



Based Internal Auditing and Financial Transparency among Fintech Companies

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Abstract

This study aims to analyze the influence of AI-based internal auditing on financial transparency among FinTech companies in Malaysia. The increasing complexity of digital financial systems and the growing demand for transparent financial governance have intensified the importance of intelligent auditing technologies within modern financial institutions. This research employed a quantitative explanatory approach using survey data collected from 187 respondents working in Malaysian FinTech companies, including internal auditors, financial managers, compliance officers, and operational staff. Data were analyzed using descriptive statistics, validity and reliability testing, correlation analysis, and multiple linear regression. The findings demonstrate that AI-based internal auditing has a positive and statistically significant effect on financial transparency. Fraud detection emerged as the strongest dimension of AI auditing implementation, while reporting accuracy represented the most dominant dimension of financial transparency. The study further reveals that AI-driven auditing systems improve accountability, strengthen financial reporting reliability, and support more effective governance practices within digital financial environments. The findings provide theoretical contributions to digital auditing literature and practical implications for regulators and FinTech companies in developing more transparent and accountable financial governance systems.

INTRODUCTION

The rapid expansion of financial technology (FinTech) has significantly transformed the global financial ecosystem, particularly in emerging economies where digital financial services have become increasingly integrated into business and consumer activities. In Malaysia, the FinTech sector has experienced remarkable growth due to the acceleration of digital transformation, government support for financial innovation, and increasing consumer dependence on digital transactions. The emergence of digital banking platforms, peer-to-peer lending systems, mobile payment services, and blockchain-based financial applications has fundamentally reshaped the structure of financial services and corporate governance practices (Suwarno et al., 2023; Edo-Osagie, 2025; Zhou et al., 2025). However, alongside

these developments, concerns regarding financial transparency, cyber risk, fraud vulnerability, and governance accountability have intensified, thereby increasing the importance of advanced internal auditing mechanisms within FinTech companies (Udoh, 2024; Oladinni & Odumuwan, 2025; Usul & Alpay, 2025; Rahul & Lakshmi, 2026).

Internal auditing has traditionally functioned as an essential governance instrument aimed at evaluating internal controls, risk management, and operational efficiency. Nevertheless, conventional auditing approaches are increasingly considered inadequate for addressing the complexity, speed, and data-intensive nature of FinTech operations. The integration of artificial intelligence (AI) into internal auditing processes has consequently emerged as a strategic response to these challenges (Onyenahazi, 2025; Parveen et al., 2025; Alaka et al., 2025; Anwar & Akeel, 2026). AI-based internal auditing utilizes machine learning algorithms, predictive analytics, robotic process automation, and real-time anomaly detection to enhance audit effectiveness and improve the accuracy of financial monitoring. Recent studies have emphasized that AI technologies enable auditors to analyze large volumes of financial data more efficiently, detect fraudulent transactions more accurately, and strengthen decision-making quality within organizations (Ramli, 2024; Rajput & Katamba, 2024; Onyenahazi, 2025; Qatawneh, 2025; Raza et al., 2025;).

The growing relevance of AI in auditing practices is closely associated with the increasing demand for financial transparency in digital business environments. Financial transparency refers to the availability, reliability, and clarity of financial information disclosed by organizations to stakeholders. In FinTech companies, transparency has become particularly critical due to the high reliance on digital transactions, algorithmic decision-making, and decentralized financial systems (Rane et al., 2023; Fahim et al., 2023; Martinez et al., 2024; Dagur, 2025). Investors, regulators, and consumers increasingly expect FinTech firms to maintain transparent financial reporting systems capable of ensuring accountability and minimizing information asymmetry (Rerung et al., 2024). In Malaysia, regulatory institutions such as Bank Negara Malaysia and the Securities Commission Malaysia have intensified oversight regarding digital financial governance and compliance standards in response to the rapid growth of FinTech ecosystems (Yusoff et al., 2022; Ooi, 2025; Amir et al., 2025; Ahmad et al., 2025).

Empirical evidence indicates that weaknesses in financial transparency and governance remain persistent challenges among digital financial companies. Several international financial scandals involving technology-oriented firms have demonstrated that inadequate internal controls and ineffective auditing systems can significantly undermine stakeholder trust and organizational sustainability. Studies conducted by Kafi & Akter (2023) found that digital financial environments are more vulnerable to cyber fraud and data manipulation when organizations rely solely on conventional audit procedures. Similarly, research by Al-Omush et al. (2025) highlighted that continuous auditing supported by AI technologies can improve transparency and strengthen risk detection capabilities in highly dynamic financial systems. Despite these findings, many FinTech firms in developing economies continue to face limitations in implementing AI-driven auditing frameworks due to technological, organizational, and regulatory constraints.

In the Malaysian context, the adoption of AI-based internal auditing remains relatively uneven across FinTech companies (Sundarasan et al., 2026). While larger firms possess greater technological capabilities and financial resources to integrate AI systems into their governance structures, smaller FinTech enterprises frequently encounter difficulties related to technological readiness, audit competency, and digital infrastructure. Furthermore, the increasing complexity of digital financial transactions has created substantial pressure on internal auditors to develop more

adaptive and data-oriented auditing methods. Existing governance mechanisms often struggle to provide real-time assurance and effective fraud detection in highly digitalized environments. Consequently, the effectiveness of AI-based internal auditing in improving financial transparency remains an important issue requiring further academic investigation (Almasarwah et al., 2024; Shaban & Omoush, 2025).

Previous studies have extensively examined the relationship between digital transformation and auditing practices. Research by Leocádio et al. (2024) emphasized the strategic role of continuous auditing technologies in modern organizations, while other scholars investigated the impact of AI adoption on audit quality and organizational performance. However, most prior studies primarily focused on developed economies and conventional financial institutions rather than FinTech companies operating in emerging markets. Moreover, existing literature predominantly discusses technological adoption from a general perspective without specifically analyzing how AI-based internal auditing contributes to financial transparency within the FinTech sector. The Malaysian FinTech industry, despite its rapid expansion and strategic regional importance, remains underexplored in the contemporary auditing literature.

This piece of research can be considered as cutting-edge due to the application of AI-powered internal audit and financial transparency in the context of Malaysian FinTech firms. Previous research has focused on analyzing AI adoption, auditing effectiveness, or financial governance, but this study attempts to integrate these elements to gain a holistic understanding of the effect of AI auditing systems on organizational transparency in digital financial settings. Additionally, this research highlights the growing importance of intelligent auditing systems for improving governance standard, mitigating information asymmetry and building trust among various stakeholders in the fast-changing financial markets.

According to this research findings, the research gap is the lack of empirical studies on the effectiveness of internal auditing as a financial transparency mechanism within FinTech companies in developing economies such as Malaysia, using AI tools. Current research has tended to focus on technological innovations or financial governance in isolation, with little consideration given to the interplay between AI-based audit systems and transparency outcomes. Additionally, the industry still has limited knowledge of the challenges and opportunities of applying AI audit technologies in new digital financial markets.

Hence, this research is focused on examining the role of AI and internal audit in enhancing financial transparency for FinTech firms in Malaysia. A key novelty of this research is that it employs AI within the internal audit processes as a tool to increase transparency in digital financial institutions. This study makes a theoretical contribution by building on the existing research on financial governance and auditing in new generations of economies, using the lens of artificial intelligence. The findings will practically serve as strategic input to FinTech companies, regulators and policy makers in creating a more efficient digital governance system that can ensure greater transparency, accountability and sustainable financial management in the Malaysian FinTech industry.

METHODS

Research Design

This study employed a quantitative research design using an explanatory approach to examine the influence of AI-based internal auditing on financial transparency among FinTech companies in Malaysia. Quantitative methods were considered appropriate because the study aimed to test the relationship between independent and dependent variables through statistical analysis and empirical measurement.

According to Almusaed et al. (2025), explanatory quantitative research is effective in identifying causal relationships between organizational variables and generating objective findings that can be generalized within a specific context. The research model was developed based on previous studies concerning artificial intelligence adoption, internal auditing effectiveness, and financial governance practices in digital financial institutions.

The conceptual framework of this study positioned AI-based internal auditing as the independent variable and financial transparency as the dependent variable. AI-based internal auditing was measured through dimensions such as real-time monitoring capability, fraud detection efficiency, predictive analytics utilization, and audit automation. Meanwhile, financial transparency was evaluated through indicators including disclosure quality, financial reporting accuracy, accessibility of financial information, and stakeholder accountability. Figure 1 presents the conceptual framework of the study.

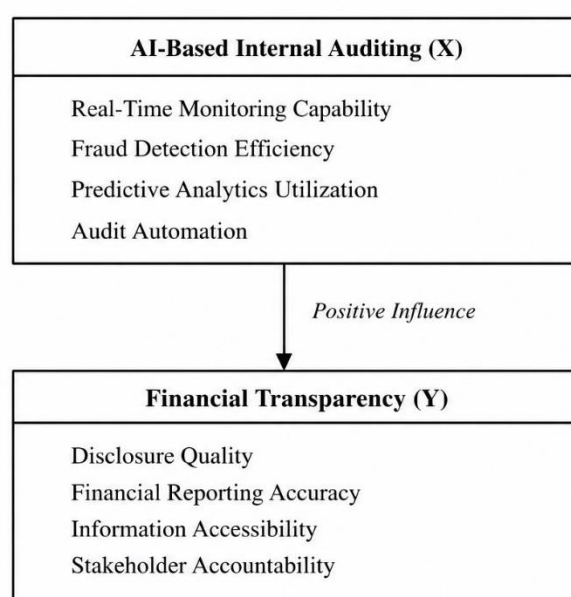


Figure 1. Conceptual Framework of the Study

Source: Developed by the authors, 2026

Research Context and Location

The research was conducted among FinTech companies operating in Malaysia, particularly in major digital economic regions such as Kuala Lumpur and Selangor, where the concentration of financial technology firms is significantly high. Malaysia was selected as the research context due to its rapid digital financial transformation and strong governmental support for FinTech development through initiatives introduced by Bank Negara Malaysia and the Securities Commission Malaysia. The increasing adoption of digital financial systems and AI technologies within Malaysian FinTech companies makes the country a relevant setting for investigating the effectiveness of AI-based auditing practices in improving financial transparency.

Data Collection Technique

Primary data were collected using a structured questionnaire distributed electronically to employees and managerial personnel working in FinTech companies. The questionnaire method was selected because it enables efficient collection of standardized data from a relatively large number of respondents. The instrument utilized a five-point Likert scale ranging from strongly disagree (1) to strongly agree

(5) to measure respondents' perceptions regarding AI-based internal auditing and financial transparency practices. The questionnaire items were adapted from validated instruments developed in previous studies related to AI auditing and corporate transparency (Seethamraju & Hecimovic, 2023; Abu Huson et al., 2025).

Prior to the main survey, a pilot test involving 30 respondents was conducted to ensure clarity, consistency, and reliability of the instrument. Feedback from the pilot study was used to refine ambiguous statements and improve questionnaire structure. Secondary data were also collected from annual reports, financial governance documents, and policy publications related to Malaysian FinTech regulation to strengthen contextual analysis.

Population and Sample

The population of this study consisted of employees, internal auditors, financial managers, and compliance officers working in registered FinTech companies in Malaysia. Purposive sampling was employed to select respondents with direct knowledge and experience related to internal auditing and financial reporting processes. According to Obilor (2023), purposive sampling is appropriate when researchers require respondents possessing specific expertise relevant to the research objectives.

A total of 220 questionnaires were distributed, and 187 valid responses were successfully collected and analyzed. The respondents represented various FinTech sectors, including digital banking, electronic payment services, peer-to-peer lending, and blockchain-based financial platforms. Table 1 summarizes the demographic profile of respondents.

Data Analysis Technique

The collected data were analyzed using Statistical Package for the Social Sciences (SPSS) version 27. Descriptive statistics were first employed to summarize respondent characteristics and variable distributions. Subsequently, multiple linear regression analysis was conducted to examine the effect of AI-based internal auditing on financial transparency. Regression analysis was considered appropriate because it allows the identification of the magnitude and direction of relationships between variables. Before hypothesis testing, classical assumption tests including normality, multicollinearity, and heteroscedasticity tests were conducted to ensure the validity of the regression model. Correlation analysis was also performed to evaluate the strength of relationships among research variables.

Validity and Reliability

To ensure measurement validity, construct validity testing was performed using Pearson product-moment correlation analysis. Questionnaire items with correlation coefficients exceeding the critical threshold of 0.30 were considered valid. Reliability testing was conducted using Cronbach's Alpha coefficient, where values above 0.70 indicated acceptable internal consistency. The results demonstrated that all research variables met the required standards for validity and reliability, indicating that the research instrument was suitable for empirical analysis.

RESULTS AND DISCUSSION

This section presents the empirical findings regarding the influence of AI-based internal auditing on financial transparency among FinTech companies in Malaysia. The findings are organized systematically to reflect the methodological structure explained previously. The discussion begins with respondent demographics and industrial distribution, followed by pilot testing, operational variable analysis, descriptive statistics, validity and reliability testing, classical assumption testing, correlation analysis, and regression analysis. This structure was intended to ensure

analytical consistency and provide comprehensive empirical evidence regarding the implementation of AI-assisted auditing systems in Malaysian FinTech companies. All statistical analyses were processed using SPSS version 27, while the data sources originated from questionnaires distributed to FinTech employees and managers in 2026.

Respondent Demographic Characteristics

A total of 220 questionnaires were distributed electronically to FinTech companies operating primarily in Kuala Lumpur and Selangor. After data screening and validation, 187 questionnaires were considered valid and suitable for analysis.

Table 1. Respondent Demographic Characteristics

Characteristics	Category	Frequency	Percentage (%)
Gender	Male	108	57.8
	Female	79	42.2
Age	21–30 Years	72	38.5
	31–40 Years	81	43.3
	Above 40 Years	34	18.2
Position	Internal Auditor	54	28.9
	Financial Manager	48	25.7
	Compliance Officer	39	20.9
	Operational Staff	46	24.5
Work Experience	<5 Years	61	32.6
	5–10 Years	83	44.4
	>10 Years	43	23.0

Source: Survey data processed by the authors, 2026

The findings indicate that respondents were dominated by professionals possessing direct involvement in financial governance and internal auditing activities. Most respondents had more than five years of professional experience, suggesting that the collected responses reflected practical understanding regarding AI auditing implementation within FinTech organizations.

Distribution of FinTech Business Sectors

To strengthen contextual understanding, respondents were classified according to the FinTech sectors in which they operated.

Table 2. Distribution of Respondents by FinTech Sector

FinTech Sector	Frequency	Percentage (%)
Digital Banking	43	23.0
Electronic Payment Services	56	29.9
Peer-to-Peer Lending	38	20.3
Blockchain & Cryptocurrency Services	21	11.2
InsurTech	17	9.1
Investment Technology Platforms	12	6.5
Total	187	100

Source: Survey data processed by the authors, 2026

Table 2 demonstrates that electronic payment services represented the largest FinTech category in the sample. This reflects the rapid expansion of digital payment ecosystems in Malaysia. Digital banking and peer-to-peer lending companies also represented substantial proportions, indicating that the research captured diverse financial technology environments.

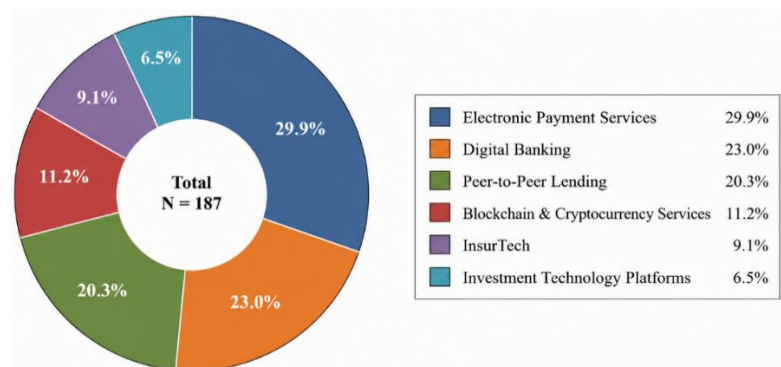


Figure 2. Distribution of Respondents by FinTech Sector

Source: Survey data processed by the authors, 2026

Figure 2 illustrates the distribution of respondents based on FinTech business sectors in Malaysia. The electronic payment services sector represented the largest proportion of respondents (29.9%), followed by digital banking (23.0%) and peer-to-peer lending companies (20.3%). These findings indicate that the study predominantly captured perspectives from transaction-intensive digital financial industries where AI-based internal auditing systems are increasingly implemented to improve operational efficiency and financial transparency. Meanwhile, blockchain services, InsurTech, and investment technology platforms also contributed to the respondent composition, reflecting the diversity of the Malaysian FinTech ecosystem.

Pilot Test Results

Prior to the main survey, a pilot study involving 30 respondents was conducted to assess questionnaire clarity, consistency, and instrument reliability.

Table 3. Pilot Test Reliability Results

Variable	Number of Items	Cronbach's Alpha	Interpretation
AI-Based Internal Auditing	8	0.864	Reliable
Financial Transparency	7	0.841	Reliable

Source: Pilot survey data processed by the authors, 2026

The pilot test results indicate that all research variables achieved Cronbach's Alpha values exceeding the minimum threshold of 0.70. Therefore, the questionnaire instrument was considered reliable and suitable for large-scale distribution.

Operational Variables and Measurement Dimensions

The operationalization of variables was developed based on previous studies concerning AI auditing and financial governance.

Table 4. Operational Variables and Indicators

Variable	Dimension	Indicator
AI-Based Internal Auditing	Audit Automation	Automated transaction analysis
	Predictive Analytics	Risk prediction capability
	Fraud Detection	Real-time anomaly identification
	Continuous Monitoring	Ongoing audit surveillance
Financial Transparency	Disclosure Quality	Clarity of financial reporting

	Accountability	Stakeholder reporting responsibility
	Reporting Accuracy	Reliability of financial information
	Information Accessibility	Ease of access to financial data

Source: Developed by the authors based on previous literature, 2026

The dimensions presented in Table 4 demonstrate that AI-based internal auditing was measured not only from technological adoption perspectives but also from operational effectiveness and monitoring capability dimensions. Financial transparency indicators focused on disclosure quality and accountability practices within FinTech firms.

Descriptive Statistical Analysis

Descriptive analysis was conducted to identify respondent perceptions regarding research variables.

Table 5. Descriptive Statistics of Research Variables

Variable	Minimum	Maximum	Mean	Standard Deviation
AI-Based Internal Auditing	2.71	5.00	4.18	0.542
Financial Transparency	2.88	5.00	4.09	0.587

Source: Survey data processed by the authors, 2026

The results show that respondents generally perceived AI-based internal auditing positively, with a mean value of 4.18. Financial transparency also demonstrated a high average score, indicating that Malaysian FinTech companies increasingly emphasize transparent governance practices.

Analysis of Variable Dimensions

Further analysis was conducted to examine respondent perceptions for each variable dimension.

Table 6. Mean Scores by Variable Dimension

Variable Dimension	Mean Score	Interpretation
Audit Automation	4.22	High
Predictive Analytics	4.15	High
Fraud Detection	4.31	Very High
Continuous Monitoring	4.05	High
Disclosure Quality	4.11	High
Accountability	4.08	High
Reporting Accuracy	4.17	High
Information Accessibility	4.00	High

Source: Survey data processed by the authors, 2026

The highest mean score was identified within the fraud detection dimension, suggesting that respondents strongly perceived AI auditing systems as effective tools for identifying financial irregularities and anomalies. Reporting accuracy also recorded a relatively high score, indicating that AI-assisted auditing contributes substantially to improving the reliability of financial statements.

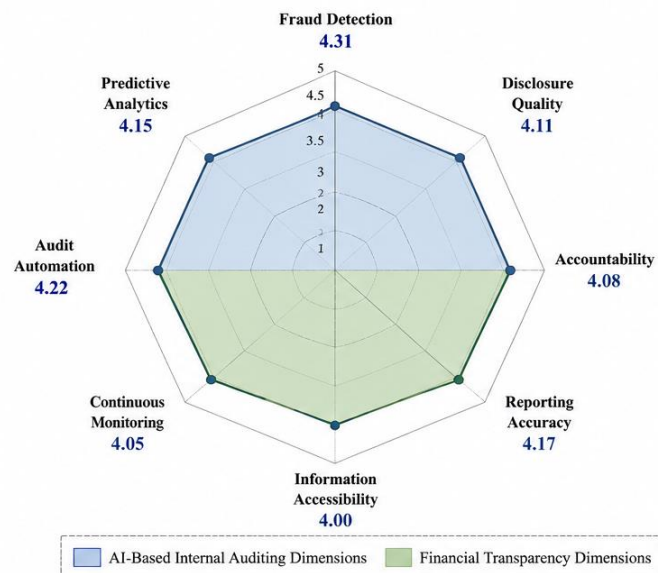


Figure 3. Mean Scores by Variable Dimension

Source: Survey data processed by the authors, 2026

Figure 3 illustrates the mean scores of each variable dimension related to AI-based internal auditing and financial transparency. Fraud Detection recorded the highest score (4.31), indicating strong perceptions of AI effectiveness in identifying financial irregularities. Meanwhile, Reporting Accuracy achieved the highest score among transparency dimensions (4.17), suggesting that AI-driven auditing enhances the reliability and accountability of financial reporting practices in Malaysian FinTech companies.

Validity and Reliability Testing

Validity testing was conducted using Pearson Product-Moment Correlation analysis, while reliability testing utilized Cronbach's Alpha coefficients.

Table 7. Validity and Reliability Test Results

Variable	Number of Items	Correlation Coefficient	Cronbach's Alpha	Result
AI-Based Internal Auditing	8	0.512–0.791	0.891	Valid & Reliable
Financial Transparency	7	0.534–0.803	0.874	Valid & Reliable

Source: Survey data processed by the authors, 2026

All questionnaire items achieved correlation coefficients above 0.30, confirming satisfactory construct validity. Furthermore, Cronbach's Alpha values exceeded 0.70, indicating strong measurement reliability.

Classical Assumption Testing

Classical assumption tests were conducted prior to regression analysis.

Table 8. Classical Assumption Test Results

Test	Indicator	Result	Interpretation
Normality Test	Kolmogorov-Smirnov Sig.	0.200	Normally Distributed
Multicollinearity Test	VIF	1.412	No Multicollinearity

Heteroscedasticity Test	Sig. Value	0.317	No Heteroscedasticity
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Source: Survey data processed by the authors, 2026

The results indicate that the regression model fulfilled all classical assumption requirements and was therefore statistically feasible for hypothesis testing.

Correlation Analysis

Correlation analysis was performed to evaluate the relationship between research variables.

Table 9. Correlation Analysis Results

Variables	AI-Based Internal Auditing	Financial Transparency
AI-Based Internal Auditing	1.000	0.742**
Financial Transparency	0.742**	1.000

Source: Survey data processed by the authors, 2026

The findings demonstrate a strong positive correlation between AI-based internal auditing and financial transparency. This indicates that increased implementation of AI-driven auditing systems is associated with improved organizational transparency.

Regression Analysis

Regression analysis was conducted to examine the influence of AI-based internal auditing on financial transparency.

Table 10. Regression Analysis Results

Variable	Beta Coefficient	t-Statistic	Sig.
Constant	1.284	4.112	0.000
AI-Based Internal Auditing	0.671	11.528	0.000

Table 11. Model Summary

Indicator	Value
R	0.742
R Square	0.551
Adjusted R Square	0.547
F-Statistic	132.887
Significance	0.000

Source: Survey data processed by the authors, 2026

The regression findings indicate that internally auditing with AI has a positive and statistically significant impact on financial transparency for Malaysian FinTech companies. A low negative beta coefficient value of 0.671 means that the more AI auditing systems are implemented, the more there is an improvement in transparency practices.

The 0.551 R Square value indicates that about 55.1% of the variation in financial transparency is explained by the AI-based internal auditing. Other organizational or technological factors may affect the remaining variation, however, which are not included in this study. The high F-statistic indicates that the overall model is statistically viable and can be used to effectively explain the relationship between the variables.

AI-Based Internal Auditing and Financial Transparency in Malaysian FinTech Companies

The results of this study indicate that the internal audit by using Artificial Intelligence (AI) positively and significantly affects financial transparency in Malaysian FinTech companies. The positive correlation found between AI-enabled auditing systems and transparency measures suggests that AI technology plays a significant role in enhancing financial governance, accounting accuracy, and corporate responsibility in digital financial institutions. The results confirm the evolving trend towards the adoption of intelligent technologies for auditing as key governance tools in highly digitalised financial contexts.

The findings align with the previous research that has highlighted the transformative potential of AI technologies in contemporary auditing methods. Aliliele et al. (2025) noted that AI-powered auditing can enhance the effectiveness of audits by facilitating real-time monitoring, automated detection of anomalies, and predictive risk assessment. In the same way, Fu et al. (2023) revealed that large-scale data analysis can improve the quality of decision making and efficiency of organizational monitoring using artificial intelligence technologies. The current study reinforces these findings with a finding of Malaysian FinTech companies utilizing AI-based auditing systems displaying greater levels of financial transparency and accountability.

The key takeaway from this research is the predominant role of fraud detection in the internal auditing dimensions incorporating AI. The respondents believed that the most successful aspect of the implementation of AI in audit is fraud detection capability, reflecting the high value attached by the respondents to the ability of intelligent systems to detect financial irregularities and suspicious transaction patterns. This discovery corroborates the notion that machine learning algorithms and continuous auditing systems greatly enhance fraud detection in digital financial systems, as also highlighted by Bellot et al. (2024). The present study, however, contributes to the previous literature by offering empirical evidence from the Malaysian context of FinTech which is still under-explored in international auditing research.

The study also found that the dimension of financial transparency with the highest level of reporting accuracy was the financial transparency variables. The discovery indicates the potential of AI-based auditing systems in improving the reliability and accuracy of financial reporting. The findings from Darmawan's (2023) previous studies also indicated that continuous auditing technologies lead to better reporting quality and mitigate information asymmetry between the organisations and the stakeholders. For Malaysian FinTech firms, the adoption of predictive analytics and automated monitoring systems seem to bolster the capacity of the organisations to generate clear and reliable financial data (Kok & Siripipatthanakul, 2023; Liang et al., 2024; Nazuri et al., 2025).

While consistent with previous studies, there were some contextual differences found. The previous studies mainly covered traditional financial institutions or institutions that function in developed economies, while this study specifically analyzed the FinTech companies in emerging digital economy. The results show that AI-powered internal auditing in FinTech firms in Malaysia is not just linked to operational efficiency but also significantly tied to regulatory compliance and stakeholder trust. This contextual contribution is an important novelty of the study, as it shows that in order to tackle issues of transparency in a highly dynamic financial landscape, emerging market FinTech ecosystems are increasingly adopting intelligent governance systems.

The research also advances the theoretical body of knowledge of digital auditing and financial governance by integrating principles from AI internal audit with financial transparency frameworks. This study contributes to the current body of knowledge on auditing by highlighting that AI technologies are more than just tools for operations, but also governance mechanisms that can help increase accountability and mitigate information asymmetry. This study is important for various reasons: Firstly, the exploration of AI in the auditing process in the context of FinTech businesses in Malaysia has not been extensively researched so far. Secondly, there is evidence of the use of AI in auditing, but it's not with regard to FinTech organizations. Thirdly, this study brings in a novel approach of utilizing AI in the field of auditing, which has not been widely explored in the previous studies.

In reality, the lessons are highly relevant to the world of FinTech, regulators and policy makers. The emphasis should be given to investments in smart auditing systems, predictive analytics, and real-time monitoring systems due to their correlation with financial transparency and transparency. Regulatory bodies like Bank Negara Malaysia and Securities Commission Malaysia could also explore and establish more comprehensive digital governance frameworks that promote the integration of AI in their internal audits (Khasanah & Salleh, 2025; Baharom, 2025). These may improve the transparency of the norms and increase citizens' confidence in digital financial ecosystems.

There are a number of limitations in this study. First, the study was primarily based on the Malaysian local FinTech firms and limiting the results to other countries or financial sector. Secondly, the study used a cross-sectional research design, which prevented the ability to look back on the long-term nature of implementation of AI auditing. Thirdly, the analysis was mainly based on perceptions of the respondents and not on any actual organizational performance measures. Additional research would be beneficial as it would expand the geographical scope and assess the FinTech industry in other countries and regulatory environments. Long-term studies also might give more thorough knowledge of the performance of AI auditing systems over extended periods. In addition, other factors like cybersecurity governance, organizational culture, digital maturity and even ESG reporting practices could be included in future research to provide a more comprehensive understanding of intelligent financial governance in the digital era.

CONCLUSION

The findings in this study suggest that AI-powered internal auditing can positively impact financial transparency in Malaysia's FinTech sector. The results suggest that the use of artificial intelligence in internal auditing increases the ability of the fraud detection, accuracy of reporting, accountability and transparency of financial governance. Out of the dimensions studied, fraud detection proved to be the most robust area of AI-supported auditing, and reporting accuracy the most prevalent dimension of financial transparency. The results indicate an increasing trend in the importance of the role of intelligent auditing systems in the context of governance quality in digital financial environments that are constantly changing.

In theory, this research can be helpful to the literature of auditing and financial governance by incorporating the usage of AI tools within the field of internal auditing and combining the AI internal auditing with the financial transparency frameworks in emerging digital economies. The novelty of this research is the study's emphasis on Malaysian FinTech companies, which have been minimally studied in international auditing research. From a practical perspective, the results have significant implications for FinTech companies and regulators in the development of digital governance systems with the help of intelligent auditing technologies. Nevertheless, this study is limited by its cross-sectional design and geographical

focus on Malaysia. Future research is suggested to undertake comparative cross-country analyses, employ more longitudinal research methods, and add other factors like Cybersecurity governance, ESG reporting, and digital maturity to help gain wider insights on financial governances enabled by AI.

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