

CORPORATE GOVERNANCE AND FINTECH: IMPLICATIONS FOR RISK MANAGEMENT AND FINANCIAL SUSTAINABILITY

ABSTRACT

This study explores the relationship between corporate governance and financial performance within FinTech companies, with an emphasis on risk management. The findings suggest that strong governance is essential for successfully navigating the challenges of emerging technologies and mitigating risks such as cybersecurity threats, regulatory compliance, and operational inefficiencies. A well-structured board, with independent directors, plays a key role in enhancing both financial performance and the adoption of disruptive technologies like blockchain and artificial intelligence. The research also discusses how common governance issues such as CEO duality and board overload can hinder agility in FinTech companies, affecting their ability to adapt to market changes. Furthermore, the study suggests that aligning governance frameworks with technological advancements is crucial to fully realizing FinTech's potential. Effective governance not only safeguards financial stability but also contributes to the integration of ESG principles, enabling FinTechs to promote sustainable growth and inclusivity in the financial sector.

1. INTRODUCTION

In recent years, the banking sector has seen profound changes, largely driven by the rise of FinTech technologies. These innovations have not only made financial services more efficient by cutting down transaction costs, but also addressed issues of information asymmetry that once stemmed from geographical barriers and the limitations of traditional banking systems. Therefore, financial institutions are now able to offer more accessible, tailored, and competitive products to a broader customer base, thereby improving overall market dynamics (Elia et al., 2022; Lee & Shin, 2018; Thakor, 2020).

However, the impact of FinTech on banking competitiveness is not homogeneous. While FinTech can enhance operational efficiency and reduce costs, it also brings risks associated with corporate governance and cybersecurity, which must be properly managed to ensure the successful adoption of these disruptive technologies (Wang & Cao, 2022). Given this, corporate governance becomes essential for the successful implementation of FinTech in banking institutions. A well-structured board, with independent directors, can significantly improve the supervision of risks associated with the adoption of these technologies, ensuring that strategic decisions favor both innovation and organizational sustainability (Andres & Vallelado, 2008; Adams & Ferreira, 2009; Arena, 2023).

This study explores how corporate governance structures affect the ability of FinTech companies to adopt and manage new Technologies. Agency Theory (Fama & Jensen, 1983) provides a framework for understanding how governance can help resolve conflicts between shareholders and executives, ensuring decisions that foster both technological innovation and financial stability. A diverse and well-organized board, in this context, plays a crucial role in guiding decisions and managing risks efficiently, ultimately improving the competitiveness of financial institutions in today's fast-paced, globalized market.

Corporate governance also plays a key role in managing the risks associated with FinTech. Disruptive technologies, such as blockchain and artificial intelligence, present financial and regulatory risks that require an adequate governance structure to be managed effectively (Elia et al., 2022). The lack of proper oversight or the centralization of power within a board can lead to ineffective strategic decisions, negatively impacting the profitability and growth of FinTech companies (Cheng & Qu, 2020). Board diversity, particularly the inclusion of independent directors, can improve the oversight of strategic decisions and facilitate the adoption of new technologies without compromising financial security (Liu et al., 2017).

Finally, from a broader perspective, FinTech has established itself not only as a technological innovation tool but also as a driver of sustainable economic development. International organizations such as the United Nations have highlighted its role in promoting the Sustainable Development Goals (SDGs), facilitating access to financial services in underserved communities, and fostering financial inclusion (UN Secretary General, 2018). Given this, FinTech not only affects banking competitiveness but also plays a key role in fostering more inclusive and sustainable economic development, aligning with ESG (Environmental, Social, and Governance) principles, contributing to the achievement of the SDGs and strengthening global economic resilience. This analysis aims to explore how corporate governance in FinTech companies can enhance risk management and improve financial performance while promoting a more inclusive and sustainable development.

1.1 Justification

The development of FinTech has opened new opportunities for innovation and growth in the banking sector. It has enabled financial institutions to significantly improve operational efficiency by reducing transaction costs and mitigating information asymmetry issues, which have historically been linked to geographic barriers that limit access to financial services (Elia et al., 2022). This technological innovation has optimized various processes within banking institutions and increased their competitiveness in an increasingly globalized and digitalized market (Lee & Shin, 2018; Thakor, 2020). However, this innovation has also generated a series of challenges, particularly in terms of corporate governance and risk management. Despite the advancements, the effective implementation of FinTech depends on solid governance that can manage operational risks and cybersecurity, thereby protecting FinTech companies from potential threats that may undermine their financial performance (Wang & Cao, 2022).

Corporate governance is a central element in the successful implementation of FinTech, with a well-structured board, including independent directors, playing a key role in improving oversight and managing risks. According to Agency Theory (Fama & Jensen, 1983), effective governance helps align the interests of shareholders and executives, ensuring that decisions not only support technological advancements but also safeguard the financial and the other health of the institution (Adams & Ferreira, 2009).

Additionally, board diversity, especially the inclusion of independent directors, plays a vital role in enabling the adoption of disruptive technologies while safeguarding the financial security of the company. Such governance structures are essential for effectively managing regulatory and financial risks that arise from emerging technologies like blockchain and artificial intelligence (Elia et al., 2022).

FinTech not only improves banking competitiveness but also plays a key role in financial sustainability. Green solutions and crowdfunding have enabled banks to finance sustainable projects, contributing to the achievement of the United Nations' Sustainable Development Goals (SDGs) (Kaur & Kautish, 2022; Deng, 2021). Despite the benefits of FinTech, some studies suggest that the relationship between FinTech and banking performance is not uniform, due to the inherent risks in governance (Cheng & Qu, 2020; Wang & Cao, 2022).

This study aims to analyze how the characteristics of corporate governance in FinTech companies affect both the adoption of new technologies and the management of the risks associated with their implementation. It particularly focuses on how governance structures, such as the composition of the boards of directors and the presence of independent directors, influence financial performance and the ability of financial institutions to efficiently manage operational, cyber, and regulatory risks. By providing a detailed analysis of these interactions, this work offers a solid foundation for future research and suggests strategies to improve governance in FinTech companies, optimizing their adoption of technological innovations and strengthening their financial sustainability.

This study is organized as follows: Section 2 presents the literature review on FinTech, addressing its impacts on competitiveness, sustainability, and corporate governance. Section 3 describes the adopted methodology and analysis criteria. Section 4 presents the main results, while Section 5 discusses their theoretical and practical implications. Finally, Section 6 provides the conclusions, as well as the study's limitations and suggestions for future research.

2. RESEARCH OBJECTIVE

The general objective of this study is to analyze how corporate governance influences financial performance and risk management within FinTech companies, considering the governance characteristics adopted by companies and their influence on the efficiency and stability of the sector.

Through this analysis, the aim is to understand how governance structures affect the effective implementation of FinTech technologies and how these technologies, in turn, influence banking performance and the management of operational risks.

2.1 Specific Objectives

Examine the main governance weaknesses in FinTech companies: Analyze the most common challenges in corporate governance within the FinTech sector.

Examine how these weaknesses impact financial performance and risk management capabilities (operational, regulatory, and cybersecurity).

3. THEORETICAL FRAMEWORK

3.1 FinTech

The concept of FinTech refers to the use of digital technologies to transform traditional financial services, incorporating tools such as big data, artificial intelligence, blockchain, the internet, and mobile applications. Its main purpose is to offer more efficient, accessible, and inclusive solutions in areas such as payments, credit, investments, and data management (Gomber et al., 2017; Lee & Shin, 2018).

More than just a set of innovations, FinTech represents a new business model that redefines the relationship between financial institutions and users, promoting personalization and reducing operating costs (Navaretti et al., 2018). According to the Financial Stability Board (FSB), this phenomenon reflects a structural change in the financial system, supported by the accelerated growth of global investment in the sector.

In terms of corporate governance, the adoption of FinTech can strengthen transparency and accountability. Technologies such as blockchain enable secure and verifiable transactions, reducing fraud risks and increasing consumer trust (Tapscott & Tapscott, 2016; Kumar et al., 2022). Furthermore, digital solutions facilitate reporting and auditing processes, contributing to more agile and accurate compliance with regulatory standards and ESG criteria (Deng et al., 2019; Rastogi et al., 2023).

3.2 Corporate Governance and FinTech

Corporate governance is fundamental for companies in general, but its importance is amplified in the context of FinTech companies. These companies not only require efficient oversight due to their dynamic and innovative nature, but they also face additional challenges stemming from the adoption of disruptive technologies. Governance in FinTech refers to the mechanisms, practices, and control structures that enable stakeholders (shareholders, regulators, and clients) to monitor the company's operations and ensure that strategic objectives align with the interests of all involved parties (Hill & Jones, 1992).

The literature suggests that a solid governance structure, characterized by well-structured boards and the presence of independent directors, is crucial for improving oversight and facilitating technological innovation in the sector (Andres & Vallelado, 2008; Adams & Ferreira, 2009). This is because proper governance ensures that technological decisions align with the strategic interests of the company, fostering both innovation and risk management.

Recent studies empirically demonstrate that FinTech contributes to improving companies ESG performance by reducing financial constraints and raising the quality of environmental information (Huang, Li & Sun, 2025). This finding supports the need for robust governance structures that channel the benefits of innovation toward sustainable outcomes.

FinTech companies have found corporate governance to be a key element in sustaining their growth. A prominent example is Nubank, which has implemented a robust governance structure to manage the adoption of new technologies and the risks derived from them. According to Núñez et al. (2023), in their study on Nubank's ESG performance, the implementation of an appropriate governance model has allowed the company to effectively manage regulatory and technological risks, promoting innovation without compromising financial stability. This governance model not only ensures regulatory compliance but also provides the flexibility necessary to remain competitive in the FinTech sector.

3.3 Financial Performance in FinTech

The financial performance of FinTech companies is intrinsically linked to the quality of their corporate governance. The relationship between corporate governance and financial performance in FinTech companies is strongly influenced by the implementation of innovative technologies. According to various studies, weak or poor governance in these companies can result in lower profitability and restricted growth. Technological innovation, as observed in the case of FinTech platforms, has the potential to enhance efficiency and profitability by reducing transaction costs and increasing customer satisfaction (Liu et al., 2020). However, as argued by Mardan et al. (2023), the impact of FinTech on profitability depends on how these innovations are implemented within the context of sound governance.

FinTech companies must balance technological innovation with financial sustainability, and a well-structured board can play a key role in making strategic decisions that ensure long-term growth and profitability. Various studies have shown that strong corporate governance, including independent directors and specialized committees, can contribute to more balanced decision-making and greater competitiveness (Andres & Vallelado, 2008). As Al-Matari et al. (2022) argue, FinTechs that implement a robust governance structure, characterized by an independent board and appropriate oversight of the CEO, tend to experience better financial performance. This is because these companies are more capable of managing the risks associated with technological innovation. For example, the implementation of emerging technologies can improve operational efficiency and reduce transaction costs, but it also generates uncertainties that must be managed effectively through strategic leadership and effective board supervision.

However, when there are governance weaknesses, such as inadequate oversight or an overloaded board, strategic decisions tend to be less effective. These weaknesses can affect profitability and growth in FinTechs, as decisions are made more centrally, without the necessary flexibility to adapt quickly to market dynamics (Cheng & Qu, 2020). Furthermore, weak governance can lead to greater exposure to financial and cybersecurity risks, which can compromise the long-term stability of the organization (Wang & Cao, 2022).

3.4 FinTech in Banking Competitiveness

Governance plays a crucial role in banking competitiveness, especially when FinTech companies are involved. FinTechs have democratized access to financial services, reducing transaction costs and increasing

the accessibility of banking services to previously underserved segments, allowing financial institutions to offer more efficient and accessible products and services. Technologies such as digital payments, online banking, and crowdfunding platforms have enabled FinTech companies to reduce transaction costs and improve access to financial services, particularly for underserved segments (Elia et al., 2022; Lee & Shin, 2018). However, the impact of FinTech on banking competitiveness is not uniform or universal. Some studies suggest that FinTechs can improve the profitability and efficiency of banks, allowing them to compete more effectively (Thakor, 2020). However, as Wang & Cao (2022) point out, the implementation of FinTech introduces new challenges, particularly in the management of risks derived from cybersecurity and regulatory complexity. Effective governance in FinTechs ensures that these technological innovations are managed in a way that the benefits are not counteracted by new operational and regulatory risks.

The adoption of FinTech in banks is a double-edged sword, as while it can promote competitiveness, it also imposes challenges in terms of oversight and risk management. These risks, arising from the adoption of disruptive technologies, require an efficient governance structure that ensures that the benefits of FinTech are not counterbalanced by new operational risks (Wang & Cao, 2022).

However, as Wang & Cao (2022) note, the implementation of FinTech generates new challenges, particularly in managing risks derived from cybersecurity and regulatory complexity. Effective governance in FinTechs ensures that these technological innovations are managed in a way that the benefits are not counteracted by new operational and regulatory risks.

3.5 Corporate Governance and Risk Management in FinTech

Risk management is a critical pillar in corporate governance, especially in FinTechs, where operational and technological risks are inherent to the adoption of disruptive innovations. Governance Theory (Wu & Lee, 2007) suggests that a well-defined governance structure and adequate oversight are essential for managing risks arising from the implementation of emerging technologies. This includes risks such as cybersecurity, data protection, and regulatory risks. FinTech companies must be capable of identifying, assessing, and mitigating these risks to prevent the benefits of innovation from being counterbalanced by potential operational or regulatory failures.

According to previous studies, banks with poor governance, such as those facing issues like CEO duality or overloaded boards of directors, may be more vulnerable to failures in risk management (Cheng & Qu, 2020). These governance problems also affect FinTech companies' ability to quickly adapt to market changes, limiting their capacity to innovate effectively and manage the risks associated with the adoption of new technologies.

3.6 Sustainability and the Role of FinTech in the SDGs

FinTech has also been recognized as a key tool for promoting financial sustainability. Through solutions such as Green FinTech, banks can finance sustainable projects, improve resource efficiency, and meet ESG (Environmental, Social, and Governance) standards. These tools not only facilitate financial inclusion but also enable institutions to align their operations with the Sustainable Development Goals (SDGs), promoting access to financial services in underserved communities and fostering environmental sustainability on a global scale (Kaur & Kautish, 2022). Thus, FinTech is presented not only as a technological solution but also as a driving force towards a more inclusive and sustainable economy.

For instance, Nubank illustrates how financial institutions can align technological innovation with global sustainability goals. Between 2021 and 2023, the company reported progress in several areas, including financial inclusion, where more than 5.7 million previously unbanked individuals gained access to digital financial services. In terms of social equity, Nubank reached near pay parity between men and women in

equivalent roles, although variable compensation remains an area requiring greater transparency. On the environmental front, the bank monitors its greenhouse gas emissions and has committed to carbon neutrality, yet its reporting shows limitations in addressing indirect emissions and lacks independent verification. These examples highlight both the opportunities and the challenges that arise when FinTech companies integrate the SDGs into their strategies, underscoring the importance of consistent disclosure and external accountability mechanisms. (Nubank ESG Reports 2022 and 2023)

3.7 Relevant Theories

This paper articulates a conceptual model that combines three theoretical approaches to explain how corporate governance influences the implementation of FinTech technologies on financial performance and sustainability:

3.7.1 Agency Theory

Agency Theory focuses on the conflicts of interest between shareholders (the principals) and executives (the agents). Fama and Jensen (1983) argue that since both groups have different incentives, this can lead to decisions that are not always aligned with the interests of the shareholders. In this context, corporate governance is crucial to minimize these conflicts by aligning the interests of executives with those of shareholders, reducing the risks of misaligned decisions. In the case of FinTech companies, this theory becomes relevant as decisions regarding the adoption of new technologies may be influenced by executives' personal interests, who may aim to maximize immediate profits, while shareholders focus on the company's long-term growth (Ali & Park, 2022). Therefore, proper oversight within governance is critical to aligning these interests and ensuring strategic decisions that benefit all parties involved.

Agency Theory plays a role in explaining the conflicts between executives and shareholders in FinTech firms. Given the rapid pace of technological change, the theory suggests that strong oversight and clear role separation are essential to prevent executives from prioritizing short-term gains over long-term sustainability, especially in the case of technology adoption.

3.7.2 Innovation Theory

Innovation Theory explains how companies gain competitive advantages through the development and adoption of new technologies. This theory is especially relevant in the FinTech sector, where innovation is a key driver. As Sweeney and Lee (2021) mention, flexible governance is essential for FinTech companies to quickly adapt to a dynamic environment and manage the risks associated with the adoption of disruptive technologies. Technologies such as blockchain or artificial intelligence represent both an opportunity and a challenge, so companies must ensure that their governance structure is agile enough to integrate these innovations without compromising financial stability (Sweeney & Lee, 2021). A company's ability to continuously innovate is crucial to maintaining its competitiveness in an ever-changing market.

3.7.3 Stakeholder Theory

Stakeholder Theory emphasizes the importance of balancing the interests of all groups involved in managing a company, not just shareholders. Effective governance must balance these interests, which is essential in the FinTech sector, where not only shareholders but also customers, employees, suppliers, and regulators play key roles. In this sense, properly managing stakeholders' interests is critical to ensuring long-term financial sustainability and regulatory compliance. Governance in FinTech companies must ensure that strategic decisions favor not only shareholders but also benefit other involved groups, avoiding potential conflicts with customers and regulators (Berman & Knight, 2020).

Moreover, Stakeholder Theory broadens the agency perspective, suggesting that governance mechanisms must be able to reduce information asymmetries not only between shareholders and executives but also between banks and their various stakeholders, such as clients and regulators. According to Hill & Jones (1992), proper oversight by boards of directors can contribute to behavior that is more aligned with the interests of all involved parties, fostering the adoption of FinTech technologies.

The interaction of these theories shows that diverse, independent, and specialized governance not only facilitates technological adoption and financial growth, but also ensures that such innovation is aligned with sustainability principles and ESG performance

4. METHODOLOGY

4.1 Research Approach

The approach of this study is a theoretical review based on the detailed analysis of existing academic literature. This research focuses on exploring and analyzing previous studies that examine the relationship between corporate governance and financial performance in FinTech companies, with a particular emphasis on risk management. By collecting and reviewing academic articles and previous studies, the goal is to identify patterns and key approaches regarding how governance structures influence the adoption of FinTech technologies and how these technological innovations impact financial performance and risk management within FinTech companies.

This study also seeks to explore how proper governance structures, such as board diversity and the presence of independent directors, directly affect the effectiveness of FinTech adoption and contribute to the long-term sustainability and competitiveness of financial institutions.

4.2 Source Selection

The selection of sources for this review has been based on the collection of academic articles and previous studies that address three key topics:

Corporate Governance in FinTech: Studies examining the governance structure within FinTech companies, particularly regarding board oversight and the adoption of emerging technologies.

Financial Performance of FinTech Companies: Articles addressing how corporate governance influences the profitability and growth of FinTech companies, with particular attention to studies linking governance with technological innovation.

Risk Management Associated with the Adoption of Disruptive Financial Technologies: Sources exploring how FinTech companies manage the risks related to cybersecurity, regulation, and operational risks arising from the implementation of new technologies.

The inclusion and exclusion criteria for academic articles will be determined based on the relevance of the topics discussed, the contribution to understanding the relationship between governance, financial performance, and risk management in FinTech companies. Priority will be given to studies that focus on the direct influence of governance on the performance of FinTech companies, as well as the interactions between these key areas. Additionally, articles presenting a clear methodology in areas such as financial technology, corporate governance, and risk management will be considered.

5. ANALYSIS AND DISCUSSION

5.1 Influence of Governance on Financial Performance

The financial performance of FinTech companies is strongly influenced by their corporate governance. Well-structured and diverse boards can significantly improve oversight and strategic decision-making, resulting in better profitability and growth. Al-Matari et al. (2022) have shown that the size of the board and the independence of its members are closely linked to the financial performance of FinTech companies.

The financial performance of FinTech companies is closely linked to the quality of their corporate governance, and Nubank is a clear example of this. Núñez et al. (2023) document how Nubank has managed to maintain strong financial performance by combining technological innovation with effective governance. In their study, the authors highlight that Nubank's independent board has played a crucial role in strategic decision-making, allowing the company to adapt to rapid market changes and new regulatory challenges. In fact, Nubank has demonstrated that an independent governance structure can facilitate the adoption of emerging technologies such as blockchain without jeopardizing the company's financial stability. The lack of an adequate governance structure can create internal conflicts that negatively affect the company's performance. A significant issue in many FinTech companies is CEO duality, where the CEO also holds the position of chairperson of the board. Although this practice can facilitate quick decision-making, Wang and Cao (2022) highlight that CEO duality can concentrate too much power in a single person, limiting effective oversight and increasing the risk of biased decisions that fail to consider the needs and expectations of various stakeholders.

Another problem, according to Arena et al. (2023), is that the independence of board members is crucial for improving the adoption of disruptive technologies such as FinTech solutions and optimizing financial performance. Independent members can facilitate more objective oversight and reduce the risk of centralized decisions that could endanger the company's performance. This governance capability contributes to innovation and enhances the adaptability of FinTech companies in an ever-changing market.

In this context, Donkor et al. (2025) argue that the concentration of power in a single figure within the FinTech company reduces the board's ability to exercise proper oversight, particularly regarding the adoption of emerging technologies. This can result in a lack of adaptability in a constantly changing market, limiting the company's growth and profitability.

However, due to governance weaknesses such as CEO duality or board overload, FinTech companies may face operational inefficiency and make centralized decisions that do not allow the agility necessary to adapt to market changes. This lack of flexibility can negatively impact profitability and growth. Cheng and Qu (2020) point out that an inefficient governance structure can slow down strategic decision-making, reducing the company's ability to adapt to rapid changes and innovate effectively.

4.2 Influence of Governance on Risk Management

Risk management is an essential component of corporate governance, especially in FinTech companies, where the adoption of disruptive technologies introduces significant risks. Weak governance can have a substantial impact on risk management, as the lack of proper oversight and solid organizational structures can hinder the identification, assessment, and mitigation of risks inherent in the adoption of emerging technologies. Effective governance structures, such as specialized risk committees, play an important role in identifying and mitigating risks such as cybersecurity threats, market volatility, and regulatory challenges. In FinTech firms, the adoption of technologies like blockchain necessitates robust risk management frameworks to protect sensitive data and comply with evolving regulations (Elia et al., 2022).

Elia et al. (2022) and Wang & Cao (2022) emphasize that poor governance in FinTech can lead to cybersecurity risks and regulatory violations, which are particularly harmful in such a dynamic and regulated environment as the financial sector. The adoption of new technologies, such as blockchain or artificial

intelligence, while offering opportunities to improve efficiency and competitiveness, also carries inherent risks that must be carefully managed. According to Huang et al. (2025), the implementation of emerging technologies like blockchain can transform the way companies manage information but also increases exposure to cybersecurity risks if adequate data protection measures are not taken.

The lack of effective oversight can lead to failures in data protection, regulatory risks, and privacy issues, jeopardizing both customer trust and the financial stability of the company. A well-structured governance system, can help mitigate these risks by ensuring that proper risk management policies are implemented and that informed decisions are made regarding the adoption of new technologies. Al-Matari et al. (2022) explain that a strong governance structure allows FinTech companies to manage these risks more effectively, aligning the interests of shareholders and reducing exposure to disruptive events.

Risk management is one of the areas where corporate governance in FinTechs demonstrates its greatest value. Nubank, for example, has implemented effective oversight policies that mitigate the risks associated with adopting disruptive technologies such as blockchain and artificial intelligence. According to Núñez et al. (2023), Nubank has been able to effectively manage the regulatory and financial risks arising from the adoption of new technologies, in part due to its strong governance and the oversight of independent directors.

As suggested by Huang et al. (2025), the adoption of emerging technologies can transform the way companies manage information but also increases exposure to cybersecurity risks. It is crucial that boards of directors, composed of independent and experienced directors, proactively manage these risks, ensuring that informed decisions are made regarding the implementation of new technologies and that proper policies are implemented to mitigate these risks.

4.3 Common Governance Problems in FinTech

Common governance problems in FinTech companies are mainly related to organizational structure and strategic decisions made at the corporate level. Among the most frequent problems are:

- **CEO Duality:** This problem occurs when the CEO of the company also holds the position of chairperson of the board. Although this practice can facilitate quick decision-making, various studies have pointed out that CEO duality can concentrate too much power in one person, limiting effective oversight and potentially generating conflicts of interest (Fama & Jensen, 1983; Adams & Ferreira, 2009). The lack of a clear separation between these roles can affect the transparency and effectiveness of governance in FinTechs. Elia et al. (2022) stress that CEO duality can restrict the board's ability to be objective in its decisions, particularly when it comes to adopting emerging technologies. This can hinder the company's ability to adapt to rapid market changes.
- **Independence of Directors:** The independence of board members is crucial for good governance. Elia et al. (2022) point out that the lack of independence in board members can limit the board's ability to make objective and transparent decisions, which can affect both technological innovation and financial performance. A lack of independence can lead to the interests of directors aligning more with those of executives, rather than with those of shareholders and the sustainability of the company. Al-Matari et al. (2022) explain that the independence of directors helps ensure that the interests of shareholders are maintained and that the strategic objectives of FinTech are met without the personal interests of directors influencing decisions.
- **Overload of Directors:** When a board of directors has too many members or lacks diversity, it can face difficulties in making agile and well-informed decisions. This overload can result in a lack of strategic focus on key areas such as technological innovation, negatively affecting the

competitiveness and financial performance of FinTech companies (Cheng & Qu, 2020). Arena et al. (2023) also highlight that the lack of diversity on the board can restrict a FinTech's ability to adapt to rapid market changes. A board with too many members may not be agile enough to manage the innovations necessary to maintain competitiveness.

- **Lack of Anti-Corruption and Risk Control Policies:** The absence of clear business ethics policies and lack of control mechanisms can expose FinTechs to legal and reputational risks. Without a solid governance structure, FinTechs may be at risk of financial fraud and other regulatory violations, affecting their ability to attract investors and maintain customer trust (Andres & Vallelado, 2008).

4.4 Proposals to Improve Governance in FinTech

To improve corporate governance and, consequently, financial performance and risk management, the following practices are suggested:

1. **Separation of CEO and Chairman Roles:** The separation of these key roles can improve oversight and reduce the concentration of power in one person, avoiding conflicts of interest and fostering more objective decision-making (Fama & Jensen, 1983; Adams & Ferreira, 2009). Wang & Cao (2022) argue that separating these roles in FinTechs allows for a more balanced approach and reduces the influence of executives on strategic decisions, increasing the transparency and effectiveness of governance. Al-Matari et al. (2022) confirm that separating the roles of CEO and chairman allows for better oversight in FinTechs, favoring more balanced decision-making aligned with the interests of all stakeholders.
2. **Diversity and Specialization on the Board:** Ensuring greater diversity on boards, both in terms of gender and experience, can improve strategic decision-making. Including experts in disruptive technologies and risk management will strengthen FinTechs' ability to manage technological and financial challenges effectively (Liu et al., 2017; Bøhren & Staubo, 2016). They argue that including independent and diverse directors on the board can significantly increase the adoption of FinTech technologies, promoting innovation and sustainability in financial firms (Arena et al., 2023).
3. **Specialized Risk Committees:** Creating risk management committees within the board of directors is essential to address regulatory and technological challenges. These committees can ensure that risks associated with the adoption of new technologies are identified and managed effectively, ensuring the sustainability of the company (Adams & Ferreira, 2009). Wang & Cao (2022) argue that specialized risk management committees allow FinTechs to more effectively manage risks associated with the implementation of emerging technologies like blockchain or artificial intelligence.
4. **Board Diversity:** Diversity on the board, especially the inclusion of independent directors with experience in technology and risk management, can improve strategic decision-making. It is recommended that boards be composed of members with complementary skills, allowing for a broader view of the risks and opportunities facing the company (Liu et al., 2017). Greater diversity and independence on the board contribute to better risk management and more informed and balanced decision-making.
5. **Implementation of Clear Risk Control Policies:** FinTechs must adopt clear and transparent risk management policies that ensure the security of customer data and compliance with regulatory standards. This includes adopting robust cybersecurity systems and implementing proactive strategies to mitigate risks of fraud and privacy breaches (Elia et al., 2022).

6. **Strengthening External Oversight:** In addition to internal oversight, it is essential that FinTechs implement external auditing systems to assess the effectiveness of risk management and ensure that the company complies with regulatory standards. External auditing provides an objective view and can identify areas for improvement that may not always be visible to internal management (Wang & Cao, 2022).

6. CONCLUSION

This study has highlighted the critical role that corporate governance plays in the success and performance of FinTech companies. The findings emphasize that governance is not simply a regulatory necessity, but rather a strategic component that fosters financial performance and drives innovation. Specifically, the presence of independent directors, well-structured boards, and effective risk management systems are fundamental for FinTech companies to successfully navigate the challenges of emerging technologies. They also play a role in mitigating risks related to cybersecurity, regulatory compliance, and operational inefficiencies.

Although FinTech has clearly enhanced the efficiency and accessibility of financial services, the study underscores that its full potential will only be realized if governance structures evolve in alignment with technological advancements. Strong corporate governance ensures that decisions are made with a long-term vision, balancing innovation with sustainability, and safeguarding the interests of all stakeholders involved.

The research also suggests that governance challenges, such as CEO duality and overloaded boards, can impair a FinTech company's ability to remain agile in a rapidly changing market. For this reason, it is crucial that organizations develop governance frameworks that are flexible enough to adapt swiftly to market shifts and technological trends. Technologies like blockchain and artificial intelligence bring immense value but require diligent oversight to ensure their successful integration without jeopardizing financial stability.

Looking ahead, further research is needed to explore the complex relationship between governance, risk management, and FinTech innovation, particularly with regard to the regulatory and competitive pressures these companies face in an ever-evolving digital landscape.

To summarize, effective governance is more than just a mechanism for risk management; it is a key enabler for FinTech companies to thrive. It allows them to innovate sustainably, strengthen their competitive edge, and contribute to the creation of a more inclusive and resilient global financial ecosystem. This study not only connects governance and financial performance in FinTech, but also incorporates the ESG perspective, highlighting the importance of governance in achieving the SDGs in the financial sector.

6.1 Future Research Directions

There are several areas that could be the subject of future research on FinTech and corporate governance:

Influence of Digitalization on Governance: It is suggested to investigate how emerging technologies, such as blockchain and artificial intelligence, are affecting governance structures in FinTech companies and how these advances impact risk management and financial performance.

Effectiveness of Risk Management Policies: Despite the importance of risk management policies, it is necessary to evaluate their effectiveness in FinTech companies. It should be studied how these policies contribute to mitigating cybersecurity risks and regulatory issues in the context of emerging technologies.

Green FinTech and Sustainability: The study of Green FinTech and how these contribute to financial sustainability and the achievement of the Sustainable Development Goals (SDGs) is an emerging area that could enrich the literature on governance in FinTech (Lee et al., 2023).

Gender Diversity in FinTech Governance: While some studies have addressed gender diversity in boards of directors, it would be valuable to investigate further how the participation of women in governance roles can influence risk management and technological innovation within FinTech companies.

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