

GOVERNANCE AND REGULATIONS

Contemporary Issues

Edited by Simon Grima
and Pierpaolo Marano

CONTEMPORARY STUDIES IN
ECONOMIC AND FINANCIAL ANALYSIS

VOLUME 99

GOVERNANCE AND
REGULATIONS:
CONTEMPORARY ISSUES

CONTEMPORARY STUDIES IN ECONOMICS AND FINANCIAL ANALYSIS

Series Editors: Robert J. Thornton &
J. Richard Aronson

- Volume 88: European Responses To Globalization: Resistance, Adaptation And Alternatives – Edited by Janet Laible & Henri J. Barkey
- Volume 89: Globalization: Perspectives from Central and Eastern Europe – Edited by Katalin E. Fabian
- Volume 90: Privatization in Transition Economies: The Ongoing Story – Edited by Ira W. Lieberman & Daniel J. Kopf
- Volume 91: Personal Injury and Wrongful Death Damages Calculations: Transatlantic Dialogue – Edited by John O. Ward & Robert J. Thornton
- Volume 92: Moving Beyond Storytelling: Emerging Research in Microfinance – Edited by Todd A. Watkins & Karen Hicks
- Volume 93: The Impact of the Global Financial Crisis on Emerging Financial Markets – Edited by Jonathan A. Batten & Peter G. Szilagyi
- Volume 94: Derivative Securities Pricing and Modelling – Edited by Jonathan A. Batten and Niklas F. Wagner
- Volume 95: The Developing Role of Islamic Banking and Finance: From local to global perspectives – Edited by Fouad Beseiso
- Volume 96: Risk Management Post Financial Crisis: A Period of Monetary Easing – Edited by Jonathan A. Batten and Niklas F. Wagner
- Volume 97: Contemporary Issues in Bank Financial Management – Edited by Simon Grima and Frank Bezzina
- Volume 98: Contemporary issues in finance: current challenges from across Europe – Edited by Simon Grima, Frank Bezzina, Inna Romānova , and Ramona Rupeika-Apoga

CONTEMPORARY STUDIES IN ECONOMIC AND
FINANCIAL ANALYSIS VOLUME 99

GOVERNANCE AND REGULATIONS: CONTEMPORARY ISSUES

EDITED BY

SIMON GRIMA

University of Malta, Malta

PIERPAOLO MARANO

Catholic University of the Sacred Heart, Italy



United Kingdom – North America – Japan
India – Malaysia – China

Emerald Publishing Limited
Howard House, Wagon Lane, Bingley BD16 1WA, UK

First edition 2018

Copyright © 2018 Emerald Publishing Limited

Reprints and permissions service

Contact: permissions@emeraldinsight.com

No part of this book may be reproduced, stored in a retrieval system, transmitted in any form or by any means electronic, mechanical, photocopying, recording or otherwise without either the prior written permission of the publisher or a licence permitting restricted copying issued in the UK by The Copyright Licensing Agency and in the USA by The Copyright Clearance Center. Any opinions expressed in the chapters are those of the authors. Whilst Emerald makes every effort to ensure the quality and accuracy of its content, Emerald makes no representation implied or otherwise, as to the chapters' suitability and application and disclaims any warranties, express or implied, to their use.

British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

ISBN: 978-1-78743-816-3 (Print)

ISBN: 978-1-78743-815-6 (Online)

ISBN: 978-1-78743-987-0 (Epub)

ISSN: 1569-3759 (Series)



ISOQAR certified
Management System,
awarded to Emerald
for adherence to
Environmental
standard
ISO 14001:2004.

Certificate Number 1985
ISO 14001



INVESTOR IN PEOPLE

CONTENTS

ABOUT THE EDITORS	<i>ix</i>
ABOUT THE AUTHORS	<i>xi</i>
INTRODUCTION TO CSEF 99	<i>xvii</i>
SMALL FAMILY-OWNED FIRMS: THE CHALLENGES OF CORPORATE GOVERNANCE <i>Philip M. Beattie</i>	<i>1</i>
MANAGING CONDUCT RISK IN THE BOARDROOM: A CREDIT INSTITUTION'S PERSPECTIVE <i>Diane Bugeja</i>	<i>19</i>
THE REGULATION AND GOVERNANCE OF FINANCIAL ADVICE IN EUROPE – THE IMPLICATIONS FOR THE RETAIL FINANCIAL ADVICE SECTOR AND ITS CONSUMERS <i>Patrick Ring</i>	<i>33</i>
ANALYSING THE BARRIERS TO THE DEVELOPMENT OF MALTESE COOPERATIVES <i>Peter J. Baldacchino, Elena Marie' Gatt and Simon Grima</i>	<i>55</i>
CORPORATE GOVERNANCE AND CASH HOLDINGS IN INDIAN FIRMS <i>Amitava Roy</i>	<i>93</i>

DOES GOOD GOVERNANCE FOSTER TRUST IN GOVERNMENT? AN EMPIRICAL ANALYSIS <i>Jonathan Spiteri and Marie Briguglio</i>	121
TAKEOVER BIDS EUROPEAN LAW AND CORPORATE GOVERNANCE <i>Maura Garcea</i>	139
THE REFORM OF THE DOCTRINE OF UTMOST GOOD FAITH: A RECONNAISSANCE OF THE DEVELOPMENTS AND OUTCOME WITH PARTICULAR REFERENCE TO THE UK <i>Andre Farrugia</i>	163
THE CORPORATE DECISION IN INDONESIA: A RESULT OF CORPORATE GOVERNANCE REQUIREMENTS, EARNING MANAGEMENT AND AUDIT REPORTS <i>Tulus Suryanto and Simon Grima</i>	183
THE EUROPEAN DEPOSIT INSURANCE SCHEME: A MYTH OR A FACT? <i>John Sammut and Jessica Friggieri</i>	207
PRODUCT INTERVENTION OF SUPERVISORY AUTHORITIES IN FINANCIAL SERVICES <i>Katica Tomic</i>	229
THE TEACHING OF FINANCIAL SERVICES REGULATION: A CONTEXTUAL VIEW <i>John A. Consiglio</i>	257
LINKING THE HUMAN ELEMENT TO THE RISK MANAGEMENT PROCESS: ONE OF THE INTERNAL CONTROL PROCESSES IN GOVERNANCE OF AN ORGANISATION <i>Sharon Seychell</i>	277

TRANSPARENCY REGIME WITHIN THE
FINANCIAL INSTITUTIONS: DOES IT REALLY
WORK?

Marta Ostrowska

293

INDEX

315

This page intentionally left blank

ABOUT THE EDITORS

Simon Grima, PhD (Melit.), MSc (Lond), MSc (BCU), BCom (Hons) (Melit.), FFA, FAIA (Acad), is the Head of the Insurance Department, in charge of the undergrad and postgrad degrees in Insurance and Risk Management, and a Senior Lecturer at the University of Malta. He is the outgoing President of the Malta Association of Risk Management and the Current President of the Malta Association of Compliance Officers. Moreover, he is among the first Certified Risk Management Professional, is the Chairman of the Scientific Education Committee of PRIMO, and a Member of the curriculum development team of PRIMIA. His research focus and consultancy is on internal controls (i.e., risk management and internal audit and compliance) and has over 25 years of experience varied between Financial Services and with public entities in Internal Controls, Investments, and IT. He acts as an Independent Director for Financial Services Firms sits on Risk, Compliance, Procurement, Investment, and Audit Committees, and carries out duties as a Compliance Officer, Internal Auditor, and Risk Manager. Simon has acted as Co-chair in various international conferences and is a Reviewer of a number of journals. He has been awarded Outstanding Reviewer for *Journal of Financial Regulation and Compliance* in the 2017 Emerald Literati Awards.

Pierpaolo Marano is a tenured Professor of Commercial Law at the Department of Legal Studies of the Catholic University of the Sacred Heart – Milan. He is an Honorary Fellow at the Asian Institute of International Financial Law of the University of Hong Kong and an Affiliate Professor with the Department of Insurance at the University of Malta. He currently teaches Insurance Law and Regulation and European Union Risk Governance Regulation. He was teaching Commercial Law from 1997 to 2015 and European Union Insurance Law from 2015 to 2017. He graduated in Law at the Catholic University, Professor Marano holds a PhD in Banking Law and Regulation from the University of Siena. He is a Scholar in Residence at the University of Connecticut, School of Law – Insurance Law Center, where he co-teaches Comparative Insurance Regulation in the Insurance Law LLM.

He is an author of two monographs in Italian language and co-editor of three books in Italian language and two books in English language, as well as of six conference proceedings in English Language. He has published more than 80 academic papers in Italian and English.

ABOUT THE AUTHORS

Peter J. Baldacchino is the Head of the Department of Accountancy in the Faculty of Economics, Management and Accountancy, as well as Rector's Adviser – Financial Affairs at the University of Malta. He lectures in Auditing, Corporate Governance, and Financial Strategy in Postgraduate Professional and Business Programs. His research publications in various international journals focus on auditing, its regulation and relationship to corporate governance as well as on cooperative societies. He is also Director at the Central Bank of Malta, the University Group of Companies, Chairman of the Maltese Accountancy Regulator and Oversight Body, the Accountancy Board. He has extensive experience in the governance of Maltese listed entities, with past positions, including Chairmanships and Memberships of Audit and Risk Management Committees in large organizations.

Philip M. Beattie is a graduate of the University of Leeds (BA in Economics), Warwick (MSc in Economics and Finance) and Glasgow (MBA). He also secured his Graduate Diploma in Applied Statistics from Trinity College Dublin. He worked in Economic, Management, and Financial Consulting in Malta for 10 years prior to joining the Department of Banking and Finance at the University of Malta as a Full-Time Lecturer. In 1995 he authored a user-friendly guide to Malta's financial and corporate services legislation, which was widely referred to by Maltese professional practitioners at that time. He is currently an Associate Lecturer within the Department of Insurance and Risk Management at the University of Malta. His current research interests include all areas relating to the financialization of the economy, the ethics of money production and banking, and corporate finance and the Austrian School of Economics more generally.

Marie Briguglio is a Resident Academic at the University of Malta, lecturing and conducting research in the fields of Behavioral Economics, Environmental Economics, and Social Marketing. She completed her PhD (Economics) at Stirling University, an MSc at University College London (Environmental and Resource Economics, Distinction), and an Honours

degree at the University of Malta (Economics, Distinction). Prior to returning to academia, Marie held various Senior Civil Service positions including Deputy Director of the Malta Environment and Planning Authority, responsible inter alia for negotiation and implementation of the European Union environmental acquis and as National Focal Point for the UNFCCC. Throughout her career Marie secured millions of euro of funding for projects in the environmental field and she is currently the Principal Investigator on several international and national research projects. Marie is also an Award-winning Screen-writer/Broadcaster and remains highly active in outreach projects, including as Co-Chairperson of the President of Malta Forum for Active Community Engagement.

Diane Bugeja is a Senior Associate at Camilleri Preziosi Advocates, practicing primarily in the fields of Financial Services Regulation and Anti-Money Laundering Regulation. Diane also advises local and overseas clients, including insurance and re-insurance undertakings and distributors, on the impact of the current and forthcoming regulatory regime on their business models. Prior to joining Camilleri Preziosi in 2016, she held the post of Senior Manager within the Risk and Regulatory Advisory Team at a Big Four audit firm, working both in Malta and in London, and she had subsequently joined the Enforcement Departments of the UK and Maltese Financial Services Regulators. Diane is a Visiting Lecturer at the Insurance Department of the University of Malta and has recently finalized her PhD in Law at King's College London on the Mis-selling of Complex Investment Products.

John A. Consiglio has been teaching Banking Regulation in the University of Malta's Department of Banking and Finance for the last two decades. After a 42-year career as a Professional Banker, on retirement he took up a second career as an Academic, engaging in the teaching and research of Banking Regulation, Economics, Economics of Sport, Banking in the EU, and other banking topics. He has held various public appointments including that of chief national arbitrator on income tax appeals for 10 years. He is presently a Governor on the Board of the Malta Financial Services Authority, Chairman of the National Fiscal Remissions Supervisory Board, and Honorary Treasurer of Malta's oldest charity the Conservatorio Vincenzo Bugeja. He is also the author of several books and academic articles in his areas, particularly on Banking History.

Andre Farrugia is currently a Director with the Malta International Training Centre and an Assistant Lecturer and PhD student at the University of

Malta. He commenced his professional career working in the insurance industry. Since then, he ventured in taking up professional qualifications achieving the Fellowship of the Chartered Insurance Institute (FCII-UK) and later the Fellowship with the Institute of Risk Management (FIRM-UK). Lately, Mr Farrugia has completed an MSc in Risk Management with the Glasgow-based University of Caledonian. During his professional career, Mr Andre Farrugia has contributed to the industry by way of articles, technical write ups and through a variety of career talks and technical seminars. Mr Farrugia was a member on the board for the setting up of the National Vocational Qualifications in Malta and general secretary of the Malta Forum of Internal Auditors. He is currently a Board member of the Malta International Training Centre, a Board member on the Malta Education Consultative Council, President of the Malta Insurance Institute, founder member of the Malta Institute of Loss and Risk Management and General Secretary of the Malta Association of Risk Management. On the European front, Mr Andre Farrugia represents Malta within the European Forum of the National Institutes for Professional Insurance Institutes and on the Board of EFICERT. He has delivered various lectures and talks in Malta and Overseas and conducted training in Kosovo, Dubai and Ghana.

Jessica Friggieri is a Lawyer graduated from the University of Malta. She later specialized in Maltese Civil Law by obtaining a Master's degree, also from the University of Malta. She is currently working as a Legal Officer for the Malta Depositor and Investor Compensation Schemes. She is also the Secretary of the Protection and Compensation Fund. She is part of the Malta team on the EDIS dossier and was an active participant during the six months Maltese Presidency for the meetings held in Brussels.

Maura Garcea is an Assistant Professor at "La Sapienza" University in Rome, where she teaches Banking and Financial Markets Law at the Law Department, and Business Law at the Social and Economic Sciences Department. Graduated in law, *magna cum laude*, at Luiss University, she holds a PhD in Business Law from the University "Tor Vergata" in Rome. Maura obtained the Italian Academic Qualification (*Abilitazione*) as an Associate Professor of Business Law. She is the Author of a book on Group of Companies ("*I gruppi di società di persone*"), as well as of many academic papers concerning Business and Company Law, Bankruptcy Law, Financial Markets and Securities Law. She is Co-author of an electronic database collecting Italian rulings on IP law, and she coordinates a research project on "Enterprises' Crisis: Prevention and Overcoming". In addition, she delivered lectures and speeches in several seminars and conferences in Italy.

Elena Marie' Gatt is a Postgraduate in Professional Accountancy of the University of Malta. She currently holds the position of Assistant Accountant in Compliance and Reporting in a Big Four firm. She has been involved in various engagements of local and international companies and thus follows closely regulatory and legislative developments in the field of accounting and banking. She is also an Associate Member of the Malta Institute of Accountants.

Simon Grima, PhD (Melit.), MSc (Lond), MSc (BCU), BCom (Hons) (Melit.), FFA, FAIA (Acad), is the Head of the Insurance Department, in charge of the undergrad and postgrad degrees in Insurance and Risk Management, and a senior Lecturer at the University of Malta. He is the outgoing President of the Malta Association of Risk Management and the Current President of the Malta Association of Compliance Officers. Moreover, he is among the first Certified Risk Management Professional, is the Chairman of the Scientific Education Committee of PRIMO, and a Member of the curriculum development team of PRIMIA. His research focus and consultancy is on internal controls (i.e., risk management and internal audit and compliance) and has over 25 years of experience varied between Financial Services and with public entities in Internal Controls, Investments, and IT. He acts as an Independent Director for Financial Services Firms sits on Risk, Compliance, Procurement, Investment, and Audit Committees, and carries out duties as a Compliance Officer, Internal Auditor, and Risk Manager. Simon has acted as Co-chair in various international conferences and is a Reviewer of a number of journals. He has been awarded Outstanding Reviewer for *Journal of Financial Regulation and Compliance* in the 2017 Emerald Literati Awards.

Marta Ostrowska is a PhD Candidate in Insurance Law Departments at the Faculty of Law and Administration, University of Warsaw. Her research interests and professional work are primarily focused on European and Polish insurance law, mainly in its regulatory aspects. She is also a Postgraduate at the University of Catania where she wrote her thesis on Abusive Clauses in the Italian Insurance Market. Marta regularly publishes and teaches on insurance law topics. Professionally she works as a Lawyer in an international law firm in Warsaw.

Patrick Ring is a Qualified Lawyer who holds an LLB (with Distinction) from the University of Edinburgh, a BA (Hons) (First Class) Social Sciences from the Open University, an MSc Applied Social Research (with Distinction) from the University of Stirling, and a PhD in Pensions Policy from Glasgow

Caledonian University. He is a Member of the Chartered Institute of Securities and Investment, the Chartered Insurance Institute, an Associate of the Pensions Management Institute, and a Fellow of the UK's Higher Education Academy.

He is a Senior Lecturer at Glasgow Caledonian University and leads its Business School's undergraduate programmes. His research interests include financial regulation and compliance, operational risk and risk culture, trust in financial services, and pension policy and reform.

Amitava Roy joined St. Xavier's College, Kolkata, India, in 1997, in the Department of Commerce. After completing his Post-Graduation in Commerce, he was conferred with the Degree of Philosophy in Business Management by the University of Calcutta. His area of research was on corporate governance. He is a qualified CMA from the Institute of Cost Accountants of India. He has presented numerous papers and published in journals of repute. He has been highly acclaimed for his lectures on Corporate Governance and is associated with premier institutes, including the University of Calcutta, Indian Institute of Engineering Science and Technology, and St. Xavier's University. Presently, he is the Dean, Department of Commerce and Business Administration at St. Xavier's College.

John Sammut is a Certified Public Accountant graduated from the University of Malta. He worked for a number of years in the Financial Services with a local financial institution and was responsible as Executive for Compliance, Legal, and Audit. He presently works as Director Internal Audit at the Malta Financial Services Authority and is a Member of the ECB – Internal Auditors Committee. He lectured at the Malta Institute of Financial Services and recently appointed as a Member of the Malta Accountancy Board.

Sharon Seychell is a Visiting Lecturer at the University of Malta, in Research Method Techniques for Risk Management, Sociology of Risk, as well as Governance, Compliance and Risk Management. She has over 15 years of experience working in Financial Services and Other Service Industry firms, working in the areas of Financial Management, Operations, Internal Audit, Compliance, and Risk Management. She is a member of the Malta Association of Compliance Officers and holds a Bachelor's and a Master's degree in Sociology specializing in Risk Management and Internal Controls. Her current research interests include sociology of financial services, anomie, risk management, and business ethics.

Jonathan Spiteri is a Resident Academic within the Department of Insurance at the University of Malta and a Visiting Lecturer in Economics at the University of Edinburgh. He graduated with Honours in Economics (First

Class) from the University of Malta, a Master of Science in Economics (with Distinction), and, as an ESRC Scholar, a PhD in Economics, both from the University of Edinburgh. Jonathan's current research interests include behavioral economics, environmental economics, and health. He is currently involved in the R2Pi Horizon 2020 project which examines the shift from the concept of Circular Economy to one of Circular Economy Business Models in Europe. He also forms part of the Nudge-It FP7 project which aims to develop and implement novel scientific approaches across various disciplines to better understand people's nutritional choices and health outcomes.

Tulus Suryanto is a Professor in the field of Accounting and Auditing in the Faculty of Islamic Business and Economics, Universitas Islam Negeri Raden Intan Lampung, Indonesia. He is the Chief Editor of the *International Business and Accounting Research Journal*, *Ikonomika*, and *Journal of Islamic Economic and Business* and a reviewer of the *International Journal of Economics and Perspectives*

Katica Tomic, PhD, works at Rechtsanwälte BVM Vienna, Austria. Before moving to Austria, she worked at the International Criminal Tribunal for Former Yugoslavia (ICTY) – Association of Defense Counsel Practicing before ICTY, Chamber of Commerce of Republic of Srpska, and Organization for Security and Co-operation in Europe. She specialises in particular in international arbitration and insurance law as well as in the field of corporate law. Dr. Katica Tomic is author of numerous articles and books chapters on various topics in the field of Private International Law, Insurance Law, Blockchain technology, and Smart Contracts and she is frequent speaker at seminars and conferences. Her working languages are English, German, Croatian, and Serbian.

INTRODUCTION TO CSEF 99

The Emerald book series *Contemporary Issues in Economic and Financial Analysis special edition CSEF 99* includes studies on different topical issues on Contemporary Issues in Governance and Regulations, by authors invited from various universities and institutions. The chapters are a mix of discussion-based studies and empirical research studies aimed at understanding particular aspects of governance and regulations. Some refer to a particular country specifically Malta, Indonesia, and India, and others are more generic and/or European.

The first chapter relates to small family-owned firms and the challenges of corporate governance. This form of business is dominant globally; however, research focusing on its governance has been largely overlooked. The author discusses the benefits of sound governance in these types of enterprises, the significant governance issues, and unique concerns they face and what can be done to help mitigate them.

The next chapter gives a credit institution's perspective of how to manage conduct risk in the boardroom. The author discusses the issues which led to misconduct and hefty fines on credit institutions in recent years, which she labels as "conduct risk" and the regulatory spotlight on it. She notes that this risk continues to top the regulators' agenda in view of its seriousness and considers the role of the board in managing it, while elaborating on the importance of board evaluations in this respect.

In the third chapter the author examines and discusses the implications of the developments of the regulation and governance of financial advice in the context of MiFID II. He specifically looks at regulatory issues concerning the definition, suitability, and delivery of advice; the affordability of advice; and the challenges and opportunities facing the advice sector as a result of the increasing use of technology in the financial services sector. In particular, it considers the example of the UK, and issues this raises for the implementation of recent European regulatory reforms.

The authors of the fourth chapter lay down a study on the barriers to the development of Maltese cooperatives. They highlight the significant barriers after carrying out a research using semi-structured interviews with a selection

of 18 representatives of the small current Maltese cooperative movement, most of whom are active either in individual cooperatives (16) and/or in the cooperative institutions (5). They conclude with the identification of significant barriers and targeted actions which may be recommended and taken so as to reduce, if not eliminate, these barriers and thereby help the Maltese cooperative movement flourish.

In the fifth chapter, the author sheds light on the role of corporate governance in the determination of cash holdings and examines how ownership structure, board, and audit-related attributes (used as proxies for the nature of corporate governance) impact cash holdings in the context of an emerging economy, like India. He employs four different empirical measures of cash and liquidity and 24 structural indicators of corporate governance. Using principal component analysis, he explores the dimensions of corporate governance. Thereafter, using a sample of 58 top-listed companies, he delves into understanding the association between cash holdings (the dependent variable) and corporate governance.

The authors of the sixth look at the relationship between good governance and trust in government. They use data on government trust across a sample of 29 European countries over the period 2004–2015, as well as six different aspects of governance as captured by the Worldwide Governance Indicators. Moreover, the authors also seek to compare the relative importance of governance issues to measures of economic prosperity, including real GDP growth and income inequality.

In the seventh the author looks at takeover bids as an important debate in European Law and corporate governance. She looks at the risk of a takeover bid and of a consequent change in company control. Moreover, she analyzes the European rules on takeover bids, and highlights certain national options for implementing the Directive and discusses the revisions currently being proposed by the European Commission and the European Parliament.

The author of the eighth discusses the need for change in the doctrine of “utmost good faith” and lays-out the drivers behind these changes and the commensurate effect on the practice of insurance. The author delves into case studies, practices, and literature and traces back to the origins of this long-standing principle and later discusses the development and drivers leading to reform of this doctrine.

In the ninth, the authors empirically investigated the importance of the Audit Statement of Opinion in the Final Audit Report to ensure good corporate governance and to reduce earnings management and ensure accurately informed corporate decisions. To do this they used a self-administered survey purposely designed for the study and administered it to a population of

100 accounting managers and financial managers of manufacture companies listed on Bursa Efek Indonesia during 2015.

The authors in the next chapter evaluated whether the launch of a European Deposit Insurance Scheme (EDIS) as a single deposit guarantee in Europe, which is now being recognized as one of the three main pillars, together with the single supervisory and resolution mechanisms, would enhance depositors' protection in times of banking crisis and also reinforce financial stability in the European Union as part of the proposed Banking Union. They carried this out by making reference to academic literature and also recent EDIS political dossier to outline the developments.

In the next chapter the author introduces the readers to product intervention power under the markets in financial instruments regulation and packaged retail and insurance-based investment products regulation for all EU Member States and provides an overview of supervisory measures, that is, the scope of the product intervention power, criteria, factors, and risks, which has to be taken into consideration when using this regulator's tool. She notes that this gives National Competent Authorities, European Securities and Markets Authority, and European Banking Authority powers to monitor financial products (and services) under their supervision and to "temporarily" prohibit or restrict the marketing, distribution, or sale of certain financial instruments or to intervene in relation to certain financial activities or practice.

The author of the twelfth chapter discusses issues and developments that relate to the teaching of bank regulation in tertiary institutions. It looks at how course content, teaching texts, and methodology can become subject to issues like specific historical, and jurisdictional, cultures and contexts for the discipline. It considers how economic and political approaches impact such teaching. How banking regulation tools are used, and course structures are built, and shows that these are matters which impinge on the type of trained bank personnel who later eventually leave academia and end up working on regulatory or compliance matters.

In the penultimate chapter, the author highlights the most prominent theories surrounding the cultural framework people operate in when they are involved in the risk management process, which is an important function in the governance structure of a firm. The focus is on how culture, gender differences, and values affect the way people take decisions when faced with risk. The author critically examines literature carried out in the realm of sociology and psychology in organizations and discusses the effect these have on the risk management process. She discusses the effect of sociological factors on the governance of an organization and links this to one of the internal control processes, that is, the risk management process.

In the final chapter, the author explores how mandatory transparency affects financial institutions' activity and whether it performs its function efficiently. She highlights that financial markets have recently become subject to new regulations requiring transparency such as, the EU directives MIFID II or Solvency II. She argues that what is expanding is not just the applicability of the principle as such, but the scope of issues which are affected by transparency, that is, remuneration or conflict of interests. Moreover, she continues by noting that in the light of these regulations it may seem that transparency simply became a sole legislative measure assuring values such as consumer protection, market stability or – most of all – high-quality governance. However, transparency contributes to the quality of governance in a several different ways, although its implementation must meet certain standards if it is to produce the desired results, especially when it comes to financial institutions.