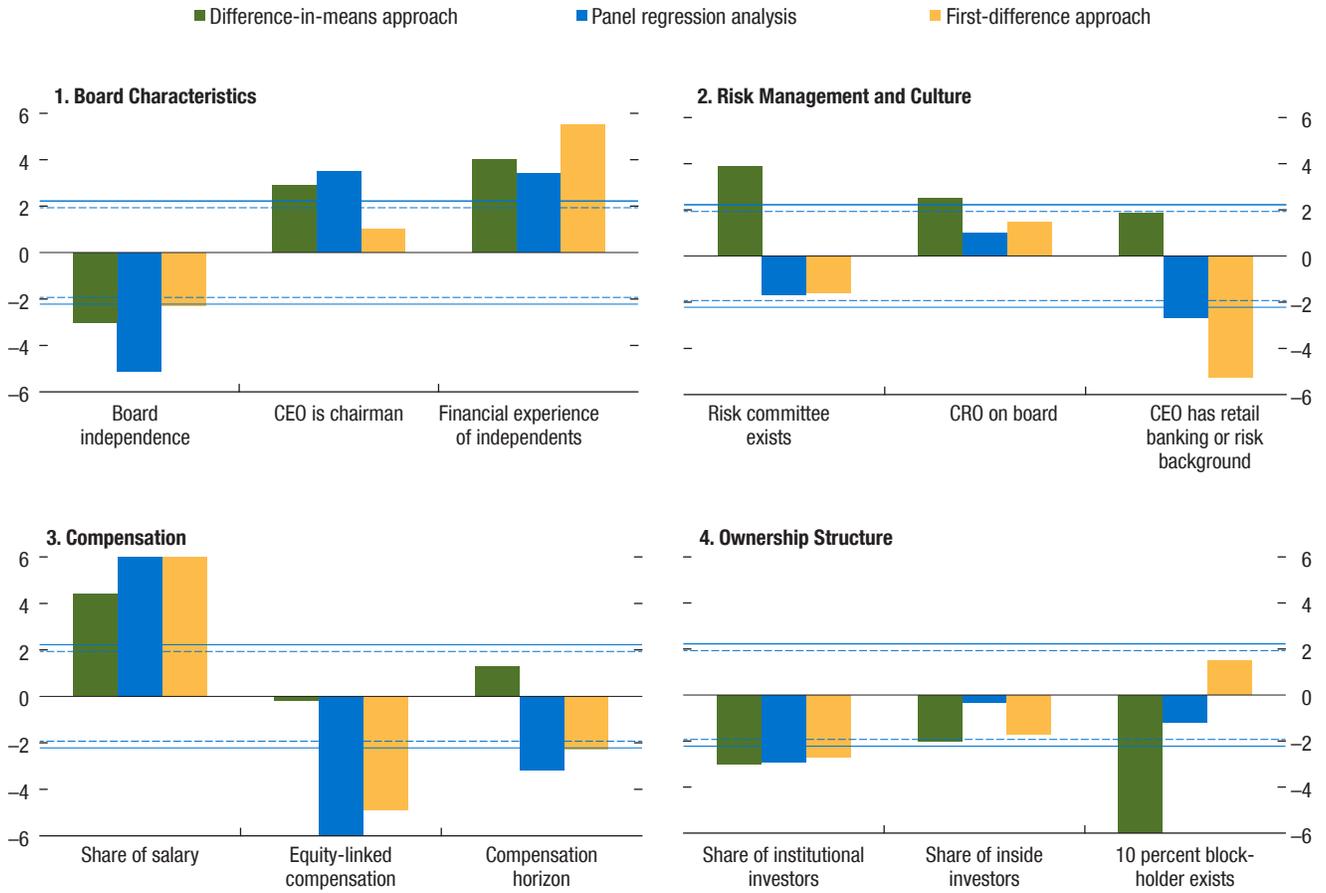


Figure 3.4. Bank Governance and Risk Taking
(z-statistics)

Various approaches to investigating the relationship between governance, pay practices, and risk taking in banks give generally consistent results.



Sources: Bankscope; BoardEx; Standard and Poor's Capital IQ database; Thomson Reuters Datastream; and IMF staff estimates.

Note: The figures show Stouffer's z-statistics—a measure that summarizes the joint statistical significance of a number of *t*-tests having the same null hypothesis. In this case, it gives a statistical indication of the significance of the effect of each explanatory variable on risk as measured jointly by the regressions with the different risk variables on the left side of the equation. The significance levels were adjusted using the Benjamini-Hochberg procedure to account for correlation among dependent variables. Solid and dashed lines indicate 5 and 10 percent levels of significance, respectively. CEO = chief executive officer; CRO = chief risk officer.