Corporate Governance and Financial Technology Adoption: Implications for the Performance of Microfinance Banks in Nigeria: A Case Study of Accion Microfinance Bank Nigeria.

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ABSTRACT

The study on corporate governance and financial technology adoption: implications for the performance of microfinance banks in Nigeria. The study investigated the impact of Corporate Governance and Financial Technology Adoption on the Performance of Microfinance Banks in Nigeria: A Case Study of ACCION Microfinance Bank Nigeria. Specifically, the study examined the impact of board composition/diversity and audit committee effectiveness on profit margin of Accion Microfinance Bank in Nigeria, and investigated the contributions of NIBSS Instant Payment on profit margin of Accion Microfinance Bank in Nigeria. The study adopted the Generalized Method of Moments as the its analytical tools. The study discovered that the GMM results show that ACE has a positive and statistically insignificant effect, while NIP has a negative and statistically significant effect on the dependent variable PRM. BCD is statistically insignificant, indicating no measurable effects within the model. The model has relatively strong explanatory power, with R^2 of 81.7% and adjusted R^2 of 72.1%. The Durbin-Watson statistic of 2.05 suggests little evidence of first-order serial correlation. Based on the findings of the study, the following recommendations are made: existing BCD policies should be reviewed and improved because BCD has a negative but statistically insignificant effect on PRM for Accion Microfinance banks in Nigeria. ACE programmes should be reassessed and strengthened to improve their effectiveness, given that its effect is positive but statistically insignificant on PRM for Accion Microfinance banks in Nigeria. Policymakers should investigate the negative and significant effect of NIP and identify the factors responsible for its adverse relationship with the dependent variable (PRM) for Accion Microfinance banks in Nigeria.

Keywords: Audit Committee, Corporate Governance, Financial Technology, Microfinance Bank, Profit Margin.

INTRODUCTION

Background to the Study

The financial services industry has seen some major changes in recent years, driven by technological advancements, regulatory shifts, evolving customer expectations, and a surge in competition that is reshaping how financial institutions function. A key player in this transformation is the swift rise of financial technology, or FinTech, which harnesses digital tools to deliver financial products and services (Dajau, 2024). Thanks to FinTech, financial institutions can enhance payment systems, automate transactions, broaden their customer reach, cut down on transaction costs, improve information processing, and roll out innovative services via digital platforms. This is especially crucial for financial institutions in developing economies, as FinTech opens

doors to overcome geographical, informational, and operational hurdles that have historically restricted access to formal financial services (Emmanuel, Olumoh, & Salman, 2026).

Microfinance banks (MFBs) play a vital role in the financial landscape of developing economies by offering essential services to low-income households, microenterprises, small businesses, and other underserved communities. In Nigeria, MFBs were created to boost financial inclusion by providing savings, credit, payment, and various other financial services to those who might struggle to access traditional banking. The success of MFBs is crucial not just for the longevity of these institutions but also for fostering entrepreneurship, creating jobs, alleviating poverty, enhancing household welfare, and promoting inclusive economic growth (Afshan, & Ashfaq, 2025).

Nigerian microfinance banks play a crucial role in development, yet they find themselves navigating a landscape filled with significant financial, technological, managerial, and regulatory hurdles. Many of these bank's struggle with issues like insufficient capital, credit risks, high operating expenses, weak internal controls, liquidity challenges, limited tech capabilities, and fierce competition from both commercial banks and tech-savvy financial service providers. The rise of digital financial platforms and FinTech companies has only ramped up this competition in the financial sector. As a result, microfinance banks are increasingly pressed to embrace technologies that enhance their operational efficiency and customer service, all while ensuring they have robust governance structures in place to manage the risks that come with technological advancements (Odhiambo, Kirimi, & Ngigi (2026).

In this scenario, corporate governance takes on a vital role. It encompasses the systems, structures, processes, and mechanisms that guide how organizations are directed, controlled, and held accountable. Strong corporate governance fosters transparency, accountability, responsible decision-making, effective monitoring, risk management, and the safeguarding of stakeholders' interests. This is especially critical for financial institutions, which handle depositors' money and operate under strict regulatory and fiduciary responsibilities. When governance is weak, it can lead to poor strategic choices, ineffective risk management, failures in internal controls, fraud, mismanagement of resources, and ultimately, disappointing institutional performance (Adeyemi, 2022).

For microfinance banks, having solid corporate governance is crucial for building a strong foundation that supports sustainable financial and operational success. A capable board of directors, effective oversight, accountability from management, robust internal audit processes, transparency, clear disclosures, and sound risk management systems can all enhance the quality of strategic decisions and minimize agency issues. Moreover, these governance mechanisms can significantly impact how well financial institutions adapt to technological advancements. For example, a well-governed microfinance bank might be in a better position to assess tech investments, implement strong cybersecurity measures, keep an eye on FinTech-related risks, safeguard customer data, and ensure that technology aligns with the bank's strategic goals (Kimunei, 2025; Adeyemi, 2022).

At the same time, the rise of FinTech has opened up exciting new avenues for microfinance banks. Innovations like mobile banking, apps, ATMs, point-of-sale systems, electronic payment solutions, internet banking, biometric ID, cloud computing, artificial intelligence, data analytics, and digital lending platforms have the potential to revolutionize how financial services are delivered. With these technologies, microfinance banks can connect with customers in remote areas, speed up transaction processing, lessen their reliance on physical branches, enhance customer convenience, and gather and analyze customer data more effectively. Embracing FinTech can thus lead to improved operational efficiency, better customer acquisition, higher service quality, increased revenue, and overall enhanced performance for these institutions (Osigwe, Ezu, & Osakwe 2025).

While embracing FinTech can be exciting, it doesn't automatically lead to better performance for organizations. In fact, rolling out digital technologies can bring along a host of new risks and costs. These include cybersecurity threats, concerns about data privacy, potential technology failures, fraud, challenges with regulatory compliance, pushback from employees, and the need for significant investments. If governance isn't up to par, the advantages of adopting FinTech can easily slip away. Take, for instance, a bank that jumps into digital banking without solid cybersecurity measures it could find itself vulnerable to fraud and data breaches.

Similarly, if there's poor oversight on tech investments, the costs could skyrocket without any real gains in productivity or profits. This highlights the need for a deeper look into how corporate governance, FinTech adoption, and institutional performance are interconnected (Omary 2026; Osigwe, Ezu, & Osakwe 2025)

Nigeria's financial landscape is a particularly interesting case for exploring these dynamics. The country has seen a surge in digital financial services, fueled by the rise of mobile phone usage, electronic payment systems, digital banking platforms, agent banking, and innovative FinTech solutions, all backed by regulatory efforts to boost financial inclusion. As digital channels become more prevalent, customer expectations are shifting, and competition among financial institutions is heating up. Microfinance banks, in particular, are grappling with the challenge of staying true to their social and developmental missions while also keeping up with technological advancements, ensuring financial sustainability, and meeting regulatory standards (Wofuru, 2024).

The link between corporate governance and the adoption of FinTech is crucial, especially since technological advancements are reshaping how organizations handle risk and make decisions. Boards and senior management teams are finding it increasingly necessary to grasp these technological changes and weave them into their institutional strategies. This means that governance structures need to evolve beyond just traditional financial oversight; they must also effectively monitor technology investments, cybersecurity measures, data governance, digital risks, third-party tech providers, and customer protection. When governance mechanisms are strong, FinTech adoption can be more strategically aligned, leading to sustainable improvements in organizational performance. On the flip side, weak governance can undermine the effectiveness of technology investments and leave microfinance banks (MFBs) vulnerable to additional operational and financial risks (Ayotunde, Oluwatoyin, Israel, Joseph, & Taiwo, 2025).

When it comes to assessing institutional performance in the microfinance sector, there are several dimensions to consider, such as profitability, operational efficiency, asset quality, liquidity, customer growth, portfolio quality, sustainability, and service delivery. Financial performance indicators like return on assets, return on equity, profit margin, and operating efficiency can shed light on the financial impacts of governance and technology choices. Additionally, non-financial indicators such as customer retention, transaction speed, outreach, service accessibility, and customer satisfaction are also vital for evaluating performance. Therefore, a comprehensive examination of MFB performance must take into account both the financial and operational effects of corporate governance and FinTech adoption (Muhammad, Sardar, Adnan, & Ayesha, 2025).

In this larger picture, ACCION Microfinance Bank Nigeria stands out as a compelling example for exploring the relationship between corporate governance, FinTech adoption, and institutional performance. As a microfinance institution in Nigeria, ACCION offers financial services to individuals, entrepreneurs, and small businesses, all while navigating a financial landscape that's increasingly shaped by digital advancements. Their journey presents a unique chance to delve into how governance frameworks and the embrace of technology can work together to enhance a microfinance bank's operations, effectively serve its customers, manage risks, and achieve lasting success (Muhammad, Sardar, Adnan, & Ayesha, 2025).

While earlier research has looked into corporate governance and financial performance, and others have focused on FinTech adoption and financial inclusion, there's still a gap for more comprehensive studies that consider these elements together in the microfinance sector. Much of the current literature tends to view corporate governance and technology adoption as distinct factors influencing organizational outcomes. This perspective might miss the crucial insight that governance can significantly impact how financial institutions choose, implement, monitor, and leverage FinTech innovations. Likewise, the adoption of FinTech can reshape the effectiveness of existing governance structures by introducing new information, enhancing monitoring capabilities, and creating fresh risks and accountability demands (Muhammad, Sardar, Adnan, & Ayesha, 2025).

The microfinance banking sector in Nigeria highlights a significant gap that needs to be explored. While embracing technological innovation can boost the efficiency and reach of microfinance banks (MFBs), the actual benefits often hinge on the quality of governance within these institutions. This understanding is crucial, especially since MFBs cater to customers who are often at risk of financial exclusion, face information gaps,

deal with high transaction costs, and experience subpar financial services. By combining effective governance with the right technological tools, MFBs could significantly enhance their ability to offer affordable, accessible, reliable, and sustainable financial services (Ayotunde, Oluwatoyin, Israel, Joseph, & Taiwo, 2025).

Moreover, as financial services become increasingly digital, it raises important questions about whether investments in technology truly lead to tangible improvements in how these institutions perform. An MFB might pour resources into mobile apps, electronic payment systems, digital onboarding for customers, automated credit assessments, or other FinTech solutions. However, if these technologies are not well-managed or properly integrated into the organization's processes, the anticipated performance gains may never come to fruition. Therefore, it's essential to look beyond just whether MFBs are adopting FinTech; we also need to consider if this adoption, when supported by a solid corporate governance framework, actually leads to better performance (Muhammad, Sardar, Adnan, & Ayesha, 2025; Ayotunde, Oluwatoyin, Israel, Joseph, & Taiwo, 2025).

With this context in mind, this study delves into the relationship between Corporate Governance and Financial Technology Adoption, exploring their implications for the performance of microfinance banks in Nigeria, with a specific focus on ACCION Microfinance Bank Nigeria. The aim is to provide empirical insights into how corporate governance mechanisms impact institutional performance, the role of FinTech adoption in enhancing that performance, and how the interplay between governance and technology can influence the sustainability and effectiveness of microfinance banking operations.

Statement of Research Problem

Microfinance banks play a crucial role in Nigeria's financial landscape. They help promote financial inclusion, support micro, small, and medium-sized enterprises, create jobs, and offer financial services to individuals and businesses that often struggle to access traditional banking options. However, despite their significance, many microfinance banks in Nigeria face a host of challenges, including issues with profitability, operational efficiency, asset quality, liquidity, customer retention, risk management, and overall sustainability. These hurdles raise concerns about whether these banks can meet their developmental goals while also maintaining solid financial and operational performance (Muhammad, Sardar, Adnan, & Ayesha, 2025; Ayotunde, Oluwatoyin, Israel, Joseph, & Taiwo, 2025).

A key factor influencing the performance of financial institutions is the quality of corporate governance. Good corporate governance establishes the framework for how an institution is directed, monitored, controlled, and held accountable. When corporate governance is lacking, it can lead to weak oversight, ineffective internal controls, poor strategic decisions, conflicts of interest, inadequate risk management, and inefficient use of resources. In the microfinance sector, these issues can be especially harmful since microfinance banks handle depositors' funds and extend credit to customers who may not have strong financial backgrounds. Weak governance can erode public trust, heighten institutional risk, and ultimately harm financial performance (Muhammad, Sardar, Adnan, & Ayesha, 2025).

The swift rise of financial technology has truly transformed how financial services are offered in Nigeria. With mobile banking, electronic payments, point-of-sale systems, digital banking platforms, automated credit assessments, biometric identification, and data analytics, microfinance banks now have a wealth of opportunities to cut down on transaction costs, expand their reach, enhance service delivery, speed up transactions, and connect with customers who have been overlooked in the past. However, diving into FinTech also brings its own set of challenges. These include hefty technology investment costs, cybersecurity threats, concerns about data privacy, operational risks, potential system failures, tech-related fraud, regulatory compliance hurdles, and the ongoing need to invest in both human and technological skills (Ayotunde, Oluwatoyin, Israel, Joseph, & Taiwo, 2025).

The core issue is that just because a microfinance bank adopts FinTech doesn't mean it will automatically see better performance. A bank might pour resources into digital technologies but still struggle to boost profitability, efficiency, customer outreach, or sustainability if the tech isn't implemented well or lacks proper governance. Likewise, having strong corporate governance doesn't guarantee top-notch performance if the

institution doesn't have the technological prowess to thrive in a rapidly digital financial landscape. This raises a crucial question: do corporate governance and FinTech adoption work independently, or do they actually complement each other in shaping the performance of microfinance banks? (Muhammad, Sardar, Adnan, & Ayesha, 2025).

Another challenge we face is the growing complexity of governance that comes with technological change. Traditional corporate governance mainly zeroes in on financial reporting, management oversight, accountability, internal controls, and risk management. But with digitalization, we have to think about new governance issues like cybersecurity, protecting customer data, technology procurement, digital fraud, third-party service providers, algorithmic decision-making, and the operational risks tied to technology. This means microfinance banks need governance structures that can keep an eye on not just the usual financial and operational risks, but also those that pop up from technological advancements. If boards and management don't have the right tech knowledge or effective monitoring systems in place, their FinTech investments might not deliver the benefits they were hoping for (Agbeche, Ekpeni, Ogbuleka, & Sylvenus, 2024).

There's also the risk of a disconnect between adopting new technologies and the bank's overall strategy. Microfinance banks might jump on FinTech solutions mainly due to competitive pressures or shifts in customer preferences, rather than ensuring these technologies align with their strategic goals. Embracing technology without thoroughly evaluating customer needs, institutional capacity, cost implications, cybersecurity needs, and expected returns can lead to higher operating costs without significant improvements in performance. Therefore, it's crucial to assess whether adopting FinTech in a well-governed environment truly enhances the performance of microfinance banks (Anifowose, 2025).

It's interesting to note that many existing studies have looked at corporate governance and financial performance as if they were completely separate issues. Meanwhile, others have zeroed in on topics like FinTech adoption, financial inclusion, or digital banking. However, there's been relatively little focus on how corporate governance, FinTech adoption, and the performance of microfinance banks in Nigeria all interact. This is a significant gap in research because good governance can really shape how a microfinance bank (MFB) identifies the right technologies, allocates resources for tech investments, manages risks tied to technology, and assesses whether their digital initiatives are actually achieving the desired results (Agbeche, Ekpeni, Ogbuleka, & Sylvenus, 2024).

This issue is especially pertinent for ACCION Microfinance Bank Nigeria, especially as technology-driven financial services become increasingly vital in the Nigerian microfinance sector. As ACCION aims to offer accessible financial services while also ensuring operational efficiency and financial sustainability, the effectiveness of its governance structures and its ability to adopt and manage financial technologies could greatly impact its overall performance. Yet, we need a thorough empirical investigation to truly understand how corporate governance mechanisms and FinTech adoption play a role in the bank's success (Anifowose, 2025).

It's crucial to figure out if strong corporate governance can actually boost the performance of microfinance banks, if embracing FinTech can lead to better financial and operational results, and if good governance can make FinTech adoption even more effective. Without solid evidence on these connections, those in charge policymakers, regulators, board members, and managers might struggle to find the best ways to blend governance practices with tech investments to ensure sustainable success in Nigeria's microfinance banking scene (Anifowose, 2025). As a result, the key issue this study tackles is the uncertainty surrounding how corporate governance and the adoption of financial technology impact the performance of microfinance banks in Nigeria. It also looks into whether effective governance can amplify the performance gains from FinTech adoption. By focusing on ACCION Microfinance Bank Nigeria as a case study, this research aims to provide concrete evidence on these relationships and help shape better governance and technology strategies that can enhance the sustainability, efficiency, competitiveness, and overall performance of microfinance banks in Nigeria.

The Objectives of the Study

The broad objective of this study is to investigate the impact of Corporate Governance and Financial Technology Adoption on the Performance of Microfinance Banks in Nigeria: A Case Study of ACCION Microfinance Bank Nigeria. The specific objectives of this study are to:

1) examine the impact of board composition/diversity and audit committee effectiveness on profit margin of Accion Microfinance Bank in Nigeria.
2) Investigate the contributions of NIBSS Instant Payment on profit margin of Accion Microfinance Bank in Nigeria.

The Research Questions

The research questions which serve as a guide to achieve the set objectives are:

1) What is the impact of board composition/diversity and audit committee effectiveness on profit margin of Accion Microfinance Bank in Nigeria?
2) In what ways have NIBSS Instant Payment contributed to profit margin of Accion Microfinance Bank in Nigeria?

The Significance of the Study

This study on Corporate Governance and Financial Technology Adoption: Implications for the Performance of Microfinance Banks in Nigeria, specifically focusing on ACCION Microfinance Bank Nigeria, is quite significant. It dives into two crucial factors that are increasingly shaping the effectiveness, sustainability, competitiveness, and overall performance of financial institutions in Nigeria. The insights gained from this research are anticipated to be beneficial for a wide range of stakeholders, including microfinance banks, their management and boards, regulatory authorities, policymakers, customers, investors, researchers, and others involved in the Nigerian financial landscape.

At its core, this study aims to explore the relationship between corporate governance, the adoption of financial technology, and the performance of microfinance banks in Nigeria. By zeroing in on ACCION Microfinance Bank Nigeria, it offers a specific context to analyze how governance and technological innovation interact. The results are expected to shed light on whether strong governance and the right FinTech strategies can work together to enhance efficiency, competitiveness, sustainability, and performance in Nigeria's microfinance sector. Such findings will be invaluable for making informed decisions within institutions, shaping regulatory policies, guiding academic research, and promoting financial inclusion across the country.

This study lays the groundwork for future exploration into how corporate governance interacts with financial technology. Researchers down the line can take its findings and delve into other microfinance banks, commercial banks, FinTech companies, or financial institutions in Nigeria and other developing nations. It might also spark comparative studies across various institutions, regions, or countries, paving the way for more robust models of technology-driven financial performance. On a larger scale, when microfinance banks perform better and operate sustainably, it can really boost financial inclusion, foster entrepreneurship, support small business financing, create jobs, and stimulate economic activity. If effective governance and smart FinTech adoption allow microfinance banks to deliver financial services more efficiently and sustainably, these enhancements could play a significant role in advancing Nigeria's overall financial and economic development goals.

LITERATURE REVIEW

The purpose of literature review in research is to look at what other scholars have done, how they did it, and

what they found. The literature review is grouped into three: the conceptual review, the theoretical review, and the empirical review. The literature review for this study is presented below:

Conceptual Literature Review

The conceptual review presents key concepts and definitions in corporate governance, financial technology, and microfinance bank performance.

Corporate Governance

Corporate governance has emerged as a key topic in modern business research, primarily due to its significant role in shaping how organizations are directed, c ontrolled, and held accountable. While this concept is frequently discussed in fields like accounting, finance, management, and economics, there is no single, universally accepted definition of corporate governance. This ambiguity highlights the complex nature of the concept and the varying interests of different stakeholders, including shareholders, managers, employees, creditors, regulators, customers, and more. At its essence, corporate governance revolves around the systems that guide how decisions are made, monitored, and assessed to ensure that managers act responsibly and that the organization's resources are utilized effectively (Dajau, 2024).

The Organisation for Economic Co-operation and Development (OECD) (2023), takes a broad view of corporate governance, seeing it as the structures and processes that guide and control companies. This viewpoint underscores the distribution of rights and responsibilities among various participants within an organization, along with the rules and procedures that govern decision-making. In a similar vein, the Cadbury Committee framed corporate governance around the systems that direct and control companies. These definitions highlight the importance of control, accountability, transparency, and the relationship between management and those who provide financial backing (Dajau, 2024; OECD, 2023).

According to Odhiambo, Kirimi, and Ngigi (2026), corporate governance is seen as a vital instrument for boosting organizational performance. It does this by reinforcing oversight structures, minimizing agency conflicts, and ensuring that managerial actions align with the interests of shareholders. Key governance mechanisms, including board composition, board diversity, and executive compensation, enhance monitoring efficiency and curb managerial self-interest, ultimately leading to improved financial performance for the organization (Dajau, 2024; Otekunrin, Doorasamy, Wright, Aregbesola, & Omojola, 2024; Anya, Okwo, & Inyiama, 2024).

Similarly, Adeniran, Yusuf, & Adegboye, (2024) and Adeyemi, B.O. (2022), acknowledged the importance of corporate governance. According to their research, corporate governance is the link that unites the creation, formulation, and execution of business policies that provide the firm with direction and purpose as well as optimization for the benefit of stakeholders. According to them, it is a basic tool that links the numerous business interactions and operations with the concerns of stakeholders in an organization (Anya, Okwo, & Inyiama, 2024).

According to Judijanto, Prasetyo, & Nugroho, (2024), the idea of corporate governance has received a lot of attention in developed economies over the years, but until recently, it was disregarded in developing economies. Scholars such as Temba, Kasoga, & Keregero, (2023), increasingly recognize the necessity of conducting appropriate research on corporate governance in emerging economies in light of the numerous financial crises that the globe has experienced, particularly in developing nations. Despite the abundance of recent research on corporate governance in developing nations, these studies have found that, in contrast to corporate governance in developed nations, corporate governance structure is not given the full attention it deserves, particularly among financial institutions (Anya, Okwo, & Inyiama, 2024).

Financial Technology Adoption

Financial Technology, or FinTech for short, is all about using cutting-edge digital technologies to enhance how we provide, deliver, manage, and consume financial services. This includes a wide range of innovations like mobile banking, internet banking, electronic payment systems, Point-of-Sale (POS) terminals, Automated Teller Machines (ATMs), USSD platforms, digital lending, electronic wallets, cloud computing, artificial intelligence, blockchain, and biometric identification. In Nigeria's financial landscape, FinTech has become a

vital tool for broadening access to financial services, cutting down transaction costs, and making financial transactions faster and more convenient (Osigwe, Ezu, & Osakwe, 2025; Agbeche, Ekpeni, Ogbuleka, & Sylvenus, 2024).

The Central Bank of Nigeria (CBN) is well aware of the rising significance of FinTech and Digital Financial Services (DFS) in reaching out to underserved and financially excluded communities. When we talk about financial technology adoption, we are referring to how financial institutions embrace and implement these technological innovations in their operations and service delivery. For institutions, adoption goes beyond just getting the latest tech; it also involves their readiness and ability to effectively implement, integrate, and consistently use technology in various activities like customer registration, savings mobilization, credit assessment, loan disbursement, repayment monitoring, payments, accounting, risk management, and customer relationship management (Osigwe, Ezu, & Osakwe, 2025; Agbeche, Ekpeni, Ogbuleka, & Sylvenus, 2024). It is imperative to note that for microfinance banks (MFBs), embracing FinTech is crucial since their main goal is to offer financial services to individuals, micro-enterprises, and other underserved communities that often struggle to access traditional banking. Nigeria's financial inclusion strategy clearly highlights the role of microfinance banks, FinTech firms, mobile money operators, and other financial service providers as key players in enhancing the country's financial inclusion landscape (Osigwe, Ezu, & Osakwe, 2025; Owen, 2024; Ulokoaga, & Evbayiro-Osagie, 2023).

Microfinance banks are designed to cater to economically active low-income individuals, small businesses, and micro-enterprises by providing essential financial services. These typically include savings accounts, microloans, payment solutions, and various other financial products (Sunday, 2024). However, traditional microfinance operations often face challenges like high operating costs, limited reach, poor infrastructure, and the struggle to connect with customers in remote areas (Adibe, & Aigbovo, 2024). This is where financial technology steps in as a game-changer. By leveraging digital platforms, MFBs can offer services without needing customers to step into a physical branch. Tools like mobile banking, USSD, POS services, agent banking, electronic transfers, and digital loan management systems allow MFBs to serve their customers more effectively (Osigwe, Ezu, & Osakwe, 2025; Agbeche, Ekpeni, Ogbuleka, & Sylvenus, 2024).

This is especially significant in Nigeria, where the financial inclusion policy has strongly advocated for the promotion of Digital Financial Services and the creation of digital payment ecosystems. The Central Bank of Nigeria (CBN) has also noted a significant shift towards non-cash transactions, with internet transfers, POS, and mobile channels making up a large portion of electronic payment activities (Udu, & Ogungbangbe, 2024). As a result, adopting FinTech can be seen as a strategic shift for microfinance banking, moving from a primarily branch-based approach to a more technology-driven, customer-focused, and data-informed model of financial intermediation (Osigwe, Ezu, & Osakwe, 2025; Otonne, Melikam, & Ige, 2023).

Accion Microfinance Bank

Accion Microfinance Bank (Accion MfB) is a Nigerian microfinance institution that was set up with a clear mission: to broaden access to financial services for micro, small, and medium-sized enterprises, low-income earners, and those underserved in Nigeria. Its development is closely tied to the global experience of Accion, an organization that has dedicated decades to advancing financial inclusion and microfinance. Founded in 1961, Accion kicked off its microcredit initiatives in Latin America during the 1970s and later expanded its inclusive finance efforts to other regions, including sub-Saharan Africa (Udu, K& Ogungbangbe, 2024; Accion Microfinance Bank Limited 2023).

Incorporated in May 2006, Accion Microfinance Bank received its license from the Central Bank of Nigeria (CBN) to operate as a microfinance bank. The goal was to offer sustainable financial services to micro and small-scale entrepreneurs, as well as low-income customers who often found themselves overlooked by traditional banks. According to the bank's official history, this incorporation marked the start of its formal journey in Nigeria's microfinance sector. The launch of Accion MfB mirrored the broader changes in Nigeria's microfinance landscape, where both policymakers and financial institutions began to realize that conventional commercial banking was falling short for many small businesses and low-income individuals (Udu, K& Ogungbangbe, 2024; Accion Microfinance Bank Limited 2023).

Accion brought a wealth of international expertise in building financially sustainable institutions that cater to underserved communities. The organization had previously made significant contributions to the establishment of commercially viable microfinance institutions worldwide, including its role in creating BancoSol in Bolivia. Although the bank was officially incorporated in 2006, it didn't kick off its banking operations until May 2007, with its first branch opening in Oke-Arin, Lagos, nestled within an Ecobank branch. At the start, the institution had a small team of fewer than 20 employees (Accion Microfinance Bank Limited, 2026; Udu, K& Ogungbangbe, 2024).

Choosing Lagos was a smart move, as it's one of Nigeria's key commercial hubs, bustling with traders, artisans, micro-enterprises, and small businesses. Accion's business model was all about providing financial services to these entrepreneurs, stepping in to help a group that has often struggled to access formal credit. After kicking off operations, Accion MfB quickly made its mark. In September 2007, it set up shop in the Balogun Business Association area and opened branches to serve the Ladipo and Idioro business communities. By August 2008, the bank was on a roll, launching new branches in Ogba, Idumagbo, Pen Cinema, and Isale-Oja. This growth highlighted the bank's strategy of placing financial services right where micro and small businesses thrive. In 2009, they added a branch in Ikotun to their growing network (Accion Microfinance Bank Limited, 2026; Accion Microfinance Bank Limited 2023).

Technology played a significant role in Accion MfB's journey from the get-go. In July 2008, they started using the T24 R05 banking application, which was a big leap toward modernizing their banking operations. The bank didn't stop there; they rolled out more tech-driven services too. For instance, in November 2013, Accion MfB issued its very first instant debit/ATM card to a customer. This tech evolution is particularly important for a study on Corporate Governance and Financial Technology Adoption: Implications for the Performance of Microfinance Banks in Nigeria, as it shows that Accion MfB has been integrating technology into its operations for quite some time, rather than just jumping on the bandwagon recently (Udu, K& Ogungbangbe, 2024; Accion Microfinance Bank Limited 2023).

Accion Microfinance Bank made its debut in Nigeria back in 2006, as part of a larger global initiative aimed at delivering sustainable financial services to those who often get overlooked. It kicked off its banking journey in 2007 with just one branch located in Oke-Arin, Lagos, and has since spread its wings, opening branches throughout Lagos and beyond. The bank's growth story is marked by a steady increase in branches, a boost in lending to micro and small enterprises, efforts to promote financial inclusion, advancements in technology, and, more recently, a shift towards digital transformation (Accion Microfinance Bank Limited, 2026; Udu, K& Ogungbangbe, 2024; Accion Microfinance Bank Limited 2023).

By the time it celebrates its 20th anniversary in 2026, Accion MfB is set to showcase impressive growth in its customer base, geographical footprint, and total lending. For a research study that delves into corporate governance, the adoption of financial technology, and the performance of microfinance banks in Nigeria, Accion MfB stands out as a compelling case. Its journey offers a unique opportunity to explore how governance and technological advancements have evolved in tandem with the growth and success of a microfinance institution in Nigeria (Accion Microfinance Bank Limited, 2026; Accion Microfinance Bank Limited 2023).

THEORETICAL REVIEW

This study is grounded in Agency Theory, as developed by Jensen and Meckling in 1976, alongside the Resource-Based View (RBV) introduced by Barney in 1991. These two theories work hand in hand to shed light on how corporate governance, the adoption of financial technology, and the financial performance of microfinance banks in Nigeria are interconnected. More specifically, Agency Theory lays the groundwork for analyzing aspects like board composition and diversity, as well as the effectiveness of committees. On the other hand, the Resource-Based View highlights how the skills of board members and the availability of financial technology resources especially NIBSS Instant Payment can lead to better financial outcomes. In this study, the focus is on profit margin as the dependent variable, which serves as a measure of the financial performance of ACCION Microfinance Bank Nigeria.

The Agency Theory

Agency Theory, introduced by Jensen and Meckling in 1976, sheds light on the challenges that can emerge when ownership and management are not in sync within a company. The core idea is that shareholders, or principals, hand over decision-making power to managers, or agents, to handle the organization's resources on their behalf. However, since managers might have their own interests that don't align with those of the owners, conflicts can arise. This can lead managers to chase personal goals, misallocate resources, or take unnecessary risks instead of focusing on maximizing the organization's financial health. This theory is especially relevant in financial institutions, where managers are tasked with making critical decisions about depositors' money, lending practices, investments, technology choices, risk management, and operational spending. The knowledge gap between managers and owners, along with other stakeholders, creates an information asymmetry that can lead to managerial opportunism. To combat this, strong corporate governance mechanisms are essential to keep an eye on managerial actions, enhance accountability, and ensure that resources are used wisely (Odhiambo, Kirimi, & Ngigi, 2026; Macaulay, Adekoja, & Onyeiwu, 2025; Omole & Adewole, 2024).

In this study's context, the composition and diversity of the board play a crucial role in addressing agency issues. A well-rounded board that includes a mix of executive and non-executive directors, independent members, gender diversity, and relevant expertise can effectively oversee management. Additionally, board diversity can bring fresh perspectives to strategic decisions and help prevent groupthink. Ultimately, a strong board is expected to enhance managerial accountability, improve strategic oversight, and ensure that organizational resources are utilized effectively. The theory also lays the groundwork for assessing how well committees function, especially when it comes to audit and other board-level committees. These committees are set up to enhance specialized monitoring roles, bolster internal controls, improve financial reporting, and oversee management activities. Take the audit committee, for instance; a strong one can spot financial discrepancies, fortify internal control systems, keep an eye on risk management, and boost the reliability of financial data. All these functions can help lower agency costs and potentially enhance the financial performance of microfinance institutions (Adeniran, Yusuf, & Adegboye, 2024).

For ACCION Microfinance Bank Nigeria, having an effective board and well-functioning committees can lead to better financial outcomes by curbing managerial opportunism, enhancing oversight, boosting accountability, and ensuring that financial and operational resources are utilized efficiently. When governance mechanisms are lacking, the institution might face poor managerial choices, inefficient resource distribution, high operational costs, and weak risk management, all of which can negatively impact its profit margins. Agency Theory thus serves as the theoretical backbone for the first specific objective of this study, which aims to explore how board composition and diversity, along with audit committee effectiveness, influence the profit margin of ACCION Microfinance Bank Nigeria. The theory suggests that stronger governance mechanisms should help reduce agency costs and enhance managerial efficiency, ultimately leading to better profitability (Asonibare, 2026; Judijanto et al., 2024; Oyebanji, Alabi, Ajiboye, & Folorunsho, 2023).

However, it's worth noting that Agency Theory has its limitations. It primarily focuses on the dynamics between principals and agents, which can sometimes lead to a greater emphasis on shareholders' interests over those of employees, customers, regulators, depositors, and other stakeholders. Moreover, just having governance structures in place doesn’t automatically ensure effective monitoring. The effectiveness of these mechanisms can hinge on several factors, including how well regulations are enforced, the independence of the board, the skills of the management team, the culture within the organization, and the quality of information that governance bodies have access to (Adeniran, Yusuf, & Adegboye, 2024; Judijanto et al., 2024). Even with these challenges, Agency Theory continues to be a crucial framework for understanding how corporate governance practices can impact the financial performance of microfinance banks.

Resource-Based View (RBV)

The Resource-Based View (RBV), introduced by Barney in 1991, sheds light on how a company's internal resources and capabilities influence its performance. This theory posits that organizations can secure a lasting competitive edge and excel when they harness resources that are valuable, rare, hard to replicate, and tough to replace. These resources can be both tangible and intangible, encompassing financial assets, technological

infrastructure, organizational knowledge, managerial skills, human capital, information systems, and overall organizational capabilities (Ahmed, 2026; Temba et al., 2023). This study finds the RBV particularly relevant because corporate governance and financial technology aren't just institutional frameworks; they also represent organizational capabilities that can boost the efficiency and competitiveness of a microfinance bank. Specifically, the knowledge, experience, diversity, and professional skills of board members are invaluable human and organizational resources. A board equipped with the right mix of financial, technological, managerial, and industry expertise is likely to be more adept at crafting effective strategies, overseeing management, adapting to regulatory shifts, and making sound investment choices (Ayuba, & Samaila, 2023; Ahmed, 2026).

From the RBV standpoint, the composition and diversity of the board can significantly impact organizational performance. Directors bring a variety of knowledge, experiences, professional networks, and problem-solving skills to the table. A diverse board varying in professional background, gender, experience, and expertise—can enhance the quality of strategic decisions and help the organization respond more adeptly to changes in the financial landscape. Therefore, board composition serves not just as a governance tool for managing agency issues but also as a strategic organizational asset (Ayuba, & Samaila, 2023; Ahmed, 2026). The Resource-Based View (RBV) plays a significant role in how effective committees operate. When committees are effective, they bring in specialized knowledge and organizational skills in key areas like auditing, risk management, financial reporting, compliance, and strategic oversight. By weaving these capabilities into the institution's decision-making processes, they can boost operational efficiency and enhance the institution's ability to manage its resources.

As a result, effective committees can lead to increased profitability through better financial control, less waste, and improved risk management. Moreover, the RBV offers a solid theoretical framework for understanding the impact of adopting financial technology, which this study highlights through NIBSS Instant Payment (NIP). Financial technology is a strategic asset for organizations, as it equips financial institutions with the necessary technological infrastructure and capabilities to process transactions, enhance service delivery, lower transaction costs, speed up transactions, and broaden access to financial services. NIBSS Instant Payment allows financial institutions to carry out electronic fund transfers and real-time payment transactions seamlessly. For a microfinance bank like ACCION Microfinance Bank Nigeria, effectively leveraging instant payment technology can lead to greater operational efficiency, improved customer convenience, increased transaction volumes, reduced reliance on manual processes, and potentially lower transaction and administrative costs. These advantages can enhance revenue generation and cost efficiency, ultimately impacting the institution's profit margins positively. The Resource-Based View (RBV) highlights an important point: just having a technological resource doesn’t guarantee better performance (Ahmed, 2026; Adeniran et al., 2024).

An organization needs to have the skills to integrate, manage, and make the most of that resource. So, when it comes to NIBSS Instant Payment, its impact on profitability isn’t just about having the payment infrastructure in place. It also hinges on ACCION Microfinance Bank's ability to weave this technology into its operations, build the right human skills, keep systems running smoothly, and deliver effective digital financial services. This line of reasoning aligns perfectly with the study's second specific objective, which aims to explore how NIBSS Instant Payment contributes to the profit margin of ACCION Microfinance Bank Nigeria. From the RBV standpoint, a more effective use of instant payment technology should enhance the bank's operational capabilities and could lead to better financial outcomes (Ahmed, 2026; Adeniran et al., 2024).

Theoretical Linkage to the Study Variables

The two theories offer different yet complementary insights into how the independent variables relate to the

dependent variable in this study. To start, Agency Theory sheds light on the importance of having strong corporate governance mechanisms in place to curb managerial opportunism and boost accountability. In this context, factors like board composition and diversity, along with the effectiveness of committees, act as vital monitoring tools that can help lower agency costs and enhance decision-making by managers. As a result, better governance is anticipated to lead to improved profit margins. On the other hand, the Resource-Based

View focuses on how an organization's internal resources and capabilities can drive superior financial performance.

The knowledge, expertise, experience, and diversity of board members are seen as valuable organizational resources, while effective committees bring specialized capabilities to the table. Additionally, NIBSS Instant Payment serves as a technological asset that can improve transaction efficiency, enhance service delivery, boost customer convenience, and strengthen operational capabilities. When these resources are utilized effectively, they can significantly contribute to better profit margins. In summary, these theories work hand in hand rather than opposing each other. Agency Theory highlights the governance aspect of control and monitoring, while the Resource-Based View underscores the strategic importance of resources and capabilities in governance and financial technology.

EMPIRICAL REVIEW

Odhiambo, Kirimi, & Ngigi (2026) took a closer look at how corporate governance impacts the financial efficiency of banks in Kenya. They used a two-step system Generalized Method of Moments (System GMM) estimator. Their findings revealed a notable trend in bank profitability, suggesting that current financial results are influenced by past performances. They found that financial efficiency has a positive and statistically significant impact on return on assets (ROA), meaning that when banks use their resources effectively, it boosts their asset-based profitability. However, the effect of financial efficiency on return on equity was found to be statistically weak, indicating that shareholders might not see immediate benefits from efficiency improvements in the short term. The study recommended that banks should embrace long-term digital transformation strategies to bolster their fintech capabilities, enhance customer experiences, and improve operational flexibility.

Kimunei (2025). examined the impact of firm age on Kenyan microfinance banks' financial stability and corporate governance. The study used a survey research design to collect data using a structured questionnaire. Panel data was used for the analysis, and the results showed that CEO salary, ownership concentration, and board independence were important. It was determined that financial stability is greatly impacted by corporate governance. The report suggested that the Central Bank of Kenya's shareholders and policy makers strike a balance between independent and non-independent directors in Kenya's microfinance banks. In order to balance the interests of shareholders, Kenyan Microfinance Institutions (MFIs) should reorganize their composition and shareholding structures.

Using the stakeholder theory, Adeyemi (2022) investigated the impact of corporate governance on corporate financial performance in the context of a few Nigerian microfinance institutions. Multiple regression analysis was used in the study. The study found that while board effectiveness has a significant relationship with corporate financial performance (ROA and ROE), corporate governance mechanisms like board independence, board size, and gender diversity have an insignificant relationship. In order to understand the fundamental nature of corporate governance in relation to day-to-day performance and to give credence to issues that maximize corporate performance, the study suggests that corporate governance be examined from a wider perspective, in all areas, without necessarily focusing on the composition of the board, including its gender diversity, independence, and size.

Summary of Literature Reviewed and the Gaps in the Literature

The literature review examines corporate governance, financial technology adoption, and microfinance bank performance, with particular attention to Accion and Lapo Microfinance Banks in Nigeria. It is divided into conceptual, theoretical, and empirical reviews. The literature suggests that effective corporate governance can strengthen accountability, monitoring, resource utilization, and organizational performance, while FinTech adoption can improve the efficiency, accessibility, and reach of microfinance services. Accion and Lapo Microfinance Banks provides an appropriate case for examining these relationships because of its long history in Nigeria, its focus on underserved customers, and its gradual adoption of financial technologies. The major research implication is that the interaction between governance mechanisms and FinTech adoption deserves further investigation in explaining the performance of microfinance banks in Nigeria.

Despite the growing literature on corporate governance, financial technology adoption, and financial performance, existing studies have largely examined these variables independently, with limited attention to their interconnected relationship within microfinance banks in Nigeria. Furthermore, much of the available empirical evidence is drawn from commercial banks or other developing countries, particularly Kenya, while institution-specific evidence on Nigerian microfinance banks remains limited. Although Accion Microfinance Bank has progressively incorporated financial technologies into its operations, there is insufficient empirical evidence on how its corporate governance mechanisms influence FinTech adoption and how such adoption affects its financial and operational performance. This study therefore seeks to fill this conceptual, contextual, institutional, and empirical gap by examining the relationship between corporate governance, FinTech adoption, and the performance of Accion Microfinance Bank Nigeria.

RESEARCH METHOD

Introduction

In this section, we dive into the methodology used to explore Corporate Governance and the Financial Technology adoption, specifically looking at how these factors impact the performance of Microfinance Banks in Nigeria, with Accion Microfinance Bank Nigeria serving as our case study. This section will cover the research design, the model specification, the research techniques, as well as the sources of data. Additionally, the study will also discuss the research instruments, how we measured the variables, and the validity and reliability of our research tools. Finally, the ethical considerations that guided our work.

Research Design

The research will utilize a descriptive and explanatory design. The descriptive part aims to outline the nature and extent of corporate governance practices, the adoption of financial technology, and the performance of Accion Microfinance Bank Nigeria. Meanwhile, the explanatory aspect will delve into the connections between corporate governance, financial technology adoption, and the bank's performance. A case study approach is deemed suitable since the focus is specifically on Accion Microfinance Bank Nigeria, allowing for an in-depth exploration of how corporate governance mechanisms impact the adoption of financial technology and how these elements, in turn, influence institutional performance. To gather insights, the study will adopt a mixed-method approach, blending both quantitative and qualitative data. Quantitative data will be collected through financial report to statistically test the hypotheses, while qualitative insights from relevant management and staff will help shed light on the observed relationships. The study will adopt the Generalized Method of Moments, and also use the Unit Root Test.

Area of the Study

The study will be conducted in Nigeria, with particular emphasis on Accion Microfinance Bank Nigeria. The institution provides financial services to individuals, micro-enterprises and small businesses and operates within Nigeria's microfinance banking environment. The choice of Accion Microfinance Bank is justified by its relevance to the microfinance sector and its involvement in technology-enabled financial services. The institution therefore provides an appropriate case through which the interaction between corporate governance, financial technology adoption and organisational performance can be examined.

Justification for using ACCION Microfinance Bank

Accion Microfinance Bank (Accion MfB) is one of Nigeria's prominent microfinance institutions, established with the objective of providing accessible financial services to micro and small-scale entrepreneurs and low-income households that are often underserved by conventional banking institutions. The bank was incorporated as a private limited liability company on 16 May 2006 and obtained approval from the Central Bank of Nigeria (CBN) to operate as a microfinance bank in April 2007. It commenced banking operations in May 2007 with its first branch at Oke-Arin in Lagos. The institution subsequently expanded its branch network and obtained a licence to operate as a National Microfinance Bank in December 2014.

From the early stages of its operations, Accion Microfinance Bank placed considerable emphasis on the application of information and financial technologies to improve its banking operations and service delivery. A notable milestone in this regard was the adoption of the T24 R05 banking application in July 2008. This early investment in banking technology provided the institution with an electronic platform for managing customer accounts and supporting its expanding banking operations. Over time, the bank progressively expanded its use of digital financial technologies and developed digital products and payment services as part of its broader financial-inclusion strategy. The adoption of financial technology has subsequently become an important component of Accion Microfinance Bank's business strategy. The bank has progressively introduced and enhanced digital channels and services, including USSD-based services, digital savings, merchant banking solutions and other technology-enabled financial services. The bank's recent financial reports indicate that digital transformation remains a strategic priority aimed at improving customer experience, expanding access to financial services and reaching previously underserved segments of the Nigerian population.

For the purpose of this study, Accion Microfinance Bank provides an appropriate case for examining the relationship between financial technology adoption, corporate governance and financial performance because the institution has a relatively long history of financial reporting and technology adoption. The availability of annual financial statements provides information on the bank's financial performance and other relevant indicators over time. However, the use of annual observations results in a relatively small number of time-series observations, particularly when the study covers the period from the bank's early years of operation to the most recent available year. To address this limitation and increase the number of observations available for empirical analysis, the annual data were transformed into quarterly observations using an appropriate temporal disaggregation procedure. This transformation provides a larger dataset while maintaining the underlying information contained in the annual series and thereby improves the suitability of the dataset for econometric analysis.

Model Specification

The empirical model will be specified to examine the relationship among corporate governance, financial technology adoption and microfinance bank performance. The basic functional relationship is expressed as:

$$PRM = B\dot{C}D, ACE, NIP \quad (1)$$

The econometric model is expressed as:

$$PRM_t = \beta_0 + \beta_1 BCD_t + \beta_2 ACE_t + \beta_3 NIP_t + \mu_t \quad (2)$$

Where:

- PRM: Profit Margin
- BCD: Board Composition Effectiveness
- ACE: Audit Committee Effectiveness
- NIP: NIBSS Instant Payment
- β_0= Constant term
- $\beta_1 - \beta_4$= Parameters to be estimated
- μ_t= Error term.

GMM Model Specification

To capture the persistence of corporate governance and financial technology to evaluate the performance of Microfinance Bank, the model is transformed into a dynamic specification as follows:

$$PRM_t = \alpha PRM_{t-1} + \beta_1 BCD_t + \beta_2 ACE_t + \beta_3 NIP_t + \varepsilon_t \quad (3)$$

Where: PRM_{t-1}

represents the lagged value of performance of microfinance banks. The inclusion of the lagged dependent variable captures the dynamic nature of contribution of financial technology impact on Microfinance banks in Nigeria.

A Priori Expectations

Based on Institutional Theory, National Innovation Systems Theory, and Triple Helix Theory, all explanatory variables are expected to positively influence patent applications filed by independent inventors. Thus: $\beta_1 > 0, \beta_2 > 0, \beta_3 > 0$. This implies that improvements in Board Composition Effectiveness, Audit Committee Effectiveness, Electronic Payment System, and Digital Lending Platform are expected to stimulate the profit margin of Microfinance Banks particularly the Accion Microfinance Bank in Nigeria.

Justification for the Generalized Method of Moments (GMM)

The study uses the Generalized Method of Moments (GMM) estimation technique because it's well-suited for tackling economic relationships that might involve endogeneity, heteroskedasticity, serial correlation, and non-normal disturbances. In economic models, the explanatory variables can be intertwined with the dependent variable, leading to issues like simultaneity and reverse causality. This can make traditional Ordinary Least Squares (OLS) estimates biased and inconsistent. GMM steps in to solve this by utilizing valid instrumental variables and moment conditions that stem from economic theory, allowing for consistent estimation even when there are endogenous regressors.

Another reason for choosing GMM is its relatively relaxed distributional requirements. Unlike maximum likelihood estimation, GMM doesn't force researchers to define the entire probability distribution of the error term. This is especially beneficial in macroeconomic and financial contexts, where disturbances can show heteroskedasticity, autocorrelation, and deviations from normality. Plus, GMM can use robust covariance estimators that take into account heteroskedasticity and serial correlation, enhancing the reliability of statistical inferences. Moreover, GMM creates a direct connection between the theoretical underpinnings of the study and the empirical estimation process, as the moment conditions can be derived from economic theory. The validity of the instruments can also be evaluated through specification tests like the Hansen J-test or the Sargan test for over-identifying restrictions. Thus, GMM is a fitting choice for this study, offering a theoretically sound, flexible, and statistically robust method for achieving consistent parameter estimates in the face of potential endogeneity and other common econometric challenges.

Presentation Of Results

This section presents and discusses the empirical findings obtained from the analysis of the data. It begins with the unit root test, followed by the descriptive statistics, and finally the Generalized Method of Moments (GMM) estimation results. The purpose of this sequence is to ensure that the data satisfy the assumptions required for econometric analysis before estimating the corporate governance and financial technology adoption: implications for the performance of microfinance banks in Nigeria: a case study of Accion microfinance bank Nigeria.

Unit Root Test

The unit root test is presented first to determine whether the variables are stationary and suitable for econometric estimation. It establishes the order of integration of each variable and helps prevent spurious regression results that could arise from non-stationary data. The test also provides the basis for selecting the appropriate estimation technique. Since the GMM requires that none of the variables be integrated of order two (I (2)), the unit root results confirm whether the GMM estimator is appropriate for the study. Using the Augmented Dickey-Fuller test statistic, the result is presented as below:

Table 1: Result of Augmented Dickey-Fuller Unit Root Test

Variables	ADF Test statistic	5% critical value	Order of Integration
PRM	-3.979271	-2.963972	I (0)
BCD	-3.617404	-2.954021	I (0)
ACE	-3.531240	-2.960411	I (0)
NIP	-3.590091	-2.981038	I (0)

Source: Authors' Computation 2026

Table 1 presents the results of the Augmented Dickey-Fuller (ADF) unit root test for PRM, BCD, ACE and NIP. The results show that all the variables are stationary at level, I(0), at the 5% level of significance. Specifically, the ADF test statistics for PRM (-3.979271), BCD (-3.617404), ACE (-3.531240) and NIP (-3.590091) are all more negative than their respective 5% critical values of -2.963972, -2.954021, -2.960411 and -2.981038. Consequently, the null hypothesis that the variables contain a unit root is rejected for all the variables. This implies that PRM, BCD, ACE and NIP are mean-reverting and do not exhibit stochastic trends at level. The finding establishes that the variables are stationary and can be employed in subsequent econometric estimation without the risk of spurious regression arising from non-stationarity.

Descriptive Statistics

Descriptive statistics are all about transforming those raw, sometimes daunting piles of data into neat, concise summaries. They help us see the bigger picture, showing us what the data really looks like, highlighting its typical values, how spread out it is, and any patterns that might be lurking. This way, us can grasp, verify, and share the information before diving into more complex analyses.

Table 2: Summary of the descriptive statistics

Statistic	PRM	BCD	ACE	NIP
Mean	20.86857	8.542857	3.714286	132,262.3
Median	22.29000	7.500000	3.500000	99,090.50
Maximum	37.35000	14.00000	5.000000	286,046.0
Minimum	-4.290000	7.000000	2.000000	78,423.00
Std. Dev.	10.17993	2.230706	0.876874	64,472.21
Skewness	-0.685640	1.474891	0.153778	1.125606
Kurtosis	2.710538	3.894362	1.865762	2.570709
Jarque-Bera	2.864455	13.85577	2.014086	7.659529
Probability	0.238776	0.000980	0.365298	0.021715
Observations	35	35	35	35

Source: Authors' Computation 2026

Table 2 presents the descriptive statistics of PRM, BCD, ACE and NIP based on 35 observations. The results show that PRM has a mean of 20.87 and a standard deviation of 10.18, while BCD records a mean of 8.54 and a standard deviation of 2.23. ACE has a mean of 3.71 with a standard deviation of 0.88, whereas NIP records the highest mean value of 132,262.30 and a standard deviation of 64,472.21. The relatively high standard deviation of NIP indicates substantial variability over the study period. In terms of distribution, PRM is negatively skewed (-0.686), while BCD (1.475) and NIP (1.126) are positively skewed. ACE is approximately symmetric, with a skewness coefficient of 0.154. The Jarque-Bera statistics further indicate that PRM and ACE are normally distributed at the 5% significance level, given their probability values of 0.239 and 0.365 respectively, which are greater than 0.05. However, BCD and NIP do not satisfy the normality assumption, as their probability values of 0.001 and 0.022 respectively are below 0.05. Overall, the descriptive statistics

demonstrate variations in the central tendency, dispersion and distributional characteristics of the study variables, providing useful preliminary evidence for the subsequent econometric analysis.

Generalized Method of Moments (GMM)

The Generalized Method of Moments (GMM) results constitute the main empirical findings of the study. GMM is employed because it effectively addresses econometric challenges such as endogeneity, unobserved heterogeneity, autocorrelation, and heteroskedasticity that commonly arise in panel data analysis. The GMM estimation examines the effects of corporate governance on financial technology adoption: implications for the performance of microfinance banks in Nigeria: a case study of Accion microfinance bank Nigeria. The discussion focuses on the estimated coefficients, their statistical significance, and robustness of the estimated model. The GMM result is presented as below:

Table 3: Generalized Method of Moments (GMM)

Variables	Coefficient	Std. Error	t-Statistic	Prob.
C	41.90629	18.25574	2.295513	0.0286
BCD	-1.318694	1.194064	-1.104374	0.2779
ACE	0.056606	2.403499	0.023551	0.9814
NIP	-6.38E-05	3.41E-05	-1.871133	0.0208
R-Square				81.7%
Adjusted R-Square				72.1%
Instrument Rank				5
Durbin-Watson Stat.				2.05
J-Statistic				5.5
Prob (J-Statistic				0.01

Source: Authors' Computation 2026

There are some important indicators that most be consider in this model such as the R-squared is 81.7%. This means that approximately 81.7% of the observed variation in the dependent variable is jointly explained by the variables included in the model. The remaining 18.3% is attributable to other factors not captured by the model and random disturbances. The adjusted R-squared is 72.1%. After accounting for the number of explanatory variables and degrees of freedom, approximately 72.1% of the variation in the dependent variable is explained by the model. The difference between 81.7% and 72.1% suggests that some of the apparent explanatory power is reduced after adjusting for model complexity. J-Statistic = 5.50, p-value = 0.01 This is the most important concern in your results. The J-statistic tests the validity of the overidentifying restrictions/instruments. The hypotheses are:

H_0: The instruments are valid.

H_1: The instruments are not jointly valid.

The J-test probability is: $0.01 < 0.05$, the null hypothesis is rejected at the 5% significance level.

Furthermore, BCD has a coefficient of -1.318694, with a t-statistic of -1.1044 and a p-value of 0.2779. Because $0.2779 > 0.05$, BCD is not statistically significant at the 5% level. The negative coefficient suggests that a one-unit increase in BCD is associated with approximately a 1.319-unit reduction in PRM, holding other variables constant. However, because the relationship is statistically insignificant, there is insufficient empirical evidence to conclude that BCD has a systematic effect on PRM. In economic terms, the negative relationship may indicate that increases in BCD could potentially constrain the outcome, but the available evidence does not establish this relationship with sufficient statistical confidence. However, BCD is negatively associated with PRM, but the effect is not statistically established.

ACE has a coefficient of 0.056606, a t-statistic of 0.023551, and a p-value of 0.9814. The p-value is substantially greater than 0.05. The positive coefficient suggests that a one-unit increase in ACE is associated with approximately a 0.0566-unit increase in PRM, all else being equal. However, the extremely high p-value (0.9814) indicates that this estimated relationship is not statistically meaningful. ACE has a positive but statistically insignificant relationship with PRM, suggesting that changes in ACE do not have a measurable effect on PRM within the estimated model. NIP has a coefficient of -6.38E-05, which is equivalent to approximately: -0.0000638. The t-statistic is -1.8711, while the reported p-value is 0.0208.

Since 0.0208 < 0.05, NIP is statistically significant at the 5% level. The negative coefficient means that increases in NIP are associated with decreases in PRM, holding the other explanatory variables constant. A one-unit increase in NIP is associated with an estimated 0.0000638-unit decrease in PRM.

The GMM estimation results presented in Table 3 reveal mixed relationships between the explanatory variables and the dependent variable. PRM has a positive coefficient of 41.90629 and is statistically significant at the 5% level (p = 0.0286), indicating that increases in PRM are associated with improvements in the dependent variable, ceteris paribus. BCD has a negative coefficient of -1.318694 but is statistically insignificant (p = 0.2779), suggesting an inverse relationship that is not sufficiently supported by the data. ACE has a positive coefficient of 0.056606 but is statistically insignificant (p = 0.9814), indicating that changes in ACE do not have a statistically measurable effect on the dependent variable. NIP has a negative coefficient of -0.0000638 and is statistically significant at the 5% level (p = 0.0208), implying that increases in NIP are associated with reductions in the dependent variable, holding other factors constant. The R-squared value of 81.7% indicates that the model explains a substantial proportion of the variation in the dependent variable, while the adjusted R-squared of 72.1% confirms relatively strong explanatory power after adjustment for model complexity. The Durbin-Watson statistic of 2.05 suggests little evidence of first-order serial correlation. However, the J-statistic of 5.50 with a probability value of 0.01 leads to rejection of the null hypothesis of valid overidentifying restrictions at the 5% level. This raises concerns about the validity of the instruments employed in the GMM estimation. Therefore, while the significant coefficients provide useful evidence regarding the estimated economic relationships, the findings should be interpreted with caution and the instrument specification should be subjected to further diagnostic testing and possible specification.

SUMMARY AND RECOMMENDATION

Summary of the Study

The study on corporate governance and financial technology adoption: implications for the performance of microfinance banks in Nigeria. The study investigated the impact of Corporate Governance and Financial Technology Adoption on the Performance of Microfinance Banks in Nigeria: A Case Study of ACCION Microfinance Bank Nigeria. Specifically, the study examined the impact of board composition/diversity and audit committee effectiveness on profit margin of Accion Microfinance Bank in Nigeria, and investigated the contributions of NIBSS Instant Payment on profit margin of Accion Microfinance Bank in Nigeria. The study adopted the Generalized Method of Moments as the its analytical tools. The study discovered that the GMM results show that ACE has a positive and statistically insignificant effect, while NIP has a negative and statistically significant effect on the dependent variable PRM. BCD is statistically insignificant, indicating no measurable effects within the model. The model has relatively strong explanatory power, with R^2 of 81.7% and adjusted R^2 of 72.1%. The Durbin-Watson statistic of 2.05 suggests little evidence of first-order serial correlation.

Policy Recommendations

Based on the findings of the study, the following recommendations are made:

1. Existing BCD policies should be reviewed and improved because BCD has a negative but statistically insignificant effect on PRM for Accion Microfinance banks in Nigeria.

2. ACE programmes should be reassessed and strengthened to improve their effectiveness, given that its effect is positive but statistically insignificant on PRM for Accion Microfinance banks in Nigeria.

3. Policymakers should investigate the negative and significant effect of NIP and identify the factors responsible for its adverse relationship with the dependent variable (PRM) for Accion Microfinance banks in Nigeria.

Contributions to Knowledge

This study contributed to knowledge in the following areas:

1. Contribution to policy formulation: The findings provide policymakers with evidence for prioritising effective interventions. In particular, the positive effect of ACE suggests that policies supporting ACE deserve greater attention, while the negative significant effect of NIP indicates the need to investigate and address possible inefficiencies associated with NIP for Accion Microfinance Bank in Nigeria.
2. Contribution to the existing literature: The study adds to the existing body of literature by providing evidence from the study's specific economic and institutional context. It can therefore serve as a reference point for researchers investigating similar relationships in developing economies.

Suggestions for Further Studies

Further studies should be conducted in the following areas:

1. Future studies could employ other econometric techniques such as ARDL, Dynamic OLS (DOLS), Fully Modified OLS (FMOLS), System GMM, Difference GMM, or panel-data techniques, depending on the nature and availability of the data. Comparing results across different methods would improve the robustness of the findings.
2. Future research should investigate why NIP has a negative and significant relationship with the dependent variable. Qualitative research or sector-specific analysis could help explain the mechanisms behind this unexpected relationship.

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