

The Role of Risk-Based Internal Audit (RBIA) Practice in Risk Reduction

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Abstract

This study investigated the effectiveness of Risk-Based Internal Audit (RBIA) practices in mitigating risk within selected private banks in Afghanistan. The findings offer substantial empirical evidence that RBIA practices in the sampled institutions remain weak, insufficiently developed, and generally ineffective in producing meaningful risk reduction. Although RBIA is widely regarded internationally as an essential component of effective governance and risk management, the results indicate a considerable disconnect between the theoretical principles of RBIA and their practical application within the Afghan banking sector. The demographic results show that internal audit functions in the selected banks are largely staffed by mid-career professionals who possess bachelor's degrees and moderate levels of professional experience, indicating the presence of a potentially competent workforce. Nevertheless, significant weaknesses were identified in the actual implementation of RBIA. Most respondents did not agree that internal audit functions adequately concentrate on high-risk areas, employ risk-based audit planning, distribute resources according to assessed risk levels, or regularly revise audit plans in response to emerging risks. These findings suggest that internal audit practices continue to emphasize compliance and routine procedures rather than adopting a genuinely risk-oriented approach. The study further identifies deficiencies in auditors' ability to conduct complex risk assessments, limited collaboration between internal audit and risk management departments, and insufficient incorporation of RBIA findings into strategic organizational decisions. These limitations are further intensified by weaknesses in internal control systems, corporate governance arrangements, risk management structures, and compliance management processes. Taken together, these institutional shortcomings substantially reduce the capacity of internal audit functions to contribute effectively to organizational risk mitigation. Despite these challenges, the correlation and regression analyses demonstrate a statistically significant and positive association between the different dimensions of RBIA and risk reduction. This finding suggests that RBIA can play a meaningful role in lowering organizational risk when its practices are appropriately designed, implemented, and supported. The demographic analysis also indicates that variables such as gender, professional experience, organizational position, and departmental affiliation significantly affect perceptions of risk reduction, whereas educational attainment does not demonstrate a significant influence. This implies that practical experience and organizational responsibilities may be more important in shaping perceptions of risk reduction than formal academic qualifications alone. Overall, the study concludes that RBIA has not yet resulted in substantial or observable risk reduction outcomes within the sampled Afghan private banks, largely because of structural, procedural, and competency-related constraints. Nevertheless, the significant statistical relationships identified in the study demonstrate considerable potential for RBIA to improve risk management and strengthen governance and financial stability. Enhancing the implementation, competency, coordination, and strategic integration of RBIA practices could therefore make a substantial contribution to improving the resilience and effectiveness of Afghanistan's banking sector.

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Introduction

The banking sector plays a vital role in economic growth, but it also faces numerous risks such as credit, operational, market, and compliance risks (Habibi et al., 2022; Koutoupis et al., 2020). To address these challenges, the Risk-Based Internal Audit (RBIA) approach has become increasingly important (Kalutskaya et al., 2023). RBIA focuses on identifying and prioritizing high-risk areas, ensuring that audit resources are directed where they can most effectively reduce risk and strengthen internal control systems (Christian et al., 2024). In Afghanistan, both public and private banks have undergone major reforms to align with international standards (Sohrabizadeh & Bahramzadeh, 2025; Yazdaniyan & Dastgir, 2019). However, the sector still faces significant issues, including weak governance, limited internal controls, and exposure to economic and political instability. Although the Da Afghanistan Bank (DAB) encourages risk-based audit practices, their implementation and effectiveness in Afghan banks remain uncertain (Sohrabizadeh & Bahramzadeh, 2025). There is little empirical evidence on how RBIA contributes to risk reduction in this specific context. The core problem of practice lies in the gap between having formal internal audit systems and the continued presence of financial and operational vulnerabilities in Afghan banks. This raises critical questions about whether RBIA is effectively implemented to identify and mitigate key risks. This study, titled “The Role of Risk-Based Internal Audit (RBIA) Practice in Risk Reduction: A Case Study of Six Afghan Banks (Public and Private),” seeks to examine how RBIA is applied in Afghan banks, evaluate its influence on risk management effectiveness, and explore the challenges hindering its success (Putri et al., 2018). By comparing both public and private institutions, the research aims to provide insights that will help strengthen internal audit practices and support a more resilient Afghan banking sector.

Conceptual Framework

This study is built on a conceptual framework that examines the relationship between selected organizational factors and their effect on risk mitigation within institutions (Kithome, 2023). The independent variables of the study are Risk-Based Internal Audit (RBIA), Corporate Governance, and Internal Control, while the dependent variable is Risk Reduction (Lois et al., 2021). These variables are chosen to assess how governance structures, control mechanisms, and audit practices contribute to minimizing risks. Corporate Governance refers to the system of rules, practices, and processes by which an organization is directed and controlled (Tamimi, 2021). It includes the roles of the board of directors, senior management, transparency, accountability, and ethical standards. Strong corporate governance ensures effective oversight, strategic guidance, and responsible decision-making, which are essential for identifying, monitoring, and reducing strategic, operational, and financial risks (Kurniawan et al., 2023). Internal Control represents the policies, procedures, and mechanisms implemented by management to ensure the achievement of organizational objectives, reliability of financial reporting, compliance with laws and regulations, and efficient operations. Effective internal control systems help prevent errors, fraud, and mismanagement by establishing clear responsibilities, authorization processes, and monitoring activities (Attaf & Bensbahou, 2025). As a result, strong internal controls play a vital role in reducing operational and compliance risks. Risk-Based Internal Audit (RBIA) is an audit approach that focuses audit activities on areas with higher levels of risk. RBIA evaluates the effectiveness of risk management, governance, and internal control processes. By prioritizing high-risk areas, RBIA enhances early detection of weaknesses and provides recommendations to management for improving risk mitigation strategies (Udoh, 2024). This proactive audit approach strengthens organizational resilience and supports informed decision-making. The dependent variable, Risk Reduction, refers to the organization’s ability to identify, assess, manage, and minimize potential risks that could negatively affect its objectives. Risk reduction is achieved through effective governance, robust internal controls, and a well-functioning RBIA framework. This study assumes that improvements in corporate governance, internal control, and RBIA will lead to a significant reduction in overall organizational risk.

Conceptual Framework



Research Questions

- RQ1: What is the effect of risk- based internal audit (RBIA) practice on risk reduction?
RQ2: What is the relationship between risk- based internal audit (RBIA) practice & risk reduction?
RQ3: What other factors influence risk reduction in the banking sector?
RQ4: Does the relationship between RBIA and risk reduction differ between public and private banks?

Research Objectives

Obj1: To know the effect of risk- based internal audit (RBIA) practice on risk reduction.

Hypothesis

H1: There is significant positive effect of RBIA practice on risk reduction.

H01: There is no significant effect of RBIA practice on risk reduction.

Literature Review

Wahyuandari et al. (2025), explored the impact of Risk Based Auditing (RBA) on the financial performance of organizations, focusing on how it is applied within audit practices and how it shapes decision making. The study follows a qualitative design, drawing mainly on a review of existing literature, including scholarly articles, books, and institutional reports. RBA, which directs auditing attention towards areas with the highest levels of risk, has become increasingly important in modern auditing because of its ability to improve the accuracy and credibility of financial information. Findings from the review suggest that organizations adopting RBA achieve stronger financial results through more accurate risk detection, proactive management, and better use of resources. The approach also helps organizations align their goals with financial outcomes, supporting long term growth and stability. At the same time, the review notes persistent challenges, such as uneven adoption across sectors, a shortage of qualified auditors, and limited understanding of its broader benefits. Overall, the study provides valuable insights into how RBA strengthens financial outcomes, while also calling for more empirical evidence to confirm its direct impact in different industries. The results stress the importance of embedding risk management principles within auditing systems to secure lasting financial health. Also, IIA (2009), highlighted that the risk management is a cornerstone of good corporate governance. While the board oversees it, management is tasked with designing and running the organization's risk management framework. An enterprise wide approach delivers value by being structured, consistent, and coordinated. The internal audit function's primary responsibility in this context is to give the board and management assurance on how well risk management is working. If internal audit takes on activities beyond this assurance role, it should treat them as consulting engagements, apply the relevant Standards, and put safeguards in place. Doing so preserves internal audit's independence and the objectivity of its assurance work. Operated within these boundaries, ERM can elevate the visibility of internal audit and enhance its overall effectiveness. Moreover, Aulia & Julian (2024), examined how Risk Based Internal Audit (RBIA) is applied at PT ABC by adopting the framework introduced by David Griffith (2020) on RBIA implementation and the Chartered Institute of Internal Auditors (2014) guidelines for assessing risk maturity. Using a descriptive qualitative case study approach, data were collected through interviews and document analysis to gain practical insights and an in depth understanding. The subject of this research, PT ABC, operates in the private manufacturing sector and has previously faced unstable financial conditions. In response, the company sought to strengthen oversight through its internal audit function. However, the findings show that management's commitment to risk management is still weak, as reflected in the absence of formal policies that signal strong leadership support. The risk maturity assessment revealed that PT ABC remains at the "risk naïve" stage, which limits the comprehensive application of RBIA. To achieve full implementation, the company must first reach at least the "defined" level of risk maturity. Based on these results, the study proposes a practical roadmap for PT ABC to gradually enhance its risk maturity, thereby enabling a more effective and complete adoption of RBIA in the future. In addition, Madawaki et al. (2017), explored how internal audit functions contribute to achieving organizational objectives when they are properly designed, managed, and implemented. Strong internal audit practices enable companies to identify potential risks and system weaknesses, take corrective action, and strengthen their processes. The primary focus of this paper is to examine the effectiveness of internal audit functions by comparing the private and public sectors in Balkh, Afghanistan. Derived from a thesis, the research applied a quantitative approach with a purposive sampling method, targeting internal auditors in both sectors. Data were gathered through self-administered questionnaires designed on a five point Likert scale and analyzed using SPSS software. The results indicate that improvements in auditor competence, independence, quality of work, and audit management systems enhance the effectiveness of internal audit functions in both sectors. Based on these findings, the study recommends further attention to corporate governance mechanisms such as audit committees, external audits, and ownership structures to evaluate their influence on audit effectiveness. Future research should expand the sample size, develop reliable measures for assessing internal audit effectiveness, and also consider the effects of organizational sector, outsourcing of audits, and management training on the performance of internal audit functions. Later, Babiker & Elseed (2025), explored the link between

Risk Based Internal Auditing (RBIA) and the quality of Integrated Business Reports (IBR) in Sudan's banking sector. The research is based on a sample of eight banks, drawn from a total of 33 operating banks, during the 2023–2024 periods. Due to the ongoing conflict in Sudan, this represents the first phase of data collection. A descriptive analytical quantitative design was adopted, and four indices were developed to assess RBIA practices: risk identification and assessment, audit planning, audit execution, and audit reporting. Data were collected through structured questionnaires completed by Chief Audit Executives, with a full response rate achieved through a mix of face to face interviews (75%) and online submissions (25%). Results show that both the risk identification and assessment index and the audit planning index have a significant positive effect on IBR quality. Execution and reporting indices also influence certain aspects of reporting, although their effects vary. Taken together, these dimensions explain a notable share of the variation in IBR quality. The study adds to current knowledge by offering empirical evidence on how RBIA practices shape reporting quality, with important implications for governance, regulatory policy, and stakeholder decision making. In line with recent studies linking RBIA to compliance and sustainability reporting, this research provides practical insights for banks working under challenging conditions. Similarly, Mujalli (2024), examined the key factors influencing the implementation of risk based internal auditing (RBIA) in Saudi Arabia's public sector organizations. Data were collected through 234 valid questionnaires completed by internal audit managers, auditors, accountants, and executives working in government agencies. The responses were analyzed using partial least squares–structural equation modeling (PLS SEM). The findings confirm that management support, the role of internal auditors, the presence of a structured risk management system, and training in risk management all have a significant positive effect on RBIA adoption. Strengthening internal audit practices and establishing an effective monitoring system can help reduce risks that hinder organizational objectives, discourage financial misreporting, and improve the quality of financial statements. The results carry important implications for public sector managers, heads of audit departments, auditors, and accountants aiming to improve the reliability of audits and the integrity of financial reporting. Since research on RBIA implementation factors remains limited, this work contributes by providing empirical evidence from Saudi public sector agencies. It also offers insights relevant to other countries with similar governance frameworks, thereby broadening the understanding of RBIA in the context of public sector management. Further, Fekir et al. (2025), mentioned that the Risk based internal auditing (RBIA) has become a leading approach in contemporary audit practices, yet there is still debate about how it should be effectively implemented. This study explores the practical application of RBIA in line with international internal audit standards, outlining its stages through a structured methodology designed to support organizational objectives. The results show that applying this approach increases audit efficiency by concentrating on risks that could hinder the achievement of goals. Furthermore, adherence to international standards improves the reliability of risk assessments and strengthens the allocation of organizational resources. The study concludes by stressing the importance of integrating internal auditing with broader risk management strategies to secure long term organizational success.

Research Design

In this research the survey through questionnaire and deductive approach are used. The aim of this research is to determine the role of risk-based internal audit (RBIA) practice in risk reduction in six Afghan banks (public and private). Descriptive research is trying to describe what is happening in more detail, filling in the missing parts and expanding our understanding, to expand understanding about existing knowledge.

Six Afghan Banks, Public Banks [Bank Mili Afghan (BMA), Pashtany Bank (PM), & Newi Kabul Bank (NKB)], & Private Banks [Afghan United Bank (AUB), Azizi Bank (AZB), & Ghazanfer Bank (GB)] were taken as a population of the study because the study used a case study design. A total number of 73 employees out of 90 managerial & senior level employees of different departments (Internal Audit Department, Risk Management Department & Finance Department) of the six Afghan banks (public and private) were selected that would give the in-depth coverage and analysis of the results or the findings.

Sampling Size

A total number of 73 employees out of 90 employees of different departments of six Afghan banks (public and private) were selected.

Yamane method used for taking the sample size for this research;

$$\begin{aligned} n &= N / [1 + N(e)^2] \\ &= 90 / 1 + 90(0.05)^2 \\ &= 90 / 1 + 90 * 0.0025 \\ &= 90 / 1 + 0.225 \\ &= 90 / 1.225 \\ N &= 73 \end{aligned}$$

Descriptive Analysis

Table 1: Shows distribution of respondents' gender wise					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	67	91.8	91.8	91.8
	Female	6	8.2	8.2	100.0
	Total	73	100.0	100.0	

The Table-1 indicate gender wise distribution of the respondents. Gender of the respondents has been classified into two sub-categories i.e. Male & Female. The result reveals that out of total 73 respondents, 67 respondents i.e. 91.8% are Male & the rest 6 respondents, i.e. 8.2% are female. Hence, it is concluded from the results of the above table that the majority of the respondents are males.

Table 2: Shows distribution of respondents' age wise					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20 - 30 Years	31	42.5	42.5	42.5
	31 - 40 Years	33	45.2	45.2	87.7
	41 - 50 Years	9	12.3	12.3	100.0
	Total	73	100.0	100.0	

Table-2 indicates age wise distribution of the respondents. Age of the respondents has been classified into five sub-categories i.e. Less than 20 years, 21- 30 years, 31-40 years, 41-50 years, and above 50 years. The result reveals that out of total 73 respondents, 31 respondents i.e. 42.5% age are between 20-30 years, 33 respondents i.e. 45.2% age are between 31-40 years, 9 respondents i.e. 12.3% age are between 41-50 years. Hence, it is concluded from the results of the above table that majority of the respondents belongs to 31-40 years' category of age.

Table 3: Shows distribution of respondents' Educational Status					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Bachelor Degree	49	67.1	67.1	67.1
	Master Degree	24	32.9	32.9	100.0
	Total	73	100.0	100.0	

Table-3 indicates educational status distribution of the respondents. educational status of the respondents has been classified into five sub-categories i.e. Certifications, High school, bachelor degree, master degree & Phd . The result reveals that out of total 73 respondents, 49 respondents i.e., 67.1% are bachelor & the rest, 24 respondents i.e. 32.9% are masters.

Hence, it is concluded from the results of the above table that majority of the respondents belongs to bachelor category of education status.

Table 4: Shows distribution of respondents' bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	AUB	30	41.1	41.1	41.1
	GB	8	11.0	11.0	52.1
	Azizi Bank	11	15.1	15.1	67.1
	BMA	9	12.3	12.3	79.5
	PB	12	16.4	16.4	95.9
	NKB	3	4.1	4.1	100.0
	Total	73	100.0	100.0	

Table-4 indicates banks wise distribution. Banks distribution have been classified into five sub-categories i.e. AUB, GB, Azizi Bank, NKB, PB, & BMA . The result reveals that out of total 73 respondents, 30 respondents i.e., 41.1% are from AUB, 11 respondents i.e., 15.1% are from Azizi bank, 12 respondents i.e., 16.4% are from PB, 9 respondents i.e., 12.3% are from BMA & the rest, 3 respondents i.e. 4.1% are from NKB. Hence, it is concluded from the results of the above table that majority of the respondents belongs to Afghan United Bank.

Regression Analysis (Linear Regression)

Table-5: Results of the regression for H1 & H01

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.830 ^a	.689	.666	2.14647

ANOVA						
Model		Sum of Squares	DF	Mean Square	F	Sig.
1	Regression	684.050	5	136.810	29.694	.000 ^b
	Residual	308.690	67	4.607		
	Total	992.740	72			

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.576	4.598		.343	.000
	Risk-Based Internal Audit (RBIA)	.596	.197	.674	3.018	.000
	Internal Control	.026	.241	.028	.106	.000
	Corporate Governance	.108	.205	.075	.525	.000
	Risk Management	.269	.112	.215	2.390	.000

	Compliance	.211	.225	.165	.939	.000
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Proposed Regression line:

$$RR = B_0 + B_1(RBIA) + B_2(IC) + B_3(CG) + B_4(RM) + B_5(COM)$$

$$RR = 1.576 + 0.596(RBIA) + 0.26(IC) + 0.108(CG) + 0.269(RM) + 0.211(COM)$$

This can be interpreted as 1 unit change in RBIA, IC, CG, RM, COM, will bring about 0.596, 0.26, 0.108, 0.269, 0.211 units' positive changes in RR respectively. the dependency effects of risk reduction on dimensions like Risk-Based Internal Audit (RBIA), Internal Control (IC), Corporate Governance (CG), Risk Management (RM), Compliance among employees of Six Afghan Banks is defined in H1 & H01, taken up and its results are shown in the table-68, as an outcome of multiple regression model conceptualized. From the results, it can be inferred that the F value of 29.694 is found to be significant at 5 percent level. and hence, the H01 is rejected and H1 is accepted. these results suggest that risk reduction is depends on the group of 5 Independent Variables in employees of Six Afghan Banks. Further, the adjusted R square value of 0.666 from the table-5 indicate that 66 percent of understanding levels factor effecting risk reduction depend on these groups of 5 Independent Variables in Six Afghan Banks.

1. Risk-Based Internal Audit (RBIA)

Risk-Based Internal Audit (RBIA) emerged as the most influential predictor of risk reduction in the regression model. The variable recorded a t value of 3.018, which is the highest among all independent variables, with a significance level of 0.004, indicating a strong and statistically significant positive relationship with risk reduction in the six Afghan banks. This finding suggests that strengthening RBIA practices directly contributes to lowering financial, operational, and compliance risks. RBIA emphasizes risk assessment driven audit planning, enabling auditors to focus on high risk areas rather than routine compliance activities. In the Afghan banking context, where institutions face high levels of uncertainty and exposure to systemic risks, RBIA enables proactive identification and mitigation of vulnerabilities before they escalate. From a theoretical standpoint, this result is consistent with Agency Theory and Risk Management Theory, which argue that risk focused auditing reduces information asymmetry between management and stakeholders, improves governance quality, and enhances institutional risk control mechanisms. Therefore, the statistically significant influence of RBIA confirms its critical role as a cornerstone of effective risk reduction in Afghan banks.

2. Internal Control (IC)

Internal Control (IC) shows a positive but statistically weak relationship with risk reduction, as indicated by a t-value of 0.106 and a regression coefficient of 0.026. Although the coefficient suggests that improvements in internal control systems lead to an increase in risk reduction, the relatively low t-value indicates that this effect is not as strong as that of RBIA. This outcome implies that while internal control mechanisms such as policies, procedures, authorization processes, and monitoring activities are essential for managing risks, their effectiveness in Afghan banks may be limited due to weaknesses in implementation, enforcement, or staff competency. In practice, internal controls may exist formally but may not be fully integrated into daily operations or aligned with risk-based approaches. The finding highlights the need for Afghan banks to strengthen the practical application of internal control systems and align them more closely with risk-oriented audit frameworks. Without effective enforcement and continuous monitoring, internal controls alone may not significantly contribute to risk reduction.

3. Corporate Governance (CG)

Corporate Governance (CG) also demonstrates a positive relationship with risk reduction, with a regression coefficient of 0.108 and a t-value of 0.525. This indicates that better governance structures, including board oversight, accountability, transparency, and ethical leadership, contribute positively to reducing institutional risks, although the magnitude of this impact is moderate. The result suggests that sound corporate governance practices support risk reduction by improving decision-making processes and strengthening oversight functions within banks. However, the relatively lower t-value implies that governance mechanisms in Afghan banks may not yet be fully effective in influencing risk outcomes, possibly due to weak board independence, limited expertise, or inadequate regulatory enforcement. From a governance perspective, this finding aligns with corporate governance theory, which emphasizes the role of effective leadership and oversight in safeguarding organizational assets and minimizing risk exposure. Strengthening governance frameworks could therefore enhance the overall risk management environment within Afghan banks.

4. Risk Management (RM)

The t-value of 2.390, with a significance level of 0.020, establishes that the Risk Management (RM) variable has a statistically significant positive impact on risk reduction. This result underlines that banks with more mature and

systematic risk management practices experience better outcomes in reducing exposure to financial and operational risks. Effective risk management involves the identification, measurement, monitoring, and control of risks through structured frameworks and policies. In the Afghan banking sector, where market turbulence, credit instability, and regulatory uncertainties are common, strong RM practices enable timely anticipation and mitigation of potential threats. This finding resonates with the Enterprise Risk Management (ERM) Framework, which emphasizes integrating risk assessment into strategic decision-making. Banks that actively adopt risk assessment tools—such as credit risk scoring, portfolio diversification, and stress testing—are better positioned to minimize losses and ensure sustainability. The positive *t*-value reinforces that risk management systems are a crucial determinant of institutional risk resilience.

5. Compliance (CO)

The *t*-value of 0.939, with a significance level of 0.000, suggests that the Compliance (CO) variable has a statistically significant positive impact on risk reduction. This result indicates that effective compliance practices are essential for banks in minimizing their exposure to operational and regulatory risks. Although the statistical significance is notable, the relatively low *t*-value indicates a weaker effect compared to other variables. This implies that while compliance contributes positively to risk reduction, its impact may not be as pronounced as that of Risk-Based Internal Audit or Risk Management. Effective compliance entails adhering to laws, regulations, and internal policies, ensuring that a bank operates within established legal frameworks. In the context of the Afghan banking sector, which faces a challenging regulatory environment, robust compliance mechanisms can help navigate potential pitfalls, such as regulatory penalties or reputational damage. Furthermore, compliance frameworks that emphasize transparency, ethical conduct, and accountability are critical. They promote a culture of integrity and responsibility within banking institutions, facilitating better risk management practices. The low yet significant *t*-value points to the conclusion that while compliance is a key aspect of risk management, it must be integrated with more proactive strategies, such as risk assessment and internal audit functions, to achieve optimal risk reduction outcomes. This finding underscores the importance of compliance as a foundational pillar supporting overall banking governance and risk strategy.

Conclusion of the Study

This study examined the role of Risk-Based Internal Audit (RBIA) practices in reducing risk within selected Afghan private banks. The findings provide strong empirical evidence that RBIA practices in the sampled banks are currently weak, underdeveloped, and largely ineffective in achieving meaningful risk reduction outcomes. Although RBIA is globally recognized as a critical governance and risk management tool, the results of this research reveal a substantial gap between RBIA theory and its actual implementation in the Afghan banking sector. The demographic findings indicate that the internal audit function is primarily staffed by mid-career professionals with bachelor's degrees and moderate experience levels, suggesting a potentially capable workforce. However, despite this human resource base, the study reveals serious shortcomings in RBIA application. Respondents largely disagreed that internal audit activities prioritize high-risk areas, adopt risk-based planning, allocate resources according to risk levels, or update audit plans to address emerging risks. This indicates that internal audit functions remain compliance-oriented and procedural rather than risk-focused. Furthermore, the findings demonstrate limited auditor competence in complex risk assessment, weak coordination between internal audit and risk management units, and minimal integration of RBIA into strategic decision-making. These weaknesses are compounded by poorly designed internal control systems, fragile corporate governance structures, ineffective risk management frameworks, and inadequate compliance management practices. Collectively, these deficiencies significantly undermine the effectiveness of internal audit in supporting risk reduction. Despite these weaknesses, regression and correlation analyses confirm a statistically significant and positive relationship between RBIA dimensions and risk reduction. This indicates that effective RBIA practices have strong potential to reduce organizational risk if properly implemented. Additionally, demographic analyses reveal that factors such as gender, experience, position, and department significantly influence perceptions of risk reduction, while educational level does not, highlighting the importance of practical exposure and organizational roles over formal qualifications. In conclusion, the study confirms that RBIA has not yet translated into tangible risk reduction outcomes in the sampled Afghan banks due to structural, procedural, and competency-related challenges. However, the significant statistical relationships identified suggest that strengthening RBIA practices could substantially enhance risk management, governance, and financial stability in the banking sector.

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Conflict of Interest

The authors affirm that no conflicts of interest are linked with this publication. The research was conducted

autonomously without financial or non-financial assistance from external entities.

Author Contribution Statement

Both authors meticulously crafted the study, devised the methodology, executed the investigation and data analysis, composed the original manuscript, and undertook the review and editing of the document. AR supervised and modify the manuscript.

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