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MASTER THESIS

**AGILE VAIDMUO STIPRINANT
PP/TF PROCESUS FINTECH
ĮMONĖSE REGULIACINIŲ
POKYČIŲ KONTEKSTE**

**THE ROLE OF AGILE IN
STRENGTHENING AML/CFT
PROCESSES IN FINTECH
COMPANIES AMID
REGULATORY CHANGE**

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INTRODUCTION

Relevance of the Topic: The digital transformation of financial services over past decades has positioned financial technology (FinTech) firms as significant drivers of innovation and competition in global financial markets. Industry reports and academic work highlight the sector's rapid expansion and increasing macroeconomic importance, particularly in payments, lending and wealth management services (Elia et al., 2023; McKinsey & Company, 2023; Puschmann, 2017). As FinTech adoption accelerates, regulatory authorities have faced growing challenges which resulted in intensified scrutiny of financial crime risks associated with novel business models, cross-border operations, and technology-enabled financial products (European Banking Authority, 2025; Financial Stability Board, 2022).

Although FinTech firms are widely recognized for their agile practices and processes characterized by rapid iteration, cross-functional collaboration, and digital-first processes, they often face criticism for less mature governance structures and compliance functions (Brühl, 2022; European Banking Authority, 2025; Oyewole et al., 2024). Global Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) Standard Setters (FATF, 2021), Supervisory bodies (European Banking Authority, 2025; Financial Stability Board, 2022) and scholars (Anagnostopoulos, 2018; Gaviyau & Sibindi, 2023; Zetzsche et al., 2020) have repeatedly highlighted increased financial crime risks that FinTech firms may pose. This tension reveals a central paradox – while firms agility supports innovation, adoptability and speed, it may also challenge compliance robustness if executed loosely.

Understanding how agile practices and methods can be used effectively with AML/CFT program to increase its capabilities to tackle AML/CFT risks and adapt to regulatory change, hence is relevant for both theory and practice. From a theoretical perspective, this study contributes to institutional theory by examining how regulatory expectations and coercive pressures shape organizational innovation, risk management practices, and compliance capabilities within FinTech firms. Practically, this research might benefit FinTech firms, which require evidence-based guidance on preparing their compliance programs in a way that would keep pace with business growth aspirations and effective management of AML/CFT risks while respecting regulatory requirements.

Level of Exploration: The regulatory implications of FinTech innovation are well documented in the literature, particularly regarding supervisory challenges, regulatory arbitrage,

and the emergence of new risks (Anagnostopoulos, 2018; Omarova, 2020; Zetzsche et al., 2020). Similarly, agile methods have been extensively studied across software engineering and organizational management, with research emphasizing their role in effective of system development (Islam & Storer, 2020; E. Scott et al., 2021; Tripp & Armstrong, 2018).

FinTech firms are frequently mentioned as natural adopters of agile processes, especially in product development and engineering teams (Brühl, 2022; Rath et al., 2025). However, the application of agile practices within compliance functions, specifically for AML/CFT program enhancement, remains insufficiently explored. The intersection between agility, regulatory responsiveness, and financial crime prevention constitutes a notable gap in existing scholar works.

Novelty of the Thesis: This thesis provides new insight by examining how agile methods can be integrated into FinTech compliance functions to enhance the effectiveness and adaptability of AML/CFT programs. Upon reviewing existing research prepared by scholars, no systematic analysis on how agile principles could support FinTech firms responsiveness to regulatory changes or mitigate compliance challenges specific to FinTech were identified. Accordingly, this study fills an important research gap and proposes a conceptual foundation for agile-based compliance management in FinTech organizations.

Problem Statement: FinTech companies operate in a wide financial ecosystem which is not only increasingly competitive, but is also characterized by constant regulatory change, fragmented cross-jurisdictional rules, and financial crime risks. Although they possess strong technological and organizational agility, many struggle to adapt their AML/CFT frameworks towards heightened supervisory expectations. The central problem addressed in this thesis is **how agile practices strengthen AML/CFT compliance capabilities and improve adaptability to regulatory pressure of FinTech firms?**

Aim of the Thesis: The aim of this thesis is to determine how the integration of Agile practices influences the adaptability and effectiveness of AML/CFT programs in FinTech firms, and how these practices support compliance functions in responding to regulatory change.

Objectives of the Thesis:

- To analyse existing literature on FinTech development, AML/CFT regulation, institutional pressures, and agile methodologies to identify existing crossover of these subjects in academic literature.
- To develop a research methodology for assessing the application of agile practices within compliance functions and their role in organizational adaptability to regulatory change.

- To apply the defined methodology to collect and analyse empirical data on how agile methods can be applied within FinTech compliance environments to support AML/CFT adaptability amid regulatory change.
- To develop a conceptual model explaining the relationship between agile methodologies and AML/CFT capability development in FinTech organizations and to formulate practical recommendations.

Research Methods: A systematic review and analysis of academic literature is used to achieve the first objective by examining existing research on FinTech development, AML/CFT regulation, institutional pressures, and agile methodologies. Expert semi-structured interviews serve as the primary empirical data collection method for investigating the use of agile practices within compliance functions, thereby addressing the second and third objectives. The empirical data are analysed using Gioia methodology and interpreted through the lens of institutional theory in order to identify patterns, themes, and relationships in the findings. Finally, conceptual synthesis is used to construct the conceptual model and formulate conclusions and practical recommendations.

The use of Artificial Intelligence: Artificial intelligence (AI) tools were used as auxiliary support in preparing the final thesis. The tools used were ChatGPT and Scite.ai to support the search of scientific articles related to the thesis topic, improving the grammar and formulation and translating interview transcripts to English. The selection of literature, thesis structure, analysis, conclusions, and recommendations were prepared by the author.

Thesis is structured into four chapters:

- Chapter 1 provides a literature review of FinTech evolution, institutional theory, regulatory environment, AML/CFT expectations, and agile methodologies.
- Chapter 2 describes the research methodology, including design, data collection procedures, and analytical techniques.
- Chapter 3 presents empirical findings and introduce the proposed conceptual model.
- Chapter 4 summarizes conclusions, outline limitations, and suggest directions for future research.

1. LITERATURE ANALYSIS OF FINTECH LANDSCAPE, REGULATORY CONTEXT AND AGILE CAPABILITIES

1.1. FinTech foundations, evolution and emerging dynamics

With no surprise, the term “FinTech” is a combination of “finance” and “technology” with a particular focus on the later, enabling innovation and making most of its products based on information without physical components and in majority of cases does not require any physical interaction (Puschmann, 2017; Thakor, 2020). FinTech as a term was first mentioned in early 1990s, during a conference by John Reed, Chairman of Citicorp (Puschmann, 2017), however, technological improvements to financial system started way earlier. Beginning with the invention of wire-transfer network via telegrams, the first Automated Teller Machine (ATM) installed at a branch of Barclays Bank, launch of the world’s first digital stock exchange and overall rise of online banking services (Kou & Lu, 2025; Thakor, 2020). More formal definition is available in the publication by World Bank: “Technology-enabled innovation in financial services - FinTech - is reshaping financial products, payments, business models, market players, market structure, and even money itself.” (Feyen et al., 2023).

One of the important catalysts of FinTech (and it’s shift to what is now being called FinTech 3.0) was the global financial crisis of 2008 and loss of trust in the central banking system. Improved performance, opportunity for decentralization, convenience and financial inclusion opportunities for global unbanked population, has put FinTech solutions on the spotlight (Anifa et al., 2022). Further accelerated by lockdowns during COVID-19 pandemic and the growing public use of internet (going online) strengthened the value proposition and acceptance of new financial products offered by FinTech for it to get mainstream interest and significant recognition (Alaassar et al., 2023; Feyen et al., 2023; Goldstein et al., 2019). Of course, this would not have been possible without significant advancement in technology - particularly expansion of smartphone usage and even more importantly - increasing IT processing, storage and bandwidth capacity which allowed to develop and offer FinTech products at a relatively low cost (Zetzsche et al., 2020). Lastly, this emergence favourably coincided with a significant demographic shift, as younger generations (Millennials and Generation Z) started to replace Baby Boomers as the dominant consumer base. These younger generations, who grew up with the internet and have drastically abandoned the need to visit physical bank branches, were ready and appreciated easier reach, clarity and speed FinTech could offer (Anagnostopoulos, 2018). The “usual” financial system where all financial services and products were handled in a centralized fashion (e.g. banks, insurance firms, etc.) was no longer the only option – it decentralized financial system and this

trend is expected to be further stimulated by emergence of artificial intelligence, machine learning, blockchain, augmented reality, virtual reality, and quantum mechanics (Kou & Lu, 2025).

Contrary to the aim of the banks to cover the entire value chain of the financial system, FinTech focuses on innovations filling the holes left by incumbent institutions and serving as a complementary mechanism for modernization. It promotes information technology (IT) developments resulting in new business models, products, services, organizations, processes and systems (Kou & Lu, 2025; Puschmann, 2017). FinTech's core purpose is providing innovative financial products and services focusing on i) cheaper ways to overcome financial contracting frictions and lower the cost of financial services; ii) value creation and a customer-centric orientation; iii) potential for greater financial inclusion to compete and collaborate with each other with financial institutions; iv) safety and transparency (Goldstein et al., 2019; Kou & Lu, 2025; Thakor, 2020).

Most currently available FinTech products focus on mobile payments, money transfers, peer-to-peer loans, crowdfunding, investment robo-advisors, and blockchain technology-based cryptocurrency exchanges (Goldstein et al., 2019, Puschmann, 2017). These products can be split into four main categories (see Table 1) of which payments can be distinguished as the major area where FinTech has the biggest impact mostly through digital wallets. Beyond money transfer services, these digital wallets allow customers to collect and store funds, obtain loyalty points, invest and etc., with only a few touches on their smartphones (Puschmann, 2017; Thakor, 2020).

Table 1

Examples of FinTech associated product and service innovations

Credit, deposit, and capital-raising services	Payments, clearing and settlement services, including digital currencies	Investment management services	Insurance services
- Peer-to-peer lending platforms - Crowdfunding - Digital-only (neobank) deposit accounts - Alternative credit scoring using AI / big data - SME lending through digital marketplaces - Tokenized fundraising	- Mobile & contactless payments - Digital wallets - Real-time / instant payment systems - Stablecoins - Cross-border payment remittance apps - Crypto exchanges & custody providers	- Robo-advisors - Automated portfolio rebalancing - Social / copy trading platforms - Tokenized assets & DeFi yield protocols - Retail trading apps (zero-commission)	- Usage-based or on-demand insurance - Peer-to-peer risk pools - Claims automation & blockchain-based processing

Source: Author's own compilation based on Goldstein et al., 2019; Puschmann, 2017; Thakor, 2020.

Emerging FinTech innovations are being categorized as incremental or disruptive - incremental products and services are the ones complementing existing financial mechanisms and leverage digital technologies to consolidate their market position through modernization and results in optimization and cost effectiveness (Elia et al., 2023; Kou & Lu, 2025). Disruptive, on the other hand, mainly covers the launch of new products and services that challenge the set paradigm in the sector and change the behaviour of customers. Disruptive innovations are usually attributed to startups and are an aftermath of some breakthrough technology or combination of several existing ones. It is common for such innovations to show inferior performance at the beginning but significantly impact the overall system in later stages (Elia et al., 2023; Puschmann, 2017).

At some point it somehow became natural to associate FinTech with start-ups exclusively (Anifa et al., 2022). Researchers are used to purposefully exclude banks from the definition of FinTech in their publications and to some extent, doing so is reasonable, since most notable innovations accredited to FinTech are coming outside of the traditional financial institutions (Puschmann, 2017; Thakor, 2020). However, the line here is becoming thinner constantly and traditional financial institutions, including banks, are catching up. Banks are building or acquiring their own platforms and even more often develops partnerships with emerging FinTech companies, pointing out the importance of maintaining the entrepreneurial firm's identity and culture instead of having it absorbed into the acquiring company (Alaassar et al., 2023). Banks have realized that cooperation with FinTech is a key approach to foster innovation and overcome their *sluggish* change process. Successful collaboration between the two offers an exciting value proposition for the financial sector – to offset one's weaknesses with the strengths of the other and vice versa. This suggested synergy is combining the agile mindset of innovation and change from FinTech companies with the infrastructure capabilities, resources, customer base and know-how of the incumbents (Alaassar et al., 2023; Drasch et al., 2018). It can even be said, that in some extent, FinTech companies started to be viewed as R&D hubs for innovation by traditional financial institutions. On the other hand, some FinTech firms expand the scope of their products to reach the point where they benefit from obtaining traditional banking licenses (e.g. Revolut, N26) and challenging the brick-and-mortar institutions while maintaining major advantages of FinTech (Ahern, 2021). Another interesting aspect is the change of FinTech customer's base, where for example reputable peer to peer (P2P) lending platforms are attracting majority of their funds from venture capital hedge funds (Thakor, 2020) showing growing synergies between tradition and FinTech. Clearly, the disruptions that FinTech brought, offered required challenges for the traditional firms to change their business models and innovate together, hence contributing to the entire financial system (Kalai & Toukabri, 2024). It might result in a state where industry

composition would not change much but require traditional financial institutions to become much more technologically advanced and agile in incorporating new products and services (Goldstein et al., 2019; Thakor, 2020).

Growing relevance of FinTech and changes in financial system overall is also supported by reports from the Social Sciences Research Network which show significant increase in research publications of both academics and practitioners spiking from 2015 onwards. There are contradictory observations claiming investment in FinTech firms are on declining trend (Elia et al., 2023; Goldstein et al., 2019), however this can be explained by the rise of established banks and other financial institutions investments to new financial products internally on a bigger scale than ever before (Thakor, 2020). Moreover, in McKinsey & Company, 2023 report, global market evaluation of FinTech between 2019 and 2023 have doubled with further expectations of growing threefold by 2028. Putting it together, it becomes clear that currently, the pace at which new technologies are being introduced into the financial system is unprecedented (Goldstein et al., 2019).

Notably, this growth and opportunities FinTech innovations are offering the overall landscape of the financial system are also bringing challenges for regulatory oversight and compliance. Both supervisors and companies need to find ways and new solutions to adapt to these challenges in an effective and agile manner (Drasch et al., 2018). Financial institutions are facing usual risks of compliance, reliance on manual processes in data management, detecting fraud or anomalies in financial transactions, data security and data quality and accuracy, which represents a significant costs and manpower requirements. FinTech companies in the meantime, replace much of the human decisioning with algorithms and usually are free of legacy burden and do not carry regulatory baggage. Some treat it as another competitive advantage; however, their business models have not been tested fully and are likely to be prone to very similar risks as those applying to incumbent financial institutions (Anagnostopoulos, 2018). Notably in 2025, European Banking Authority in its biennial opinion on money laundering and terrorist financing risks have identified FinTech as a central source for anti-money laundering risk in European Union. Having this said, there is ongoing debate on how regulatory bodies should be addressing these risks and the importance of regulatory advancements needed to follow changes in the financial system. However, to understand how FinTech companies engage with different stakeholders and operate in this regulatory driven environment it is important to establish a foundation for understanding this institutional environment and its implications for compliance practices and organizational adaptation.

1.2. Institutional context of Fintech

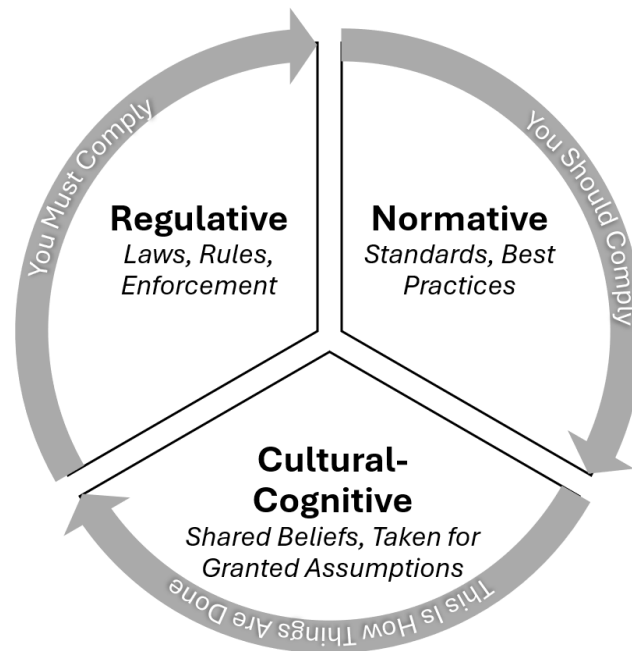
Digital innovations are often proposed as mechanisms to improve adaptability and while FinTech is frequently portrayed as a technologically driven and disruptive phenomenon, such accounts risk understating the extent to which innovation in financial services is embedded within broader institutional environments. FinTech organizations do not emerge or operate in a regulatory or social vacuum. They are deeply shaped by established rules, norms, belief systems, and legitimacy expectations surrounding finance, risk, and compliance. FinTech companies are facing persistent regulatory change, heightened supervisory scrutiny, and increasing expectations for responsiveness and effectiveness. To capture these dynamics, this thesis adopts institutional theory as a guiding analytical lens to understand constraining environments that FinTech firms are facing from various influential stakeholders.

As every other organization in highly regulated domains such as financial services, FinTech companies are facing conflicting drivers that are shaping their decisions – they are triggered to move fast (innovation logic) and control associated risks (compliance logic) (Saikia et al., 2024). Early institutional scholarship emphasized that organizations often adopt formal structures and practices less because they are optimal, and more because they signal conformity with prevailing expectations and enhance legitimacy (Meyer & Rowan, 1977). Institutional theory provides a powerful framework for examining how organizations respond to this dilemma, specifically in complex regulatory driven domains such as AML/CFT. At its core institutional theory emphasizes that organizational structures, practices, and processes are shaped not only by pure efficiency or technological rationality, but by social expectations, legitimacy concerns, and shared beliefs systems (Saikia et al., 2024, Hinings et al., 2018).

Institutional theory draws durable social structures which provide stability and meaning in organisational life. Upon reviewing works of different authors (Alvesson & Spicer, 2019; Saikia et al., 2024) classification provided by Scott (2001) was mentioned several times – it distinguishes between three main pillars - regulative, normative and cultural-cognitive (see figure 1).

Figure 1

Institutional classification – three main pillars



Source: compiled by the author based on Scott, 2001.

Using institutional pillars to the application of AML perspective regulative pillar involves formal rules, laws and enforcement, and is extremely important from AML/CFT compliance perspective, due to its binding nature of statutory requirements and supervisory enforcement actions. Normative pillar encompasses values, norms, and expectations regarding appropriate organizational behaviour. It includes professional standards, best practices and in AML/CFT compliance field can be looked at from ethical conduct and risk management side. Cultural-cognitive pillar – highlights the taken for granted assumptions and shared beliefs that dictates how actors interpret regulations, risk and organizational responsibilities (Alvesson & Spicer, 2019; Saikia et al., 2024). Cognition plays a foundational role, as it provides meaning to social order and underpins both – regulatory and normative elements. Cognitive institutions hence might be especially influential in shaping interpretation of AML/CFT obligations determining responses to regulatory requirements and change (Saikia et al., 2024, Hinings et al., 2018). This is particularly relevant for FinTech organizations which often operate in global and multinational contexts, where formal regulations may be similar, but informal institutions such as norms, rituals, and cultural expectations tend to vary significantly, hence influencing AML/CFT compliance outcomes and legitimacy perceptions.

Institutional theory further emphasizes the importance of organizational fields as clusters of interrelated actors, including regulators, incumbent firms, start-ups, professional associations,

and media, who collectively define the meaning and legitimacy of practices within a domain (Scott, 2001; Zietsma et al., 2017). FinTech operates within a dense institutional field characterized by powerful regulators and strong societal expectations regarding financial stability, consumer protection, and crime prevention. As a result, innovation is tightly coupled with processes of legitimation and approval.

From an institutional perspective, innovation in FinTech is not simply a matter of technological advancement, but a process of aligning novel practices with existing institutional arrangements or gradually reshaping them. This lens is especially appropriate for examining areas where innovation intersects with regulatory compliance, such as AML/CFT, and where adaptive organizational approaches, such as agile methods, must coexist with established governance and control structures (Brühl, 2022, Saikia et al., 2024). Following institutional theory framework throughout subsequent sections of this study, a foundation for analysing discussions of regulation, AML/CFT compliance, and agile practices is established not as isolated phenomena, but as interdependent elements shaped by institutional pressures, competing logics, and legitimacy concerns.

1.3. AML/CFT compliance in the evolving FinTech regulatory environment

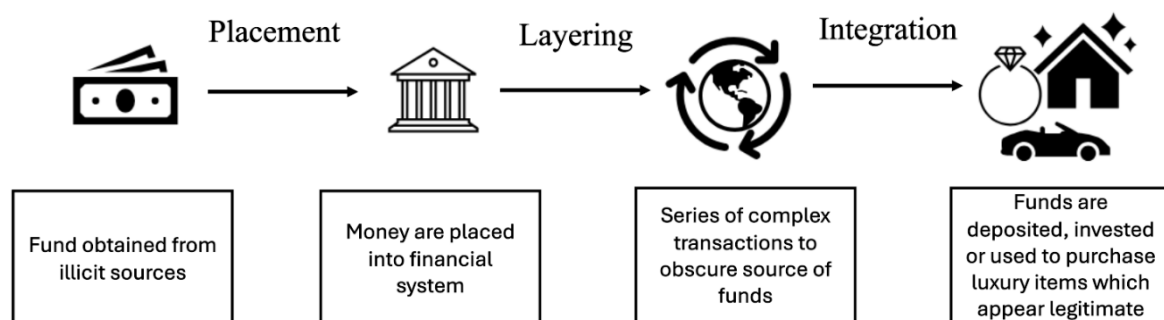
Money Laundering (ML) has been affecting the global economy for many years, with large sums of money being laundered and posing a serious threat to financial stability. It has become a severe problem that has dramatically increased with the expansion of technologies. As a source from tax evasion, fraud, embezzlement, drugs, theft, corruption and etc. The consequences of ML include the loss of government revenue, damage to the integrity and reputation of financial institutions, distortion of international capital flows, and the facilitation of corruption and organized crime. Additionally, it can discourage foreign investment, destabilize economies, and weaken financial systems around the world (Gaviyau & Sibindi, 2023; Goecks et al., 2022). AML/CFT compliance can be understood as a deeply institutionalized organizational practice, shaped not only by formal regulatory obligations, but also by normative expectations regarding ethical conduct and cultural-cognitive assumptions about financial crime risk (Alvesson & Spicer, 2019; Saikia et al., 2024).

The money laundering process is commonly described through three stages (see Figure 2): placement, layering, and integration. Placement refers to the initial introduction of illicit funds into the formal financial system, for example through cash deposits, structuring or “smurfing,” fake identity documents, cash transportation, or cash-intensive businesses. Layering follows as the stage in which the origin of funds is obscured through complex transactions, cross-border transfers, multiple accounts, or parallel financial systems, creating a difficult-to-trace audit trail.

Finally, integration occurs when the laundered funds are reintroduced into the legitimate economy as apparently lawful assets, investments, luxury purchases, offshore holdings, or international transfers. Together, these stages explain how criminal proceeds may be transformed from illicit cash or value into funds that appear to derive from legitimate economic activity (Gaviyau & Sibindi, 2023; Goecks et al., 2022).

Figure 2

Three stages of money laundering



Source: compiled by author based on Gaviyau & Sibindi, 2023; Goecks et al., 2022.

However, scholars have increasingly questioned whether the traditional three-stage model adequately reflects the realities of modern financial crime. Gaviyau & Sibindi (2023) highlight that with the rise of digital financial innovations, such as online banking, cryptocurrencies, and electronic payment systems, ML can occur at any of these stages or even simultaneously across them. Critics argue that the model is overly simplified, as illicit value transfers today may take place without any physical movement of cash or conventional assets. Moreover, the traditional framework fails to account for the laundering of electronic or digital money, where transactions are executed instantly, often across multiple jurisdictions, leaving minimal trace in audit trails. Hence it advances a more dynamic understanding of money laundering, suggesting that it occurs whenever a financial transaction or relationship involves any tangible or intangible benefit derived from criminal activity. This broader view reflects the complexity of modern financial systems and supports the notion that money laundering should be understood as a multi-faceted, continuous, and evolving process, rather than a linear sequence of stages (Gaviyau & Sibindi, 2023).

The global AML/CFT framework is primarily established by the Financial Action Task Force (FATF), which provides a set of internationally recognized standards and recommendations to prevent and combat illicit financial activities. The most notable FATF released document is the "International Standards of combating money laundering and the financing of Terrorism and

Proliferation” also known as FATF 40 Recommendations. This document sets a regulatory minimum, but not a maximum standard which should be met by all obliged entities for them to be compliant and for competent authorities to function effectively. While not being legally binding, most countries have expressed a political commitment to abide these recommendations (Gaviyau & Sibindi, 2023; Thakkar et al., 2024). FATF also highlights the wide range of predicate offenses, including fraud, when it’s used to generate illicit proceeds to be later laundered through the financial system to conceal their origin (FATF, 2012-2025). According to the FATF Recommendations (2012–2025), obliged entities are required to adopt measures designed to detect, deter, and report activities that may be related to ML/TF. The FATF defines **ML as the process of concealing the illicit origin of proceeds of crime, while TF refers to the collection or movement of funds intended to support terrorist acts or organizations** - meaning that while AML focuses on the origin of funds, CFT focuses on their intended use emphasizing that funds can be originating from legal and illegal sources. This distinction underpins the FATF’s risk-based approach, which emphasizes that financial institutions and other obliged entities must implement appropriate internal controls covering due diligence, transaction monitoring, and reporting mechanisms proportional to their level of risk (FATF, 2012-2025). Together, these principles form the cornerstone of the global AML/CFT regime, promoting both preventive (deter) and responsive (detect and report) controls across the financial sector, ensuring that financial institutions can identify anomalous behaviour before illicit assets are integrated into the legitimate economy.

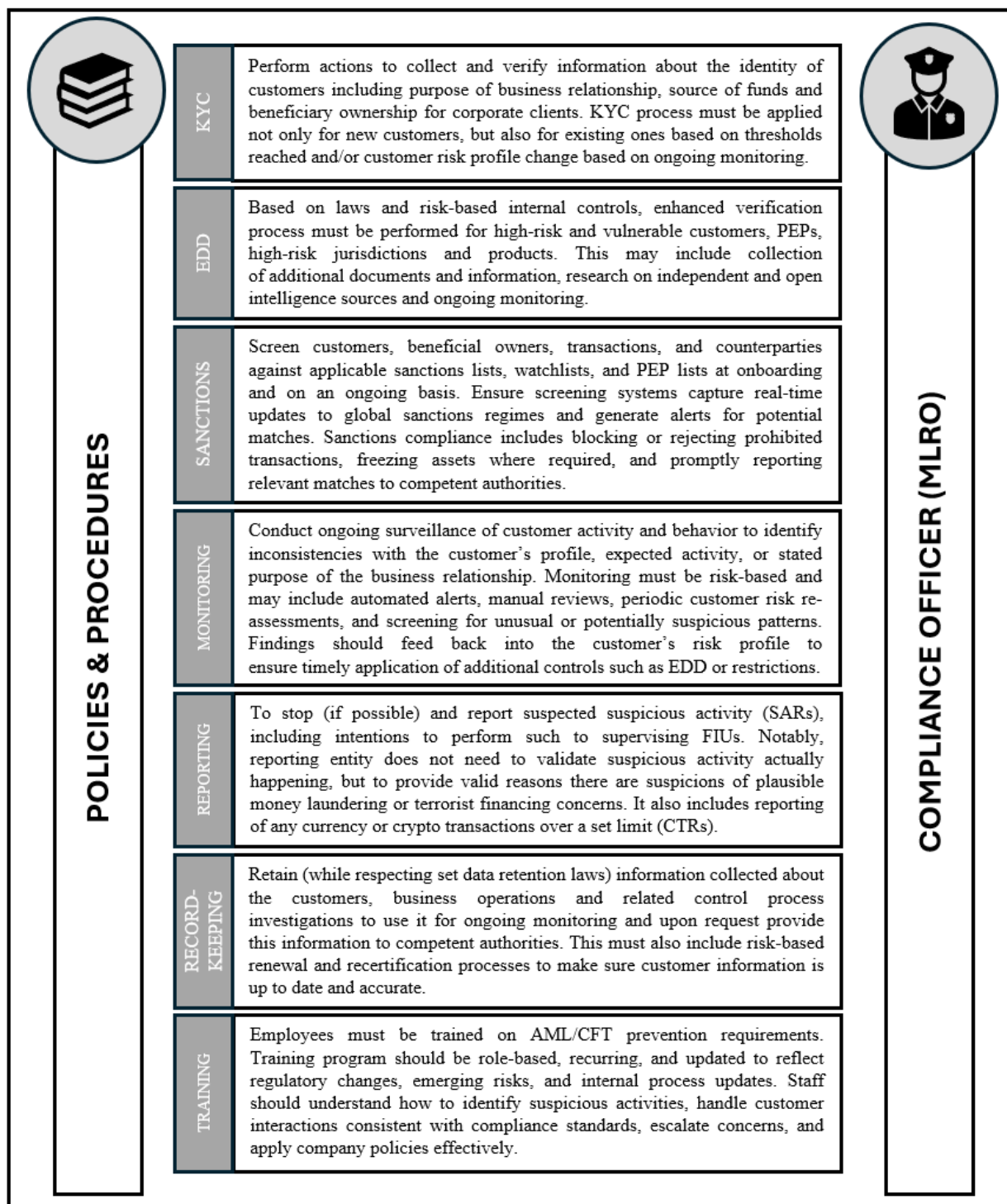
FinTech companies may be more exposed to ML/TF risks than traditional financial institutions. Their rapid growth and technological complexity often mean that AML/CFT frameworks lag behind those of incumbent banks (Anagnostopoulos, 2018). Focus on customer acquisition and satisfaction together with lack of expertise and weak governance structures increases the risk of inadequate robustness of effective AML/CFT controls (European Banking Authority, 2025). Consequently, FinTech firms may become attractive channels for criminal or terrorist networks, posing reputational and systemic risks for the wider financial system. The Wirecard scandal remains the most notable example of this vulnerability, demonstrating how weak governance and inadequate oversight can undermine trust and trigger heightened regulatory scrutiny across the entire FinTech sector (Feyen et al., 2023). Furthermore, the international scope of FinTech operations adds another layer of complexity. Many firms, particularly in payments, remittance, and digital asset services, routinely serve non-residents and operate across multiple jurisdictions. This cross-border model amplifies exposure to high-risk geographies and creates challenges for consistent due diligence and transaction monitoring (FATF, 2012 - 2025). In the current geopolitical context, marked by sanction regimes and global tensions, maintaining a robust and responsive compliance infrastructure is essential. Finally, the novelty and speed of FinTech

innovations also introduce consumer protection and fraud risks. The ability to transfer value instantly, combined with limited financial literacy among users of new technologies, increases exposure to scams, identity theft, and other illicit schemes (Zetzsche et al., 2020). These challenges underline the need for agile and technology-driven AML/CFT processes capable of adapting to evolving threats in real time (Anagnostopoulos, 2018).

AML/CFT in FinTech contexts rests on core requirements of KYC including risk-based approach of enhance due diligence (EDD) where warranted, transaction monitoring, sanctions screening, reporting, recordkeeping training and ongoing risk-based oversight (Oyewole et al., 2024; Kalai & Toukabri, 2024). Financial institutions and other obliged entities are also required to document these internal controls in policies and procedures and designate a compliance officer (MLRO) registered with the governing FIU (see Figure 3). Inadequate AML/CFT processes and procedures are considered to be gross misconduct which can result in regulatory actions including penalties, orders to suspend/replace management, business restrictions or revoked licenses (FATF, 2012-2025). Regulators increasingly expect FinTech platforms to implement identity verification, risk scoring, and real-time monitoring that can scale with platform growth and cross-border activity, while ensuring data privacy and secure handling of customer information (Kalai & Toukabri, 2024; Oyewole et al., 2024). FinTech-specific dynamics such as rapid onboarding, P2P networks, and cross-border payment flows create unique AML/CFT challenges, including alias use, layered accounts, and networked transaction patterns. These features challenge traditional rules-based detection and motivate the adoption of data-driven approaches, including big data analytics and machine learning for anomaly detection, link analysis, and risk scoring (Kalai & Toukabri, 2024; Mhlanga, 2024; Oyewole et al., 2024). Consequently, automation and real-time surveillance are increasingly visible, often through RegTech (Regulatory Technology) and SupTech (Supervisory Technology) tools or through collaboration with licensed intermediaries. This development aligns with an agile approach to AML/CFT deployment that emphasizes iterative rule updates, modular data pipelines, and auditable decision trails; however, governance failures remain a primary target of regulatory concern (Anifa et al., 2022; Drasch et al., 2018; Oyewole et al., 2024).

Figure 3

Key AML/CFT program requirements



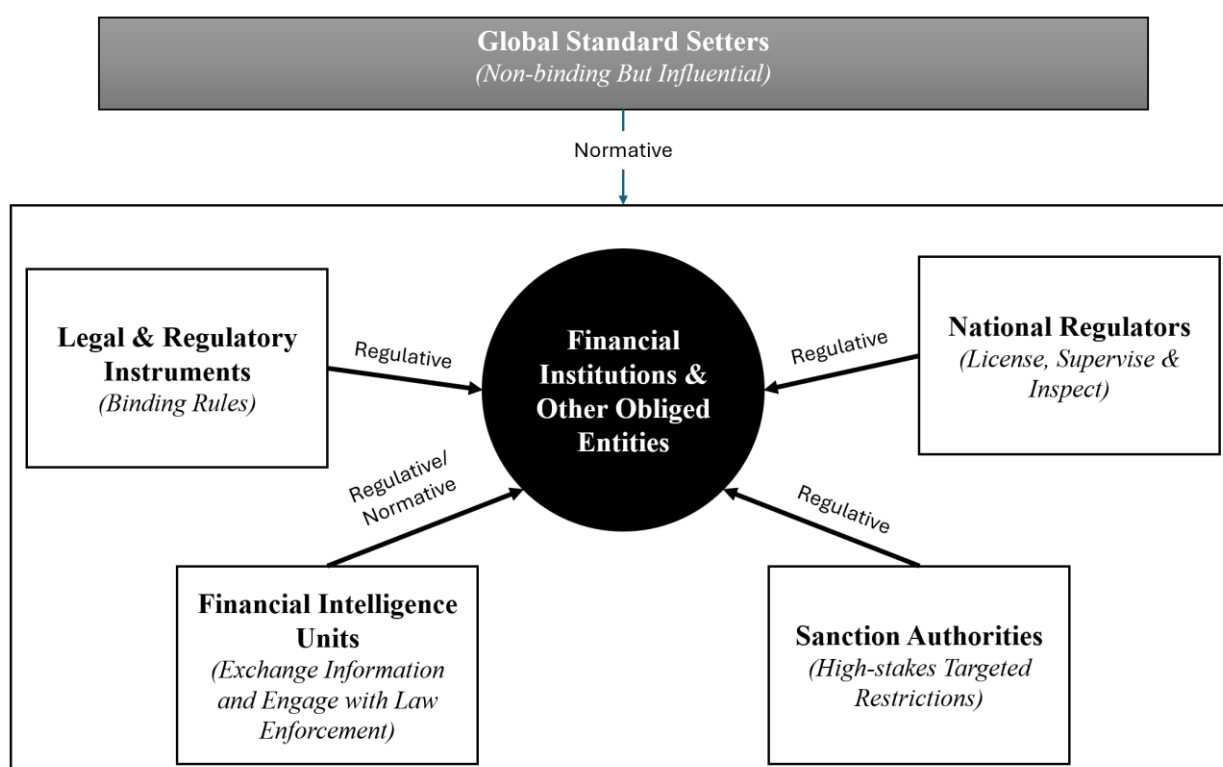
Source: compiled by author based on FATF, 2012 -2025.

FinTech firms must emphasize the design of their AML/CFT controls to be modular and scalable, enabling rapid adaptation to evolving threats and scope while maintaining traceability for supervisory review. This includes explicit governance around data provenance, access controls, and data-sharing arrangements with third-party providers or banking partners (Kalai &

Toukabri, 2024; Mhlanga, 2024; Oyewole et al., 2024). There is limited empirical evidence on the optimal governance structures for agile AML/CFT programs in live FinTech ecosystems, particularly regarding how to balance privacy with detection accuracy and how to measure the impact of iterative AML/CFT enhancements on risk outcomes. The literature suggests that concrete metrics are needed to assess the speed and quality of rule updates, the explainability and provenance of AI-driven detections, and the robustness of data pipelines across partnerships (Anifa et al., 2022). The AML/CFT literature for FinTech emphasizes a convergence toward data-driven, agile compliance architectures that can adapt to rapid regulatory change while maintaining governance and accountability. The core tension remains between balancing detection efficacy with governance constraints. From an institutional logics perspective, AML/CFT functions at the intersection of multiple logics, including regulatory, professional, and efficiency-oriented logics, which may generate tensions in FinTech organizations seeking to balance innovation with control (Alvesson & Spicer, 2019; Saikia et al., 2024). To provide a practical and scalable roadmap for designing effective agile AML/CFT programs, following essential design principles of modularity, traceability and explainability together with clear measurement criteria such as speed, accuracy and auditability should be considered.

Figure 4

Regulatory environment shaping financial institutions & other obliged entities



Source: compiled by author based on FATF, 2012 -2025; Saikia et al., 2024.

The regulatory landscape in which FinTech firms operate is complex, rapidly evolving, and often inconsistent across jurisdictions. This creates substantial challenges for firms attempting to scale or adapt quickly to new supervisory expectations (Anagnostopoulos, 2018; Ahern, 2021). As regulated financial institutions or other obliged entities, FinTechs must navigate a multilayered AML/CFT governance system (see Figure 4) shaped by global standard setters such as the FATF, the Basel Committee on Banking Supervision, and other international bodies, that define the foundational principles of financial integrity and risk management. These standards are operationalized through national legal and regulatory frameworks, including EU directives (e.g., AMLD, GDPR, PSD2) and U.S. legislation such as the Bank Secrecy Act or the USA PATRIOT Act. Beyond statutory obligations, FinTechs must comply with sanctions regimes, exchange information with Financial Intelligence Units (FIUs), and undergo supervision and inspections by their national competent authorities. Together, these actors and instruments form an interconnected AML/CFT ecosystem (FATF, 2012-2025). From an institutional perspective, regulation constitutes the central expression of the regulative pillar shaping FinTech activity and forming norms. Regulatory requirements not only impose formal constraints, but also communicate broader societal expectations regarding acceptable conduct, risk tolerance, and accountability within financial markets (Hinings et al., 2018; Saikia et al., 2024).

Main objectives of national supervisors and other competent authorities are to ensure stable and efficient system which would be safe for its consumers and safeguard the market from dangerous concentration of power. However, as assessed by Bassel Committee on Banking Supervision, regulatory bodies must adapt and work towards removing unnecessary limits for growth and evolution (Anagnostopoulos, 2018; Omarova, 2020). In a way, governments are afraid of missing out on FinTech proposed potential, hence there are instances where they are pushing their economic agenda - advocating entrepreneurs to receive required support from competent authorities instead of discouraging and creating friction (Ahern, 2019). Looking from the perspective of other financial system participants, some threatened incumbent financial institutions repeatedly required the same rigorous standards to be applied for FinTech firms, while others are looking for collaboration opportunities considering FinTech companies as potential partners that can offer opportunities (among other) to reducing regulatory costs (Kalai & Toukabri, 2024). Majority of experts agree that the disruption created by the FinTech firms are creating various opportunities and growth potential for the entire financial system, substantial challenges for regulatory bodies are coming together, due to the novelty and velocity of its products and increasing risk (Kalai & Toukabri, 2024). The “Wait and see” supervisory approach is no longer fitting the pace of the changes in the system, with examples of pertaining regulations being obsolete before it even comes to effect and results in a regulatory void. This puts the FinTech

sector under intensified regulatory scrutiny towards AML/CFT expectations, compliance and data privacy concerns, motivating regulators to develop their capabilities and dynamic supervisory frameworks (Anagnostopoulos, 2018; Anifa et al., 2022; Oyewole et al., 2024). Subsequently this dictate growing firms to enhance their regulatory compliance mechanisms to keep up with set standards and increasing scale of operations, however it is usual that FinTech firms lack regulatory maturity early on and rapid innovation outpaces regulation (Omarova, 2020; Zetzsche et al., 2020).

Competent authorities are facing a complex dilemma of creating innovation-favorable system without jeopardizing its safety and trustworthiness. To better understand and prepare feasible and effective regulations for FinTech a mechanism called “regulatory sandbox” started to be used widely by regulators. It represents a governance instrument that balances innovation with risk management, illustrating a shift from purely rule-based to innovation-enabled regulation in FinTech ecosystems (Alaassar et al., 2023) and is being often cited as a good practice and a shift from static rulemaking to dynamic, learning-oriented regulation (Drasch et al., 2018). Besides of promoting consumer benefiting innovation, Sandbox concept is actually a two way street, allowing regulatory bodies to adopt to the pace in which FinTech companies operate and observe the processes from the inside-out to later use the empirical data and better understand plausible risks, allowing experimentation with AML/CFT controls, identity verification flows, and data-sharing arrangements resulting in better regulatory decision making (Anagnostopoulos, 2018; Omarova, 2020).

On the technological side, in the past decade we witnessed how data mining, machine learning, AI and other strategies common for FinTech spurred the rise to so called RegTech and SupTech products. Such automation innovations which can be integrated with financial services domain guaranteeing fast processing, algorithmic analysis and high-quality resolution which are extremely helpful having in mind increasing granularity in mandatory data and reporting requirements (Anagnostopoulos, 2018; Omarova, 2020). Otherwise, it would be hard to imagine regulatory efforts to succeed with the vast amounts of information without big data analysis solutions. It enables regulators and financial companies to analyse vast amounts of information in real time, allowing them to predict customer defaults, detect fraudulent activity, and strengthen compliance with AML and Know Your Customer (KYC) obligations. By applying predictive modelling and machine learning in combination with big data, companies expanding their AML surveillance capabilities of KYC to KYD (Know Your Data). This way investigators can identify abnormal transaction behavior, verify identities, and prevent fraud effectively while at reasonable cost and with less human interaction (Gaviyau & Sibindi, 2023; Mhlanga, 2024).

RegTech and SupTech solutions, overall boosted regulatory capabilities of data collection and real time market monitoring with the promise of lower costs for government and private firms (Anagnostopoulos, 2018; Omarova, 2020). It also allowed the switch of focus from regulating human actions to supervision of algorithmic processes (Anagnostopoulos, 2018) which are the backbone of FinTech and in the conceptual aspiration of decentralized finance (DeFi) to have real time supervisory and regulatory measures embedded in the product itself (Zetzsche et al., 2020). In general, this regulatory approach to address technology raised complexity of the entire financial system with technology-based solutions are becoming the usual trajectory of supervisory bodies allowing regulators deploy data-driven surveillance, while firms leverage automated compliance pipelines to keep pace with evolving rules (Anagnostopoulos, 2018; Kwon et al., 2023; Omarova, 2020). However, while supported as best practice, there are increasing concerns from competent authorities regarding effective application of these tools emphasizing common lack of expertise, outsourcing and oversight framework of such tools. In their opinion report, the European Banking Authority (2025), revealed significant compliance failures (even highlighted as *careless*) in how technology solutions were applied, suggesting that there is no one-fit-all solution. FinTech firms must consider sufficient investment in talent and tailored risk identification for effective implementation and in-house management of RegTech/SupTech.

Global standards for AML/CFT, data protection, consumer protection, and financial stability create a baseline convergence, but differences on national and regional adaptations remain producing ambiguity in implementation and enforcement. While regulatory effort to strengthen and clarify FinTech oversight is visible, unfortunately there is no wholistic approach to revolutionize the entire regulatory framework and result in ongoing changes which require regulated companies to adapt quickly. The oversight zone is also expanding exponentially with the scale and scope of new products introduced by FinTech and while competent authorities are being pushed towards more harmonized regulatory approach and to reduce complexity of required compliance programs, authorities are lacking resources for a fundamental shift that could suggest this happening (Elia et al., 2023; Omarova, 2020). This once again raises the importance of agile change process in compliance field - for FinTech firms, regulatory change translates into a moving target for compliance architecture. The ability to observe, interpret, and respond to new requirements in near real time is a function of modular data governance, transparent decision trails, and governance processes that can adapt as rules evolve. The literature consistently argues that agile, data-driven compliance capabilities are not optional but central to sustaining innovation within a regulated ecosystem (Elia et al., 2023; Iman, 2020; Omarova, 2020).

This evolving AML/CFT regulatory environment demonstrates that compliance in FinTech can no longer be treated as a static control function, but rather as a dynamic capability that must continuously adapt to regulatory change, technological innovation, and emerging financial crime risks; therefore, the following chapter turns to agile practices and methods as a potential approach for strengthening responsiveness, coordination, and adaptability in AML/CFT processes.

1.4. Inherent agility of FinTech

In business management Agile practices and methods are primarily associated with software development and are considered to be most effective for small and medium sized projects (Brühl, 2022; Islam & Storer, 2020) emphasizing intensive customer feedback loop and pace of the process (Rath et al., 2025). The core of the methodology relies on dividing the overall project to small parts which are further refined in sprints to ensure continuous improvement and adherence to changing requirements during the project (Brühl, 2022). Generally, it is a set of tools and practices, most of which can be associated with project management; hence application opportunities of the methodology are much wider beyond software development (Tripp & Armstrong, 2018). Agile promotes avoiding detailed planning and effectively tackles the long delivery lifecycle of traditional waterfall processes which are often being too lengthy compared to the problem domain (Islam & Storer, 2020). It helps to reduce ambiguity regarding changing customer expectations and address the lack of information about potential future challenges (Brühl, 2022). The following methods complemented with respective practices are commonly distinguished in Agile:

Scrum is one of the most widely adopted Agile methods and is often treated as a foundational framework within agile practice. It structures work into short, time-boxed iterations called sprints, which begin with planning sessions where backlog items are reviewed, prioritized, and selected for delivery. Scrum relies on autonomous, team-level coordination through practices such as daily stand-ups, backlog refinement, planning poker, sprint reviews, and retrospectives, which support transparency, continuous feedback, adaptive planning, and incremental improvement. Scrum teams are usually small and cross-functional, commonly consisting of up to ten members, and include key roles such as the Scrum Master, who facilitates the process, and the Product Owner, who manages priorities and the interface between the team and stakeholders or customers. While Scrum primarily focuses on organizing and managing project work, other Agile related approaches complement it in different ways: Extreme Programming (XP) strengthens technical quality through practices such as pair programming, refactoring, automated testing, and test-driven development; Lean emphasizes customer value, waste reduction, process flow, and

continuous improvement through tools such as value stream mapping and Kanban; and SAFe (Scaled Agile Framework) extends agile principles beyond individual teams by coordinating agile practices across larger organizational structures. Together, these methods illustrate that Agile is not a single fixed technique, but a broader set of practices and frameworks that can support collaboration, responsiveness, and continuous adaptation in complex organizational environments (Brühl, 2022; Islam & Storer, 2020; Tripp & Armstrong, 2018).

Much of the Agile related literature contrasts Agile approaches with traditional Waterfall methods, with most studies emphasizing the comparative advantages of the former. Companies that apply Agile are experiencing better customer satisfaction, product flexibility and team productivity increase, cross-functional communication, and collaboration (Brühl, 2022; Islam & Storer, 2020; Rath et al., 2025; E. Scott et al., 2021). Agile practices also enhance firms' ability to respond quickly to changing requirements making organizations more adaptive in dynamic environments (Brühl, 2022; Rath et al., 2025; E. Scott et al., 2021). It helps to eliminate waste by becoming leaner (Islam & Storer, 2020; Rath et al., 2025; E. Scott et al., 2021), improve quality by focusing on shorter iterations (Brühl, 2022; E. Scott et al., 2021) and even increase employee and stakeholder satisfaction (Rath et al., 2025). Finally, and probably most important for FinTech – it helps to accelerate initiation of new projects while reducing high up-front investment needs. This makes go-to-market time much faster (Brühl, 2022; Islam & Storer, 2020).

One of the drivers of FinTech breakthrough was its fundamental leap towards agility compared to traditional banks. This naturally translates into FinTech firms being perceived as frontrunners in application of agile methods in financial industry - using it more intensively and enjoying greenfield approach (Brühl, 2022; Drasch et al., 2018). One can even argue that this focus was a consequence of the FinTech environment and nature, rather than a choice. Across the reviewed literature (see Table 2), a clear convergence emerges regarding the organizational conditions that enable successful agile adoption. It closely mirrors the structural and cultural characteristics commonly found in FinTech firms.

First, all authors highlight the centrality of **collaboration and stakeholder integration**, particularly through early customer feedback loops and cross-functional collaboration to understand end-to-end process and align on expected deliverables (Brühl, 2022; Islam & Storer, 2020; Rath et al., 2025; E. Scott et al., 2021). These practices are inherently compatible with FinTechs, which typically operate in rapidly evolving environments where continuous customer validation is more readily available and essential for product–market fit.

Second, agile success is consistently linked to **flexible technical architectures and disciplined quality-assurance mechanisms**. While the emphasis varies across sources, the shared expectation is that agile thrives in environments where modular system architectures, automated testing capabilities, and rapid iteration are feasible (Brühl, 2022; Rath et al., 2025; E. Scott et al., 2021). FinTechs, which often rely on modern, API-driven (Application Programming Interface) and cloud-native infrastructures, are naturally positioned to benefit from such practices.

Table 2

Literature-based success factors for application of Agile methods in financial organizations

Area	Success Factor(s)	Rath et al. (2025)	Bruhl (2022)	Islam & Storer (2020)	Scott et al. (2021)
Collaboration & Stakeholder Integration	Obtaining Early Customer Feedback & Customer Centricity	✓	✓	✓	✓
	Cross-Functional Collaboration & Removed Communication Barriers	✓	✓	✓	✓
Architecture & Quality Assurance	Compatible Enterprise Architecture & Development Quality	✓	✓		✓
	Automated Testing				✓
Organizational & Cultural Enablers	Promoted Team Autonomy & Self-Management	✓	✓	✓	✓
	Top Management Buy-In & Strategic Alignment on Priorities	✓	✓		✓
	Flat Organization Structure	✓	✓		✓
	Agile Mindset as Organisation Culture	✓	✓		✓
	Strong Governance & Robust Evaluation Metrics	✓			
	Common Team Goals & Shared Objectives				✓
People & Competence Development	Effective Staff Training to Ensure Agile Expertise & Execution	✓	✓		✓
	Ability to Tailor & Use Multiple Agile Methods	✓		✓	✓
	Knowledge Sharing & Role Rotation	✓		✓	

Source: compiled by author based on Brühl, 2022; Islam & Storer, 2020; Rath et al., 2025; Scott et al., 2021.

Third, the literature underscores a set of **organizational and cultural enablers** that support agility at scale and tackles one of the mostly mentioned barrier – employee scepticism. These include team autonomy from making decisions to release of the product, strategic alignment

from top management, flat structures, and a pervasive agile mindset (Brühl, 2022; Islam & Storer, 2020; Rath et al., 2025; E. Scott et al., 2021). FinTech organizations frequently exhibit such characteristics due to their startup origins, lean hierarchies with top managers/founders being closely involved in the process, and innovation-driven cultures, making them conducive environments for agile experimentation and continuous improvement.

Finally, significant emphasis is put on **people-centric capabilities**, such as agile training, multi-method competence, knowledge sharing, and role rotation (Brühl, 2022; Islam & Storer, 2020; Rath et al., 2025; E. Scott et al., 2021). Given that FinTechs compete in knowledge-intensive domains that demand rapid skill development, these practices represent a natural extension of their human-capital strategies.

Taken together, the synthesized literature suggests that agile is not merely applicable to FinTechs; rather, FinTech organizational DNA which includes customer-centricity, lean structure, modern technology stacks, and high learning intensity, provides an inherently supportive environment for agile methods to flourish.

Adherence to regulatory rules and laws vary across jurisdictions, hence firms are required to be informed and ensure their practices would be swiftly introduced into production environment to ensure legal compliance and protection of their customers (Oyewole et al., 2024). FinTech firms can benefit from agile methodologies in the context of regulatory compliance with more disciplined prioritization of compliance deliverables, which are essential for timely AML/CFT updates in response to regulatory changes (Islam & Storer, 2020; E. Scott et al., 2021). It can offer structured and fast deployment of RegTech/SupTech solutions, monitoring rules, identity verification improvements, and modular data pipelines that enable close to real-time detection (Mhlanga, 2024; Oyewole et al., 2024). However, compliance programs are expected to carry extensive supplemental documentation which are required to verify conformity and quality of the program – this does not fall well with agile flexibility and focus on execution rather than documentation (Islam & Storer, 2020). Agile methods are often presented as universally beneficial; their adoption must be understood as institutionally contingent. Agile principles reflect an innovation-oriented logic emphasizing flexibility, experimentation, and decentralized decision-making, which may conflict with the control-oriented logics prevalent in regulated environments (Hinings et al., 2018; Smets et al., 2015). Applying agile in regulated environments raises governance challenges, such as ensuring auditability, traceability of decisions, and regulatory reporting across evolving rule sets and partner ecosystems, which necessitates explicit governance structures, robust documentation, and cross-stakeholder alignment (Drasch et al., 2018; Islam & Storer, 2020; Oyewole et al., 2024). This suggests that

application of agile methods for AML/CFT would differ from the usual product development and would require inter-organisational trade-offs to be made in order to keep the agility with respect to regulatory compliance expectations.

Agility is increasingly discussed not only as the application of specific development methods, but as a broader organizational capability encompassing culture and ways of responding to change. From an institutional perspective, the adoption of agile practices in regulated settings such as AML/CFT can be interpreted as a form of institutional work, whereby organizations seek to reconcile adaptive practices with existing legitimacy expectations (Hinings et al., 2018). In this context, a key question arises: **how can FinTech firms leverage their inherent “agility DNA” as a competitive advantage to offset persistent weaknesses in AML/CFT compliance programs?** While agility is typically viewed as a strength, it may also raise concerns about whether rapid iteration and lean structures contribute to gaps in governance and inconsistent compliance outcomes. This raises further questions about which agile tools and practices can be effectively purposed to strengthen AML/CFT controls, enabling FinTechs to adapt more quickly to an evolving regulatory landscape. Equally important is understanding how traditional agile frameworks must be adapted to operate within the constraints of financial regulation, including traceability, documentation, and supervisory expectations. These considerations frame the central inquiry of how agility can be transformed into a structured and scalable enabler of robust AML/CFT capabilities.

1.5. FinTech regulation and Agile compliance process

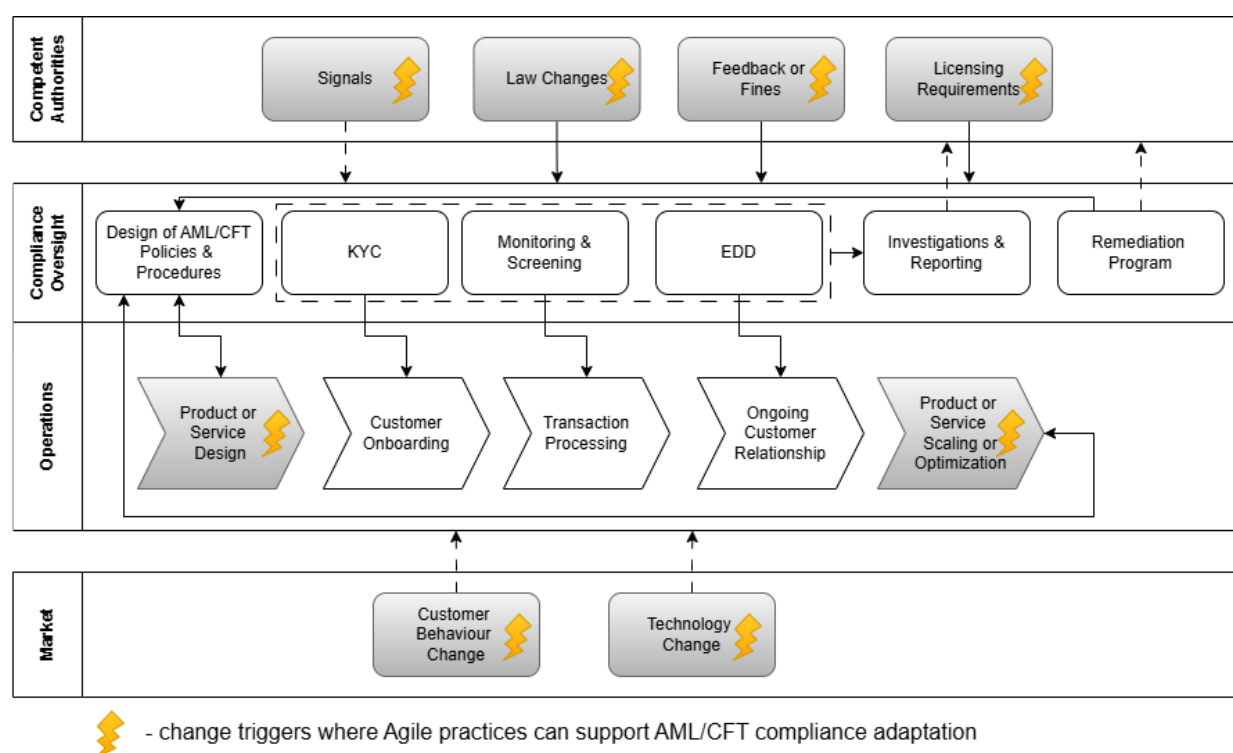
The literature reviewed in the preceding sub-chapters highlights that FinTech and regulatory oversight development are closely interconnected and evolve in parallel. This analysis adopts an institutional perspective to examine how organizational practices are shaped by regulatory pressures, normative expectations, and shared belief systems within the compliance field. A recurring theme across the literature is the tension between dynamic FinTech business models and regulatory expectations aimed at financial stability, integrity, financial crime prevention, and consumer protection. Regulatory environment becomes increasingly stringent towards FinTech firms, hence requires them to put more attention towards AML/CFT compliance requirements. This leads to compliance functions emerging as a critical interface in this relationship, where FinTech firms must translate evolving regulatory requirements into operational processes without undermining speed, scalability, or customer experience. At the same time, agile ways of working are frequently presented as a defining characteristic of FinTech organizations, offering flexibility, iterative development, and rapid responsiveness to change. Although each of these dimensions has been examined extensively in isolation, existing research

provides limited insight into how they interact as part of an ongoing adaptation process within organizations.

Taken together, the literature suggests that compliance in FinTech contexts should not be viewed as a static set of controls, but rather as a dynamic process shaped by regulatory triggers, organizational responses, and iterative adjustment over time. This perspective points to the need for an integrative view that captures how regulatory change initiates compliance adaptation, how agile practices influence this process, and how outcomes are shaped through interaction with regulators and other stakeholders. At the same time, the literature indicates that while agile principles are frequently associated with increased organizational responsiveness and flexibility, their specific impact on the effectiveness and adaptability of AML/CFT compliance programs remains insufficiently explored.

Figure 5

Conceptual process of compliance intersection with FinTech operations and regulatory change



Source: compiled by author based on FATF, 2012 -2025; Saikia et al., 2024; Tripp & Armstrong, 2018.

To support this integrative perspective, Figure 5 presents a conceptual process map illustrating the interrelationships between FinTech operations, regulatory environment, AML/CFT compliance activities, and potential change triggers where agile organizational practices could be potentially used. The figure serves as a foundation for building the process with

a view to examine how FinTech firms navigate regulatory change and how agile approaches may contribute to effective AML/CFT compliance adaptation. While the reviewed literature provides insights into FinTech, regulation, AML/CFT compliance, and Agile methods, it remains fragmented in its explanation of how organizations respond to regulatory change in highly constrained environments. To address this gap, this thesis adopts institutional theory as its guiding theoretical framework.

2. RESEARCH METHODOLOGY

Research Context:

This study is motivated by the practical challenge faced by FinTech compliance teams in adapting AML/CFT programs to continuous regulatory change while operating in fast-moving, innovation-driven environments. This challenge is particularly relevant in the context of international FinTech companies, whose business models often involve cross-border operations, digital onboarding, rapid customer acquisition, outsourcing, and technology-enabled financial services. The European Banking Authority's 2025 Opinion on money laundering and terrorist financing risks affecting the EU financial sector highlights that the rapid growth of FinTech, crypto-assets, and interconnected financial services has introduced new vulnerabilities in the EU financial sector. Based on this report, 70% of competent authorities reported high or increasing ML/TF risks in the FinTech sector, while 86% considered risks associated with cross-border transactions to be significant or very significant. The EBA also noted concerns that rapid growth may not always be accompanied by robust AML/CFT controls, with vulnerabilities linked to cybercrime, outsourcing without effective oversight, inadequate customer due diligence, and insufficient governance structures. Although agile approaches are increasingly associated with FinTech success (Brühl, 2022; Drasch et al., 2018), there is limited empirical insight into how these practices are understood and applied within compliance functions, or how they interact with regulatory expectations in practice. The ambition of this research is to provide guidance that is grounded in the experiences of practitioners working at the intersection of AML/CFT compliance and agile practices, hence the following methodology is designed accordingly.

Research Design and Strategy:

To address the aim of this thesis the purpose of the empirical research is **to analyse the role of Agile practices in strengthening the adaptability and effectiveness of AML/CFT compliance programs in FinTech firms, with particular attention to how these practices support compliance functions in responding to regulatory change**. This study adopts a **qualitative** research design - this approach is appropriate given the limited empirical research at the intersection of agile methodologies, FinTech compliance, and AML/CFT regulation, and the interdependent nature of regulatory and organizational practices. Qualitative studies emphasize depth of understanding the “how” over statistical generalization common for quantitative methods (Pratt, 2009). Rather than testing predefined hypotheses, this study employs grounded research methods and seeks to generate empirically grounded insights helping understand under what

conditions agile practices are enacted in FinTech compliance environments (Lydiana et al., 2025) and also attempting to capture how organizational practices are shaped by regulatory, normative and Cultural-Cognitive pressures.

Data Collection Method and Sampling:

To capture practice-based insights, the empirical component of the study is based on semi-structured expert interviews. This method enables an examination of existing problems and opportunity to capture ideas and experiences while allowing informants flexibility to provide wider context, hence further emphasizing the exploratory nature of the study (Bhattacharjee, 2012; Edwards & Holland, 2013; Lydiana et al., 2025).

Table 3

Structure of semi-structured interview questions

Question Category	Focus Area	Intent
Background and Context	Professional role, organizational setting, and respondent perspective	To establish contextual background and situate responses within the respondent's professional role and relationship to AML/CFT compliance, agile practices, and regulatory oversight
Regulatory Change and Triggers	Regulatory expectations, change events, and supervisory drivers	To identify key regulatory change events and understand how external regulatory pressures initiate compliance adaptation processes
Agile Practices in Compliance	Use of agile methods, tools, and ways of working	To explore how agile practices are interpreted and applied within AML/CFT compliance contexts and how they differ from traditional approaches
Process Evolution and Decision Points	Adaptation over time, phases, and critical moments	To reconstruct the evolution of AML/CFT processes following regulatory change, focusing on sequencing, turning points, and decision-making dynamics
Constraints, Enablers, and Reflections	Governance, limitations, enabling factors, and lessons learned	To identify organizational, regulatory, and cultural factors influencing agile adoption in compliance and to capture forward-looking guidance and reflections

Source: Author's own compilation

The semi-structured interview questionnaire was designed around key thematic areas derived from the literature review following deductive approach and include regulatory expectations and change management, AML/CFT program components, and agile practices and frameworks. Interview questions were developed in line with methodological guidance on semi-structured interviews and expert data collection (Gioia et al., 2012; Pratt, 2009). The questions were formulated to elicit narratives of regulatory change, compliance responses, and the role of agile practices over time, while allowing flexibility for role-specific probing. Open ended

interview questions were structured into five thematic sections, as summarized in Table 3, while the full list of questions is provided in Annex 1.

A purposive sampling strategy was employed to identify informants with multi-year experience in agile and/or senior-level AML/CFT compliance roles experienced in FinTech companies to capture their insights on Agile, AML/CFT compliance function adaptability to changes and most importantly discuss the opportunities of the convergence between these subjects. This strategy particularly appropriate for exploratory studies seeking rich, context-specific insights and enabling the capture of a broad range of perspectives (Schwaeke et al., 2025). Search for potential informants was performed via LinkedIn, based on following key words: “FinTech”, “AML/CFT Compliance” and “Agile” (in different variations) and requesting identified individuals to perform prior self-evaluation to determine if they would feel comfortable commenting on all three (agile, compliance and FinTech) subjects accordingly. Admittedly, author faced certain challenges to find informants who would be actively engaged in all three subjects (AML/CFT Compliance, Agile and FinTech), hence two main groups formed naturally:

- Compliance professionals who have been working in the field for multiple years in different leadership and regulatory roles such as MLROs, Compliance Managers and Head of Compliance across different sizes of FinTech firms and other financial service institutions.
- Agile practitioners who were experienced in financial service industry set up and have held consulting, agile coach, scrum master and academic researcher roles throughout their careers.

To ensure diverse perspectives, potential informants from different companies were contacted and they were also asked for recommendations of further interviewees to further expand perspectives beyond author’s immediate reach, hence purposive sampling was supplemented by snowball technique as a complementary recruitment method, whereby initial participants recommended additional experts (Bhattacharjee, 2012; Lydiana et al., 2025; Schwaeke et al., 2025). It was not entirely straightforward to gain access to potential interviewees to discuss somewhat sensitive topic of AML/CFT compliance challenges, hence authors’ previous professional interactions and further recommendations from informants were instrumental in organizing interviews successfully. Out of total 35 potential informants identified throughout the sampling process, 25 were approached, of which 10 have declined or did not respond, and 15 semi-structured interviews were conducted. Sampling continued until sufficient conceptual depth

was reached and no substantially new themes emerged from subsequent interviews, indicating an acceptable level of thematic saturation (Gioia et al., 2012).

Rationale for the Selected Research Methodology:

The methodological choices adopted in prior studies listed in Table 4 strongly align with the requirements of the present research topic. Such model was also used during Lithuanian oriented FinTech research (Butkevičienė, 2023). Like in this study, the reviewed articles investigate rapidly evolving, and insufficiently theorised phenomena such as FinTech ecosystems, data-driven innovation, digital transformation and start-up entrepreneurship. These contexts are characterised by complexity, uncertainty, and strong dependence on organisational and institutional conditions, making them particularly suitable for qualitative inquiry.

Table 4

Characteristics of prior researches using similar methodologies

Researchers	Research Aim	Research Methodology	Sample
Alaassar, Mention, Aas (2022)	To explore how ecosystem dynamics influence the emergence and development of new ventures in FinTechs	An exploratory qualitative research design employing the Gioia methodology and grounded theory principles. Semi-structured interviews were used as the primary data source, while purposive sampling followed by the snowball technique was applied to select informants.	17
Visvizi, Troisi, Grimaldi, Loia (2021)	To examine innovation as both a process and outcome in data driven companies, identifying key enablers and innovation types		20
Lydiana, Gusomo, Bangun (2025)	To investigate how bank leaders foster meaningful work during digital transformation		10
Senyo, Gozman, Karanasios, Dacre, Baba (2023)	To examine how small informal businesses use FinTech innovations to run informal businesses		15
Schwaeye, Gerlich, Nguyen, Kanbach, Gast (2025)	To examine how organizations can implement and scale AI in pursuit of their sustainability goals.		24

Source: Author's own compilation based on Alaassar et al., 2022; Lydiana et al., 2025; Schwaeye et al., 2025; Senyo et al., 2023; Visvizi et al., 2021

These researchers selected exploratory qualitative designs because such approaches enable an in-depth understanding of how actors interpret experiences, make decisions, and respond to emerging challenges within real-world settings. Semi-structured interviews across these studies demonstrates the value of collecting rich, nuanced, and context-specific data from knowledgeable participants, while still allowing flexibility to explore unexpected themes. The repeated application of the Gioia methodology further supports its relevance for the present study, as it

offers a rigorous and systematic approach for developing concepts and theoretical insights grounded in participant perspectives.

Data Collection Process and Informant Characteristics:

Interviews were conducted in 2026 from April 9th to April 28th using Microsoft Teams video conferencing platform and lasted approximately between 28 and 54 minutes. Interviews started with the verbal consent of informants to audio-record and transcribe interactions using automated tools available on Microsoft Teams application, which enabled the interviewer to focus on probing questions rather than note taking. Subsequently, transcriptions were reviewed by author, translated to English where it was needed and its contents were analysed focusing on specific aspects peculiar to each interview. Compliance professionals are referenced further in the text under codes C01 to C10 and agile practitioners coded A01 – A05 to retain their confidentiality. Detail interview schedule and informant characteristics are summarized in Table 5. The larger number of compliance experts reflects the central relevance of compliance functions to the research topic, while the inclusion of agile specialists enabled triangulation through complementary perspectives on agile capability to foster effective change. Compliance experts have mostly provided valuable insights of AML/CFT compliance challenges, specifics of managing regulatory changes and their experiences applying agile practices in FinTech firms, while interviews with agile practitioners produced rich data describing agile best practices and opportunities that agile could provide to compliance teams going through a change. Combination of information obtained during these interviews allows us to understand and theorize how agile practices can be applied, constrained and enabled within AML/CFT compliance functions in FinTech firms.

Experts interviewed were primarily working for entities registered in Lithuania, however this does not imply this research covers aspects that would be applicable to Lithuanian FinTech market alone, since all of them had experience working for international companies and covered regulatory matters across different jurisdictions globally. This is one of the core advantages of FinTech firms that it's technology-based products allow having global presence with entities established locally. Moreover, Lithuania has become an increasingly important European FinTech hub, with academic research describing Lithuania as one of the fastest-growing FinTech centers in Europe (Budreikaitė et al., 2024). Lithuania is also a part of the European Union, where significant attention has been directed toward increasing regulatory scrutiny and the licensing of FinTech firms, making this jurisdiction especially relevant in the regulatory change context of this study.

Table 5*Interview details and informant characteristics*

Code	Interview Date	Current Role	Experience in the field	Area of Focus	Interview Length
C01	4/9/2026	MLRO	10 years	Payments, Crypto, Remittance	38 min
C02	4/9/2026	AML Compliance Manager	7 years	Payments, Remittance	42 min
A01	4/10/2026	Agile Coach	6 years	Project Management	52 min
C03	4/10/2026	Head of AML Compliance	6 years	Payments, Electronic Money Institutions, Crypto	44 min
C04	4/10/2026	Head of AML Compliance	6 years	Merchant Payments, Remittance	31 min
C05	4/10/2026	AML Compliance Manager	11 years	Payments, Remittance	28 min
C06	4/10/2026	MLRO	11 years	Payments, Electronic Money Institutions	45 min
C07	4/14/2026	MLRO	14 years	Payments, Crypto, Remittance	54 min
C08	4/15/2026	MLRO	14 years	Payments, Electronic Money Institutions, Crypto	37 min
C09	4/17/2026	AML Compliance Manager	10 years	Consulting, Regulatory Compliance, Crypto	40 min
A02	4/17/2026	Agile Consultant	8 years	Consulting, Banking	28 min
A03	4/21/2026	Agile Project Manager	7 years	Merchant Payments, Remittance	44 min
C10	4/24/2026	Chief Compliance Officer	12 years	Payments, Crypto, Remittance	46 min
A04	4/24/2026	Scrum Master	5 years	Banking, IT	38 min
A05	4/28/2026	Agile Researcher	10 years	Banking, Customer Service, Academic Research	48 min

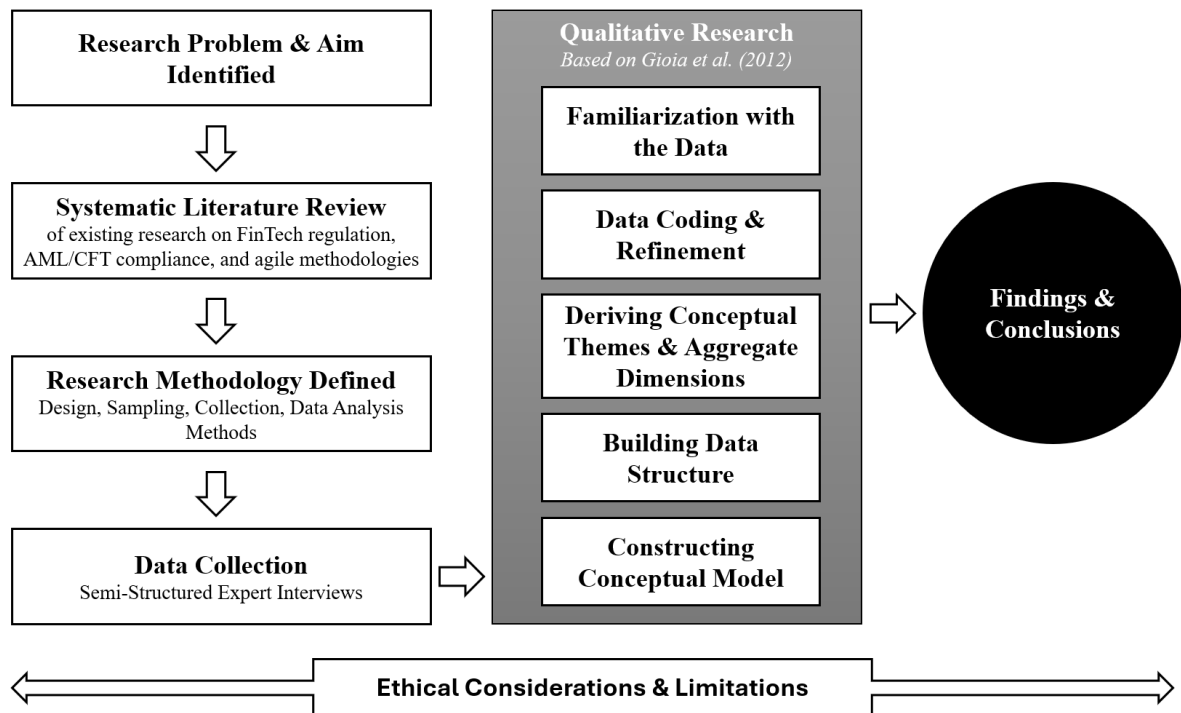
Source: author's own compilation based on research results

Data Analysis:

Figure 6 illustrates the overall study design and research analytical process adopted in this study. Guided by Gioia et al., (2012) qualitative research systematic methodology which is designed to build theory from qualitative data through, and in data analysis followed by grounded theory approach. The analysis proceeded through the following steps:

Figure 6

Overall research design framework



Source: author's own compilation based on Gioia et al., (2012)

- 1) **Familiarization with the data** - interview transcripts were read repeatedly while also listening to audio recordings to ensure accuracy and gain an overall understanding of participants' experiences and to identify descriptions of regulatory change events, AML/CFT compliance responses, and the use of agile practices.
- 2) **Data coding and refinement** – relevant interview data segments were coded into first order concepts using Microsoft Excel through iterative filtering, categorization, and review of informant responses from multiple perspectives. Similar responses were merged to minimize duplication and to capture the most salient issues raised by participants while trying to keep informant-centric language. Total of 63 concepts were formed (see Annex 2 for detailed list).
- 3) **Deriving Conceptual Themes and Aggregate Dimensions** - second order themes were developed by examining patterns across first order concepts following axial coding principles. As patterns and relationships emerged across the data and interpreting them through a conceptual lens informed by previously reviewed researches, related concepts were grouped into second order themes. These themes were subsequently synthesized into four overarching aggregate dimensions representing higher-level theoretical explanations of how agile operates within FinTech compliance.

- 4) **Building Data Structure** – was built as a clear visual representation of how raw interview data was transformed into higher-level theoretical insights. The data structure enhanced transparency and ensured a systematic link between empirical evidence and final research findings.
- 5) **Constructing Conceptual Model** - In the final stage, insights from the analysis were synthesized into a conceptual theoretical model around key aggregate dimensions, illustrating how agile practices support or constrain the adaptability and effectiveness of AML/CFT programs in FinTech firms.

Ethical Considerations and Limitations of the Study:

To ensure ethicality of this research, all participants were informed about the purpose of the study, the voluntary nature of participation, and their right to withdraw at any stage. To protect confidentiality, all participant identities and organizational affiliations were anonymized. Interview data were stored securely and used exclusively for academic purposes. Given the sensitivity of AML/CFT compliance topics, care was taken to avoid the disclosure of confidential or proprietary information.

This study is subject to several limitations. First, the sensitivity of compliance field and limited number of high-level professionals meeting the sample requirements makes it difficult to find informants eligible and motivated to respond. Secondly, while the Gioia methodology provides strong interpretive depth, it also has limitations. Findings are context specific and analytically rather than statistically generalizable (Gioia et al., 2012) across the broader FinTech population. Third, the study relies on self-reported practitioner perspectives, which may be influenced by individual experiences, organizational contexts and regulatory environments, hence may affect the applicability of findings beyond the specific contexts represented in the sample. Although a degree of respondent triangulation was achieved by including informants with different professional backgrounds, including AML/CFT compliance specialists and Agile-related practitioners, the study did not systematically triangulate interview data with secondary empirical sources such as internal policy documents, compliance procedures, audit reports, regulatory correspondence, or supervisory assessments. Therefore, the findings reflect how practitioners perceive and interpret the role of Agile in AML/CFT compliance, rather than an independently verified assessment of organizational practices. Additionally, the study focuses on practitioner perspectives, while regulator viewpoints were not directly included and could provide valuable complementary insights in future research. Lastly, the size and maturity of FinTech firms represented by informants may differ significantly, hence making compatibility and categorization difficult.

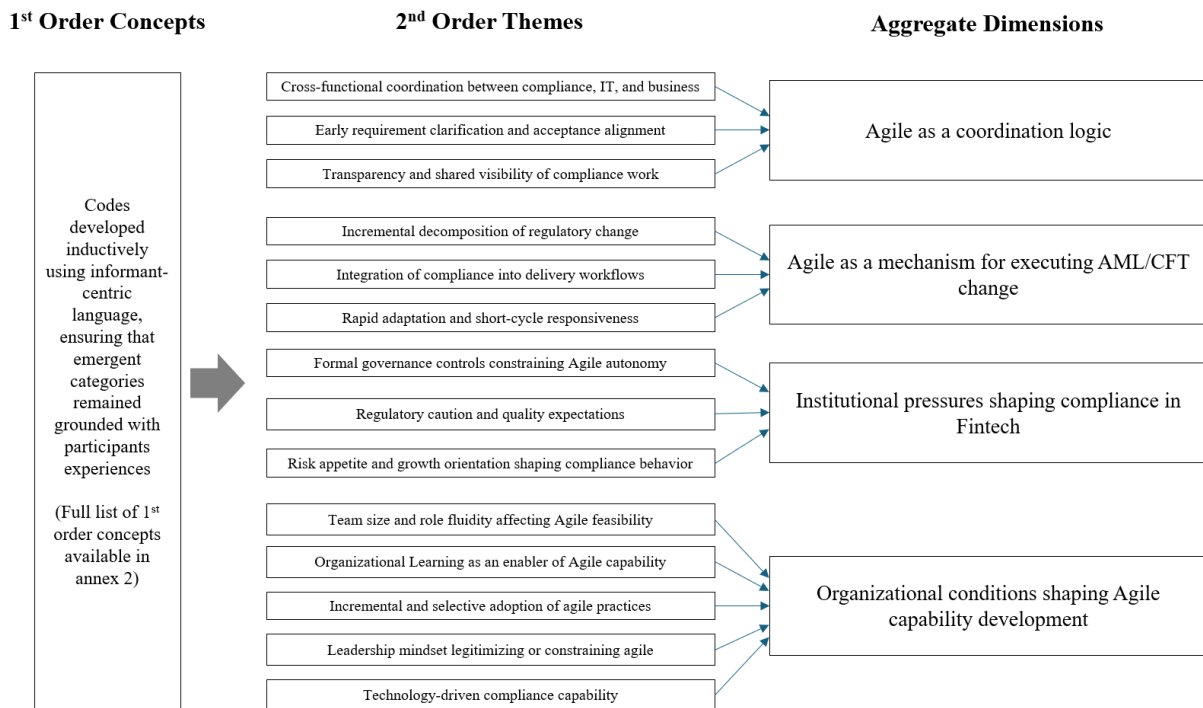
3. THE ANALYSIS OF EMPIRICAL RESULTS ON AGILE AML/CFT ADAPTABILITY

3.1. Data structure of empirical analysis

In this chapter the findings which were derived from the empirical data collected in semi-structured interviews with experts and then analysed using Gioia methodology (see Figure 7) are presented. The purpose of the chapter is to explain how Agile practices are understood and applied in the context of AML/CFT compliance in FinTech firms, and how these practices relate to regulatory change, institutional pressures, and organizational conditions.

Figure 7

Research empirical data structure



Source: author's own compilation based on research data

The data structure illustrates the analytical progression from informant-level observations to more abstract theoretical categories which highlights that Agile was described by informants as a broad coordination, execution, and adaptation mechanism within AML/CFT compliance. At the same time, the findings indicate that the role of Agile is shaped by institutional pressures, such as regulatory expectations and governance controls, as well as by internal organizational conditions, including leadership mindset, team structure, learning capability, and technological maturity. The following sub-chapters discuss each aggregate dimension in detail: Agile as a coordination logic,

Agile as a mechanism for executing AML/CFT change, institutional pressures shaping compliance in FinTech, and organizational conditions shaping Agile capability development. The chapter concludes by integrating these dimensions into a conceptual model explaining how agile practices shape AML/CFT compliance functions in FinTech amid influence from institutional and organizational conditions.

3.2. Institutional pressures shaping compliance agility in FinTech

While agile provides coordination and execution benefits, the findings also reveal strong institutional pressures that shape and constrain its application in AML/CFT compliance. Regulatory expectations for traceability and auditability emerged as a non-negotiable constraint, leading compliance teams to operate within **formal governance controls that constrain agile autonomy**. Participants repeatedly stated Compliance requires exhaustive documentation to justify and defend every change even if it slows down the work [C01, C02, C06]. Based on regulatory requirements compliance teams end up following lengthy approval layers slowing down the change and reducing the speed and flexibility that agile is intended to provide [C04, C05, C06, C07] which was confirmed by Agile expert claiming that excessive control reduces autonomy and slows agile teams [A05]. This finding clearly shows **significant impact from regulative pillar of institutional theory perspective** as a major constraint impacting agile effectiveness within compliance frameworks.

This extends into compliance teams executing very high-level of **regulatory caution and quality expectations** and even seeing agile as risky in AML/CFT field, because speed is believed to compromise regulatory quality expectations [C05, C06] which results in becoming afraid of regulatory scrutiny due to which compliance teams become overly cautious and risk-averse. [C01, C05, C10]. As stated by one expert - conservative organizations follow a “measure twice, cut once” principle to avoid mistakes [C05] and tend to stick to established practices, even when their effectiveness is questionable [C03, C06, A03], hence possibly arguing if **regulative pressures are transforming into cultural-cognitive prejudices** limiting compliance capabilities. Moreover, having in mind regulatory expectations increasingly push financial institutions towards proactive compliance [C06, A03] and environment is shifting toward stricter licensing requirements, and many FinTech companies have recently struggled to adapt [C03, C06, C07, C09] suggests there is an urge for this to change and respond to these challenges differently (see table 6). FinTech compliance must constantly balance regulatory expectations with customer experience [C10] and their compliance teams must think beyond standard bank playbooks and make risk-based judgments instead of copying old processes [A03] applying non-standard approaches which could help to meet regulatory expectations effectively [C03, C08]. Experts

highlighted that utilizing regulatory ambiguity and focusing on risk coverage which often satisfies regulators more than literal interpretation [C07, C10] is the approach FinTech firms must employ to keep competitive in the market. In this sense Agile is to be seen as transparency and clarity oriented, which increases visibility and auditability [A1, C02] if adopted and used properly.

Table 6

FinTech responses to cultural-cognitive norms

Cultural-Cognitive Prejudices	<i>“There is a well-established view and the old norm of compliance that everything should be as usual.” [C03]</i> <i>“I see the benefits of fast, accurate and frequent testing - the benefits are obvious, as it can help defend against the same regulator and the company quickly assesses its own customer base and the risks posed by transactions. But let's just say, I don't think it would work for me in practice.” [C06]</i> <i>“It happens that when you ask compliance teams, why have you been doing this for so long? the answer is, because we've been doing it all the time <...> without looking for some effective solution, just stating that this is the usual way.” [A03]</i>
FinTech Response	<i>“When implementing change, success is achieved when you don't try to replicate existing processes but rather come up with and think about what requirements you need to meet and how to do them, rather than copying what has already been done. [A03]”</i> <i>“The point of working with a regulator is how you justify everything - they will always have questions and things to gripe about, but if you justify yourself and learn to defend yourself, showing that you know what you are doing, everything will be ok.” [C07]</i> <i>“All those regulations were probably written for big banks, so FinTech has to adapt, which results in something more interesting, because the standard doesn't suit them and they have to break those normative provisions.” [C10]</i>

Source: compiled by the author based on semi-structured interviews data

There are powerful forces actively shaping compliance teams not only through external pressures, regulatory expectations, and prevailing prejudices, but also from within the organization itself. This dynamic is particularly evident in FinTech companies, where **risk appetite and growth orientation also emerged as important internal conditions shaping compliance behaviour**. As ambitious expansion targets, entrepreneurial decision-making, and a stronger tolerance for uncertainty often drive compliance functions to adapt, evolve, and transform at a significantly faster pace. Experts shared that profit-focused business priorities in FinTechs

frequently position compliance as an obstacle rather than a strategic partner, limiting its ability to influence key decisions [C02, C07, C08] and participate meaningfully in commercial discussions. In many cases, ownership structure and overall risk appetite determine both the speed and the maturity of compliance development [C03], shaping how seriously governance capabilities are resourced and embedded across the organization. This is particularly visible in FinTech environments, where rapid growth is often prioritized first, resulting in more chaotic operating models and the postponement of formal process management until later stages of development [C03]. Therefore, compliance functions in such settings often operate reactively, responding to audits, incidents, or regulatory consequences rather than acting proactively through forward-looking risk management [C03, C08, C09]. At the same time, sustained growth pressure and an entrepreneurial mindset further intensify risk and compliance challenges [C01, C03, C07, C09], especially where innovation speed outpaces the establishment of effective controls. Where organizational attention remains focused primarily on revenue generation, compliance continues to face difficulties in influencing decisions and securing a more strategic role within the business [C08]. From an institutional theory perspective, these business pressures operate from two directions: on one hand, they push compliance functions to challenge their cultural-cognitive prejudices, become more process-efficient, and open the door to innovative management approaches such as Agile; on the other hand, these same pressures intensify the difficulty of ensuring that risks are properly managed and that business activities are conducted in a compliant manner.

Table 7

Contradictions between growth-oriented business priorities and compliance outcomes in FinTechs

Growth-Oriented Business Logic	Resulting Compliance Consequences
<i>“In Crypto companies especially, you see very entrepreneurial focused approach with attitude that everything is possible, and we will get it done no matter how.” [C09]</i>	<i>“We do it first, and then decide whether our processes are working properly, but of course the frequent consequence was that we got a slap in the face from the regulator.” [C03]</i>
<i>“It is a problem to talk to the owners; they naturally want to invest less and get more.” [C07]</i>	<i>“Of course, young companies are always in a hurry, it happens that there is simply no time to fully work out all the requirements and then the product can be full of holes.” [C08]</i>

Continuation of Table 7

<i>“In the initial stages, the goal is to create a customer base <...> you drive at full speed to increase income and make profit. When the company starts to make a profit and you understand that this can be a serious business, you only then start to organize the company's interior.” [C03]</i>	<i>“In FinTech, you constantly work with consequences, <...> comes a new regulation - what we do is decided when it is already approved, when it is released and when it is already in effect.” [C03]</i>
<i>“In a big corporate, it's black and white - no one cares whether you have one client more or one less <...> but in FinTech, every client is important, because you might have ten clients in total and the whole business depends on it.” [C07]</i>	<i>“Very often FinTechs they don't know what the requirements are and they tend to work based on the findings from the audit instead of proactively setting effective compliance program.” [C09]</i>

Source: compiled by the author based on semi-structured interviews data

The expert comments listed compared in Table 7 suggests strong commercial orientation, investor pressure, and entrepreneurial risk-taking often encourage FinTechs to prioritize rapid growth over governance maturity, which later generate reactive compliance practices, control weaknesses, and regulatory consequences.

3.3. Organizational conditions shaping Agile capability development

Beyond being a set of methods or practices, Agile also represents an organizational capability that depends on culture, leadership, learning, team structure, and technological maturity. The findings therefore suggest that Agile cannot be introduced into AML/CFT compliance as a purely procedural tool; rather, its effectiveness depends on whether the surrounding organizational conditions support adaptation, autonomy, and continuous improvement.

When discussing Agile implementation interviewed agile experts repeatedly emphasized the importance of **incremental and selective adoption of Agile practices** – here one of the experts summarized that Agile is like a Lego where you select practices based on what you want to achieve [A02]. However, this does not mean that you can apply it randomly – pieces that are being put together must be selected carefully. Agile needs to be applied thoughtfully by focusing on its underlying principles rather than mechanically following predefined routines [A01, A05] and works best when adopted gradually through pilots [A01, A02, A05].

“When deciding which of those agile practices we could start using, I always suggest and encourage you not to do those so-called big bangs, where you come to the office on Monday and from today, we are all Agile now and work somehow like this” [A03]

The interviews also showed **team size and role fluidity affect feasibility of Agile** implementation if compliance functions. Experts claimed that small FinTechs operate with fluid roles where everyone does everything [C01, C02, C07, C09, C10, A05] and emphasized very high pace of the sector working under consistent urgency and pressure to do things here and now [C01, C08]. Reflecting to these challenges of chaotic planning and role overlap in FinTechs experts agreed that this suggests a need of systematic methods [C02, C03, C06, A05] and agreed that Agile appears widely across FinTech because work is heavily technology and automation driven, and compliance must adapt to the agile ways of working used by IT teams [C03, C04, C08, C10] for which agile is being used as a business standard across the sector. However, compliance experts representing smaller FinTech firms repeatedly emphasized that Agile in FinTech compliance is practiced implicitly rather than explicitly named or formalized [C01, C07, C08, C10] (see Table 8). When asked to evaluate the size of compliance teams where Agile would start making sense experts stated FinTech should reach maturity where one-man-rodeo in compliance is no longer possible [C03, C08, A05], however some highlighted that smaller FinTechs can adopt agile more easily because their limited size and low hierarchical complexity reduce coordination and approval barriers [C05, A05].

Table 8

Using Agile without formalization of the method

Question:	To what extent are agile practices used within the organization(s) you are familiar with, and how—if at all—are they applied in AML/CFT compliance activities?
Expert Statements	<i>“We are not using fancy buzzwords, such as Agile in our day-to-day work <...> now when I am speaking, I understand that there are a lot of similarities to agile, but we are just not naming it as Agile” [C01]</i> <i>“<...> maybe not so clearly advertised that it's agile, but there are those ceremonies, iterations every two weeks after the sprint, and so on.” [C07]</i> <i>“<...> maybe a little bit of those principles are sometimes reflected in other processes, although we don't name them so specifically, so here we are applying exactly that agile principle. <...> so that everyone knows who worked with what, what stage a project is in, and it comes naturally, not because we're trying to implement agile methods.” [C08]</i>

Continuation of Table 8

Expert Statements	<i>"I haven't worked in a compliance team that directly applies Agile principles to their functional daily work, unless I didn't realize that you were applying them anyway." [C10]</i>
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Source: compiled by the author based on semi-structured interviews data

The findings suggest that small FinTech firms possess structural conditions favorable to agility, such as low hierarchy and flexible roles demanding staff to be knowledgeable about processes outside their primary functions, but they may lack the process maturity required to turn informal responsiveness into systematic Agile capability.

Leadership mindset legitimizing or constraining agile reflects the central role of leadership in shaping whether agile practices can be effectively adopted and sustained. Participants noted that agile depends on managerial trust in employee autonomy and decision-making [C01, A05], highlighting the importance of empowerment and decentralized responsibility. In addition, experts emphasized that Agile adoption requires top-down support and largely depends on leadership mindset [A1, C05], indicating that senior management commitment is essential for legitimizing Agile ways of working. Interviewees further observed that leadership and owner experience strongly influence whether compliance is valued or rushed [C07, C08, C09], demonstrating how leadership priorities affect the balance between agility and regulatory responsibility. Finally, participants described that effective agile leaders act as supporters and obstacle removers [A05], suggesting that leadership in agile settings is most effective when focused on enabling teams rather than controlling them (see Table 9).

Table 9

Importance of leadership and autonomy to foster Agile

Question:	What factors enabled or constrained the use of agile approaches?
Expert Statements	<i>"<...> it is very important for managers to trust their team very much so that they will be autonomous enough and make decisions. Of course, they may make mistakes, but they will do so quickly and cheaply in principle. The manager must be able to tolerate that and manage risks, if that trust is there, then this whole process works, if you start controlling the process everywhere, then the team usually loses its autonomy, and it starts to simply wait for an answer." [A05]</i>

Continuation of Table 9

Expert Statements	<i>“Agile essentially contradicts control because control reduces the team's autonomy, so this is a fact, where there is a lot of control, if you don't figure out how to make that control as much as necessary, and not as much as you want out of habit, it's difficult for such teams to operate effectively.” [A05]</i> <i>“When you go through changes, there is also more of a power game, who will gain power now and who will lose it, there is also an element of fear. So, for change to happen, it always must go top down. Change cannot work bottom up, so it is very important that there is buy-in from the highest-level managers” [A01]</i>
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Source: compiled by the author based on semi-structured interviews data

Since agile ways of working depend on continuous adaptation, rapid feedback, and the ability to improve processes over time, **Organizational learning is a major enabler of Agile capability**. Rather than being implemented solely through new frameworks or tools, agility requires organizations to build internal capacities for knowledge sharing, experimentation, and collective learning. Experts emphasized that employee training is essential for agile capability to take hold and produce results [C02, C04, A01], suggesting that agile implementation requires deliberate investment in new skills, knowledge, and competencies rather than assuming immediate readiness. Respondents also noted that continuous improvement retrospectives should be embedded culturally into every Agile team [A1, A2], indicating that regular reflection and iterative learning are necessary to sustain performance improvements over time. In addition, it was mentioned that for FinTechs having less hierarchical structures, should be easier to enable bottom-up learning, which is important for agile [A05], pointing to the role of flatter organizational structures in facilitating knowledge sharing, initiative, and adaptive learning from employees closest to operational or compliance challenges.

As explicitly stated by one of the agile focused experts, another advantage FinTech firms has within their capacity lies in their **technology-driven compliance capability**. FinTechs strive to automate processes as much as possible using technology and products [A03] since in most of the scenarios their products are based on technology solutions entirely. FinTechs benefit from the absence of legacy systems, as modern solutions allow faster, cheaper, and more flexible changes than organizations constrained by outdated infrastructure [A03] and finally this is supplemented by compliance personnel which in FinTechs are commonly well versed and understands technology [A03].

3.4. Agile as a coordination logic

The findings indicate that one of the primary ways agile manifests in FinTech compliance is through its role as a coordination logic, enabling alignment between compliance, IT, and business functions. The **cross-functional coordination between compliance, IT, and business** emerges as a central mechanism through which Agile practices reshaping compliance work in FinTech environments. A recurring observation is that regulatory change inherently requires compliance functions to engage with stakeholders across the entire organization [C02, C03, C07, C10] including product, technology, operations, and business units, to ensure that requirements are correctly interpreted and implemented. Rather than being a siloed interpretive function, compliance is increasingly embedded in a broader network of interdependent actors who collectively translate regulatory expectations into operational reality. Within this context, Agile methodologies are seen as particularly valuable because they promote the creation of cross-functional teams composed of the full set of necessary competencies that allows to make decisions independently and avoid delays [A02, A04, A05] thereby reducing reliance on sequential handovers caused by fragmented responsibility structures (see table 10). This structural integration is perceived as a key enabler of speed and responsiveness in environments where regulatory change and product development evolve simultaneously.

Table 10

How Agile principles could impact compliance reality

Empirical Compliance Realities	Normative Agile Principles
<i>"<...> compliance change, if it is regulatory, in the end affects the entire company, so in order to manage the change you have to warm everyone up <...> so that your colleagues can plan their own changes in parallel, or we combine those change processes and work together." [C03]</i> <i>"The teams are small, but there is very close cooperation with operations, IT and other departments, because the interdependencies are very strong." [C10]</i>	<i>"Agile methodology says that we should strive for cross-functional teams that have the full skill set or competencies <...> This means that the team must be able to do the work itself as much as possible and move without any interference." [A02]</i> <i>"An agile team should have a little bit of everyone with a variety of competencies, and they can all then try to do their own work, and the team can independently take on and do everything from start to finish with testing, requirements meetings, etc." [A04]</i>

<i>"<...> negative side and often such a conflict of interest happens if cross functionality is not ensured - that you create some product, but then compliance rejects, or you agree with compliance on the product, but you go to operations and they say - what you created here is impossible for us to support." [A03]</i>	<i>"When the team takes on that task, it should not need to go looking for some kind of confirmation on every issue, because in that sense the task is formed and that implementation already takes place, on the principle of an autonomous team." [A05]</i>
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Source: compiled by the author based on semi-structured interviews data

Empirically, respondents highlight that effective delivery of change is strongly dependent on the presence of cross-functional teams otherwise resulting in conflicts between compliance, product, and operations [A03, A04] therefore intended value of agile to pull multiple perspectives for coordination and inclusion of different knowledge [A04, A05] can be used as a leverage to overcome such obstacles by facilitating the integration of regulatory, technical, and business knowledge, enabling more holistic decision-making and reducing the risk of fragmented compliance implementation.

To enable coordination across compliance, IT, and business functions is the establishment there must be **transparency and shared visibility of compliance work**. This also further supports the non-negotiable and auditable documentation flow, which is so important for compliance functions. Agile practices here can reinforce this by design requiring that all work is explicitly described, structured, and made visible [A1, A02], ensuring that activities are not managed through informal channels or individual knowledge alone. This would allow systematic documentation of compliance processes, which in turn enable effective task handover between teams and promotes consistency in reporting outputs across the organization [C02, C07]. In addition, Agile methods such as Scrum help reduce organizational chaos by clearly defining responsibilities, structuring work into manageable units, and establishing shared planning routines [A02]. This structured transparency is also seen as a practical safeguard against inefficiencies, such as duplicate work or the risk that important compliance initiatives are overlooked in fast-moving environments [C02, C06]. However, agile experts repeatedly emphasized that for transparency to function effectively, expectations must be clearly formulated and communicated across the team to ensure alignment between different roles and functions [A02, A03, A04]. Within cross-functional settings, this shared visibility ultimately depends on proactive communication and a willingness to actively seek support when needed, reinforcing collective ownership of compliance delivery [A02].

“First of all, the work must be visible. This means that when we have some kind of task, we must identify what specifically needs to be done, for us to say that task has been implemented. And then there is this so-called work with another teams - this means that if we want something from another team, we must very clearly formulate expectations and then check with them when that part of it can be done.” [A02]

Lastly, **early requirement clarification and acceptance alignment** highlights the importance of compliance being involved from the very beginning of change processes, rather than reacting once implementation decisions have already been made. As one expert stated - compliance is expected to proactively scan both internal and external change signals and start preparing implementation actions immediately [C08]. This helps to ensure that regulatory requirements are identified and interpreted early rather than retrospectively. Early involvement of is also important pillar of agile which helps to accelerate implementation by preventing later conflicts [C02, C08, A1] between compliance, IT, and business stakeholders, where misaligned assumptions would otherwise emerge once development is already underway. Overall, early alignment of requirements and expectations helps ensure smoother acceptance of solutions across functions and reduces friction during delivery.

3.5. Agile as a mechanism for executing AML/CFT change

The execution of AML/CFT change is a bulky process that takes time and requires substantial efforts across organization. As one compliance expert stressed out – “those changes are implemented very slowly - quarterly. One or two quarters, that is, I would think, even a standard, how long those changes take to be implemented.” [C05]. **Incremental decomposition of regulatory change** can result in more controllable delivery processes. Rather than following a single, linear project, based on feedback from experts - compliance changes are more likely to succeed when they are decomposed into small deliverables with clearly assigned responsibilities [C01, C02, C03, C09, A03]. This incremental logic reduces cognitive and operational overload and enables a more structured allocation of regulatory complexity across teams and time. In this setting, compliance and IT work through iterative cycles of testing, launching, and adjusting changes based on fast feedback loops, enables faster progress with results and prevents idle waiting [C01, C08, C09]. Continuous refinement of compliance solutions based on repeated testing further reinforces a learning-oriented execution model, where regulatory change is treated as an evolving process rather than a fixed endpoint [C02, C03, C04, C09]. This reflects a shift from compliance as static rule implementation toward a dynamic capability of continuous regulatory translation which could not only help manage changes faster but also respond to developing environment better.

“(when we had to work on remediation of audit findings) we did it using agile principles, it worked, we ate elephants in pieces faster than if we had done everything at once, launched and it would have been a mess.” [C03]

The findings suggest that Agile could also restructure **integration of compliance into delivery workflows** - traditionally compliance operates through formal change requests and advisory input, implementation responsibility in FinTechs largely remains with IT and delivery teams [C08, C10, A03]. However, Agile practices would require blurring this separation by embedding compliance expertise directly into delivery cycles [A05], thereby reducing the distance between interpretation and execution (see Table 11). This integration reduces interpretive gaps between regulatory intent and technical implementation but also increases dependency on continuous interaction between functions. From an analytical perspective, this represents a shift from a sequential “compliance handover” model to a co-produced compliance model, where regulatory outcomes emerge through ongoing collaboration in cross-functional teams rather than isolated control points.

Table 11

Agile-enabled feedback and testing in compliance delivery workflows

Question:	Can you describe a situation where agile ways of working influenced how AML/CFT processes were adapted or improved?
Expert Statements	<i>“<...> agile helps, because they can test those other alternatives and see how it fits with their activities.” [C04]</i> <i>“<...> doing it in an agile way is the most valuable for the institution itself because it can test those instruments in parallel while implementing them.” [C04]</i> <i>“Agile is useful because you will know very quickly, through customer feedback, and at the same time, you will know immediately from internal customers whether you meet the requirements and whether everyone is on the same page.” [C04]</i> <i>“Very important in agile is fast feedback, that they did a sprint, developed something and immediately told you if it was bad or good, so they can continue working and there is no idle waiting.” [A03]</i>

Source: compiled by the author based on semi-structured interviews data

Compliance must foster **rapid adaptation and short-cycle responsiveness** and to achieve this, Agile methods can help with decomposing complex changes and early estimation of work [A01, A02]. At the same time Agile planning and prioritization can help compliance meet deadlines and avoid bottlenecks under resource constraints [A01, A02, A04, A05]. Furthermore,

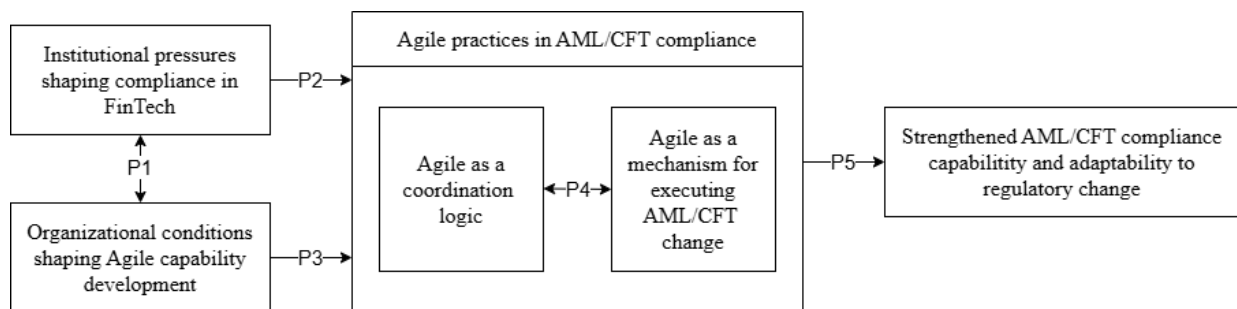
Agile supports parallel experimentation and fast feedback cycles, enabling rapid adjustment or rollback of solutions with limited operational cost [C03, C04, A03] stressing out flexibility to adapt to fast changing environment allows rescheduling within sprint goals [A1]. Under these conditions, Agile may enable faster adaptation of compliance systems to emerging risks and becoming more resilient [C04, C05, A05]. This highlights a transition from compliance as rigid enforcement toward compliance as an adaptive system optimized for volatility and uncertainty, which is particularly aligned with the “here and now” operational logic characteristic of FinTech environments [C04, C05, A05].

3.6. Developed conceptual model defining role of agile in FinTech compliance

Based on the empirical data analysis and the aggregate dimensions identified discussed in this chapter, the following conceptual model was developed to explain how Agile practices contribute to the development of AML/CFT compliance functions capabilities and FinTech adaptability to regulatory change.

Figure 8

Conceptual model of Agile-enabled AML/CFT compliance capability and adaptability to regulatory change



Source: compiled by the author based on the conducted research

The model illustrates the interconnected nature of the aggregate dimensions identified in the empirical analysis. It shows that Agile practices in AML/CFT compliance do not operate independently from their context. Instead, they are shaped by institutional pressures and organizational conditions, while also functioning through two mutually reinforcing dimensions: Agile as a coordination logic and Agile as a mechanism for executing AML/CFT change. Based on these relationships, the following propositions are derived:

P1 - Regulatory expectations, governance controls, and compliance quality requirements are associated with the development of internal organizational conditions for AML/CFT compliance agility, because they shape how FinTech firms structure approval processes, documentation practices, risk appetite, governance maturity, and leadership priorities. At the same

time, organizational conditions influence how firms interpret and respond to institutional pressures, determining whether regulatory change is addressed reactively through control and caution or proactively through adaptive compliance practices.

P2 - Regulatory expectations for documentation, auditability, approval, and error avoidance limit Agile autonomy in AML/CFT compliance, while cultural-cognitive prejudices within compliance functions reinforce caution toward fast and iterative ways of working. At the same time, FinTech growth appetite and entrepreneurial risk-taking increase the need for faster and more adaptive compliance practices but may also postpone governance maturity and lead to reactive compliance responses.

P3 - For Agile practices to succeed in AML/CFT compliance, FinTech firms must ensure organizational conditions that support adaptation, autonomy, accountability and continuous improvement. These include senior management support, managerial trust in team autonomy, gradual and selective adoption of Agile practices, sufficient team maturity, clear role coordination, employee training, learning routines, and technology-enabled compliance capabilities. Without these conditions, Agile is likely to remain informal, fragmented, or only implicitly practiced rather than becoming a systematic capability for compliance change.

P4 - Cross-functional coordination, shared visibility of work, and early requirement clarification support the effective execution of AML/CFT change, while incremental delivery, repeated testing, and fast feedback loops further strengthen coordination across compliance, IT, and business functions.

P5 – Agile practices in AML/CFT compliance contribute to strengthened compliance capability and adaptability to regulatory change, because they enable regulatory change to be decomposed into manageable deliverables, integrate compliance into delivery workflows, support fast feedback and testing, and allow compliance systems to adjust more quickly to emerging risks and changing regulatory expectations.

Taken together, the suggested theoretical model and these propositions constitute the main theoretical outcome of the study and contribute to advancing understanding of the investigated phenomenon.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions:

1. The literature analysis showed that AML/CFT compliance in FinTech firms is becoming increasingly complex, driven by rapid technological development and heightened supervisory expectations. FinTech companies operate in an environment where financial crime risks evolve quickly, which leads regulators to increase expectations regarding governance, traceability, proactive risk management, and effective internal controls. Therefore, AML/CFT compliance functions must develop an adaptive organizational capability that would allow them to respond proactively to AML/CFT threats and here, Agile practices and methods are relevant for FinTech firms because they emphasize adaptability, collaboration, incremental delivery, continuous improvement, and fast feedback. These principles correspond well with the needs of compliance functions when responding to various regulatory and operational triggers. However, the literature also indicates that Agile must be adopted carefully in highly regulated environments due to the risk of weakening auditability.
2. The empirical research suggested that Agile can strengthen AML/CFT capabilities in FinTech firms primarily by improving cross-functional coordination. Since AML/CFT controls are often embedded in the technological systems of FinTech firms, compliance cannot work effectively in isolation - Agile practices can support earlier involvement, shared visibility, clearer ownership, and more continuous interaction between the functions responsible for translating regulatory requirements into practical solutions. Moreover, empirical findings confirmed that Agile practices and methods are often applied across functions without being formally recognized as Agile, supporting findings from the literature review regarding the inherent agility of FinTech firms.
3. The research showed that organizational conditions strongly influence whether Agile becomes a systematic compliance capability or remains an informal working style. Smaller FinTech firms often demonstrate flexibility, fast communication, and fluid roles which are suitable for Agile change management, but these characteristics do not automatically create Agile capability and may instead result in chaotic response to change. As firms grow, informal responsiveness must be supported by clearer routines, structured coordination, documented processes, leadership support, organizational learning, and technological competence. The empirical findings also showed that systematic adoption of Agile methods can improve the adaptability of AML/CFT programs by enabling the incremental decomposition of regulatory change. Regulatory changes become more manageable when they are broken down into

smaller deliverables and supported by repeated testing, feedback loops, and continuous adjustment. In this way, Agile allows compliance functions to move from a linear implementation model toward a more iterative and adaptive approach to regulatory change management.

4. The empirical research confirmed that the application of Agile in AML/CFT compliance is constrained by institutional pressures. Regulatory expectations for documentation, approval layers, traceability, and quality assurance limit the extent to which compliance teams can operate with full Agile autonomy. These findings suggest that Agile in AML/CFT cannot be based on unrestricted flexibility but must function within a governance framework that protects regulatory quality and accountability. Although Agile is sometimes perceived as too informal or flexible for AML/CFT work, the empirical results demonstrated that Agile can contribute to structure, transparency, and auditability in a chaotic FinTech environment. Agile does not necessarily weaken regulatory defensibility, but instead when properly implemented, it can make compliance activities more visible and accountable, helping the compliance function become a strategic partner rather than a control function only.
5. The findings further showed that regulatory caution may become internalized within compliance functions and limit openness to Agile ways of working. Informants revealed that compliance teams often prefer established practices and cautious decision-making because mistakes may lead to regulatory criticism or penalties. From an institutional theory perspective, this means that formal regulatory pressure may gradually transform into cultural-cognitive assumptions about “proper” compliance, making Agile adoption more difficult. However, as suggested in previous research and the empirical results of this study, FinTech growth orientation and higher risk tolerance may create pressure to challenge such assumptions. Rapid growth, product innovation, and market expansion increase the need for adaptive compliance processes and lead compliance functions to search for alternative solutions for managing regulatory change.
6. The overall conclusion of this thesis is that FinTech compliance functions can leverage Agile practices and methods most effectively when Agile is used as a disciplined adaptation mechanism rather than merely as a method for accelerating delivery. It is common for FinTech firms to have agile-fit ecosystem, where Agile can be easily implemented to strengthen AML/CFT capabilities by improving cross-functional coordination, incremental change execution, transparency, feedback, and adaptability to regulatory change. However, its effectiveness depends on balancing Agile flexibility with regulatory discipline, documentation, auditability, risk-based decision-making, clear accountability, leadership support, and continuous learning.

Recommendations:

1. Fast-growing FinTech firms should develop compliance maturity in parallel with business expansion. Informal flexibility may be sufficient in early development stages, but it becomes risky as customer volumes, product complexity, and jurisdictional exposure increase. FinTech firms should therefore adapt Agile methods gradually and adjust them to the AML/CFT compliance context rather than applying them mechanically. This is important to ensure that required governance and documentation are retained, while Agile practices bring more structure, visibility, and feedback into compliance work.
2. For successful Agile implementation, senior management support should be ensured. Leadership should ensure that compliance has sufficient authority and early access to business and product decisions, together with clear management commitment to regulatory quality. FinTech firms should also invest in training and organizational learning to develop Agile capabilities, as employees involved in AML/CFT change need to understand both Agile working methods and regulatory risk expectations. This would enable organizations to trust Agile compliance teams with the autonomy required to work effectively while remaining accountable for regulatory outcomes.
3. Compliance functions should be involved early in product, process, technology, and regulatory change initiatives. Early involvement helps identify AML/CFT risks before key implementation decisions are already made and reduces the likelihood of rework, delays, and conflicts between compliance, IT, and business teams. This can be achieved by building cross-functional Agile teams that promote short-term planning, requirement clarification, and relevant delivery routines. To increase adaptability, FinTech compliance teams should manage regulatory change by decomposing it into smaller and clearly assigned deliverables, supported by frequent testing, documentation, training, and post-implementation retrospective reviews. Such an approach allows compliance teams to improve progress visibility, delegate ownership, adjust implementation based on feedback, reduce fragmented implementation, and support more practical and effective control design.
4. FinTech compliance functions should use Agile to support risk-based decision-making while strengthening transparency and auditability. Where regulatory requirements are not fully prescriptive, compliance teams should use iterative analysis, testing, feedback, and documented reasoning to design effective AML/CFT controls. This allows firms to avoid mechanically copying traditional banking practices while still demonstrating that financial crime risks are properly assessed and controlled. Agile tools such as backlogs, task boards, sprint documentation, acceptance criteria, testing records, and retrospectives should therefore

be used not only as delivery tools, but also as evidence of compliance decision-making and implementation. This would help FinTech firms demonstrate how regulatory requirements were interpreted, prioritized, implemented, tested, and reviewed, thereby improving both adaptability and regulatory defensibility.

Limitations and Directions for Further Research

This study is limited by its qualitative research design and the number of expert interviews conducted. Although the selected experts provided rich and relevant insights, the findings cannot be generalized statistically to all FinTech firms or compliance functions. The results should therefore be interpreted as an exploratory contribution that provides conceptual and practical understanding of Agile use in AML/CFT compliance. Empirical research focuses on expert perceptions rather than direct observation of Agile implementation in compliance teams, which means that the study captures how compliance and Agile professionals understand the role of Agile but does not measure the actual performance impact of Agile practices on AML/CFT outcomes. Future research could examine specific FinTech organizations over time and evaluate what specific Agile practices could be used and how it would improve speed, control quality, audit readiness, and regulatory responsiveness. Researchers could be also interested in comparing Agile adoption in FinTech compliance functions across different firm sizes, and maturity levels. Quantitative research could also be conducted to test the relationship between Agile implementation and AML/CFT program effectiveness more systematically.

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THE ROLE OF AGILE IN STRENGTHENING AML/CFT PROCESSES IN FINTECH COMPANIES AMID REGULATORY CHANGE

DOMANTAS SPUDAS

Master thesis

Business Process Management

Vilnius University, Faculty of Economics and Business Administration

Supervisor – Doc. Jurgita Butkevičienė

Vilnius, 2026

SUMMARY IN ENGLISH

62 pages, 11 tables, 8 figures, 50 references.

The main purpose of this master thesis is to determine how the integration of Agile practices influences the adaptability and effectiveness of AML/CFT programs in FinTech firms, and how these practices support compliance functions in responding to regulatory change. The work consists of four main parts: the analysis of literature, research methodology, analysis of empirical results, and conclusions with recommendations.

The literature analysis reviews the development and regulatory context of the FinTech sector, presents the main concepts of AML/CFT compliance, discusses the impact of regulatory change on FinTech firms, and introduces Agile methodology as a potential approach for improving flexibility, coordination, and responsiveness in compliance-related change. The theoretical part also examines institutional pressures affecting regulated FinTech companies and explains how regulatory expectations and governance requirements shape compliance practices.

Following the literature analysis, the author conducted an empirical qualitative study based on semi-structured interviews with professionals working in the fields of AML/CFT compliance, Agile, and FinTech. The main purpose of the interviews was to understand the role of Agile practices in strengthening the adaptability and effectiveness of AML/CFT compliance programs

in FinTech firms, with particular attention to how these practices support compliance functions in responding to regulatory change. The collected empirical data was analysed using Gioia methodology to systematize informant responses into first-order concepts, second-order themes, and aggregate dimensions.

The performed research revealed that Agile is perceived as a coordination logic and execution mechanism within AML/CFT compliance. The findings show that Agile practices can strengthen cross-functional collaboration, improve transparency of compliance work, support incremental implementation of regulatory change, and enable faster feedback and adjustment cycles. However, the research also revealed that Agile does not operate independently from its institutional and organizational context. Its effectiveness is shaped by regulatory expectations, formal governance controls, senior management support, risk appetite, compliance maturity, team structure, and technological capability.

The thesis concludes that, due to the institutional and organizational characteristics of FinTech, Agile can contribute to improved AML/CFT compliance adaptability to regulatory change when implemented in a balanced way that preserves necessary governance, documentation, accountability, and regulatory quality. The author believes that the results of this study may provide useful guidance for fast-growing FinTech firms seeking to improve their compliance change management practices, as well as for compliance leaders aiming to integrate Agile principles into compliance functions without weakening supervisory expectations or internal control requirements.

AGILE VAIDMUO STIPRINANT PPP/TF PROCESUS FINTECH ĮMONĖSE REGULIACINIŲ POKYČIŲ KONTEKSTE

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Vilnius, 2026

SUMMARY IN LITHUANIAN

62 puslapių, 11 lentelių, 8 paveikslai, 50 literatūros šaltiniai.

Pagrindinis šio magistro baigiamojo darbo tikslas – nustatyti, kaip Agile praktikų integravimas veikia PPP/TFP (pinigų plovimo prevencijos ir terorizmo finansavimo prevencijos) programų prisitaikymą ir veiksmingumą FinTech įmonėse, taip pat kaip šios praktikos padeda atitikties funkcijoms reaguoti į reguliacinius pokyčius. Darbą sudaro keturios pagrindinės dalys: literatūros analizė, tyrimo metodologija, empirinių rezultatų analizė, bei išvados ir rekomendacijos.

Literatūros analizėje apžvelgiama FinTech sektoriaus raida ir reguliacinis kontekstas, pristatomos pagrindinės PPP/TFP atitikties sampratos, aptariamas reguliacinių pokyčių poveikis FinTech įmonėms, bei pristatoma Agile metodologija, kaip galimybė didinti lankstumą, koordinavimą ir reagavimą į reguliacinius atitikties pokyčius. Teorinėje dalyje taip pat nagrinėjamas institucinio spaudimo poveikis reguliuojamų FinTech įmonių kontekste ir paaiškinama, kaip reguliaciniai lūkesčiai bei valdysenos reikalavimai formuoja atitikties praktikas.

Po literatūros analizės autorius atliko empirinį kokybinį tyrimą, pagrįstą pusiau struktūruotais interviu su specialistais, dirbančiais PPP/TFP, Agile ir FinTech srityse. Pagrindinis interviu tikslas buvo suprasti Agile praktikų vaidmenį stiprinant PPP/TFP programų prisitaikomumą ir veiksmingumą FinTech įmonėse, ypatingą dėmesį skiriant tam, kaip šios praktikos padeda atitikties funkcijoms reaguoti į reguliacinius pokyčius. Surinkti empiriniai duomenys buvo analizuojami taikant Gioia metodologiją, siekiant susisteminti informantų atsakymus į pirmos eilės sąvokas, antros eilės temas ir agreguotas dimensijas.

Atliktas tyrimas atskleidė, kad Agile PPP/TFP atitikties srityje yra suvokiamas kaip koordinavimo logika ir įgyvendinimo mechanizmas. Tyrimo rezultatai rodo, kad Agile praktikos gali stiprinti tarpfunkcinį bendradarbiavimą, didinti skaidrumą, padėti nuosekliais etapais įgyvendinti reguliacinius pokyčius bei sudaryti sąlygas greitesniems grįžamojo ryšio ir koregavimo ciklams. Tačiau tyrimas taip pat atskleidė, kad Agile neveikia nepriklausomai nuo institucinės ir organizacinės aplinkos. Jo veiksmingumą formuoja reguliaciniai lūkesčiai, formalios valdysenos ir kontrolės priemonės, vadovybės palaikymas, rizikos apetitas, atitikties branda, komandų struktūra ir technologiniai pajėgumai.

Darbe daroma išvada, kad dėl institucinių ir organizacinių FinTech ypatumų Agile gali prisidėti prie geresnio PPP/TFP atitikties prisitaikymo prie reguliacinių pokyčių, kai jis įgyvendinamas subalansuotai, išsaugant būtiną valdyseną, dokumentavimą, atskaitomybę ir reguliacinę kokybę. Autorius mano, kad šio tyrimo rezultatai gali suteikti naudingų gairių sparčiai augančioms FinTech įmonėms, siekiančioms tobulinti atitikties pokyčių valdymo praktikas, taip pat atitikties vadovams, siekiantiems integruoti Agile principus į atitikties funkcijas nesilpninant prižiūrinčių institucijų lūkesčių ar vidaus kontrolės reikalavimų.

ANNEXES

Annex 1. Semi-structured Interview Questions

Category 1 - Background and Context

1. Can you briefly describe your current role and your experience related to AML/CFT compliance, regulatory supervision, and/or agile practices in the FinTech or financial services sector?

Category 2 - Regulatory Change as a Trigger for Adaptation

2. Can you describe a recent regulatory change that had a significant impact on AML/CFT compliance activities within the organization(s) you are familiar with?
3. How did the compliance function respond when this regulatory change was introduced?

Category 3 - Agile Practices in the Compliance Context

4. To what extent are agile practices used within the organization(s) you are familiar with, and how—if at all—are they applied in AML/CFT compliance activities?
5. Can you describe a situation where agile ways of working influenced how AML/CFT processes were adapted or improved?

Category 4 - Process Evolution and Decision Points

6. How did AML/CFT processes evolve over time following the regulatory change?
7. Were there any critical decisions or moments that significantly shaped the outcome of the compliance adaptation process?

Category 5 - Constraints, Enablers, and Governance

8. What factors enabled or constrained the use of agile approaches within AML/CFT compliance?
9. Based on your experience, what guidance would you offer to FinTech compliance teams seeking to use agile approaches while meeting AML/CFT regulatory expectations?

Closing prompt - Is there anything else you consider important when thinking about the relationship between agile practices, AML/CFT compliance, and regulatory change that we have not discussed?

For snowball sampling – what employees/stakeholders are important to explore this topic further and could you recommend someone to be interviewed?

Annex 2. Full Data Structure including 1st Order Concepts Derived from Research

This annex presents the data structure in a list format for improved readability. Aggregate dimensions are highlighted in **bold**, second-order themes are underlined, and the corresponding first-order concepts are listed as bullet points.

Agile as a coordination logic

Cross-functional coordination between compliance, IT, and business

- Regulatory changes require compliance to work with stakeholders across entire company [C02, C03, C07, C10]
- Agile promotes cross-functional teams with the full set of competencies that can take right decisions independently and avoid delays [A02, A04, A05]
- Effective delivery requires cross-functional teams; without them, conflicts arise between compliance, product, and operations [A03, A04]
- Agile is valuable when multiple perspectives must be coordinated and different knowledge pulled together [A04, A05]

Early requirement clarification and acceptance alignment

- Compliance must proactively scan internal and external change signals and start preparing implementation actions immediately [C08]
- Early involvement of compliance speeds up implementation by preventing later conflicts [C02, C08, A1]

Transparency and shared visibility of compliance work

- Systematic documentation of compliance processes enables effective task handover across teams and consistency in produced reports [C02, C07]
- All work must be described and visible in agile [A1, A02]
- Agile as a tool to avoid duplicate work and important compliance projects to be forgotten [C02, C06]
- Agile methods like scrum reduce chaos by defining responsibilities and planning work [A02]
- For agile to work expectations must be clearly formulated and communicated across the team [A02, A03, A04]
- Ownership in cross-functional teams requires proactive communication and asking for help [A02]

Agile as a mechanism for executing AML/CFT change

Incremental decomposition of regulatory change

- Compliance changes succeed when regulatory change is broken into small deliverables and responsibilities are clearly assigned [C01, C02, C03, C09, A03]
- Compliance and IT work iteratively by testing, launching, and adjusting changes based on fast, repeated feedback, which enables progress and prevents idle waiting. [C01, C08, C09]
- Compliance changes need to be tested repeatedly and updated based on feedback [C02, C03, C04, C09]

Integration of compliance into delivery workflows

- Compliance submits change requests and plays consulting role, but relies on IT teams to execute the change [C08, C10, A03]
- Agile immerses compliance in delivery instead of just handing off requests [A05]

Rapid adaptation and short-cycle responsiveness

- Agile clarifies complex change through early estimation and clear breakdown of work [A01, A02]
- Agile planning and prioritization help compliance meet deadlines and avoid bottlenecks under resource constraints. [A01, A02, A04, A05]
- Agile methods are flexible to adapt to fast changing environment allows rescheduling within sprint goals [A1]
- Agile supports parallel experimentation and fast feedback, allowing quick adjustment or rollback without major losses. [C03, C04, A03]
- Agile enables faster adaptation of compliance systems to emerging risks and become more resilient [C04, C05, A05]
- Agile focuses on the “here and now” which suits FinTech environment [A05]

Institutional pressures shaping compliance agility in FinTech

Formal Governance Controls Constraining Agile Autonomy

- Compliance requires exhaustive documentation to justify and defend every change even if it slows down the work [C01, C02, C06]
- Regulatory requirements and internal approval layers significantly slow down compliance change, reducing the speed and flexibility that agile is intended to provide [C04, C05, C06, C07]

- Excessive control reduces autonomy and slows agile teams [A05]

Regulatory caution and quality expectations

- Compliance teams tend to stick to established practices, even when their effectiveness is questionable [C03, C06, A03]
- There is regulatory ambiguity, and focusing on risk coverage often satisfies regulators more than literal interpretation [C07, C10]
- Agile is transparency and clarity oriented, which increases visibility and auditability [A1, C02]
- FinTech compliance has to think beyond standard bank playbooks and make risk-based judgments instead of copying old processes. [A03, C10]
- Conservative organizations follow a “measure twice, cut once” principle to avoid mistakes [C05]
- FinTechs are increasingly looking for non-standard approaches to meet regulatory expectations effectively. [C03, C08]
- Fear of regulatory scrutiny makes compliance teams overly cautious and risk-averse. [C01, C05, C10]
- FinTech compliance must constantly balance regulatory expectations with customer experience [C10]
- In AML/CFT, agile is seen as risky because speed is believed to compromise regulatory quality expectations [C05, C06]
- The regulatory environment is shifting toward stricter licensing requirements, and many Fin companies have recently struggled to adapt [C03, C06, C07, C09]
- Regulatory expectations increasingly push financial institutions towards proactive compliance [C06, A03]

Risk appetite and growth orientation shaping compliance behaviour

- Profit-focused business priorities often position compliance as an obstacle rather than a partner and struggle to influence decisions [C02, C07, C08]
- Ownership structure and risk appetite determine the speed and maturity of compliance development [C03]
- FinTechs typically prioritize rapid growth first, operating in a chaotic way and postponing formal process management [C03]
- FinTech compliance often reacts to audits and consequences instead of acting proactively. [C03, C08, C09]

- Growth pressure and entrepreneurial mindset intensify risk and compliance challenges in FinTechs. [C01, C03, C07, C09]
- When the organization focuses only on revenue, compliance struggles to influence decisions [C08]

Organizational conditions shaping Agile capability development

Organizational Learning as an Enabler of Agile Capability

- Employee training is essential for agile capability to take hold and produce results [C02, C04, A01]
- Continuous improvement retrospectives should be embedded culturally into every Agile team [A1, A2]
- FinTechs should be less hierarchical enabling bottom-up learning which is important for agile [A05]

Incremental and selective adoption of Agile practices

- Agile needs to be applied thoughtfully by focusing on its underlying principles rather than mechanically following predefined routines [A01, A05]
- Agile works best when adopted gradually through pilots instead of big-bang changes [A01, A02, A05]
- Agile is like Lego: select practices based on what you want to achieve [A02]

Leadership mindset legitimising or constraining Agile

- Agile depends on managerial trust in employee autonomy and decision-making. [C01, A05]
- Agile adoption requires top-down support and largely depends on leadership mindset [A1, C05]
- Leadership and owner experience strongly influence whether compliance is valued or rushed [C07, C08, C09]
- Effective agile leaders act as supporters and obstacle removers [A05]

Technology-driven compliance capability

- FinTechs strive to automate processes as much as possible using technology and products [A03]
- Compliance personnel in FinTechs are well versed and understand technology [A03]

- FinTechs benefit from the absence of legacy systems, as modern solutions allow faster, cheaper, and more flexible changes than organizations constrained by outdated infrastructure [A03]

Team size and role fluidity affecting Agile feasibility

- Agile in FinTech compliance is practiced implicitly rather than explicitly named or formalized [C01, C07, C08, C10]
- Small FinTechs operate with fluid roles where everyone does everything [C01, C02, C07, C09, C10, A05]
- In FinTechs there is always urgency and pressure to do things here and now [C01, C08]
- Agile is applicable when FinTech reaches maturity and one-man-rodeo is no longer possible [C03, C08, A05]
- Smaller FinTechs can adopt agile more easily because limited size and low hierarchical complexity reduce coordination and approval barriers. [C05, A05]
- Chaotic planning and role overlap in FinTechs suggests a need of systematic methods [C02, C03, C06, A05]
- Agile appears widely across FinTech because work is heavily technology and automation driven, and compliance must adapt to the agile ways of working used by IT teams [C03, C04, C08, C10]