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A Systematic Review of the Significance of Corporate Governance in the Global Banking Sector: Transparency, Stability, and Financial Performance

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Abstract

Corporate governance has a critical role in enhancing financial transparency and ensuring the stability of banking institutions. This study reviews the impact of corporate governance practices on financial transparency and organisational stability in the banking sector. Adopting a qualitative methodology within an interpretivist framework, the research systematically reviews 30 peer-reviewed academic papers and regulatory reports published between 2014 and 2024. The initial investigation covers information from Scopus, Web of Science, and professional reports issued by the Basel Committee, OECD, and World Bank. Four key governance factors were identified during the analysis: board independence, effective audit systems, minimum capital requirements, and transparent disclosure practices. The findings suggest that complete financial transparency arises from ethical leadership together with independent boards and regulatory obedience, as shown by research data, thereby enabling corporations to maintain lower systemic risks. Banks achieve stability through proper governance structures that protect bank operations while gaining public and investor confidence in the banking sector.

Keywords: Corporate Governance, Financial Transparency, Financial Stability, Financial Reporting, Bank Performance.

1.0 Introduction

Corporate governance presents a system that directs and controls a corporation's operation through rules, practices and processes that stand as an essential factor in the banking sector because Banks operate within complex organisational structures and rely heavily on public trust, while simultaneously exerting significant influence across the broader economy (Musallam, 2020).

Deposit banks function as financial intermediaries to distribute depositor funds to borrowers and therefore need strict regulation to avoid mismanagement and prevent both fraud and system breakdowns. Corporate governance is critically important in the banking sector. It helps prevent financial mismanagement. It also links organisational decisions to regulatory standards. Furthermore, it aligns bank operations with stakeholder interests, regulatory expectations, and ethical principles (Kontan, 2021). Historical evidence demonstrates that deficient bank corporate governance systems cause financial instability and eventually bank defaults, which lead to economic crises (Laeven & Levine, 2009). Therefore, corporate governance is a crucial factor in maintaining banking sector financial transparency, stability, and investors' confidence.

The banking industry exists on financial transparency together with stability because these foundations generate trust for depositors and investors, and regulatory bodies. The practice of transparency requires banks to deliver open financial communications about risk exposures in addition to governance practices and financial data so their stakeholders can make decisions with informed knowledge (Cohen, 2023). Banks maintain financial stability when they demonstrate resistance against economic disturbances that preserve both their ability to pay debts and their cash availability in different market conditions. Financial transparency deficits have resulted in bank financial health visibility problems, which have created mass market disruption during crises and depleted banking liquidity. A properly organised corporate governance structure boosts financial transparency because it requires strong financial reporting requirements together with internal control systems, which must fulfil international regulatory standards, including Basel Accords and International Financial Reporting Standards (IFRS) (Gleibner et al., 2022). Financial systems, both national and global, are at risk of significant damage when banks lack effective governance because such conditions lead them toward financial manipulation and regulatory arbitrage, and risk concealment practices.

Financial reporting alongside risk management achieves its objectives through corporate governance because it maintains regulatory and ethical boundaries for banks by implementing accountability systems (Ali et al., 2024). Financial institutions with appropriate governance systems, which incorporate independent boards and risk committees, and internal audits, protect their financial integrity by stopping earnings falsification and fake records presentation, and false financial statements filing. Banks which integrate corporate governance into financial reporting must follow strict accounting methods while conducting risk disclosure audits and complying with regulations to increase stakeholder trust and regulatory compliance. Strategic planning within governance binds risk mitigation measures through assessments of potential risks as well as stress tests and calculations of necessary capital reserves (Aman et al., 2021). These risk management measures combine to keep banks operating steadily and protect them from financial disruptions and prevent the destructive consequences that reckless financial behaviour has created throughout banking system history.

Although corporate governance remains well known for its critical value, numerous stability and transparency problems still affect the banking sector today. None of these key issues is the prevalence of governance loopholes that enable banks to practice dangerous financial conduct and falsely report their financial condition while taking advantage of regulatory rule spaces (Cohen, 2023). The absence of robust governance structures leads organisations to engage in dilemmas of interest, along with insider trading conduct that produces damaging effects on financial stability and reduces the faith that the general public has in banking systems. Multiple jurisdictions face issues with poor corporate governance enforcement because their governance frameworks are weakened through financial engineering activities, and systematic risk prevention suffers because of these circumstances (Kontan, 2021). This leads institutions to misuse financial assets and prevent scrutiny of widespread operational threats. Banking products, including derivatives and structured finance instruments, have created increased governance issues because they make financial risks hard to determine and impair monitoring transparency (Agustina & Mulyani, 2017).

Corporate governance failures led to major financial crises through their involvement in the 2008 global financial crisis, in addition to other financial collapses, by revealing extensive governance weaknesses in banking institutions worldwide (Musallam, 2020). Before the crisis situation, several banks conducted predatory lending alongside high-risk mortgage securitisation and undisclosed off-balance-sheet financial operations, which concealed their real financial conditions. The financial collapse of companies like Lehman Brothers, together with AIG and various European banks, showed how governance failures created risks through poor risk monitoring and executive management and failed regulatory compliance (Alabdullah et al., 2022). Wells Fargo and Deutsche Bank, along with HSBC, have shown through their scandals that governance gaps enable banking fraud in addition to money laundering and unethical business conduct, which depletes shareholder value and destroys public confidence. The prevalence of banking irregularities proves that banks need stronger governance systems to produce clear financial information, which strengthens banking sector stability (Al-Attar, 2021).

This research reviews the significance of corporate governance on the banking sector, through an evaluation of governance-system effectiveness for maintaining reliable accounting data alongside proper disclosure of risks and regulatory compliance. Financial stability evaluation forms one main research goal since it examines how governance frameworks affect liquidity control, together with capital sufficiency and risk management methods. The research investigates the consequences of corporate governance practices while examining how these practices affect bank financial performance and establishes reporting requirements to uncover empirical evidence regarding governance quality effects on bank profitability and investor trust, and regulatory adherence.

Significance of the Study

This study produces findings which create essential value for bank regulators and both financial policymakers and banking institutions because it clarifies corporate governance's effects on bank financial stability and transparency (Agustina & Mulyani, 2017). Governance mechanisms need strengthening because this action reduces financial risks, stops banking crises, and supports a strong financial system. The investigation of governance practices in diverse banking systems gives policymakers essential tools to develop guidelines for better governance and investor protection alongside market integrity maintenance. This study provides banking executives, together with board members, valuable guidance to establish governance best practices which comply with worldwide norms to achieve long-term financial success (Cohen, 2023). The research findings help regulatory entities to develop stronger governance structures which solve present financial risks, together with new technology needs, along regulatory compliance concerns. The fundamental stability of the economy depends heavily on banks maintaining sound governance policies under today's evolving market conditions, since these principles prevent financial crises (Kontan, 2021). This paper functions as an essential research material that helps scholars, along with practitioners and regulatory authorities, to bridge theory with actual banking sector applications of corporate governance principles.

2.0 Literature Review

2.1 Concept of Corporate Governance in Banking

Gleibner et al. (2022) defined corporate governance as a collection of methods aimed at proving to investors that their funds will bring them reasonable returns. A complete corporate governance system bases its operations on financial links between shareholders, managers, and auditors to establish proper control structures that safeguard minority shareholder rights and protect against potential misconduct. The social responsibility, together with accountability, drives corporate governance structures. The company pillars require certain functions and responsibilities to improve financial reporting transparency within this system (Diyanty & Yusniar, 2019). Corporate value enhancement through improved governance systems produces lasting corporate success. Well, corporate governance principles aim to establish stability coupled with responsibility as well as accountability, followed by justice and transparency coupled with effectiveness throughout the whole company structure. Financial and human capital attraction and stabilised value creation in the company require trustworthy policies regarding shareholders (Agustina & Mulyani, 2017). Proper corporate governance creates an established connection between business operations and its stakeholders.

The main focus of corporate governance involves reinforcing banking sector structures. The systems function as a means to enhance operational performance while promoting transparent communications across all company stakeholders. Musallam (2020) explains how objective bank systems create investor confidence through frameworks that generate positive effects on bank performance. Diyanty & Yusniar (2019) reveal that Chase Bank Ltd faced a lack of corporate governance objectivity, which dimmed investor confidence before causing its banking collapse. The investment confidence requires significant enhancement because companies must support shareholder interests to establish an objective and stable basis for financial institutions. Objectivity plays an essential role in corporate governance because it creates a link between corporate strategies and bank performance.

Husaini & Saiful (2017) state that objectivity involves shareholder right protection alongside universal equitable treatment. A regulatory board examines implementation frameworks to facilitate financial system cooperation in wealth generation through the implementation of objectives. The objective practices implemented by institutions work to decrease both the operational damage and unauthorised usage of systems. Malik et al. (2022) stress that sustainability requires organisations to maintain their focus on environmental protection efforts. The control of financial systems enables shareholders to have access, which links party interests to financial system objectivity. Financial institutions require the establishment of objective practice because it enables vital organization variables to connect together, thus promoting operational transparency (Al-Gamrh et al., 2020).

Gleibner et al. (2022) explore banking industry objectives to create connection mechanisms between systems and their intended purposes. Corporate governance uses the organisational structure as one of its objectives to understand how management and stakeholders distribute responsibilities, leading to organisational decisions. The nature of management conduct, along with their execution of assigned objectives, makes up part of this observation process (Efunniyi et al., 2022). Business governance has multiple operational targets according to different viewpoints. An organisation can maximise governance measurements by balancing its internal operational performance through internal perspective analysis. The analysis of organisational objectives under structure facilitates long-term focus by evaluating their starting points (Kavadis & Thomsen, 2023). The external view concentrates on protecting organisational value, which requires assessment of managerial responsibilities along with their impact on institutional growth.

2.2 Corporate Governance and Financial Transparency

Financial transparency in banking depends heavily on corporate governance because it establishes the frameworks which govern oversight functions and ethical standards for accurate financial reporting. Evaluation based on transparency plays a fundamental role in financial trust because it enables all stakeholders to make well-informed decisions (Sofia & Januarti, 2022). Financial transparency receives direct benefit from board structure, together with audit committees, along with compliance functions and disclosure policies, because they implement strict reporting criteria and minimise financial misstatements. The board of directors is crucial for organization transparency since their independent composition and professional background, and monitoring abilities establish financial reporting quality and maintain ethical financial documentation practices (Diyanty & Yusniar, 2019). Boards with independent non-executive directors function better to implement proper financial reporting processes, which leads them to maintain management accountability and prevent financial misrepresentation through conflicts of interest. A combination of empirical findings shows that firms possess better financial transparency because their board independence works to minimise both fraudulent financial conduct and earnings manipulations (Naciti et al., 2022). Free from bias and within accounting standards, financial statements are made transparent by audit committees through their external audit oversight, which ensures accurate presentations of banking financial performance (Bentivogli & Mirenda, 2017). Audits serve as a protective mechanism against financial fraud since they provide investors with assuredly accurate financial information which is clear of manager-originated errors or misrepresentation.

Main indicators of financial transparency loss emerge because of weak governance frameworks during multiple banking industry scandals. Wells Fargo experienced a scandal involving fraudulent accounts due to severe management failures that used unauthorised customer accounts to fulfil aggressive sales targets (Husaini & Saiful, 2017). The institution endured excessive financial misstatements and reduced investor trust because the board failed to provide proper oversight, along with weak internal control systems. Deutsche Bank's various financial misreporting events, along with regulatory violations and money laundering incidents, stem from governance weaknesses enabling dangerous financial operations with insufficient oversight (Kavadis & Thomsen, 2023). Financial markets suffer destabilisation due to bank practices of financial deception because weak corporate governance creates bank financial opacity. Financial stability heavily relies on transparency, so corporate governance frameworks should have strong measures to guarantee dependable financial disclosures as well as improve risk disclosure, along with promoting ethical financial reporting (Wirawan & Willim, 2023).

2.3 Corporate Governance and Financial Stability

Financial stability depends heavily on corporate governance because its organisational systems impact both risk procedure frameworks and regulatory standards as well as capital distribution and cash flow administration (Lemma et al., 2020). Through strong governance structures, organisations achieve financial stability by using appropriate risk management and maintaining proper capital buffers as well as stopping abnormal, reckless financial conducts that create banking crises. Financial instability develops from governance failures, per previous historical observations following the 2008 financial crisis that originated from weak supervision at board levels and excessive risks that caused systemic financial failures because of insufficient regulation (Bryd, 2020). During the crisis, Lehman Brothers and Washington Mutual, along with other banks, became insolvent while displaying major governance problems, which involved limited risk measurement capabilities combined with unclear financial reporting plus weak board oversight of speculative investments (Diyanty & Yusniar, 2019). The institutions persisted with dangerous lending methods and confusing derivative procedures while performing hidden financial risk operations through off-balance-sheet mechanisms, which eventually forced their bankruptcy while causing worldwide economic disruptions. This crisis revealed the basic requirement for governance standards that protect against risks and promote regulatory following alongside encouraging business environments which oppose speculative financial operations (Sofia & Januarti, 2022).

Financial institutions maintain stability by following the risk management guidelines that establish their process for detecting, evaluating, and responding to financial hazards. Active risk management can begin through risk committees, which must combine forces with internal audit functions and stress testing technology to identify risks before making responses (Naciti et al., 2022). Organisations that follow financial regulations like Basel III create a stable environment through compliance because it strengthens their capital requirements and liquidity ratios, together with risk exposure rules. Governance, together with capital adequacy and liquidity, demonstrates a documented relationship because banks will preserve their stability when governance frameworks implement effective financial controls for maintaining suitable capital reserves (Bentivogli & Mirenda, 2017). Bank institutions that establish strong corporate governance structures show better financial stability through their approach to maintaining low-risk loans and robust liquidity practices, and an extended financial health focus. Institutional governance weakness creates financial instability through the combination of excessive borrowing along with poor liquidity management, and dangerous high-risk financial operations that end up ruining both organisational solvency and economic stability (Salehi et al., 2023).

2.4 Impact of Corporate Governance on Financial Performance

Substantial academic and industry research has proven through empirical studies that concise governance systems generate major positive effects on Return on Assets (ROA) and Return on Equity (ROE) financial performance indicators (Alabdullah et al., 2022). Financial performance, as well as profitability and operational efficiency and risk management behaviour of banks, depend strongly on corporate governance frameworks consisting of board membership rules and compensation policies alongside ownership frameworks and financial reporting practices. The basis for this theory drawing relates to agency models, where banks with stronger governance structures minimise principal-agent disputes while decreasing information quality issues to create better financial results through enhanced decision platforms. Research investigations show convincing proof for this conclusion. Studies conducted by Jain (2020) demonstrated that banking institutions with autonomous boards and sturdy audit committees obtained better financial results indicated by ROA and ROE measurements, compared to banking institutions with deteriorated governance systems. Research by Efunniyi et al. (2022) proved that institutions with strong corporate governance quality and effective risk management systems maintain sustainable bank profitability throughout the years. Timely financial stability depends heavily on banking institutions because weak governance usually results in hazardous risk-taking, which produces market instability.

The importance of corporate governance in improving ROA stands out strongly because it shows how banks use their total assets successfully to produce financial profits. Banks that maintain proper governance focus on responsible lending and strong control systems, and strong asset-liability management, thereby achieving superior asset usage and financial success. A research study by Bentivogli & Mirenda (2017) examined emerging market banks and discovered that institutions with independent board members coupled with strong regulatory guidelines showed higher return on assets due to these governance factors controlling executive misconduct to support enduring enterprise value. The implementation of strict audit procedures and transparent financial reporting provides increased investor and depositor trust, which reduces funding costs for banks to maximise their asset allocation approaches (Kavadis & Thomsen, 2023). The negative effects of poor governance stem from dangerous credit allocations and degraded asset values, and incorrect financial reporting, which together reduce bank ROA. The 2008 financial crisis provides a clear illustration of how governance incompetence in risk evaluation, alongside faulty financial reporting, created massive property valuation reductions that forced several banking institutions to become bankrupt (Hammarberg et al., 2016).

The financial performance measure Return on Equity (ROE) depends on the standard of corporate governance within a bank because it evaluates the profit generated from shareholders' equity (Musallam, 2020). Defect-free governance structures enable banks to achieve superior ROE because they lead to optimised operational performance and precise capital resource allocation, and well-balanced risk management decisions. The research conducted by Wirawan & Willim (2023) showed that businesses with better governance performed better in ROE since their risk and return balancing was more effective. The findings of Bentivogli & Mirenda (2017) demonstrated how banks generating high returns on equity receive this performance through effective strategic planning enabled by transparent practices and independent boards of directors. Weaker governance structures create conditions that trigger both excessive financial risks combined with resource mismanagement and unethical financial operations, which produce negative effects on ROE (Sofia & Januarti, 2022). Financial fraud spread across Wells Fargo due to bad governance because the board failed to monitor activities and sales incentives caused substantial shareholder financial damages and severe legal repercussions.

The confidence levels of investors represent a vital financial success indicator which directly depends on corporate governance standards. The financial health, together with stability and long-term growth prospects of a bank, relies strongly on its governance quality, and investors use this indicator for assessment (Husaini & Saiful, 2017). Excellent governance practices comprising complete financial disclosure and strict regulatory requisites, and virtuous business conduct allow investors to trust banks more, so their stocks rise in value and financial risk decreases, and they gain better access to funds. Investors prefer to put money into banks that maintain good governance because their lower risks and improved accountability characteristics attract investment. Single-source documentation, as per Al-Gamrh et al. (2020), reveals that organisations which maintain robust governance systems receive reduced equity costs together with increased shareholder profit potential. The banking sector regained investor trust through international corporate governance standards such as Basel III and the Sarbanes-Oxley Act function as part of restoring trust after financial crises. During the 2008 financial crisis, investors suffered as a result of misgovernance, which led to the crash of financial giants, resulting in a world economic recession (Efunniyi et al., 2022). The increase in regulatory requirements fulfils the dual purpose of securing financial stability and protecting investor investments.

The substantial proof indicating corporate governance improves financial performance continues to face organisational difficulties in developing ideal governance frameworks within banking organisations. Puni & Anlesinya (2020) in corporate governance theory continuously discuss how governance standards affect flexibility in corporate operations. Any governance framework which demands extensive accountability together with risk oversight benefits performance, yet extreme oversight has negative impacts on innovation and profitability. Luxuriant banking governance structures produce obstacles for banks to adapt to market trends and execute strategic business growth programs. Stage 2: Execution. The research by Jan et al. (2021) shows that governance success depends on specific national legal structures, so universal governance solutions may not provide adequate solutions.

2.5 Regulatory Framework and Global Best Practices

Financial transparency and stability, and superior performance require the proper banking sector regulatory framework to govern corporate governance. Because banks maintain a critical position within global and national economies, regulators have developed strict rules to maintain both operational and ethical standards by financial institutions (Efunniyi et al., 2022). The Basel III framework, together with the IFRS and the Sarbanes-Oxley Act, serves as the most powerful regulatory measures in establishing governance policies and financial reporting standards throughout banks and financial institutions (Naciti et al., 2022). The Basel Committee on Banking Supervision (BCBS) established Basel III as an answer to the 2008 financial crisis, which requires higher banking standards while enforcing better racial management solutions and increased liquidity rules (Efunniyi et al., 2022). The framework represents a solution to the deficiencies of Basel II because Basel II proved ineffective at stopping banks from taking excessive risks that led to the financial downturn.

The Basel III framework forces banks to keep two distinct buffers of capital: first, a CET1 ratio at 4.5% risk-weighted assets minimum and after that a capital conservation buffer set at 2.5% (Sofia & Januarti, 2022). The strict capital requirements put into place guarantee that banks remain capable of withstanding financial shocks and preventing systemic risks and operate during times of economic decline. The Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) both form part of Basel III by reinforcing banks to maintain proper assessments of high-quality liquid assets for short-term financial obligations and long-term funding stability (Jain, 2020). These measures hold great significance because inadequate liquidity management led directly to banking failures, which subsequently triggered financial instability across the board.

Basel III enhances governance requirements through its implementation of demanding stress testing regimens as well as thorough supervisory evaluation procedures. Banks perform periodic stress tests to assess their ability to manage economic downturns, which boosts their transparency level and preparedness against risks (Aman et al., 2021). Under Basel III supervisory review frameworks, banks must reveal their risks together with their capital adequacy to regulators and investors, which increases both market transparency and reduces information gaps between banks and their market participants. Critics debate both the complexities involved in Basel III implementation, along with its implicit adverse side effects, even though the framework strengthened banking system resilience. According to Wirawan & Willim (2023), the increased capital standards have created limitations for lending institutions in developing countries since banks experience difficulties acquiring more capital. The heavy regulatory requirements under Basel III have been identified as one of the factors stifling banking sector innovation because banks spend significant funds on compliance needs rather than developing new financial offerings (Salehi et al., 2023). The fundamental goal behind Basel III stands as indispensable because it aims to stop another financial system failure through enhanced supervision of governance and risk controls for global stability.

Corporate governance in banking receives essential influence from IFRS, which provides globally accepted financial reporting standards for improving banking sector transparency and enhancing financial institution consistency and comparison (Al-Gamrh et al., 2020). Through IFRS, banking institutions need to follow standardised accounting methods, which decreases potential financial manipulation as well as false reporting of financial data. The main benefit of IFRS comes from its principles-based system that requires fair value reporting and full-scale financial statement disclosure, together with risk exposure information disclosure. Banks must use the ECL model under IFRS 9 as it superseded IAS 39 standards to assess loan impairments while improving both timing and precision of credit risk evaluations (Efunniyi et al., 2022). The change from incurred loss methods to expected loss methods constitutes an essential governance advancement because it requires financial institutions to identify impending credit risks before they become actual losses.

The financial transparency increases because IFRS 15 provides standardisation in revenue recognition methods to show economic performance and prevent earnings manipulations. The implementation of IFRS standards has delivered major advantages regarding cross-border investment by strengthening investor trust in financial reports (Al-Attar, 2021). Financial institutions encountering problems during IFRS implementation face difficulties from operating in regions that use different accounting methods or regulatory systems. Implementing IFRS demands expensive investments in financial reporting system changes along with employee training and compliance processes revision (Jan et al., 2021). Other issues exist about the complex nature of IFRS rules because multiple institutions experience different interpretations and applications that yield inconsistent financial reporting outcomes. Although Banks have various continuing issues with IFRS governance, there are many advantages to its incorporation because it enables better financial transparency and protects investor interests (Alabdullah et al., 2022).

SOX stands as a major regulatory benchmark in corporate governance because it was established by the United States in 2002 to address the accounting failures at Enron and WorldCom (Sofia & Januarti, 2022). SOX legislation emerged to rehabilitate market faith through stringent financial accountability standards and robust internal surveillance measures, and destructive punishments against financial dishonesty. Section 404 of SOX stands as its most important component, requiring all public companies, including banks, to create extensive internal control systems for blocking financial misstatements and fraudulent conduct (Puni & Anlesinya, 2020). Management performing assessments about internal control effectiveness must report their findings to the external auditors, who independently verify the reliability of those controls. Corporate governance in companies received substantial improvement according to analysts because of SOX's strict compliance rules that make executive and board members more accountable. Section 806 of SOX established whistleblower protection that provides employees with legal defence against retaliatory actions after reporting financial misconduct (Jain 2020). The provision offers bank workers a secure space to expose unscrupulous financial conduct because they feel protected from job termination.

Corporate governance best practices result from guidance established by the Organisation for Economic Co-operation and Development (OECD) as well as the World Bank. Organisations adopt OECD Principles of Corporate Governance as a worldwide governance standard to define shareholder protections and board accountability and risk management requirements, besides ethical conduct standards (Wirawan & Willim, 2023). The principles function to create independent boards that lead to strong oversight frameworks because they foster financial transparency, until both investors gain protection and financial systems gain stability. The World Bank delivers specific governance regulations to banking institutions targeting enhanced regulatory oversight alongside financial inclusion services and international standards compliance (Neil et al., 2024). The World Bank stimulates crucial governance transformations in emerging markets that lead to stronger banking sector stability in developing economies, which usually have weak regulatory enforcement systems.

2.6 Theoretical Review

Agency Theory: As the fundamental basis of corporate governance, agency theory defines how principals (shareholders) manage agents (managers or executives) to succeed in financial institutions. Managers frequently prioritise their self-interest over shareholder value, according to Jensen and Meckling (1976), so proper governance mechanisms become essential to connect both their interests. Management employees in the banking sector face increased flexibility to manipulate financial results and hide losses because of complex regulatory environments and risky investment portfolios, along with obscure financial instruments. Executive decisions at Lehman Brothers and other affected financial firms exemplified agency problems through their focus on short-term profits combined with excessive borrowing during the 2008 financial crisis, according to Erkens et al. (2012). The theory of agency allows businesses to develop independent boards as well as performance-based compensation plans and audit committees, and transparent reporting standards, including IFRS, which help resolve conflicting interests. The monitoring authority functioning through independent directors helps protect investors from executive manipulation due to their lack of executive biases (Fama & Jensen, 1983). There exists a vast separation between agency solutions found in developed economies and those present in developing economies. Agency costs in the U.S. and U.K. decline through both stringent disclosure standards and thorough shareholder legal proceedings. Banks operating in Nigerian and Indonesian markets face multiple agency issues because of inadequate regulations and family control, together with governmental intervention, producing ineffective shareholder protection systems (Okpara, 2011; Young et al., 2008). Although agency theory establishes fundamental corporate governance principles universally, all companies face varying practical challenges due to local entrepreneurial conditions; thus, management must consider the institutional and legal context when reforming banking governance.

Stakeholder Theory: Firms possess an organisational duty to look after multiple stakeholder groups, as explained in Freeman's (1984) stakeholder theory beyond traditional agency theory. This includes shareholders with additional responsibility for employees, clients and regulators and the broader public stakeholder groups. The pluralist viewpoint holds essential value in banking because dishonest conduct can destroy faith among stakeholders throughout the system while creating major economic turbulence, as proved by Silicon Valley Bank's collapse in 2023. According to stakeholder theory, transparency and governance serve both as essential ethical requirements to make banks accountable to stakeholders beyond maximising performance. Under stakeholder-informed governance systems, banks develop strategic plans which incorporate social responsibility together with long-term sustainability and fairness, thus building organisational resilience and trust with their communities (Donaldson & Preston, 1995). The stakeholder approach incorporates key governance practices such as transparent risk communications and equitable lending and whistleblower safety protocols, and environmental-social-governance standards stemming from stakeholder-oriented principles (Jamali et al., 2008). Through stakeholder analysis, the opposing expectations and executive standards regarding governance emerge between countries that have developed economies versus emerging economies. Stakeholder-inclusive approaches in Western Europe, along with Canada, exist within their legal and ethical frameworks and receive backing from active civil organisations through multi-level governance institutions. Many African countries, alongside Southeast Asian nations, maintain weak stakeholder attention since business ownership tends to be centralised or regulators allow corruption to control financial institutions, which protect elite interests against the interests of customers and community stakeholders (Adegbite et al., 2012). This theoretical approach makes industrial institutions aware of fundamental limitations when trying to implement Western-oriented governance frameworks in political realities with unique social conditions by promoting localised incorporation of global practices into standards accepted by the various stakeholders. The theory drives financial institutions to exceed bare minimum compliance standards by developing ethical leadership methods which create accessible financial networks.

Resource Dependence Theory: Organisations build their structural and behavioural patterns through Resource Dependence Theory (RDT) as they seek control over essential external assets, which include capital and legitimacy as well as regulatory approval, according to Pfeffer and Salancik (1978). The understanding of corporate governance in banking depends on this perspective because banking sector governance design and operational choices get directly affected by dependencies on regulatory bodies and institutional investors, and global financial systems. Within RDT governance systems comprising board members and interlocking alliances, together with external partnerships, emerge as initiative-taking approaches to managing environmental risks. The availability of special funding opportunities due to political connections exists for banks which either use regulatory officials or politically appointed board members, especially in emerging markets such as Kenya or Vietnam, where regulations lack transparency (Claessens & Yurtoglu, 2013). Banks operating in developed markets regulate their governance through the alignment of expectations from credit rating organisations and international norms, including Basel III and shareholder interest groups, in order to obtain external funding and preserve reputational prestige (Hillman et al., 2009). The uncertainty management function is one reason global financial institutions hire former officials and academic experts, and international finance specialists for their governance roles. Through its framework, the theory provides an understanding of why companies react differently to financial emergencies. Financial institutions in the U.S. changed their corporate leadership along with compliance procedures after the 2008 crisis for market access retention, yet African and South Asian entities did not implement similar adjustments due to professional governance shortages and inadequate institutional support. The successful practice of governance goes beyond internal compliance through its requirements to manage intricate relationships with dominant external forces. Resource dependence theory deepens governance analysis by showing that powerful actors and resource networks, plus organisational embeddedness, jointly determine successful governance, which needs both internal reforms plus external strategic positioning.

Table 1: Summary of Theoretical Framework Application in Key Findings

Theme	**Supporting Theory**	**Theoretical Insight**	**Empirical Finding / Application**
Financial Transparency	**Agency Theory**	Independent boards and audit committees reduce information asymmetry and earnings manipulation.	Banks with independent boards show higher quality financial disclosure and fewer fraudulent practices.
	Stakeholder Theory	Transparency fulfils broader stakeholder expectations (regulators, public, investors).	Transparent governance improves investor trust and regulatory compliance.
Financial Stability	**Agency Theory**	Monitoring mechanisms limit reckless managerial behaviour and align actions with risk control.	Banks with initiative-taking risk committees and internal controls maintain better liquidity and solvency.
	Resource Dependence	Board composition reflects adaptation to external pressures, securing regulatory alignment and legitimacy.	Inclusion of regulators and financial experts on boards improves resilience during crises.
Financial Performance (ROA/ROE)	**Agency Theory**	Proper incentives and board oversight increase efficiency and reduce value-destroying behaviours.	Strong governance leads to higher ROA and ROE by aligning operations with long-term goals.
	Stakeholder Theory	Ethical conduct and ESG engagement improve brand equity and long-term investor interest.	Institutions with stakeholder-inclusive governance attract capital and improve market valuation.
Governance Effectiveness Across Regions	**Resource Dependence Theory**	Institutions tailor governance structures based on institutional environment and external dependencies.	Banks in emerging markets struggle more with enforcement; developed ones adapt boards for compliance.

Source: Authors computation

3.0 Methodology

3.1 Research Philosophy

This study adopts the interpretivist framework because it examines corporate governance through literature review analysis instead of making quantitative empirical measurements. Research grounded in interpretivism enables a thorough investigation of financial governance through assessments of literature, both academic and regulatory, which interpret existing knowledge. The approach recognises that corporate governance develops through continuous stakeholder interactions between banks and regulators and investors and financial institutions within specific conditions (Bhangu et al., 2023). The study builds its interpretivist orientation through its focus on secondary data, along with thematic analysis, because it chooses subjective understanding and contextual interpretation over statistical generalisation. The research used interpretivist methodology to study the literature's meaning and evaluate both governance structures as well as transparency and compliance effects on bank stability, financial performance, and corporate governance practice (Bryd, 2020). The study maintained that corporate governance maintains an evolving nature because laws and culture differ between jurisdictions, so researchers need adaptable interpretive approaches to understand its various elements correctly.

3.2 Research Design

The research selected a qualitative approach instead of a quantitative methodology after establishing its philosophical foundation. An exploratory study of governance mechanisms required extensive detail, which qualified qualitative research as the most appropriate method for discovering patterns between various governance frameworks. The research methodology departs from quantitative practices because it enables researchers to create comprehensive integrations of governance theories with regulatory frameworks, together with financial case examples. The decision to assess corporate governance through multiple perspectives relied on the requirement to combine empirical studies with theoretical discussions for obtaining complete financial stability and transparency. The research incorporated both deductive validation methodologies for existing governance theories while simultaneously exploring inductive patterns of regulatory compliance and risk management (Bhangu et al., 2023). The research design combined familiar governance principles with modern financial governance practices to maintain an academic foundation while accepting fresh findings from the current governance failures.

A SLR research approach was used to guide this study because it organised how to collect, evaluate and synthesise secondary data. The authors decided to use SLR since extensive research existed on corporate governance, which enabled a thorough examination of its influence on financial transparency alongside stability and performance. The research team conducted a review using an established method following the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) framework to achieve credibility and reliability. The research framework delivered a structured approach for searching relevant studies so experts could efficiently select studies of high quality that pertained to the subject matter (Hammarberg et al., 2016). The scientific literature review strategy served a two-fold role: to eliminate subjective elements and guarantee objective assessment of governance performance in banking institutions across diverse regulatory settings. The organised study methodology allowed researchers to analyse regulatory frameworks from Basel III and IFRS, as well as Sarbanes-Oxley, permitting detailed model comparisons between these jurisdictions.

Because the investigation encompassed an exploratory mode together with descriptive characteristics, researchers aimed to evaluate governance frameworks critically while avoiding hypothesis testing. The research adopted an exploratory design because it required a flexible and non-structured approach to study governance frameworks which affect financial transparency and risk management mechanisms (Bhangu et al., 2023). The research reviewed multiple governance frameworks alongside their regulatory guidelines and failures in governance practices to establish the institutional factors that affect financial outcomes and investor trust. This research needed its descriptive character to identify banking governance structures and check their compliance with regulations, together with an assessment of financial transparency practices (Hammarberg et al., 2016). Through this design approach, the study managed to deliver precise context-rich analysis instead of limiting itself to numerical measurement of governance indicators.

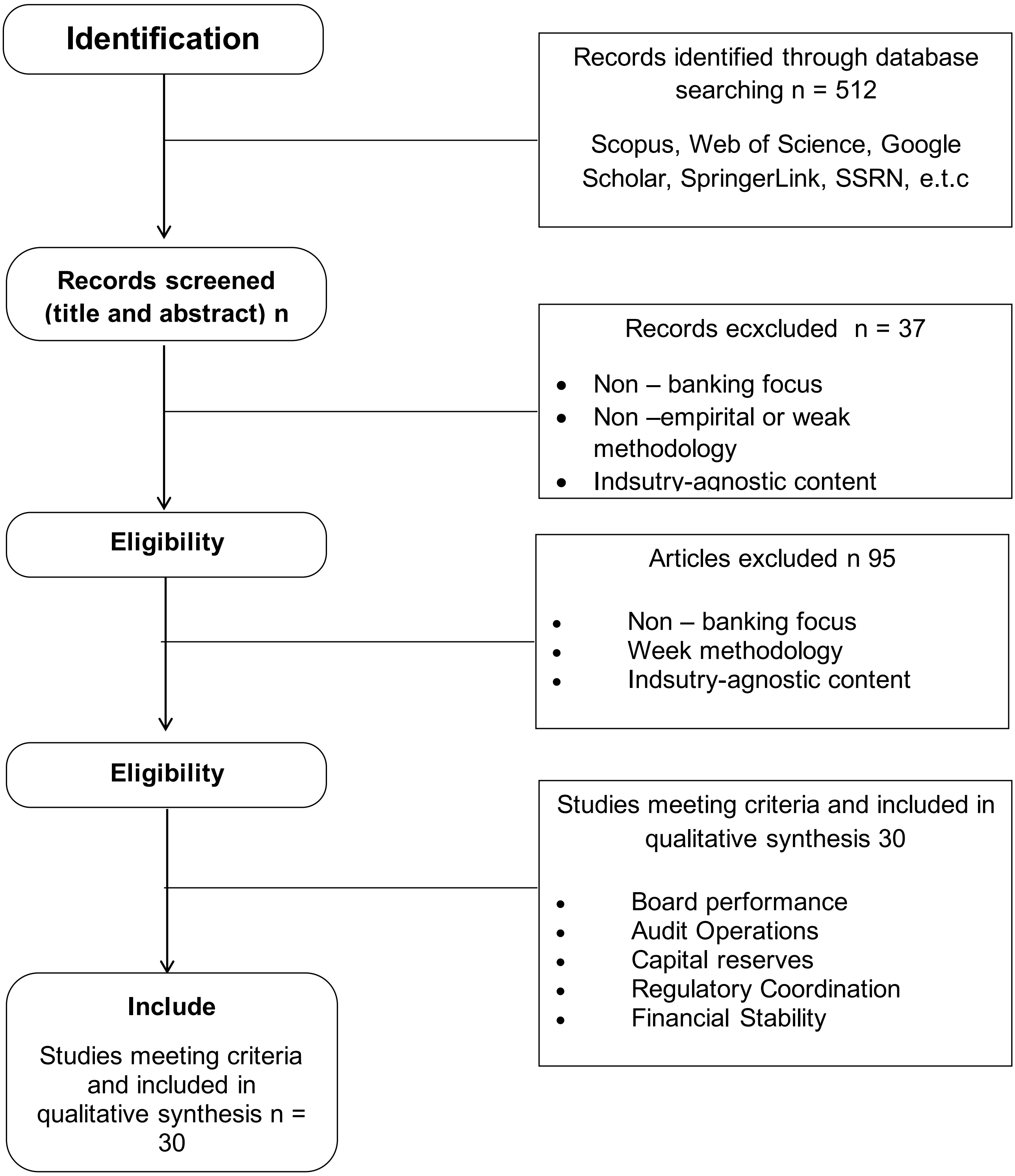
3.3 Data Collection

The research adopted the PRISMA framework for its systematic literature review to guarantee methodological transparency and relevance alongside academic rigour. Major academic search engines Scopus, Web of Science, Google Scholar, SpringerLink and SSRN, ScienceDirect along with key terms "corporate governance in banking," "financial transparency," "banking sector risk management," "board composition," "audit committees," "regulatory compliance," "financial reporting reliability" were used for the primary database search (Bhangu et al., 2023). A total of 512 articles were presented during the first results screening process after employing Boolean operators (AND, OR).

The research included only peer-reviewed materials published from 2005 to 2024, which were intended for the banking sector and explicitly investigated governance structures, together with transparency measures and risk management and regulatory frameworks. Exclusion criteria eliminated non-direct banking research and non-empirical material, as well as industry-independent and methodologically weak articles. Out of all available studies, researchers conducted title and abstract screening to reach 125 remaining articles, which qualified for detailed assessment.

The evaluation process evaluated both quality and thematic relevance until 30 articles and reports passed stringent methodological standards for inclusion. The 30 sources underwent thematic evaluation to collect, categorise, and identify five central themes regarding board performance and audit operations and capital reserve levels and regulatory coordination and financial stability through enhanced governance standards (Hammarberg et al., 2016). The research employed thematic organisation methods to reveal patterns, besides contradictions, along with emerging challenges, which resulted in an integrated view about how corporate governance influences financial transparency as well as systemic stability of banking institutions.

Figure 1: PRISMA flow diagram



3.4 Data Analysis

Thematic analysis served as the main data analysis technique to group and understand the findings extracted from the researched literature. Thematic analysis served as the selected method because it helped researchers identify primary patterns together with essential themes that emerged from research on corporate governance and financial transparency, and risk management (Bryd, 2020). Each study received thematic assignment into distinct groups, such as board structure-effect on disclosure practices and audit committees as fraud prevention tools, together with governance effects on capital adequacy and liquidity management. The analysis of systematic themes allowed the research to produce an organised summary of effectiveness measurements for governance and financial stability practices and regulatory compliance. A comparative assessment method evaluated regulatory differences to demonstrate successful practices and fiduciary system failures (Wirawan & Willim, 2023). The research methodology allowed both the description of governance systems and their assessment regarding financial transparency and risk management implications.

3.5 Ethical Considerations

The researchers paid attention to ethical matters in all stages of their research work. Due to the exclusive nature of secondary data use, there were no ethical concerns involving human participants or consent procedures or personal data security. The researchers protected academic integrity through their practice of accurately citing and properly recognising all source materials they employed. All research data in this study comes from authorised financial reports and regulatory documents, as well as peer-reviewed academic sources which follow ethical standards. The researchers avoided any data manipulation and reported all results for maintaining an objective and authentic analysis (Bryd, 2020). The research validated its credibility through obedience to ethical protocols established by research ethics boards along with academic institutions of prominence.

4.0 Findings and Discussion

4.1 Findings on Corporate Governance and Financial Transparency

The banking sector relies on strong corporate governance frameworks to create transparent financial systems, while evidence shows that transparent governance stands as a protector against banking incidents of wrongdoing. The evaluation of governance practices between banking institutions indicates that banks with separate autonomous boards and diverse members demonstrate superior transparency since independent directors focus on shareholder welfare instead of management interests (Ali et al., 2024). The establishment of well-structured audit committees simultaneously strengthens financial transparency because they provide internal oversight that reduces reporting fraud. The adherence to IFRS international financial reporting standards, combined with rigorous compliance mechanisms by banks, has made them more transparent by offering shareholders standardised financial reporting practices which produce accurate and standardised financial information (Neil et al., 2024). The implementation of corporate governance systems like shareholder activism, together with whistleblower protection mechanisms, leads to better financial transparency since they establish conditions which expose unethical business practices. Financial institutions located within jurisdictions which enforce weak laws alongside high levels of political control show less transparent operations (Efunniyi et al., 2022). The results demonstrate that governance lacks effectiveness as an independent system because institutions and enforcement tools provide the necessary support for effective implementation and maintenance of transparency practices.

Numerous financial scandals demonstrate that improved governance systems worldwide have not eliminated existing transparency problems in financial reporting. Even banks that have strong governance structures, such as Wells Fargo and Deutsche Bank, can still experience transparency-based scandals due to executive-level information and analysis failures and internal control system deficiencies (Al-Attar, 2021). Organisations which prioritise short-term profit over other aspects often sacrifice transparency because executives employ various methods, including earnings management, to fulfil their financial performance objectives. The integration of ethical leadership and sustainable long-term governance reduces the risk factor for financial transparency. The financial reporting transparency has improved because of regulatory reforms, which include Basel III and the Sarbanes-Oxley Act compliance implemented after the 2008 financial crisis (Ali et al., 2024). The main obstacles exist in developing markets where insufficient regulatory control creates profitable opportunities through inadequate financial transparency from governance weaknesses. The research demonstrates how corporate governance acts as an essential transparency driver but depends on routine inspections from authorities alongside ethical leadership, along with corporation-wide compliance standards (Saini et al., 2019).

4.2 Findings on Corporate Governance and Financial Stability

Corporate governance practices positively influence financial stability because they provide banks with the capability to resist financial crises while decreasing systemic risks. A strong analysis shows that financial institutions which build their governance with independent risk committees plus internal controls and active board oversight maintain superior financial ratios for both stability and capital surplus and market liquidity (Malik et al., 2022). Independent board oversight leads financial institutions to adopt risk-averse approaches that establish excess capital reserves above regulations, which improves their insolvency resistance in economic downturns. Initiative-taking risk management committees are shown as an essential factor for financial stability because they oversee complex financial instruments and derivative exposures to reduce bank distress (Al-Gamrh et al., 2020). The implementation of ethical leadership practices together with dedicated financial planning strategies leads to financial stability since they limit hazardous behaviour that creates economic instability. Aman et al. (2021) indicate that bank stability goes beyond fiscal measures and connects strongly to leadership effectiveness, which leads banks with transparent leaders who pay attention to risk factors to maintain stronger financial performance in crises.

Financial instability related to governance poses a major issue which especially affects institutions whose executive pay systems reward risky behaviours. During the 2008 worldwide economic crisis, major financial organisations suffered major governance breakdowns because of dangerous lending practices and deliberate regulatory violations, along with deficient board monitoring (Alabdullah et al., 2022). Silicon Valley Bank experienced failure in 2023 after governance weak points led to deficient risk evaluation and inadequate liquidity control, which caused its downfall. Statistical data show that boardroom structures possess better elements than pre-financial crisis times, but they still lack essential initiative-taking capabilities over reactive responses (Ali et al., 2024). Financial stability maintained by corporate governance depends heavily on regulatory settings because banks following Basel III capital standard regulations in specific jurisdictions demonstrate superior financial strength. The absence of effective regulatory enforcement in developing economies causes them to experience elevated banking sector instability because dangerous financial procedures can continue without oversight. Gani et al. (2021) demonstrate that economic developments are insufficient to achieve financial stability because institutional accountability, as well as governance effectiveness, together with robust regulation, create the essential elements needed for financial stability.

4.3 Impact on Financial Performance

Various empirical research proves that corporate governance mechanisms impact financial performance by showing their effects on three financial measurements: return on assets (ROA), return on equity (ROE) and stock market returns. Strong corporate governance establishment in banks leads to better financial returns and higher profitability because effective governance reduces operational risks and minimises inefficiencies while building donor confidence (Puni & Anlesinya, 2020). Particularly significant for financial performance are both independent boards and robust audit committees because their functions lead to superior ROA and return on equity (ROE) achievements. Haryono et al. (2017) demonstrate bank success patterns where strict governance regulations based on OECD principles bring more beneficial outcomes than bank entities without firm oversight mechanisms. The implementation of transparent governance structures alongside stakeholder involvement results in better market valuation along with stable stock prices because investors show higher confidence in such practices. Financial performance receives benefits from governance practices which support ethical leadership alongside sustainability because they unite corporate targets with enduring value development rather than temporary revenue maximisation (Neil et al., 2024).

Financial performance is negatively affected by weak governance structures, which in turn causes both value reduction and market distrust among stakeholders. Financial scandals, together with mismanagement and inadequate board accountability, lead to declining ROA and ROE in poorly governed establishments, which has been demonstrated through events at Lehman Brothers and Wirecard (Lemma et al., 2020). The analysis demonstrates that poorly managed banks face higher borrowing expenses since investors and credit rating agencies consider their risky nature. Management performance data indicate that corporate governance drives both market reactions towards governance-related information as well as financial outcomes (Salehi et al., 2023). Stock prices usually experience sharp declines because investors become uncertain after companies fail to uphold proper governance standards. The study confirms that corporate governance serves as an essential organisational factor which affects both financial results and market sentiment as well as market stability (Saini et al., 2019).

4.4 Discussion of Findings

The research outcome matches previous academic studies about corporate governance and its impact on financial transparency, institutional stability, and performance, which strengthens the vital importance of governance for bank soundness (Rashid, 2020). Multiple organisational elements determine the effectiveness of corporate governance, among them, independent board members, compliance with rules, risk-handling systems, and transparent measurement practices.

These findings are best interpreted through the theoretical frameworks discussed in the literature. Agency theory offers a clear explanation of how independent governance structures, such as autonomous boards and audit committees, function to align management interests with those of shareholders. These mechanisms mitigate opportunistic behaviour, reduce agency costs, and promote accurate financial reporting (Jensen & Meckling, 1976). This explains the strong association observed between board independence and improved financial transparency in this study.

In parallel, stakeholder theory expands the governance paradigm beyond shareholder primacy to include the ethical, social, and regulatory obligations banks owe to their broader stakeholder network (Freeman, 1984). Findings suggest that banks engaging in ethical leadership, ESG practices, and inclusive decision-making experience higher levels of public trust, investor confidence, and long-term performance, especially critical in post-crisis scenarios and emerging markets.

Resource dependence theory further contextualises the variations in governance effectiveness across different jurisdictions. It explains how banks strategically adapt their board compositions—often including former regulators, policy advisors, or financial experts—to manage environmental uncertainties, meet regulatory expectations, and secure institutional legitimacy (Pfeffer & Salancik, 1978). This was evident in cases where banks embedded within robust institutional frameworks, such as those adhering to Basel III or SOX standards, outperformed their counterparts in weaker regulatory environments.

Haryono et al. (2017) demonstrate that corporate governance suits individual organisational needs differently because it responds to both regulatory controls and institutional traditions, as well as economic market constraints. This reflects the applicability of resource dependence theory in tailoring governance systems to their institutional environments. Furthermore, regulatory reforms introduced by Basel III and the Sarbanes-Oxley Act have created both stronger compliance frameworks and new vulnerabilities. While these regulations help solidify governance structures, they also require financial institutions to transition from passive compliance to active integration of governance into core operational and strategic activities.

Saifi (2019) reinforces this perspective, showing that corporate governance acts as a core determinant of financial outcomes, influencing internal efficiency, market stability, and investor trust. The research underscores the need for governance systems to be initiative-taking and embedded, rather than bureaucratic or superficial, particularly in risk management protocols.

Nel et al. (2022) argue that policymakers must strengthen governance frameworks by building active enforcement structures that reduce financial misconduct and enhance organisational transparency. As global financial systems become increasingly interconnected, governance failures in one region can now produce systemic consequences across borders. This supports the stakeholder theory's emphasis on accountability to a wider network of affected parties, including regulators, depositors, and the global financial community.

Finally, this study highlights the growing need for adaptive, ethics-driven, and technologically integrated governance systems. With the rise of FinTech and cybersecurity risks, Gani et al. (2021) stress the importance of updated governance regulations that can address the challenges of digital transformation. Ethical leadership, comprehensive risk assessment, and institutional oversight—guided by both stakeholder and resource dependence principles—are essential components for sustaining financial stability in a dynamic global banking sector.

In summary, the theoretical frameworks of agency, stakeholder, and resource dependence jointly provide a multi-dimensional understanding of the study's findings. Each theory contributes unique insights into how governance mechanisms affect transparency, stability, and performance—underscoring that robust governance is not just a regulatory requirement but a strategic foundation for resilient and sustainable banking operations.

5.0 Conclusion

5.1 Summary of Key Findings

Corporate governance stands as the cornerstone which ensures complete financial transparency practices and sector performance stability in banking institutions. The establishment of independent boards, along with functioning audit committees and effective risk management practices, helps banking institutions reach superior financial transparency so they can minimise fraudulent reporting and unethical practices. The research demonstrates a direct connection between proper governance systems and financial stability, considering that proactively governed institutions show heightened resistance against economic downturns and financial crises. Financial performance increases among banks that use thorough governance frameworks because these banks obtain better return on assets (ROA) and return on equity (ROE), along with increased investor trust. External regulatory environments determine corporate governance effectiveness because banks based in weak regulatory jurisdictions commonly face governance failures, which lead to transparency loss and poor financial stability and performance. The study establishes that governance needs to surpass its status as a regulatory necessity, as it functions as an essential condition that affects both ongoing financial stability and organisational integrity.

5.2 Policy and Managerial Implications

The study results demonstrate compelling benefits for both banking institutions and regulatory bodies because they prove why governance frameworks should be strengthened to reduce financial dangers and increase transparency. Banks need to guarantee separate and autonomous boards with absolute oversight of decision-making to eliminate executive dominance and create decisions which serve shareholders alongside stakeholders (Rashid, 2020). Managers should designate audit and risk committee enhancement as their key objective while building an active risk forecasting system instead of relying on crisis response capabilities. Financial institutions should review executive pay packages to discourage dangerous gambles because pay should support lasting business health beyond financial gain interests. Managers should concentrate their efforts towards building ethical corporate cultures through integrative governance practices which override their regulatory character (Malik et al., 2022). Basic III, together with IFRS and OECD corporate governance principles, should guide financial institutions according to new governance compliance policies created by regulatory bodies worldwide. The regulatory authorities need to implement vigorous enforcement tools specifically against areas showing governance failures because they should enhance punishments for financial crimes and perform ongoing compliance checks instead of periodic assessments (Haryono et al., 2017).

Financial regulators, along with governments, should support international regulatory consistency because banking operations continue to expand internationally, which results in financial governance problems within one country generating a worldwide impact (Lemma et al., 2020). Synchronised financial governance oversight using artificial intelligence and blockchain technologies should be adopted by regulatory bodies so they can automate compliance tracking and discover all kinds of financial mistakes as operations happen in real time. Roadmap policies need to establish mechanisms that allow shareholders, customers, and employees to participate actively in governance decisions because these groups need to influence financial transparency and institutional stability (Nel et al., 2022). The study proves that optimal corporate governance stems from effective internal control systems augmented with robust regulatory surveys to protect financial systems from instability.

5.3 Limitations of the Study

These findings hold value, but the study contains various weaknesses that researchers need to recognise. Data constraints caused by regulatory barriers and confidentiality rules create obstacles to the study by reducing the depth of analysis when accessing important financial records and governance reports (Saifi, 2019). The study uses specific banking institutions as its sole sample, which limits general applicability to all financial institutions through non-bank entities and institutions operating under distinct regulatory conditions. The study faces such a limitation because its geographic range is restricted by fundamental differences between corporate governance practices in developed versus emerging economies, which may cause the research to miss governing mechanisms in regions with weak regulatory oversight (Nel et al., 2022). The study investigates governance mechanisms and their effects on transparency as well as stability, together with performance, but it provides limited analysis of external macroeconomic factors that could strongly influence governance outcomes.

5.4 Suggestions for Future Research

The future research would be to study the new governance challenges that are evolving at a very fast pace in digital banking as financial institutions increasingly use Fintech solutions, online transactions, and algorithmic decision-making processes (Rashid, 2020). From where AI plays a role in corporate governance, including how compliance monitoring gets automated by using artificial intelligence, how AI-driven risk assessment reduces governance failures, etc., are the areas of further investigation. Blockchain technology could have other applications in governance, for example, to ensure immutability of financial reports, security in banking transactions, and a decrease in financial fraud by decentralised ledgers (Salehi et al., 2023). Also, cross-jurisdictional comparative studies will be useful to understand how varying regulatory environments impact the effectiveness of governance and would present ways in which global best practices could be adopted. More research is needed, however, to look at governance mechanisms specially well adapted to fight against digital fraud, data breaches and cyberattacks to banking institutions in light of the increasingly ubiquitous cyber-threats (Saifi, 2019). Therefore, future research should continue to investigate how the changing relationship between corporate governance and financial stability affects technological advances to ensure that their governance frameworks are strong in the digital financial environment.

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