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Assessment of the Interrelation Between Investment Banking and Disclosures of Risk Taking

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Abstract

The study focuses on the importance regarding the interrelation between the disclosures based of taking overall risks and the process of investment banking. It also illustrates about the main process of investment banking fall an impact on risk mitigation by taking the help of risk-based approaches. Apart from that, it also indulges with the process of investment banking that assists in taking the decision for organisational financial development and growth. The study demonstrates about the importance of the risk management, which is based on the investment banking and discusses about the potential problems that are faced in investment banking process. The study also analyses that risk management is much more important for investment banking as it will mitigate all the issues and challenges of the investment process.

The study evaluates the relevance of investment banking that recognises to evaluate the significance of risk identification. The present study shows an effective relationship between investment banking and disclosure of risk identification. In this research study, the researcher has chosen the appropriate research methodology to understand the knowledge about the organisation's financial development in the competitive marketplace. The researcher has chosen an explanatory research design and secondary qualitative data analysis process that improves the development of the research study. The researcher has chosen the thematic analysis that ensures to establish the research study that can enhance a stakeholder's development activity for the development of investment banking.

Keywords

Disclosure, Financial development, Investment banking, Risk mitigation.

INTRODUCTION

Brief overview

In investment banking, risk assessment has used to improve the organisation's financial development, which determines the loss on loans, assets and investments. Risk assessment considers the most important part that enhances the importance of a particular investment process that assists to mitigate financial risks. The process recognises the organisation's potential activity that can negatively be affected the organisation's economic growth [1]. Based on this aspect, governments, companies and investors have an idea for conducting a risk assessment to increase the relevance of new projects, investments and business. In the competitive marketplace, risk assessment assists in increasing the relevance of quantitative risk analysis through analysing the high use of the mathematical model to understand and evaluate the risks [2]. Discussion through the qualitative risk enhances the development of investment banking that assists in identifying the risk based on the present market situation. Investment banking is highly related to a stock's past volatility to get more future returns; investments with a high volatility rate indicate a risk investment.

Scope of the research

Research objectives have developed to discuss the interrelation between disclosure risk analysis and investment banking, the objectives are summarised below:

- To discuss the main concept of investment banking and disclosure of risk assessment in the banking industry
- To enhance the interrelationships between risk assessment and investment banking
- To evaluate the advantages and disadvantages of investment banking to identify an organisation's financial activity
- To understand the impact of disclosure of risk assessment for the development of investment banking

The present research study enhances increased knowledge about an effective relationship between investment banking and risk assessment technique. Risk assessment enables the government's activity, corporations and investors to identify and assess an organisation's profitability [3]. The risk assessment technique adversely impacted an organisation's project, investment and business in the competitive marketplace. Risk analysis is highly related to evaluate the investment process based on qualitative analysis. Risk disclosure and risk performance are highly related to each other and it has a positive impact on the development of the organisation's financial performance [4]. Risk analysis is playing the most important role to improve the potential activity of the investment bank.

MATERIALS AND METHODS

Research design

In a research study, research methodology has helped to improve knowledge about the entire research topic and enhances to improve the relevance of investment banking in the present competitive marketplace. The research methodology part has discussed the research design, research type and duration, study inclusion and exclusion criteria and others to discuss the relationships between the disclosure of risk analysis and investment banking. Research design indicates the importance of research methodology, research tools and process to analyse the entire research study [5]. It is used to implement an effective research plan to improve knowledge about the research topic. Two types of research design, such as explanatory research design and exploratory research design ensure to get information about investment banking. Research design enhances the collected information that will help to get information about investment banking [6]. Risk assessment is enhancing the importance of qualitative analysis to establish the research study in an effective way.

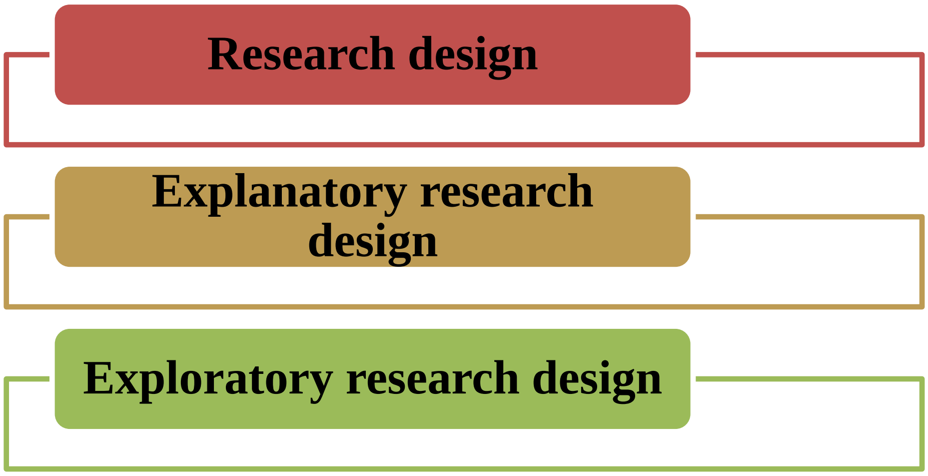

Figure 1: Research design [7]

The researcher has focused on adopting an ***explanatory research design*** that assists in evaluating the importance of investment banking that helps to mitigate risk for the organisation's financial development [7]. The research design assists to explain the present activity and the ability to predict the organisation's financial activity. The explanatory research design enhances to conduct of the qualitative research analysis by choosing several themes to analyse the research topic.

Research type and duration

In the research methodology part, the researcher has focused on choosing an appropriate research type to improve the research study. There are two types of research types, such as primary qualitative and secondary quantitative research, that enhances to improve the research study. In this research study, the researcher has chosen a ***secondary qualitative research type*** to collect information about investment banking that analyses the importance of choosing the data analysis process [8]. The secondary quantitative research type enhances the development of the research methodology that affected the research study that can evaluate the role and relevance of investment banking for identifying and mitigating risks. The researcher has chosen different themes based on the discussion about the relationships between investment banking and risk-taking disclosure activity. On the other hand, the researcher can evaluated through the development of the organisation's potential activity to continue the organisation's business activity.

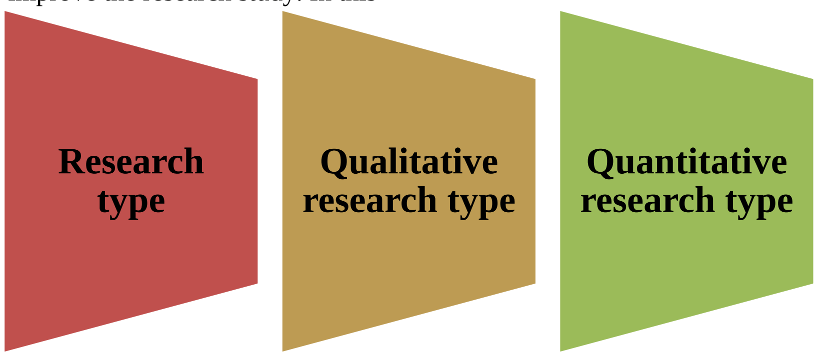

Figure 2: Research type [9]

The secondary qualitative research study can enhance the importance of investment banking and risk-taking activity based on the organisation's economical situation. The secondary thematic analysis assists to enhance the potential development activity to improve an organisation's economical development [9]. The researcher has chosen different themes based on the research objectives that are developed based on showing the relationships between disclosure of risk-taking and investment banking. The research study has taken six months to complete the study and gain more knowledge about investment banking to mitigate risk closure.

Inclusion/exclusion criteria

In a research study, the researcher has followed the research development criteria by identifying the research inclusion and exclusion criteria that enhance to improve the study development activity. The researcher has identified the inclusion and exclusion criteria that can improve the research's relevance.

Inclusion criteria	Exclusion criteria
● Peer-reviewed journal ● Data after 2019 ● Journal with the English language ● Choose scholarly articles	● Data before 2019 ● Journal with restricted access ● Journal with unknown language

Table 1: Inclusion and exclusion criteria
(Source: Self-developed)

Choice of subjects

The present study enhances to improve knowledge on the effective relationships about risk-taking activity through investment banking. This research study was impacted through exploratory research design to enhance the entire research methodology. It has been identified that the researcher discusses the interrelationships between risk-taking and investment banking. The researcher has also chosen secondary qualitative data analysis that assists to understand and evaluate the importance of investment banking that enhances the negative impact of the banking sector. Besides, the researcher has identified inclusion and exclusion criteria to understand the significance of the research study.

RESULTS

The significance of investment back enhancing the interrelation between investment banking and risk-taking activity

The greater risk is investment risk that enhances the organization's development activity that improves the organisation's financial condition. The risks assessment activity has helped to identify and evaluate an organisation's potential growth that enhances to mitigate the organisation's risk to hold its position in the competitive marketplace. Based on the qualitative risk analysis, depends on identifying and evaluating the company's current risks that impacted the organisation's potential growth. Besides, risk assessment activity enables to improve of an organisation's business development activity, corporations and governmental activity to identify and evaluate the investor's development activity [11]. Risk analysis assists to discuss the relevance of the company's potential growth through understanding the business approaches to mitigate the potential investment development activity. The investors have invested more money to retain more benefits through the development of the organisation's financial condition. Discussion about the risk analysis, an investor has the ability to mitigate the organisation's risk to hold the position in the marketplace.

Figure 3: Risk taking process [11]

The organisation can focus on two types of risks, such as qualitative and quantitative risk analysis that negatively impacted the organisation's investment process. The investment bank has helped investors to analyse the relevance of investing in a significant way that enhances the organisation's development. In this study, the researcher has adopted a qualitative data analysis process that enhances the relevance of investment banking that analyses the relevance of mitigating risk to continue the business in the competitive marketplace. Based on the analysis of investment banking, an organisation's development is enhancing by choosing an effective management activity for the organisation's economic development. The investment-banking sector can focus on the risk management process that demonstrates the business integrity, managing social media to collect and analyse feedback and reviews for the development of the organisation and increase interest among the investors to invest more money. The investors have invested more money and have the ability to manage the financial risks and continue their business activity.

Based on this aspect, the researcher can enhance the relevance of risk analysis to improve the ability of taking investment decisions. The entire management team has taken important decisions by analysing the investment activities. Risk assessment is considered the most important activity that determines the relevance of taking decisions that mitigates business risks and continues the organisation's business activity. The risk analysis process provides an overview to identify and mitigate risks that also affected the potential investment activity.

The presence of investment banking is highly related to the extent of the risk assessment

The risk management activity can ensure to identify and evaluate the organisation's economic development activity that ensures the development of the organisation's business activity. In this perspective, the "risk management unit" has enhanced an investor's financial development activity that will help the organisation's business operation and manage risks. The capital management issues and risk management activity have highly affected the development of the organisation's economical activity [12]. The organisation positively affected reducing the business issues and analyses the effective role of stakeholders that enhances the investment activity. It has been identified that the organisation can enhance the relevance of stakeholders' investment activity to manage the organisation's financial issues. The capital management technique ensures to improve of the organisation's financial condition to mitigate financial issues. Besides, the management process help to identify and evaluate the role of the risk management process that determines the management process.

The relevance of the capital management process can improve the organisation's risk closure activity and it has helped to establish the ***"organisation-wide"*** current and potential risk position. The organisation can enhance the organisation's capital strength and risk appetite activity to mitigate the organisation's financial problems [12]. The risk assessment provides a better risk management process to improve the entire management process. The organisation has taken initiatives to identify and evaluate the risk information for increasing the development activity of the chosen organisation. On the other hand, the organisation has focused on the development of a monitoring system that has helped to analyse the importance of risk management strategy and risk reporting activity. The stakeholders have focused on mitigating risks through discussion about the entire management activity. Besides, the government has focused on increasing knowledge about the importance of investment banks that will assist to evaluate risk mitigation activity.

The process of investment banking fall an impact on risk mitigation by taking the help of risk-based approach

The risk mitigation process within the investment bank focuses on the stockbrokers include in using the financial instruments of the banks to reduce the main impact on organisations. It includes several money managers that use the strategies such as portfolio diversification, position sizing and asset allocation for mitigating and managing effective risks. The main processes of mitigating the risks within the banking operations include performing the comprehensive and regularly scheduled risk assessments [13]. It includes taking the risk-based approach and it also focuses on resources and time on the high-risk areas. Apart from that, it also includes in implementing and developing the programs for mitigating and managing risks. The risk assessment within investment banking is used across several banks for determining the actual loss of asset, investment and loan. It includes in assessing risks, which is much more essential to determine the specific investment, and it includes the best processes for mitigating overall risks.

The risk management within the investment banking includes the internal control process, which manages the main core of investment banking. Apart from that, there are several primary factors that should be considered as per the risk management, which focuses on the probability and possibility of something negative, which is based on the investment strategy [14]. An appropriate strategy of risk management is much more critical for each and every investment bank and it focuses on the main and major factors regarding bank functions on a regular basis. The bank also wants in preventing the major loss which against the substantial loss and it also aims n preventing the clients from losing money.

The main risk that can be management within the investment banking includes market risk, factors of external risk, focusing on more resources and many others. Apart from that, market risks are considered the macro risk and it is the utmost concern regarding the investment banks [15]. The main factors of the market risk primarily occur within the investment banks, which help in fulfilling the main role of intermediary over all the counter trades. The resources of the investment bank eventually focuses on the financial intermediary, loss aversion, value at risks, volatility and many more.

The Investment banking assists in taking the decision for organisational financial development

The main role of investment banking includes in advising the business and the governments for meeting the financial challenges. On the other hand, the investment banks includes in helping the clients with the financial research, wealth management, sales and trading, asset management, hedging, securitised products and many more. The investment banks also help for the broader financial markets and for economy that matches with investors and sellers by adding the liquidity for entire markets [16]. Apart from that, the main actions regarding the banks also help in making the financial development, which is much more effective and efficient. It also helps in promoting the business growth that in turn helps in the growth of economy. The main functions of the investment banks eventually include the main underwritings based on the new stock issues. It also helps in handling the acquisitions and mergers and also includes in acting as the main financial advisor.

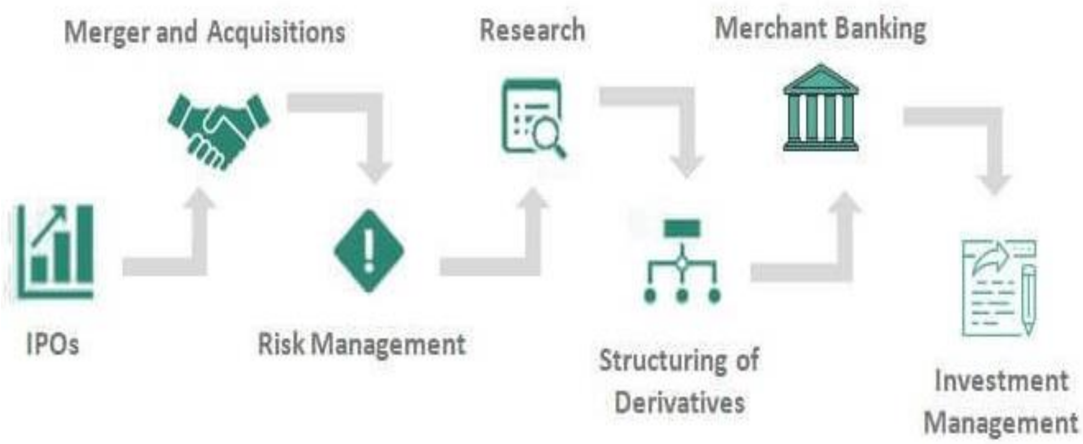

Figure 4: Functions of Investment Banking [17]

The main role of investment banking help in assisting the decision based on the financial development of the organisation. It help several clients for raising the money through equity and debt offerings and it also includes in raising funds through the Initial public offerings and credit facilities with the main bank. Apart from that, it also focuses on selling the shares for the investors through all the private placements and for selling, is the bonds on a behalf of clients [17]. The main and the important role based on the investment bank focus on the development of economy where investment adds with the stock of main capital. It also includes the quantity of the available capital, which is based on economy, and it is considered as the crucial determinant of their productivity. Therefore, the investment banks thus contribute in the economic growth and development of a country.

The investment banks also help the organisation in raising the capital through underwriting the first scale of equity of stock for the public investors. Apart from that, the large amount of initial public offerings help in increasing the business demand based on the amount of capital which leads to the higher underwriting revenue of the industry [18]. Therefore, the investment banks includes in helping companies that raises capital and main responsibilities of an investment banker includes in securing and identifying the provocation process and deals of acquisition and merger.

DISCUSSION

The risk management, which is related with the investment banking, includes the managing the internal control and the disclosures are much more important for the customers and banks. The disclosure statements also provide the facts that require in making the informed decisions. On the other hand, the financial regulation includes in reinforcing the main incentives for promoting a better risk management for aiding objective for reducing entire likelihood regarding individual failure and other systematic approaches [19]. The main relationship between the risk and investment focuses on greater risk from which the investment that might lose money and it is also having greater potential to provide a substantial return. The investment banks can also improve in managing the risks in different levels by demonstrating the business integrity, managing the platforms of social media, securing the data integrity and fostering the productive workforce. Therefore, the main risks within the banking process focuses on market risks, operational risks and credit risks.

The main purpose of the disclosure includes in making the available evidences that supports and undermines the main respective cases within investment banks. The financial institutions include the channel based on the investments and it obtains the functioning through overall financial markets [20]. Apart from that, the most common relationship includes the positive correlation that exists between the return and risks. It also focuses on the greater risks, which are having higher potential for loss and profit [21]. The use of the principle of risk reward tradeoffs is only for uncertainty risk levels and they are totally associated with the low returns and higher levels of uncertainty with higher returns. Apart from that, the investments levels have higher risks that tend to have higher returns and the high risks regarding the investment bank includes in increasing the return for attracting several investors. The key relationship regarding the investment and factors includes the financial factors that affect the availability and costs based on the capital and it influence the total investment decisions.

The best way of managing the risks for investments includes in investing within the diversified portfolio based on different investments. Furthermore, a huge amount of capital is allocated with different asset class as per the desired-risk profile. On the other hand, assessing the risk is much more essential to determine the investment of a specific project and the best processes includes in mitigating the risks [22]. The risk analysis also provides several different approaches, which can be used for accessing the reward, and risks tradeoffs for the potential opportunity of investments. The disclosure is considered as the important relationship as it makes people to feel closer, corporate and understand better risk strategies in an effective way. Apart from that, the measurement of the disclosure level includes the index of risk disclosure, which is devised, and risk-taking behaviour is totally operationalised through the portfolio risks [23]. The actual relationship regarding the index of risk closure focuses on risk-taking behaviour and it is significantly negative within investment banking process.

The study focuses on the research design which is considered as the strategy that is selecting for integrating several components based on the study within a logical and coherent way. The study illustrates about the exploratory research design which help in investigating the research questions and it is qualitative in nature [24]. In addition, this research design includes in creating the scope for the future research and it help in formulating the problems, forming hypotheses and clarifying all the concepts. The study is analysing the secondary qualitative data analysis methods, which includes in demonstrating the themes that are constructed with the help of articles taken from Google scholar.

Apart from that, the study focuses on the interrelation between the investment process and disclosures of risk taking and investment banking. It also focuses on the risks that are involved within the investment banking, which includes market risks, liquidity risks, concentration risks, credit risks, inflation risks, reinvestment risks, and many other risks. It also focuses on the risk disclosures that help in disclosing the risks that are associated with the organisation [25]. The main purpose regarding the process of risk management includes in evaluating the main losses for several banks within the future. Therefore, it also takes several precautions for dealing with the potential problems with investment banks.

CONCLUSION

According to the above discussion, it is concluded that risk management process within the banking industry based on investment banking. It includes the logical execution and development for planning the deal with several potential issues. Apart from that, the focus of the risk management practices within the banking industry for managing the exposure of an institution, which is based on risks and protect the values of several assets. The process of risk management within the investment banking includes in highlighting the actual importance of risk management practices. The inverse relationship between the return and risk includes higher potential return based on the investments and there is no guarantee that gets higher return in accepting more and more risks.

The risk management factors are related with the process of investment banking as it refers or the actual practices in identifying several potential risks and analysing them for reducing several risks. The main role of liquidity risks within investment banking process includes in reflecting the ability of financial institution based on the fund assets and meet the financial obligations. Therefore, it is much more essential for meeting the customer withdrawals, providing funds for entire growth and compensate for the fluctuations of balance sheets. Hence, it implies the positive relationship between the disclosure of risk management and investment banking processes.

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