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"The Effect of Corporate Governance on Fintech Adoption with CEO Education as a Moderator: Evidence from Banking Sector of Pakistan"

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Certificate

This is to certify that Mr. Zohaib Masood has incorporated all observations, suggestions and comments made by the external evaluators as well as the internal examiners and thesis supervisor. The title of his Thesis: “The Effect of Corporate Governance on Fintech Adoption with CEO Education as a Moderator: Evidence from Banking Sector of Pakistan”

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DEFINITIONS OF KEY TERMS

- **Agency Theory:** A framework used to analyze the conflict of interest between bank shareholders (principals) and management (agents) regarding risk and technological investment.
- **Alternative Delivery Channels (ADC):** Digital methods of banking service delivery, such as ATMs, mobile applications, and internet banking, used as proxies for Fintech adoption.
- **CEO Education (CEOedu):** A binary variable representing the technical or STEM-based educational background of the Chief Executive Officer.
- **Corporate Governance Index (CGi):** A composite measure representing the quality of bank oversight based on board independence, size, and technical expertise.
- **Dynamic Panel GMM:** The Arellano-Bond estimation technique used to address endogeneity and path dependency in banking data.
- **Fintech Adoption Index (Findex):** The dependent variable representing the degree of a bank's integration of financial technology infrastructure.
- **Resource Dependence Theory (RDT):** The theory positing that boards provide essential "technological knowledge" and resources required for institutional survival.
- **Upper Echelons Theory:** The perspective that strategic organizational choices are reflections of the values and cognitive bases of top managers.

1 LIST OF ABBREVIATIONS

Abbreviation	Full Term
ADC	Alternative Delivery Channels
BITexp	Board IT Expertise
Bind	Board Independence
Bsize	Board Size
CEO	Chief Executive Officer
CEOedu	CEO Education
CG	Corporate Governance
Cgi	Corporate Governance Index
DAI	Digital Adoption Index
FAdop	Fintech Adoption
Findex	Fintech Index
GMM	Generalized Method of Moments
IBI	Islamic Banking Institution
IT	Information Technology
LEV	Financial Leverage
PSX	Pakistan Stock Exchange
RDT	Resource Dependence Theory
SBP	State Bank of Pakistan
SSB	Shariah Supervisory Board
STEM	Science, Technology, Engineering, and Mathematics
SZ	Bank Size

Abstract

"This study addresses the 'performance paradox' within the Pakistani banking sector an operational contradiction wherein standardized regulatory pressure logically dictates uniform digital progress, yet yields deeply fragmented Fintech adoption of Conventional and Islamic Banking Institutions (IBIs). The objective of this research is to empirically assess the impact of internal corporate governance mechanisms specifically board size, independence, and IT expertise on technological agility, while investigating the moderating role of CEO education.

A quantitative research design was employed, utilizing a balanced panel dataset of the Conventional banks and Islamic Banking Institutions in Pakistan for the period 2016–2026. Data were manually extracted from Annual Audited financial Statements and Corporate Governance Reports. The findings reveal that board IT expertise and director independence serve as primary drivers of digital transformation. Furthermore, the results indicate that the technical or STEM-based educational background of a CEO significantly moderates the relationship, acting as a vital catalyst in operationalizing board-level Fintech strategies.

The study concludes that while the "dual-governance" structure of Islamic banks presents unique coordination challenges, technically literate leadership can effectively bridge the adoption gap. It is recommended that bank shareholders and regulators prioritize the appointment of tech-savvy directors and executives to ensure long-term competitiveness and resilience in Pakistan's evolving digital financial ecosystem.

Key Words: Corporate Governance, Fintech Adoption, CEO Education, Islamic Banking, Pakistan.