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STUDY ON THE RELATIONSHIP BETWEEN THE QUALITY OF EXTERNAL AUDIT - FINANCIAL PERFORMANCE, SOLVENCY AND RISK MANAGEMENT IN THE ROMANIAN BANKING SYSTEM

Abstract:

At the European level - and even global - the prolonged economic and financial crisis was a challenge for the financial institutions, negatively affecting the banking system and beyond. The impact of the global crisis has affected gradually overwhelmingly the profitability of the banking industry, affecting all types of banking products and services offered to the customers, the models of supervision and the evaluation methods known so far. The audit function has an important role in the corporate mechanism, especially by extra value conferred to the governance process, so who, over time, this issue was debated assiduously in a series of studies and analysis on information transparency at the level of companies.

The purpose of this article is to provide a more comprehensive analysis of the relationship between the quality of external audit and the financial performance, the solvency and requirements of capital adequacy at risk at the level of the Romanian banking system. Thus, concentrating attention on the quality of external audit, we tried to find answers motivated by the empirical analysis results to the general question "How influences the quality of external audit the performance of the banking system? How is the value added by the quality of external audit at the level of credit institutions?".

In order to test the formulated hypotheses, the research methodology used is mainly quantitative, based on a statistical analysis deductive and having as starting point the agency theory having as objective the testing and possible links from cause - effect, and also analyzing the significance level thereof.

Keywords:

corporate governance, banking system, solvency, audit

JEL Classification: G20, G30, M40