

-RESEARCH ARTICLE-

CORPORATE GOVERNANCE MECHANISMS, FINTECH COMPANIES, FINANCIAL PERFORMANCE IN KINGDOM OF SAUDI ARABIA USING THE BACKWARD REGRESSION METHOD

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—Abstract—

The significance of the Fintech industry has grown progressively to increase the competitive advantage of the organizations. Corporate governance is important in the fintech industry as it ensures transparency, accountability, and strategic oversight, fostering trust and sustainable growth in a rapidly evolving sector. Therefore, this study aimed to test the impact of corporate governance mechanisms on the financial performance of fintech companies in Saudi Arabia. Quantitative data was collected from 134 employees of fintech companies in Saudi Arabia by employing a convenient sampling technique. Multiple regression predicted findings indicated that all corporate governance mechanism indicators positively and significantly influence to financial performance of fintech companies in Saudi Arabia. The study with these findings contributed significant findings in the context of literature by affirming its positive impact on financial performance, particularly in the fintech industry which highlights the relevance of governance mechanisms in emerging economies like Saudi Arabia. Practically, the study also contributed that fintech companies in Saudi Arabia should strengthen corporate governance practices to enhance financial performance which is ensuring compliance, transparency, and strategic oversight to increase investor confidence and sustainable growth.

Keywords: Corporate governance Mechanisms, Insider-Shareholding, Independence Board, Audit Committee, CEO Duality, financial performance, backward regression, and fintech companies's

INTRODUCTION

Financial performance (FP) is a vital measure of an organization's efficiency, profitability, and overall success which is providing a foundation for competitive advantage (Fatihudin, 2018). It reflects the ability to generate revenue, control costs, and deliver value to stakeholders which enabling firms to expand operations, invest in innovation, and remain resilient during economic uncertainties (Cohen, 1995). For fintech companies, strong financial performance is particularly important, as it ensures the efficient delivery of technology-driven financial solutions while raising investor confidence and market credibility (Dhial et al., 2022). Furthermore, enhanced financial performance enables fintech firms to scale their services, adopt advanced technologies, and meet evolving customer demands in a highly competitive industry (Kiilu, 2018). These outcomes emphasize the critical role of financial performance in driving both operational excellence and long-term sustainability (Alimirruchi & Kiswara, 2017). Corporate governance mechanism (CGM) is essential for ensuring transparency, accountability, and ethical decision-making within organizations which is increasing trust among stakeholders (Al-Matari et al., 2022). It enhances operational efficiency and long-term sustainability by aligning management practices with the

company's strategic goals and regulatory requirement (Liu et al., 2021).

Therefore, the study aims to scrutinize the impact of CGM on fintech companies' FP in the Kingdom of Saudi Arabia (KSA). The corporate governance topic acquired broad importance after the downfall of major companies in 2008 (Al-Matari et al., 2022). Good CGM provides protection of shareholders' rights, equal treatment among shareholders, stakeholders' role in corporate governance, disclosure, and transparency, and the board of directors' responsibilities (Aibar-Guzmán et al., 2023). In another sense, there is some studies argue that investors are ready to pay a high price for shares of companies perceived to have a good CGM (Kyeré & Ausloos, 2020). This confirms why CGM can be considered related to the FP of fintech companies. Due to these supplementary factors, corporate governance plays a crucial role in enhancing financial performance by promoting accountability, transparency, and ethical decision-making within organizations (Aibar-Guzmán et al., 2023). It helps align the interests of management with those of shareholders, ensuring better resource utilization and reducing risks of mismanagement (Aslam et al., 2023). Effective CGM enhances investor confidence and attracts funding which collectively contributes to sustained financial growth (Akhter & Hassan, 2023). Additionally, strong CGM enables companies to comply with regulatory standards, mitigate risks, and build a resilient framework for achieving long-term profitability (Joecks et al., 2023). Therefore, the study tests the impact of CGM on FP.

Over the past decades, there have been many studies investigating relationships between CGM and a company's FP. Most of these studies argued that good CGM has a positive impact on a company's FP (Aibar-Guzmán et al., 2023; Aldarmi, 2023; Ali, 2022; Joecks et al., 2023). These studies were conducted on other sectors like banking, or other manufacturing sector while ignoring the fintech adoption companies. Therefore, this study contributed literature in the context of fintech adoption companies in Saudi Arabia Fintech companies. Furthermore, extant studies have primarily focused on the impact of CGM on traditional measures of FP like return on assets or return on equity (Aibar-Guzmán et al., 2023; Malekhosseini et al., 2025; Rashid & Kabir, 2024). While ignoring other factors like increasing financial services, market values, etc. Therefore, this study contributed literature in the context of CGM on these factors. On the other hand, prior studies have also been conducted on secondary-level data on the impact of CGM on FP while ignoring the primary data studies. Therefore, this study methodology contributed to a significant study on the collection of primary data. Keeping in view previous gaps, the study tested the impact of CGM on the FP of Fintech companies in Saudi Arabia.

The research with the objective highlighted the important role of CGM in enhancing the FP of Fintech companies in Saudi Arabia. The study contributed that Fintech firms

should implement strong governance practices to ensure transparency, accountability, and stakeholder confidence. Regulators could leverage these findings to establish stricter governance frameworks which helps to increase investor trust in the Fintech sector. The rest of the paper was segregated into four chapters. Literature review that explores the existing research on the relationship between CGM and FP identifying gaps in the Fintech sector in Saudi Arabia. The next chapter is the research methodology where they employed the quantitative approach utilizing primary data from Fintech companies to analyze the impact of CGM on their FP. Further results and discussion found a significant positive relationship between CGM and FP which highlights the importance of governance practices in enhancing operational efficiency and investor confidence. Lastly, implications and future directions were conducted where argued that Fintech companies should adopt strong CGM to boost financial performance, while policymakers should establish stricter governance frameworks to support sector sustainability.

LITERATURE REVIEW

This part reviews some research examining the role of fintech and corporate governance on corporate FP. [Al-Matari et al. \(2022\)](#) examined the influence of fintech on the financial sector. They found that board size, board independence, board meetings, board experience, and fintech have a significant relationship with corporate FP. [Aldaarmi \(2023\)](#) further examined the functions of CGM on the FP of listed companies in KSA. The results of this research argue that there is a negative relationship between board size and board interlocking on one hand and the FP of the listed companies on the other hand. Other independent variables of independent directors and frequency of board meetings were shown to have a positive impact on FP. [Kyere and Ausloos \(2020\)](#) examined the impact of good corporate governance on the FP of the United Kingdom for non-financial listed companies. It uses Five CGM examined (Insider-shareholding, Audit committee meetings, board size, CEO duality, independent board) on two FP indicators, Tobin's Q and return on assets. It argues, that there are different cases in the relationship between CGM and FP, a negative or positive relationship, and also at times no effect. But it concluded, that if good CGM are selected, the finances of a company can be get better.

[Mahrani and Soewarno \(2018\)](#) further investigated the direct effect of (GCG) and corporate social responsibility (CSR) on FP and findings showed that GCG positively influences FP. [Asadi and Ramezankhani \(2022\)](#) found a negative significant effect on FP and suggested that good corporate governance can decrease the gravity of the negative impact of ownership structure on a bank's FP. [Ferriswara et al. \(2022\)](#) found a positive and significant impact of corporate governance on FP. The study also confirms that an independent board of commissioners can carry out internal control mechanisms and is responsible for monitoring top-management policies. The audit

committee has a great job in guarding the interests of shareholders against earnings management actions that are usually implemented by management. [Hakimah \(2019\)](#) investigated corporate governance in the context of the profitability of small and medium-sized entities (SMEs) in Indonesia. It revealed that family ownership has a significant negative relationship with the profitability of Indonesian SMEs. The board size and gender diversity have a significant positive influence on the profitability of SMEs.

Based on the previous literature, some of the studies have argued that there is a relationship between CGM and companies' FP, negative or positive. Besides, others found no relation between them. This is back for different environmental research and the nature of companies in this area. Moreover, according to previous literature and knowledge of researchers, no study scrutinized the impact of corporate governance on the FP of fintech companies authorized by the Capital Market Authority (CMA) in Saudi Arabia, so the researchers have tried to investigate the impact of CGM on the FP of fintech companies in Saudi Arabia. Therefore, this study constitutes value to this field.

DEVELOPMENT OF HYPOTHESES AND THEORETICAL FRAMEWORK

Corporate Governance and its Mechanisms

The discrepancy of interest of companies' owners and managers makes corporate governance now more significant in fintech companies because of the separation of ownership and business management ([Eghe-Ikhrurhe & Bonsu-Assibey, 2022](#)), corporate governance plays a vital role in the conception of clearness and openness in companies. [Al-ahdal et al. \(2020\)](#) presented its justice, approachability, and ability to control, corporate governance is defined by keeping of law and human rights at the same time. Corporate governance has a critical role in cases of increased conflicts, corporate governance includes internal and external mechanisms, which decrease conflicts in cause separation of ownership from management. These mechanisms warrant a capital return for the owners and exploitation by insiders ([Ronaghi, 2022](#)). This paper focuses on Five mechanisms of corporate governance. Insider-shareholding (IS), board size (BS), independent board (IB), CEO duality (CD), and Audit committee (AC).

Insider-shareholding and Financial Performance

Insider shareholders mean, the senior officer of a company who has some shares of the company, — usually more than 10% of the voting shares, the NO of shares owned by the insider has an impact on the FP of the company, detected that an increase in shares owned by the senior officer does diminish the agency cost because who have significant shares of the company couldn't participate in harmful or extreme risky

projects. Then, managers will carefully spend on projects that are expected to realize high earnings (Kyerem & Ausloos, 2020), other studies demonstrated that raising the percentage of shares held by Insider shareholders further than an ideal point reduces FP. For example, Fama and Jensen (1983) argued that an increase can cause managerial entrenchment. Gupta (2017) investigated a full data set of hedge funds on the FP of companies with little or much insider shareholding. They found that companies with much insider investment achieve superiority over others. The argument furthermore confirms that raises in insider shareholding, up to an ideal point, about 20% of shares could raise earnings. McConnell and Servaes (1990) also found that a rise in insider shareholders raises the company's performance. These previous studies emphasized that insider shareholder significantly influence to the FP of fintech companies. Therefore, we assume that insider shareholding (IS) affects the FP of fintech companies this argument led to the following hypothesis.

H1: *There is a significant relationship between IS and the FP of fintech companies.*

Board Size and Financial Performance

Some theories demonstrated that the board of directors plays an essential role in the corporate governance structure of companies (Fama & Jensen, 1983). The shareholders have confidence in the board of directors that it can monitor managers to perform in the interest of the owners. The broad view is that companies that have a large board size are likely to have effective control that can improve the company's FP (Malekhosseini et al., 2025). Elamer and Kato (2024) also argued that a larger board is probable to acquire particular skills required for competence towards better performance. Haniffa and Hudaib (2006) also obtained a positive relationship between board size and companies' FP. Other studies argued that a small board size leads to better performance where small board sizes have easier communication and thus enhance the process of decision-making (Arora & Sharma, 2015; Christensen et al., 2010). Yermack (1996) also revealed that there is a negative relation between board size and companies' market value measured by Tobin's Q. Arora and Sharma (2015) exposed that a large number of board directors are thought to be an affluent affair for a company, thus affecting negatively on company's performance. These previous studies emphasized that board size is an important predictor of increasing the FP. Therefore, we assume that Board size (BS) affects the FP of fintech companies this argument led to the following hypothesis.

H2: *There is a significant relationship between BS and the FP of fintech companies.*

Independent Board and Financial Performance

Different theories have different attitudes toward board members, consistent with agency theory if the board of directors is non-executive this leads to more effective

monitoring of the managers' use of company resources (Elamer & Kato, 2024). The line of reasoning is that motivations exist for non-executive directors to keep their integrity which influences them to exercise decisional control (Kyere & Ausloos, 2020). According to the basis of the Saudi Code of Corporate Governance, the board should contain a majority of non-executive members (Al-Matari et al., 2022). In contrast, other studies argue in support of stewardship theory that, inside directors are trusty stewards of companies' resources and enhance FP because of information asymmetry (Aibar-Guzmán et al., 2023; Oppong et al., 2023). Mohammadi et al. (2025) exposed a significant negative relationship between the NO. of independent directors and the company's FP. These previous studies emphasized that independent board of director significantly increase the FP. Therefore, we assume that an independent board (IB) affects the FP of fintech companies this argument led to the following hypothesis.

H3: *There is a significant relationship between IB and the FP of fintech companies.*

CEO Duality and Financial Performance

CD happens when the Chief Executive Officer (CEO) is concurrently the Chairperson. The Chairperson is liable for controlling and managing the board (control function), while the CEO is liable for the day-to-day management (management function) of the company (Akhter & Hassan, 2023; Ibrahim et al., 2019). According to agency theory, the split of management and control tasks could increase board effectiveness as a governance mechanism, which argues that splitting the two functions could enhance board accountability and independence (Al-Qudah & Houcine, 2023). In this concern, the CEO/ chair may make decisions and disclose information to serve his interest. Therefore, in a company where there is a diminishing of strong monitoring of corporate governance mechanisms, management can perform according to their self-interest. In adverse, according to stewardship theory, the duality of the CEO/chairperson could lead to higher company performance. Other studies supported that CEO duality positively and significantly increases the FP (Christensen et al., 2010; Katti & Raithatha, 2018). These previous studies emphasize that CEO significantly increase the FP. Therefore, we assume that the separation of the positions of the chairperson of the board and (CEO) affects the FP of fintech companies this argument led to the following hypothesis.

H4: *There is a significant relationship between the separation of the positions of chairman of the board and CEO and the FP of fintech companies.*

Audit Committee and Financial Performance

The audit committee is vital in guarding the shareholders' and other stakeholders' interests (Aanu et al., 2014). An audit committee can help to limit the information gap

between various stakeholders and management. (Alfalsh et al., 2022). Hazzaa et al. (2024) have concluded that companies that have no audit committees are far more susceptible to fraudulent financial reporting and inflating their profitability. These reflect the important role of audit committees. However, there are some opposite studies concerning audit committees and company FP. Ahmed et al. (2024) study also clarified that audit committee characteristics do not always help improve company performance, and petite or no relation between audit committees and companies' FP. Past research (Aanu et al., 2014; Alfalah et al., 2022; Fariha et al., 2021) explained that audit committees' effectiveness affects positively companies' FP and company value. The members of the audit committee should not be executive directors and should include a certified management accountant (S & Ali, 2019). From the agency theory perspective, the audit committee is responsible for monitoring the financial reports of companies, following internal and external audit reports. Consequently, audit committees could limit fraud and manipulation which probably occur by management for personal benefits. Hence, we assume that an audit committee (AC) affects the FP of fintech companies this argument led to the following hypothesis.

H5: *There is a significant relationship between the audit committee (AC) and the FP of fintech companies.*

Based on the previous literature, studies have found that there is a relationship between CGM and companies' FP with inconsistent findings. Besides, others found no relation between them. This is back for different environmental research and the nature of companies in this area. Moreover, according to previous literature and knowledge of researchers, no study scrutinized the impact of corporate governance on the FP of fintech companies authorized by the Capital Market Authority (CMA) in Saudi Arabia, so the researchers have try to investigate the impact of CGM on the FP of fintech companies in Saudi Arabia. Therefore, this study constitutes value to this field and research framework has been formulated in Figure 1.

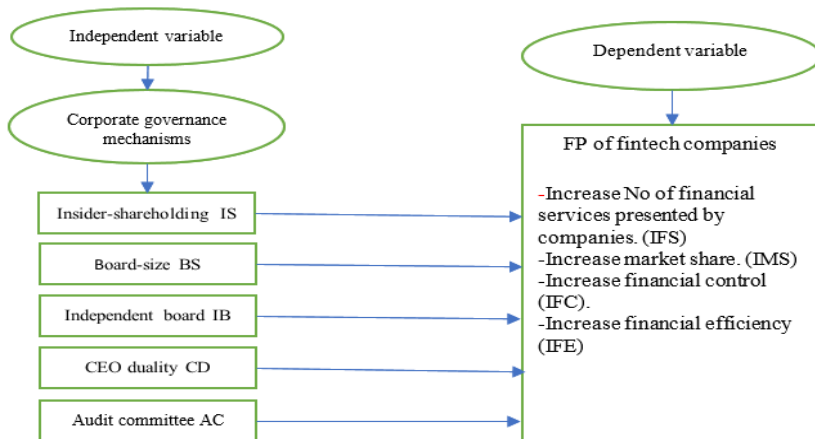


Figure 1: Research Framework (Source: Author's Own Illustration)

RESEARCH METHODOLOGY

The research aimed was to test the impact of corporate governance mechanism (CGM) on financial performance of fintech companies in Saudi Arabia. For this purpose, research approach, deductive quantitative research objective was employed. Deductive approach in the research lies their ability in testing the existing theories systematically through hypothesis-driven investigation, ensuring logical consistency and empirical validation. In addition, survey based data collected through the cross sectional research design. The strength of cross-sectional research design lies in its ability to provide a snapshot of data at a single point in time, allowing for quick and cost-effective analysis of relationships between variables (). Additionally, survey depends on a questionnaire established to collect data from the selected sample. A study was carried out to adjust and/or eliminate some variables and questions, and the observations and responses were collected from employees of fintech companies using survey instrument.

Survey Instrument

The study used the survey instrument to collect the data from the employees of the fintech companies in Saudi Arabia. The corporate governance mechanism measured (board-size(BS), insider-shareholding(IS), independent board(IB), audit committee(AC), and CEO duality (CD). Each dimension of corporate governance mechanism on primary which were collected after reviewing numerous previous studies in the field of governance mechanisms (Ezat, 2020; Hashed & Almaqtari, 2021; Kyere & Ausloos, 2020; Zhou et al., 2018). Furthermore, financial performance is the dependent variable which has been determined by increasing no of financial services presented by companies (IFS), increasing market share (IMS), increasing financial control (IFC) and increasing financial efficiency (IFE), however, after reviewing numerous previous studies in the field of FP (Ahmed et al., 2013; Eklof et al., 2018; Hashed & Almaqtari, 2021; Rozic et al., 2019). The study items description is predicted in Table 1 below,

Table 1: Variable Measurements

Measurement	Abbreviations	Variables
Independent Variable (Corporate Governance Mechanisms) (CGM)		
Q 1,2,3,4	IS	Insider-shareholding
Q 5,6,7,8	BS	Board-size
Q 9,10,11,12	IB	Independent Board
Q 11,13,14,15,16	CD	CEO duality
Q 17,18,19,20	AC	Audit Committee
Dependent Variable (Fintech Companies' FP) (FCFP)		

Source: The authors have designed this table

DATA ANALYSIS AND RESULTS

The study data was analyzed from both demographic and inferential perspectives which were analyzed by using the SPSS software.

Demographic Analysis

The [Table 2](#) results below show the demographic analysis of the study. There were a total of 134 employees of fintech operations operating companies in Saudi Arabia. Among the demographic, in gender female representation is 52.24 percent and male representation is 47.76 percent in the Saudi fintech industry. This gender balance may suggest that fintech companies in Saudi Arabia are embracing diversity and providing equal opportunities for both male and female employees which is reflecting the broader socio-economic changes which is occurring in the country as it continues to modernize its workforce and encourage women's participation in the economy. In terms of age, a substantial 44.78% of respondents were aged 18-22 years, while 37.31% fell within the 23-27 years category, pointing to a predominance of younger individuals involved in fintech activities. This age distribution is indicative of a highly dynamic and tech-savvy workforce that is keen to participate in emerging financial technologies. The presence of 10.45% of respondents in the 28-32 age group and 7.46% above 33 years also highlights a modest representation of slightly more experienced professionals, ensuring a blend of youthful innovation and seasoned expertise within Saudi Arabia's fintech companies.

Regarding the respondents residents, study shows a diverse range of positions, with 21% in senior management, 29% in middle management, and 32% representing fintech clients. This spread demonstrates that the study captured insights from both decision-makers and service users, providing a well-rounded view of the impact and challenges of fintech services. It also suggests that fintech companies in Saudi Arabia engage with various stakeholders, from top-level executives to clients, allowing for a holistic understanding of the industry's operations and client experiences. When it comes to the types of fintech companies, the largest proportion of respondents (33.58%) were affiliated with payment and transfer services, which are central to the fintech ecosystem, indicating a strong focus on digital payment solutions. Lending and credit services accounted for 22.39% of the respondents, reflecting the growing demand for alternative credit solutions in Saudi Arabia. Insurtech, wealth management, and blockchain and cryptocurrencies each comprised around 14-15% of the sample, demonstrating that these sub-sectors are also gaining significant traction in the Saudi fintech market. This distribution highlights the breadth of fintech applications within the country, underscoring the diverse opportunities and innovations emerging in the financial technology space, and their potential to transform various financial services in Saudi Arabia. Above result is predicted in [Table 2](#) below,

Table 2: Demographic Table

Category	Subcategory	Number of Respondents	%
Gender	Male	64	47.76%
	Female	70	52.24%
Total		134	100%
Age	18-22 years	60	44.78%
	23-27 years	50	37.31%
	28-32 years	14	10.45%
	33 years and above	10	7.46%
Total		134	100%
Designation	Senior Management	28	21%
	Middle Management	38	29%
	Owners	11	8%
	Accounting Companies	14	10%
	Fintech Companies' Clients	43	32%
Total		134	100%
Fintech Companies' Type	Payments & Transfers	45	33.58%
	Lending & Credit	30	22.39%
	Insurtech	20	14.93%
	Wealth Management	19	14.18%
	Blockchain & Cryptocurrencies	20	14.93%
Total		134	100%

Descriptive Statistics

Below [Table 3](#) predicted results show the descriptive statistics of the model. The descriptive statistics indicate that respondents have moderately positive perceptions of the variables, with mean scores ranging from 3.134 (Insider Shareholding, IS) to 3.743 (Financial Performance, FP), suggesting varying levels of agreement. The standard deviations, which range between 0.808 and 0.982, show moderate consistency in responses across participants. The skewness values are slightly negative (-0.03 to -0.21), indicating a slight tendency toward higher ratings, while the kurtosis values (-0.95 to -1.2) suggest that the distributions are somewhat flatter than a normal distribution. The highest-rated variable, FP (3.743), reflects positive perceptions of the financial performance of fintech companies, while the lowest-rated variable, IS (3.134), suggests relatively weaker perceptions of insider shareholding. Overall, the data highlights a generally favorable but nuanced view of corporate governance mechanisms and their influence on financial performance. Above results are predicted in [Table 3](#).

Table 3: Descriptive Analysis

Variable	Mean	Std. Deviation	Min	Max	Skewness	Kurtosis
IS	3.134	0.927	1	5	-0.12	-1.2
BS	3.544	0.809	1	5	-0.03	-0.95
IB	3.644	0.808	1	5	-0.13	-1.02
AC	3.454	0.872	1	5	-0.21	-1.15
CD	3.343	0.982	1	5	-0.16	-1.1
FP	3.743	0.932	1	5	-0.1	-1.05

Source: Author's Illustration

Correlation Matrix

Below [Table 4](#) predicted results shown the correlation matrix of the study variables. The correlation matrix highlights the relationships between the independent variables (IS, BS, IB, AC, CD) and the dependent variable (FP - Financial Performance). All independent variables show a positive correlation with FP, indicating their potential contributions to improving financial performance. Among them, IB (Independent Board) and BS (Board Size) exhibit the strongest correlations with FP, both at 0.732 and 0.731, respectively, suggesting their critical role in enhancing financial outcomes. The Audit Committee (AC) also has a high correlation with FP (0.725), emphasizing its importance in governance and financial oversight. Corporate Disclosure (CD) and Internal Systems (IS) show moderate correlations with FP, at 0.638 and 0.624, respectively, indicating their supportive but slightly less pronounced influence on financial performance. Additionally, the inter-variable correlations suggest moderate relationships, with the strongest being between IB and AC (0.524), reflecting their complementary roles in governance. Overall, the results demonstrate a robust connection between governance mechanisms and financial performance, with IB, BS, and AC being particularly influential. Above results is predicted in [Table 4](#) below,

Table 4: Correlation Table

Variable	IS	BS	IB	AC	CD	FP
IS	1					
BS	0.495	1				
IB	0.307	0.409	1			
AC	0.401	0.406	0.524	1		
CD	0.328	0.423	0.425	0.438	1	
FP	0.624	0.731	0.732	0.725	0.638	1

Regression Results

Multiple linear regression analysis was used, using the backward method, to see the effect of independent variables (insider-shareholding, independence board, audit committee, and CEO duality) on the dependent variable. (FP of fintech companies), multiple linear regression analysis is a statistical tool for evaluating the effect of a response variable and one or more predictive variables ([Vu et al., 2015](#)), the linear regression model writing is as follows:

$$Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \dots + \beta_k x_k + \epsilon$$

where y is the response (dependent variable), $\beta_0, \beta_1, \beta_2, \dots, \beta_k$ are coefficients, x_1, x_2, \dots, x_k , are independent variables, k is the number of independent variables, and ϵ is the error term ([Vu et al., 2015](#)). Backward regression method was to determine the significant variables in the model ([Moghaddam et al., 2009](#)). Backward regression

elimination can be run manually while taking account of what variables are eligible for removal.

Below Table 5 predicted results show the multiple regression results of the study. The regression results reveal the significant impact of corporate governance variables on financial performance (FP). Insider Shareholding (IS) positively influences FP, indicating that higher insider ownership aligns management interests with shareholder goals, leading to better financial outcomes ($\beta=0.351, p=0.002$). Board Size (BS) shows the strongest positive effect on FP, suggesting that larger boards enhance decision-making and oversight, ultimately driving financial success ($\beta=0.452, p=0.001$). Similarly, an Independent Board (IB) significantly affects FP, highlighting the importance of independent directors in ensuring accountability and transparency ($\beta=0.282, p=0.005$). Furthermore, the audit committee also showed a positive and significant effect on the FP, emphasizing the role of strong financial oversight and reporting practices ($\beta=0.331, p=0.008$). CEO Duality (CD) also exhibits a strong positive relationship with FP which suggests that combining the roles of CEO and board chair can enhance organizational leadership and strategic alignment ($\beta=0.421, p=0.000$). These findings emphasize the importance of corporate governance mechanisms in improving financial performance, with Board Size and CEO Duality emerging as the most influential factors. This emphasizes the need for firms to optimize governance structures to maximize financial success. Above results are predicted in Table 5 below,

Table 5: Hypothesis Results

Predictor	Standardized Beta	Standard Error	t-value	p-value
IS->FP	0.351	0.123	2.852	0.002
BS->fp	0.452	0.121	3.753	0.001
IB->FP	0.282	0.092	3.061	0.005
AC->FP	0.331	0.111	2.982	0.008
CD->FP	0.421	0.134	3.141	0.001

DISCUSSION

The research objective was to test the impact of corporate governance mechanism on the financial performance of fintech companies in Saudi Arabia. The study results shown that insided shareholders have positively influencing to the financial performance of financial companies in Saudi Arabia. These findings highlighting the role of aligning management interest along with shareholders goals that could increase the FP. These findings are indicating the insider shareholders in Saudi Arabia fintech firms increases the accountiablily and long term strategic decision making which is reducing the conflict of interest and encouraging risk-taking in innovative projects. Therefore study findigns are alignment is especially crucial in fintech companies

where rapid innovation and technological advancements drive competitiveness and market positioning. The results are consistent with the study of where they found that insider ownership aligns managerial behavior with shareholder interests, improving operational efficiency and financial performance. The results are further supported by the finding of [Cohn et al. \(2023\)](#) who also found that insider shareholding in companies enhances investor confidence and promotes sustainable growth. These findings highlight that inside shareholders are important for the fintech companies in Saudi Arabia and these findings are consistent with past research findings ([Lestari et al., 2023](#); [Zain, 2024](#)) because they not only build trust among stakeholders but also provide a signal to potential investors that management is committed to the company's success, which can attract additional resources for growth.

Further results show that board size also positively and significantly influences the financial performance of fintech companies in Saudi Arabia. This relationship emphasized the significance of board size and that diversifying a large board plays an important role in increasing financial performance. Historically, larger boards bring a broader range of perspectives and skills, which is critical for the fintech industry's fast-paced and competitive environment. In Saudi Arabia, diverse boards can provide strategic guidance on regulatory compliance, risk management, and technological innovation, ensuring companies remain agile in the face of rapid market changes. The results are also supported by the resource dependency theory where they found that larger boards improve decision-making by incorporating varied expertise, particularly in industries requiring specialized knowledge. Study findings are also supported by the empirical studies by ([Muhammad et al., 2024](#)) where they found firms with larger boards demonstrate better financial performance due to enhanced oversight and strategic alignment, a factor that fintech companies can leverage to maintain growth and competitiveness. Therefore, it is emphasized that fintech firms should prioritize the fintech firms in Saudi Arabia's larger boards to navigate challenges such as emerging digital regulations, cybersecurity threats, and competitive disruptions. Through raising better governance and decision-making processes, Saudi fintech firms can achieve financial stability and long-term success in a highly dynamic market environment.

Independent board also positively and significantly increases the financial performance of fintech companies in Saudi Arabia. These findings show the significance of independent directors in increasing financial performance lies in their role in ensuring transparency and accountability. The findings in the context of Saudi fintech firms ensure that strategic decisions are aligned with the organization's long-term goals and regulatory requirements. This argument is further supported by the study of [Fama and Jensen \(1983\)](#) who found that independent directors strengthen governance by safeguarding shareholder interests and minimizing managerial opportunism. Further study also supported the study of ([Pham & Ho, 2024](#); [Sanda et](#)

al., 2011), where they highlighted that independent boards in financial institutions improve investor confidence and increase sustainable growth. These studies highlighted that the fintech firms in Saudi Arabia should have a proper independent board because independent boards play a key role in encouraging the adoption of innovative practices while ensuring that such initiatives align with long-term profitability. This dual focus on governance and innovation is crucial for fintech firms in Saudi Arabia to differentiate themselves and maintain their competitive edge in the financial services market which could increase the financial performance that will lead to increase the financial performance.

In other words, audit committees also significantly increase the financial performance of fintech tech companies in Saudi Arabia. This results shown that audic committee in fintech companies of Saudi Arabia playing an integral role in increasing the financial performance through ensuring financial transparency that is particullary important in the Saudi Arabia, where corporate transparency is a critical factor in attracting foreign investments. The study results is signficiant wth the study of [Al-Matari et al. \(2022\)](#) and [Hazzaa et al. \(2024\)](#), where they confirmed that effective audit committees significantly enhance the financial performance through improving internal controls and reducing financial irregularities. These findgins are important for the fitech firms in Saudi Arabia becuease in the fintech context, strong oversight through audit committees mitigates risks associated with technology adoption which is ensuring sustainable operations, because strong audit committee ensures that resources are allocated efficiently, minimizing waste and fostering financial discipline. In addition, effective auditing practices strengthen a firm's ability to respond to market and regulatory challenges, which is especially vital for fintech companies that operate in a complex and evolving digital economy that plays a crucial role in enhancing financial performance.

CEO duality and financial performance relationship also positively and significantly affected fintech companies in Saudi Arabia. These findings highlight the significance that unified leadership in fintech companies playing an important role in increasing the financial performance of fintech companies. A study conducted in a Saudi Arabian firm's context also supported the view ([Bhaskar et al., 2024](#)), where they highlighted that fintech firms operate in a rapidly evolving environment, and CEO duality allows for streamlined decision-making and clearer strategic direction. A unified leadership structure ensures agility in responding to market changes and technological advancements, which are critical for fintech success. The results are further supported by the findings of [El Abiad et al. \(2024\)](#) where they also found that CEO duality enables firms to make timely decisions and implement strategies more effectively. Therefore study findings are more relevant for the Saudi firms because in a fintech environment having a single individual as both CEO and board chair allows for a more cohesive integration of business and technology strategies. While this structure

can concentrate decision-making power, it also increases faster execution of innovative initiatives and market adaptation. To balance the benefits, Saudi fintech firms should ensure strong governance mechanisms to maintain accountability which allows them to capitalize on CEO duality's advantages while mitigating potential risks that will lead to improving the financial performance that will also increase the financial performance.

IMPLICATIONS

The study has various theoretical implications in the field of corporate governance and financial performance in the context of Saudi Arabia's Fintech adoption companies. Firstly, the study contributes to the corporate governance literature by exploring its relationship with financial performance specifically in the fintech sector. While extant studies have primarily focused on banking and manufacturing industries, this study is among the first to extend corporate governance frameworks to fintech-adopting companies in Saudi Arabia, addressing a notable gap in the literature. Secondly, the research highlights the role of governance variables such as insider shareholding, board size, independent boards, audit committees, and CEO duality in shaping financial outcomes. This unique focus on fintech companies adds a new dimension to theoretical debates, particularly as fintech firms operate in highly dynamic, technology-driven environments that demand distinct governance strategies. Thirdly, through employing primary data, this study provides a stronger understanding of corporate governance mechanisms in Saudi Arabia, a context that has been underexplored in global governance research. This methodological contribution allows for a deeper analysis of the interplay between governance practices and financial performance, offering a foundation for future research in emerging markets. Fourthly, the findings contribute to the growing body of research on corporate governance in non-traditional sectors. By applying governance theories to the fintech industry, this study broadens the applicability of these frameworks, enhancing their relevance in understanding the governance-performance relationship in technology-oriented sectors.

The study also has several practical implications. Firstly, the study offers practical insights for fintech companies in Saudi Arabia, emphasizing the need to adopt effective corporate governance practices to enhance financial performance. For example, fostering insider shareholding can align management's interests with shareholders, driving long-term value creation and stakeholder trust. Secondly, the research underscores the importance of board diversity and size in providing strategic oversight and expertise. Fintech firms in Saudi Arabia should consider expanding their boards to include professionals with varied skills and experiences in technology, finance, and regulation to improve decision-making and enhance financial outcomes. Thirdly, the findings emphasize the value of independent boards in promoting

transparency and accountability. Fintech companies should prioritize appointing independent directors who can provide unbiased advice, enhance governance quality, and mitigate risks, especially in the fast-evolving fintech landscape. Fourthly, the study highlights the role of audit committees in ensuring financial transparency and compliance. Fintech firms should strengthen their audit committees to mitigate risks associated with digital operations, cybersecurity, and regulatory compliance, thereby fostering trust among investors and stakeholders.

LIMITATIONS AND FUTURE DIRECTIONS

The study with significant contributions, still has various limitations that could be addressed in future studies. Firstly, the study was conducted on cross-sectional research where data was collected for the first time in a single time frame which limited the scope of the study. Therefore, future research could be explored on longitudinal research design that could enhance study generalizability. Secondly, the study focuses solely on Saudi Arabia, limiting the generalizability of the findings to other contexts. Comparative studies should be conducted involving fintech companies from different regions or countries could offer deeper insights into the influence of cultural, economic, and regulatory differences on governance and performance. Thirdly, the study relies on a specific set of governance variables, such as insider shareholding, board size, independent boards, audit committees, and CEO duality, while other relevant factors like gender diversity, technological expertise, and ESG practices were not explored. Future research should consider a broader range of governance attributes to capture the full spectrum of governance mechanisms influencing fintech firms. Lastly, the reliance on primary data, while a strength in providing fresh insights, may also introduce potential biases related to self-reported measures. Therefore, future research could be conducted secondary to annual reports or databases.

CONCLUSION

The study aimed to test the impact of corporate governance mechanisms on the financial performance of fintech companies in Saudi Arabia. Quantitative data was collected from 134 employees of fintech companies in Saudi Arabia by employing a convenient sampling technique. Multiple regression predicted findings indicated that all corporate governance mechanism indicators positively and significantly influence to financial performance of fintech companies in Saudi Arabia. In the corporate governance mechanism insider shareholders, the board size, audit committee, independent directions, and CEO duality positively and significantly influence financial performance in Saudi Arabia fintech companies. The study with these findings contributed significant findings in the context of literature by affirming its positive impact on financial performance, particularly in the fintech industry which

highlights the relevance of governance mechanisms in emerging economies like Saudi Arabia. Practically, the study also contributed that fintech companies in Saudi Arabia should strengthen corporate governance practices to enhance financial performance which is ensuring compliance, transparency, and strategic oversight to increase investor confidence and sustainable growth. The study limited and future directions were also presented in the literature.

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