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CORPORATE GOVERNANCE AND ITS EFFECT ON THE FINANCIAL PERFORMANCE OF FINTECH ENTERPRISES IN NIGERIA

By

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Abstract
It is important secure the confidence of all stakeholders in any business in order to guarantee the performance and sustainability of enterprises within the context of globalisation and internationalization. These objectives can only be achieved within an organisational culture and environment founded on honesty, transparency, and accountability. A firm whose behaviors are grounded in ethical ideals. This research aims to determine the relationship between corporate governance and sustainable performance in the context of Fintech businesses in Nigeria. A sample of 30 respondents from the Nigerian fintech startup Unified Payments (UP) was selected through a multi-stage sampling technique. The data was examined utilizing descriptive statistics. This study's findings provide novel insights into corporate governance and performance, grounded in the corporate governance architecture of Unified Payments Services Limited. The findings of this study reveal that Board Structure has statistically significant effect on the Financial Performance of fintech firms in Nigeria, since at the overall level, board structure can bring significant effect to the financial performance. Specifically, the major finding show that for Nigeria Fintech companies to be above board, Corporate Governance framework elements like Transparency and Disclosure, Ethics and Compliance as well as Regulatory Framework and Compliance are required to entrench strong ethical practice for all licensed fintech companies.
Keywords: corporate governance, Regulatory Framework, Transparency and Disclosure, Financial Performance, Fintech

1.0 Introduction

Over the last decade, scholars have examined corporate governance from 1various perspectives. Understanding the historical frameworks of 'corporate governance' in organisations is essential for grasping the concept. The significance of 'corporate governance' surged on international stages after the 2008 failures of prominent companies like Fannie Mae, Freddie Mac, and Lehman Brothers, with their downfalls attributed to corruption and lapses in financial control and accounting (Al-Matari E.M.A 2014). In response to these crises, a movement emerged post-2008, resulting in the implementation of rigorous market standards, regulations, and requirements aimed at ensuring organisational survival (Zhao *et al*. 2022). The inadequacy of corporate performance led to a collaborative effort among the World Bank (WB), International Monetary Fund (IMF), and the Organisation for Economic Cooperation and Development (OECD) to establish governance mechanisms. Five essential governance principles were identified: protection of shareholders' rights; equitable treatment of shareholders; the role of stakeholders in corporate governance; disclosure and transparency; and the responsibilities of the board of directors (Mahrani and Soewarno 2018).

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Nigeria has recently heightened its emphasis on the effective 'corporate governance' of public companies. In the month of June 2000, the Securities and Exchange Commission (SEC) of Nigeria established the Committee on Corporate Governance for Public Companies in Nigeria. Corporate governance in Nigeria is influenced by a range of internal and external factors (Okike, 1998), with significant contributions from key stakeholders in the governance process.

To enhance the financial performance of organizations in Nigeria, Corporate Governance framework requires that boards are made up of a mix of insiders and independent directors. Insiders are generally major shareholders, founders, and executives. Independent directors do not share the ties that insiders have. They are typically chosen for their experience in managing or directing other large companies. Independent directors are considered helpful for governance because they reduce the concentration of power and help align shareholder interests with those of the insiders.

While there can be as many elements of Corporate Governance as a company may want to implement, some of the most fundamental elements generally considered for effective performance and effective Corporate Governance Mechanism are, Accountability, Ethics, Compliance, Regulatory framework and Transparency (Chen, 2023).

Statement of Problem

In Nigeria, corporate governance has gained a lot of attention since it is thought to be essential to steady company growth (Okike, 2007). Corporate governance policies and procedures are deeply ingrained in large organisations, but they are not as well-established in Nigeria's fintech sector or small and medium enterprises (SMEs), (Andonu, 2016).

The massive amount of money that venture capital firms and foreign investors have been continuously investing in over the past five to eight years to buy, support, and embrace fintech companies is one of the reasons for the momentum seen in Nigeria's fintech sector. The purpose of these substantial foreign direct investments is to offer digitally savvy consumers a modern and cutting-edge service, while simultaneously advancing the industry and maintaining its relevance (Adeyanju, 2023). The massive growth of the Fintech sector in Nigeria highlights the essential role of corporate governance at this pivotal moment in its history. The necessity for governance in the sector is underscored by recent allegations against certain Nigerian Fintech founders, including accusations of gross misappropriation of funds, regulatory and compliance violations, and various forms of misconduct by young entrepreneurs who frequently own these fintech companies, as exemplified by Risevest, Healthline, and Kloud Commerce, among others.

Historically, the study and practice of corporate governance primarily concentrated on large, publicly traded companies (Adonu, 2016). Today, it is imperative to emphasize corporate governance principles in small to medium-sized organisations, as these entities significantly contribute to national GDP and employment, especially in nations that are developing and emerging. The implementation of 'corporate governance' principles in management provides substantial advantages for all parties involved, including owners, managers, employees, creditors, governmental bodies, funders, investors, customers, and the public, linked to small to medium-sized enterprises.

Objective of Study

i. To ascertain the key element of the corporate governance framework
ii. To explore the effect of board composition on the financial performance
iii. To determine how transparency and disclosure practices affect the financial performance
iv. To determine whether ethics and compliance affect the financial performance
v. To examine the influence of board composition on the financial performance

Hypotheses

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H_{o1}: Board structure has no significant effect on the financial performance
H_{o2}: Transparency and disclosure have no significant effect on the financial performance
H_{o3}: Ethics and Compliance have no significant effect on the financial performance
H_{o4}: Regulatory Framework and Compliance have no significant influence on the financial performance

1.5 Scope of Study

This study examined the relationship between corporate governance and the financial performance of fintech companies in Nigeria. The corporate governance elements addressed include the corporate governance framework, board structure, transparency and disclosure, ethics and performance, and regulatory framework and compliance. The selected fintech companies are those authorised by the 'Central Bank of Nigeria' and have obtained capital in the past five years. UP has been identified as the chosen fintech company, operating nationwide with offices in Lagos, Abuja, and various other African nations. UPSL was chosen due to its reputation as an active and operational fintech company in Nigeria for the past 26 years (Development Aid, 2007).

1.6 Limitation of the Study

The primary constraint of the research is the paucity of scholarly research that directly addresses the practical and local implications of the relationship between corporate governance and the financial performance of fintech firms in Nigeria. The study addressed this limitation by acquiring supplementary practical local materials and insights from key stakeholders in the corporate governance and fintech ecosystem, including the Fintech Association of Nigeria (Fintech NGR) and the Chartered Institute of Directors of Nigeria.

2.0 Literature Review

Concept of Corporate Governance

The quality, dependability, and transparency of the interactions between shareholders, the board of directors, management, and employees are all included in corporate governance. In order to draw in financial and human resources to the company and guarantee the sustainability of value creation, the document outlines the powers and obligations of each party in delivering sustainable value to all stakeholders. "Governance mechanisms" must be implemented to guarantee the confidence of all parties involved (Arguden 2010). Studies on corporate governance highlight that a universal model is not applicable to all countries. The concepts of equality, transparency, accountability, and responsibility are fundamental to all viable international corporate governance frameworks. Corporate governance principles and practices yield collateral benefits, including enhanced trust, reputation, competitiveness, long-term sustainability, improved operational efficiency, better control, and optimised resource utilisation (Herdjiono & Sari 2017). The influence of corporate governance on financial performance has been examined across various domains. Effective corporate governance is generally shaped by sound management practices, which contribute to the achievement of the firm's objectives (Mulili & Wong 2011).

Effective corporate governance assigns the responsibility for integrity, transparency, and positive leadership to shareholders, the board of directors, management, and employees. Consequently, these elements delineate the authority and responsibility of stakeholders involved in governance, facilitating value creation and delivery to all parties (Mulili & Wong 2011). According to Keasey, Thompson, and Wright (1997, pp. 3), corporate governance refers to the processes and structures employed to 'direct' and 'manage' a company's 'business affairs', aiming to 'enhance' both 'business prosperity' and 'accountability. Achchuthan & Kajananthan (2013, p. 14) assert that corporate governance includes 'the authority', 'accountability', 'stewardship', 'leadership',

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direction, and control involved in managing an organisation. The objective of corporate governance is to achieve long-term value and serve the interests of all stakeholders. There are two ways to think about corporate governance: a more general approach that sees it as essential to both a market economy and a democratic society (Sullivan, 2000), and a more focused perspective that concentrates on the frameworks that control a business entity's orientation and direction (Rwegasira, 2000).

The Concept of Financial Performance

Corporate governance influences financial performance by facilitating access to external financing, reducing the cost of capital, and enhancing firm valuation. It also improves operational performance through more effective resource allocation and management, mitigates the risk of financial crises, and fosters improved relationships with stakeholders (Karayel, Sayli, & Gormus 2009). A key element of financial risk management, financial performance generally refers to the degree to which financial goals have been met. The procedure entails calculating the financial results of a company's operations and policies. This measure evaluates a company's overall financial health over a certain period of time and makes it easier to compare similar companies in the same industry as well as across several industries or sectors overall. Financial performance involves a thorough assessment of a company's condition through the analysis of its assets, liabilities, income, expenses, profit, and other relevant elements. Financial performance analysis generally depends on four principal sources: the balance sheet, cash flow statement, income statement, and, for publicly traded entities, the annual report.

Financial performance refers to a company's financial condition over a specific period, encompassing the collection and utilisation of funds, as assessed by various indicators such as capital adequacy ratio, liquidity, leverage, solvency, and profitability. Financial performance refers to a company's capacity to effectively manage and control its resources (IAI, 2016). The fundamentals of financial performance can be assessed through an analysis of the company's financial statements, prospectus, and other elements of its financial profile. Technical analysis involves the examination of market statistical data documented by an entity that illustrates fluctuations in demand and supply. The study of finance involves comprehending financial management, financial reporting, and financial decision-making (Brealey & Myers, 1991).

Concept of Fintech

Organisations or their representatives that integrate financial services with contemporary, new technologies are referred to as "Fintech," an abbreviation of Financial Technology. (Daley, 2022). Internet-based and application-focused products are the norm for new market entrants. FinTech companies generally endeavor to attract clients by providing them with products that are more user-centric, efficient, transparent, and automated. (Moro-Visconti et al., 2020). The potential for improvement in this area has not been thoroughly investigated by conventional banks. (Mackenzie, 2015). In addition to offering products and services in the banking sector, numerous Fintech companies also distribute insurance and other financial instruments or provide third-party services. In a comprehensive sense, Fintech encompasses enterprises that exclusively provide technology, such as software solutions, to financial service providers. Companies of this nature are not examined in depth in this investigation (Mackenzie, 2015). The term "Fintech" is not a term that can be defined by its use in legal documents or legislation. Due to their diverse business structures and the extensive selection of products and services they offer, fintech companies are subject to unique legal and regulatory obligations (Klöhn & Hornuf, 2012).

Theoretical Review

Agency Theory

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This work is fundamentally grounded in Agency theory.

Agency theory was formulated by Barry Mitnick from an institutional standpoint, while Stephen Ross approached the subject from an economic viewpoint. Alchian and Demsetz (1972) and Jensen and Meckling (1976) proposed the agency theory of corporate governance. They argued that firms could be interpreted as a collection of contractual interactions between individuals, in contrast to the conventional economics perspective that regards firms as isolated entities that are solely concerned with profit maximisation. Learmount (2004) posits that corporations can be understood as contracts that are continuously renegotiated by various individuals aiming to optimise their own profits. The idea posits that a firm's value cannot be optimised without proper incentives or sufficient monitoring to prevent managers (agents) from exercising their discretion to enhance their own profits (Yong Tan, 2014). The primary objective of the corporation is to optimise the wealth of its proprietors, according to agency theory (Ujunwa et al., 2012). The idea is pertinent and significant to this study as it addresses the misrepresentations or conflicts of interest arising when agents fail to fulfil their roles sustainably, which aligns with the principal's long-term interests.

Stakeholder Theory

R. Edward Freeman first published the Stakeholder Theory of organisational management and corporate ethics, which pertains to morals and values in organisational management (Freeman, 1984). Stakeholder Theory proposes that capitalism prioritises the interdependent relationships between a company and its customers, suppliers, employees, investors, communities, and other parties with a vested interest in the institution. The thesis posits that a company should generate value for all stakeholders, rather than solely for shareholders. The stakeholder theory posits that a firm's responsibility is not limited to its owners; it also encompasses a variety of stakeholder groups, which are composed of individuals or entities that either influence or are influenced by the firm's decisions (Freeman, 1984). The stakeholder theory emphasizes matters concerning the firm's stability and performance (Jensen & Meckling, 1976).

Stakeholder theory underpins the impact of corporate governance features on the firm's financial performance. This theory posits that a firm's management should be directed by the governance process to safeguard the interests of all stakeholders. This indicates that managers must operate the company not only profitably but also in a manner that aligns with the interests of stakeholders. In particular, the connection between ‘performance’ and ‘governance’ is explained by stakeholders' theory (Galbreath, 2018).

Empirical Review

There is limited empirical research on the relationship between corporate governance and financial success. The impact of good corporate governance on the financial performance of unlisted companies in the UK was investigated by Martin and Marcel in 2021. Return on assets and Tobin's Q, two measures of financial success, were compared with five corporate governance systems. According to the empirical study of 252 companies that were listed on the London Stock Exchange in 2014, corporate governance practices and financial success are positively correlated. This study showed that a company's financial performance can be improved by choosing corporate governance practices wisely. Babalola and Adedipe (2014), in an independent investigation on 'corporate governance' and sustainable banking in Nigeria, analysed the prevalent corporate governance culture in the sector while identifying a potential positive association between 'corporate governance' and 'financial success'.

Kajola (2008) examined the effects of four corporate governance mechanisms (board size, board composition, CEO status and audit committee) on two performance measures represented by ROE

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and PM of a sample of 20 Nigerian listed firms from 2000 to 2006. The study which used OLS as a method of estimation, provided evidence of a positive significant relationship between ROE and board size as well as CEO status positing on the need to have a sizeable board and separate positions for the board chair and the CEO. The results further revealed a positive and significant influence of the CEO status on PM but could not provide significant empirical evidences to prove that board composition and audit committee are related to the two performance measures used.

Ibrahim (2011) examined the effects of four corporate governance mechanisms (board size, board composition, Chairman/CEO duality and audit committee composition) on ROE of a sample of 10 Nigerian listed insurance firms between 2002 and 2008. Using OLS as a method of estimation, the results provided evidence of significant impact of Chairman/CEO duality on ROE. However, the results could not provide significant effect of the other three corporate governance mechanisms (board size, board composition and audit committee composition) on ROE. Drawing from the findings, the study recommended that while board size should not be regulated by NAICOM, board composition should comprise minority shareholders, and Audit and Compliance Committee (ACC) should be created.

Similarly, Babalola and Adedipe, 2014 in another study on Corporate Governance and performance of banks in Nigeria, tested the corporate governance elements pervading the sector but acknowledged a possible positive link between corporate governance and performance. In the study, they examined five corporate governance elements using two performance indicators. The study concludes from the empirical test done on 252 listed firms in 2014, that there is a positive correlation between corporate governance and performance. This study proved that the right application of corporate governance elements will produce performance for the firm.

A great number of research efforts are already dispensed with in evaluating the relationship between Corporate Governance and firms' financial performance to showcase the level to which the character has informed the wealth of shareholders (Beaver et al., 2005; Lo & Sheu, 2007).

3.0 Methodology

This study employed a survey research design method, characterised as a fact-finding approach aimed at exploring a phenomenon within a population through a sample. It involves an in-depth examination of the population's characteristics to facilitate generalisations about the entire population (Dixon-Ogbechi, 2002).

The study population comprises not just fintech companies registered with the Corporate Affairs Commission in Nigeria but also those licensed by the Central Bank of Nigeria. The 'sampling frame' of this study consists of the total staff of UP which comprises 180 employees.

The 'sample size' was established qualitatively according to the specified criteria. The relevant departments within the organisation involved in corporate governance activities include the MD's Office, Corporate Affairs and Legal Divisions, and Finance and Administration. The total number of staff in each unit is as follows: MD's Office = 5; Corporate Affairs and Legal Divisions = , and Finance and Admin. = totalling 30.

Due to the limited sample size, a census was conducted by examining all 30 employees in the relevant units of Unified Payments-UPSL, selected through a judgemental approach.

Data was primarily collected from Primary source involving data collection via manually administered questionnaires. Data from journals, articles, websites, and textbooks were collected for the literature review.

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The research data was examined using descriptive statistics, encompassing simple percentages, frequency distribution, mean, and standard deviation. The analysis employed Statistical Packages for Social Sciences (SPSS) version 20.

4.0 Analysis of Data

This section includes a thorough analysis, presentation, and interpretation of the data gathered from the questionnaire designed to address the research questions. Out of 30 questionnaires administered, 30 were returned, with a response rate of 100%. The data collected from respondents were utilised to analyse descriptive statistics, including frequency counts and percentages, which were presented in tables and charts to address the research questions and objectives. Furthermore, inferential statistics, including linear regression, were utilised to evaluate the research hypotheses. The instrument was administered to 30 respondents, all of whom completed and returned it for analysis. The analysis utilised SPSS version 20, with a decision rule to reject any tested relationships or differences at 5% level of significance.

Section A presents demographic data that was analysed through frequencies and simple percentages. The data indicate that 23 (76.7%) of the respondents were male, while 7 (23.3%) were female. Additionally, 3 (10.0%) of the respondents were under 21 years, 5 (16.7%) were between 21 and 30 years, 13 (43.3%) were between 31 and 40 years, 7 (23.3%) were between 41 and 50 years, and 2 (6.7%) were 50 years or older. The majority of respondents in the study were aged between 31 and 40 years. Regarding the academic qualifications of the respondents, 2 (6.7%) held WASC/GCE, 16 (53.3%) held B.Sc./BA/HND, 10 (33.3%) held M.Sc./M.A./MBA, and 2 (6.7%) held Ph.D. degrees. The research revealed that most participants possessed B.Sc., BA, or HND degrees. The data presented indicates the monthly income levels of the respondents. Six respondents (20.0%) earned less than N100,000 monthly, eleven respondents (36.7%) earned between N100,001 and N500,000 monthly, eight respondents (26.7%) earned between N500,001 and N1,000,000 monthly, and five respondents (16.7%) earned above N1,000,001 monthly. The results reveal that most participants in the survey earned between N100,001 and N500,000 per month.

Testing of Research Hypotheses'

Testing of Hypothesis One

H_{01}: Board structure does not have a significant effect on the financial performance of UPSL'.

H_{11}: 'Board structure has a significant effect on the financial performance of UPSL'.

Model Specification (1)

$$log(FP) = \beta_0 + \beta_1 log(BS) + \mu_i$$

Where: FP= 'Financial Performance (dependent variable)'

BS = 'Board Structure (independent variable)'

'Model Summary'

Model	R	R^2	Adj. R^2	'Std. Error of the Estimate'
1	0.685	0.469	0.450	0.71838

ANOVA[a]

Model		'Sum of Squares'	'df'	'Mean Square'	F-value	*p-value*
1	Regression	12.750	1	12.750	24.706	<.001

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Residual	14.450	28	.516	
Total	27.200	29		

a. Dependent Variable: FP

b. Predictors: (Constant), BS

Coefficients

Model		‘Unstandardized Coefficients’		‘Standardized Coefficients’	T-value	P-value
		B	Std. Error	Beta		
1	(Constant)	.650	.569		1.143	.263
	Board Structure	.750	.151	.685	4.971	<.001

a. response variable: Financial Performance

Interpretation of the coefficients

The outcome was derived using a ‘linear regression analysis of the coefficients’. The response variable is Financial Performance (FP), while the predictor variable is Board Structure (BS). The estimation results indicate that Board Structure has a statistically significant effect on Financial Performance at the 5% significance level. The estimation reveals that the coefficient of determination, R-squared, is 0.469, indicating that the explanatory variable explains 46.9% of the variance in Financial Performance (EP). The unstandardised coefficient of determination (β = 0.750) suggests that a one-unit increase in Board Structure leads to a 75% increase in financial performance, with a P-value of less than 0.001 ($p<0.001$), which is below the 0.05 threshold. The model exhibits a strong fit, suggesting that the independent variable significantly explains variations in the dependent variable. The model exhibits a precise fit, indicating a relationship between the explanatory variable and the dependent variable. The F-statistic is 24.706, and the P-value is less than 0.001 ($p<0.001$), which is below the 0.05 threshold. This reflects the model's overall analysis of variance, indicating that the explanatory variables are crucial for explaining the variation in the dependent variable. In conclusion, the overall analysis indicates that board structure significantly impacts financial performance. Consequently, hypothesis H_{11}, which states that "Board structure has a significant effect on the financial performance of UPSL," is accepted, while the null hypothesis H_{01} is rejected.

Testing of Hypothesis Two

H_{02}: Transparency and disclosure have no significant effect on the financial performance of UPSL.
H_{12}: Transparency and disclosure have significant effect on the financial performance of UPSL.

Model Specification (2)

$$log(FP) = \beta_0 + \beta_1 log(TAD) + \mu_i$$

Where: FP = ‘Financial Performance’ (response variable)
TAD = ‘Transparency and Disclosure’ (predictor variable)

Model Summary

Model	R	R^2	Adj. R^2	‘Std. Error of the Estimate’
1	0.546	0.298	0.273	0.89994

ANOVA

Model	‘Sum of Squares’	Df	‘Mean Square’	F-value	P-value.

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	Regression	9.623	1	9.623	11.882	.002
1	Residual	22.677	28	.810		
	Total	32.300	29			

‘Regression Coefficients’

Model		‘Unstandardized Coefficients’		‘Standardized Coefficients’	t-value	P-value
		B	Std. Error	Beta		
1	(Constant)	.250	.900		.278	.783
	Transparency and Disclosure.	.789	.229	.546	3.447	.002

a. Response Variable: Financial Performance.

Interpretation of the Regression coefficients results

The analysis of the coefficients through linear regression yielded the result. Financial Performance (FP) serves as the dependent variable, while Transparency and Disclosure (TAD) functions as the independent variable. The estimation results indicate that the variable Transparency and Disclosure significantly affect Financial Performance at the 5% alpha level. The calculation yields an R-squared value of 0.298, indicating that the explanatory variable accounts for 29.8% of the variance in Financial Performance (EP). The p-value less than 0.001 (p<0.001), which is below the 0.05 threshold, indicates that the unstandardised coefficient of determination (β_1 = 0.789) implies a one-unit increase in Board Structure results in a 78.9% increase in financial performance. The model demonstrates a robust fit, indicating that the independent variable significantly accounts for variations in the dependent variable. The model demonstrates a strong fit, indicating a relationship between the dependent variable and the explanatory variable.

The F-statistic value is 11.882, with a significance level (P-value) of 0.002, indicating it is below 0.05. This presents the overall analysis of variance for the model, indicating that the explanatory factors are essential for accounting for the total variation in the dependent variable. Financial performance is significantly affected by transparency and disclosure practices. The hypothesis H_{12} asserting that "Transparency and disclosure significantly affect the financial performance of UPSL, is accepted, leading to the rejection of the null hypothesis H_{02}.

Testing of Hypothesis Three

H_{03}: Ethics and Compliance have no significant effect on the financial performance of UPSL.

H_{13}: Ethics and Compliance have significant effect on the financial performance of UPSL.

Model Specification (3)

$$log(FP) = \beta_0 + \beta_1 log(EAC) + \mu_i$$

Where: FP= ‘Financial Performance (response variable)

EAC = ‘Ethics and Compliance (predictor variable)

Model Summary

Model	R	R^2	Adj. R^2	‘Std. Error of the Estimate’
1	.526[a]	.276	.250	0.77051

a. Predictors: (Constant), Ethics and Compliance

ANOVA[a]

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Model		‘Sum of Squares’	Df	‘Mean Square’	F-value	‘*p-value*’
1	‘Regression	6.343	1	6.343	10.685	.003[b]
	‘Residual’	16.623	28	.594		
	‘Total’	22.967	29			

Regression Coefficients

Model		‘Unstandardized Coefficients’		‘Standardized Coefficients’	t-value	P-value
		B	Std. Error	Beta		
1	(Constant)	2.209	.556		3.974	<.001
	Ethics and Compliance	.459	.140	.526	3.269	.003

a. Response Variable: Financial Performance

Interpretation of the coefficients

‘The outcome was derived from a linear regression analysis of the coefficients. This study identifies Financial Performance (FP) as the dependent variable and Ethics and Compliance (EAC) as the independent variable. The estimation results demonstrate that the variable Ethics and Compliance significantly affects Financial Performance at the 5% alpha level. The estimation reveals that the coefficient of determination, R-squared, is 0.276, indicating that the explanatory variable explains 27.6% of the variation in Financial Performance (EP). The unstandardised coefficient of determination ($\beta = 0.459$) suggests that a one-unit increase in Ethics and Compliance leads to a 45.9% increase in financial performance, with a P-value of 0.000, which is below the 0.05 threshold. The model exhibits a strong fit, suggesting that the independent variable significantly explains variations in the dependent variable. The model exhibits a precise fit, indicating a relationship between the explanatory variables and the dependent variable.

The F-statistic is 10.685, with a P-value of 0.003, which is below the 0.05 threshold. This reflects the comprehensive analysis of variance of the model, indicating that the explanatory variables are crucial for explaining the overall variation in the dependent variable. The analysis demonstrates that ethics and compliance have a significant effect on financial performance. As a result, hypothesis H_{13}, asserting that "Ethics and Compliance significantly influence the financial performance of UPSL, is accepted, whereas the null hypothesis H_{03} is rejected.

Testing of Hypothesis Four

H_{04}: Regulatory Framework and Compliance have no significant influence on the financial performance of UPSL.

H_{14}: Regulatory Framework and Compliance have significant influence on the financial performance of UPSL.

Model Specification (4)

$$log(FP) = \beta_0 + \beta_1 log(RFC) + \mu_i$$

Where: FP= Financial Performance (dependent variable)

RFC = Regulatory Framework and Compliance (independent variable)

Model Summary

Model	R	R^2	Adj. R^2	‘Std. Error of the Estimate’
1	0.382	0.146	.115	.95457

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ANOVA

Model		'Sum of Squares'	'df'	'Mean Square'	F-value	P-value
1	'Regression'	4.353	1	4.353	4.777	.037[b]
	'Residual'	25.514	28	.911		
	'Total'	29.867	29			

Regression Coefficients

Model		'Unstandardized Coefficients'		'Standardized Coefficients'	t-value	P-value
		B	Std. Error	Beta		
1	'(Constant)'	2.553	.803		3.180	.004
	Regulatory Framework and Compliance	.463	.212	.382	2.186	.037

a. Response Variable: Financial Performance.

Interpretation of the coefficients

'The outcome was derived from a linear regression analysis of the coefficients. This study identifies Financial Performance (FP) as the dependent variable and Regulatory Framework and Compliance (RFC) as the independent variable. The estimation results demonstrate that the variable Regulatory Framework and Compliance significantly influences Financial Performance at the 5% alpha level. The estimation reveals that the coefficient of determination, R-squared, is 0.146, indicating that the explanatory variable explains 14.6% of the variation in Financial Performance (EP). The unstandardised coefficient of determination ($\beta = 0.463$) suggests that a one-unit increase in Regulatory Framework and Compliance leads to a 46.3% increase in financial performance, with a P-value of 0.037, which is below the 0.05 threshold. The model exhibits a strong fit, suggesting that the independent variable significantly explains variations in the dependent variable. The model exhibits an optimal fit, suggesting a correlation between the explanatory variables and the dependent variable.

The F-statistic is 4.777, and the significance level (P-value) is 0.003, which is below the threshold of 0.05. This indicates the model's overall analysis of variance, suggesting that the explanatory variables are crucial in accounting for the variation in the dependent variable. The regulatory framework and compliance have a substantial impact on financial performance. Consequently, hypothesis H_{14}, asserting that "Regulatory Framework and Compliance significantly influence the financial performance of UPSL," is accepted, whereas the null hypothesis H_{04} is rejected'.

5.0 Summary of Findings, Conclusion and Recommendation

The summary of the primary findings, conclusions, recommendations, and suggestions for future research are presented in this part of the paper, which forms the final section of the research project.

Summary of Major Findings

This research analyses the influence of different elements of corporate governance on the financial performance of fintech companies in Nigeria, using Unified Payments as a case study. Research indicates that board structure is crucial; organisations with clearly defined boards generally attain superior financial results. Effective board composition, beyond merely meeting governance standards, serves as a significant contributor to business success. The effects of transparency and

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disclosure were significant. An increase of one unit in transparency resulted in a 78.9% improvement in financial performance, demonstrating that the open sharing of information enhances stakeholder trust and subsequently improves the company's financial outcomes. Ethics and compliance emerged as significant performance drivers. A unit increase in ethical standards and regulatory adherence correlated with a 45.9% increase in financial outcomes. This finding underscores that integrating integrity into operations yields both ethical and financial advantages. A robust regulatory framework and strict compliance resulted in a 46.3% financial gain per unit of improvement. Close collaboration with regulators and a comprehensive commitment to compliance establish a stable foundation essential for sustained profitability.

Conclusion and Recommendation

Fintech firms in Nigeria succeed by establishing governance based on accountability, transparency, responsibility, and fairness. Their financial stability depends on the openness of information sharing, adherence to ethical standards and compliance, and interaction with a supportive regulatory framework. Integrating these principles into all levels of decision-making, from boardroom discussions to daily operations, enables companies to foster trust and achieve enhanced financial returns. The following recommendations are made, Fintech companies in Nigeria should take advantage of the regulatory framework provided by the regulatory authorities by complying strictly with the regulatory framework provided in Nigeria. It is further recommended that fintech firms operating in Nigeria should adopt the principles of transparency and disclosure which will have positive effect on their reputation thereby improving their chances of attracting investment. Finally, fintech companies in Nigeria should imbibe responsibility and fairness to all stakeholders so that they can enjoy trust and loyalty because most stakeholders will respond positively to such principles.

Future research should consider additional factors, including the approach of fintech companies to sustainability. The findings will inform the formulation of strategies for the continuous adoption of performance measures. Future research should investigate the challenges and constraints faced by regulators in adopting, monitoring, and assessing corporate governance frameworks for fintech companies, in order to better serve consumer interests. Employing the same methods and approach, further research can be undertaken for fintech enterprises in other African countries to compare the findings of this study and develop strategies to enhance the acceptance and implementation of corporate governance throughout Africa. Further studies integrating both qualitative and quantitative research approaches should be conducted, as this study emphasized the latter, thereby offering a more comprehensive understanding of the examined variables.

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