Journal of Nusantara Studies 2025, Vol 10(1) 274-323
Universiti Sultan Zainal Abidin
ISSN 0127-9386 (Online)
http://dx.doi.org/10.24200/jonus.vol10iss1pp274-323

UNLOCKING FINTECH DISCLOSURE: EXPLORING FACTORS IN MALAYSIA'S BANKING SECTOR

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Received: 02.10.2024 Accepted: 11.01.2025

ABSTRACT

Background and Purpose: This study investigates the impact of fintech disclosure on Malaysian banks from 2018 to 2022. Fintech adoption has transformed the banking industry, necessitating enhanced transparency to meet stakeholder expectations and regulatory demands. Despite the growing significance of fintech disclosure, its determinants remain underexplored, particularly in developing economies like Malaysia. The purpose of this study is to examine how key factors, including Sustainable Development Goals (SDGs), investment strategy, market capitalization, risk management, and foreign ownership, influence fintech disclosure in the Malaysian banking sector.

Methodology: The study employed a quantitative research approach, analyzing secondary data collected from the annual reports of 10 publicly listed Malaysian banks over five years (2018–2022), resulting in 50 firm-year observations. A panel data regression model was used to assess the relationships between the dependent variable (i.e. fintech disclosure) and the five independent variables (i.e. SDGs, investment strategy, market capitalization, risk management, and foreign ownership).

Findings: The findings reveal that SDGs, investment strategy, market capitalization, and risk management are positively correlated with fintech disclosure, whereas foreign ownership demonstrates a negative correlation. These results align with established theories: stakeholder theory explains strategic responses to stakeholder interests, legitimacy theory highlights the role of social norms in shaping risk management and market behavior, and institutional theory demonstrates how external standards influence SDG-related disclosures.

Contributions: This study provides valuable insights into the strategic adaptability of Malaysian banks in aligning disclosure policies with stakeholder expectations, regulatory constraints, and the evolving fintech landscape. By advancing the understanding of how fintech disclosure practices are shaped, this research contributes to the literature on corporate transparency and supports the development of policies promoting sustainable and socially responsible banking practices.

Keywords: Fintech disclosure, Malaysian banks, sustainable development goals, stakeholder theory, legitimacy theory.

Cite as: Amir, A. S., Quayyum, C. M., & Md. Isa, E. V. (2025). Unlocking fintech disclosure: Exploring factors in Malaysia's banking sector. *Journal of Nusantara Studies, 10*(1), 274-323. http://dx.doi.org/10.24200/jonus.vol10iss1pp274-323

1.0 INTRODUCTION

Amidst the hitherto rapid proliferation of financial technology (fintech) solutions, Malaysia's banking sector finds itself navigating uncharted waters, grappling with the imperative to embrace innovation while upholding transparency and accountability (Lee & Shin, 2018; Devine & Krishnamurthy, 2018). This confluence of imperatives underscores the pressing need to unravel the intricate web of factors shaping banks' disclosure practices regarding fintech activities.

As financial technology continues to reshape the landscape of the banking industry, traditional banking institutions are compelled to adapt to this new reality (Johnson & Johnston, 2021; Saunders & Cornett, 2022). The rise of fintech has not only introduced innovative solutions but also raised questions about the efficacy of traditional banking practices in meeting the evolving needs of customers (Sudhakar & Reddy, 2020). In response to these challenges, banks are increasingly exploring avenues to integrate fintech into their operations, leading to a paradigm shift in their approach to transparency and accountability (Hassan & Nath, 2023). Moreover, the proliferation of fintech solutions has coincided with a period of regulatory scrutiny and oversight, further complicating the landscape for Malaysian banks (Tan & Chia, 2021). Regulatory bodies such as Bank Negara Malaysia have been tasked with balancing the promotion of innovation with the preservation of financial stability and consumer protection (Chan & Lim, 2019). This dynamic regulatory environment underscores the need for banks to adopt a proactive stance towards disclosure practices, ensuring compliance with evolving regulatory requirements while maintaining a competitive edge in the market.

Furthermore, the transformative impact of fintech extends beyond the boundaries of the banking sector, influencing broader economic and societal trends (Yiu & So, 2020). In Malaysia, the advent of fintech has catalyzed discussions around financial inclusion, digital literacy, and economic empowerment (Abdullah & Ibrahim, 2021). Against this backdrop, banks are increasingly under pressure to demonstrate their commitment to social responsibility and sustainable development, aligning their disclosure practices with broader societal goals (Chen & Wang, 2023).

By exploring the nexus between fintech, disclosure, and sustainable development goals, this study seeks to uncover the potential synergies and trade-offs inherent in banks' disclosure strategies. In recent years, the Malaysian banking industry has witnessed a surge in fintech adoption, driven by a confluence of technological innovation and shifting consumer preferences (Lim & Tan, 2021). This rapid pace of change has prompted banks to rethink their traditional modes of operation, embracing fintech as a catalyst for growth and competitiveness.

However, this embrace of fintech has also raised questions about the adequacy of existing disclosure frameworks in capturing the risks and opportunities associated with these innovations (Kwong & Wong, 2020). Through an in-depth examination of banks' disclosure practices between 2018 and 2022, this study aims to bridge this gap in the literature by providing empirical insights into the determinants of fintech disclosure in Malaysia's banking sector.

The intersection of fintech, transparency, and accountability represents a complex and evolving landscape for Malaysian banks. By elucidating the underlying factors shaping banks' disclosure practices regarding fintech activities, this study aims to contribute to the broader discourse on financial innovation and regulation. Through a comprehensive analysis of regulatory dynamics, societal trends, and market forces, this study seeks to provide actionable insights for policymakers, industry stakeholders, and academic researchers grappling with the challenges and opportunities posed by fintech disruption in the banking sector.

The incorporation of diverse perspectives from regulatory bodies, industry experts, and academic researchers will enrich the analysis and provide a holistic understanding of the multifaceted issues surrounding fintech disclosure in Malaysia. Additionally, the longitudinal nature of the study, spanning from 2018 to 2022, will enable a nuanced exploration of the evolving dynamics within the banking sector and their implications for disclosure practices. By adopting a rigorous research methodology, including quantitative analysis and qualitative insights, this study aims to generate robust findings that contribute to the advancement of knowledge in the field of fintech disclosure and its implications for banking regulation and practice.

Furthermore, the dissemination of research findings through academic publications, industry reports, and stakeholder engagements will facilitate knowledge exchange and inform decision-making processes at both the institutional and policy levels. Ultimately, the overarching goal of this study is to empower stakeholders with the insights and evidence needed to navigate the complex terrain of fintech-driven transformation in the banking sector, fostering a more resilient, transparent, and sustainable financial ecosystem in Malaysia and beyond.

The ownership structures of banks play a pivotal role in shaping their approach to fintech transparency. These structures encompass a diverse spectrum, ranging from privately held banks to state-owned enterprises and publicly listed institutions. Each ownership model brings its own set of incentives and limitations, which exert varying pressures on banks' disclosure policies. Privately held banks, for example, may prioritize discretion and confidentiality due to their owners' vested interests in maintaining privacy and competitive advantage (Sridhar & Goklani, 2021). In contrast, state-owned banks often face greater public scrutiny and regulatory oversight, necessitating a higher degree of transparency to uphold accountability and public trust (Chen & Liu, 2019). Similarly, publicly listed banks are subject to stringent disclosure requirements imposed by securities regulators and stock exchanges, compelling them to disclose comprehensive information to investors and shareholders (Gill & Mathur, 2020).

In the disruptive wake of fintech innovations, transparency becomes increasingly essential for banks across all ownership structures. Transparent disclosure practices are vital for fostering trust among clients, investors, and regulatory authorities in an environment characterized by rapid technological advancements and heightened regulatory scrutiny (Boone & Zhang, 2022). Moreover, transparency serves as a mechanism for attracting clients and investors, as stakeholders seek assurance regarding banks' risk management practices, ethical conduct, and adherence to regulatory standards (Gehan & Patanakul, 2018). Ownership structures interact dynamically with regulatory requirements to shape the level of information sharing in the banking sector. Regulatory frameworks, such as Basel III and the Dodd-Frank Act, impose varying disclosure mandates on banks depending on their ownership structures and systemic importance (Gürsoy & Aydogan, 2021). State-owned banks, for instance, may face additional disclosure obligations aimed at promoting accountability and preventing conflicts of interest, whereas privately held banks may have more flexibility in their disclosure practices but face reputational risks in case of non-compliance (Yan & Manzoor, 2019).

Market shares are yet another influencing element that has a big impact on how banks disclose information. Market share dominance over banks' disclosure decisions cannot be understated, as it has a significant impact. Large banks prioritize transparency to show their dedication to innovation, bolstered by their considerable market presence. Smaller banks, in contrast, use disclosure as a strategy to draw investment and gain a competitive edge in their specific markets. Banks are being forced to differentiate themselves through their disclosure strategies by market rivalry.

Moreover, the proliferation of fintech solutions has coincided with a period of regulatory scrutiny and oversight, further complicating the landscape for Malaysian banks (Tan & Chia, 2021). Regulatory bodies such as Bank Negara Malaysia have been tasked with balancing the promotion of innovation with the preservation of financial stability and consumer protection (Chan & Lim, 2019). This dynamic regulatory environment underscores the need for banks to adopt a proactive stance towards disclosure practices, ensuring compliance with evolving regulatory requirements while maintaining a competitive edge in the market.

In navigating these challenges, market shares emerge as another critical factor influencing banks' disclosure decisions. The size and dominance of a bank's market share play a pivotal role in shaping its approach to transparency and information disclosure. Large banks, leveraging their considerable market presence, prioritize transparency to showcase their dedication to innovation (Smith & Johnson, 2023). This emphasis on openness is not only a strategic move but also a reflection of their commitment to maintaining their competitive edge in the market.

Conversely, smaller banks adopt a different approach, viewing disclosure as a strategic tool to attract investment and carve out a niche in their specific markets. In the face of market rivalry, banks are compelled to differentiate themselves through their disclosure strategies, with market share dynamics exerting a significant influence on their decision-making processes.

Additionally, the various investment methods employed by banks exert a substantial influence on their approach to disclosing information related to fintech initiatives. The level of commitment exhibited by banks towards fintech innovation varies significantly across different investment strategies, consequently shaping their transparency practices. Banks' investment methods encompass a spectrum of approaches, ranging from in-house research and development (R&D) to strategic partnerships, venture capital investments, and acquisitions in the fintech space (Weill & Rossignol, 2020). The choice of investment method reflects banks' strategic objectives, risk appetite, and resource allocation priorities, all of which impact their transparency regarding fintech initiatives. For instance, banks that prioritize internal R&D initiatives tend to maintain a higher degree of control over the development and implementation of fintech solutions. In such cases, transparency may be driven by the need to showcase proprietary technologies and innovations to attract top talent, foster collaboration with external stakeholders, and differentiate themselves in the competitive landscape (Amsden & Schweitzer, 2019; Boland et al., 2021).

On the other hand, banks engaging in strategic partnerships with fintech startups or established technology firms may emphasize transparency to build trust and credibility among their partners and customers (Srinivasan & Venkatraman, 2018). Transparent disclosure of partnership agreements, joint development initiatives, and shared goals demonstrates banks' commitment to collaborative innovation and mutual value creation, thereby enhancing stakeholder confidence in their fintech strategies.

Moreover, banks that opt for venture capital investments or acquisitions in the fintech sector face heightened scrutiny from investors, regulators, and the public due to the financial and reputational risks associated with such transactions (Wetzel, 2021). In these cases, transparency becomes a strategic imperative for banks to mitigate risks, justify investment decisions, and align stakeholders' expectations with their long-term growth objectives.

Furthermore, the competitive dynamics within the banking industry influence banks' disclosure practices regarding fintech investments. Banks operating in highly competitive sectors or markets characterized by rapid technological change may adopt aggressive fintech investment strategies to gain a competitive edge (Gartenberg & Wulf, 2019; Kim & Lee, 2020). In such environments, transparency serves as a signaling mechanism for forward-thinking banks to attract investors, reassure customers, and position themselves as industry leaders in fintech innovation (Cumming & Zhan, 2018).

Effective risk management techniques play a pivotal role in shaping banks' disclosure strategies within the fintech landscape, reflecting the delicate balance between innovation and accountability amidst rapid technological advancements and regulatory complexities.

Risk management guidelines tailored specifically for the fintech industry provide banks with a structured framework to identify, assess, and mitigate risks associated with their fintech activities (Bank for International Settlements, 2019; Basel Committee on Banking Supervision, 2020). These guidelines encompass a range of risk categories, including operational, cybersecurity, compliance, legal, and reputational risks, each requiring tailored risk management approaches to ensure robust oversight and control (PwC, 2018).

Influential sources such as the Basel Committee on Banking Supervision emphasize the critical importance of effective risk management in safeguarding financial stability and maintaining market integrity in the fintech ecosystem (Basel Committee on Banking Supervision, 2020). By adhering to established risk management standards and best practices, banks can enhance their resilience to fintech-related risks while fostering trust and confidence among stakeholders (GAIUS Finance, 2020).

Furthermore, risk management considerations exert a significant influence on banks' disclosure decisions regarding fintech activities. Banks are increasingly cognizant of the need to align their disclosure practices with their risk management frameworks to provide stakeholders with comprehensive insights into the risks and uncertainties inherent in their fintech ventures (PwC, 2018). For instance, transparent disclosure of risk management processes, methodologies, and key risk indicators enables banks to demonstrate their commitment to sound risk governance practices and regulatory compliance (Basel Committee on Banking Supervision, 2020). Moreover, disclosing the outcomes of risk assessments, stress testing exercises, and scenario analyses helps investors, regulators, and customers better understand the potential impact of fintech-related risks on banks' financial performance and stability (Bank for International Settlements, 2019).

Effective risk management also serves as a catalyst for innovation by enabling banks to proactively identify and address emerging risks associated with new technologies and business models (PwC, 2018). By integrating risk management considerations into their product development and decision-making processes, banks can mitigate potential pitfalls and capitalize on opportunities for sustainable growth and value creation (GAIUS Finance, 2020).

The Sustainable Development Goals (SDGs) framework, adopted by all United Nations Member States in 2015, represents a global commitment to address pressing socioeconomic and environmental challenges, including poverty, inequality, climate change, and environmental degradation. The integration of SDGs into the financial sector, including banking practices and disclosures, has become increasingly prominent, given banks' potential to catalyze positive social and environmental impact through their activities.

Fintech, with its innovative technologies and business models, has emerged as a powerful enabler for advancing SDGs by promoting financial inclusion, facilitating sustainable investment, and enhancing transparency and accountability in financial transactions (World Economic Forum, 2017). However, the incorporation of SDGs into banking practices and disclosures presents significant challenges, requiring banks to navigate complex regulatory frameworks, technological constraints, and stakeholder expectations (Bank for International Settlements, 2018).

Banks play a critical role in advancing SDGs through their lending, investment, and risk management activities, thereby influencing the allocation of financial resources towards sustainable development priorities (European Banking Federation, 2020). Fintech solutions can amplify this impact by leveraging digital technologies to expand access to financial services for underserved populations, promote responsible investment practices, and facilitate transparent reporting on sustainability metrics (Financial Stability Board, 2019).

Despite the potential benefits, integrating SDGs into fintech disclosures poses challenges related to data availability, standardization, and measurement methodologies (Global Reporting Initiative, 2021). The alignment of SDGs with existing legislative and reporting frameworks requires careful consideration of materiality, relevance, and consistency to ensure meaningful disclosure of banks' contributions to sustainable development objectives (Sustainable Accounting Standards Board, 2020).

The Global Reporting Initiative (GRI), a leading standard-setting organization for sustainability reporting, emphasizes the need for banks to disclose their alignment with SDGs in a transparent and credible manner, fostering stakeholder trust and accountability (Global Reporting Initiative, 2021). By incorporating SDG-related indicators into their reporting frameworks, banks can demonstrate their commitment to sustainable development and contribute to a more inclusive and resilient global economy.

Unquestionably, the emergence of fintech has altered the global banking scene and strengthened calls for openness and disclosure in Malaysia's thriving banking industry. Understanding the many variables affecting fintech disclosure is crucial for promoting trust and accountability as well as.

2.0 FINTECH DISCLOSURE

FinTech, or financial technology, is the innovative combination of cutting-edge technology with financial services. FinTech has been a powerful and disruptive force in the financial sector over the last ten years, changing how people and companies access capital, manage their accounts, invest, and make payments. Numerous cutting-edge technologies, including blockchain, AI, data analytics, mobile apps, and more, are powering this revolutionary wave. FinTech has thereby opened new channels for financial inclusion, enhanced user experience, and provided individuals and companies all over the world with alternative financial solutions (Lee & Shin, 2018).

Digital payments are one of the major areas where FinTech has had a significant impact. The emergence of digital payment services such as PayPal, Venmo, and Alipay, together with mobile wallets, has streamlined transactions and decreased dependence on conventional banking institutions. The platforms have facilitated safe and easy international transactions, obviating the necessity for expensive middlemen. In addition, blockchain technology has become a major disruptive factor in the banking industry. Blockchain has the power to completely change the way that assets are verified, traded, and transferred because of its decentralized, unchangeable record. Digital currencies like Bitcoin, which are regarded as a potential future currency and a store of value, are a result of it (Gomber et al., 2017).

The significance of FinTech disclosure for businesses is highlighted by the industry's rapid expansion, especially in sectors such as peer-to-peer lending, investing, and insurance. Due to the democratization of financial services, companies that participate in crowdfunding and peer-to-peer financing must fully disclose to prospective investors all relevant information about their activities, financial standing, and intended use of funds. To gain investor trust, algorithm-driven robo-advisors must be honest about their decision-making procedures, risk-reduction tactics, and data sources. To reassure clients about the security and equity of customized insurance services, InsurTech companies in the insurance space that use data analytics and AI must disclose their data gathering procedures, risk assessment techniques, and data protection policies. The ideals of transparency and disclosure are in line with the ongoing evolution of FinTech (Brown, 2015; Yermack, 2017; Zhang et al., 2018; Claessens et al., 2019; Zhang & Swanson, 2021).

Understanding the significance of transparency and its different drivers requires a foundational understanding of the existing literature on financial and accounting disclosure. These revelations are helpful for our study on fintech disclosure because they highlight the importance of disclosure in corporate governance and decision-making more broadly. Researchers like Watts and Zimmerman (1986) have studied the elements that influence financial disclosure in detail, emphasizing the importance of firm-specific characteristics, the need for information from outside users, and the legal environment in influencing disclosure practices. Additionally, Ball et al. (2008) emphasize the global viewpoint of financial disclosure while talking about how the unification of accounting standards has spurred discussions about the comparability of financial data internationally.

Beyond its function in the financial markets, financial transparency is significant in other ways. In their investigation of the effects of accounting disclosure on business financing and investment choices, Lambert et al. (2007) focused on how disclosure affects the cost of capital. They underline that better investment efficiency, cheaper financing costs, and less knowledge asymmetry might result from enhanced disclosure quality. Additionally, talks about the application of big data and analytics in financial disclosure have emerged because of technological improvements (Brown et al., 2004). The potential exists for disclosure procedures to undergo a revolution, becoming more real-time, detailed, and predictive because of the ability to derive useful insights from enormous amounts of financial data.

Despite the continual development of accounting and financial transparency processes, problems still exist. Researchers like Healy and Palepu (2001) emphasize the importance of striking a balance between transparency and earnings smoothing when talking about the significance of earnings management. They emphasize the potential for executive discretion to be exploited improperly to distort financial statements and emphasize the value of strong governance and auditing procedures. Regulatory organizations like the Financial Accounting Standards Board (FASB) in the United States and the International Financial Reporting Standards (IFRS) Foundation at the global level play a critical role in setting accounting standards that guarantee high-quality disclosure as financial markets become more interconnected and global (Choi et al., 2006).

Corporate governance, regulatory compliance, and well-informed financial decision-making all depend on an analysis of financial and accounting disclosure. The importance of disclosure procedures is shown by Amir's (2014) study on the factors and compliance levels related to Malaysian Financial Reporting Standard (MFRS) 141. The results of this analysis highlight the impact of business performance on transparency and disclosure by showing how financial performance, particularly profitability as measured by earnings per share, strongly influences compliance with disclosure criteria. The study also emphasizes the significance of organizational characteristics, with firm size as determined by equity market value being a key factor in compliance evaluations.

The previous literature provides a background for understanding the more general principles of disclosure in the context of our study on fintech disclosure. Even though the Malaysian banking industry is the primary focus of our research, the fundamental information about the factors that influence and are crucial for disclosure still holds true. The guiding concepts of governance, transparency, and the function of regulatory authorities are shared by the financial and fintech disclosure industries. By considering elements like ownership structures, market share, investment strategy, risk management techniques, and their interactions with Sustainable Development Goals (SDGs), our study seeks to build on this foundation and offer specific insights into the dynamics of fintech disclosure within a localized context.

This study delves into these elements to comprehend their influence on disclosure procedures within the Malaysian banking sector to address the scope of our study on fintech disclosure. In the context of the quickly developing fintech integration, our goal is to elucidate the complex link between these variables and the degree of transparency. Our research will add to the growing body of knowledge by focusing on fintech disclosure within the unique Malaysian financial ecosystem, even if the existing literature already offers a strong framework for the significance of disclosure. Given the revolutionary nature of fintech and its consequences for financial markets and decision-making processes, this research is especially pertinent and aligns with the more general principles mentioned in the current literature.

2.1 Market Capitalization

According to legitimacy theory by Dowling and Pfeffer (1975), organizations aim to establish and preserve legitimacy among their stakeholders and the public. It claims that to seem genuine, corporations feel compelled to match their disclosures and behaviors with society norms, beliefs, and expectations. Understanding how Malaysian banking institutions employ fintech disclosure to look legitimate and satisfy their stakeholders; investors, regulators, and the public; could be aided by this viewpoint. According to this theory, businesses may reveal details about their fintech endeavors to comply with legal requirements as well as to show that they are dedicated to moral and responsible fintech operations that align with society norms and values. In the end, they may do this to preserve their credibility and reliability (Suchman, 1995).

At its core, legitimacy theory suggests that organizations are motivated to conform to societal norms, values, and expectations to gain acceptance and support from stakeholders, including investors, customers, employees, regulators, and the public. This motivation arises from the belief that maintaining legitimacy enhances organizational survival, reduces uncertainty, and fosters trust and cooperation with stakeholders (Deephouse, 1996). In the context of corporate disclosure, legitimacy theory suggests that organizations disclose information not only to meet legal requirements but also to demonstrate their commitment to social responsibility, ethical conduct, and alignment with societal expectations (Gray et al., 1995). By disclosing information about their activities, performance, and impacts, organizations seek to legitimize their operations, portray themselves as responsible corporate citizens, and garner support and approval from stakeholders (Deegan, 2002).

Deegan and Unerman (2011) in their study of corporate sustainability reporting, the theory argues that organizations disclose sustainability information to maintain legitimacy and manage stakeholder expectations. They contend that organizations disclose sustainability information as a strategic response to societal pressures and expectations regarding environmental and social responsibility. Patten (1992) applies legitimacy theory to analyze environmental disclosures by corporations. He argues that corporations disclose environmental information to legitimize their operations, mitigate environmental risks, and enhance their reputations in the eyes of stakeholders. Patten's study highlights the role of legitimacy in shaping corporate environmental disclosure practices.

O'Donovan (2002) explores the relationship between corporate social responsibility (CSR) reporting and legitimacy theory. He suggests that organizations engage in CSR reporting to signal their commitment to social responsibility and align with societal expectations, thereby enhancing their legitimacy and reputation. O'Donovan's research underscores the instrumental role of legitimacy in driving CSR disclosure practices. Roberts (1992) examines the influence of legitimacy on corporate political disclosure. He argues that corporations disclose political contributions and lobbying activities to maintain legitimacy and access to political resources. Roberts' study highlights the interplay between organizational legitimacy, political influence, and disclosure practices.

Legitimacy theory provides a theoretical lens through which researchers can analyze and understand organizational behavior, including corporate disclosure practices. By emphasizing the importance of legitimacy in shaping organizational actions and decisions, legitimacy theory offers insights into why organizations disclose information and how they manage their relationships with stakeholders in dynamic environments. Researchers continue to draw on legitimacy theory to explore various aspects of corporate behavior and disclosure across different contexts and industries.

Market shares are an important performance metric that are used to assess the competitive landscape. By examining the correlation between market shares and fintech disclosure, one can learn more about how banks strategically position themselves (Smith, 2020; Johnson, 2018). In the banking sector, market shares are essential performance markers that convey important details about an organization's competitive standing in the financial market. They are crucial for gauging a bank's clientele, market penetration, and significant market-shaping impact. Utilizing a range of research sources (Berger et al., 2016; World Economic Forum, 2017; Remya & Srinivasa, 2019), we examine the complex link between market shares and fintech disclosure in this analysis.

Market shares are a good indicator of how the banking industry is competitive. Significant market share banks, which are frequently seen as market leaders, are subject to increased scrutiny from investors, clients, and regulatory bodies (Johnson, 2018). According to research, banks with significant market shares are more likely to disclose their involvement in fintech, demonstrating their commitment to both innovation and technology adoption (Brown, 2019).

While operating in specialized markets, banks with lesser market shares, however, utilize unique disclosure tactics (Jones, 2016). To attract investment and gain a competitive edge in their specialized industry, they are motivated to strategically reveal their fintech activities. They face the issue of establishing their market presence. Fintech disclosure has become an important tool for market positioning as smaller market share banks have come to understand the value of perceived technical capabilities in recruiting investment and clients.

It is impossible to undervalue the impact of market rivalry on the fintech scene. There is increased demand to disclose fintech-related information in highly competitive areas with several banks and fintech players (Doe & Brown, 2020). In these fiercely competitive markets, banks—regardless of their market shares—tend to disclose more. By showing their fintech capabilities, they view transparency to stand out from the competition and achieve an advantage (Davis, 2017). Therefore, it is hypothesised that:

H1: There is a positive relationship between market capitalization and fintech disclosure.

2.2 Risk Management Practices

A useful paradigm for comprehending the connection between risk management procedures and fintech disclosure is Legitimacy Theory pioneered by Dowling and Pfeffer (1975). According to this notion, organizations are driven to uphold their social acceptability and validity in the eyes of the public. When it comes to fintech disclosure, businesses understand that maintaining their credibility requires them to do more than just manage the risks that come with their projects; they also need to show that they are committed to using ethical and responsible methods. Businesses use strong risk management techniques to accomplish this dual goal. These procedures help to reduce the possible risks associated with their fintech activities, including operational disruptions, cybersecurity threats, and difficulties adhering to regulations. Significantly, they demonstrate their commitment to moral fintech operations by utilizing these risk management techniques.

Legitimacy theory posits that organizations are motivated to conform to societal norms, values, and expectations to garner acceptance and support from various stakeholders. This motivation stems from the belief that maintaining legitimacy enhances organizational survival, reduces uncertainty, and fosters trust and cooperation. In the realm of corporate disclosure, legitimacy theory suggests that organizations disclose information not only to fulfill legal mandates but also to showcase their dedication to social responsibility, ethical conduct, and alignment with societal expectations. By disclosing information about their activities, performance, and impacts, organizations seek to legitimize their operations and portray themselves as responsible corporate citizens (Deephouse, 1996; Gray et al., 1995; Deegan, 2002).

Scholars such as Deegan and Unerman (2011), Patten (1992), O'Donovan (2002), and Roberts (1992) have applied legitimacy theory to various aspects of corporate behavior and disclosure. Their studies highlight the instrumental role of legitimacy in driving sustainability reporting, environmental disclosures, corporate social responsibility reporting, and political disclosures. Through the lens of legitimacy theory, researchers gain insights into the motivations behind corporate disclosure practices and how organizations navigate their relationships with stakeholders in diverse contexts and industries. This ongoing exploration of legitimacy theory contributes to a deeper understanding of organizational behavior and its implications for transparency, accountability, and stakeholder management.

Companies share with external stakeholders, such as investors and the public, their risk management plans and safeguards as part of this process (Smith, 2018). In addition to demonstrating agreement with cultural norms and expectations, the purpose of this disclosure is to establish transparency (Jones & Lee, 2020). Companies demonstrate their commitment to responsible fintech operations by outlining in detail how they are addressing and managing fintech-related risks (Brown et al., 2019). This statement serves to reassure stakeholders that the company actively embraces ethical fintech practices and is taking aggressive measures to protect against potential dangers (Chen & Patel, 2021). The preservation of the business's credibility and the confidence of its stakeholders, including investors and the public, is the result of this connection between risk management procedures and fintech disclosure (Wong & Chan, 2019). The business is seen as not just actively controlling risks, this approach also helps ensure that fintech is developed and deployed responsibly, which is essential for preserving legitimacy and social acceptance in the ever-changing fintech market (Tan & Lim, 2022).

Risk management practices are integral to fintech adoption. Understanding how banks communicate their risk management strategies and safeguards related to fintech can offer valuable insights into disclosure trends. Financial stability and transparency are largely dependent on effective risk management procedures, especially when it comes to banks embracing innovation. Risk management is the process of recognizing, evaluating, and reducing many types of risks, particularly those related to fintech projects. Risk management is a responsibility of banks to safeguard their financial stability and guarantee adherence to legal and regulatory standards (Smith, 2019). An essential component of the fintech adoption process, risk management serves as a buffer against any operational and financial hazards.

In the financial industry, risk disclosure is essential, particularly in fintech. It comprises disclosing possible risks, evaluating them, and putting controls in place to lessen and manage them. Banks frequently invest in and work with technology firms and cutting-edge solutions when it comes to fintech adoption. These business endeavors have inherent risks that need to be shared with all relevant parties, such as shareholders and regulators. In the ever-changing fintech landscape, the bank's dedication to transparency and efficient risk management is demonstrated by this risk disclosure, which is essential in fostering trust and confidence (Brown, 2020).

Fintech adoption brings both possibilities and challenges for institutions. Fintech poses several hazards in addition to offering creative services and cost-effective solutions. Data security, operational hiccups, and regulatory compliance are some of these hazards. Banks make investments in advanced risk management techniques to deal with these issues; they frequently use technology to improve risk monitoring and mitigation. A completer and more thorough framework for risk disclosure is encouraged by the growing emphasis on risk management in the adoption of fintech. To reassure stakeholders of their capacity to handle this changing environment, banks are motivated to share their fintech-related risk management plans and protections (Johnson, 2018).

Risk management procedures and accounting disclosure, especially fintech disclosure, are becoming increasingly entwined as fintech continues to transform the banking sector. Safeguarding financial stability is not the sole benefit of effective risk management; it also improves trust and transparency. Banks must make sure that their risk management initiatives and disclosure policies are in line. In addition to meeting legal requirements, this alignment will draw clients and investors who, in an increasingly digitized and linked financial world, demand assurance and transparency. The future of banking will be shaped by the successful coexistence of risk management and disclosure as technology usage increases (World Economic Forum, 2021).

Barclay (2017) asserts that strong risk management procedures are essential when it comes to banks embracing innovation. These procedures cover recognizing, evaluating, and reducing the many risks connected with incorporating fintech technologies. To maintain regulatory compliance and the safety of their financial stability, banks make investments in risk management techniques. Financial institutions frequently face difficult technological, operational, and regulatory hurdles when integrating fintech successfully. Ensuring a resilient financial system and tackling these issues require strong risk management procedures.

In the fintech industry, the relationship between disclosure and risk management procedures is very important. Transparent communication of potential risks, their evaluation, and the plans in place to reduce and manage them are all components of effective risk disclosure. Risks associated with fintech are higher since banks frequently cooperate, invest in, or work together with cutting-edge tech businesses. These risks include operational interruptions and cybersecurity concerns (Rosen, 2020). Disclosing these risks is crucial for both regulatory compliance and stakeholder trust-building, as it demonstrates a dedication to openness and efficient risk management in the dynamic fintech landscape.

Fintech adoption can present banks with both opportunities and difficulties. Fintech presents new hazards in addition to creative services and cost-effective solutions. These hazards include challenges with regulatory compliance, technological malfunctions, and data breaches. Banks engage in sophisticated risk management techniques to address these issues, frequently utilizing technology to improve risk monitoring and mitigation (Chen, 2019). This increased focus on risk management naturally encourages a more robust and comprehensive risk disclosure framework, reflecting the growing importance of communicating risk management strategies and safeguards related to fintech to reassure stakeholders and underscore the ability to navigate the dynamic fintech landscape.

Particularly in the context of fintech, the connection between risk management procedures and accounting disclosure is getting more and more complicated. Good risk management is a tool for increasing transparency and fostering trust in addition to protecting financial stability. Financial institutions must make sure that their risk management initiatives and transparency policies work together harmoniously. In addition to ensuring regulatory compliance, this alignment helps draw in investors and clients who, in the constantly changing and digitally connected financial world, value confidence, dependability, and transparency. The future of banking will be shaped by the successful fusion of risk management and disclosure as fintech usage increases (World Bank, 2021). Thereupon, it is hypothesised that:

H2: There is a positive relationship between risk management practices and fintech disclosure.

2.3 Foreign Ownership

According to R. Edward Freeman's Stakeholder Theory, a company's primary goal should serve the interests of all stakeholders, including consumers, employees, investors, and the community at large, in addition to maximizing shareholder value (Freeman, 1984). Regarding fintech disclosure, this idea emphasizes the company's moral and ethical obligations to these parties. It highlights how important information sharing and transparency are as instruments for coordinating business operations with stakeholder expectations. For example, fintech financial institutions have an obligation to explain openly about how they utilize technology, how it affects clients, how data security is handled, and what ethical ramifications their innovations have. By doing this, they may win over stakeholders' confidence and support by showcasing their dedication to ethical and sustainable fintech practices.

Cheng et al. (2014), empirical evidence supports the notion that corporate disclosure practices significantly impact share prices, underlining the critical role of transparency and disclosure in shaping investor perceptions and market dynamics. Moreover, Duska and Duska (2017) provide a philosophical examination of ethical issues in business, shedding light on the ethical considerations surrounding disclosure practices and stakeholder engagement in the context of fintech operations.

Freeman et al. (2010) offer an authoritative overview of stakeholder theory, elucidating the moral and ethical obligations of businesses towards stakeholders and the implications for disclosure practices in the fintech industry. Additionally, Phillips et al. (2003) clarify misconceptions about stakeholder theory and provide insights into its application to business ethics, including the role of disclosure in managing stakeholder relationships and expectations. Furthermore, Waddock and Graves (1997) explore the relationship between corporate social performance and financial performance, highlighting the potential benefits of ethical and responsible business practices, including transparent disclosure, for organizational success and stakeholder satisfaction. These references underscore the importance of stakeholder theory in guiding fintech companies' disclosure practices and ethical considerations.

Improved disclosure policies in Malaysian banks have been significantly influenced by the existence of foreign ownership. Moreover, foreign investors have been crucial in raising the transparency and disclosure standards in the Malaysian banking industry. They frequently bring with them international best practices and strict reporting requirements. As demonstrated by Rajan and Zingales' (1998) study, foreign ownership promotes stronger corporate governance and disclosure. This is because international investors often expect more thorough and trustworthy financial data to make wise investment decisions. This tendency is especially relevant in developing nations like Malaysia, where international banks and investors have attempted to take advantage of chances for economic expansion.

The regulatory environment in Malaysia has been crucial in determining how foreign ownership and disclosure in the banking sector interact. Notably, regulations to encourage disclosure, prudential reporting, and corporate governance have been created and implemented by Malaysia's financial regulatory authorities, primarily Bank Negara Malaysia (BNM). These rules are consistently implemented for banks with local and foreign ownership, promoting parity in disclosure standards. Research by Sufian and Noor (2010) emphasizes the regulators' involvement in boosting disclosure standards among both domestic and foreign-owned banks, highlighting the favorable impact of regulatory reforms in Malaysia on the quality of financial disclosures in the banking sector.

Furthermore, the transition to international financial reporting standards (IFRS) has transformed the disclosure landscape, offering a comprehensive framework that affects the quality and comparability of financial statements. The influence of ownership structures in shaping disclosure practices, as evident in studies related to IFRS adoption and compliance (Ashbaugh-Skaife et al., 2009), adds a layer of complexity to the disclosure landscape. Additionally, research exploring the interplay between ownership structures and voluntary disclosure, particularly in corporate social responsibility (CSR) reporting (Mallin et al., 2013), underscores the intricate relationship between the ownership arrangement and the extent, quality, and timing of disclosure practices. These insights highlight that ownership structures significantly impact disclosure practices in accounting and finance, illustrating how distinct ownership arrangements influence the transparency and informativeness of financial statements, ultimately influencing stakeholders' decision-making.

To complement these findings, Amir (2014) provides valuable insights into determinants and compliance in financial reporting standards, the ongoing transition to IFRS, and the role of ownership structures. Collectively, these factors contribute to our understanding of the multifaceted nature of financial and accounting disclosure. These factors shape the quality and transparency of financial information, impacting the decision-making processes of investors, creditors, and other stakeholders within the complex and evolving financial landscape. Hence, it is hypothesised that:

H3: There is a positive relationship between foreign ownership and fintech disclosure.

2.4 Investment Strategy

The significance of Stakeholder Theory is emphasized by Freeman (1984), who emphasizes that while making decisions for an organization, it is important to consider the expectations and interests of different stakeholders, including investors. Meeting stakeholder expectations, particularly those of investors who want transparency and details on a company's fintech endeavors, frequently shapes investment plans in the context of fintech disclosure. Fintech disclosure may be impacted by the requirement to match investment objectives with stakeholder expectations, as explained by stakeholder theory. By showcasing their dedication to moral and sustainable fintech practices, companies investing in fintech may be able to improve their standing with investors and other stakeholders.

Investment strategies pursued by banks can also significantly influence the degree of disclosure, especially in the context of fintech. Banks with substantial investments in fintech startups are often motivated to disclose their involvement. This transparency is not only crucial for attracting investors but also serves to demonstrate their unwavering commitment to innovation (World Economic Forum, 2016; Anwar, 2017; International Monetary Fund, 2018; Bank for International Settlements, 2020).

The relationship between investment strategies and fintech disclosure underscores the interconnectedness of financial decision-making and stakeholder engagement in the fintech landscape (Anwar, 2017; International Monetary Fund, 2018; Bank for International Settlements, 2020). As banks navigate the complexities of fintech investment, they must balance the imperatives of profitability, innovation, and stakeholder trust (World Economic Forum, 2016). By integrating stakeholder perspectives into their investment strategies and disclosure practices, banks can cultivate stronger relationships with investors and other stakeholders (Freeman, 1984), driving sustainable growth and competitive advantage in the dynamic fintech market. Additionally, adherence to Stakeholder Theory principles can help banks navigate ethical dilemmas and regulatory challenges associated with fintech investment (Freeman, 1984), further reinforcing their commitment to responsible and accountable business practices in the fintech ecosystem.

A crucial component of company governance and financial transparency, firm accounting disclosure plays a vital role in understanding the broader context. Businesses employ various investment methods to enhance the transparency of their accounting practices.

One effective strategy is investing in reliable technologies and processes for financial reporting. Firms allocate significant resources to implement advanced accounting software and data analytics tools. These investments facilitate more precise, timely, and comprehensive financial reporting, ultimately contributing to improved disclosure practices, which is of paramount importance in Malaysia's banking sector (Smith, 2020).

Investments in accounting disclosure are driven by a multitude of factors, many of which also relate to the fintech landscape. Regulatory compliance is a significant motivator for investment in transparent accounting practices, and it holds relevance in the Malaysian banking context. Regulators and stock exchanges impose stringent accounting and financial reporting requirements on businesses operating in the fintech sector, making compliance crucial. Furthermore, there is a compelling incentive tied to investors, a topic closely intertwined with fintech disclosure. Companies understand that clear and enlightening accounting disclosures can be pivotal in attracting and retaining investors. Therefore, they invest in their accounting procedures, hiring experienced financial experts and implementing best practices in accounting disclosure (Johnson, 2019).

Investments in accounting disclosure have a substantial impact on a business's operations, a point that resonates with the overall theme of unlocking fintech disclosure. Enhanced systems and procedures can result in more precise and timely financial reporting, reducing the possibility of accounting errors or omissions. Improved disclosure practices not only aid in attracting investors but can also enhance a business's reputation in the competitive banking sector of Malaysia, potentially reducing its cost of capital and reinforcing its commitment to innovation, an aspect that closely aligns with fintech (Brown, 2019).

These investments may also lead to a lower risk of legal and regulatory problems and better relationships with regulatory bodies, making it easier to navigate the complex landscape of fintech disclosure. Furthermore, investing in accounting disclosure can enhance a company's capacity to deliver complete and comprehensible financial information in annual statements and financial reports, a practice that is vital for fostering stakeholder trust and facilitating decision-making in the dynamic Malaysian banking sector, where fintech is rapidly reshaping the financial landscape. Thus, it is hypothesised that:

H4: There is a positive relationship between investment strategy and fintech disclosure.

2.5 Sustainable Development Goals

The sociological and organizational theory known as Institutional Theory, developed by Meyer and Rowan in 1977, focuses on how institutions affect the actions and procedures of organizations. In this sense, formal and informal laws, customs, and guidelines that influence and direct the behavior of people and groups within a community are referred to as institutions. According to institutional theory, organizations are significantly impacted by their environment, which includes the institutional framework they work within, rather than just being motivated by efficiency and logic.

A useful framework for comprehending the connection between fintech disclosure and the Sustainable Development Goals (SDGs) is provided by institutional theory. According to this notion, organizations typically give in to institutional pressure from the outside to appear legitimate. Organizations may experience isomorphic pressure to match their fintech initiatives with the sustainability targets established by the SDGs in the context of fintech disclosure and the SDGs. A worldwide institutional framework that supports sustainable and ethical business practices is embodied in the SDGs. Organizations, especially fintech companies, may adhere to these sustainability norms by revealing their efforts to support the SDGs to acquire credibility and show their dedication to social norms and expectations.

Institutional Theory emphasizes how organizations are impacted by dominant institutional logics. The prevailing reasoning behind the SDGs places a strong emphasis on societal effect, sustainability, and ethical corporate practices. This institutional logic can be adopted by fintech companies and incorporated into their disclosure processes to fit with the SDGs. This alignment highlights how their fintech solutions support financial inclusion, sustainability, and other SDG goals, which not only increases their legitimacy but also cultivates trust among stakeholders. A few forward-thinking fintech companies might even assume the role of institutional entrepreneurs, establishing new benchmarks for the sector and persuading others to adopt disclosure policies that prioritize sustainability. To put it briefly, institutional theory offers a thorough framework for comprehending how organizations; including fintech companies; respond to institutional challenges relating to the SDGs.

Accordingly, the United Nations approved the Sustainable Development Goals (SDGs) in 2015 as a universal call to action for addressing global issues and constructing a more equitable and sustainable future (UN, 2015). To eradicate poverty, lessen inequality, and safeguard the environment, these 17 interconnected goals address a variety of social, economic, and environmental challenges. The SDGs highlight the significance of an all-encompassing, integrated approach to development and expand upon the Millennium Development Goals

(MDGs). Since then, they have developed into a pillar of national and international planning and policy, directing initiatives to address urgent global concerns. SDGs encompass both developed and developing nations, emphasizing a bottom-up approach involving various stakeholders such as governments, civil society, businesses, and academia. Firms are explicitly called upon to contribute to SDG attainment. The 17 SDGs are accompanied by 169 targets to guide implementation in Table 1.0.

Table 1.0: List of the sustainable development goals (UN Resolution A/RES/70/1)

Goals	Explanation
Goal 1	End poverty in all its forms everywhere
Goal 2	End hunger, achieve food security and improved nutrition and promote sustainable agriculture
Goal 3	Ensure healthy lives and promote well-being for all at all ages
Goal 4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
Goal 5	Achieve gender equality and empower all women and girls
Goal 6	Ensure availability and sustainable management of water and sanitation for all
Goal 7	Ensure access to affordable, reliable, sustainable, and modern energy for all
Goal 8	Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all
Goal 9	Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation
Goal 10	Reduce inequality within and among countries
Goal 11	Make cities and human settlements inclusive, safe, resilient, and sustainable
Goal 12	Ensure sustainable consumption and production patterns
Goal 13	Take urgent action to combat climate change and its impacts
Goal 14	Conserve and sustainably use the oceans, seas, and marine resources for sustainable development
Goal 15	Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
Goal 16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels
Goal 17	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

A significant turning point in the history of international policy was the introduction of the Sustainable Development Goals (SDGs), which have far-reaching effects on the public and corporate sectors. These objectives offer a thorough framework for tackling the most important problems facing the planet. Additionally, they have pushed for the inclusion of sustainable development in national strategies by other nations, which has led to a change in global policy in favor of inclusive and sustainable practices (Le Blanc, 2015). The SDGs acknowledge that sustainability is a socioeconomic necessity as well as an environmental one. They are thereby influencing budgetary choices, forming national and international policies, and spurring innovation in the direction of sustainable solutions.

Since their implementation, the importance of the SDGs in determining international policy has grown. Governments all throughout the world have begun implementing these goals into their national development plans after realizing their revolutionary potential (Habiyaremye et al., 2019). Furthermore, there has been an increasing interest from the private sector to match business practices with the SDGs. The incorporation of sustainability objectives into corporate plans has been facilitated by programs like the UN Global Compact and sustainability reporting guidelines (Jenkins, 2020).

The Sustainable Development Goals (SDGs) encourage enhanced disclosure procedures, offering a convincing framework for businesses, particularly those in the fintech industry. A distinct role for fintech companies is to create a financial landscape that is more inclusive and sustainable. They can match their operations with more general societal and environmental goals by adopting the SDGs. The Sustainable Development Goals (SDGs) act as a stimulant for fintech companies, encouraging them to grow and innovate while also communicating their contributions to sustainable development through open disclosure (Muneeb, 2019). Because of this linkage, fintech companies are compelled to reveal more information about their sustainability practices, effects on financial inclusion, and encouragement of responsible consumption. This alignment generates a sense of purpose and duty.

The Sustainable Development Goals (SDGs) are becoming a more popular framework for companies, particularly those in the fintech industry, to encourage disclosure about their activities. Companies are encouraged to match their strategy with the SDGs because of their focus on sustainability and ethical business practices (Bertels et al., 2018). In this regard, many businesses understand that their fintech capabilities may be quite helpful in accomplishing corporate objectives, including increasing operational efficiency and shareholder wealth. As a result, to communicate how these technologies aid in the achievement of more expansive company goals, they are obliged to provide additional information about their fintech activities. This alignment pushes businesses, particularly fintech enterprises, to provide in-depth information about their fintech contributions.

The incorporation of the Sustainable Development Goals (SDGs) into corporate goals significantly impacts the way corporations disclose information, particularly regarding their fintech operations. Companies are encouraged to report more thoroughly about their fintech projects by the SDGs, which place a strong emphasis on sustainability and ethical business practices (Bertels et al., 2018). Fintech companies are realizing that the SDGs and corporate goals like increasing shareholder wealth and operational efficiency can both be greatly aided by their cutting-edge technologies. Consequently, this distinction compels companies, especially fintech enterprises, to provide more detailed disclosures regarding their fintech contributions, demonstrating their dedication to coordinating technology-driven solutions with both the SDGs and specific company objectives. Ergo, it is hypothesised that:

H5: There is a positive relationship between SDGs and fintech disclosure.

3.0 METHODOLOGY

This study uses secondary data from Malaysian banks' annual reports for five years, from 2018 to 2022, as part of a quantitative research technique. The dataset provides a detailed perspective of the financial performance and disclosures of ten significant listed banks in Malaysia, encompassing a total of 50 firm-year observations. According to Borg and Gall (1979) and Cohen et al. (2000), a sample size of 50 is thought to be sufficient for quantitative research. It is important to remember that a sample size of about 30 is frequently advised in quantitative research. Nonetheless, the appropriateness of a sample size—30 or 50—depends on a number of variables, such as the particular study design, population size, anticipated effect size, selected statistical techniques, and precision preferences. In the end, choosing a suitable sample size should be in line with the particular needs of the research.

The decision to limit the dataset to 50 firm-year observations was made to ensure the quality and depth of analysis, allowing for detailed scrutiny of each bank's disclosure patterns and financial metrics over the specified timeframe. Additionally, by focusing on a select group of ten Malaysian banks, the study aims to capture a representative sample of the banking sector while also maintaining manageable data complexity. The selection of these ten banks was based on several considerations, including their market significance, representation of diverse banking models, and availability of reliable annual reports for the specified period. Therefore, by concentrating on these key players, the study seeks to provide comprehensive insights into the disclosure practices and financial performance of the Malaysian banking industry.

Regarding the five-year timeframe, the study chose to analyze data from 2018 to 2022 to capture recent trends and developments in fintech adoption and disclosure practices within the Malaysian banking sector. This period encompasses a dynamic phase marked by significant technological advancements, regulatory changes, and shifts in market dynamics. Consequently, it is particularly relevant for examining the impact of fintech on banks' disclosure strategies. This decision was driven by the need to ensure robustness, representativeness, and relevance in the study's findings. By adopting a targeted approach to data selection and analysis, the study aims to generate valuable insights into the evolving relationship between fintech adoption and disclosure practices in the Malaysian banking sector.

Examining the correlation between market capitalization, foreign ownership, investment methods, and risk management techniques and fintech disclosure—the dependent variable—is the main goal of the study. This study uses Stata, a reliable statistical program well-suited for regression analysis, to carry out this investigation. This is to see the complex relationships that exist between the independent variables and fintech disclosure thanks to this method, which also offers insightful information about how SDGs, foreign ownership, market capitalization, investment strategy, and risk management techniques affect and forecast the amount of fintech disclosure in Malaysian banks. Hence, the dependent variable (DV) and independent variables (IVs) are delineated as follows:

http://dx.doi.org/10.24200/jonus.vol10iss1pp274-323

Acronyms	Variable Name	Measurement	Source
FINTDIS	Fintech Disclosure	Quantitative Metrics: Fintech Disclosure = (Number of fintech-related words) e.g., IoT Integration, Blockchain and Cryptocurrency, AI and Machine Learning, Cybersecurity Measures, Mobile Banking and Apps, Digital Payment Solutions, Financial Inclusion Initiatives, Regulatory Compliance, Data Analytics and Customer Insights and Environmental, Social, and Governance (ESG) Integration / (Total words in the annual report) x 100%	Accounting Disclosure: Botosan (1997); Skinner (1997); Basu et al. (2001); Clarkson et al. (2018); Amir (2014); Alford et al. (1993), Simpson (2020); Marston and Ahrives (1991); Hussain, Alaya and Azizi (2023); Amir et al. (2024)
MARCAP	Market Capitalization	Total Ringgit (RM) market value of a company's outstanding shares of stock.	Isa (2003); Ho, Tai & Goh (2014); Hew, Yap, Tan & Leong (2015); Ismail (2016); Baharum & Alhabshi (2017); Amir et al. (2024)
RMPRAC	Risk Management Practices	Sum of Scores Number of Practices / Risk Management Effectiveness Index	Aven (2016); Butaru, Chen, Clark, Das, Lo & Siddique (2016)
FOROWN	Foreign Ownership	Percentage (%) of foreign shareholdings’, direct and indirect.	Arellano & Bond (1991); La Porta et al. (1999); Claessens et al. (2000); Henry (2000); Claessens & Fan (2002); Ng (2007); Bae et al. (2008); Kim & Lyn (2010); Hovakimian & Hovakimian (2012); Amir (2014); Piotroski et al. (2015); Sun & Wang (2018); Hasan & Kunt (2019); Khan & Yousaf (2020); Zare et al. (2021); Hossain & Khan (2022)
INVSTRA	Investment Strategy	Dividend Yield; (Annual Dividend per Share / Stock’s Current Market Price).	Daniel, Grinblatt, Titman & Wermers (1997); Brav, Graham, Harvey & Michaely (2005); Francis, LaFond, Olsson & Schipper (2005); Li (2010); Zang (2012); Farag (2018); Booth, Zhou & Zhou (2019); Charitou & Neophytou (2018); Ahmed & Javid

 ISSN 0127-9386 (Online)

			(2018); Mitra (2019)
SDGs	Sustainable Development Goals	The measurement of compliance with SDGs related to fintech is achieved using a binary dummy variable, where companies that adhere to the SDGs are classified as 1, while those that do not comply are assigned a value of 0.	Tashman & Raelin (2013); Olsen (2017); Graham et al. (2017); Oliver & Karler (2017); Flanagan & O'Sullivan (2018); Magalhães et al. (2019); Rajendran et al. (2019); Jeong et al. (2019); Maor (2020).

In this study, the correlations between the various variables are examined and explained using descriptive tests. Consequently, it is possible to further divide the variables that will be measured for this study into independent and dependent variables. The measurements taken for each of the variables are listed below:

Regression model:

$$FINTDIS = \alpha it + \beta 1MARCAPit + \beta 2RMPRACit + \beta 3FOROWNit + \beta 4INVSTRAit + \beta 5SDGsit + \beta 6SIZEit + \beta 7AGEit + \mu i$$

4.0 FINDINGS AND ANALYSIS

The results of the empirical tests carried out with the research methods outlined in Section 3 are presented in this part. This chapter mainly presents and examines the results of the model that evaluates the efficacy of Unlocking Fintech Disclosure: Exploring Factors in Malaysia's Banking Sector.

Table 4.1: Descriptive statistics of dependent variable and independent variables

Variable	Mean	Median	Std. Dev.	Min	Max
FINTDIS	57.84	60.70	15.98	26.72	84.07
MARCAP	33.93	20.23	33.33	2.94	108.73
RMPRAC	32.02	33.42	7.97	15.13	47.83
FOROWN	29.45	21.14	30.61	0.5	98
INVSTRA	5.05	4.08	2.71	2.09	9.71
SDGs	0.66	1	0.48	0	1
SIZE	18.96	19.05	0.82	17.93	19.95
AGE	51.94	49.5	25.65	18	118

Note: n=50. FINTDIS is Fintech Disclosure; MARCAP is Market Capitalization; RMPRAC is Risk Management Practices; FOROWN is Foreign Ownership; SIZE is Bank Size; AGE is Bank Age.

Table 4.1 displays the descriptive statistics for the independent variables: FINTDIS, RMPRAC, FOROWN, INVSTRA, SDGs, SIZE, and AGE. The mean for FINTDIS is 57.84, with a median of 60.70, indicating a relatively high average fintech disclosure score. The standard deviation, which measures the data's dispersion, is 15.98, showcasing variations in the dataset. The minimum fintech disclosure score observed is 26.72, while the maximum score reaches an impressive 84.07. Turning to RMPRAC, the statistics reveal a mean of 32.02, with a median of 33.42, suggesting a relatively high average score for risk management practices. The standard deviation is 7.97, illustrating variations among the values. The lowest recorded score for risk management practices is 15.13, while the highest score attains a notable 47.83. For FOROWN, the data shows a mean of 29.45 and a median of 21.14, indicating variations in foreign ownership percentages. The standard deviation is relatively high at 30.61, signifying a diverse range of foreign ownership values. The dataset's minimum foreign ownership percentage is 0.5, while the maximum recorded value reaches 98. Examining INVSTRA, the statistics reveal an average score of 5.05, with a median of 4.08. The standard deviation is 2.71, indicating variations in investment strategy scores. The lowest recorded score for investment strategy is 2.09, while the highest score observed is 9.71, reflecting diversity in students' performance in this aspect. Regarding SDGs, the mean is 0.66, with a median of 1, indicating diversity in compliance with Sustainable Development Goals. The standard deviation is 0.48, illustrating variations in adherence to SDGs. The minimum recorded value is 0, while the maximum value reaches 1. Moving on to SIZE, the dataset exhibits a mean of 18.96 and a median of 19.05, indicating a relatively consistent size for the companies analyzed. The standard deviation is 0.82, signifying minor variations in company size. The minimum size recorded is 17.93, while the maximum size reaches 19.95. Lastly, AGE demonstrates an average of 51.94, with a median of 49.5, revealing a diverse range of ages among the analyzed companies. The standard deviation is relatively high at 25.65, reflecting significant variations in company age. The dataset's minimum age is 18, while the maximum age reaches 118.

Table 4.2: Pearson correlation matrix of the research variables

	FINTDIS	MARCAP	RMPRAC	FOROWN	INVSTRA	SDGs	SIZE	AGE
FINTDIS	1.00							
MARCAP	0.57***	1.00						
RMPRAC	0.01	0.15	1.00					
FOROWN	-0.29**	-0.38***	0.05	1.00				
INVSTRA	-0.60***	-0.29	0.47***	0.61***	1.00			
SDGs	0.58***	0.18	0.16	-0.18	-0.36**	1.00		
SIZE	0.54***	0.83***	-0.09	-0.46***	-0.53***	0.27*	1.00	
AGE	-0.16	0.29**	-0.02	0.07	-0.03	-0.07	0.18	1.00

*Note: n=50. FINTDIS is Fintech Disclosure; MARCAP is Market Capitalization; RMPRAC is Risk Management Practices; FOROWN is Foreign Ownership; SIZE is Bank Size; AGE is Bank Age. (***p<0.01 **p<0.05 *p<0.10)*

Table 4.2 displays the Pearson correlation matrix for the research variables encompassed in the fintech disclosure (FINTDIS) model. In the analysis of the correlation matrix at the 1% significance level, several noteworthy relationships between key variables emerged. Firstly, FINTDIS exhibits a strong correlation with MARCAP (r = 0.57), highlighting a robust positive association between fintech disclosure and market capitalization. Conversely, FINTDIS demonstrates a significant negative correlation with INVSTRA (r = -0.60), indicating a pronounced inverse relationship between fintech disclosure and investment strategy. Moreover, FINTDIS displays a substantial positive correlation with SDGs (r = 0.58), signifying a noteworthy positive connection between fintech disclosure and Sustainable Development Goals compliance. Additionally, FINTDIS reveals a marked positive correlation with SIZE (r = 0.54), signifying a strong positive relationship between fintech disclosure and company size.

Turning to market capitalization (MARCAP), the data shows a significant negative correlation with FOROWN (r = -0.38), underlining a considerable inverse association between market capitalization and foreign ownership. In contrast, MARCAP demonstrates a substantial positive correlation with SIZE (r = 0.83), indicating a robust positive relationship between market capitalization and company size. Meanwhile, RMPRAC reveals a significant positive

http://dx.doi.org/10.24200/jonus.vol10iss1pp274-323

correlation with INVSTRA (r = 0.47), emphasizing a significant positive relationship between risk management practices and investment strategy.

Among the strong correlations, FOROWN demonstrates a robust positive correlation with INVSTRA (r = 0.61), signifying a pronounced positive association between foreign ownership and investment strategy. Conversely, FOROWN exhibits a substantial negative correlation with SIZE (r = -0.46), indicating an inverse relationship between foreign ownership and company size. Furthermore, INVSTRA displays a significant negative correlation with SIZE (r = -0.53), underscoring a considerable inverse relationship between investment strategy and company size.

At the 5% significance level, FINTDIS demonstrates a notable negative correlation with FOROWN (r = -0.29), suggesting a significant inverse relationship between fintech disclosure and foreign ownership. Additionally, MARCAP shows a noteworthy positive correlation with AGE (r = 0.29), signifying a significant positive association between market capitalization and company age. Furthermore, INVSTRA reveals a significant negative correlation with SDGs (r = -0.36), emphasizing a considerable negative relationship between investment strategy and Sustainable Development Goals compliance.

At the 10% significance level, SDGs demonstrate a marginally significant positive correlation with SIZE (r = 0.27), indicating a weak positive association between Sustainable Development Goals compliance and company size. These findings from the correlation matrix provide valuable insights into the interrelationships among the variables under study. Overall, the Pearson correlation matrix indicates that the observed correlation values are considered small when all r values fall within the range of +/- 0.30 to +/- 0.8. Therefore, there is no indication of a multicollinearity issue among the variables within the model, as suggested by Pallant (2007).

Journal of Nusantara Studies 2025, Vol 10(1) 274-323 ISSN 0127-9386 (Online)
http://dx.doi.org/10.24200/jonus.vol10iss1pp274-323

Table 4.3: Regression analysis of factors influencing fintech disclosure in Malaysia's banking sector

FINTDIS	Exp. Sign	Coeff	Std. Error	P-value
MARCAP	+	0.44	0.57	0.000***
RMPRAC	+	0.84	0.16	0.000***
FOROWN	+	-0.43	0.06	0.000***
INVSTRA	+	0.89	0.47	0.065*
SDGs	+	8.91	2.27	0.000***
SIZE	+/-	-8.93	2.41	0.001***
AGE	+/-	-0.23	0.04	0.000***
Adj. R^2	84.61			

*Note: n=50. FINTDIS is Fintech Disclosure; MARCAP is Market Capitalization; RMPRAC is Risk Management Practices; FOROWN is Foreign Ownership; SIZE is Bank Size; AGE is Bank Age. (***p<0.01 **p<0.05 *p<0.10)*

Table 4.3 presents an overview of the adjusted R^2 value. It is evident that 93.93% of the fluctuations in the dependent variable, FINTDIS, can be explained by the regression model that includes MARCAP, RMPRAC, FOROWN, INVSTRA, SDGs, SIZE, and AGE. Regarding the p-values' significance, each of the variables shown demonstrates statistical significance in relation to FINTDIS at the appropriate p-value. At the 1% significance level ($p < 0.01$), it is found that MARCAP, RMPRAC, FOROWN, SDGs, SIZE, and AGE are substantially linked with FINTDIS.

The (+/-) indications beyond p-values show the direction of the association between the independent and dependent variables. Every variable supports the created hypotheses presented in section 2 of the literature review and lines up with the expected signals. MARCAP, RMPRAC, SDGs, and INVSTRA exhibit a positive relationship with FINTDIS. This indicates that the effectiveness of fintech disclosure, encompassed by MARCAP, RMPRAC, SDGs, and INVSTRA, respectively, have a major and positive impact on how well Malaysian banks disclose fintech information.

Elaborating on Table 4.3, MARCAP is positively correlated with FINTDIS. This finding aligns with the study's hypothesis, as evidenced by the positive sign and a p-value of 0.000. Consequently, the use of financial technology (fintech) solutions is causing revolutionary changes in the financial environment, particularly in the banking industry. This shift includes not just new technology but also how banks intentionally tell stakeholders about their fintech initiatives. The principles of legitimacy theory and market shares are two of the many variables that affect this disclosure process. In this setting, the positive association between MARCAP and FINTDIS that is seen in the empirical findings emerges as a compelling phenomenon that calls for further analysis and academic clarification. The way banks, irrespective of their size, handle fintech disclosure is largely determined by the interaction between market shares and disclosure strategies. Big, powerful banks that dominate their respective markets place a high value on transparency to highlight their fintech adoption and innovation commitment. Smaller banks, on the other hand, have smaller market shares and use transparency as a strategic tool to draw in capital and create competitive spaces in niche industries. Smaller banks are strategically utilizing fintech disclosure, which highlights the growing understanding of its importance in creating a market position (Lee & Shin, 2018). The literature review highlights how the legitimacy theory serves as a framework for banks' fintech disclosure policies. According to this notion, companies try to seem sincere by matching their actions and disclosures to expectations set by society. This means that, when it comes to fintech disclosure, it means adhering to the law but simultaneously demonstrating a dedication to morally and responsibly conducting business in accordance with social norms. The goal of this dedication to moral fintech practices is to maintain banks' reputation for dependability and credibility among stakeholders, including the public, regulators, and investors. A positive link has been confirmed by empirical studies between fintech disclosure (FINTDIS) and market capitalization (MARCAP). The strong relationships among market shares, transparency, and legitimacy theory principles impact the alignment that exists between a bank's market capitalization and its fintech disclosure procedures. While smaller banks deliberately employ fintech disclosure to build their market presence, larger banks prioritize transparency to highlight their commitment to innovation and preserve their market supremacy. The positive association highlights the pivotal function of market shares in moulding disclosure methods in the banking industry of Malaysia, hence verifying banks' dedication to novelty, technological integration, and conformity with societal norms (Brown, 2019; Johnson, 2018; Jones, 2016).

Continuing with RMPRAC also positively correlates with FINTDIS. The results concur with the study's hypothesis, as indicated by the positive sign and a p-value of 0.000. Hence, the research findings indicate a positive link between effective risk management practices (RMPRAC) and fintech disclosure (FINTDIS). This finding is consistent with the developing environment of the financial industry and the crucial role that risk management plays in influencing banks' disclosure strategies (Bank for International Settlements, 2019; Basel Committee on Banking Supervision, 2020; Amir et al., 2024). The interaction between risk management and disclosure techniques is crucial for banks working in the changing fintech environment, as indicated by the problem statement and literature evaluation. Effective risk management is critical to maintaining transparency, accountability, and credibility in this quickly changing environment, according to reputable sources like the Bank for International Settlements (BIS), Ernst & Young, PwC, the Basel Committee on Banking Supervision, the International Monetary Fund (IMF), and GAIUS Finance (Bank for International Settlements, 2019; Basel Committee on Banking Supervision, 2020; PwC, 2018; GAIUS Finance, 2020).

The relationship between risk management practices and fintech disclosure can be better understood through the theoretical framework of the Legitimacy Theory, which was first introduced by Dowling and Pfeffer in 1975. It asserts that to preserve credibility and social approval, corporations are motivated to match their actions and disclosures with societal norms and expectations. Businesses understand that risk management in the context of fintech disclosure goes beyond just reducing the risks that come with the project; it also acts to show that they are committed to using ethical and responsible fintech methods. To mitigate the risks that could arise from fintech operations, such as operational disruptions, cybersecurity threats, and regulatory compliance problems, it is imperative to employ effective risk management approaches. Importantly, by using these risk management techniques, they convey their commitment to moral fintech operations. The thorough revelation of risk management plans and safeguards not only reassure stakeholders but also support the business's reputation as a responsible fintech practitioner, which is crucial in the constantly changing fintech ecosystem to maintain credibility and public acceptance (Brown, 2020; Johnson, 2018).

Moreover, risk management procedures are essential to the implementation of fintech, a process that presents financial institutions with both benefits and difficulties. Strong risk management techniques are required because to the inherent risks associated with the adoption of fintech, which include data security, operational disruptions, and regulatory compliance concerns. Technology is frequently used to improve risk monitoring and mitigation. A thorough risk disclosure framework is becoming more and more important considering these difficulties, indicating the growing significance of sharing risk management techniques and fintech-related safety measures. In a digitally connected financial world where stakeholders desire transparency, dependability, and confidence, this emphasis not only provides financial stability but also improves trust. As fintech keeps changing the financial industry, risk management and transparency are becoming more and more integrated (World Economic Forum, 2021).

The symbiotic relationship between effective risk management, transparency, and accountability in the quickly evolving fintech ecosystem is highlighted by the positive association between risk management practices (RMPRAC) and fintech disclosure (FINTDIS).

This alignment highlights the critical role that sound risk management practices have in shaping disclosure techniques in addition to supporting the theoretical framework outlined in the problem description and literature review. With this relationship, banks' dedication to ethical fintech operations and stakeholder assurance is strongly reinforced in an environment that is both full of opportunities and challenges. This helps to maintain credibility and societal acceptance in the fintech market as it evolves (Barclay, 2017; Rosen, 2020; Chen, 2019).

Focusing on SDGs, it also demonstrates a positive correlation with FINTDIS. This outcome aligns with the study's hypothesis, as denoted by the positive sign and a p-value of 0.000. The findings indicate a favorable association between the Sustainable Development Goals (SDGs) and fintech disclosure (FINTDIS). This finding is consistent with the larger narrative that the SDGs have a substantial impact on the disclosure practices of banks that operate in Malaysia's growing banking industry. The issue statement and literature evaluation highlight how fintech is revolutionizing the global banking industry and how calls for disclosure and transparency are growing. Fintech can help achieve the Sustainable Development Goals (SDGs), but banks must find a way to integrate these global objectives into their operations and disclosures. To understand the dynamics of fintech disclosure in Malaysia's financial ecosystem, a contextual approach is crucial, focusing on the relationship between SDGs and disclosure (Gomber et al., 2017).

Meyer and Rowan's (1977) sociological and organizational framework, institutional theory, provides a perceptive prism through which to view the connection between SDGs and fintech transparency. The idea emphasizes how institutional norms and forces have an impact on organizations. Organizations, particularly fintech enterprises, are subject to isomorphic pressures to align their fintech initiatives with the sustainability targets delineated by the SDGs in the context of fintech disclosure. Organizations, particularly fintech companies, embrace these sustainability norms to bolster their legitimacy, conform to social norms, and show their commitment to the Sustainable Development Goals (SDGs). The global institutional framework that the SDGs embodies places a strong emphasis on sustainability and ethical business practices (Meyer & Rowan, 1977).

When the SDGs were adopted by the UN in 2015, it signalled a global call to action to solve socioeconomic and environmental concerns on a global scale. These seventeen interrelated objectives cover a wide range of topics, with a focus on equity and sustainability. The Sustainable Development Goals (SDGs) highlight the importance of an all-encompassing, integrated approach to development and have grown to become a mainstay of international planning and policy. In this perspective, fintech businesses are essential to the SDGs because they integrate their fintech initiatives with these global goals and use fintech disclosure to promote financial inclusion, sustainability, and ethical corporate practices. This positive association emphasizes how crucial the SDGs have been in influencing fintech disclosure standards in Malaysia's banking industry and emphasizes the necessity of contextualizing these linkages (UN, 2015).

Therefore, the deep influence that sustainability goals have on bank disclosure practices within the Malaysian financial ecosystem is highlighted by the positive correlation that has been observed between SDGs and fintech disclosure. Institutional Theory, which highlights the impact of external institutional forces and norms on businesses, especially in the context of SDGs and fintech transparency, supports this association. Understanding the dynamics within Malaysia's banking industry and the delicate balance between fintech innovation and the pursuit of global sustainability goals is made possible by this analysis of the relationship between SDGs and fintech disclosure, underscoring the need for context-specific insights (Gomber et al., 2017; Meyer & Rowan, 1977; UN, 2015).

Apart from MARCAP, RMPRAC, and SDGs, INVSTRA also demonstrates a positive relationship with FINTDIS. However, the significant correlation value between them is at 10%. A 10% significant correlation score between INVSTRA and FINTDIS indicates a positive association that may be explained in the context of the problem description and literature review. Especially in the fintech space, investment tactics used by banks significantly influence disclosure policies. Banks differ in their dedication to fintech innovation, which has a big impact on how they handle transparency. Transparency is a top priority for progressive banks in the fiercely competitive climate. This is in line with stakeholder expectations, particularly those of investors, who want comprehensive details regarding the institution's fintech projects. Stakeholder Theory-driven investment strategy aim to fulfil these expectations (Freeman, 1984). Fintech disclosure is therefore required to demonstrate their commitment to moral and sustainable fintech operations, hence enhancing their brand and trustworthiness.

The literature analysis highlights the importance of investments in improving openness and disclosure procedures in the banking industry, especially those pertaining to accounting disclosure. These investments include hiring skilled workers, using data analytics software, and implementing cutting-edge technologies to enable more thorough and accurate financial reporting. The main drivers of these investments are regulatory compliance and investor relations. Companies operating in the fintech sector understand that providing thorough and informative accounting disclosures is essential to drawing in and keeping investors (Johnson, 2019). Investing in accounting disclosure helps to ensure more accurate and timely financial reporting, which lowers the possibility of errors and strengthens the dedication to innovation.

These investments also have wider ramifications for a bank's operations and overall fintech disclosure strategy. In the quickly changing fintech-driven banking industry, they reduce the risk of legal and regulatory problems, promote stronger ties with regulatory organizations, and improve the bank's capacity to offer thorough financial information, which is crucial for fostering stakeholder trust and assisting in decision-making (Smith, 2020). As a result, these complex factors account for the observed positive relationship between investment strategy and fintech disclosure, which is consistent with the expectations and challenges outlined in the literature review and problem statement. This highlights the intricate interactions between investment strategy, stakeholder demands, regulatory compliance, and the changing fintech landscape. This result emphasizes how important it is to fund fintech transparency tactics to satisfy stakeholder and improve banking industry openness.

While MARCAP, RMPRAC, SDGs, and INVSTRA exhibit positive associations with FINTDIS, it is noteworthy that FOROWN, SIZE and AGE demonstrate a negative correlation. Since the complex interactions between ownership structures in the financial industry are the cause of the negative link between FOROWN and FINTDIS, it is not unusual. As mentioned in the literature, banks take on several ownership structures: they can be privately held, state-owned, or publicly traded companies. The disclosure policies of the banks are subject to varying pressures due to the distinct incentives and constraints associated with each of these ownership structures. This supports the claim made by Lee and Shin (2018) that, in the fintech disruption period, transparency is essential to building credibility and drawing in customers. Ownership arrangements and legal requirements work together to define the boundaries of information dissemination (Devine & Krishnamurthy, 2018). Thus, when a specific ownership structure—for example, foreign ownership (FOROWN)—correlates negatively with fintech disclosure, it indicates the influence of a particular configuration in the context of ownership diversity.

Fintech disclosure is also significantly impacted by Freeman's Stakeholder Theory, which upholds a company's moral and ethical obligation to consider the interests of all stakeholders. This theory emphasizes how crucial it is to keep things transparent and provide information to match stakeholder expectations with corporate operations. It is necessary for fintech financial institutions to be transparent about their technology methods, customer impact, data security protocols, and the ethical implications of their innovations. By showcasing a dedication to moral and sustainable fintech practices, this disclosure strategy fosters the trust and support of stakeholders. Foreign ownership, however, may have a unique effect on these factors. International investors frequently raise disclosure standards by bringing best practices and strict reporting requirements with them (Rajan & Zingales, 1998). Consequently, it is probable that the existence of foreign ownership reflects these strict reporting requirements enforced by foreign investors as a tool to promote openness and ethical fintech operations, even though it can have a negative link with fintech disclosure. Under these circumstances, the existence of a negative correlation between FOROWN and FINTDIS is both explicable and suggestive of the complex dynamics surrounding fintech disclosure across a range of ownership arrangements.

Besides, regarding the relationship between SIZE and FINTDIS, banks of all sizes have an interest in being transparent about their fintech endeavors to draw in investors and stakeholders. According to Lee and Shin (2018), big banks might employ transparency as a tactic to show their dedication to innovation and competition. Simultaneously, smaller banks can use disclosure as a tool to demonstrate to investors their flexibility in responding to the evolving financial environment and to be open and honest about their fintech initiatives. Research like those of Demirgüç-Kunt and Huizinga (1999) highlight the fact that all banks, no matter how big or little, need financial openness to increase investor confidence and get funding. As a result, the negative correlation between bank size and fintech disclosure can be interpreted as highlighting the difficulties that variously sized banks may face rather than a refusal to disclose.

Furthermore, a bank's age does not indicate a lack of interest in disclosure related to fintech. The value of transparency in gaining the confidence of stakeholders and investors is acknowledged by both established and emerging institutions. According to Berger and DeYoung (2001), even while older banks may have well-established reporting procedures based in traditional banking, they still strive to improve and modify their disclosure procedures to include fintech elements. Even though they are relatively new to the market, newer banks know that showcasing their fintech endeavors through disclosure is essential to establishing credibility and drawing in capital. According to Lang and Stulz (1994), disclosure policies are crucial for any bank, and the negative correlation between a bank's age and fintech transparency should be interpreted because of the changing nature of disclosure tactics rather than as a reflection of a dislike for disclosure per se.

Journal of Nusantara Studies 2025, Vol 10(1) 274-323 ISSN 0127-9386 (Online)
http://dx.doi.org/10.24200/jonus.vol10iss1pp274-323

4.1 Robustness Test

In research, robustness testing serves as a critical step to assess the reliability and stability of empirical findings under different analytical approaches and assumptions (Leamer, 1983). It involves subjecting the hypothesized variables and statistical models to various tests and sensitivity analyses to ensure that the results remain consistent and valid across different methodological choices (Gelman et al., 2013). Robustness testing is imperative in empirical research to enhance the credibility and generalizability of the study findings (Simonsohn et al., 2015). By subjecting the model to alternative specifications, estimators, or samples, researchers can identify potential biases, outliers, or model misspecifications that may affect the robustness of the results (Gabaix & Laibson, 2021).

In the context of this study, robustness testing aims to validate the empirical findings derived from the feasible generalized least square (FGLS) method applied over the five-year test period under pooled regression analysis (Baltagi, 2013). Additionally, the study conducts supplementary tests on the hypothesized variables using different methodologies while utilizing the same dataset of 50 firm-year observations, as discussed in the findings and analysis section. The robustness testing process involves systematically varying key methodological aspects such as model specifications, estimation techniques, control variables, and sample compositions to evaluate the sensitivity of the results (Manski, 2013). By scrutinizing the consistency of results across different specifications, researchers can assess the reliability and generalizability of the empirical findings. Overall, robustness testing provides valuable insights into the stability and robustness of research findings, offering assurance to stakeholders and readers regarding the validity and reliability of the study outcomes. It enhances the transparency and rigor of the research process, ultimately contributing to the advancement of knowledge in the respective field (Gentzkow & Shapiro, 2014). Table 6.1 illustrates the robustness test using Feasible Generalized Least Squares (FGLS) Regression Analysis of Factors Influencing Fintech Disclosure in Malaysia's Banking Sector.

Table 4.4: Robustness test using Feasible Generalized Least Squares (FGLS) regression analysis of factors influencing fintech disclosure in Malaysia's banking sector

FINTDIS	Exp. Sign	Coeff	Std. Error	P-value
MARCAP	+	0.44	0.05	0.000***
RMPRAC	+	0.84	0.14	0.000***
FOROWN	+	-0.43	0.05	0.000***
INVSTRA	+	0.89	0.43	0.038*
SDGs	+	8.91	2.08	0.000***
SIZE	+/-	-8.93	2.21	0.000***
AGE	+/-	-0.23	0.03	0.000***
Adj. R^2	81.47			
Wald Chi2 (13)	328.91			
Prob> chi2				
	0.000			

*Note: n=50. FINTDIS is Fintech Disclosure; MARCAP is Market Capitalization; RMPRAC is Risk Management Practices; FOROWN is Foreign Ownership; SIZE is Bank Size; AGE is Bank Age. (***p<0.01 **p<0.05 *p<0.10)*

In Table 4.4, the coefficients and significance levels of the variables are examined under different estimation techniques, control variables, and sample compositions. Despite variations in the methodological choices, the results consistently support the relationships observed in Table 4.3. Specifically, the variables MARCAP, RMPRAC, SDGs, and INVSTRA continue to exhibit positive associations with FINTDIS across different specifications, reinforcing the robustness of these findings.

These consistent results provide confidence in the reliability and validity of the empirical findings regarding the impact of market capitalization, effective risk management practices, alignment with sustainable development goals, and investment strategy on fintech disclosure within the Malaysian banking sector. By demonstrating the stability of the results under different analytical approaches, the robustness tests enhance the credibility and generalizability of the study outcomes.

Overall, the findings from Table 4.4 corroborate and strengthen the conclusions drawn from the pooled regression analysis in Table 4.3, underscoring the significance of the hypothesized variables in shaping fintech disclosure practices among Malaysian banks.

5.0 CONCLUSION

This study has revealed the intricate dynamics of fintech disclosure within the Malaysian banking sector by examining the relationships between various factors. The positive correlations between fintech disclosure and market capitalization (MARCAP), risk management procedures (RMPRAC), investment strategy (INVSTRA), and Sustainable Development Goals (SDGs) underscore how these variables shape disclosure practices. Market capitalization demonstrates how banks strategically use transparency to maintain innovation and market leadership. Effective risk management, in turn, fosters accountability, trust, and transparency, crucial for navigating the rapidly evolving financial landscape. The positive relationship between SDGs and fintech disclosure highlights the growing integration of global sustainability goals into banking practices, reflecting adherence to ethical and institutional norms. Furthermore, investment strategy emphasizes the alignment of transparency with stakeholder demands and regulatory mandates.

Conversely, the negative relationships of fintech disclosure with bank age (AGE), bank size (SIZE), and foreign ownership (FOROWN) do not suggest disinterest in transparency but rather reflect evolving stakeholder expectations, ownership diversity, and compliance challenges. Notably, foreign ownership introduces strict reporting standards that may inadvertently affect fintech disclosure negatively. Similarly, larger banks balance transparency with stakeholder expectations, while newer banks actively embrace fintech disclosure to highlight innovation and align with modern practices. These inverse relationships underline the complexity of disclosure dynamics across diverse bank types.

This study makes several theoretical contributions by advancing the understanding of fintech disclosure through the lens of established theories. Stakeholder theory is reinforced, as the findings illustrate how banks align disclosure practices with stakeholder demands, regulatory pressures, and market expectations. The study further extends legitimacy theory by highlighting the role of risk management and SDGs in legitimizing banks' operations and disclosures within the social and institutional environment. Additionally, institutional theory provides a framework to explain how external pressures, such as global sustainability goals and regulatory norms, shape fintech disclosure practices.

By integrating these theoretical perspectives, this study contributes to a deeper understanding of how banks strategically adapt to the interplay between market dynamics, stakeholder demands, and institutional frameworks. It highlights the role of fintech disclosure as a mechanism for maintaining credibility, building trust, and demonstrating accountability in a fast-changing financial ecosystem.

Future research should expand on these insights using various methodologies. Cross-national comparisons could examine how ownership structures, local economic conditions, and regulatory frameworks shape transparency. Longitudinal studies in Malaysia could track changes in fintech disclosure over time in response to technological advancements and legal reforms. Qualitative investigations could explore banks' motivations and challenges, complementing quantitative data. Additionally, understanding customer and investor perceptions of fintech disclosure could reveal its financial benefits. Regulatory influences, the alignment of fintech with SDGs, and the interplay between innovation and competitiveness in the banking sector also merit further exploration.

These findings and recommendations underscore the strategic adaptability of Malaysian banks in aligning fintech disclosure practices with theoretical frameworks, stakeholder expectations, and regulatory demands. The study emphasizes the critical role of transparency in fostering trust and sustainability within Malaysia's evolving financial landscape.

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LIST OF ABBREVIATIONS

FINTDIS	Fintech Disclosure
MARCAP	Market Capitalization
RMPRAC	Risk Management Practices
FOROWN	Foreign Ownership
INVSTRA	Investment Strategy
SDGs	Sustainable Development Goals
SIZE	Bank Size
AGE	Bank Age
BNM	Bank Negara Malaysia
IFRS	International Financial Reporting Standard