Digital Governance: Why Boards Need Directors Who Understand Compliance Technology

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Bahrain's 2025 governance reforms include a provision easy to overlook next to the headlines on shadow-manager liability: a default mandate for virtual board and shareholder meetings, supported by electronic voting systems. It is a small provision with a large implication — digital governance competence is no longer a nice-to-have skill for a director. It is becoming a baseline requirement, and boards across the region are converging on the same expectation even where it is not yet formally mandated.

Beyond meeting logistics

The digital governance question extends well past whether a board can run an effective virtual meeting. Regulators across Saudi Arabia and elsewhere are increasingly expecting boards to engage meaningfully with AI-driven compliance tools, digitized regulatory filings, and cybersecurity oversight as a standing part of the risk agenda — not a topic reserved for a dedicated technology committee that reports up occasionally.

Why this changes who belongs on a board

A director who cannot meaningfully question a cybersecurity risk assessment, understand what an AI-driven compliance tool is actually flagging, or engage with a digitized filing and disclosure system is increasingly a director who cannot fully discharge the oversight function the new governance codes expect. This does not mean every director needs to be a technologist — but it does mean digital fluency has joined financial literacy and legal literacy as a baseline expectation for board effectiveness, not a specialist add-on.

The practical takeaway for boards

Board evaluations and search processes should treat digital governance competence as a skills-matrix category worth assessing explicitly, the same way financial expertise or industry experience already is. Boards that wait for a cybersecurity incident or a compliance-technology failure to discover this gap will be doing so under considerably worse circumstances than a board that closes it proactively.

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