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RESEARCH ARTICLE
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Transparency, ESG Governance, and Emerging Risk Disclosure in Financial Institutions: A Systematic Literature Review and Future Research Agenda

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Abstract

This study systematically reviews recent evidence on transparency, ESG governance, and emerging risk disclosure in financial institutions, with particular attention to how governance mechanisms shape disclosure quality and institutional resilience. Guided by the PRISMA 2020 framework, the review synthesises peer-reviewed literature published from 2013 to 2025 and complements the evidence with recent regulatory and standard-setting developments. The findings show that board effectiveness, audit committee oversight, enterprise risk management, and internal controls are associated with more credible and decision-useful disclosures. The review also finds that disclosure expectations have expanded from traditional financial risks to ESG, climate-related risks, cybersecurity, operational resilience, and artificial intelligence. Recent developments in global sustainability standards reinforce the need for comparable, material, and decision-useful information. However, evidence remains concentrated in developed markets, while empirical work on African financial institutions is comparatively limited. The review therefore identifies contextual, theoretical, and methodological gaps, particularly in Ghana and other emerging economies. It proposes an integrated governance–disclosure–resilience framework and a future research agenda focused on regulatory reform, digital governance, climate-risk management, ESG assurance, and mixed-method research. The study contributes by connecting previously fragmented strands of governance and disclosure research across increasingly complex financial and technological environments.

Keywords: Transparency; Risk disclosure; ESG governance; Financial institutions; Organisational resilience.

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INTRODUCTION

The operating environment of financial institutions has changed rapidly. Banks and other financial institutions still manage credit, liquidity, market, and operational risks, but these risks now interact with climate change, digitalisation, cybersecurity, artificial intelligence, and expanding sustainability expectations. Governance systems therefore need to connect traditional risk management with emerging risks and the information stakeholders require to assess them (Basel Committee on Banking Supervision [BCBS], 2021; OECD, 2023).

The global financial crisis of 2007–2009 exposed weaknesses in risk governance, oversight, and disclosure. Recent regulatory developments continue to treat governance and transparency as core safeguards for banking stability. Basel guidance emphasises sound governance, risk management, and operational resilience, while the 2024 Basel Core Principles recognise the structural effects of digitalisation on banking supervision (BCBS, 2021; Basel Committee on Banking Supervision, 2024).

Transparency is therefore more than a compliance exercise. High-quality disclosure can reduce information gaps, improve accountability, and help market participants assess risk. In banking, the information challenge is broader than financial statements alone. Stakeholders increasingly need credible information on governance arrangements, risk appetite, climate exposure, sustainability performance, cyber resilience, and technology-related risks (OECD, 2023; Financial Stability Board [FSB], 2023).

ESG governance has become a major strand of contemporary financial-sector governance. Recent sustainability standards have moved the discussion towards more structured, decision-useful information about sustainability-related risks and opportunities. IFRS S1 and IFRS S2, issued in 2023, provide a global baseline for sustainability- and climate-related disclosures, while recent banking reviews show continuing variation in reporting quality, content, and assurance (IFRS Foundation, 2023a, 2023b; Sebastião et al., 2024; Rajawat & Mahajan, 2024).

Digital transformation has widened the governance agenda. Financial institutions increasingly rely on fintech, cloud services, data analytics, and artificial intelligence. These technologies can improve efficiency, but they also create risks involving cyber incidents, data protection, model risk, algorithmic bias, third-party dependencies, and operational disruption. Basel guidance treats cyber and technology failures as relevant to operational resilience, while recent financial-sector research highlights the need for stronger governance, expertise, data controls, and model-risk management for AI adoption (BCBS, 2021; FSB, 2023; Crisanto et al., 2024).

Although research on transparency, ESG governance, and emerging risks has grown, the evidence is still fragmented. Studies often examine disclosure quality, sustainability reporting, board characteristics, cybersecurity, or climate risk separately. Recent systematic reviews similarly show that sustainability reporting research in banking remains dispersed across theories, measures, and jurisdictions (Sebastião et al., 2024). This fragmentation makes it difficult to explain how governance mechanisms operate together across financial, sustainability, and technology-related disclosure.

The gap is particularly important in emerging economies. Much of the evidence still comes from jurisdictions with relatively mature capital markets, established reporting infrastructures, and strong regulatory capacity. African evidence is thinner, even though governance reforms and digital transformation are reshaping financial institutions across the continent. Studies from Ghana and other African markets show that governance arrangements, board characteristics, and disclosure can have material implications for bank risk and stability (Torku & Laryea, 2021; Ofori-Sasu et al., 2022; Kyei et al., 2022).

Against this background, this study systematically reviews literature on transparency, ESG governance, and emerging risk disclosure in financial institutions. The review follows PRISMA 2020 and covers peer-reviewed studies published from 2013 to 2025. It addresses three questions: (1) Which theoretical perspectives explain the relationship between governance, transparency, and risk disclosure? (2) What does the evidence show about the contribution of disclosure and ESG governance to resilience and financial stability? and (3) What contextual, theoretical, and methodological gaps remain, particularly in emerging economies and African financial systems?

The review makes four contributions. First, it brings financial, ESG, climate, and digital-risk disclosure into one analytical discussion. Second, it identifies governance mechanisms that recur across the literature, including board oversight, audit and risk committees, enterprise risk management, and internal controls. Third, it distinguishes evidence from developed markets from evidence emerging from Africa and other developing economies. Fourth, it develops an integrated conceptual framework and a future research agenda focused on disclosure quality, climate risk, cyber resilience, AI governance, and ESG assurance.

METHODOLOGY

Research Design

This study employed a systematic literature review (SLR) to synthesise existing knowledge on transparency, ESG governance, and emerging risk disclosure in financial institutions. The design was selected because a systematic review makes the search, screening, eligibility, and synthesis processes explicit and reproducible. The review was reported in line with PRISMA 2020, which provides updated guidance for transparent reporting of systematic reviews (Page et al., 2021).

The review followed the PRISMA 2020 statement and its reporting principles (Page et al., 2021). PRISMA was used to structure identification, screening, eligibility assessment, and inclusion. The approach reduces avoidable selection bias by requiring researchers to state their criteria and report the flow of studies through each stage. Unlike an unsystematic narrative review, the present approach uses predefined eligibility criteria and a documented screening process. This makes the basis for inclusion more transparent and allows readers to assess how the evidence base was constructed.

Search Strategy

A comprehensive search was conducted across Scopus, Web of Science, ScienceDirect, and Google Scholar. The databases were selected to capture research across accounting, finance, banking, corporate governance, sustainability, and risk management. Search terms combined governance, transparency, disclosure, sustainability, and emerging-risk concepts. Reference lists of relevant reviews and highly cited studies were also checked to identify additional eligible publications.

The search strategy used combinations such as “corporate governance” AND “risk disclosure”, “ESG disclosure” AND banking, “integrated reporting” AND financial institutions, “cybersecurity governance” AND banking, “climate risk disclosure” AND financial institutions, and “artificial intelligence governance” AND finance. The strategy was intentionally broad because terminology differs across disciplines and because recent reviews show that sustainability and banking research uses multiple overlapping labels (Sebastião et al., 2024; Velte, 2022).

Eligibility Criteria

The review adopted predefined inclusion and exclusion criteria to ensure consistency throughout the screening process.

Studies were included if they were published between 2013 and 2025; appeared in peer-reviewed journals; addressed transparency, risk disclosure, ESG governance, integrated reporting, cybersecurity governance, digital governance, or emerging-risk governance in financial institutions; and provided empirical, theoretical, or review-based evidence relevant to the research questions. Studies were excluded when they focused exclusively on non-financial organisations, were conference abstracts, editorials, dissertations, working papers, or book reviews, lacked sufficient methodological detail, duplicated another record, or addressed governance issues outside the review scope.

Studies were excluded if they focussed exclusively on non-financial organisations; consisted of conference abstracts, editorials, dissertations, working papers, or book reviews; lacked sufficient methodological detail; duplicated previously identified studies; or addressed governance issues unrelated to transparency or risk disclosure.

Study Selection Process

The study selection followed the four-stage PRISMA 2020 procedure. First, all records identified through database searching were exported into a reference management system where duplicate publications were removed. Second, titles and abstracts were screened to eliminate studies that were clearly outside the scope of the review. Third, the full texts of potentially relevant articles were examined against the predefined eligibility criteria. Finally, only studies meeting all inclusion criteria were retained for qualitative synthesis. The complete study selection procedure is illustrated using the PRISMA 2020 flow diagram.

A standardised data-extraction form captured author(s), publication year, geographical setting, research objective, theoretical perspective, methodology, sample, governance variables, disclosure measures, main findings, and reported research gaps. This structure allowed the studies to be compared consistently and helped identify recurring themes across different research designs. A standardised data extraction form was developed to ensure consistency across all included studies. The following information was extracted from each article: author(s), publication year, country or geographical setting, research objective, theoretical framework, research methodology, sample characteristics, governance variables examined, disclosure or transparency variables, major findings, and identified research gaps. This structured approach facilitated comparison across studies and enabled identification of dominant research themes, methodological trends, and emerging governance issues. Each included study was assessed for clarity of objectives, research design, methodological rigour, sample adequacy, transparency of analysis, consistency between findings and conclusions, and contribution to the literature. Studies with clearer methods and stronger reporting were given greater interpretive weight. This qualitative assessment was appropriate because the included studies used heterogeneous designs and measures.

To enhance the credibility of the review, each included study was critically evaluated based on the clarity of research objectives, appropriateness of the research design, methodological rigor, adequacy of the sample size, transparency of analytical procedures, consistency between findings and conclusions, and its contribution to the corporate governance and disclosure literature. Studies demonstrating stronger methodological rigor and clearer reporting were assigned greater interpretive weight during evidence synthesis. Because the included studies differed in objectives, methods, variables, and disclosure measures, the review used thematic synthesis rather than meta-analysis. The evidence was organised into six themes: transparency and risk disclosure; board governance and disclosure quality; Pillar 3 and market discipline; ESG and sustainability reporting; digital governance, cybersecurity, and emerging technology risks; and contextual gaps and future research.

Given the diversity of research objectives, methodologies, governance variables, and disclosure measures, a thematic synthesis approach was adopted instead of meta-analysis. The included studies were organized into six major themes: Transparency and risk disclosure; Board governance and disclosure quality; Basel III Pillar 3 and market discipline; ESG governance and sustainability reporting; Digital governance, cybersecurity, and emerging technological risks; and Research gaps and future directions. Thematic synthesis enabled comparison of findings across different institutional contexts while identifying recurring governance patterns, inconsistencies, and emerging research trends.

Several steps were taken to improve reliability and transparency. The review used explicit eligibility criteria, multiple databases, a standardised extraction form, and PRISMA 2020 reporting. The synthesis also compared evidence across geographical settings and theoretical perspectives rather than treating all findings as directly comparable. These measures were implemented to enhance the reliability and validity of the review. First, transparent inclusion and exclusion criteria reduced selection bias. Second, the use of multiple databases increased the comprehensiveness of the literature search. Third, adherence to the PRISMA 2020 framework enhanced methodological transparency and reproducibility. Finally, evidence was synthesized across diverse geographical regions, theoretical perspectives, and methodological approaches, thereby improving the robustness and generalisability of the review findings. These procedures ensured that the review provides a comprehensive, systematic, and reliable synthesis of contemporary evidence on transparency, ESG governance, and emerging risk disclosure within financial institutions.

Theoretical and Conceptual Framework

This review adopts Stakeholder Theory as its primary theoretical lens. The choice follows the central purpose of the study: financial institutions disclose information not only to shareholders but also to depositors, regulators, creditors, investors, employees, communities, and other users who are affected by institutional risk. Stakeholder Theory therefore provides a useful basis for understanding why disclosure quality, relevance, and accountability matter across multiple stakeholder groups. Recent reviews of banking sustainability reporting similarly show the continuing relevance of stakeholder, agency, and legitimacy perspectives (Sebastião et al., 2024).

Agency Theory is used as a supporting perspective because it explains monitoring, managerial discretion, and information asymmetry. Institutional Theory is also used to explain how regulation, professional norms, investor expectations, and reporting standards encourage convergence in disclosure practices. The combination is more appropriate for this review than

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relying on a single theory because contemporary disclosure decisions are shaped by stakeholder demands, monitoring incentives, and institutional pressures simultaneously.

The conceptual framework links four elements. First, governance mechanisms—board effectiveness, committee oversight, internal controls, and enterprise risk management—provide the organisational capacity for credible disclosure. Second, disclosure quality covers financial risk, ESG, climate, cybersecurity, and AI-related information. Third, stakeholder responses include monitoring, confidence, market discipline, and assessment of institutional resilience. Fourth, regulatory quality, institutional capacity, digital maturity, and assurance act as contextual conditions that can strengthen or weaken these relationships.

Figure 1 illustrates the proposed governance–disclosure–resilience relationship. The framework is an analytical synthesis of the reviewed literature rather than a causal model tested statistically in this study. The primary lens is Stakeholder Theory, and the supporting lenses are Agency and Institutional theories.

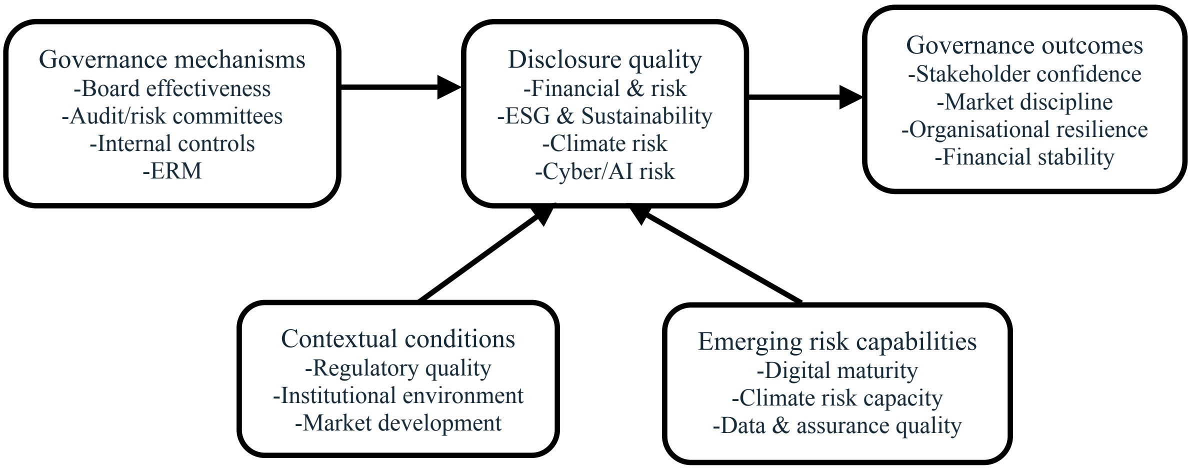

Figure 2: Integrated governance-disclosure-resilience framework
Source: Authors' conceptual synthesis based on the reviewed literature and recent governance and disclosure frameworks.

RESULTS AND DISCUSSION

Study Selection and Characteristics

Table 1 presents a selected set of studies and institutional frameworks that illustrate the evidence base and the main themes identified in the review. It is not a complete listing of all 75 included studies; rather, it provides representative examples used to explain the synthesis. The PRISMA 2020 flow diagram in Figure 2 summarizes the study selection process, illustrating the number of records identified, screened, excluded, and included at each stage of the review.

The reviewed literature shows increasing interest in governance and disclosure after the global financial crisis, followed by rapid growth in ESG reporting, integrated reporting, and digital-risk governance. Recent reviews confirm that banking sustainability research has expanded, but measures of reporting quality and assurance remain inconsistent (Sebastião et al., 2024; Velte, 2022). The evidence remains geographically uneven. Developed markets account for a large share of empirical studies, while African and other emerging markets are less visible. Recent African studies nevertheless show that governance characteristics can influence disclosure, risk-taking, and banking stability, indicating that context matters (Ofori-Sasu et al., 2022; Kyei et al., 2022). Quantitative archival research remains dominant. Annual reports, sustainability reports, governance disclosures, and panel datasets are common sources. Recent studies also demonstrate the value of mixed methods, including the combination of disclosure measurement, regression analysis, and interviews with report preparers (Mbithi et al., 2023).

The literature draws on several theoretical perspectives. Agency Theory remains useful for explaining monitoring and information asymmetry, but recent sustainability research also relies on Stakeholder, Legitimacy, Institutional, Signalling, and Resource Dependence perspectives (Sebastião et al., 2024). In this review, Stakeholder Theory is adopted as the primary lens because the central question is how financial institutions communicate material risks and sustainability-related information to multiple stakeholder groups. Agency and Institutional Theory are used as supporting lenses to explain monitoring incentives and regulatory or professional pressures.

The PRISMA 2020 flow diagram in Figure 1 summarizes the study selection process, illustrating the number of records identified, screened, excluded, and included at each stage of the review.

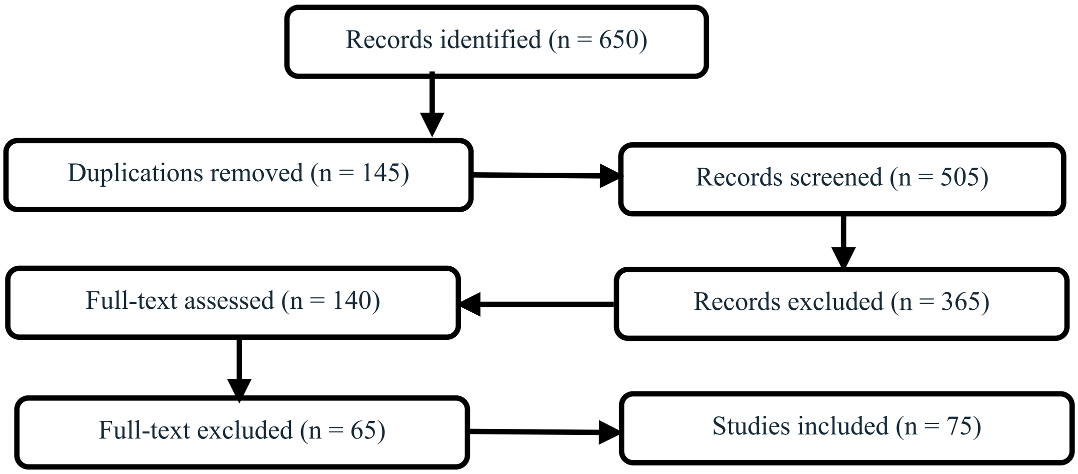

Figure 2. PRISMA 2020 Flow Diagram of Included Studies' Selection Process
Source: Authors' synthesis based on the reported screening counts

Table 1 presents the characteristics of the included studies used for the review. It indicates the authors, key variable, method, sample, and major findings.

Table 1: Summary of Included Studies

Author(s)	Topic	Method	Sample	Major Findings
Bushman & Smith (2003)	Transparency	Literature review	—	Transparency reduces information asymmetry
Healy & Palepu (2001)	Corporate disclosure	Review	—	High-quality disclosure lowers cost of capital
Ntim et al.	Risk reporting	Panel	South African	Governance

Author(s)	Topic	Method	Sample	Major Findings
(2013)			firms	improves disclosure quality
Brogi & Lagasio (2019)	ESG	Panel	Financial institutions	ESG improves reputation and resilience
Eccles & Klimenko (2019)	ESG governance	Review	Global firms	ESG increasingly drives investment decisions
Basel]Committee (2021)	Pillar 3 disclosure	Regulatory framework	Banks	Disclosure strengthens market discipline
IFRS Foundation (2023)	Sustainability reporting	Standards	International	ISSB harmonizes sustainability disclosures
OECD (2023)	Corporate governance	Principles	International	Governance supports accountability and transparency
Page et al. (2021)	PRISMA	Methodology	Systematic reviews	Improves transparency and reproducibility
Tranfield et al. (2003)	Systematic review methods	Methodology	Management studies	Provides evidence-based review framework

Source: Authors' synthesis of representative studies and institutional frameworks cited in the review.

Descriptive Characteristics of Included Studies

The reviewed literature demonstrates a marked increase in scholarly interest following the 2007–2009 global financial crisis and subsequent regulatory reforms. Publication output accelerated considerably after 2018, reflecting growing regulatory emphasis on Basel III disclosure requirements, integrated reporting, ESG governance, sustainable finance, and digital transformation.

Geographically, the literature is dominated by studies conducted in developed economies, particularly the United States, the United Kingdom, Germany, Italy, Australia, and other European countries. Emerging economies—including China, India, Malaysia, South Africa, and selected African countries—have received comparatively less attention, despite experiencing significant governance reforms over the last decade.

Methodologically, quantitative research predominates. Most studies employ panel regression models using archival data extracted from annual reports, sustainability reports, governance disclosures, regulatory filings, and commercial financial databases. Fewer studies adopt qualitative approaches, case studies, or mixed-methods designs, indicating opportunities for future methodological diversification.

Theoretical foundations are similarly concentrated. Agency Theory remains the dominant explanatory framework, followed by Stakeholder Theory, Institutional Theory, Legitimacy Theory, Signalling Theory, and Resource Dependence Theory. More recent studies increasingly integrate multiple theoretical perspectives to explain the expanding scope of corporate transparency and sustainability reporting. In all, the descriptive evidence suggests that transparency and disclosure research has evolved from traditional financial reporting towards broader governance issues encompassing sustainability, digital transformation, organisational resilience, and enterprise-wide risk governance.

Transparency and Risk Disclosure in Financial Institutions

Transparency is a core governance function in financial institutions because stakeholders use disclosed information to assess risk, governance quality, and institutional soundness. Recent evidence from African banking markets indicates that disclosure and governance characteristics can be linked to banking stability, while studies in developing economies show that board and firm characteristics influence risk-disclosure quality (Ofori-Sasu et al., 2022; Radwan, 2023).

Disclosure quality depends on the governance environment in which information is produced. Boards, audit and risk committees, internal controls, and enterprise risk management can shape whether information is complete, timely, and credible. Current governance principles assign boards responsibility for oversight of strategy, risk, controls, and disclosure (OECD, 2023).

Risk disclosure has broadened beyond capital and liquidity measures. Current expectations include operational resilience, cybersecurity, climate-related risks, sustainability matters, and technology-related exposures. Basel guidance explicitly links operational resilience to disruptions such as cyber incidents, technology failures, pandemics, and natural disasters (BCBS, 2021).

Disclosure quality varies across jurisdictions because regulatory capacity, reporting infrastructure, ownership structures, and enforcement differ. African evidence supports the need to avoid assuming that governance mechanisms operate identically across institutional settings (Kyei et al., 2022; Ofori-Sasu et al., 2022).

Board Governance and Disclosure Quality

Board effectiveness is a recurring determinant of disclosure quality. Independence, competence, diversity, and active committee oversight can strengthen monitoring, although formal independence does not automatically guarantee effective challenge. Recent African evidence links board gender diversity to greater bank disclosure, while Ghanaian evidence links governance structures to bank risk-taking (Ofori-Sasu et al., 2022; Ofori et al., 2025).

Board diversity can improve the range of perspectives considered in governance decisions. Evidence from African banks suggests that greater female representation can support disclosure and reduce the predicted probability of banking crises (Ofori-Sasu et al., 2022). The effect should not be treated as automatic; expertise, committee structures, participation, and governance culture also matter.

Audit and risk committees are increasingly relevant to non-financial as well as financial reporting. Their responsibilities now extend to sustainability information, risk reporting, cyber resilience, and emerging technologies. Current governance principles emphasise board-level oversight of risk information and internal control, while recent studies link risk committee characteristics to disclosure outcomes in emerging banking markets (OECD, 2023; Radwan, 2023).

In all, board structure matters most when it is accompanied by competence, meaningful challenge, effective committees, and reliable information flows. Governance quality is therefore not captured by board composition alone; it depends on how governance arrangements work in practice.

Basel III Pillar 3 and Market Discipline

Basel III Pillar 3 is the market-discipline component of the Basel framework. It requires banks to disclose material information that enables market participants to assess their risk profile and capital position. The purpose is not simply to increase reporting volume, but to provide sufficiently comparable and decision-useful information for external monitoring (European Banking Authority [EBA], 2024).

The reviewed evidence supports the value of transparent risk information, but it also highlights an important qualification: more disclosure is not necessarily better disclosure. Highly technical or repetitive reporting can reduce accessibility. Effective disclosure should therefore be assessed in terms of relevance, materiality, comparability, clarity, and usability rather than volume alone (EBA, 2024; OECD, 2023).

The broader implication is that Pillar 3 works best when disclosures are connected to strong internal risk systems. External users can exercise meaningful market discipline only when the information they receive is timely, understandable, and sufficiently consistent to support comparison across institutions.

SYNTHESIS OF FINDINGS

The reviewed evidence suggests that transparency creates the greatest governance value when it is supported by credible oversight and strong control systems. Disclosure should be viewed as part of a wider governance chain: boards oversee risk, control functions challenge management, institutions disclose material information, and stakeholders use that information to monitor performance and risk. This chain also shows why disclosure volume alone is an inadequate measure of governance quality. Information must be accurate, timely, material, comparable, and understandable. These attributes determine whether disclosure can reduce information gaps and support meaningful stakeholder monitoring.

The evidence further suggests that governance mechanisms reinforce one another. Board oversight supports risk management; risk management generates information; disclosure communicates that information; and stakeholder scrutiny creates incentives for continued accountability. This integrated interpretation provides the basis for the ESG and digital-risk discussions that follow. The synthesis also indicates that institutional context matters. Regulatory quality, enforcement capacity, market development, reporting infrastructure, and assurance can influence whether governance mechanisms translate into useful disclosure.

ESG Governance and Sustainability Disclosure

ESG governance has moved closer to the core of financial-sector governance. The 2023 ISSB standards provide a global baseline for sustainability- and climate-related financial disclosure, while recent banking reviews show that reporting quality, assurance, comparability, and stakeholder relevance remain uneven (IFRS Foundation, 2023a, 2023b; Sebastião et al., 2024).

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Recent evidence indicates that governance characteristics can influence sustainability reporting quality. Studies of banks in India and Nigeria show continuing differences in reporting quality and highlight the importance of governance structures, report content, and assurance (Rajawat & Mahajan, 2024; Oyerogba et al., 2024).

Stakeholder Theory is particularly useful for understanding ESG disclosure because financial institutions affect and depend on a wide range of stakeholders. Institutional pressures also matter because regulators, standard setters, investors, and professional bodies increasingly expect comparable sustainability information. The 2024 systematic review of banking sustainability reporting confirms that stakeholder, agency, and legitimacy perspectives remain prominent in this literature (Sebastião et al., 2024).

Important challenges remain. Sustainability reporting can vary across jurisdictions, and concerns about selective disclosure, greenwashing, inconsistent metrics, and limited assurance continue to affect credibility. Recent evidence from Indian banks shows that report content and assurance can lag behind improvements in the overall availability of sustainability reporting (Rajawat & Mahajan, 2024).

Climate-Related Financial Risk Disclosure

Climate change creates both physical and transition risks for financial institutions. These risks can affect borrowers, collateral values, insurance exposures, investment portfolios, and the broader financial system. IFRS S2 provides a common structure for climate-related disclosures, while current supervisory expectations increasingly connect climate risk to governance, strategy, risk management, and financial planning (IFRS Foundation, 2023b).

Climate disclosure is most useful when it is linked to actual risk-management processes rather than treated as a separate reporting exercise. Emerging markets may face constraints in climate data, technical capacity, assurance, and regulatory implementation. Recent reviews of banking sustainability reporting highlight these institutional differences and support more context-sensitive research in developing economies (Sebastião et al., 2024).

Digital Governance, Cybersecurity, and Artificial Intelligence

Digital transformation has changed both the operations of financial institutions and the risks boards must oversee. Cloud computing, fintech, data analytics, digital payments, and AI can improve efficiency while increasing exposure to cyber incidents, third-party failures, data misuse, and model risk. Basel guidance treats cyber and technology failures as operational-resilience concerns, and the FSB has called for more consistent cyber-incident reporting across financial institutions (BCBS, 2021; FSB, 2023).

Cybersecurity is therefore a governance issue as well as a technical issue. Boards need regular reporting on material cyber risks, incident preparedness, third-party dependencies, recovery capabilities, and accountability. The FSB's recommendations emphasise timely, accurate, and comparable cyber-incident information as a basis for effective response and financial stability (FSB, 2023).

AI introduces additional governance questions. Financial institutions increasingly use AI for fraud detection, credit assessment, customer services, investment analysis, and compliance. At the same time, AI creates concerns about model risk, data governance, explainability, privacy, bias, and accountability. Recent financial-sector regulatory analysis identifies governance, expertise, model-risk management, data governance, and third-party AI providers as areas requiring attention (Crisanto et al., 2024).

Recent BIS work on AI adoption in central banking similarly highlights data confidentiality, model risks, reputational exposure, and the need for governance and risk-management frameworks (Bank for International Settlements, 2025). For financial institutions, this supports board-level oversight of AI risk rather than treating AI as a purely technical function.

Emerging Trends in Risk Disclosure

Current disclosure practice is moving towards integration. Financial, sustainability, climate, cyber, and operational-risk information increasingly needs to be considered together rather than reported in separate silos. Systematic reviews of integrated reporting show that the field has expanded around value creation, governance, sustainability, and the relationship between financial and non-financial information (Velte, 2022; Soriya & Rastogi, 2022).

Digital reporting is also changing how information is produced and consumed. Machine-readable data, automated analytics, and more frequent reporting can improve access to information, but they also increase the importance of data quality, controls, assurance, and governance. The key issue is not whether disclosure becomes more digital, but whether digital disclosure remains reliable, understandable, and accountable.

Stakeholder expectations are also widening. Users increasingly consider ethics, diversity, responsible finance, financial inclusion, sustainability, and organisational resilience alongside conventional financial performance. This broader information demand is consistent with the governance and sustainability principles reflected in the OECD framework and the ISSB standards (OECD, 2023; IFRS Foundation, 2023a).

Integrated Discussion

The evidence can be summarised as an integrated governance chain: governance mechanisms influence the quality of information produced; disclosure enables stakeholders to monitor institutions; and credible information can support resilience and market discipline. This chain is conditional on regulatory quality, institutional capacity, reporting infrastructure, digital maturity, and assurance (OECD, 2023; FSB, 2023).

The African evidence remains thinner than the evidence from developed markets. Recent studies nevertheless show meaningful links among governance, disclosure, board characteristics, and banking risk in African settings, including Ghana (Torku & Laryea, 2021; Ofori-Sasu et al., 2022; Kyei et al., 2022; Ofori et al., 2025). The gap is therefore not a lack of relevance; it is a lack of sufficiently integrated and longitudinal evidence.

The fastest-changing areas—AI governance, cybersecurity, climate-risk disclosure, and digital operational resilience—should be treated as part of the same governance system. They affect risk appetite, internal controls, board oversight, stakeholder communication, and organisational resilience (BCBS, 2021; FSB, 2023; Crisanto et al., 2024).

The theoretical literature is broader than a single agency-based explanation. This review adopts Stakeholder Theory as the primary lens because disclosure in financial institutions serves multiple groups whose interests extend beyond shareholders. Agency Theory helps explain monitoring and information asymmetry, while Institutional Theory explains how regulation, professional norms, and market expectations encourage convergence in disclosure practices (Sebastião et al., 2024).

The integrated interpretation therefore suggests a practical sequence: governance capacity shapes risk-management processes; risk-management processes generate material information; disclosure quality determines how usable that information is; and stakeholder responses provide an external accountability mechanism. This sequence forms the conceptual basis for the research agenda in Section 4.

Research Gaps, Practical Implications, and Future Research Agenda

Research Gaps

A major contextual gap is the concentration of evidence in developed economies. Recent African studies demonstrate that governance and disclosure relationships can differ across institutional environments, reinforcing the need for research that accounts for regulatory enforcement, ownership structures, market development, and governance capacity (Ofori-Sasu et al., 2022; Kyei et al., 2022).

Ghana provides a particularly relevant setting because banking-sector reforms following the 2017–2018 crisis strengthened expectations around governance, risk management, and supervisory oversight. Research on the crisis links bank failure to governance weaknesses, while more recent evidence continues to examine how governance affects bank risk in Ghana (Torku & Laryea, 2021; Ofori et al., 2025). The unresolved question is whether these reforms have produced sustained improvements in disclosure quality and resilience.

The dominance of quantitative archival research is another limitation. Panel models and content analysis are useful for identifying associations, but they provide less insight into how boards, executives, auditors, risk officers, and regulators negotiate disclosure decisions. Mixed-method and longitudinal designs can help explain these organisational processes. Evidence from Kenya, for example, demonstrates the value of combining quantitative analysis with interviews when studying risk disclosure (Mbithi et al., 2023).

Theoretical coverage also needs strengthening. Agency Theory remains useful, but it does not fully explain disclosure driven by stakeholder expectations, institutional pressures, sustainability objectives, and emerging technologies. Stakeholder Theory is therefore adopted as the primary lens in this review, with Agency and Institutional Theory used to explain monitoring incentives and institutional convergence (Sebastião et al., 2024).

The fastest-changing research area concerns digital and emerging risks. AI, cloud services, fintech, and cyber dependence create governance questions about accountability, data quality, third-party risk, operational resilience, and ethical decision-making. Recent regulatory work confirms that these issues require governance responses, not only technical controls (BCBS, 2021; FSB, 2023; Crisanto et al., 2024).

Climate and sustainability risks create a similar challenge. The ISSB standards provide a clearer disclosure architecture, but the research base still needs more evidence on how climate information affects lending, investment, risk appetite, stress testing, and capital allocation in emerging economies (IFRS Foundation, 2023b; Sebastião et al., 2024).

ESG reporting raises a related question about quality. The important issue is not simply whether an institution publishes an ESG report, but whether the information reflects material risks, is comparable across periods and institutions, and is supported by appropriate controls and assurance. Recent banking evidence identifies content and assurance as continuing weaknesses in sustainability reporting quality (Rajawat & Mahajan, 2024).

A final gap concerns integration. Financial, ESG, climate, cyber, and technology-risk disclosures are often studied separately. Future empirical work should test the integrated governance–disclosure–resilience relationships proposed in this review and examine whether stronger disclosure produces measurable changes in risk management, stakeholder trust, and financial resilience.

Practical Implications

The findings have practical implications for regulators, boards, financial institutions, and investors. Regulators should prioritise materiality, comparability, clarity, and usability rather than simply increasing reporting volume. Boards should ensure that members and committees have sufficient expertise in climate risk, sustainability, cybersecurity, AI, and digital operations. Financial institutions should connect disclosure processes to enterprise risk management, internal controls, and strategic decision-making. Investors should assess the credibility and consistency of risk and sustainability information alongside financial performance.

Future Research Agenda

The future research agenda should focus on five priorities: (1) longitudinal evaluation of governance reforms and disclosure quality; (2) more evidence from African and other emerging financial systems; (3) mixed-method research on how disclosure decisions are made; (4) empirical studies of AI, cyber, climate, and digital-operational governance; and (5) stronger assessment of ESG assurance, integrated reporting, readability, and stakeholder decision-usefulness. These priorities respond directly to the contextual, theoretical, and methodological gaps identified in the review.

CONCLUSION

This systematic literature review synthesised evidence on transparency, ESG governance, and emerging-risk disclosure in financial institutions. Following PRISMA 2020, it examined peer-reviewed studies published between 2013 and 2025 and connected the evidence to recent regulatory and standard-setting developments.

The findings indicate that transparency works best when it is embedded in effective governance. Board oversight, audit and risk committees, enterprise risk management, and internal controls can support more credible disclosure. The scope of disclosure has expanded to include ESG, climate risk, cybersecurity, operational resilience, and artificial intelligence.

The review also identifies a persistent geographical imbalance. Evidence from Africa and particularly Ghana remains smaller than evidence from developed markets, despite the importance of governance reforms and banking-sector restructuring. Recent Ghanaian studies reinforce the need for context-specific evidence on governance, risk, and disclosure.

The study adopts Stakeholder Theory as the primary explanatory lens and uses Agency and Institutional Theory as supporting perspectives. This combination recognises that disclosure is shaped by stakeholder information needs, monitoring incentives, and institutional pressures. It also supports the integrated governance–disclosure–resilience framework proposed in this review.

From a practical perspective, regulators should improve the comparability, materiality, clarity, and usability of disclosure. Boards should strengthen competence in sustainability, climate, cybersecurity, and AI oversight. Financial institutions should connect reporting systems to enterprise risk management and internal controls.

The review contributes by integrating financial, sustainability, climate, and digital-risk disclosure into a single governance discussion. It also highlights the importance of institutional context and identifies specific areas where evidence remains thin. The proposed research agenda moves the literature from descriptive reporting studies towards research on how governance arrangements produce, assure, and use risk information.

The review has limitations. It includes only English-language, peer-reviewed studies published between 2013 and 2025 and may therefore omit relevant evidence in other languages or publication formats. Methodological heterogeneity also prevented a quantitative meta-analysis. The findings should be read as a structured thematic synthesis rather than as estimates of average effect sizes.

Future research should broaden the geographical evidence base, use longitudinal and mixed-method designs, and test the integrated governance–disclosure–resilience relationships proposed here. Greater attention to African financial institutions, ESG assurance, climate-risk governance, cyber resilience, and AI oversight would be particularly valuable.

In all, transparency, ESG governance, and emerging-risk disclosure are no longer peripheral reporting topics. They are part of the governance infrastructure through which financial institutions explain material risks, demonstrate accountability, and build resilience in increasingly complex financial and technological environments.

Consequently, transparency, ESG governance, and emerging risk disclosure are no longer peripheral aspects of corporate governance; they have become central determinants of organisational resilience, stakeholder confidence, and long-term financial stability. As financial institutions continue to navigate rapid technological change, evolving regulatory expectations, and increasing sustainability demands, effective disclosure will remain a cornerstone of sound governance and responsible financial management.

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