

**AN APPRAISAL OF PEER-TO-PEER (P2P) LENDING FOR HOUSING
DEVELOPMENT IN BENIN CITY**



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NOVEMBER, 2025

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**PROJECT SUBMITTED TO THE DEPARTMENT OF ESTATE MANAGEMENT,
FACULTY OF ENVIRONMENTAL SCIENCES, UNIVERSITY OF BENIN,
BENIN CITY IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE
AWARD OF BACHELOR OF SCIENCE DEGREE IN ESTATE MANAGEMENT**

NOVEMBER, 2025

DECLARATION

I, **NWACHUKWU BLESSING CHISOM**, certify that this project is entirely my own work and composition.

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(Student)

DATE

CERTIFICATION

We, certify that the project titled: AN APPRAISAL OF PEER TOPEER (P2P)LENDING FOR HOUSING DEVELOPMENT IN BENIN CITY was carried out by NWACHIKWU BLESSING CHISOM, ENV2002754. We, therefore, certify that the work is adequate in scope and quality in partial fulfilment of the requirements for the award of Bachelor of Science (B.Sc.) degree in the Department of Estate Management, Faculty of Environmental Sciences, University of Benin, Benin City, Edo State, Nigeria.

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DEDICATION

This research work is humbly dedicated to the Almighty God, whose divine guidance and mercies enabled me to complete this project successfully. I acknowledge that without God's providence, my efforts would have been in vain. This project is also dedicated to my loving parents for sponsoring me until the last lap and their unwavering prayers.

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ABSTRACT

This research project examines the appraisal of Peer-to-Peer (P2P) lending for housing development in Benin City, Edo State, focusing on its potential as an alternative source of finance within the Nigerian real estate market. The main objectives of this study are to determine the level of awareness of P2P lending among real estate developers, assess its perceived benefits, identify the risks and challenges associated with its adoption, and evaluate the role of regulation in encouraging its use for housing development.

To obtain relevant data, a total of thirty (30) questionnaires were distributed to registered housing developers in Benin City. The questionnaire was structured to gather responses on key aspects such as awareness, benefits, risks, and regulatory challenges of P2P lending platforms. The responses provided useful insights into developers' perceptions of digital finance and the readiness of the housing sector to adopt alternative funding mechanisms.

The analysis of the data revealed that 65% of respondents had heard of P2P lending but lacked a clear understanding of how it operates, while 70% identified weak regulation as a major barrier to its adoption. Furthermore, 60% of participants highlighted data insecurity and fear of fraud as major concerns, and 55% cited high-interest rates as a limiting factor. Despite these challenges, 75% of respondents acknowledged that P2P lending could serve as a viable and flexible alternative to traditional bank loans if proper regulation and awareness programs are implemented. The study concludes with recommendations that emphasize the creation of a clear regulatory framework, enhanced digital literacy, and stronger collaboration between fintech firms and housing developers to ensure the effective and secure adoption of P2P lending in Benin City's housing sector.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Access to affordable housing remains a critical challenge in many developing countries, including Nigeria. In rapidly urbanizing cities such as Benin City, Edo State, factors like population growth, urban migration, and escalating construction costs have intensified the housing deficit, making decent accommodation increasingly unaffordable for low- and middle-income earners. Traditional financing mechanisms such as mortgage loans and government housing schemes have largely failed to meet this growing demand. Limited access to formal credit, stringent collateral requirements, and high-interest rates imposed by commercial banks further restrict housing development, particularly among financially underserved populations (Okonjo & Eghosa, 2022).

To address these challenges, innovative financing models have emerged, with Peer-to-Peer (P2P) lending gaining prominence as an alternative finance mechanism. P2P lending platforms connect borrowers directly with individual or institutional lenders via online platforms, bypassing traditional financial intermediaries. Globally, P2P lending has become a flexible, inclusive, and relatively low-cost source of credit for individuals and small businesses, including those seeking funds for housing development (Adebayo & Nnaji, 2023). These platforms offer borrowers quicker access to funds without the bureaucratic hurdles typical of banks, while providing investors with attractive returns.

In developed economies such as the United States, the United Kingdom, and China, P2P lending is well integrated into the financial ecosystem. These platforms benefit from robust regulatory frameworks, advanced technology, and sophisticated credit assessment systems that foster borrower and lender confidence. Consequently, P2P lending has supported

sectors like real estate and housing development by offering fast, transparent, and scalable financing solutions (Lee & Zhao, 2021).

Conversely, the P2P lending landscape in Nigeria remains nascent. Despite its potential to improve credit access, especially for housing finance, the sector faces structural and institutional challenges including regulatory ambiguity, limited technological infrastructure, low financial literacy, and concerns about data security and fraud (Ibrahim & Oyebanji, 2024). Trust deficits, fueled by past experiences with online scams, further hinder widespread adoption.

In Benin City, P2P lending platforms present a promising opportunity to alleviate the housing shortage, particularly for those excluded from formal credit systems. However, the effectiveness of these platforms in promoting housing development remains underexplored. Critical issues such as borrower satisfaction, loan default rates, platform transparency, and the actual impact of P2P loans on housing outcomes require thorough investigation.

Moreover, the role of policy support, digital literacy, and user trust in scaling P2P lending for housing finance in Benin City is not well understood. The absence of comprehensive regulatory frameworks specific to P2P lending may either impede or facilitate sector growth (Nwachukwu & Musa, 2023). This study seeks to evaluate the role of P2P lending in supporting housing development in Benin City, Edo State.

1.2 Statement of the Problem

Despite growing interest in alternative finance mechanisms across Nigeria, awareness and adoption of P2P lending remain low, especially in cities like Benin City. Many potential borrowers and small-scale developers lack understanding of how P2P platforms operate

and their benefits, limiting the model's capacity to address housing deficits. Financial literacy and awareness, critical to fintech adoption, remain inadequate in many urban and semi-urban Nigerian communities (Omodero & Okafor, 2022).

Regulatory and legal frameworks governing P2P lending are either unclear or underdeveloped. Although the Central Bank of Nigeria (CBN) has made strides in fintech regulation, specific rules for P2P lending are still pending (CBN, 2023). This regulatory uncertainty discourages institutional investors and raises concerns about consumer protection and platform accountability.

Data scarcity is another major challenge. Most P2P platforms operate privately with limited transparency, making it difficult to assess their real impact on housing finance in Benin City (Akinyele & Afolabi, 2023). Additionally, risk perception and trust issues deter participation; lenders fear defaults, while borrowers worry about high interest rates and lack of loan insurance. Past fraud incidents exacerbate these concerns (Nwankwo & Eze, 2023).

Technological barriers also limit access. Many low-income earners and elderly individuals face difficulties using digital platforms due to the digital divide prevalent in Nigeria (Eze et al., 2022). Economic instability marked by inflation and unemployment further complicates creditworthiness and long-term financial commitments (World Bank, 2023).

Furthermore, traditional informal savings and lending systems such as *ajo* and *esusu* remain dominant in Benin City's housing finance landscape due to their community trust and flexible repayment structures (Adepoju & Adebayo, 2022). Many P2P platforms are ill-equipped to handle the large, long-term loans typical of housing projects, raising concerns about their feasibility for real estate development (Okonkwo & Alabi, 2023).

Sampling limitations due to the small pool of active P2P users in Benin City also restrict the generalizability of research findings (Ifeanyi & Onuoha, 2023).

1.3 Research Questions

The following Research Questions will guide the study:

1. What is the level of awareness of P2P amongst real estate developers for housing development in Benin City?
2. What are the perceived risks and challenges associated with P2P lending for housing development in Benin City?
3. What technological, economic, and cultural barriers limit the effective use of P2P lending platforms in housing finance within Benin City?
4. What are the role of regulatory bodies in the growth and sustainability of P2P lending platforms for housing development in Benin City?

1.4 Aim and Objectives

The aim of this study is to evaluate the role of Peer-to-Peer (P2P) lending platforms in facilitating housing development in Benin City, Edo State with a view to evaluate the accessibility, efficiency, and impact of P2P lending platforms on housing projects.

1.5 Objectives of the Study are to;

1. To examine the level of P2P awareness amongst real estate developers in Benin city
2. Examine the perceived risks and challenges associated with peer-to-peer (P2P) lending for housing development in Benin City.
3. Identify and analyze the technological, economic, and cultural barriers that could limit the effective use of peer-to-peer (P2P) lending platforms for housing finance in Benin City.
4. Assess the role of regulatory bodies in the growth and sustainability of peer-to-peer (P2P) lending platforms for housing development in Benin City.

1.6 Justification of the Study

Nigeria's housing sector, particularly in fast-growing cities like Benin City, faces a significant financing gap that traditional banks and government schemes have struggled to bridge. The mortgage penetration rate remains below 1%, highlighting limited access to long-term housing finance (Central Bank of Nigeria, 2023). With a national housing deficit exceeding 20 million units (Federal Mortgage Bank of Nigeria, 2023), innovative and inclusive financing models are urgently needed.

P2P lending offers a promising alternative by facilitating direct loans between individuals via online platforms, providing affordable and flexible credit to underserved populations (World Bank, 2023). However, its application in Nigeria's housing sector, especially in regional cities, remains underexplored. This study fills this gap by investigating P2P lending's potential to alleviate the housing crisis in Benin City.

The research will provide valuable insights for real estate developers seeking alternative funding mechanisms, policymakers aiming to improve regulatory frameworks, and academics interested in fintech innovations in emerging economies. It aligns with Nigeria's fintech strategy and Sustainable Development Goal 11, advocating for inclusive, safe, and sustainable urban development (NITDA, 2023).

1.7 Scope of the Study

The scope of this study is centered on evaluating the role and effectiveness of Peer-to-Peer (P2P) lending platforms in facilitating housing development in Benin City, Edo State. The research will specifically focus on the factors influencing the adoption of P2P lending for housing purposes, the challenges faced by borrowers and lenders, and the impact of these platforms on the accessibility of housing finance for low- and middle-income individuals.

The study will also investigate the perceived risks associated with P2P lending, as well as the influence of regulatory uncertainty on the growth and sustainability of such platforms.

The research will be limited to Benin City, focusing on the experiences of potential borrowers, lenders, and relevant stakeholders, such as fintech developers and housing developers, within the past five years. It will exclude a broader analysis of P2P lending practices in other regions of Edo State or other alternative housing finance models. Additionally, the study will not delve into a detailed exploration of historical developments in housing finance but will concentrate on the current landscape of P2P lending for housing in the city.

1.8 Study Area

The study area for this research is Benin City, the capital of Edo State, located in southern Nigeria. Benin City is one of the fastest-growing urban centers in the country, with a population that continues to expand due to migration from rural areas and other parts of the country. The city is known for its rich historical significance, urban development, and its role as a major commercial and administrative hub in Edo State.

Benin City is characterized by a mix of formal and informal housing sectors, with a significant portion of the population living in informal settlements or relying on self-financed housing development. The rapid urbanization in the city has exacerbated the housing deficit, making affordable housing a critical issue. This study focuses on understanding how Peer-to-Peer (P2P) lending can help address this housing gap and enhance access to financing for individuals seeking to develop or improve their homes.

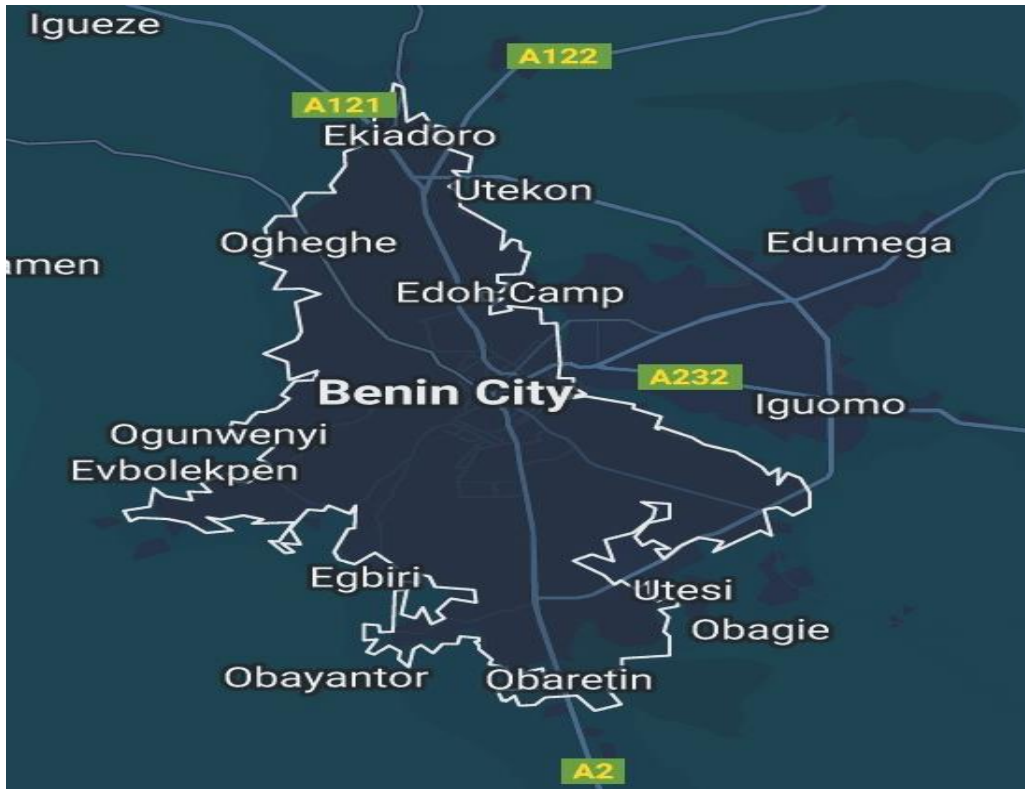


Fig 1 (Map of Benin City)

Source: Dreamstime.com

1.9 Limitation of the Study

One of the main limitations of this study on an appraisal of Peer-to-Peer (P2P) lending for housing development in Benin City lies in the scope and generalizability of the findings. Since the study is geographically limited to Benin City, the insights gathered may not fully reflect the dynamics of P2P lending in other urban or rural areas of Nigeria, where economic conditions, regulatory environments, and levels of digital literacy may differ significantly. Additionally, as P2P lending is a relatively new and evolving financial model in Nigeria, there may be limited access to comprehensive and reliable data, especially from informal or unregulated platforms. The study may also face challenges related to respondent bias or limited awareness among participants, which could affect the accuracy of perceptions gathered through surveys or interviews. Furthermore, the regulatory landscape surrounding fintech and P2P lending in Nigeria is still developing, which means

that conclusions drawn may be based on a fluid policy environment that could change rapidly, impacting the long-term relevance of the research findings.

1.10 Definition of Terms

- i. **Appraisal:** refers to the process of evaluating or assessing something in order to determine its value, quality, or importance. It involves a systematic and objective examination, often based on specific criteria or standards, to form an opinion or judgment about the subject being evaluated.
- ii. **Peer-to-Peer (P2P) Lending:** A method of lending where individuals can borrow and lend money directly to each other through online platforms, bypassing traditional financial institutions such as banks. In the context of housing development, P2P lending platforms allow borrowers to access funding for construction, renovation, or property acquisition.
- iii. **Housing Development:** The process of constructing, improving, or acquiring residential buildings or homes. This includes the development of both formal housing projects (e.g., planned communities, apartments) and informal housing (e.g., self-built homes or informal settlements).
- iv. **Stakeholders:** refers to individuals, groups, or organizations that have an **interest in or are affected by** a project, decision, or outcome.

1.11 Layout of the Study

This study is organized into five chapters for easy understanding as follows:

Chapter One: This chapter provides an overview of the study, including the background of the housing sector in Benin City, the challenges in accessing housing finance, and the potential role of Peer-to-Peer (P2P) lending. It also covers the statement of the problem,

research objectives, research questions, justification of the study, scope of the study, and definition of terms.

Chapter Two: This chapter reviews relevant literature on P2P lending, housing development, and financial inclusion, with a focus on the Nigerian context. It explores theoretical frameworks, reviews related studies, and outlines the conceptual framework guiding the study.

Chapter Three: This chapter describes the research design, study area, population, sample, data collection methods, and data analysis techniques used in the study. It also highlights potential limitations of the study.

Chapter Four: Data Presentation and Analysis

This chapter presents and analyzes the data collected during the study, focusing on P2P lending for housing development in Benin City. It addresses the research questions and tests hypotheses.

Chapter Five: Summary, Conclusion, and Recommendations

This chapter summarizes the key findings, draws conclusions based on the research results, and provides practical recommendations for stakeholders. It also suggests areas for further research related to P2P lending and housing finance.

CHAPTER TWO

LITERATURE REVIEW

2.1 Ramble

This chapter presents a comprehensive review of existing literature related to the impact of Peer-to-Peer (P2P) lending on housing development in Benin City. The literature review examines key concepts of P2P lending, its role in financing housing projects, the mechanisms through which P2P lending operates, and its potential for contributing to the growth of the housing sector in Benin City. Additionally, this chapter explores the challenges and opportunities associated with P2P lending platforms in the Nigerian context, as well as the socio-economic, regulatory, and institutional factors that influence the adoption and success of P2P lending for housing development. The literature is reviewed under the following sub-headings: Concept of P2P Technology, P2P and Real Estate Finance, Advantage and Limitation of Adopting P2P Platforms, P2P Lending and Housing Development, Economic and Socio-Economic Impact of P2P Lending in Housing, Regulatory Framework and Legal Considerations, Risk Management in P2P Lending for Housing Projects, The Role of Technology and Innovation in P2P Lending, Government Policies and Incentives for P2P Lending in Housing, The Role of Credit Scoring and Collateral in P2P Housing Loans, Challenges in Scaling P2P Lending for Housing Development in Benin City, Theoretical Framework, Gaps in Literature and Summary of Literature Review

2.2 Concept of P2P Technology

Peer-to-peer (P2P) lending is an innovative financial technology that facilitates direct lending and borrowing between individuals through online platforms, bypassing traditional financial intermediaries such as banks. According to Victory and Yazid (2024), P2P lending has gained significant traction due to its streamlined loan application,

disbursement, and repayment processes, which reduce transaction costs and increase accessibility for borrowers typically underserved by conventional financial institutions. These platforms utilize algorithmic credit scoring and automation to evaluate borrower risk and match them with suitable lenders, enabling faster loan approvals and more flexible terms compared to traditional banking systems.

Expanding on this, Kusumawati et al. (2024) highlight that P2P lending research has increasingly focused on the integration of financial innovation and digital technologies to enhance platform efficiency and user experience. Their bibliometric analysis reveals that P2P lending platforms are evolving as hubs for financial inclusion, leveraging connected business infotech and algorithmic decision frameworks to optimize lending outcomes. This technological foundation allows platforms to serve diverse borrower profiles, including those lacking formal credit histories, by utilizing alternative data sources and social information to assess creditworthiness.

Moreover, Feller, Gleasure, and Treacy (2017) emphasize the role of social identity and information sharing in internet-enabled P2P lending systems. Their empirical study demonstrates that social transparency and borrower-lender interactions influence user behavior and trust on these platforms, which are critical for sustaining lending activities. This social dimension distinguishes P2P lending from traditional finance by fostering community engagement and reducing information asymmetry, thereby mitigating some risks inherent in unsecured lending.

However, despite its advantages, P2P lending faces challenges related to regulatory uncertainty, platform stability, and user digital literacy, especially in emerging markets. Bascha et al. (2021) note that while P2P lending enhances financial inclusion and democratizes credit access, it also exposes participants to risks such as default, fraud, and platform failure. Effective risk management and regulatory frameworks are essential to

ensure the sustainability and scalability of P2P lending, particularly for critical sectors like housing development where loan amounts and durations are substantial.

2.2.0 P2P and Real Estate Finance

Peer-to-peer (P2P) lending has emerged as a disruptive yet complementary financial innovation in real estate finance, offering alternative funding sources for property development and homebuyers. Kusumawati et al. (2024) emphasize that P2P lending platforms provide greater accessibility to credit by connecting individual investors directly with borrowers, reducing dependency on traditional banks that often impose stringent collateral and credit requirements. This democratization of finance is particularly relevant in real estate, where access to timely and affordable capital is critical for project completion and homeownership.

Research by Montgomery, Squires, and Syed (2018) highlights that P2P lending and real estate crowdfunding platforms have the potential to reshape real estate project finance by enabling smaller investors to participate in property funding. These platforms allow incremental financing of real estate projects, which can accelerate housing development in underserved markets. The flexibility and speed of P2P lending address common bottlenecks in traditional real estate finance, such as lengthy loan approval processes and rigid underwriting standards.

However, the relationship between P2P lending and traditional bank financing is complex. Tang (2019) finds that P2P lending can act both as a substitute and a complement to bank loans depending on economic conditions and borrower profiles. During periods of financial stress or regulatory tightening, P2P lending often fills credit gaps left by banks, supporting real estate developers and homebuyers who might otherwise be excluded. Conversely, in stable periods, P2P lending may compete with banks for similar borrowers, influencing interest rates and lending volumes in the housing finance market.

Despite its promise, P2P lending in real estate finance faces challenges including regulatory uncertainty, risk of default, and limited scale in emerging markets. Dömötör, Illés, and Ölvedi (2023) caution that without robust legal frameworks and risk management practices, P2P platforms may expose investors and borrowers to heightened risks. Nevertheless, with appropriate institutional support and technological innovation, P2P lending can significantly contribute to expanding housing finance options, especially in rapidly urbanizing cities like Benin City.

2.3 P2P platforms

Peer-to-peer (P2P) lending platforms facilitate direct lending and borrowing between individuals without the involvement of traditional financial intermediaries such as banks. They provide investors the opportunity to lend money to borrowers at potentially higher returns compared to conventional savings vehicles, while borrowers gain access to alternative financing options, often at competitive rates. These loans range from personal credits to asset-backed loans, including real estate financing. Typically, investors select borrowers based on risk profiles and lending terms established by the platform, which also manages the payment process and credit assessments.

Several widely-used P2P platforms operate across various lending sectors. Upstart, for example, leverages artificial intelligence to match borrowers and lenders based on multiple parameters, boasting fast automation and attractive returns though it generally requires investors to be accredited. Prosper, one of the earliest P2P lending platforms, primarily focuses on personal and small business loans. Mintos is a broad marketplace offering loans from multiple originators worldwide, catering to different types of loans. PeerBerry specializes in consumer and short-term loans with a reputation for quick returns and portfolio diversification. Funding Circle targets small business lending, maintaining strict underwriting and spreading risk among investors.

Certain P2P platforms specifically facilitate real estate-backed loans. Kuflink, based in the UK, concentrates on property-backed loans and reduces risk through platform co-investment, serving property developers, landlords, and businesses needing asset-backed finance. CrowdProperty provides short-term development finance secured by a first legal charge on properties, protecting investors with transparent updates and FCA regulation. Loanpad focuses on senior bridging and development loans secured on property, emphasizing diversification and conservative loan-to-value ratios. In the US, RealtyMogul offers access to vetted residential and commercial real estate investments with average returns around 18%. Other real estate-focused platforms include Fundrise and Groundfloor, which engage in crowdfunding and developer lending.

In Nigeria, P2P lending environments utilize advanced digital technologies to enable direct connections between individual lenders and Nigerian consumers or micro, small, and medium enterprises (MSMEs). Platforms such as KiaKia and Silverkuun Cooperative Society have emerged as significant players, facilitating quicker, flexible, and more inclusive credit access. These platforms contribute to financial inclusion and economic empowerment within Nigeria's largely underserved lending market, offering lenders competitive returns and supporting MSMEs that often lack access to traditional finance.

Although Nigerian P2P platforms like KiaKia and Silverkuun primarily target personal and business loans, real estate development financing using P2P models is growing through crowdfunding and specialized investment platforms. Notable among these are Fundall, PropertyPro.ng, and Real Estate Hub NG, which allow investors to directly fund or invest in vetted real estate projects. These platforms democratize access to capital for property development, enabling multiple investors to pool resources for real estate ventures in Nigeria, thereby supporting the country's growing real estate market.

2.3.1 Advantage and Limitation of Adopting P2P Platforms

Peer-to-peer (P2P) lending platforms provide a modern alternative to traditional financial institutions by connecting borrowers directly with individual lenders through online marketplaces. One of the main advantages of adopting P2P platforms is the reduction of borrowing costs. Since these platforms eliminate intermediaries like banks, they operate with lower overheads, allowing borrowers to access loans at lower interest rates compared to conventional loans (JPP Law, 2025). Additionally, the application and approval processes are largely automated and digital, enabling faster funding—sometimes within hours making P2P lending highly convenient for borrowers who need quick access to capital (Brickfin, 2023). This speed and efficiency are particularly beneficial for small businesses and startups that may be unable to navigate the bureaucracy of traditional lenders.

Another significant advantage is the flexibility and inclusivity of P2P lending. Platforms often customize loan terms, including amounts, repayment periods, and interest rates, to better suit borrowers' needs. This customization opens credit access to individuals and businesses who might be rejected by banks due to imperfect credit histories or lack of collateral (JPP Law, 2025). Moreover, P2P lending offers investors the opportunity to diversify their portfolios by funding multiple loans across different sectors, potentially earning higher returns than traditional savings accounts or bonds (Grip Invest, 2024). The presence of secondary markets on some platforms also provides investors with a degree of liquidity, allowing them to trade loan parts before maturity (Brickfin, 2023).

Despite these benefits, P2P lending platforms face notable limitations. A primary concern is the higher risk of borrower default, which poses a significant threat to investors' capital. Unlike banks, many P2P platforms do not offer insurance or government-backed protection schemes, leaving lenders exposed to losses if borrowers fail to repay (Profitus,

2025; Corporate Finance Institute, 2025). Furthermore, P2P platforms are vulnerable to platform risk, including fraud, cybercrime, and operational failures, especially in less regulated environments. Regulatory frameworks for P2P lending remain underdeveloped or inconsistent in many countries, which can lead to uncertainty and potential legal challenges for both borrowers and lenders (JPP Law, 2025).

Another limitation is the presence of additional fees and costs that platforms charge to sustain operations, which can sometimes offset the interest rate advantages for borrowers. Also, while P2P lending is more accessible, borrowers with poor credit ratings often face higher interest rates, reflecting the increased risk to lenders. Moreover, digital literacy and internet access can limit the adoption of P2P platforms in certain demographics or regions, constraining their reach. Thus, while P2P lending offers significant promise as an alternative financing mechanism, careful due diligence, risk assessment, and regulatory improvements are essential to maximize its benefits and mitigate its drawbacks.

2.4 P2P Lending and Housing Development

Peer-to-peer (P2P) lending has emerged as a transformative financing mechanism that addresses critical gaps in housing finance, especially in emerging economies like Nigeria where traditional mortgage systems remain inaccessible to a large portion of the population. Augustine and John (2025) emphasize that P2P platforms facilitate faster and more flexible access to funds for housing developers and individual homebuyers by bypassing the bureaucratic hurdles and collateral requirements typical of conventional banks. These platforms enable incremental financing, which aligns well with the self-help housing construction prevalent in cities such as Benin City, allowing borrowers to fund construction in stages as resources become available.

Government-led initiatives also recognize the potential of alternative financing models to expand affordable housing. The Ministry of Finance Incorporated (MOFI), Family Homes

Funds Limited (FHFL), and Asset & Resource Management Holding Company Limited (ARM) (2025) jointly launched programs aimed at easing mortgage terms for federal civil servants, reducing interest rates, and extending loan tenors. Such programs complement P2P lending by creating an enabling environment where innovative financing solutions can thrive and support large-scale housing development.

Market data further underscores the rapid growth and increasing acceptance of P2P lending within real estate finance. Andersen (2025) reports that global P2P lending volumes continue to rise, with real estate crowdfunding playing a significant role in channeling investments into housing projects. This trend is particularly important for Nigeria, where formal mortgage penetration remains low, and P2P lending platforms can bridge the financing gap for low- and middle-income earners.

Moreover, the broader economic and social impact of P2P lending on housing finance is evident in its contribution to financial inclusion and economic growth. The African Banking and Finance Review Journal (2025) highlights that P2P lending expands credit access to underserved populations, including informal sector workers and women, thereby fostering homeownership and improving living conditions. Complementing these findings, a study published in Sustainability (2023) demonstrates that P2P lending can effectively bypass traditional mortgage constraints, facilitating federal housing finance and supporting incremental housing delivery in Nigeria.

2.4.1 Economic and Socio-Economic Impact of P2P Lending in Housing

Peer-to-peer (P2P) lending has emerged as a powerful financial innovation that significantly influences both economic growth and socio-economic development, particularly in the housing sector of emerging economies such as Nigeria. According to the African Banking and Finance Review Journal (2025), P2P lending enhances financial inclusion by providing alternative credit access to underserved populations, which in turn stimulates entrepreneurship and capital flow, key drivers of economic growth (African Banking and Finance Review Journal, 2025). This expanded access to finance is crucial for housing development, where traditional mortgage financing is often inaccessible to low- and middle-income households.

Kusumawati, Hanafi, Surwanti, and Rahmawati (2024) further explain that P2P lending platforms reduce information asymmetry through advanced credit scoring and transparent borrower profiles, enabling more efficient allocation of funds to housing projects. This democratization of finance empowers individuals and small developers to undertake incremental housing construction, which is especially relevant in urban centers like Benin City where formal housing finance markets are underdeveloped. The socio-economic benefits extend beyond financing by promoting homeownership, improving living standards, and fostering community development (Kusumawati et al., 2024).

Moreover, Arnawati, Kuncara, and Doddy (2023) highlight that the acceptance and adoption of P2P lending technology depend on trust and perceived ease of use, factors that influence borrower participation and lender confidence. Their findings suggest that as digital literacy and platform reliability improve, P2P lending can scale its impact on housing finance, contributing to poverty alleviation and economic empowerment. Lee and Lee (2025) also note that P2P lending promotes traditional bank-based financial inclusion

through spatial spillover effects, enhancing credit availability in regions historically excluded from formal banking, thereby supporting broader housing finance accessibility.

However, the sustainability of these economic and socio-economic gains depends on robust regulatory frameworks and risk management practices to mitigate default and fraud risks inherent in P2P lending (Mohammed, Bardai, & Adam, 2025). As P2P lending continues to evolve, its role in housing development will likely expand, provided that platforms maintain transparency, protect consumer rights, and foster investor confidence.

2.5 Regulatory Framework and Legal Considerations

The rapid growth of peer-to-peer (P2P) lending platforms necessitates robust regulatory frameworks and careful legal considerations to ensure financial stability, protect consumers, and foster innovation. In Nigeria, despite the absence of a unified and direct regulation specifically for FinTech, various guidelines issued by the Central Bank of Nigeria (CBN) impact different aspects of the industry, particularly the digital payments sector (Okafor et al., 2019). These regulations aim to promote financial inclusion while allowing for continuous innovation within the nascent FinTech ecosystem.

One critical area of focus is Islamic P2P financing, which requires a compliance structure that adheres to Shari'ah principles while safeguarding investors and ensuring financial stability. Abdulkadir, Sa'ad, and Hasan (2024) emphasize the need for an end-to-end Shari'ah compliance framework in Nigeria to effectively regulate Islamic P2P lending from initiation to execution and post-execution phases. Their study identifies existing regulatory gaps and proposes a customized model to address these challenges, ensuring adherence to religious principles and protecting all stakeholders' interests (Abdulkadir et al., 2024).

P2P lending platforms globally face the challenge of striking a balance between fostering innovation and maintaining financial stability. Research on regulatory challenges and

opportunities posed by P2P lending informs policymakers in creating effective frameworks that protect consumers, ensure transparency, and mitigate systemic risks that could arise from regulatory disparities between P2P platforms and traditional financial institutions (International Journal of Research Publication and Reviews, 2025). The absence of standardized global regulations further complicates cross-border operations and enforcement consistency, creating uncertainty that can hinder development and impact trust among borrowers and lenders (International Journal of Research Publication and Reviews, 2025).

Ultimately, strengthening regulatory frameworks is crucial for optimizing the impact of P2P lending on economic development. The African Banking and Finance Review Journal (2025) underscores the importance of a well-defined regulatory environment in promoting financial inclusion and expanding access to financial services through P2P platforms. A comprehensive legal framework can provide the necessary certainty and trust for P2P lending to thrive, ensuring investor protection, market integrity, and sustained growth in the financial sector.

2.6 Risk Management in P2P Lending for Housing Projects

Effective risk management is fundamental to the sustainability and success of peer-to-peer (P2P) lending platforms, particularly when financing housing projects that often involve substantial capital and extended repayment periods. Chulawate and Kiattisin (2023) identify several risk-related success factors in P2P lending, including the impacts of higher interest rates, inflation, macroeconomic conditions, regulatory laws, liquidity, and credit status. Their study, based on lender perspectives in Thailand, emphasizes that managing these risks is essential for building trust and sustaining financial innovation within P2P platforms.

Advanced analytical methods have been increasingly adopted to enhance credit risk prediction and mitigate borrower default risks in P2P lending. Fu (2017) demonstrated that combining random forests and neural networks improves the accuracy of default predictions compared to traditional credit scoring techniques. Similarly, Namvar et al. (2018) showed that integrating random forest classifiers with resampling techniques effectively addresses data imbalance, a common challenge in P2P lending datasets, thereby improving credit risk assessment.

Information asymmetry, where lenders have less information about borrowers than vice versa, remains a significant risk factor. Research published in the African Journal of Biomedical Research (2024) highlights that risk-based pricing frameworks can mitigate this by adjusting interest rates to borrower risk profiles, incentivizing timely repayment and protecting lenders from excessive defaults. Moreover, comprehensive borrower data and feature selection improve the predictive power of credit risk models, as shown in recent Lending Club data analyses

In housing finance, the longer loan tenors and larger loan sizes inherent in mortgages pose additional risks. The study by Chulawate and Kiattisin (2023) underscores the need for robust regulatory and legal frameworks to manage these complexities effectively. Faia and Paiella (2018) further contribute a theoretical perspective, explaining how public signaling mechanisms such as credit scores and social network data reduce adverse selection and improve lenders' risk pricing and fund allocation.

2.6.1 The Role of Technology and Innovation in P2P Lending

The emergence and rapid evolution of peer-to-peer (P2P) lending has been fundamentally driven by advances in information technology and digital innovation. Lenz (2016) provides a comprehensive analysis of how web-based platforms have transformed traditional financial intermediation by enabling direct connections between borrowers and

lenders, thereby reducing search costs and eliminating the need for conventional banking intermediaries. This technological infrastructure decentralizes risk, distributes it among platform users, and introduces new forms of financial intermediation that challenge established regulatory and business models.

Lenz (2016) further notes that the success and scalability of P2P lending platforms depend on their ability to leverage digital tools for efficient credit assessment, risk pricing, and transaction processing. Automated credit scoring algorithms, online identity verification, and real-time analytics are now integral to platform operations, enhancing both transparency and trust among participants. These innovations not only improve operational efficiency but also democratize access to finance, as individuals and small businesses can obtain funding outside of traditional banking channels.

The regulatory implications of these technological advancements are significant. As Lenz (2016) highlights, the disruptive nature of P2P lending requires a shift from prudential regulation focused on institutional stability to frameworks emphasizing consumer and data protection. The experience in the United Kingdom, where early adoption of bespoke regulation helped foster market growth and investor confidence, illustrates the importance of adaptive legal frameworks in supporting technological innovation in financial services.

Chulawate and Kiattisin (2023) reinforce these findings by identifying platform trust, digital transparency, and user-friendly interfaces as critical determinants of P2P lending adoption. Their research emphasizes that successful platforms invest in technological features such as secure payment gateways and automated risk management systems, which not only attract users but also sustain long-term participation.

Chen, Wu, and Yang (2019) also highlight the growing importance of blockchain technology in P2P lending, noting its potential to enhance security, transparency, and efficiency through decentralized ledgers and smart contracts. These technological

innovations are poised to further disrupt the financial sector, enabling scalable, transparent, and resilient P2P lending ecosystems.

In conclusion, technology and innovation are at the heart of P2P lending's disruptive potential. They enable efficient, transparent, and scalable financial intermediation, democratize access to credit, and introduce new challenges and opportunities for regulators. As the sector continues to evolve, ongoing technological advancement will be essential for addressing emerging risks and sustaining growth in the P2P lending market.

2.6.2 Government Policies and Incentives for P2P Lending in Housing

Government policies and incentives play a pivotal role in shaping the development, sustainability, and scale of peer-to-peer (P2P) lending platforms, particularly in the housing finance sector. The regulatory environment not only influences market confidence but also determines the extent to which P2P lending can fill gaps left by traditional financial institutions.

Lenz (2016) provides a comprehensive analysis of how government support and regulatory frameworks have been crucial in fostering P2P lending markets, especially in the UK. The British government actively promoted alternative lending platforms post-financial crisis by channeling state-financed loans through P2P platforms and introducing tax incentives such as the Innovative Finance Individual Savings Account (ISA). This bespoke regulatory approach by the Financial Conduct Authority (FCA) helped build investor confidence and allowed the P2P sector to grow sustainably. Although Lenz's study focuses broadly on P2P lending, these policy measures have direct implications for housing finance, where access to affordable credit is often constrained by traditional mortgage systems (Lenz, 2016).

Comparative regulatory studies underscore the diversity of government responses to P2P lending globally. Tsai (2019) compares regulatory frameworks in the United States, China, and Taiwan, highlighting how government interventions range from stringent oversight to more principles-based regulation. In the U.S., regulatory bodies have grappled with balancing innovation and consumer protection, while China's approach has included tighter controls following rapid market expansion and instances of fraud. These regulatory environments directly affect P2P lending's role in housing finance by influencing platform stability and borrower protection (Tsai, 2019).

Empirical research from emerging markets further illustrates the importance of government affiliation and support. Jiang, Liao, Wang, and Zhang (2021) analyze thousands of Chinese P2P platforms and find that those affiliated with state-owned enterprises (SOEs) benefit from higher trading volumes, lower interest rates, and greater survival rates, especially during market downturns. This suggests that government backing acts as a form of implicit guarantee, enhancing platform credibility and attracting both borrowers and investors. Such government affiliation is particularly significant in housing finance, where loan sizes and durations are substantial, and risk mitigation is critical (Jiang et al., 2021).

In the context of housing finance specifically, peer-reviewed studies have begun to explore how P2P lending complements federal housing programs. A study published in *Sustainability* (2023) investigates how P2P lending influences Federal Housing Administration (FHA) mortgage loans, finding that P2P platforms can alleviate supply constraints in traditional mortgage markets and improve access to affordable housing finance. This research highlights the potential for government policies to integrate P2P lending into broader housing finance strategies, thereby increasing financial inclusion and supporting sustainable development goals (MDPI Sustainability, 2023).

Finally, policy-oriented research emphasizes the need for responsive and adaptive regulatory frameworks that protect homebuyers while encouraging innovation. Okoye and Akinola (2023) argue that governments should design housing finance policies that incorporate P2P lending as a complementary channel, ensuring transparency, consumer protection, and risk management to foster trust and market stability. This balanced approach is essential for scaling P2P lending in housing development, particularly in underdeveloped financial markets (Okoye & Akinola, 2023).

2.6.3 The Role of Credit Scoring and Collateral in P2P Housing Loans

Credit scoring is a cornerstone of risk management in peer-to-peer (P2P) lending, especially in housing finance where loan amounts are substantial and repayment periods long. Accurate credit scoring models enable platforms to assess borrower creditworthiness, predict default probabilities, and set appropriate interest rates, thereby safeguarding lender interests and promoting market sustainability.

Klimowicz and Spirzewski (2021) explore the application of machine learning techniques, particularly logistic regression, in building credit scorecards tailored for P2P lending environments. Their research, based on open P2P loan data, demonstrates that combining hard and soft borrower features with advanced algorithms significantly improves the predictive accuracy of credit risk models. This approach is vital for housing loans, where nuanced borrower information can distinguish between high- and low-risk applicants, ensuring better loan performance and reduced defaults.

Zhang, Xu, and Chen (2019) propose a credit scoring mechanism that integrates multiple linear regression with outlier detection to enhance risk assessment in P2P lending. Their model effectively identifies borrowers with poor credit histories, which is crucial in housing finance where default consequences are severe. The study underscores the

importance of robust credit scoring in maintaining platform health and protecting investors.

Teply and Polena (2020) provide a comparative analysis of classification algorithms used in P2P lending credit risk prediction. Their findings highlight logistic regression, artificial neural networks, and linear discriminant analysis as top performers, with logistic regression favored for its interpretability and reliability. Such models are especially relevant for housing loans, where transparent credit decisions are necessary to build borrower and investor trust.

While traditional P2P lending often operates without collateral, the housing sector typically involves collateralized loans due to the high value and long duration of mortgages. Collateral serves as a critical risk mitigant, offering lenders security and recourse in case of default. Although less emphasized in many P2P studies, Odeh et al. (2024) argue for hybrid models incorporating collateral or third-party guarantees to enhance lender confidence and reduce default risk in housing finance.

Furthermore, recent advances suggest integrating credit scoring with collateral evaluation improves risk management. Shmueli et al. (2018) review credit risk models and conclude that combining borrower credit profiles with collateral valuations leads to more accurate default predictions and better loan pricing strategies. This integration is particularly important in P2P housing loans, where collateralized assets provide an additional layer of security (ank, 2023).

2.6.4 Challenges in Scaling P2P Lending for Housing Development in Benin City

Scaling peer-to-peer (P2P) lending for housing development in Benin City faces multifaceted challenges rooted in socio-economic, financial, and infrastructural

constraints. Empirical research focusing on Benin City highlights that housing finance remains largely informal and inaccessible to low- and middle-income earners, which limits the potential reach of P2P lending platforms in addressing the housing deficit.

Eze and Okeke (2024) examine self-help housing financing among civil servants in Benin City and reveal that despite the widespread use of personal savings and cooperative societies, formal financial institutions and mortgage borrowing play a limited role in housing finance. This limited access is attributed to high construction costs, low income levels, and the absence of tailored financial products suitable for incremental homebuilding. These factors pose significant barriers to scaling P2P lending, as many potential borrowers lack the creditworthiness or collateral typically required by formal lenders, including P2P platforms (Eze & Okeke, 2024).

Further, Ebekozi, Aigbavboa, Samsurijan, Salman, and Amadi (2023) explore the role of organized self-help approaches in enhancing urban resilience and sustainable homeownership among low-income earners in Benin City. Their qualitative study identifies systemic challenges such as inadequate regulatory support, limited digital literacy, and weak institutional frameworks that hinder the adoption and scalability of innovative housing finance solutions like P2P lending. They emphasize that while self-help mechanisms provide critical grassroots financing, integrating these with technology-driven platforms requires overcoming trust deficits and infrastructural gaps (Ebekozi et al., 2023).

The broader financial ecosystem in Benin City also constrains P2P lending growth. According to the 2022 CAHF Yearbook report on Benin, banks impose restrictive mortgage conditions with high minimum loan amounts and stringent eligibility criteria, effectively excluding a large segment of the population from formal housing finance.

Although the microfinance sector is dynamic, it currently plays a negligible role in housing finance, with most loans directed toward consumption rather than real estate investment. This financial exclusion limits the pool of borrowers that P2P lenders can serve and underscores the need for innovative, flexible lending models adapted to local realities (CAHF, 2022).

Moreover, infrastructural challenges such as soaring construction material costs—particularly cement—inflate housing development expenses, further complicating affordable housing finance. The Beninese government’s social housing initiatives, including lease-to-own schemes, offer some relief but are insufficient to meet the growing demand. Without supportive government policies and incentives tailored to P2P lending for housing, scaling remains difficult (CAHF, 2022).

2.7 Theoretical Framework

The theoretical framework underpinning the study of peer-to-peer (P2P) lending in housing development, particularly in emerging urban centers such as Benin City, integrates multiple economic, financial, institutional, and innovation theories to provide a comprehensive understanding of the phenomenon.

At its foundation lies Financial Intermediation Theory, which explains how financial intermediaries traditionally facilitate the flow of funds between savers and borrowers. P2P lending platforms represent a digital evolution of this process by directly connecting lenders and borrowers, thereby reducing transaction costs and improving capital allocation efficiency (Allen & Santomero, 1997; Oxera, 2018; Purkayastha & Tuzlukaya, 2020). Courchene (2014) further elaborates on this by analyzing incentive structures and information asymmetries within P2P lending markets, emphasizing the need for platforms to innovate to remain viable amidst inherent risks.

The Theory of Information Asymmetry (Akerlof, 1970) is critical in understanding the challenges P2P lending faces, as borrowers often possess more information about their creditworthiness than lenders. To mitigate adverse selection and moral hazard, platforms employ credit scoring algorithms, data analytics, and social verification methods to enhance transparency and build trust (Oxera, 2018; IETA, 2022). These mechanisms are especially important in housing finance, where loan amounts and durations increase exposure to risk.

Institutional Theory (North, 1990) provides insight into how legal, regulatory, and normative frameworks influence the adoption and scalability of P2P lending. In Nigeria, institutional weaknesses such as regulatory ambiguity, weak property rights, and underdeveloped financial infrastructure constrain formal mortgage markets and innovative financing channels like P2P lending (Eze & Okeke, 2024; Ebekozi et al., 2023; Housing Finance Africa, 2021). Ojebode (2016) highlights the need for clear institutional frameworks and sustainable financing mechanisms to support affordable housing delivery, which is vital for integrating P2P lending into Nigeria's housing finance ecosystem.

The Diffusion of Innovation Theory (Rogers, 2003) explains how P2P lending technologies spread among users. Adoption depends on factors such as relative advantage, compatibility, complexity, trialability, and observability. In Benin City, factors like mobile technology penetration, digital literacy, and cultural attitudes toward borrowing significantly influence platform uptake (Chulawate & Kiattisin, 2023; IETA, 2022). Given the financial magnitude of housing loans, perceived risks and trust in digital platforms are crucial for user acceptance.

From a socio-economic perspective, Financial Inclusion Theory underscores the importance of extending affordable financial services to marginalized populations. P2P

lending platforms have the potential to democratize housing finance by providing credit to individuals excluded from formal banking due to lack of collateral, credit history, or stable income (World Bank, 2023; Housing Finance Africa, 2021). This aligns with Nigeria's critical housing deficit, which exceeds 17 million units (Conceptual Framework, 2023).

Finally, Risk Management Theory addresses how P2P platforms identify, assess, and mitigate credit, operational, and systemic risks inherent in housing finance. Digital tools such as machine learning-based credit scoring, automated loan monitoring, and smart contracts enhance risk management, build investor confidence, and ensure platform sustainability (Bastani et al., 2019; Crowdfund Insider, 2024). Nigmonov (2020) highlights the influence of macroeconomic factors such as inflation and interest rates on credit risk, emphasizing the need for contextualized risk assessment in P2P lending.

2.8 Gaps in Literature

Despite the growing body of research on peer-to-peer (P2P) lending, several critical gaps remain. Most studies have concentrated on predicting loan defaults, yet there is limited exploration of credit losses—the actual financial impact of defaults—which is essential for accurate risk pricing and portfolio management.

Additionally, while emerging research highlights the potential of incorporating network topology and textual data to improve credit risk assessment (Siering, 2023), these innovative data sources are not yet widely integrated or validated, particularly in emerging markets. Furthermore, the literature often overlooks profit scoring and portfolio optimization, which are vital for lenders aiming to balance risk and return effectively (Bastani et al., 2019).

Localized empirical studies on the challenges of scaling P2P lending for housing finance in contexts like Benin City remain scarce, limiting the applicability of global models to such environments (Eze & Okeke, 2024; Ebekoziem et al., 2023). Similarly, while

regulatory frameworks and government incentives have been discussed broadly (Lenz, 2016; Tsai, 2019), there is a lack of focused research on policies tailored specifically to P2P lending's role in housing development.

Moreover, the integration of collateral evaluation with credit scoring in P2P housing loans is underexplored, despite its potential to mitigate risk (Odeh et al., 2024).

Finally, understanding technology adoption and building user trust in emerging markets, including Nigeria, remains an underdeveloped area, yet it is crucial for the sustainable growth of P2P platforms (Chulawate & Kiattisin, 2023). Addressing these gaps will be pivotal in advancing the effectiveness, inclusivity, and sustainability of P2P lending, especially in housing finance.

2.9 Summary of Literature Review

The literature review on peer-to-peer (P2P) lending in housing development, particularly in the context of Benin City, Nigeria, explores various theoretical, practical, and regulatory aspects of P2P lending models. P2P lending, as an alternative financial model, has gained traction for its potential to address gaps in housing finance, especially in underserved markets. The Financial Intermediation Theory and Information Asymmetry Theory provide the foundation for understanding how P2P platforms function by reducing transaction costs and bridging gaps in information between lenders and borrowers. Additionally, the Diffusion of Innovation Theory and Institutional Theory highlight the adoption processes and the significant role of local regulatory frameworks and socio-economic contexts in shaping the success of these platforms.

A key strength of P2P lending for housing is its ability to democratize access to finance, especially for individuals who lack traditional credit histories or are excluded from formal financial systems. By incorporating alternative credit scoring systems based on mobile usage, utility payments, and other behavioral data, P2P platforms increase financial

inclusion in regions like Benin City. However, challenges such as poor credit data infrastructure, high-risk perceptions among investors, and limited access to digital technologies complicate the scalability of these platforms in developing contexts. The lack of reliable land records, inefficient property titling processes, and weak legal enforcement also undermine the effectiveness of collateral systems used in P2P housing lending.

Government policies and incentives are critical in enabling the growth of P2P lending in housing. Regulatory clarity and financial incentives such as tax reliefs and co-investment schemes are essential to attracting both investors and borrowers. However, gaps in regulatory frameworks, especially in emerging economies, often hinder the full potential of P2P lending models. Furthermore, digital literacy and public awareness of P2P platforms remain low, requiring targeted educational initiatives to foster trust and participation.

The literature also identifies gaps in the existing body of research, particularly the need for more context-specific studies on P2P lending for housing development in African cities like Benin City. There is a dearth of studies that examine the long-term impacts of P2P lending on housing markets, the social and cultural factors influencing adoption, and the legal challenges faced in informal urban settings. The lack of gender-focused research on how P2P lending may either perpetuate or address financial exclusion for women in housing development is another gap. While P2P lending has the potential to transform housing finance in developing urban areas, including Benin City, significant challenges remain. These include regulatory hurdles, infrastructure limitations, socio-economic factors, and technological barriers. Addressing these gaps through empirical research and policy intervention will be critical for unlocking the full potential of P2P lending in housing and ensuring that it serves as a sustainable, inclusive financial solution for housing development in Nigeria and similar regions.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Preamble

This chapter outlines the research methodology used in investigating An Appraisal of Peer-to-Peer (P2P) Lending for Housing Development in Benin City. The chapter discusses the research design, data collection methods, sampling techniques, and data analysis procedures employed to explore the role and impact of P2P lending in facilitating housing development within Benin City. The chapter discusses: Design of the Study, Population of the Study, Sampling Size and Sampling Technique, Research Instrument, Validity of the Instrument, Reliability of the Instrument, Method of Data Collection and Method of Data Analysis Research Instrument

3.2 Research Design

In this study, the descriptive survey research design will be employed, a method chosen for its capacity to elucidate the existing relationships among variables. This particular approach serves the purpose of gathering comprehensive data regarding the characteristics of a specific issue or inquiry (Bryman, 2015). The rationale behind selecting the descriptive research design, as highlighted by Bushiri (2015), lies in its ability to yield a substantial volume of responses from a diverse cross-section of individuals. Moreover, this design is renowned for its capacity to offer a precise and meaningful depiction of events, as it endeavor to shed light on people's perceptions and behavior based on the data that has been meticulously collected.

3.3 Population of the Study

The population of this study comprises of housing developers in Benin City.

3.4 Sample Frame

The sample frame for the study will consist of the total population of registered housing developers operating within Benin City. This includes all recognized real estate development firms involved in residential housing projects. Specifically, the sample frame will cover 30 housing developers currently operating in Benin City, this is acquired through a pilot survey. The selection of this sample frame is based on their direct relevance to the research focus, as housing developers represent the demand side for innovative financing mechanisms like P2P lending. The study will rely on official records from the Real Estate Developers Association of Nigeria (REDAN) Edo state branch to verify and compile the list of these entities. This comprehensive frame ensures that the study captures the perspectives of real estate stakeholders who are directly affected by or potentially positioned to adopt P2P lending models in housing development.

3.5 Sampling Size and Sampling Techniques

The sample population for this study consists of housing developers operating within Benin City. A total of 30 housing developers were identified as part of the sample frame, a complete enumeration method was used in the study. This sampling strategy ensures a comprehensive insight into the role of Peer-to-Peer (P2P) lending in housing development in Benin City.

Table 3.1: Summary of Sample Size

Study Population	Sample frame	Sample size
Real estate developers	30	30
Total	30	30

3.6 Research Instrument

The primary data collection tool for this study is a structured questionnaire, which will be developed specifically for the purpose of investigating peer-to-peer (P2P) lending practices and their impact on housing development in Benin City. The questionnaire consists of two main sections: Section A gathers demographic information, while Section B addresses the main themes of the study, such as P2P lending usage, lending terms, accessibility of funds, impact on housing development, and challenges faced by stakeholders in the P2P housing finance sector.

3.7 Method of Data Collection

Data for this study will be collected using the structured questionnaire, which was administered in person to respondents in Benin City. The questionnaires were administered at different times and locations within Benin City to ensure that the data represented a diverse cross-section of the population involved in or affected by P2P lending for housing development. All responses were kept confidential and used solely for the purpose of this study.

3.8 Method of Data Analysis

Data generated for this research work will be analyzed using descriptive statistical method. This statistical method includes tables, frequencies, mean and standard deviation.

Table 3.2: Summary of Analytical Tool to be analyzed

S/N	Objectives	Analytical Method
1	To examine the level of P2P awareness amongst real estate developers in Benin city	Mean and Standard Deviation
2	Examine the perceived risks and challenges associated with peer-to-peer (P2P) lending for housing	Mean and Standard Deviation

	development in Benin City.	
3	Identify and analyze the technological, economic, and cultural barriers that could limit the effective use of peer-to-peer (P2P) lending platforms for housing finance in Benin City.	Mean and Standard Deviation
4	Assess the role of regulatory bodies in the growth and sustainability of peer-to-peer (P2P) lending platforms for housing development in Benin City.	Mean and Standard Deviation

The Mean is suitable because it can be used to represent typical values and also serve as a yardstick for all observations, while the standard deviation tells about the shape of the distribution, how close the sample mean is from the overall population.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION OF RESULTS

4.1 Introduction

The data analysis and interpretation of results are the topics covered in this chapter. For this study, four (4) research questions were proposed. The researcher will be able to provide insightful findings on the Appraisal of peer to peer (P2P) lending for housing development using Benin City as a case study. In order to provide answers to the study questions, the data underwent a thorough examination and analysis. The replies to each item were tallied, and the relevant percentages were computed. Additionally, samples of thirty (30) questionnaires were employed to get the thoughts of the respondents; Real estate developers in Benin City made up the respondents.

4.2 Administration of Questionnaire

In this study, a total of 30 copies of questionnaires were administered to Real Estate developers in Benin City. However, only 20 copies (66%) were retrieved and analysed using Statistical Package for Social Sciences (SPSS V22). The responses were computed using the descriptive statistics for data analysis.

A 4 point likert scale was adopted for questions on the level of p2p awareness amongst real estate developers in Benin city, the perceived risks and challenges associated with peer 2 peer lending for housing development in Benin city, the analysis of the technological, economic and cultural barriers that could limit the effective use of peer to peer (p2p) lending platforms for housing finance in Benin city and to assess the role of regulatory bodies in the growth and sustainability of peer to peer p2p lending platforms for housing development in Benin city.

The likert scale is the most often used tool in research for respondents to indicate the level of relevance based on their personal experiences.

The descriptive method used in this analysis consist of the likert scale which consist of 4 points, each representing a different level of extent, 1 signifies “strongly disagreed” ,2 signifies “ disagreed”, 3 signifies “agreed” , 4 signifies “strongly agreed”.

The decision rule for the 4 point likert scale used in the study is set as 3.00, such that an attribute is classified as agreed if the mean score is greater or equal to 3.00, and classified as disagreed if the mean score is less than 3.00

Table4.2: Administration of Questionnaires

CLASSIFICATION	FREQUENCY	PERCENTAGE
Retrieved	20	67%
Un-retrieved	10	33%
Total	30	100%

Source: Researcher’s fieldwork 2025

4.3 Demographic Information

Table 4.2: demographics of Respondents

Demographics	Frequency	Percentage
AGE RANGE		
20 -30	9	45%
31-40	10	50%
41-50	1	5%
51 years and above	0	0%
Total	20	100%
ACADEMIC QUALIFICATION		
OND/HND	15	75%
B.Sc	5	25%

M.Sc	0	0%
Total	20	100%
YEARS OF EXPERIENCE		
1- 5 years	3	15%
6-10 years	16	80%
11- 15 years	1	5%
16 years and above	0	
Total	20	100%

Source: Researcher's fieldwork 2025

Table 4.2 presents the demographics profile of the respondents. For the age range qualification of the respondents, it was discovered that 9(45%) of the respondents are between the age of 20-30 while 10 (50%) of the respondents are between the age of 31-40. 1 (5%) of the respondents are between the age of 41-50 while none of the respondents are between the age of 51 and above. This goes to show that majority of the respondents are between the age of 20-30

For academic qualification of the respondents, it was observed that 15 (75%) of the respondents are OND/HND holders, while 5 (25%) of the respondents are BSc holders. None of the respondents are MSC holders.. Therefore, a larger population of the respondents are OND/HND holders.

For the years of experience of the respondents, It was observed that 3 (15%) of the respondents have experience below 5 years, while 16 (80%) of the total respondents have experience between 6-10 years. Also, 1 (5%) of the respondents have experience from 11- 15 years above. This however reveal that majority of the respondents have experience between 6 to 10 years above.

4.4 Analysis of Results

Research Question 1: What is the level of awareness of P2P amongst real estate developers

Table 4.3: Level of awareness of p2p amongst real estate developers in Benin City

S/N	ITEM	SA	A	D	SD	Mean (\bar{x})	S.Dev
		4	3	2	1		
1	I am aware of peer-to-peer lending as a method of financing for housing development	1	9	10	-	2.6	0.60
		(5%)	(45%)	(50%)			
2	I have considered using a P2P lending platform to finance a housing project in Benin City.	2	7	10	1	2.75	0.51
		(10%)	(35%)	(50%)	(5%)		
3	P2P lending is a viable alternative to traditional financing for housing development	3	5	15	-	3.26	0.44
		(25%)	(75%)				
4	I get most of my information on new financial trends from online platforms.	4	3	10	7	1.9	0.72
		(15%)	(50%)	(35%)			
5	I have a good understanding of how P2P lending platforms operate.	5	7	3	10	1.85	0.93
		(35%)	(15%)	(50%)			

Source: *Researcher's Field survey, 2025*

Scale: Mean \geq 3.00 = Accepted, Mean $<$ 3.00 = Not Accepted

Table 4.3 presents the results of respondents' perceptions about the level of awareness of P2P amongst real estate developers for housing development in Benin City. The findings indicate that the level of awareness of P2P is characterized by factors such as awareness of peer-to-peer lending, consideration of using a P2P lending platform, viability of P2P lending as an alternative, sourcing of information on new financial trends, and understanding of P2P lending operations. The response rates showed that P2P lending is seen as a viable alternative to traditional financing for housing development with a mean score of 3.26. Consequently, the results highlight that the integration of P2P lending awareness amongst real estate developers is impacted by these identified factors.

Research Question 2: What are the perceived risks and challenges associated with p2p lending for housing development in Benin city?

S/N	ITEM	SA	A	D	SD	Σf	$\Sigma fx.$	$\frac{\Sigma fx}{\Sigma f}$	S.Dev
		4	3	2	1				
1.	The risk of high interest rates is a major challenge of P2P lending.	12	7	1	-	20	71	3.55	0.61
		(60%)	(35%)	(5%)					
2.	The uncertainty of funding for the entire project duration is a significant challenge with P2P lending	11	9	-	-	20	71	3.55	0.51
		(55%)	(45%)						
3.	I believe P2P lending platforms have adequate mechanisms to assess a developer's	15	5	-	-	20	75	3.75	0.44
		(75%)	(25%)						

	creditworthiness.							
4.	Data security on P2P lending platforms is a major concern for me.	13	7	-	-	20	73	3.65 0.49
	(65%) (35%)							
5.	The lack of a personal relationship with the lender is a significant challenge in P2P lending.	11	6	3	-	20	68	3.4 0.75
	(55%) (30%) (15%)							

Table 4.4: To examine the Perceptions and Experience with P2P Lending

Where $\sum f$ = number of values, $\sum fx$ = sum of values, $\sum fx / \sum f$ = sum of values divided by number of values. Decision indicator > 3.00= Agree, < 3.00 = Disagree

Source: Researcher's Field Survey, 2025

Scale: Mean \geq 3.00 = Accepted, Mean <3.00 = Not accepted

Table 4.4 presents the results of respondents' views on the perceptions and experience with P2P lending. The response rate shows that respondents agree that the risk of high interest rates is a major challenge of P2P lending; uncertainty of funding for the entire project duration is a significant challenge with P2P lending; P2P lending platforms have adequate mechanisms to assess a developer's creditworthiness; data security on P2P lending platforms is a major concern; and lack of personal relationship with the lender is a challenge in P2P lending, with mean scores > 3.00. The results revealed that the majority of the respondents agree that these challenges and considerations are significant in P2P lending.

Research Question 3: What technological, economic and cultural barriers that limits the effective use of p2p lending platforms in Benin city ?

Table 4.5: Identify and analyse the technological, economic and cultural barriers that could limit the effective use of peer to peer (p2p) lending platforms for housing finance in Benin city

S/N	ITEM	SA	A	D	ND	$\sum f$	$\sum fx$	$\frac{\sum fx}{\sum f}$	S.Dev
		4	3	2	1				
1.	The current Nigerian regulatory framework provides adequate guidance for p2p lending.	2	6	12	-	20	50	2.5	0.64
	(10%) (30%) (60%)								
2.	Regulatory frameworks in Nigeria encourage innovation in housing finance.	3	11	6	-	20	57	2.85	0.59
	(15%) (55%) (30%)								
3.	There is a clear regulatory guideline specifically governing P2P lending activities in housing finance.	6	11	3	-	20	63	3.15	0.59
	(30%) (55%) (15%)								
4.	Regulatory uncertainty hinders the growth and sustainability of P2P lending platforms.	12	4	4	-	20	68	3.4	0.75
	(60%) (20%) (20%)								

5. Lack of digital literacy among users(75%)	15	5	-	-	20	75	3.75	0.44
hinders the adoption of P2P platforms.								

Where $\sum f$ = number of values, $\sum fx$ = sum of values, $\frac{\sum fx}{\sum f}$ = sum of values divided by number of values. Decision indicator > 3.00 = Agree, < 3.00 = Disagree

Source: Researcher's Field Survey, 2025

Scale: Mean > 3.00 = Accepted

Mean < 3.00 = Not accepted

Table 4.5 presents the results of respondents' views on the effective use of P2P lending platforms in Benin City. To achieve this, five items were presented to the respondents through structured questionnaires using the mean value and standard deviation to analyze the data. The response rate shows that respondents have varying opinions on the current regulatory framework, regulatory guidelines, and digital literacy, with mean scores indicating agreement that lack of digital literacy hinders P2P platforms' adoption (mean = 3.75); regulatory uncertainty hinders growth (mean = 3.4); and P2P lending regulatory guidelines are somewhat clear (mean = 3.15). However, respondents tend to disagree that the current regulatory framework provides adequate guidance (mean = 2.5). The results revealed that the majority of the respondents agree that these factors are significant in the effective use of P2P lending platforms.

Table 4.6 Assess the role of regulatory bodies in the growth and sustainability of peer -to- peer lending platforms for housing development in Benin city

S/N	ITEM	SA	A	N	D	SD	$\sum f$	$\sum fx$	$\frac{\sum fx}{\sum f}$	S.Dev
		5	4	3	2	1				
	Implementing clear and comprehensive regulatory frameworks will increase trust and participation in P2P lending	10	10	-	-	-	20	70	3.5	0.51
	Enhancing digital literacy awareness campaigns will improve adoption of P2P lending platforms.	14	6	-	-	-	20	74	3.7	0.46
	Encouraging collaboration between developers and P2P platforms can expand housing finance options.	13	7	-	-	-	20	73	3.65	0.48
	Developing robust credit assessment and borrower verification systems will reduce default risks.	7	13	-	-	-	20	67	3.35	0.48
	Offering incentives such as lower origination fees or flexible repayment terms will attract more borrowers	10	10	-	-	-	20	70	3.5	0.51

Where $\sum f$ = number of values, $\sum fx$ = sum of values, $\frac{\sum fx}{\sum f}$ = sum of values divided by number of value. Decision indicator > 3.00= Agree, < 3.00= Disagree

Source: Researcher's Field Survey, 202

Scale: Mean > 3.00 = Accepted

Mean < 3.00 = Not accepted

Table 4.6 presents the results of respondents' views on the role of regulatory bodies in boosting development in Benin City. To achieve this, five items were presented to the respondents through structured questionnaires using the mean value and standard deviation to analyze the data. The response rate shows that maintaining clear and comprehensive regulatory frameworks will increase trust and participation; enhancing digital literacy and awareness campaigns will improve adoption; encouraging collaboration between developers and regulatory bodies can expand housing finance options; developing robust credit assessment and borrower verification systems will reduce default risks; and offering incentives such as lower origination fees or flexible repayment terms will attract more borrowers, with mean scores > 3.00 indicating agreement on the importance of these factors. The results revealed that the majority of the respondents agrees that regulatory bodies play a significant role in these areas.

4.5 Discussion of Findings

The findings of this study reveal that awareness of Peer-to-Peer (P2P) lending among real estate developers in Benin City is still at a relatively low level. Although respondents showed interest in the concept, only a few possessed adequate knowledge of how such platforms operate. Most developers rely heavily on traditional bank loans and informal sources of finance because they are more familiar and perceived as safer. Nevertheless, respondents acknowledged that P2P lending could serve as a flexible and faster financing option for housing development if properly regulated. This supports earlier research by Adebayo and Nnaji (2023), which emphasized that low awareness and poor digital literacy remain major obstacles to the adoption of fintech-based housing finance in Nigeria.

The study also showed that perceived risks and institutional weaknesses discourage many potential users. Developers expressed concerns about high-interest rates, loan default, and data insecurity on online platforms. Many felt that the absence of standardized credit assessment procedures and government-backed protection makes P2P lending unsafe for large-scale investments. This outcome aligns with the observations of Profitus (2025) and Okafor et al. (2019), who highlighted weak regulation and inadequate risk management as common challenges in emerging P2P markets. The findings further indicate that poor internet infrastructure, low digital competence, and Nigeria's unstable economic environment amplify these concerns, particularly in Benin City, where informal lending practices still dominate.

Overall, the study affirms that P2P lending holds strong potential to complement traditional housing finance systems, but its success depends on awareness, trust, and regulation. Respondents agreed that with proper oversight from the Central Bank of Nigeria and other relevant agencies, coupled with improved digital literacy and cybersecurity, the system could expand credit access for housing developers. The results also validate the Financial Intermediation and Information Asymmetry theories by showing how inadequate institutional support and information gaps can hinder innovation. In essence, while P2P lending in Benin City is still evolving, it presents a promising opportunity for inclusive and technology-driven housing finance once the identified barriers are addressed.

CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

The summary of findings for the study is presented in this section, conclusion reached with recommendation made as regarding the appraisal of P2P lending for housing development, using Benin City as a case study.

5.1 Summary

This study examined An Appraisal of Peer-to-Peer (P2P) Lending for Housing Development in Benin City, Edo State. The purpose was to evaluate how P2P lending platforms can function as alternative sources of finance to support housing development, particularly among low- and middle-income earners who are typically excluded from formal mortgage systems.

The research was motivated by the widening housing deficit in Nigeria and the inability of conventional financial institutions to bridge this gap. With a mortgage penetration rate of less than one percent and a housing deficit estimated at over twenty million units, Nigeria's housing finance system remains insufficient to meet growing demand. P2P lending has therefore emerged as a financial innovation capable of connecting lenders directly to borrowers through online platforms, reducing bureaucratic processes and promoting inclusion.

A descriptive survey design was adopted, targeting thirty (30) registered housing developers in Benin City. Data were gathered using structured questionnaires and analyzed using descriptive statistics. Findings revealed that awareness of P2P lending among real estate developers is still low. While respondents recognized its potential as an affordable and flexible finance option, they identified challenges such as high-interest rates, data security concerns, and weak regulation. Technological barriers and limited digital literacy were also noted as constraints. Nonetheless, respondents agreed that with adequate

regulation, awareness, and education, P2P lending could complement existing housing finance systems and expand credit access in Benin City.

5.2 Conclusion

This study concludes that Peer-to-Peer (P2P) lending has significant potential to transform housing finance in Benin City. By connecting borrowers and lenders directly through online platforms, P2P lending provides an inclusive, flexible, and transparent alternative to traditional bank financing. However, adoption is hindered by regulatory uncertainty, data privacy issues, and limited public awareness.

To fully realize its potential, Nigeria needs a clear legal and institutional framework that ensures investor protection and consumer confidence. With increased financial literacy, improved cybersecurity, and partnerships between fintechs, real estate developers, and regulators, P2P lending can significantly contribute to reducing the housing deficit and promoting sustainable housing development.

5.3 Policy Recommendations

Based on the analysis and interpretation of the data obtained during this study, the following recommendations are made:

To strengthen the role of Peer-to-Peer (P2P) lending in housing development, the study recommends the establishment of a clear and comprehensive regulatory framework by the Central Bank of Nigeria (CBN). Such regulation should outline licensing procedures, consumer protection policies, data privacy standards, and dispute resolution mechanisms to ensure accountability and investor confidence. Integrating P2P lending into Nigeria's national housing finance policies through collaboration between agencies like the Federal Mortgage Bank of Nigeria, Family Homes Fund, and fintech innovators will also diversify funding sources for real estate projects and promote inclusive housing development.

Furthermore, increasing financial and digital literacy is crucial for expanding P2P adoption. Government agencies, industry associations, and educational institutions should organize awareness campaigns and capacity-building programs that educate developers, investors, and the general public on the benefits and risks of digital lending. Simultaneously, fintech operators must enhance cybersecurity systems to protect user data and prevent online fraud. Regular third-party audits, transparent reporting, and public disclosure of platform performance will help foster trust and transparency among users. Finally, the government should create incentives that encourage innovation and collaboration within the sector. Offering tax reliefs, innovation grants, and credit guarantee schemes can motivate fintech startups and investors to participate actively in the housing finance ecosystem. Encouraging partnerships between P2P platforms and housing developers will support the design of customized digital financing models that address local housing needs. Additionally, developing a centralized database of verified P2P platforms and borrowers will reduce information asymmetry, improve monitoring, and ensure that lending activities are secure, transparent, and well-regulated across the country.

5.4 Contribution to Body of Knowledge

This research contributes meaningfully to the growing body of knowledge on innovative financial models for housing development in Nigeria by combining empirical findings, theoretical integration, and practical policy implications. It provides one of the earliest localized analyses of P2P lending adoption in Benin City, offering valuable insight into developers' awareness, perceptions, and the challenges influencing adoption in a developing-city context. By examining these factors, the study fills an important gap in real estate finance literature and establishes a foundation for understanding how emerging financial technologies can complement traditional housing finance systems. The integration of Financial Intermediation Theory, Information Asymmetry Theory,

Institutional Theory, and the Diffusion of Innovation Theory also provides a strong theoretical lens for interpreting the dynamics of digital finance in Nigeria's housing sector. Beyond its empirical and theoretical relevance, this study offers actionable policy guidance and practical recommendations for regulators, fintech operators, and housing developers. It highlights the need for regulatory clarity, technological innovation, and collaboration to enhance access to finance and improve housing affordability. The findings also create opportunities for future research, particularly in exploring the long-term effects of P2P lending on housing markets, investor behavior, and financial inclusion across different Nigerian cities. Overall, the study reinforces the connection between financial technology and real estate development, demonstrating that with proper regulation, education, and infrastructure, P2P lending can serve as a transformative mechanism for closing Nigeria's housing finance gap and supporting sustainable urban growth.

5.5 Suggestions for Further Studies

Future studies should expand the scope of this research beyond Benin City to include other major cities and rural areas across Nigeria, to compare adoption levels and regional differences in Peer-to-Peer (P2P) lending for housing finance. Researchers could also examine the long-term effects of P2P lending on housing affordability, project sustainability, and investor confidence. Further inquiry should assess the role of gender, income level, and digital literacy in influencing access to and participation in P2P platforms. Additionally, future research may explore the performance of existing P2P housing finance models over time, their impact on small-scale developers, and the regulatory challenges faced by fintech operators in Nigeria's real estate market.

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