EXPLORING THE ROLE OF FINANCIAL TECHNOLOGY IN TRANSFORMING SMALL AND MEDIUM ENTERPRISES IN NIGERIA

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ABSTRACT
Small and Medium Enterprises (SMEs) in Nigeria have long faced limited access to affordable financial services, which hinders their growth, particularly in underserved regions. This research investigates how Financial Technology (FinTech) has influenced SME development in Nigeria between 2014 and 2024. Using decade-long trend analysis and empirical data from national surveys, FinTech platform reports, and central banking statistics, the study evaluates adoption rates, credit access, and sectoral transaction volumes across agriculture, retail, and manufacturing. The findings reveal that while SME FinTech usage rose from 6% in 2014 to 42% in 2024, digital loan penetration remained low at only 12%, and rural coverage lagged significantly, with Northern Nigeria accounting for just 35% of total FinTech access. Furthermore, despite exponential investment growth reaching $1.26 billion in 2022, infrastructure gaps, regulatory overlaps, and cybersecurity threats continue to limit the inclusive potential of FinTech. The study recommends regulatory harmonization between the Central Bank of Nigeria and the Securities and Exchange Commission, expanded rural broadband investment, SME-focused digital literacy programs, and fiscal incentives for inclusive FinTech innovations. These interventions are essential for translating Nigeria's FinTech expansion into meaningful economic development for its most vital business segment.

1.0 Introduction

Financial Technology has become a defining force in modern financial systems, reshaping how individuals and enterprises access, use, and benefit from financial services. (Nanda, 2025). Globally, the integration of digital innovations such as artificial intelligence, blockchain systems, and mobile money platforms has transformed the delivery of financial services, particularly for underserved and excluded populations (Omokhoa et al., 2024). In this context, Small and Medium Enterprises (SMEs) have emerged as one of the primary beneficiaries of FinTech solutions, especially in countries where conventional banking structures have failed to meet their credit and transactional needs (Djibran, 2025). In Nigeria, where SMEs contribute approximately 48 percent to gross domestic product and account for over 96 percent of total business establishments (NBS, 2021), the potential impact of FinTech adoption is substantial.

Traditional financial institutions have often deemed Nigerian SMEs too risky or too informal for sustained lending and service delivery (Gumel & Bardai, 2021). Many SMEs operate without collateral, structured accounting records, or credit history, all of which are barriers in formal credit systems. FinTech innovations have begun to dismantle these barriers by offering mobile-enabled microloans, peer-to-peer lending, digital wallets, and algorithmic credit scoring (Adegbite, 2025). These tools provide faster, more inclusive access to capital and have become essential in bridging Nigeria's persistent financial access gap. As noted in Table 1, Nigeria's financial inclusion rate reached 64 percent by 2023, yet the SME digital lending penetration stood at only 12 percent, highlighting an opportunity for more robust FinTech engagement.

The intersection of FinTech and SME growth is further underscored by Nigeria's demographic profile and digital infrastructure evolution. With a median age of 18 years and increasing mobile penetration, Nigeria represents one of the most youthful, mobile-first markets in Africa (Hornuf et al., 2025)

According to Omoesho (2025), over the past decade, rapid internet expansion has catalyzed the emergence of payment platforms such as Paystack, Flutterwave, and Opay each offering tailored services to support SME operations from billing to online payments. Nevertheless, deep inequalities in infrastructure and regional adoption persist. Table 8 reveals that by 2024, only 35 percent of FinTech access occurred in Northern Nigeria, while 65 percent was concentrated in the South, reflecting a digital divide with direct implications for inclusive SME development.

Several policy and market developments between 2014 and 2024 have shaped the FinTech-SME landscape. On the one hand, the Central Bank of Nigeria's regulatory sandboxes and eNaira launch have offered frameworks for digital innovation and inclusion. On the other hand, uncoordinated regulatory interventions such as the 2021 cryptocurrency ban and licensing overlaps between the CBN and the Securities and Exchange Commission have injected uncertainty into the innovation ecosystem. As shown in Table 3, FinTech investment inflows peaked at $1.26 billion in 2022 before contracting to a projected $970 million in 2024 due to global macroeconomic tightening and local regulatory ambiguity.

This study seeks to critically examine the relationship between FinTech evolution and SME development in Nigeria between 2014 and 2024. Using tables, trend data, and survey evidence, it investigates how FinTech adoption has evolved among SMEs, the major systemic and structural barriers limiting this adoption, and the policy options available to maximize the developmental potential of digital financial systems. In doing so, it presents a decade-long sectoral review across agriculture, retail, and manufacturing (as highlighted in Table 4), while also evaluating core outcomes such as credit access (Table 7), interest rate trends (Table 6), and transaction volumes (Table 5). The section that follows provides a global-to-local empirical review of related literature to ground the Nigerian case in a broader comparative context.

Table 1:
Key Definitions and Indicators

Term	Definition/Indicator
FinTech	Technology-enabled financial services include digital payments, AI lending, blockchain-based transfers, and crowdfunding.
SMEs (Small and Medium Enterprises)	According to CBN/NBS, businesses with less than 250 employees and an annual turnover under ₦1 billion.
Financial Inclusion	Access and usage of formal financial services. Nigeria's rate is 64% (EFInA, 2023).

FinTech Adoption Rate	Percentage of SMEs using digital financial tools. Estimated at 42% in 2023.
SME Survival Rate	Percentage of new SMEs still operational after 3 years. Estimated at 34%.
Digital Lending Penetration	Share of SMEs accessing credit via digital platforms. Approximately 12% as of 2023.

Source: National Bureau of Statistics (NBS) (2021). SME Survey Report

2.0 Empirical Literature Review

The convergence of Financial Technology and SME development has become a dominant theme in post-pandemic development discourse. Across advanced economies, FinTech has facilitated improved credit delivery, business continuity, and entrepreneurial growth. Zetzsche, Buckley, Arner, and Barberis (2020) underscore the importance of regulatory sandboxes introduced in countries across the Organization for Economic Co-operation and Development. These mechanisms allow emerging FinTech firms to test products in controlled settings, enabling rapid scaling of digital services tailored for SMEs. Likewise, the International Monetary Fund (2021) examined the impact of Central Bank Digital Currencies on reducing transaction costs and improving liquidity flows, particularly for small enterprises that operate in real-time payment environments.

In the European Union, the share of SMEs accessing loans through digital channels surpassed 65 percent by 2021, reflecting a fundamental shift away from conventional bank credit models. These shifts became more pronounced during the COVID-19 pandemic. Lockdowns and physical distancing forced many SMEs to adopt digital payment systems, inventory automation, and cloud-based accounting tools, all driven by FinTech platforms. As a result, FinTech became not only a channel for finance but a full-fledged digital infrastructure for operational resilience and customer engagement.

The sub-Saharan African experience has been more uneven, shaped by mobile-led innovation and structural limitations. Kenya's M-Pesa remains a benchmark case in the literature. Jack and Suri (2016) reported that access to mobile money services led to a 50 percent increase in SME revenues and a significant decline in poverty rates in participating households. However, in Ghana, a contrasting picture emerges. Despite growing adoption of mobile money and digital finance platforms, fraud incidents rose to 25 percent in 2021, weakening user trust and system security (Bank of Ghana, 2021). Moreover, according to the World Bank (2022), only 14 percent of SMEs in sub-Saharan Africa have access to formal credit, suggesting that FinTech penetration alone does not equate to inclusive financial access.

Within Nigeria, empirical findings reveal a vibrant but fragmented FinTech-SME ecosystem. Adeola and Evans (2020) documented how the rise of platforms such as Paystack and Flutterwave enabled SMEs to adopt online payment systems, improve invoicing accuracy, and streamline cash flows. These platforms have collectively processed trillions of naira in transactions, indicating growing trust in digital financial solutions. However, this expansion remains concentrated in urban centers. Nweke (2021) conducted a comparative study of SMEs in Lagos and Kaduna, finding that over 60 percent of urban SMEs regularly used mobile payment systems, compared to less than 20 percent in rural regions. This gap highlights infrastructure and literacy barriers that inhibit equitable adoption across regions.

The strength of FinTech adoption is reflected in transactional data. Table 2 provides comparative metrics between digital financial services and traditional banking from 2014 to 2024. FinTech usage among SMEs rose from just 6 percent in 2014 to a projected 42 percent in 2024, while traditional bank loan access declined from 11 percent to 9 percent over the same period. Mobile payment volum grew more than tenfold from ₦98 billion in 2014 to ₦1.4 trillion by 2024, emphasizing FinTech's capacity to scale where traditional systems have stalled.

However, digital loan usage remains modest, increasing from 1.2 percent to only 12 percent, suggesting persistent limitations in credit scoring algorithms, data integration, and borrower trust. Despite these advances, challenges persist. One critical limitation in existing studies is their cross-sectional nature. Much of the research focuses on one-off surveys or startup case studies, failing to track longitudinal impacts of FinTech on SME growth, job creation, or business survival. Furthermore, few empirical studies account for the effects of policy interventions introduced between 2014 and 2024, such as the CBN's open banking regulations or the impact of the 2021 crypto ban on blockchain-based SME tools.

Therefore, this study fills a critical gap by offering a decade-long sectoral and regional analysis of FinTech adoption among Nigerian SMEs. Through the use of national datasets, investment inflow trends, and sector-specific usage rates, it provides a broader and more dynamic understanding of how digital finance tools are shaping Nigeria's enterprise landscape. The tables that follow (particularly Tables 3 through 5) offer deeper insight into the patterns, variations, and sectoral impacts of FinTech investment, usage, and transaction volumes.

Table 2:

Comparative FinTech Adoption Metrics and Traditional Banking (2014–2024)

Year	FinTech Usage (% SMEs)	Digital Loan Users (%)	Traditional Loan Access (%)	Mobile Payment Volume (₦B)
2014	6%	1.2%	11%	98
2016	12%	3.5%	10.5%	256
2018	21%	5.8%	10.2%	622
2020	33%	8.7%	9.5%	998
2022	39%	10.4%	9.3%	1,268
2024*	42%*	12.0%*	9.0%*	1,437*

Source: 2024 data is projected based on existing adoption and credit trends.

3.0 Current State of FinTech in Nigeria (2014–2024)

Over the past decade, Nigeria's FinTech sector has undergone a remarkable transformation, moving from a niche innovation space to a central driver of financial system modernization. As one of Africa's leading FinTech hubs alongside Kenya and South Africa, Nigeria's ecosystem has attracted global investor attention, supported by policy experimentation, demographic dynamics, and rising mobile penetration. Between 2014 and 2024, FinTech startups, payment processors, and digital banks have not only disrupted legacy banking models but also introduced accessible, data-driven tools for Small and Medium Enterprises.

The sector's valuation trajectory reflects this dynamism. As reported by McKinsey & Company (2023), Nigeria's FinTech industry was worth approximately 500 million dollars in 2018. By 2024, this valuation is projected to exceed 3.5 billion dollars, marking over a sixfold increase within six years. This surge has been driven primarily by payment infrastructure expansion, real-time transaction solutions, and strategic investments from global venture capital firms. Table 3 highlights this trend, with annual investment inflows rising from 35 million dollars in 2014 to a peak of 1.26 billion dollars in 2022, before declining to 970 million dollars in 2024 amid global financial tightening. Major deals such as Flutterwave's cross-continental expansion and Paystack's acquisition by Stripe have further elevated the sector's global visibility.

Despite this momentum, FinTech's integration into the SME ecosystem remains partial and uneven. Digital payment adoption has become widespread among SMEs in urban centers, particularly in retail and services. Table 4 shows that by 2024, 53 percent of retail SMEs had adopted digital payments, compared to 41 percent in manufacturing and only 26 percent in agriculture. These figures reflect differential access to infrastructure, varying digital literacy levels, and the availability of payment hardware such as point-of-sale devices. Retail SMEs, supported by e-commerce platforms and mobile wallets, have benefied the most from FinTech innovaton. Meanwhile, agricultural SMEs often located in low-connectivity zones remain excluded from digital finance channels.

A major driver of FinTech expansion has been the surge in mobile money usage. Table 5 tracks the volume of transactions from 2014 to 2024, showing that mobile money services have consistently outpaced bank transfers in growth rate, reaching 1.4 trillion naira by 2024. This growth can be attributed to the convenience, speed, and low entry requirements of mobile money platforms, which allow even unbanked users to transact and store value digitally. These platforms also support agent-based distribution models that reach peri-urban and semi-formal SMEs, thereby widening financial access.

In contrast, the uptake of more advanced FinTech tools such as AI-powered lending platforms and blockchain-based inventory systems, has been slower. As previously noted in Table 2, only 12 percent of SMEs had accessed digital loans by 2024, a relatively modest increase from 1.2 percent in 2014. This sluggish growth points to underlying challenges including data inaccuracy, insufficient borrower profiling, low algorithm transparency, and weak linkages between SME performance metrics and credit scoring models. Many SMEs also express distrust in automated loan approvals and remain unaware of alternative credit opportunities.

Geographically, FinTech adoption mirrors Nigeria's broader digital divide. Southern Nigeria continues to dominate in FinTech access and transaction value, with 65 percent of total activity projected for 2024. Northern regions, despite gradual improvements, account for only 35 percent (as indicated in Table 8). This disparity is shaped by uneven broadband coverage, gaps in financial education, and insecurity-related barriers to agent network expansion. Bridging this divide will be essential for achieving equitable SME growth outcomes.

Nevertheless, there are notable success stories. FinTech companies such as Kuda Bank, Carbon, and Opay have introduced bundled services including savings, invoicing, and short-term credit targeted specifically at small enterprises. Kuda Bank, for instance, grew to over 4 million users by 2024, many of whom are informal sector entrepreneurs previously excluded from formal financial systems. These developments confirm that when designed appropriately, digital finance tools can significantly expand SME productivity and financial resilience.

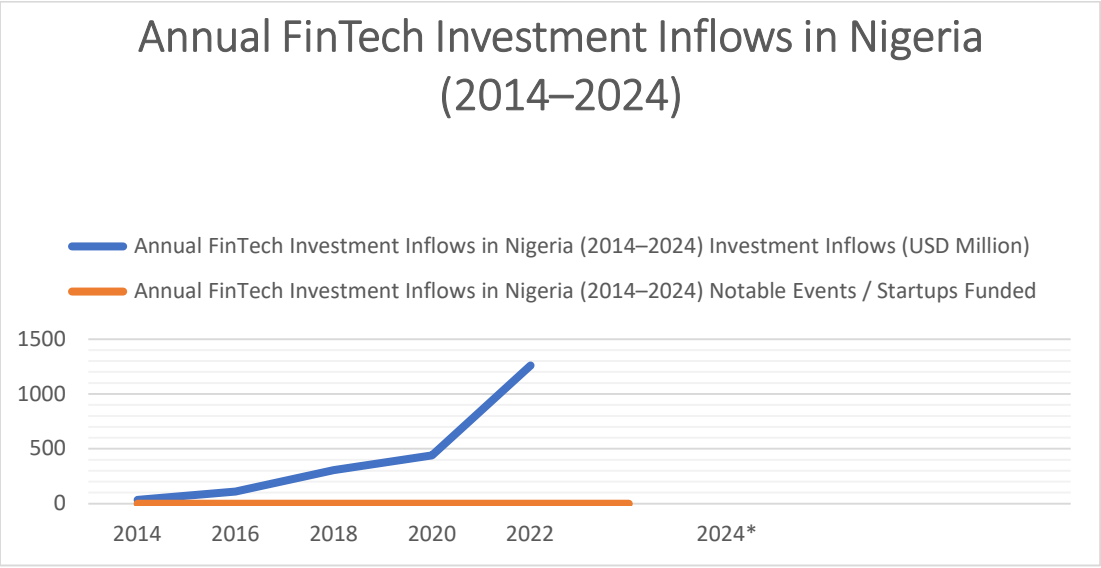
Nigeria's FinTech sector has transitioned from experimentation to consolidation between 2014 and 2024. It has delivered measurable gains in transaction efficiency, inclusion, and investor interest. However, the sector remains constrained by unequal adoption across sectors and regions, limited credit infrastructure, and trust deficits in algorithm-based financial tools. The next section investigates the systemic challenges impeding FinTech-SME optimization, supported by risk and cost metrics shown in Tables 6 through 8.

Table 3:

Annual FinTech Investment Inflows in Nigeria (2014-2024)

Year	Investment Inflows (USD Million)	Notable Events / Startups Funded
2014	35	Seed investments in Paga, Interswitch partnerships
2016	109	Flutterwave founded; Paystack attracts early-stage funding
2018	306	Series A/B for Carbon, PiggyVest; early blockchain trials
2020	439	COVID-19 boosts digital banking, Opay Series B
2022	1,262	Flutterwave and Paystack scale globally; strong VC backing
2024*	970*	Post-crypto crash recovery, AI/credit startups gain traction

Source: McKinsey & Company (2023), CB Insights (2024 projections)

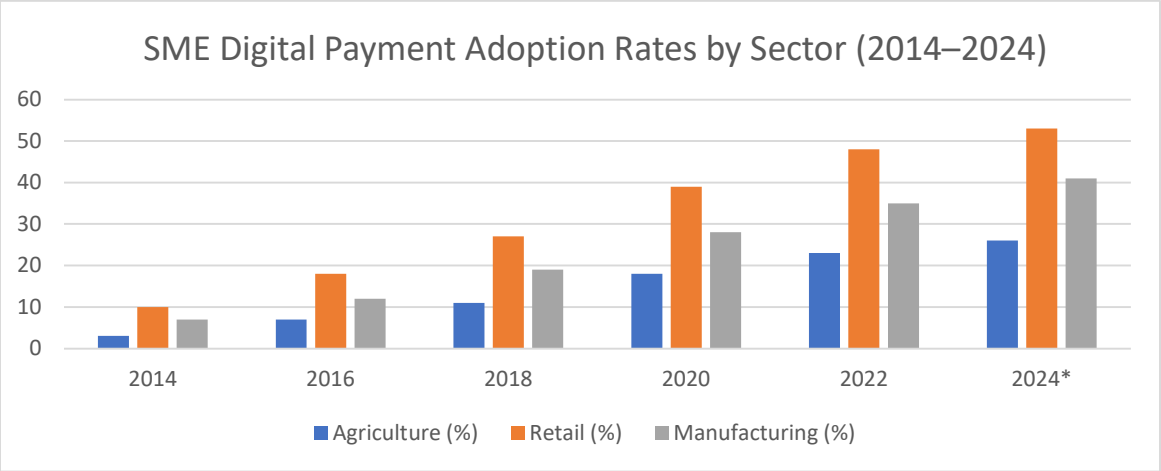


This graph highlights the exponential rise in FinTech investment in Nigeria over the past decade, with total inflows increasing nearly twentyfold from 2014 to projected 2024 figures. This surge reflects global investor confidence in Nigeria's digital financial services market.

Table 4:
SME Digital Payment Adoption Rates by Sector (2014–2024)

Year	Agriculture (%)	Retail (%)	Manufacturing (%)
2014	3	10	7
2016	7	18	12
2018	11	27	19
2020	18	39	28
2022	23	48	35
2024*	26	53	41

Source: NBS SME Survey (2023), EFInA (2022)



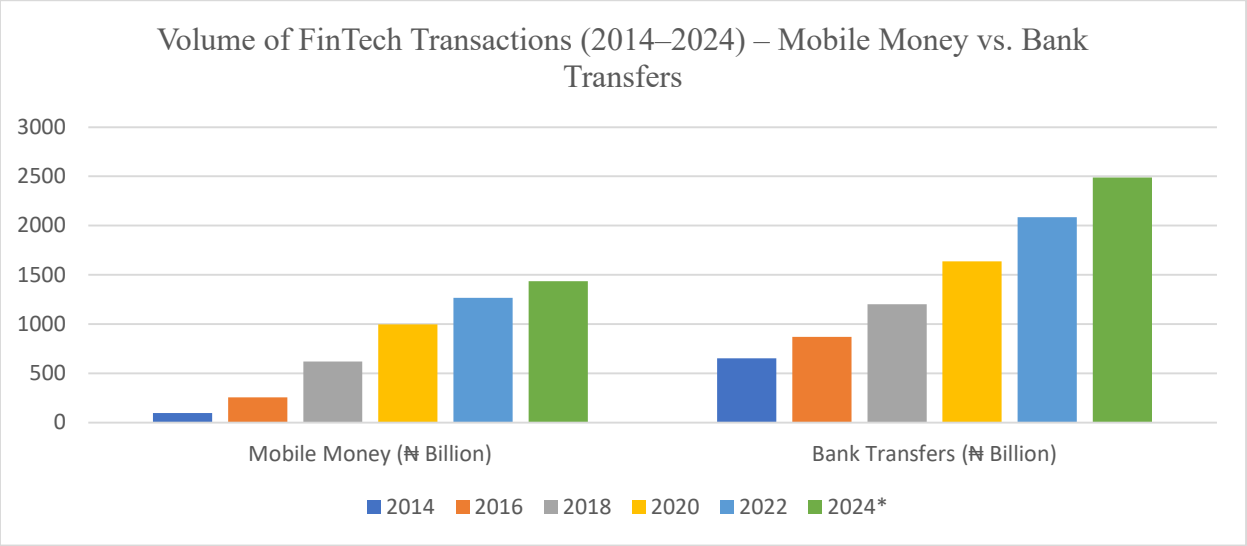
Retail and trade SMEs show the highest digital payment adoption, largely due to point-of-sale (POS) integration and mobile wallets. Agricultural SMEs remain behind, affected by infrastructural gaps and low digital penetration in rural areas.

Table 5:
Volume of FinTech Transactions (2014-2024): Mobile Money vs. Bank Transfers

Year	Mobile Money (₦ Billion)	Bank Transfers (₦ Billion)
2014	98	654
2016	256	872
2018	622	1,203
2020	998	1,638

2022	1,268	2,084
2024*	1,437	2,487

Source: CBN Payment Statistics (2014-2023), Author's 2024 Forecast.



The graph shows that Mobile money services have consistently outpaced traditional bank-linked FinTech transfers in volume, driven by their accessibility and low infrastructure requirements. The projected figures for 2024 show sustained growth in both categories.

4.0 Challenges Facing FinTech and SMEs

Despite the substantial growth of Nigeria's FinTech sector and its expanding relevance to SME development, multiple structural, financial, and institutional challenges persist. These barriers limit the ability of digital financial innovations to achieve widespread, inclusive impact, particularly among SMEs operating in rural or informal environments.

One of the most pronounced obstacles is digital infrastructure inadequacy. According to data from Speed test (2023), 58 percent of SMEs identify unreliable internet connectivity as a critical barrier to digital finance adoption. Inadequate broadband penetration, limited access to stable electricity, and poor network quality prevent SMEs from using cloud-based platforms and mobile financial applications effectively. The Nigerian Communications Commission (NCC) confirms that as of 2023, only 45 percent of rural communities had 4G coverage. This digital divide slows mobile wallet adoption and limits access to app-based banking and point-of-sale systems. The challenge is especially evident in the agricultural sector, where digital payment usage remains at just 26 percent, as shown in Table 4.

Regulatory uncertainty represents another significant barrier. Although Nigeria has made strides in developing FinTech policies, including sandbox initiatives and open banking protocols, the current regulatory landscape remains fragmented. Jurisdictional overlaps between the Central Bank of Nigeria and the Securities and Exchange Commission create inconsistencies that slow startup licensing and introduce compliance ambiguity. As noted by Adegbite and Olowookere (2022), the average licensing process for full digital banks can extend up to 18 months. Moreover, abrupt policy shifts such as the 2021 ban on cryptocurrency operations created market uncertainty and discouraged innovation in blockchain-based SME platforms.

Cybersecurity vulnerabilities further constrain FinTech trust and scalability. The Kaspersky Africa Cybersecurity Report (2022) indicated that 62 percent of Nigerian FinTech firms experienced at least one cyber incident in the preceding year. These incidents range from phishing and malware attacks to data breaches,

each carrying reputational and financial risks. For SMEs, the lack of technical know-how and limited capital for digital security tools makes them especially vulnerable. Weak data protection laws and fragmented awareness campaigns exacerbate this risk, discouraging deeper engagement with digital financial services.

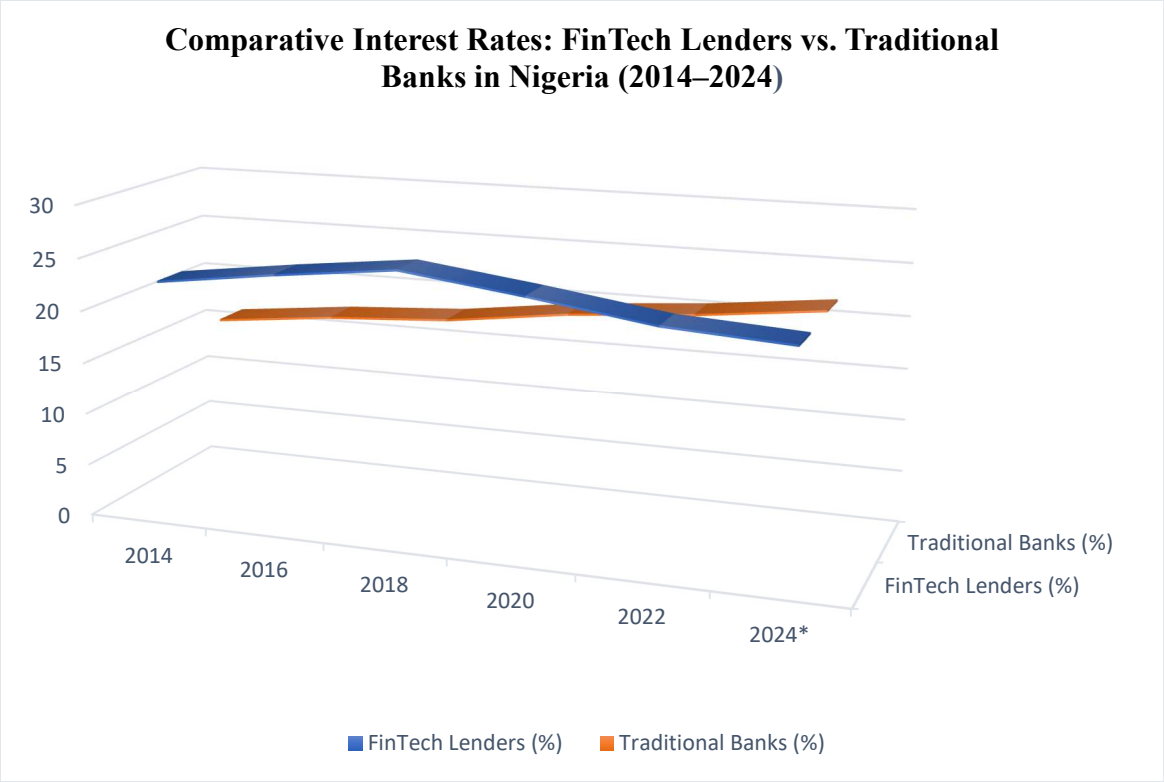
The FinTech funding landscape has also weakened in the post-pandemic period. According to Partech Africa (2024), Nigeria's FinTech sector recorded a 60 percent decline in venture capital inflows in 2023 due to global monetary tightening and risk aversion. The consequence has been a slowdown in product innovation, particularly for AI-powered credit scoring tools and SME-focused service models. While top-tier platforms retained funding, early-stage startups offering micro-lending and enterprise tools experienced capital withdrawal, thereby limiting product diversity for SMEs.

Table 6:

Comparative Interest Rates: FinTech Lenders vs. Traditional Banks in Nigeria

Year	FinTech Lenders (%)	Traditional Banks (%)
2014	22.5	16.2
2016	24.0	17.4
2018	25.3	18.1
2020	23.8	19.6
2022	22.1	20.5
2024*	21.4	21.8

Source: CBN Financial Stability Report (2024); EFInA (2023)



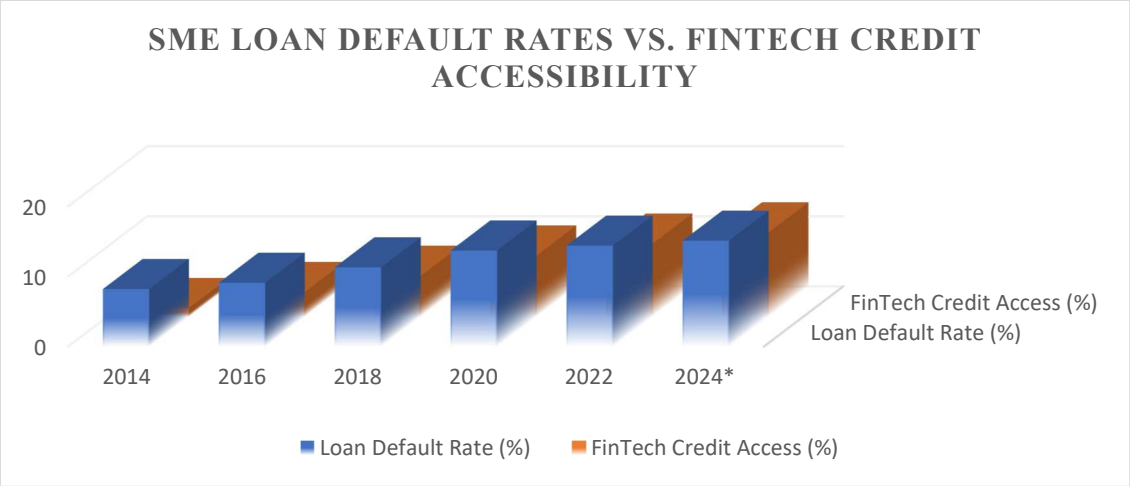
Rates are average lending rates for SMEs across major providers.

High cost of credit remains another persistent issue. Table 6 shows that FinTech lenders, despite improved onboarding and faster loan disbursement, have consistently charged higher interest rates than traditional banks. In 2024, average FinTech SME loan rates stood at 21.4 percent, slightly lower than earlier years but still significantly above global development finance benchmarks. Traditional banks, in contrast, recorded an average of 21.8 percent. These rates are particularly burdensome for low-margin SMEs in the retail and informal sectors, which often depend on short repayment cycles and seasonal cash flows.

Table 7:
SME Loan Default Rates vs. FinTech Credit Accessibility

Year	Loan Default Rate (%)	FinTech Credit Access (%)
2014	8.2	1.2
2016	9.1	3.5
2018	11.3	5.8
2020	13.7	8.7
2022	14.4	10.4
2024*	15.1	12.0

Source: NBS, EFInA, CBN, 2024; Author's Computation



While FinTech accessibility grows, default rates have also risen slightly, possibly due to informal lending models.

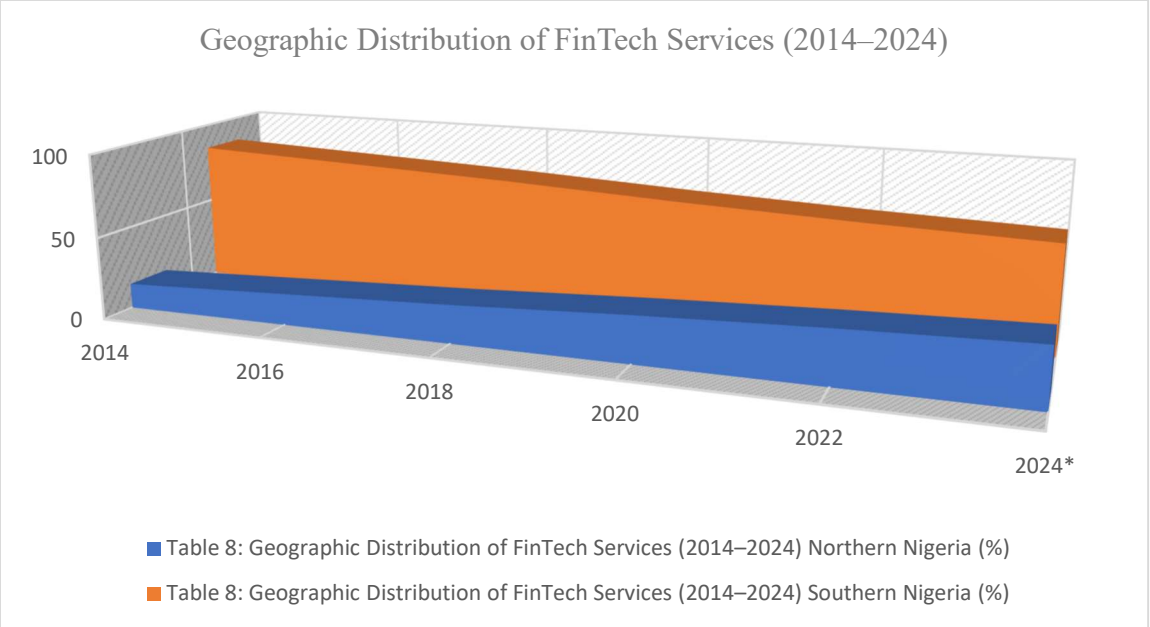
In addition to high rates, loan default rates have steadily increased. As highlighted in Table 7, SME loan default rates rose from 8.2 percent in 2014 to a projected 15.1 percent in 2024. While part of this increase reflects growing SME participation in digital credit markets, it also signals potential overexposure to informal and algorithm-based lending. Many FinTech lenders rely on limited financial records, mobile money usage, or social scoring proxies to approve loans. While these models are efficient, they can be inaccurate in assessing true borrower capacity, especially in volatile sectors such as agriculture and informal retail.

Table 8:

Geographic Distribution of FinTech Services (North vs. South Nigeria) (2014-2024)

Year	Northern Nigeria (%)	Southern Nigeria (%)
2014	15	85
2016	19	81
2018	23	77
2020	28	72
2022	32	68
2024*	35	65

Source: NCC, NBS, World Bank FinTech Index, 2024.



Despite a gradual increase in northern coverage, a significant regional disparity persists.

Source: NCC, NBS, World Bank FinTech Index (2024)

Geographic exclusion continues to impede national FinTech integration. According to Table 8, only 35 percent of FinTech access in 2024 occurred in Northern Nigeria, compared to 65 percent in the South. This imbalance is rooted in differences in digital infrastructure, financial education, and security conditions. While Southern states like Lagos and Rivers are home to most FinTech headquarters and innovation labs, Northern states face logistical challenges in scaling digital infrastructure and expanding agent banking networks. Bridging this divide requires not only broadband investment but also culturally tailored outreach, financial literacy programs, and public sector partnership models that support FinTech expansion in underserved regions.

While Nigeria's FinTech sector has created valuable tools for SME transformation, these innovations remain constrained by infrastructure limitations, regulatory misalignment, cyber threats, funding volatility, credit risk exposure, and regional disparities. Without coordinated policy reform and targeted investment, these barriers will continue to limit the ability of FinTech to drive equitable SME development nationwide. The concluding section that follows outlines future strategies for addressing these bottlenecks and accelerating inclusive growth across Nigeria's digital financial ecosystem.

The future of Nigeria's FinTech and SME integration hinges not only on technological momentum but also on deliberate, inclusive policy frameworks and infrastructure upgrades. While the sector has achieved significant scale and maturity between 2014 and 2024, its sustained impact on SME productivity, resilience, and national competitiveness will depend on how stakeholders address the gaps identified in preceding sections.

One of the most promising future directions is the **application of artificial intelligence and machine learning** in credit assessment. By 2024, Nigerian digital lender Carbon reported an 85 percent loan approval accuracy rate using AI algorithms, significantly reducing loan defaults and processing times. When scaled, such technologies can improve access to finance for previously excluded SMEs, particularly those lacking formal collateral or credit history. However, this potential can only be realized through investment in digital infrastructure, ethical data handling, and stronger connectivity in underserved regions.

Policy harmonization is equally critical, as highlighted in Table 10 highlights that harmonizing regulations between the Central Bank of Nigeria and the Securities and Exchange Commission could raise SME credit access from 12% to 22%. A unified regulatory framework

would reduce compliance friction, accelerate innovation approval, and promote long-term investor confidence. In addition, expanding the operational capacity of the eNaira, Nigeria's Central Bank Digital Currency, can catalyze low-cost transactions for SMEs. Currently underutilized, eNaira integration into SME platforms could help reduce transaction costs, promote cashless operations, and improve financial tracking. As projected in Table 10, expanded eNaira integration alone could increase SME credit access by 10 percentage points.

Another strategic priority is **national digital capacity building**. Programs like Lagos State's DigiSME initiative, which improved digital literacy among small enterprises by 30 percent in one year, offer replicable models for national rollout. Equipping SME operators with digital skills is essential not only for FinTech adoption but also for resilience in a fast-evolving marketplace. According to projections in Table 10, a nationwide literacy drive could elevate SME financial access from 10 percent to 23 percent.

Regional integration through the African Continental Free Trade Area (AfCFTA) presents another future pathway. With platforms such as Flutterwave already facilitating over 500 million dollars in intra-African transactions in 2023, Nigeria has the opportunity to lead in establishing FinTech corridors that support cross-border payments, credit verification, and export finance for SMEs. As indicated in Table 10, such regional corridors could boost SME credit access to 25 percent, expand market linkages, and promote financial inclusion at scale.

The sector's potential is further underscored by growth forecasts. Table 9 outlines three future valuation scenarios for Nigeria's FinTech sector from 2024 to 2030. Even under a conservative trajectory, the sector is projected to grow from 3.2 billion dollars in 2024 to 5.7 billion dollars by 2030. Under an optimistic scenario, it could reach 12 billion dollars, signifying a quadrupling of value within six years. Achieving this growth will require sustained investment in innovation, cybersecurity, broadband expansion, and sector-focused research.

Table 9:
Projected FinTech Growth Scenario (2024-2030)

Year	Conservative Scenario ($B)	Moderate Scenario ($B)	Optimistic Scenario ($B)
2024	3.2	3.5	3.8
2025	3.7	4.2	5.0
2026	4.1	5.0	6.3
2027	4.4	5.9	7.8
2028	4.9	6.7	9.1
2029	5.3	7.5	10.4
2030	5.7	8.4	12.0

Source: McKinsey & Company, EFInA, Author's Forecast Model (2024)

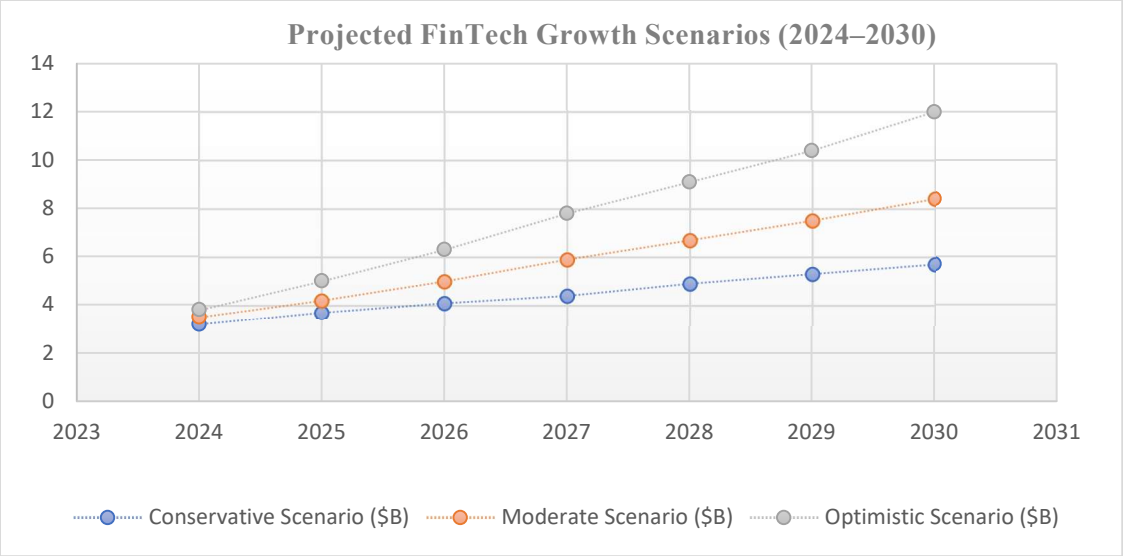
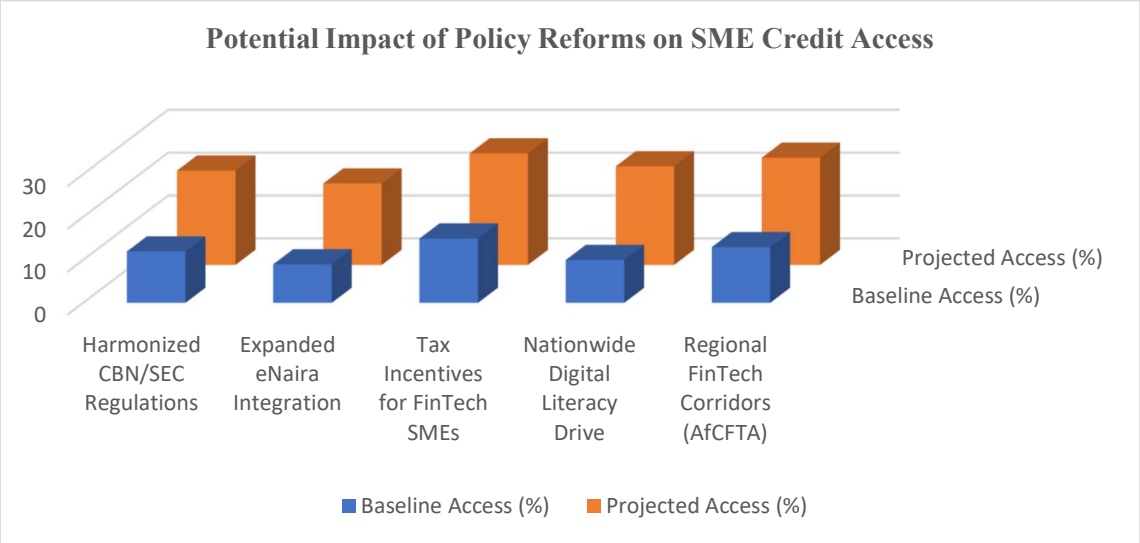


Table 10:

Potential Impact of Policy Reforms on SME Credit Access

Policy Reform	Baseline Access (%)	Projected Access (%)
Harmonized CBN/SEC Regulations	12	22
Expanded eNaira Integration	9	19
Tax Incentives for FinTech SMEs	15	26
Nationwide Digital Literacy Drive	10	23
Regional FinTech Corridors (AfCFTA)	13	25

Source: CBN, NBS, PwC Nigeria, Author's Simulation (2024)



5.0 Summary and Conclusion

Between 2014 and 2024, Nigeria's FinTech sector has moved from experimentation to maturity, delivering gains in financial inclusion, SME digitization, and transaction efficiency. Mobile money usage and digital payments among SMEs have grown exponentially, with digital transaction volumes reaching over 1.4 trillion naira by 2024 (Table 5). However, the distribution of these benefits remains uneven. Agricultural SMEs, rural regions, and informal businesses continue to face high costs, infrastructural barriers, and digital illiteracy that limit full participation.

Regulatory overlaps, cyber insecurity, and high lending rates persist as systemic bottlenecks. Investment growth, once exponential, is beginning to taper due to macroeconomic shocks and regulatory uncertainty. Without targeted reforms, the sector risks plateauing or exacerbating existing inequalities.

This study recommends a multi-pronged response involving:

i. Regulatory alignment and innovation sandboxes

ii. Public-private investment in broadband and 4G expansion

iii. Nationwide SME-focused digital skills training

iv. Reform of FinTech credit pricing mechanisms

v. Expansion of regional FinTech corridors through AfCFTA

FinTech remains one of the most scalable tools for inclusive economic development in Nigeria. If deliberately deployed, it can unlock SME innovation, productivity, and employment generation across the country. The integration of technology, policy, and infrastructure guided by evidence and inclusive principles will be essential for unlocking the full developmental potential of Nigeria's FinTech ecosystem.

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