


Chapter 6


Strategic Risk Mitigation and Regulatory Adherence in Service Organisations: Sustainable Digital Finance for Preclusion of Financial Malfeasance

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ABSTRACT

This chapter explores the intricate nexus of risk management, compliance and sustainability in digital finance, offering a comprehensive framework for safeguarding service organizations against financial fraud. As digital finance revolutionizes the service sector, organizations face complex risks, including cybersecurity threats, operational vulnerabilities and regulatory challenges. The chapter examines current risk management frameworks, the evolving regulatory landscape and the importance of integrating sustainability principles. Analyzing case studies and emerging

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trends, it underscores the critical interdependence of these elements, advocating for a holistic approach to building resilient, compliant and sustainable service organizations in the digital age.

1. INTRODUCTION

The rise of digital finance has fundamentally reshaped the financial landscape, transforming the way service organizations operate and deliver value. As financial services become increasingly digitalized, organizations benefit from enhanced efficiency, reduced operational costs and greater accessibility (Bueno et al., 2024). Yet, these advancements come with their own set of risks. The digital finance ecosystem introduces complex challenges, ranging from cybersecurity threats and operational vulnerabilities to compliance with ever-evolving regulations (Orelaja et al., 2024). These risks, if not effectively managed, can jeopardize not only the financial integrity of service organizations but also their reputation and long-term sustainability. Risk management, compliance and sustainability emerge as the critical pillars necessary to safeguard service organizations (Alabi et al., 2023). These three interconnected components form the foundation of a resilient organizational strategy capable of withstanding the challenges posed by the digital finance environment. While risk management is essential for identifying and mitigating the various threats that arise in this space, compliance ensures that organizations adhere to legal and regulatory standards, avoiding significant penalties and reputational damage. Sustainability, on the other hand, provides a long-term perspective, integrating environmental, social and governance (ESG) principles into organizational operations to foster resilience and trust. Digital finance encompasses a broad range of financial services delivered through digital channels, including mobile banking, fintech innovations, cryptocurrency transactions and decentralized finance (DeFi) (Rabbani, 2022). These technologies have revolutionized the financial services industry by making financial products more accessible to consumers and businesses alike. Mobile payment systems, blockchain-based platforms and AI-driven financial advisory services have all contributed to the rapid expansion of digital finance, enabling service organizations to offer more tailored, efficient and cost-effective services. The impact of digital finance is particularly profound within service organizations, which rely on financial technologies to streamline operations, enhance customer experience and reduce reliance on traditional banking infrastructure. However, with this transformation comes an array of risks. Cyberattacks, data breaches and identity theft are becoming more prevalent as financial transactions move online, exposing service organizations to significant financial and reputational harm. Moreover, the

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