20The%20Three%20Lines%20of%20Defense%20in%20Effective%20Risk%20Managem.

Islamic Financial Services Act 2013. [Online], available at: https://www.bnm.gov.my/-/islamic-financial-services-act-2013

Jamil, S. N. & Jamal, J. (2013). Importance of Islamic Financial Services Act 2013 in takaful industry after the repelled Takaful Act 1984. *Diponegoro Law Review, 1*(1), 17-27.

Kabir, M.R., Sobhani, F.A., Omar, N., & Mohamad, N. (2019). Corporate governance and risk disclosures: A comparative analysis between Bangladeshi and Malaysian Islamic banks. *International Journal of Financial Research, 10*, 110-125.

Khan, I., Khan, M. & Tahir, M. (2017). Performance comparison of Islamic and conventional banks: Empirical evidence from Pakistan. *International Journal of Islamic and Middle Eastern Finance and Management*, *10*(3), 419-433.

Lajili, K., Dobler, M., Zéghal, D., & Bryan, M. (2020). Risk reporting in financial crises: A tale of two countries. *International Journal of Accounting & Information Management*, *29*(2), 181-216. https://doi: 10.1108/ijaim-03-2020-0034.

Louhichi, W., & Zreik, O. (2015). Corporate risk reporting: A study of the impact of risk disclosure on firms reputation. *Economics Bulletin, 35*(4), 2395-2408.

Luburic, R., Perovic, M., & Sekulovic, R. (2015). Quality management in terms of strengthening the “three lines of defence” in risk management process approach. *International Journal for Quality Research, 9*(2), 243–250.

Mobasher, A., Ali, A. M., Abdullah, F. S., & Yuit, C. M. (2013). Review of studies on corporate annual reports during 1990-2012. *International Journal of Applied Linguistics and English Literature*, *2*(2), 133-141.

Mobasher, A., & Ali, A. M. (2015). Exploring the macrostructure of management forewords of corporate annual reports. *International Journal of Applied Linguistics and English Literature*, *4*(1), 14-25.

Moretti, F., & Pestre, D. (2015). Bankspeak: The language of World Bank reports. *New Left Review*, *92*(2), 75-99.

Osei-Tutu, F., & Weill, L. (2021). How language shapes bank risk taking. *Journal of Financial Services Research*, *59*(1), 47-68.

Oz, E., Khokher, Z. R., Ali, M. M., & Rosman, R. (2016). *Shariah non-compliance risk in the banking sector: Impact on capital adequacy framework of Islamic banks: IFSB Working Paper Series.* Islamic Financial Services Board. Bank Negara Malaysia.

Pecican, A. (2007). A Cross-linguistic analysis of conceptual metaphors in Romanian and English Central Bank Reports. *Synergy*, *3*(2), 73-87.

Polizzi, S., & Scannella, E. (2020). An empirical investigation into market risk disclosure: Is there room to improve for Italian banks?. *Journal of Financial Regulation and Compliance*, *28*(3), 465-483.

Qian, D. J., & Velayutham, S. (2017). Conventional Banking and Islamic Banking: Do the different philosophies lead to different financial outcomes. *Journal of Wealth Management & Financial Planning, 4*, 3-14.

Ramli, N., Ismail, R., F., Ab Samad, N., H., & Zainon, S. (2019). An empirical study on capital structure decisions in determining risk information disclosure in Bursa Malaysia ACE market. *International Journal of Innovation, Creativity and Change*, *7*(5), 303-336.

Rhanoui, S., & Belkhoutout, K. (2019). Risks faced by Islamic banks: A study on the compliance between theory and practice. *International Journal of Financial Research*, *10*(2), 137-146.

Robayany, A. T., & Augustine, Y. (2019). The impact of voluntary risk management disclosure, the composition of the board of independent commissioners toward firm value on Indonesian property, real estate and building construction companies. *Journal of Economics and Sustainable Development*, *10*(8), 143-155.

Rosli, N., Mohammed, N., & Sanusi, Z. (2017). The determinants of voluntary risk disclosures: The case of shariah compliant companies in Malaysia. *SHS Web of Conferences*, *36*(2), 1-14. https://doi: 10.1051/shsconf/20173600002.

Rutherford, B. (2005). Genre analysis of corporate annual report narratives: A corpus linguistics-based approach. *Journal of Business Communication*, *42*(4), 349-378. https://doi: 10.1177/0021943605279244

Singh, M. K. S., Shamsudin, S., & Zaid, Y. H. (2012). Revisiting genre analysis: Applying Vijay Bhatia's approach. *Procedia-Social and Behavioral Sciences*, *66*, 370-379.

Sookye, L., & Mohamudally-Boolaky, A. (2019). Effectiveness of financial risk management framework: An analysis of the Mauritian banking sector. *Journal of Financial Risk Management*, *8*(2), 106-124. https://doi: 10.4236/jfrm.2019.82008.

Swales, J. (1990). *Genre analysis: English in academic and research settings*. Cambridge: Cambridge University Press.

Temile, S., Enakirerhi, L., Enaibre Felix, I., & Jatmiko, D. (2019). Risk management and internal control system of Nigeria's banking sector. *Humanities & Social Sciences Reviews*, *7*(4), 943-949.

Wood, A., & Lewis, A. (2018). Risk culture development and its impact: The case of the Caribbean Development Bank. *International Journal of Business and Economic Development (IJBED)*, *6*(1), 18-37.

APPENDIX A

Move-step structure of the Risk Management Reports

Move	Strategy	Examples
M1: Overview (OVW)	S1. Outlining scope of risks/scope of risk management	Example 1.1 Against the uncertainty and challenging **global** economy and continuous regulatory reforms, there is a **demanding need** for the Bank's risk management to be well integrated with all the business/support units to create greater synergies and competitive advantage. **Locally**, the fall in commodity prices, coupled with the weakening ringgit and capital outflow pose major challenges for the Bank's business. Amidst such development, the Bank remains steadfast and focused in its strategy in preserving asset quality and enhancing customer engagement & service excellence. **The Bank's risk management** function remains as the core element of doing business as well as the strategic decision making. (Annual Reports 2015 & 2016)
M2: Risk Management Framework (RMF)	S1. Stating importance of risks	Example 2.1 Risk is **inherent** in all aspects of the Bank's businesses and operations. The **management** of risk has therefore become an **important driver** for strategic decision in supporting the business objectives, balancing the risk appetite and return and maintaining sound financial position and capital of the Bank. (Annual Reports 2015-2017)
	S2. Outlining the structure	Example 2.2 The Bank's approach to management of risk is being guided by its Risk Management Framework, which **consists of the following key elements**: Risk Governance; Risk Appetite; Risk Management Process; and Risk Culture. (Annual Reports 2015-2019)
	S3. Outlining Risk Governance	Example 2.3a The risk governance approach adopted by the Bank is **guided by BNM's Risk Governance Policy, Corporate Governance Policy and Shariah Governance Framework for Islamic Financial Institutions.** The following **Risk Committees** have been established to **facilitate the implementation of Risk Management Framework**. Each Committee plays an important role in ensuring a sound and prudent system of risk management. The roles and responsibilities of the Committees and their sub-Committees are set out in the following chart (Annual Reports 2015-2017) Example 2.3b The Bank's **risk governance** approach is **premised on the 3-Lines of Defence Approach** by placing **accountability and ownership of risks** to where they **arise** while

	maintaining the level of independence among risk taking units, risk control units and independent assurance unit in **managing risk**. (Annual Reports 2015-2019)
S4. Outlining Risk Appetite	Example 2.4a The risk appetite is a **critical component** of the Bank's **robust Risk Management Framework** and is driven by both **top-down and bottom-up involvement** of Management at all levels. It enables the Board and Management at all levels to **communicate**, **understand** and **assess** the types and level of risks that the Bank is willing to accept in pursuing its strategy. (Annual Reports 2015-2019) Example 2.4b The Bank takes **steps** to **ensure** that trigger levels, limit structures and delegated authorities are re-aligned and **potential risk appetite implications are** considered in all major resource allocation decisions. In setting the risk appetite of the Bank and to **enhance** the Bank's **risk adjusted returns**, the discussion of risks is from the point of view of **optimising** the Bank's **risk-return profile** instead of 'loss minimising'. (Annual Reports 2015-2019) Example 2.4c Notwithstanding that, the Bank will at all times be **guided and adheres** to **relevant laws**, including **Shariah rules and principles**. The Bank has **zero-tolerance** with respect to regulatory and **Shariah non-compliance (SNC)**. (Annual Reports 2015-2017)
S5. Outlining Risk Management Process	Example 2.5a Based on the Bank's structure, the Bank's risk management has continuously enhanced its integrated risk management approach towards an **effective** management of enterprise-wide risks. (Annual Reports 2015-2017) Example 2.5b A standard risk management process has been adopted by the **Bank / Group** to ensure that **Bank-wide / Group-wide** risks are properly identified and managed in a **structured, systematic** and **consistent** manner. (Annual Reports 2015-2019)
S6. Outlining Risk Culture	Example 2.6a Risk culture is a **key** aspect of an effective enterprise-wide risk management and the most important factor in determining the **long-term effectiveness of the risk management strategy**. (Annual Reports 2015-2017) Example 2.6b Risk culture is **key** to the **long-term effectiveness of the Bank's / Group's risk management strategy**. (Annual Reports 2018-2019) Example 2.6c

		Culture, as **defined** by the Institute of International Finance is "the norms and traditions of individuals and of Banks within an organisation that determine the way in which they identify, understand, discuss and act upon the risks the organisation confronts and the risk it takes." (Annual Reports 2015-2017)
		Example 2.6d The Bank views that risk culture is the responsibility of the Board, Senior Management and ultimately all employees of the Bank, in tandem with the Bank's Risk Management's Tagline i.e. "**Managing Risk is Everyone's Business**". (Annual Reports 2015-2017)
		Example 2.6e As encapsulated in the Bank's / Group's Risk Management Tagline, "**Managing Risk is Everyone's Business**", building a strong risk culture is the responsibility of the Board, Senior Management and all employees of the Bank. (Annual Reports 2018-2019)
M3: Shariah Compliance Risk (SCR)/Shariah Non-Compliance Risk (SNCR)	S1. Clarifying definitions of term(s)	Example 3.1a **Shariah compliance risk (SCR)** is classified as part of the operational risk. It is **defined** as "the possible failures to meet the obligation to Shariah principles, or in other words, possible incidences of Shariah non-compliances". (Annual Reports 2015-2018)
		Example 3.1b **Shariah non-compliance risk ('SNCR")** is part of the operational risk and is **defined** as "the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which the Group may suffer arising from failure to comply with the rulings of the Shariah Advisory Council of Bank Negara Malaysia ("SAC"), standards on Shariah matters issued by the Bank pursuant to section 29(1) of the IFSA and section 33E(1) of the DFIA, or decisions or advice of the Shariah committee"1. (Annual Report 2019)
	S2. Establishing the compliance	Example 3.2 The Bank's Shariah Risk Management is **guided by its Shariah-compliance Risk Management Guideline** which sets out the high-level framework supporting the **Shariah-compliance Policy** and details out the Shariah risk management processes and tools. The guideline serves to provide a consistent framework for managing Shariah-compliance risk across the Bank. (Annual Reports 2015-2019)
	S3. Stating responsibility	Example 3.3a In managing Shariah compliance risk, clear **responsibilities** are assigned to various functions. These functions are responsible for **developing strategies to identify, assess, monitor and control/mitigate Shariah compliance risk, and designing and implementing the Shariah compliance risk management**, its methodology and reporting system within the Bank. (Annual Report 2015)

eISSN: 2550-2131
ISSN: 1675-8021

		Example 3.3b The **responsibility** of managing SCR is spearheaded by the Bank's Shariah Risk Management Department. (Annual Report 2018)
	S4. Establishing the compliance	Example 3.4a In general, all **Operational Risk Management ("ORM")** tools are extended in managing Shariah-compliance risk. However, the **tools are tailor-made to suit regulatory requirements on Shariah governance** in order to provide a robust and consistent approach in managing Shariah-compliance risk. (Annual Report 2016) Example 3.4b Being part of **operational risk,** it leverages on the same principles, processes and tools of operational risk. However, the tools are modified to suit the regulatory requirements on Shariah governance in order to provide a robust and consistent approach in managing SCR. (Annual Report 2019)
	S5. Describing the procedures involved	Example 3.5 Extensive and continuous **Shariah risk awareness initiatives** have been **conducted for the Bank's staff** including Shariah session for Risk Controllers. A structured Islamic banking certification programme which includes important modules on Shariah has been offered as an effort to grow our own timber. Meanwhile, all new recruits of the Bank are required to undergo Muamalat 101 training in conjunction with the orientation programme in which they are exposed to the fundamentals of Shariah applied in Islamic banking business. (Annual Reports 2015-2017)
M4: Information Technology Risk (ITR)	S1. Overviewing IT Risk	Example 4.1 **Banking industry heavily relies on technology** and Bank Islam is of no exception. Such reliance **poses the Bank to IT risks** such as cyber attacks and system disruptions. (Annual Reports 2017-2019)
	S2. Mitigating risk	Example 4.2 **To mitigate this, Bank Islam continues to enhance its controls and processes as well as invest in the latest IT infrastructure.** In essence, the Bank is leveraging on information technology not only as an enabler to serve and protect customers better but also to minimise business disruptions. (Annual Reports 2017-2019)
	S3. Stating responsibility	Example 4.3 The responsibility for managing IT risk is spearheaded by the Information Security & Governance Department. While it is **responsible to establish, maintain and enforce IT risk policies and guidelines**, it also works closely with the IT Division, especially in **identification, assessment, mitigation and monitoring of IT risk in the Bank.** (Annual Reports 2017-2019)

	S4. Describing the procedures involved	Example 4.4 The following are **steps taken by the Bank in managing IT risk**: a) **Design policies and internal controls** - policies and internal controls are designed to reduce IT related risks to an acceptable level and the effectiveness of those controls are monitored b) **Perform risk assessment** - risk assessment exercise is performed, looking at vulnerabilities and threats including those related to emerging technologies, making reference to audit findings, loss events, IT projects etc and c) **Monitor process** - reviews are conducted to ensure controls are adequately implemented and if not available, interim actions to mitigate the risk must be applied. (Annual Reports 2017 & 2019)
M5: Compliance Culture (CR)	S1. Stating bank's commitment in cultivating compliance culture	Example 5.1 The journey of **cultivating compliance culture** in the Bank is a **continuous one with the strong tone from the top, cascading the momentum right down into the blood and vein of every employee** of the Bank to assimilate it as part of the Bank's culture. (Annual Reports 2018-2019)
	S2. Reporting the measures taken	Example 5.2 The Board and Senior Management of the Bank have **embedded the principle of "Zero-Tolerance"** throughout the financial year under review as part of the compliance cultural branding in this era of severe consequences for being non-compliant. The Board has also **reinforced compliance resources and approved all proposed budget for compliance systems and projects.** (Annual Reports 2018-2019)
	S3. Highlighting the strength of the bank's policy and framework	Example 5.3 **The Bank's Compliance policy and framework prepares the Bank with the right platform, mechanism and tools in order to manage its compliance risk**. Every staff of the Bank in concert has the responsibility to protect the interest of the Bank using the robust identification and mitigation process as part of setting up the overall compliance environment. (Annual Reports 2018-2019)
	S4. Highlighting the effectiveness of 3 lines of defence approach	Example 5.4 The traditional **three (3) line of defence approach** for managing compliance risk has thus far been **effective.** (Annual Reports 2018-2019)
	S5. Highlighting the measure taken to ensure staff commitment	Example 5.5 Bank Islam's staff at all levels has a duty to play in respect of ensuring the management of compliance risk which is further measured in their Key Performance Indicator. Hence, the **mitigation of any compliance risk is a shared responsibility.** (Annual Reports 2018-2019)
	S6. Listing the bank's achievements and key compliance activities	Example 5.6 The following **achievements and key compliance activities** were introduced in 2019:

	Standalone Category 2019 by PayNet; • Established the Compliance Risk Assessment ("CRA") methodology to ensure Compliance Risk is effectively managed; • Jointly organised TAAT Integrity Programme with Group Human Resources participated by Board of Directors and Senior Management through knowledge sharing videos; • Jointly organised "Act with Integrity" programmes with Group Human Resources in conjunction with the National Integrity Month and International Anti-Corruption Day; • Re-enforced awareness on whistle-blowing and integrity during the Bank's inaugural Mega Conference 2019 (Annual Report 2019)

ABOUT THE AUTHORS

Roslina Abdul Aziz is Senior Lecturer at the Akademi Pengajian Bahasa, Universiti Teknologi MARA Cawangan Pahang. She graduated with a master's degree in Language Studies from Universiti Kebangsaan Malaysia and her doctorate in Corpus Linguistics from Universiti Malaya. Her research interests include Corpus Linguistics, ESP and Language Teaching and Learning.

Nadhratunnaim Abas is Senior lecturer at the Akademi Pengajian Bahasa, Universiti Teknologi MARA Cawangan Pahang. She obtained her master's degree in Language Studies from International Islamic University Malaysia and her doctorate in Discourse Analysis from Universiti Malaya. Her research interests include Sociolinguistics, Rhetoric and Discourse Analysis.

Khairul Firhan Yusob is Lecturer at the Akademi Pengajian Bahasa, Universiti Teknologi MARA Cawangan Pahang. He obtained his master's degree in Applied Linguistics from Universiti Putra Malaysia. He is pursuing his doctorate in English Language at Universiti Putra Malaysia. His research interests include Genre Studies, ESP and Language Teaching and Learning.

Norhidayah Md Yusof is Lecturer at the Akademi Pengajian Bahasa, Universiti Teknologi MARA Cawangan Pahang. She obtained her master's degree in English Language Studies from Universiti Kebangsaan Malaysia. Her research interests include Applied Linguistics, Politeness, Language Teaching and Learning mainly on Teacher Talk.