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Original Article

Corporate Financing and Risk Management in the Banking Sector in Uganda During and Post Covid-19. Evidence from Kabale District

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ABSTRACT

The study examined the effects of corporate financing and risk management in the banking sector in East Africa during and Post Covid-19 tapping on evidence from the Kabale district in Uganda. It was guided by specific objectives, the effect of Bonds on risk management in the banking sector during and post COVID-19, the effect of treasury bills on risk management in the banking sector during and post COVID-19, and the effect of debt management on risk management in the banking sector during and post COVID-19. A descriptive research design was adopted in this research. Both primary and secondary data were used in this study. The population of the study was 97 technical staff. Purposive and random sampling techniques were applied in the study. Data was collected from 78 staff of selected commercial banks in the Kabale district using a structured questionnaire. Both correlation and regression analysis were used. The study revealed that the board of directors set strategies on bond issuance and were effectively communicated within the bank in the form of policies and procedures by the top management (M =4.2, SD = 0.34). The findings showed that the bank has set in place principles of short-term crediting (M = 4.6, SD = 0.32). The bank undertakes regular monitoring of the total value of gross daily payments made and received (M = 4.8, SD = 0.18). Involves identification of existing sources of treasury bills as well as treasury bills that may arise from new business products or activities (M = 4.7, SD = 0.30). The average lessons undertaken was (M = 4.3, SD = 0.13). Debt management was also implemented by the banking sector. It was reported that the debt management efforts of the bank were supported by senior Management (M = 4.2, SD = 0.42). It was also revealed that the management efforts of the institution were well communicated to them (M = 4.2, SD = 0.18). There is a need to set up strong structures for the management of corporate financing in order to enhance risk management in the banking sector.

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INTRODUCTION

Corporate financing involves the activities and transactions related to raising capital to create, develop, and acquire a business (Semusu & Turyasingura, 2023). It is in a straight line with company choices that partake a monetarist or financial impression (Schiereck & Bovina, 2023). When monetary institution provides credit to customers and fails to pay back, corporate financing rises (Kwenda & Holden, 2014). Corporate financing in the banking sector is majorly concerned with credit risk, whereby financial institutions convert their short-term assets to liquid cash to face some financial losses or capital losses (Jacob et al., 2022). Corporate financing ascends from the borrowers' failure to pay the borrowed amount (Annah, 2022). When institutions behave short of deliberation of business morals, it faces debt (Masavu, 2022).

From a global perspective, risk management in the banking sector is a logical development and plans to deal with financial losses and manage the bank's exposure to losses and protect the assets' value (Kose et al., 2009). Risk management also deals with the capability to execute its objectives and choices to attain high returns (Khan et al., 2022). Risk management is also concerned with the process of controlling financial lending and borrowing risks (Altarawneh & Shafie, 2018). Risk management incorporates analysing the right strategies and considerations for the inner primacies within the banking sector and setting guidelines (Worthington, 2012).

The COVID-19 pandemic occasioned a momentous economic shock in the bank's asset quality and earning prospects that affected the banks' bonds, treasury bills and debt, triggering the economic performance of commercial banks (Aldomy et al., 2022). Although the banking sector is on the journey to recover from the COVID-19 challenges, the rebound is expected to be uneven across the banking sector in both developing and developed countries (Jackson, 2021). However, in commercial banks, particularly in East Africa, inadequate valuations, less profitability, and an adequate proportion of non-acting assets continue to be snags (Moturi, 2021). Contempt to the catastrophe, flat yield curves, and low-interest rates may make feebleness like low-interest margins worse (Bindseil et al., 2015), and these conditions are now likely to remain in many jurisdictions of the sector.

The banking sector has been hit by COVID-19 preventative measures like the closure of private and public transportation and lockdowns that affected the economy and led to poor service delivery and loan defaults in the banking sector (Marcu, 2021). A number of banking institutions continue to hurt with inadequate valuations, less profitability and huge volumes of non-cutting assets (Žunić et al., 2021). Furthermore, COVID-19 has

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led to an increase in bonds, the worsening asset quality and earning prospects that affects the banks' products like bonds, treasury bills, and Debt management (Dev & Sengupta, 2020). Strategies are required, which necessitate various resources such as financial and human resources, as well as political support for the banking sector.

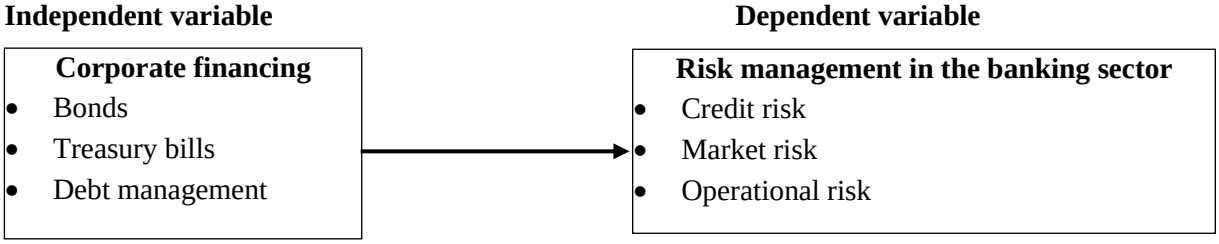
According to the study conducted in Sub-Saharan Africa by Turyasingura et al. (2023, p. 96), the local and national governments should consider policies and programs to address the local government's lack of financial and human resources. Governments can examine legislation that gives local governments the authority to collect money from local taxes, fees, and other sources. This can provide local governments with more financial freedom and lessen their reliance on funds from the federal government.

The potential rise to risk management succeeding COVID-19 contagion, the successive consequences for the bank capital, accumulation of higher levels of bonds will dent the banking sector's ability to transition credit and back to economic retrieval (Akena et al., n.d.). Therefore, worries should impulse financial establishments to address COVID-19 problems in the banking sector and implement more risk management strategies to restore the bank's equity, profits, debts, treasury bills, bonds, and forex exchange (Hao & Wong, 2021). A study on the effect of corporate financing and risk management in the banking sector during and post-COVID-19 had not been carried out, and this motivated the researcher to conduct the study. With reference to this work, we aim to evaluate accounting systems and risk evaluation in the banking industry during COVID-19 and beyond, and we believe the following objectives would help us to assess the impact of debt on risk control in the banking industry during and after COVID-19, to establish the impact of debt instruments on risk control in the banking industry during and after COVID-19, to ascertain the impact of treasury bills on risk control in the banking industry during and after COVID-19, thus, there is need for research and development, notably in creating the infrastructure and technology for effective and sustainable banking system, as well as improving technical knowhow and people ability (Katel et al., 2023).

CONCEPTUAL FRAMEWORK

The study variables are illustrated below.

Figure 1: The conceptual framework between corporate financing and risk management



Source: Adopted from Akong'a (2014)

Bonds, Treasury Bills, and Debt, which are all forms of company financing, served as the study's independent variables. The following risk management metrics were the dependent variables in this study: credit risk, market risk, and operational risk.

THEORETICAL REVIEW

Distress Theory by Baldwin and Mason 1983

A distress theory was employed to underpin this study; the theory was invented in 1983 by (Baldwin & Mason, 1983). An organisation or institution is considered in a state of financial distress when its business fades, and it cannot meet its obligations in finance through debt payment violations and profit

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reduction. When a business organisation incurs financial distress and becomes unable to meet its financial obligations to its debtors, it leads to bankruptcy (Isayas, 2021). More so, such business organisations are faced with other difficulties like operational insolvency, loss of customers, reduced stock price, and dividend reductions (Lizarzaburu et al., 2021), expressed that financial distress as suspension of remittance to liquidation, short-term lenders, and delay in payment of principal on payment to interests or preferred dividend (Johora, 2020). Financial distress is explained as failure to business, business bankruptcy and inability to clear maturing obligations (Outecheva, 2007). Financial institutions use financial distress as a warning indicator when they see a decline in the amount of dividends paid to employees or the resignation of the institution's top management. (Ndirangu, 2011). Therefore, institutions can be described as financially distressed when its first-year cash flow is less than the long-term debt of the organisation that is soon due.

Distress theories may offer recommendations for the best debt amounts and structures, considering the firm's risk profile (Al Barrak et al., 2023). It could aid businesses in deciding on the ideal ratio of debt to equity financing to reduce the chance of a financial crisis (Amin & Hadi, 2023). Developing efficient risk management solutions can be facilitated by an understanding of distress processes. This information can be used by businesses to identify and protect themselves from potential dangers that could result in financial difficulties (Flayyih & Khiari, 2023).

Modern Portfolio Theory by Harry Markowitz 1952

The study was guided by the modern portfolio theory developed by Harry Markowitz, and this theory was chosen because it resonates well with this study; for example, modern portfolio theory represented a revolution in the field of personal investment (Veneeya, 2006). It implies that a cautious investor will perform better by combining low-risk and riskier assets than by sticking solely to low-risk options. More importantly, it implies that the alternative with higher rewards does not raise overall risk (Markowitz et al., 2021). This study was anchored on a realistic strategy for choosing investments that will maximise their overall returns while maintaining a reasonable degree of risk called the modern portfolio theory (MPT) (Chien & Diah, 2020).

Using this mathematical framework, a portfolio of assets is created that maximises the expected return for the total amount of assumed risk. The modern portfolio theory contends that rather than evaluating an investment's risk and return characteristics in isolation, investors should consider how those qualities would affect the risk and return of the entire portfolio. In other words, an investor can put together a portfolio of various assets that will generate larger returns without posing a greater amount of risk. The MPT assumes that investors are risk-averse, choosing a less risky portfolio over a riskier one for a given investment opportunity. The portfolio's risk is a function of the variances of each asset and the correlations of each pair of assets. To calculate the risk of a four-asset portfolio, an investor needs each of the four asset variances and six correlation values since there are six possible two-asset combinations with four assets. Because of the asset correlations, the total portfolio risk, or standard deviation, is lower than what would be calculated by a weighted sum (Faia et al., 2018). The noble relevancy of this theory is to help corporation managers in choosing financing options with the right risk mix and also craft strategies to manage risks in corporation finance in the banking sector during and after COVID-19.

METHODOLOGY AND RESEARCH DESIGN

A cross-sectional survey design was applied, which adopts both qualitative and quantitative approaches (Turyasingura et al., 2022). It used quantitative variables that were measured with numbers and analysed with descriptive statistics. It also employed qualitative to analyse data that was

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interpreted in the form of words in order to provide meaning to the presented numerals. This helped the researcher to derive and describe findings on corporate financing and risk management in the banking sector.

Target Population

This is a group that the researcher would like to sample from and is interested in making a generalisation to (Fricker, 2008). It is therefore essential to identify the population precisely and accurately because inferences have to be made about the elements in the population. The study considered 97 respondents from Absa Bank, Centenary, Ugafode Bank, Stanbic Bank, and Dfcu Bank in Kabale district (Bank of Uganda financial report as cited in Mukwana & Sebageni, 2003). Krejcie and Morgan's (1970) table were used to determine the sample size of 78.

Table 1: Sample size determination

Respondents	Population	Sample size	Sampling techniques
Branch managers	10	5	Purposive sampling
Technical staff	87	73	Random sampling
Total	97	78	Respondents

Source: Researcher 2023

Klar and Leeper (2019) define sampling as a description of strategies which the researcher uses to select representative respondents from the target population, and this was used because it is easy to manipulate; thus, the researcher can easily get the results from the five branch managers, and 73 technical staffs were selected accordingly.

Sampling Procedures

Purposive sampling was applied to branch managers, whilst random sampling was applied to technical staff.

Interview Guides:

Interviews are conversations with the goal of getting information, and as a result, data may be easily obtained. Additionally, there is more freedom and the possibility to reorganise questions during interviews in order to help the researcher gather information through face-to-face interviews (Benson & Ayiga, 2022; Turyasingura et al., 2022; Turyasingura, 2022). With the branch managers of the chosen financial institutions in the Kabale district, an interview guide was created, and the interview was conducted to get opinions on corporate financing and risk management in the banking sector. Interview guidelines were utilised because they help the interviewer maintain concentration while asking probing questions to get more detailed answers.

Questionnaires:

The questionnaire featured several sections containing both closed-ended and open-ended questions. Questions about the respondent's personal information were asked in the first portion, and questions about the study's specific goals were asked in the other sections. In order to assure maximum or high response rates, the questionnaire was administered using a "drop-and-pick latte" method. This method helped the researcher assist respondents who had any problems filling out the questions. The branch managers' heads were the target audience for the survey. Before the initial rollout, the questionnaires underwent testing to guarantee reliable data collection, and the questionnaires were measured on a Likert Scale on five points ranging from 1= strongly disagree, 2 = disagree, 3 = Neutral, 4 = Agree, and 5 = strongly agree (Semusu & Turyasingura, 2023). The questionnaire contained close-ended questions to collect quantifiable data relevant to a precise and effective correlation of research variables.

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Specification of the Model:

The risk management for the banking sector was expressed as a function of credit, liquidity, and Debt using a panel regression model developed for the data analysis.

Thus, $Z = \beta o + \beta 1X1 + \beta 2X2 + \beta 3X3 + \varepsilon$

Where: Z= Risk management in the banking sector; X1= Bonds; X2=Treasury bills; X3=Debt

Data Quality and Control

The reliability and validity of elements were tested below

Reliability

The consistency of the research tools is known as reliability. A Test-Retest approach was used by the researcher for the questionnaire, in which a responder who completed it once was requested to do it again after two weeks, and the selections were then compared for consistency. The test-retest or stability test, according to (Yehya et al., 2016), shows that results from a test taken once are the same or very similar when the test is taken again at a later date. In two financial institutions not included in the sample, a pilot study was carried out, and 10 respondents were chosen to participate. An SPSS application was used to code and input the obtained data into the computer. Yehya et al. (2016) assert that an ideal, dependable instrument has an alpha coefficient of 1.00, indicating that all results near 1.00 were reliable.

Validity Test

By evaluating the questionnaire items while they were being created, the validity of the research instruments was guaranteed. Before sending the questions to two unbiased academics from the college of Education for confirmation, the supervisors and I discussed them. This was done to eliminate any ambiguity and lack of clarity. Giving questionnaires to two distinct and independent senior lecturers allowed researchers to examine the questionnaire's content validity by determining how well the questions related to the study's goals. The content validity index was then calculated, and the validity formula is shown below.

$$\text{Content Validity Index (CVI)} = \frac{\text{No of the items rated relevant}}{\text{Total No of items rated irrelevant.}}$$

Where No of items rated relevant = 15; Total No of items rated irrelevant = 05

Therefore,

$$\text{Content Validity Index (CVI)} = \frac{15}{5} = 3.0$$

Based on the various questionnaire components, the content validity index was determined. The findings were 3.0, which is greater than the benchmark value of 0.7. Petros et al. (2005) stated that for any instrument to be accepted as genuine, the average index should be 0.7 and above, and if the result is below 0.7, another set of instruments was altered and computed again, confirming the validity of the instrument, which led to its acceptance.

The correlation coefficient and regression coefficients were determined for each independent variable in order to establish the research hypotheses. The independent variables were regressed against the dependent variables, and the average association was determined. The level of significance was assessed at 5%.

RESULTS

Corporate Financing and Risk Management

The study revealed that the board of the top management of the bank effectively conveyed the bond issuance plans specified by the board of directors in the form of policies and procedures *(M* = 4.2, SD = 0.34). When handling bond issuance, the banks created a framework for risk control (infrastructure, procedure, and regulations) *(M* = 3.7, *SD* = 0.30). The bank has a bond rating framework across the bond credit activities *(M* = 4.1, *SD* = 0.22), Daily bond quality monitoring is done by the bank, and any deterioration is promptly

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addressed with corrective action *(M* = 4.5, *SD* = 0.25), The bank regularly prepares periodic report on bond issuance *(M* = 4.5, *SD* = 0.26), The risk department identifies and assesses core risks and opportunities for bond issuance (4.4, *SD* = 0.25), There is Corporate Financing identification on bond issuance to firms *(M* = 3.9, SD = 0.22), The bank conducts risk profile at the collateral security presentation *(M* = 3.8, *SD* = 0.26), The bank has a bond issuance identification policy that guide the risk process *(M* = 4.2, *SD* = 0.19), The bank has an effective credit bond assessment on its clients *(M* =4.5, *SD* = 0.18). The average score of corporate financing was very good (*M* = 4.18, *SD* = 0.24). This implied that bonds were considered a serious threat to the bank, and therefore measures had to be put in place to minimise its potential effects on business.

Table 2: The bonds affect risk analysis in the banking industry

Item of Corporate financing	Mean.	SD.
The top management of the bank effectively conveyed the bond issuance plans specified by the board of directors in the form of policies and procedures.	4.2	0.34
When handling bond issuance, the banks created a framework for risk control (Infrastructure, procedure, and regulations)	3.7	0.30
The bank has a bond rating framework across the bond credit activities	4.1	0.22
Daily bond quality monitoring is done by the bank, and any deterioration is promptly addressed with corrective action.	4.5	0.25
The bank prepares a periodic report regarding bond issuance on a daily basis	4.5	0.26
The risk department examines and evaluates key risks and bond issuance opportunities	4.4	0.25
Whether bonds issued to businesses have corporate Financing identity	3.9	0.22
At the presentation of the collateral security, the bank conducts a risk profile.	3.8	0.26
The bank has a bond issuance identification policy that guides the risk process	4.2	0.19
The bank has an effective credit bond assessment on its clients	4.5	0.18
Average	4.18	0.24

Source: Computation from data (2022).

Table 3: The relationship between corporate finance and risk control in the banking industry

		CF	RM
CF	Pearson Correlation	1	0.428**
	Sig. (2-tailed)		.000
	N	76	76

***. Correlation is significant at the 0.01 level (2-tailed).*

Source: Field data 2022.

According to the coefficient of measurement (R-Square=0.183), corporate finance was responsible for 18.3% of alterations in risk governance in the banking industry. Due to this low percentage, it was inferred that capital budgeting alone was insufficient to enhance risk analysis in the banking industry. In the banking industry, there was a substantial correlation between corporate finance and risk management (f-statistic=17.003, *p* = 0.0001). Thus, corporate financing-related policies increase risk governance in the banking industry by 0.344 units per measure (See below *Table 4*).

Table 4: Regression analysis between corporate financing and risk management in the banking sector

Measure	Value
R-Square	0.183
F-Statistic (p-value)	17.003 (<0.0001)
Coefficient determination	0.344
P-value	<0.0001

Source: Primary data (2022)

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Lessons from the Pandemic and Post-Pandemic Measures

It was found out that the banking sector had put lessons during the pandemic and post-pandemic. The findings showed that the bank has set in place principles of short-term crediting (*M* = 4.6, *SD* = 0.32). The bank also reconciles the volumes of assets and liabilities in terms of maturity (*M* = 4.2, *SD* = 0.22). In addition, the bank undertakes regular monitoring of the total value of gross daily payments made and received (*M* = 4.8, *SD* = 0.18). Involves identification of existing sources of treasury bills as well as treasury bills that may arise from new business products or activities (*M* = 4.7, *SD* = 0.30). In addition, liquidity decision involves the bank's actions in case of temporary or long-term liquidity disturbances (*M* = 4.2, *SD* = 0.33). The average lessons undertaken was (*M* = 4.3, *SD* = 0.13) (*Table 5*).

Table 5: Lessons from the pandemic and post-pandemic measures by banking sector

Items of lesson undertaken	Mean	SD
The bank has set in place principles of short-term crediting	4.6	0.32
The bank reconciles the volumes of assets and liabilities in terms of maturity	4.2	0.22
The bank frequently uses short-term financial instruments compared to long-term financial instruments	3.8	0.41
The bank undertakes regular monitoring of the total value of gross daily payments made and received	4.8	0.18
There is the implementation of internal controls so as to monitor liquidity in this bank	4.8	0.23
The bank monitors obligations which must be settled at a specific time within the day or have an expected settlement deadline	4.6	0.26
Liquidity decision involves the identification of existing sources of corporate finance as well as corporate finance that may arise from new business products or activities	4.7	0.30
Liquidity decision involves the bank's actions in case of temporary or long-term liquidity disturbances.	4.2	0.33
Liquidity decision involves analysing the data on the level and trends of cash inflows in the previous period, considering seasonal effects, the sensitivity of interest rates and macroeconomic factors	3.5	0.37
Reports are regularly provided and reviewed by experts to determine necessary information for liquidity decision	3.8	0.40
AVERAGE	4.3	0.13

Source: Computation from data (2022).

Risk mitigation in commercial banks showed a substantial positive association between lessons learned and risk management (r=0.361, *p* = 0.001). This suggested that the lessons learned had a beneficial effect on risk mitigation in the bank's banking sector. It also suggested that the bank's banking sector's risk management would suffer if Treasury Bills were not under control (*Table 6*).

Table 6: Analysis of the correlation between lessons learned and risk control in the banking industry before and after the epidemic

		Lessons undertaken	Risk management
Lessons undertaken	Pearson Correlation	1	0.361**
	Sig. (2-tailed)		0.001
	N	76	76

***. Correlation is significant at the 0.01 level (2-tailed).*

Source: Computation from data (2022)

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The analysis of the relationship between the lesson learned and risk control in the banking industry before, during, and after the epidemic. The coefficient of determination (R-Square=0.131) implied that 13.1% of changes in risk management in the banking sector of the Banking sector were due to lessons undertaken. This was a small percentage and implied that lessons undertaken alone are not sufficient to improve risk management in the banking sector. The average relationship between lessons undertaken and risk management in the banking sector during the pandemic and post-pandemic was significant (F- statistic=11.415, p = 0.001). The regression analysis showed that each measure that is towards lessons undertaken improves risk management in the banking sector by 0.376 units (Table 7).

Table 7: Regression model is seen between lessons learned and risk management during and after the epidemic in the banking industry.

Measure	Value
R-Square	0.131
F-Statistic (p-value)	11.415 (0.001)
Coefficient	0.376
P-value	0.001

Source: Computation from data (2022)

Debt Control and Risk Mitigation

The financial industry also implemented debt management. Senior Management was said to have supported the bank's attempts to manage its debt (*M* = 4.2, *SD* = 0.42). Additionally, it was discovered that they had been effectively informed about the institution's management activities *(M* == 4.2, SD = 0.18). Performance evaluations of debt management activities were conducted, and top management received reports *(M* == 4.3, SD = 0.31). For subsequent analysis, risks were split into distinct levels *(M* == 4.0, SD = 0.22). (*M* = 3.9, *SD* = 0.32) The current Debt management was assessed as good.

Correlation analysis between lessons undertaken and risk management in the banking sector results showed that there was no significant correlation between debt management and risk management in the banking sector (r=0.074, p = 0.520).

Table 8: Debt control and risk mitigation in commercial banks banking operations

Items of Debt management	Mean	SD	Interpretation
Debt management package is well documented	3.8	0.32	Strong
Debt management efforts are supported by senior Management.	4.2	0.42	Very Strong
Employees are properly trained on risk management policies of this institution.	3.3	0.13	Strong
The roles and responsibilities of each employee in the Debt	3.5	0.37	Strong
Management efforts of this institution are well communicated to them.	4.2	0.18	Very Strong
Controls are in place to evaluate the efficiency of the Debt management plans	3.8	0.26	Strong
Periodic reviews of Debt management efforts and reporting to senior Management.	4.3	0.31	Very Strong
Risks are subdivided into individual levels for further analysis	4.0	0.22	Very Strong
Average	3.9	0.32	Strong

Source: Computation from data (2022)

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Table 9: Correlation analysis between lessons undertaken and risk management in the banking sector

		FP	OR
FP	Pearson Correlation	1	0.074
	Sig. (2-tailed)		0.520
	N	76	76

Source: Computation from data (2022).

Regression analysis between corporate financing and risk management in the banking sector Debt management hardly had an impact over 0.5% of the variances in managing risks in the bank's banking sector, according to the determining coefficient (r2=0.005). In the bank's banking sector, the overall significance of the association between debt and the management of risks is (F=0.417, P = 0.520). The correlation value (0.068) in the bank's banking division likewise indicated a favourable association between risk management and debt management. The correlation, however, was not significant statistically (P = 0.520).

Table 10: Regression analysis between corporate financing and risk management in the banking sector

Measure	Value
R-Square	0.005
F-Statistic (p-value)	0.417 (0.520)
Coefficient	0.068
P-value	0.520

Source: Computation from data (2022)

Average Correlation

Average results on correlation regression between corporate finance and strategic planning in the commercial banks of commercial banks had a strong and substantial correlation (r = 0.448, p = 0.0001), as well as a positive and significant association (r = 0.372, p = 0.003) between lessons learned and regulatory compliance in the banking system of commercial banks. Nonetheless, there was no statistically significant relationship between risk management and debt management in the commercial banks banking sector (r = 0.061, p = 0.640).

Table 11: Average Correlation

	Risk management in the banking sector	P-Value
Corporate financing	0.448	<0.0001
Lessons undertaken	0.372	0.003
Debt management	0.061	0.640

Source: Primary data 2023.

Average Regression

The company financing and lessons learned were suggested to be the cause of 64.3% of differences in risk mitigation in the banking industry by the determining coefficient (R-Square=0.643). This implied that over 50% of the alterations in risk mitigation in the banking industry were the result of finance and lessons learned, which was a great fit. In the banking industry, there was a substantial correlation between commercial banking, lessons learned, and risk management (F-statistic = 19.271, p 0.001). According to the regression analysis, each measure that is taken to improve lessons learned improves risk analysis in the financial system by 0.376 units, and each step that is taken to improve corporate finance raises risk mitigation in the commercial banks by 0.542 units (*Table 11*).

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Model specification

A regression model was developed and utilised in the analysis of the data. Thus, risk management in the banking sector was expressed as a function of credit, liquidity, and debt management.

Table 12: Average regression

Measure	Value
R-Square	0.643
F-Statistic (p-value)	19.271 (<0.0001)
Constant	-0.659 (<0.0001)
Corporate financing (CR)	0.542 (<0.0001)
Lessons undertaken (LR)	0.376 (0.0021)
Debt management (OR)	0.023 (0.943)

Source: Primary data 2023.

DISCUSSION

Corporate Financing and Risk Management

In the banking division of commercial banks, the study found a significant correlation between financing and risk management. In this instance, corporate funding was viewed as a risk to business operations, and banking industry procedures were designed to reduce this risk's negative impacts. The study's findings were consistent with those of prior research (Boateng & Dean, 2020), which said that commercial banks must handle corporate financing properly. The management must be aware of the dangers the bank faces and develops countermeasures. In light of these findings, (Akong'a, 2014) made the case that commercial banks must establish a suitable corporate financing environment in order to gather data on risks. He added that the executive board would assume responsibility for assisting with and regularly reviewing the bank's significant corporate financing procedures (Iyinomen et al., n.d.) The study's findings also showed that the bank's top management effectively transformed and communicated the firm's investment strategy adopted by the board of directors within the bank through the use of rules and procedures. This suggests that the banking industry's board of directors is particularly concerned about commercial banking and is making every effort to minimise the effects it may have on the institution's performance. The unfavourable association between corporate finance and control measures in the banking division of commercial banks has also been documented in another research. Previous research found that corporate finance was essential since the loss of a small number of key clients might result in significant losses and eventually insolvency (Hassan Al-Tamimi et al., 2015). Even though the bank was well known for its corporate lending, management had worked hard to establish the appropriate internal controls to reduce credit risk.

The results of this study showed that lessons learned had a significant relationship with risk assessment in commercial banks banking sectors. The lessons learned and credit risk in the banking industry was positively correlated. In other words, this suggested that, if not handled, corporate finance might otherwise have a detrimental effect on hazard management in the banking division of commercial banks. These findings supported those of studies by Muriithi and Waweru (2017) and Sultan et al. (2020) that found a link between bank profitability and liquidity management. This research demonstrated that as banks keep liquid assets as a necessity to the regulations established by the authorities, bank cash flow could have negatively affected the profitability of the institutions (Muriithi & Waweru, 2017). Assets and liabilities are mismatched, and their maturities are different,

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which leads to corporate finance. Buildings to handle this danger are therefore put in place to reduce any unwanted effects (Arif & Nauman Anees, 2012). Eton et al. (2019) recommended that even if there are many players in the financial services industry, people still find it hard to access this service, especially the rural poor, who lack the collateral to guarantee the security of the loans they would go for. More than often, the rural poor have lost their assets to scrupulous money lenders who promise cheap credit. Like in other papers, the government should strengthen its fiduciary roles in the economy.

The findings of the correlation and regression analyses showed that managing corporate finance might improve risk assessment in the bank's banking division. Accordingly, it becomes the main duty of a bank's management to ensure the supply of adequate funds to satisfy future requests from sources and borrowers at affordable rates. Corporate finance can unfavourably impact both banks' revenues and capital (Arif & Nauman Anees, 2012). As a result, the banking industry may benefit from better risk management as a result of lessons learned that are integrated into the corporate risk management process. However, the results concurred with those of Amin et al. (2014), who found that liquidity had a negligible impact on risk mitigation in the banking industry of both listed and unlisted European banks (Ahamed, 2021). A literature survey revealed that community participation improves the decisions of the council on financial banking in Uganda in line with Eton et al. (2022), and this can be done through stakeholder involvement (Johnson et al., 2021).

Debt and Risk Management

According to the study's findings, there is a slight but favourable correlation between risk management and debt management in commercial banks' banking operations. The results were in direct opposition to those of previous research. However, Johnson et al. (2023) concluded that successful financial distress was a key element of bank profitability and a cornerstone of risk mitigation in the banking industry. Mrindoko (2021) and Abubakar et al. 2021) research contrasts with these conclusions, revealing a negative link between debt and risk evaluation in the bank's banking sector. They concluded that if a doubtful debt is not dealt with methodically, it may cause conflicting achievement and revenue surprise for the stakeholders and that debt exposures may therefore have an effect on the revenues and net worth of banks (Mudanya & Muturi, 2018). The novelty of the study is that the study may inform the government on the measures and support programs in mitigating the adverse effects of the pandemic on the banking sector. This could include assessing the impact of loan guarantee schemes, stimulus packages, and policymakers (Turyasingura et al., 2023), on corporate financing and risk management, as in line with Johnson et al. (2023), who reported that it is essential that they acquire the capacity to assess assertions, and evaluate arguments in a critical manner.

Effect of Treasury Bills on Risk Management from and Post COVID-19

From the field survey, qualitative data was recorded on the banking sector and COVID-19, as discussed below;

The bank manager asserts that:

> *"Treasury Bills have been crucial in supporting risk management plans within the banking industry both during and after COVID-19. By lowering their exposure to riskier assets and so boosting their general risk mitigation efforts, these instruments have given banks a dependable way to distribute their spare liquidity".*

Liquidity issues have arisen in the banking sector amid the COVID-19 crisis. Treasury bills have become a powerful instrument for managing liquidity, allowing banks to meet their short-term

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borrowing needs while preserving their risk tolerance.

> *"Banks have been able to guarantee a consistent income stream and reduce liquidity concerns that can result from economic disturbances by investing in treasury bills…*(Employee)".

During the interview time, most of the respondents mentioned that;

> *"The banking industry is subject to stringent regulatory frameworks, and treasury bills have been a major contributor to banks' ability to adhere to these standards. Regulators have stressed the value of risk management and capital preservation in the wake of the COVID-19 catastrophe. Banks have shown their dedication to abiding by regulatory requirements and safeguarding the soundness of their operations by investing in treasury bills. Treasury Bills have given banks the opportunity to lower their cost of capital both before and after COVID-19".*

Treasury bills have been included in risk management plans, demonstrating the banking industry's resiliency and adaptation in the face of COVID-19 problems (Sekiwu & Ocan, 2022). Thus, by deploying these tools to successfully manage risks, ensure the continuity of their operations, and position themselves for long-term stability and growth, banks have shown their capacity to adapt to shifting market conditions. Many businesses are struggling financially as a result of the significant economic disruptions brought on by the pandemic. As borrowers struggled to fulfil their loan obligations, commercial banks were exposed to greater credit risk. *Banks have had to do more thorough credit risk analyses and loan restructuring attempts because of the uncertainty around the pandemic's impact on firms' financial health*.

CONCLUSION

The goal of this research was to assess how financial risks affected risk management in Uganda's commercial banks' banking industry by using the Kabale district as a case study. According to the average conclusions drawn from the study's findings, corporate financing has a negative, considerable impact on risk mitigation in Uganda's commercial banks. There is evidence that financing could enhance risk management in commercial banks' banking operations. The results of this study have given us enough information to draw the reasonable conclusion that treasuries have a major negative impact on risk management within the banking industry of the banking sector in Uganda. There is evidence that lessons learned could enhance risk management in commercial banks' banking operations. The study's conclusions showed that credit has no discernible impact on risk control in the commercial banks banking sector. On the whole, it can be said that treasury bills and financial products were the main causes of the commercial bank's financial difficulty, which made it possible for them to reduce their risk mitigation in the banking sector. There should be involving many actors in the banking sector to stimulate knowledge exchange and training in line (Turyasingura, 2023). Hence, involving a variety of players in the banking industry is essential for promoting training and knowledge sharing. An approach to knowledge sharing and skill development that is more thorough and successful can result from cooperation and collaboration among different stakeholders.

Recommendations

From the study findings, corporate finance has an impact on risk mitigation in the banking industry. Therefore, it is necessary to establish reliable corporate financing management structures in order to improve risk assessment in the banking industry. Since lessons learned have a direct impact on risk management in the banking industry, the financial manager should also give top importance to addressing the bank's liquidity issues. In order to

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prevent the effects of the bank getting illiquid, the liquidity difficulties should be swiftly addressed, and immediate corrective action should be taken.

CONFLICT OF INTEREST

The authors state that they have no competing interests in the publication of this research.

Data Availability

Data is available at the request of the author.

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