

The effect of commercial banks' internal control weaknesses on loan loss reserves and provisions

Seyede Najmeh Heydarnezhad Pirkalachahi*,

All activities of banks and financial and credit institutions in various fields, such as the provision of facilities, loans, issuance of various types of bonds, etc., are subject to the specific risks and problems of such activities. One of these kinds of problems is not getting loans to customers. Therefore, saving for losses of loans is one of the most important decisions of management and board of directors of banks. Many factors need to be considered for this decision. Therefore, the main objective of this research is to investigate The relationship between Earnings Transparency and Corporate Cash holdings of firms in the banking industry. This study is a descriptive type research and the goal is application. Statistical population encompasses the banks listed in Tehran stock exchange in the period between 2011 and 2015. Financial data gathering for hypothesis test is performed using audited statements of banks in 2011-2015 period available in RahavardNovin software. Then, hypotheses are analyzed using proper statistical tests by Eviews software. Findings indicate that there is a positive and significant relationship between the internal control weakness and loan loss reserves and provisions. It also came to the conclusion that banks could reduce their loan loss reserves and provisions in the coming year by making successful corrective actions this year.

Keywords : Internal control weakness, Loan loss reserves, Loan loss provisions

[Islamic Azad University, Rasht Branch - Thesis Database](#)
[دانشگاه آزاد اسلامی، واحد رشت - سامانه بانک اطلاعات پایان نامه ها](#)