FINTECH ADOPTION AND ACCESS TO FINANCE: IMPLICATIONS FOR SMES GROWTH IN NIGERIA

BY

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BEING A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF ENTREPRENEURSHIP, IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF BACHELOR OF SCIENCE (B.SC), ENTREPRENEURSHIP, FACULTY OF MANAGEMENT SCIENCES, UNIVERSITY OF BENIN, BENIN CITY

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DECLARATION

I SAMBO HAPPINESS AUGUSTINE with the matriculation number MGS2104912 do declare that this project was based on a study undertaken by me in the Department of Entrepreneurship, Faculty of Management Sciences, University of Benin, Benin City, under the supervision of MISS AUGUSTA ADAGHEGBE. This work had not been previously submitted for the award of Bachelor of Science Degree in Entrepreneurship, to the best of my knowledge. All ideas and views were a product of my personal research; and where the views of others been expressed, have been duly acknowledged.

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CERTIFICATION

We, the undersigned, certify that this project was carried out by SAMBO HAPPINESS AUGUSTINE with matriculation number MGS2104912 of the Department of Entrepreneurship, Faculty of Management Sciences, University of Benin, Benin City, Edo State, Nigeria; the work has not been presented in part or full in any Diploma or Degree awarding institution and the work is adequate in scope and quality in partial fulfillment of the requirements for the award of B.Sc. Degree in Entrepreneurship, Faculty of Management Sciences, University of Benin, Benin City, Nigeria.

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DEDICATION

This research work is dedicated to God, whose quiet guidance, mercy, and strength carried me through every moment of doubt and every step forward. Without His grace, none of this would have been possible. To my parents, Mr. and Mrs. Augustine Sambo whose love has been my safest place and whose sacrifices continue to light the path before me. And finally, to myself, for showing up, for choosing growth, and for refusing to give up. This project is a reminder that I am stronger, braver and more capable than I ever imagined.

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ABSTRACT

A persistent lack of access to financial services may hinder small enterprises or start-ups from pursuing economic transformation opportunities. This is typical of traditional financial institutions that are reluctant to serve small businesses and start-ups due to perceived high-risk exposure and high failure rates. Hence, financial innovations such as fintech are increasingly leveraged to reduce barriers to capital access for business start-ups. Fintech offers services and products that meet the financial needs of customers more effectively than traditional banks. End-users adopt fintech services such as mobile money accounts and digital applications for financing, payments, investments, and accessing credit.

In order to achieve this, a descriptive survey research design was used in eliciting response gotten from respondents. A structured questionnaire was administered to collect data from all working staffs in all SMEs within Benin City, Edo State. While the sample size was restricted to 360 employed workers. The collected data was analyzed using the simple percentage table.

In the findings, it was revealed that fintech adoption has a significant effect on access to finance among SMEs in Nigeria. It was also revealed that fintech adoption has a significant impact on the growth and performance of SMEs in Nigeria. Based on the findings, the study recommends that government agencies and fintech providers should collaborate to implement widespread financial literacy and digital skills training. This will empower users to confidently navigate fintech platforms, improving economic empowerment and financial management.

CHAPTER ONE

INTRODUCTION

1.1 Introduction to the Study

A persistent lack of access to financial services may hinder small enterprises or start-ups from pursuing economic transformation opportunities. This is typical of traditional financial institutions that are reluctant to serve small businesses and start-ups due to perceived high-risk exposure (Armendariz & Morduch, 2024) and high failure rates (Reynolds & Ucbasaran, 2023). In sub-Saharan Africa, about 51 percent of micro and small enterprises require more access to finance than they currently have (Runde, 2021). Access to credit remains a barrier to small business development due to stringent requirements from the traditional financial system in Nigeria (Lewis & Gasealahwe, 2017). Likewise, Osa (2021) identified funding as a major constraint to start-up businesses in Nigeria, with the 2021 SMEDAN Report revealing that 44.3 percent of sole-proprietor enterprises lack access to financing. Improved access to financial services can promote entrepreneurship and employment generation (Brown, Célerier & Matray, 2017). Small and start-up enterprises encounter great difficulty accessing financial services; thus, without inclusive financial systems, individuals may have limited capacity to save and invest in entrepreneurial ventures.

Financial innovations such as fintech are increasingly leveraged to reduce barriers to capital access for business start-ups (Chen, 2023). Fintech offers services and products that meet the financial needs of customers more effectively than traditional banks. End-users adopt fintech services such as mobile money accounts and digital applications for financing, payments, investments, and accessing credit. Unlike traditional banks, fintech services are alleviating financial exclusion by reducing service costs and improving access and efficiency factors that typically constrain entrepreneurship (Xie, 2020). Particularly, fintech is anticipated to scale financial inclusion to unserved and underserved populations, thereby increasing access to financial services that address barriers limiting entrepreneurial financing opportunities. As a necessary condition, the penetration of fintech may reduce information asymmetry and optimize resource allocation for enterprise activities (Wang & Alraqeb, 2022).

Over the last decade, Nigeria has experienced an improvement in the level of financial inclusion due to the gradual diffusion of fintech services to niche areas and economically disadvantaged groups. In Nigeria, individuals with account ownership increased from 23 percent in 2011 to 55 percent in 2021 (Global Findex, 2021). This accounts for a 139 percent rise in financial inclusion, with innovation in digital finance driving the pace. Nevertheless, adults' financial exclusion rate remains significant at 44 percent. This may lead to low economic opportunities, weak economic growth, and exacerbate income inequality, especially for the most vulnerable. Also, the high exclusion rate may worsen

unemployment and dependency levels predominantly among the young African population. However, evidence remains scarce as to whether the use of fintech services promotes entrepreneurship in Nigeria.

Entrepreneurship is defined as the act of starting new businesses or expanding existing ones by individuals or organizations, which enhances socio-economic transformation by providing livelihood strategies. Entrepreneurship brings about new products and innovations not only for individuals but also for society, fostering economic transformation. In terms of economic transformation, entrepreneurship facilitates resource mobilization in new sectors and contributes to strengthening existing ones. This structural transformation leads to product diversification and higher productivity gains for livelihood improvement and economic competitiveness. While entrepreneurship may not be the sole driver of economic growth, evidence reveals its significant positive role in boosting economic prosperity in developing countries (Carree & Thurik, 2010; Kim & Asamoah, 2023). Thus, assessing the factors that stimulate entrepreneurship, with particular attention to the role of financial technology, is desirable for improved economic growth and development at the intersection of digital diffusion.

1.2 Statement of the Research Problem

Fintech adoption has emerged as a vital solution to enhance access to finance for entrepreneurs in Nigeria, particularly small and medium-sized enterprises (SMEs).

Despite the growth of Nigeria's fintech sector, valued at over $3 billion, many SMEs still face significant challenges in accessing finance due to stringent regulatory requirements, high transaction costs, and limited financial literacy. Many Nigerians, especially in rural areas, lack access to basic financial services, hindering entrepreneurial development. Low financial literacy levels among users often lead to misuse of digital financial products, underscoring the need for comprehensive educational initiatives. Fragmented policies and inconsistent licensing regimes across regions create barriers to scaling fintech solutions. This leads to implications for entrepreneurial development, as fintech innovations can bridge the financial inclusion gap, empowering entrepreneurs to participate fully in digital economies. Digital lending platforms and alternative credit-scoring technologies can provide SMEs with access to affordable credit, fostering entrepreneurship and economic growth. By promoting financial inclusion and entrepreneurship, fintech adoption can contribute to Nigeria's economic development, reducing poverty and increasing financial resilience.

1.3 Research Questions

The following research questions guide the study:

1. To what extent has fintech improved access to credit for SMEs growth in Nigeria?

2. How does fintech adoption influence SME growth in Nigeria?

3. What challenges hinder SMEs from adopting fintech solutions?

4. How does access to finance mediate the relationship between fintech adoption and SME growth?

1.4 Objectives of the Study

The broad objective of this study is to examine the effect of fintech adoption and access to finance on entrepreneurial development in Nigeria. The specific objectives are to:

1. To examine the effect of fintech adoption on access to finance among SMEs.

2. To assess the extent of fintech adoption among SMEs in Nigeria.

3. To identify the major challenges hindering the adoption and effective use of fintech solutions by SMEs in Nigeria.

4. To explore the mediating role of access to finance in the relationship between fintech adoption and SME growth.

1.5 Research Hypothesis

The following hypotheses stated in the null form are considered relevant for the study.

H_{01}: Fintech adoption has no significant effect on access to finance among SMEs in Nigeria.

H_{02}: Fintech adoption has no significant impact on the growth and performance of SMEs in Nigeria.

H_{03}: Challenges such as poor infrastructure and low digital literacy do not significantly affect the adoption of fintech among SMEs in Nigeria.

H_{04}: Access to finance does not mediate the relationship between fintech adoption and SME growth in Nigeria.

1.6 Significance of the Research Study

This study will be of significant to researchers, policymakers, financial institutions, fintech providers and for SMEs. For the researcher, this study will add to the understanding of how fintech impacts financial inclusion and resilience, especially in developing countries like Nigeria. For the policymakers, this study will be of significance to them in such a way that it will help create policies that encourage fintech adoption while addressing barriers like poor digital skills and weak infrastructure. And for the financial institutions and fintech providers, this study will highlight the needs of SMEs, helping these organizations develop better products and services for the informal sector. For the SMEs, this study will show how fintech can help them improve their operations, survive economic challenges, and access financial services. This will ultimately strengthen the informal sector's contribution to Nigeria's economy.

1.7 Scope of the Research Study

This study investigates fintech adoption and access to finance in entrepreneurial development in Nigeria. The study is limited to small and medium enterprises owners and their managers in Ugbowo, Benin City, Edo state.

1.8 Limitation of the Study

This study will be conducted using the survey research method for data collection. A major limitation of the study is that the study's sampling method may not accurately represent the broader population, potentially introducing biases. Also, the study's design limits its ability to capture longitudinal trends and causal relationships. Lastly, the study focus on quantitative data may overlook valuable qualitative insights.

1.9 Operational Definition of Terms

Fintech: Fintech, or financial technology, refers to mobile applications, software, and other technology that enable users and enterprises to access and manage their finances digitally. Fintech also refers to the intersection of finance and technology. It involves the use of technology to improve and automate financial services, making them more accessible, efficient and cost-effective.

Entrepreneurial development: Entrepreneurial development refers to the process of equipping individuals with the skills, knowledge, and mindset needed to identify opsportunities, start, and grow successful businesses. It is a multifaceted approach

involving training, education, and support systems designed to foster entrepreneurial activity and contribute to economic growth. Essentially, it involves building a pipeline of capable entrepreneurs who can create and sustain businesses, ultimately benefiting both individuals and the broader economy.

SMEs: this stands for small and medium-scale enterprises. These are businesses that have a limited number of employees and annual revenues or assets below a certain threshold. They are also defined by their size, revenue and number of employees. The specific criteria for SMEs can vary by country or region.

Regulatory framework: it's a set of rules, guidelines and standards that govern the behavior of individuals, organizations or industries. It provides a structure for compliance and oversight, ensuring that entities operate within established boundaries and adhere to specific requirements

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Fintech is a product of creative innovation that grants consumers access to financial transactions (such as online banking, investment, risk and wealth management, payments, online trade, and much more) in the comfort of their homes, offices or while on the move. Financial technology (Fintech) is used to describe new technology that seeks to improve and automate the delivery and use of financial services. At its core, Fintech is utilized to help companies, business owners and consumers better manage their financial operations, processes, and lives by utilizing specialized software and algorithms that are used on computers and, increasingly, smartphones.

The possibility now looms that, entities driven by Fintech may emerge as competitive alternatives to traditional financial intermediaries, markets, and infrastructures. The widespread adoption of modern technologies offers advantages but also poses risks. Fintech may spur efficiency gains in the financial sector, offer better and more targeted products and services, and deepen financial inclusion in the developing world. However, it may also pose risks, if its application undermines competition, trust, monetary policy transmission, and financial stability.

2.2 Conceptual Framework

2.2.1 Concept of FinTech

According to Kelvin Leong and Anna Sung (2020), FinTech (i.e., Financial Technology) is an emerging topic in the business world. According to global investment in FinTech companies hit US$24.7 billion across 1076 deals in 2016, while Garrick and Rauchs showed that the total crypto currency market capitalization has increased over 3 times since early 2016, reaching nearly US$25 billion in March 2017. Kelvin Leong and Anna Sung (2018) discovers Nigeria presents a vast opportunity for FinTech as 37% of the population is unbanked but the population is young (it's estimated that 62% of the population is under the age of 25), and well-connected (internet penetration is 50.2% and mobile penetration is 84%). The regulator, the Central Bank of Nigeria, has established a regulatory sandbox for FinTech and is continuously exploring how to keep up with innovation in the space. According to PwC 2017 FinTech Survey Report, over 62% of customers will use mobile applications to access financial services within the next 5 years. Digital payments, mobile lending, and personal finance are currently the most popular areas where FinTech is operating.

Kelvin Leong and Anna Sung (2020) also realize Some Nigerian Fintech is gaining the worldwide attention of investors. Lagos-based payment company Paystack in August 2018 raised $80 million from Visa, Tencent, Stripe, and Y Combinator. As of August 2018, Paystack had over 17,000 live merchants (which includes Dominos, MTN, Taxify,

and Lagos Internal Revenue Service). In July 2018, CowryWise, which helps Nigerians save and invest in government bonds, was selected to take part in the Silicon Valley-based Y Combinator accelerator. Banks in Nigeria are also leveraging FinTech to improve customer experience. One of Nigeria's biggest banks, First Bank, launched the First Bank Digital Lab in July 2018, at the "Yabacon Valley," Yaba, Lagos mainland. The lab serves as a platform for First Bank to collaborate and advance with the rapidly developing FinTech.

The world economy has undergone a thorough process of modernisation and digitalisation in mostly each sector during the last few decades, at the point where entirely new industries have emerged, demonstrating how the concentration of several innovative companies in a single area facilitates the flow and contamination of ideas within different industries, leading to a flourishing economic sector and revolutionary innovations. This disruptive wave of innovation is now converging towards an historically bound to tradition and renovation-adverse industry: banking. This upcoming flow of innovation goes under the name of fintech, that is, financial technology, and has the goal to disrupt the currently dated and inefficient financial sector through the implementation of new technologies and processes.

The Nigerian banking sector remains highly attractive, with over $9 billion in value pools, butdespite high levels of competition, majority of her consumers are underserved. Issues such as inaccessibility to services, especially in rural areas, affordability, and poor user

experience all contribute to the frustration consumers experience right across the customer spectrum. This has created an opening that fintechs have been quick to take advantage of, with many stepping up to develop enhanced systems across the value chain to address pain points in affordable payments, quick loans, flexible savings and investments, among others (Kola- Oyeneyin, 2020).

The rapid emergence of financial technology in Nigeria's financial system and in the running of small and medium-sized enterprises has sparked a continuing interest among stakeholders to question the appropriateness of the technologies adopted. It encompasses a rapidly growing industry that serves the interests of both consumers and businesses in many ways to better manage their financial operations, processes, and lives through the aid of specialized software and algorithms that are used on computers and, increasingly, smartphones. From mobile banking and insurance to cryptocurrency and investment apps, fintech has a seemingly endlessarray of applications (Julia, 2020).

Some stakeholders are enthusiastic about the adoption owing to the enourmous benefits obtained, for example, the ease and speed of service delivery operations (Gabrriella, 2015). Other stakeholders are worried about the risks involved, associated and anticipated. Their fear is linked to the weak infrastructure and technical knowledge of these technologies. In addition, Nigerians lack financial education, and as such it is difficult to encourage customers to acceptinnovative products and services derived from this technology.

Kayanula and Quartey (2020) defined small and mid-size enterprises (SMEs) as businesses thatmaintain revenues, assets, or several employees below a certain threshold. Each country has its definition of what constitutes a small and medium-sized enterprise (SME). Certain size criteria must be met and occasionally the industry in which the company operates is taken into accountas well. Though small in size, small and mid-size enterprises (SMEs) play an important role in the economy. They outnumber large firms considerably, employ vast numbers of people, and are generally entrepreneurial, helping to shape innovation (Kayanula and Quartey, 2020).

According to Subhan, (2023), SMEs have continued to play a vital role in employment creation, poverty reduction, thus, being considered as contributing factors of economic development in both developed and developing nations. Umeabali (2019) emphasized that SMEs have remained the key employment sector in developing nations as well as being the keystones in the productive structure of emerging economies. OECD (2020) stated that SME shave continued to play an important role in job creation considering 60% to 70% which was contributed by 95% of the firms. 50% of the GDP on average in the developed countries is contributed by SMEs (Subhan, 2013). Ukiwe and Ogbulafor (2017) says SMEs in developing countries typically suffer from limited access to long-term and affordable finance, insufficient institutions for developing skilled class of entrepreneurs and workers and poor policies to support the economic and social upgrading of SMEs.

Technology growth in the current era of globalization is very fast in innovating. Progress in technology has made it easier for humans to do all their activities. One of the technological advances is in the field of information. The fastest and dominant development of information technology is the internet. The rise of the smartphone has massively changed the behavior of consumers (Farida and Subroto, 2018). Whether it's checking to pay for goods online or making bank transfers via a mobile app, Nigerians are now getting used to handling financial affairs aseasily and conveniently as they do their email or Facebook page. Reports have shown the growing evidence that Mobile Money (MM) as well as other fast emerging firms can positively contribute to productivity and poverty eradication and more importantly provide SMEs with a viable alternative to traditional banking (Tengeh and Gahapa2020).

2.2.2 Dimensions of FinTech

Perceived Risk

Perceived risk refers to an individual's subjective assessment of the potential danger or negative consequences associated with using a particular service or technology. In the context of this study, we explore SME entrepreneurs' perceptions of the risks associated with adopting fintech for financial inclusion. This may include concerns related to financial fraud, unauthorized access to personal information, data privacy, or the overall trustworthiness of fintech platforms. Understanding the perceived risk will shed light on the barriers SME entrepreneurs might perceive when considering fintech adoption.

Perceived risk can be considered as an independent variable that influences the adoption of Fintech services by SME entrepreneurs.

Agent Trust

Agent trust represents the trustworthiness and credibility attributed to the human intermediaries or agents facilitating Fintech services. This construct is particularly relevant in situations where SME entrepreneurs interact with agents, such as mobile money agents or Fintech service providers. SME entrepreneurs' trust in these agents can greatly influence their intention to adopt Fintech platforms. Factors such as the agents' knowledge, expertise, responsiveness, and reliability may impact the trust levels of SME entrepreneurs, thereby affecting their adoption decisions.

Service Trust

Service trust examines SME entrepreneurs' trust in the financial service providers that offer fintech services for financial inclusion. This construct encompasses aspects such as the dependability, transparency, and reliability of the financial service providers. Trust in the service providers is crucial as it influences SME entrepreneurs' willingness to engage with fintech solutions and rely on them for their financial needs.

Analyzing service trust will help discern the factors that contribute to the establishment of a trusted relationship between SME entrepreneurs and financial service providers.

Service Charges

Service charges pertain to the fees or costs associated with using fintech services for financial inclusion. In this study, we investigate SME entrepreneurs' perceptions of the affordability and justification of the service charges related to fintech adoption. Considering the financial constraints often faced by SME entrepreneurs, understanding their perceptions of service charges is essential to assess the potential impact on their willingness to adopt and utilize fintech solutions for financial inclusion.

2.2.3 Financial Service

The financial services industry is made up of economic services provided by the finance institutions which include, credit unions, banks, accounting firms, real estate, etc. The financial services industry is basically a financial service provided to consumers or businesses which effectively manages money (Gibson, 2025). Although financial systems can be traced as far back as the 1860‘s, it was the nineties when the industry really came to fruition. The financial services industry has witnessed significant changes and alterations over the last few decades. Financial Institutions and banks have seen dramatic reform. There has been a mass transformation of current banks and new entrants to the industry. The financial services became more prevalent in the United States and the world as a result of the Gramm - Leach - Bliley (GLB) Act. It was this act that started to change the landscape of financial services. The Act requires these financial institutions and companies who offer financial products or services such as loans, or financial investment

advice to simply explain their information sharing practices to their customers thus safeguarding sensitive data. (Federal Trade Commission, online). The (GLB) Act loosens restrictions on banks' abilities to engage in the previously restricted activity of underwriting securities and permits banks to underwrite insurance policies (Cara, 2020). The consolidation of commercial banking which is the single largest component of the financial services industry in 1980's saw banking organizations in the U.S drop considerably from 12, 300 to 6,600 in 2001. The Nigerian financial system includes financial markets (money and capital markets), financial institutions including the regulatory and supervisory authorities, development finance institutions (Urban Development Bank, Nigerian Agricultural and Rural Cooperatives bank) and other finance institutions (insurance companies, pension funds, finance companies, Bureau de change, and Primary Mortgage Institutions), among others. It also offers financial instruments (e.g. treasury bills, treasury certificates, central bank certificates), The structure of the Nigerian Financial System has been through remarkable changes, ranging from their ownership structure, the length and breadth of financial instruments used to the number of institutions established, regulatory and supervisory frameworks as well as the overall macroeconomic environment within which they operate. The Nigerian Financial System also consists of interrelationships among the persons and the bodies that make up the economy. Commercial banks are the most relevant financial institutions in Nigeria to

encourage and mobilize savings and also channel savings into productive investment units.

The Nigerian financial system consists of the formal sector (bank and non-bank financial institutions) and the informal sector (savings and loan association, local money lenders, etc.). The institutions are regulated by the Central Bank of Nigeria (CBN), Federal Ministry of Finance, Nigeria Deposit Insurance Corporation (NDIC), Securities and Exchange Commission (SEC), the National Insurance Commission (NIC), and the Federal Mortgage Bank of Nigeria (FMBN). The informal sector is largely loosely organized without any form of formal regulation. To interpret the financial system and evaluate its performance requires an understanding of its functions in the economy. With reference to the allocation of resources and economic efficiency, the financial system performs three major functions, which are vital to economic growth and development. First, the system provides convenient and efficient payments system without which specialization in production, so vital to productivity improvements would be greatly impeded. Secondly, the financial system pools savings from net surplus units and channels them to productive investment.

The banking system in Nigeria has since independence undergone radical changes. Banking in Nigeria developed from an industry, which at the time of independence in 1960 was essentially dominated by a small number of foreign banks into one in which the public sector ownership of banks predominated in the 1970s and 1980s; and in which the

Nigerian private investors have played an increasingly important role since the mid-1980s. The banking industry also went through phases of regulation and deregulation. In the 1960s, extensive government intervention characterized the financial sector. This was intensified in the 1970s. The objective was to influence the efficiency of resource allocation and promote indigenization. Since the adoption of the Structural Adjustment Program (SAP) in 1986, the financial sector has been liberalized and measures have been put in place to enhance prudential guidelines and tackle bank distress. The different licensed banks in Nigeria fall into different generations.

2.2.4 Growth of Small and Medium Enterprises (SME'S)

Liberto, (2019) defines Small and mid-size enterprises (SMEs) as businesses that maintain revenues, assets, or several employees below a certain threshold. Each country has its definition of what constitutes a small and medium-sized enterprise (SME). Certain size criteria must be met and occasionally the industry in which the company operates is taken into account as well. Though small in size, small and mid-size enterprises (SMEs) play an important role in the economy. They outnumber large firms considerably, employ vast numbers of people, and are generally entrepreneurial, helping to shape innovation. According to Subhan, (2023), SMEs have continued to play a vital role in job creation, employment creation, poverty reduction, spurring innovations, creating new products thus being considered as contributing factors of economic development in both developed and developing nations.

Avendano (2023) emphasized that SMEs have remained the key employment sector in the developing countries as well as being the keystones in the productive structure of emerging economies. OECD (2000) stated that SMEs have continued to play an important role in job creation considering 60% to 70% which was contributed by 95% of the firms. Ayyagari, (2020) emphasized that 50% of the GDP on average in the developed countries is contributed by SMEs. According to Hansjörg (2023), Small and medium-sized enterprises (SMEs) play an important role in development. Of importance is Schumpeterian SMEs, which include start-ups that trigger innovation, boost productivity and bring about structural change. Normal SMEs, which only adjust to market pressure, is also important for development and employment.

Nettekoven (2022) says SMEs in developing countries typically suffer from limited access to long-term and affordable finance, insufficient institutions for developing a skilled class of entrepreneurs and workers, a low income, and poor policies to support the economic and social upgrading of SMEs. Nettekoven (2022) emphasized that Economic upgrading in developing countries is necessary, but it will not be successful without social upgrading. According to PwC (2020), the SME sector is the backbone of major developed economies, as well as important contributors to employment, economic, and export growth. In South Africa, SMEs account for 91% of businesses, 60% of employment, and contribute 52% of total GDP. In Nigeria, SMEs contribute 48% of the national GDP, account for 96% of businesses, and 84% of employment. In the Nigerian

economy, despite the significant contribution of SMEs, challenges persist that hinder the growth and development of the sector.

According to the Nigeria Bureau of Statistics, small and medium scale enterprises (SMEs) in Nigeria have contributed about 48% of the national GDP in the last five years. With a total number of about 17.4 million, they account for about 50% of industrial jobs and nearly 90% of the manufacturing sector, in terms of the number of enterprises. PwC (2020), emphasized that though significant growth has been achieved in the MSME sector, there is still much to be done. According to an article on "developing Africa through effective, socially responsible investing", "there still exists a 'missing middle', which finds it hard to access funds due to the category of funding they belong to." Other challenges encountered by the sector include lack of skilled manpower, the multiplicity of taxes, high cost of doing business, among others Based on the above, there is a need to evaluate SMEs in Nigeria to unlock the growth and development of the sector in Nigeria.

The evaluation will assist in attaining a status report on the level of effect or impact of the existing funding and other support strategies on the target recipients; as well as aid in driving policy assessment, redirection, and formulation going forward, especially in this present economic climate. According to the 2010 Survey report on SMEs in Nigeria conducted by the National Bureau of Statistics (NBS) in collaboration with SMEDAN, the SME sector in Nigeria is strategically positioned to absorb up to 80 percent of jobs, improve per capita income, increase value addition to raw materials supply, improve

export earnings, enhance capacity utilization in key industries and unlock economic expansion and GDP growth.

2.2.5 Fintech and Growth of SMES

According to Kamparia, (2018), the rise of the smartphone has massively changed the behavior of consumers. Whether it's checking to pay for goods online or making bank transfers via a mobile app, Nigerians are now getting used to handling financial affairs as easily and conveniently as they do their email or Facebook page. This is considered a good opportunity for news startup businesses and it's the major reason for the disruption we are witnessing today. To measure the growth of SMEs about FinTech we consider various Fintech and their effect. According to Tengeh, and Talom, (2020), the growing evidence that Mobile Money (MM) can positively contribute to productivity and poverty eradication and more importantly provide SMEs with a viable alternative to traditional banking, the stakeholders that matter most have been slow in taking advantage of this opportunity.

Banking

FinTech is the major cause of all the recent disruptions we are experiencing in the Nigerian banking sector today (With the likes of ALAT by Wema Bank & GTBanks 737). Now you can access top-notch financial services without stepping into a bank. Fintech uses technology in a better way to make people feel convenient living in the

modern age. FinTech helps people who are 'unbanked' but a desire to buy or sell online have access to quick and affordable banking operations just by using a mobile phone.

Payments

The Nigerian payments landscape has significantly evolved over the past decade. The cost of integrating online payments to a website 5 years ago was over 150k now thanks to FinTech, the cost of accepting online payments is Zero. With the rapid adaptation of card payments in Nigeria, platforms like Flutterwave and Paystack are playing the lead role in making it easy for businesses to start accepting online payments with the click of a button.

Lending

FinTech has fuelled the growth of alternative lenders which offer both higher yields to investors and faster, cheaper, more convenient loans for borrowers compared to traditional banks. Private lenders like PayLater, QuickCheck, and Lidya are continuing to plow hundreds of millions of naira into alternative-lending space in Nigeria making it easy for anyone to access quick loans (business or personal) when needed.

Financial Management

FinTech is changing the way we manage our money for the better. FinTech startups are introducing simple ways to manage and track your finances. Instead of relying on a pen and paper or spreadsheet, you can now use digital financial solutions to manage your

finances in real-time. Good examples of Nigerian startups playing in this space are PiggyBank for saving, Invoice NG for invoicing, and Kliqr for expense management.

2.2.6 Performance of Small and Medium Scale Enterprises (SMEs)

Small and Medium Scale Enterprise is an entity with a labour size of 1-100 workers or a total cost of not more than ₦50 million (122,000 USD) including working capital but excluding the cost of land; while a Medium Scale Enterprise is an entity with a labour size of 101 – 300 workers or total cost of over ₦50 million (122,000 USD) but not more than ₦200 million (490,000 USD) including working capital but excluding the cost of land. The study also stated that about 50% are engaged in distributive trade, 10% in manufacturing, 30% in agriculture and the rest 10% in services (Tabet and Onyeukwu 2019). Small and Medium Scale Enterprises is defined as an enterprise that has an asset base (excluding land) of between N5Million - N500 Million and a labor force of between 11 and 300 (Sanusi, 2003). The definition for emerging businesses in SMEs is defined as an enterprise with an asset base excluding land and building of N10 million to less than 10Omillion with 10-49 employees for "SMALL" and N10Omillion to less than N1 billion with 50-199 employees for "MEDIUM" (Mahohoma & Agbenyegah, 2020). SMEs was also defined as a business with a turnover of less than NI00 million and/or less than 300 employees (Lawal & Ajayi-Owoeye, 2020). SMEs are dynamic and relative (Dzomoda, 2022).

2.2.7 Financial Performance

Financial success, Mamidu and Akinola (2019) determines or gauges the capacity of a company in producing new resources through activities that are ongoing. Edori and Edori Opined that a company must make profit in order to continue in business and grow overtime ((2022). Meaning that, making profit is part of good financial performance. The performance of a company is frequently measured using financial information that is generated in a specific reflected in financial statements (Purnamasari, 2015). Investors repeatedly used financial information in their assessment of share's price and to make decisions on investment. This is because reported financial information by firm are used for the assessment of companies' economic success. Major and Edori (2020) believe that it is pointer to how the soundness of firms' finances relates with profitability.

They further opined that financial performance explains the way cost is controlled and the how of revenue generation. Ohaka, (2020) state that business entities that have higher financial performance are capable of attracting more investors than lower financial performance companies. Financial performance shows predominantly the financial health of a business enterprise (Major & Edori, 2020). Igweagbara and Edori (2023) that financial performance is known for the measurement of a "firm's total financial health" covering specified time duration.

2.2.8 Challenges of SMEs

SMEs face several challenges particularly in the areas of regulation and taxation. Across all of the countries examined, regulation and taxation are two key challenges regularly cited by SMEs. Late payments, difficulty with staff recruitment and lack of access to finance are also important obstacles for many SMEs. In the UK, the Small Business Survey conducted by the Government in 2021 reported competition, regulation, taxation and late payments as the major obstacles to the success of SMEs.

In the modem market economy, functional small businesses play an important role amidst their survival strategies. Focusing on the experience of developed countries, SMEs in the sectors should be concentrated to two-third of the economically active population. Organization of small businesses should solve the problem of employment, population welfare improvement; contribute to the maintenance of a competitive environment, and practical innovation. But we see the existence of a small business is almost impossible without the active support of the government, ranging from different needs to the formation of tax policy to stimulate the SMEs' development.

2.3 Theoretical Review

2.3.1 Schumpeterian Theory of Creative Destruction

Enueshike and Okpebru (2020) cited Schumpeter (1928, 1939), who saw technical upheavals as constant gales of creative destruction that drove capitalism progress. Some academics have contrasted Schumpeter's early theory, which focused on entrepreneurs

taking risks as "an act of will," from his later thinking, which acknowledged major businesses as orchestrating and encouraging technological upheavals. He concentrated on oligopolies and innovation, which was misconstrued as his key contribution (Frost, 2021), quoting Schumpeter (1928), stressed the discontinuous and disruptive nature of technical progress under capitalism, which leads to an inextricable combination of short-term instability and long-term growth. He was conscious of social and organisational forces in his cyclical industrial transformation process but not a technological determinist.

Schumpeter believed that entrepreneurs whether solitary inventors or R&D engineers in large companies created new profit opportunities with their ideas. Thus, imitators tempted by super-profits would invest, diminishing the innovation's profit margin. Schumpeter's Kondratiev cycles would restart the business cycle before the economy could rebalance (Georgios, Panos & Wilson, 2020). He further, showed how little neoclassical economics could explain. Solow analysed US economic data from 1909 to 1949 to show that higher capital utilisation accounted for only 12.5% of per capita output growth. Solow attributed the massive 87.5 percent residual to technical change. Gosavi (2018) agrees with Solow and urges technological disruption theorists to include Fintech in their models. Schumpeter's foundation's study on Fintech concentrated on its emergence and spread throughout firms, industries, and regions. The Schumpeterian theory is relevant to this study because new technology has replaces old technology,

which is better because new technology increases efficiency, leading to better financial inclusion in Nigeria, especially the rural areas.

2.3.2 The Technology Acceptance Model (TAM)

TAM was developed by Davis in 1989 and has been widely used to explain technology adoption and acceptance by individuals and organizations. TAM posits that individuals' intention to adopt technology is influenced by two core factors: perceived usefulness and perceived ease of use. In the present study, these factors can be operationalized as the perceived benefits and convenience of Fintech services for SME entrepreneurs.

However, to understand the specific predictors of adoption, particularly in the context of Fintech, it is important to introduce additional constructs. Perceived risk, agent trust, service trust, and service charges can be identified as independent variables that may affect SME entrepreneurs' intention to adopt Fintech solutions and, in turn, influence their financial inclusion. The Technology Acceptance Model (TAM) provides a theoretical framework that can help explain how the identified independent variables (perceived risk, agent trust, service trust, and service charges) can influence individuals' intention to adopt Fintech services.

TAM proposes that perceived risk can impact individuals' perception of the usefulness and ease of use of a technology, which in turn influences their intention to adopt it. If SME entrepreneurs perceive Fintech services as risky due to concerns regarding data

security, transaction errors, or privacy, their perceived usefulness of Fintech may be hindered.

Similarly, the perceived ease of use of Fintech platforms may be diminished if individuals believe that potential risks outweigh the benefits. Therefore, the TAM framework suggests that reducing perceived risk through effective security measures, transparent information sharing, and reliable customer support can positively influence SME entrepreneurs' intention to adopt Fintech services. TAM acknowledges that trust in the human agents facilitating technology adoption can impact individuals' perceptions of usefulness and ease of use. In the case of Fintech, SME entrepreneurs may rely on the knowledge and reliability of agents or customer service representatives to understand and navigate Fintech platforms. Higher levels of agent trust can strengthen perceptions of usefulness and ease of use, as SME entrepreneurs are more likely to seek guidance and support from trustworthy agents. Therefore, building trust through agent training programs, consistent and accurate information dissemination, and prompt assistance can positively influence SME entrepreneurs' trust in agents and their intention to adopt Fintech services. According to TAM, users' trust in the technology or service itself can impact their perception of usefulness and ease of use. In the context of Fintech, SME entrepreneurs' trust in the service provider and the platform's reliability, security, and accuracy can significantly influence their intention to adopt Fintech services.

Ensuring high service quality, maintaining a strong reputation, using secure and trustworthy technology infrastructure, and providing transparent information about the services can foster service trust among SME entrepreneurs. Consequently, the TAM framework suggests that higher levels of service trust positively influence SME entrepreneurs' perceptions of usefulness and ease of use, enhancing their intention to adopt Fintech services. TAM recognizes that perceived costs or charges associated with technology adoption can influence individuals' perception of usefulness and intention to adopt. Higher service charges may reduce the perceived cost-effectiveness and usefulness of Fintech services, thereby negatively impacting SME entrepreneurs' adoption intentions. Conversely, lower service charges may enhance the perception of affordability and cost-effectiveness, positively influencing adoption decisions. Ensuring that Fintech services offer competitive pricing, highlighting the cost advantages compared to traditional financial services, and providing transparent information about the service charges can help overcome the challenges posed by cost-related factors.

2.3.3 The Actor-Network Theory

Callonand, Latour, and Law promoted the actor-network theory, which is also known as ANT (Beekhuyzen and Hellens, 2006). ANT is a theory developed to understand technological innovation (Shim and Shin, 2016). It illustrates how various players collaborate to establish and maintain a network. According to Shim and Shin (2016), these actors include both human and non-human actors who actively develop new

technologies and contribute to shaping the development's outcome. The essential feature that sets this theory apart from others is that it considers people and technology to be playing equal roles in the network. It considers both human and non-human players to be equally important in the smooth operation of a network or system. Beekhuyzen and Hellens (2006) describe the ANT as an interdisciplinary theory that examines the relationship between technology and society. The key assumption of this theory is that the social world and the technical world are symmetrical and play equal roles in the realization of set objectives. According to Rose et al. (2005), technology and humans are both endowed with the capability to act within a network system. The ANT has been extensively applied to examine technology adoption in different jurisdictions. For instance, Beekhuyzen and Hellens (2006) used the Actor-Network theory to examine online banking adoption in Australia. Also, Shim and Shin (2016) also examined China's FinTech industry using Actor-Network-Theory.

Even though there are other competing theories, such as the agency theory, the stakeholder theory, and the social network theory, that seek to link various actors together, the actor-network theory is suitable for this study in several ways. First, since the current study focuses on FinTech, which may have social, economic, and political implications, and since the ANT makes assumptions to the effect that technologies contain economic, political, and social elements, it stands tall among other competing theories (Shim and Shin, 2016). Furthermore, it can be observed that whereas many studies, such as Lee et al.

(2015) and Huang & Hsieh (2010), have applied the ANT theory in investigating ICT convergence, few studies have used this theory to examine FinTech within the Sub-Saharan African (SSA) environment. Third, unlike stakeholder theory, which focuses on human actors in the network, the ANT encompasses both human and non-human actors, making it ideal for researching FinTech evolution, which covers technology, society, and other important regulatory bodies. Furthermore, the theory is appropriate for the current study because it demonstrates how human and non-human entities in the FinTech ecosystem interact with one another and affect one another in order for the FinTech ecosystem to function efficiently and effectively.

2.4 Empirical Review

Ephraim, et al (2023) explored the nexus between FinTech and financial inclusion in Nigeria employed the indirect measures of FinTech. A survey method of data collection was adopted. The autoregressive distributed lag (ARDL) bounds test cointegration approach was used to estimate the respective equations. Findings revealed that there is a long-run nexus between FinTech, financial inclusion, and economic growth. It was also revealed that direct measures of FinTech positively and significantly impact financial inclusion and economic growth. Furthermore, the negative nexus between automated teller machines, financial inclusion, and economic growth can be attributed to the closure of most automated teller machine galleries in bank branches and outside the branches due to, high maintenance costs and insecurity around galleries.

Odeleye and Oyeneye (2022) examined the impact of financial technology on financial inclusion in Nigeria. Autoregressive distributed lag (ARDL) method was employed to test the relationship between Fintech and financial inclusion on a quarterly time-series data from 2009 to 2019. The empirical result of the study shows that financial technology has significant and negative impact on financial inclusion.

In another study, Chinoda and Mashamba (2021) investigated the effects of financial technology, and financial inclusion on income inequality in 25 African countries using Foreign Financial Institution (FFI) model for the period 2011 to 2017. The result of the study shows that financial inclusion interacted with financial technology positively and significantly reduced income inequality in Africa. In addition, employing the provincial panel data over the period 2011 to 2018, findings revealed that Fintech positively and significantly improved corporate investment efficiency in China. This suggests that the development of regional Fintech promotes corporate investment efficiency in China.

Becker (2017) investigated the extent to which household savings are affected by FinTech. The author specifically focused on money management and FinTech and how they affect the savings behavior of households. Using secondary consumer data of over 65,000 customers, the result shows that the activation of money management FinTech services by individuals increases their likelihood of saving. However, the study observed that the financial literacy level of consumers could serve as a hindrance to their adoption

of money management FinTech services. Overall, the study observed that FinTech can serve as an important platform in promoting savings among financial consumers.

Soutter, Ferguson, and Neubert (2019) investigated the factors that are significant determinants of digital payments in SSA. The focus of the study adds to the literature and contributes to closing the gap in the literature as far as FinTech mobile money payments and transfers are concerned. Data were gathered using the content analysis. The study focused on three SSA countries, which included South Africa, Nigeria, and Kenya. Using information from various sources, the high number of consumers coupled with the development of technological infrastructure are the major driving forces for FinTech adoption. The study is relevant in three different ways. First, it provides a framework for understanding FinTech adoption in SSA. However, the major drawback of this study is that it proposed the framework without empirically testing it. The proposed framework was not tested or validated using quantitative techniques. Furthermore, the elements affecting the acceptance of mobile payment and transfer FinTech in individual African markets may differ as a result of the significant diversity within Africa.

Paulsen and Yildirim (2018) also investigated the impact of mobile money on the savings and borrowing behaviors of customers in China. The study applied pooled cross-sectional data obtained from the "global financial inclusion index," which is published by the World Bank, Data was collected from 2011 to 2014. Using logistics regression techniques, the study observed that FinTech services, proxied by mobile money usage,

have a significant positive effect on savings and borrowing among Chinese consumers. Put differently, individuals were found to be more likely to save or borrow when they were hooked onto mobile money FinTech platforms. The study further observed that mobile money FinTech appears to be more useful for low-income individuals than worthier ones.

2.5 Literature Gaps

The comprehensive review of the literature helped the researcher identify some gaps. First, although numerous studies have examined the factors influencing Fintech adoption among SMEs in emerging and developing economies, the findings have been inconsistent. While some studies report that risk perception is a major determinant of adoption, others emphasize usefulness, cost, or technological readiness. This lack of consensus on the key drivers of fintech adoption suggests the need for further empirical investigation, especially within the Nigerian context.

In addition, although Nigeria is considered a leading hub for mobile money and fintech services in Africa, there is significant variation in adoption levels and influencing factors across different regions. Most existing Nigerian studies have focused on single-state analyses, with limited attention to cross-state or nationwide perspectives. More importantly, few studies have examined how Fintech adoption improves access to finance and how this, in turn, affects SME growth. This creates a gap in understanding the mediating role of access to finance in Fintech SME growth relationship.

Therefore, this study seeks to address these gaps by investigating Fintech adoption, access to finance and their implications for SME growth across multiple states in Nigeria.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter deals with the methods and procedures that were employed in the research study to collect and present the data. It also revealed how data was collected and analyzed. For the purpose of this study, specific attention was given to the research design, population of the study, sample and sampling technique, sources of data, research instruments, method of data collection, reliability and validity of research instruments, and method of data analysis.

3.2 Research Design

This study primarily uses a descriptive survey research design, in which structured questionnaires were created and provided to respondents as a way of obtaining additional data. This design is ideal for determining the influence of one variable on another and is most suitable for it.

3.3 Population of the Study

This study consisted of all working staffs in all SMEs within Benin City, Edo State. This happen to be 3,627 staffs. (Ministry of commerce and industries, 2024)

3.4 Sample and Sampling Technique

The sample size is arrived at by the use of number estimation formula as suggested by Taro Yamane 1967 as calculated below. The sample size for this study was 360. And it been justify by Taro Yamane 1967

$$n = \frac{N}{1+N\,(e)^2}$$

Where n – sample size

N- Population size

(e) – the percentage of level of significant

Therefore $n = \frac{3637}{1+ 3637\ (0.05)^2}$

$n = \frac{3637}{1+3637\ (0.0025)}$

$n = \frac{3637}{1 + 3637 \times 0.0025}$

$n = \frac{3637}{1 + 1.2}$

$n = \frac{3637}{2.2}$

n= 360

Therefore n= 360

3.5 Sources of Data

The source of data employed by the researcher is the primary data source. The data consists of the information to be elicited from the sampled respondents using the research instrument (questionnaire).

3.6 Research Instruments

Primary sources were used to get the information for this research project. A questionnaire was employed as the research tool. The socio-demographics of the respondents are described in Section A. The Likert scale and rank-order scale was used in Section B to gauge the study's independent and dependent variables.

3.7 Validity of the Instrument

The instrument (Questionnaire) was given to my supervisor, as well as other lecturers in the Department of Entrepreneurship, Faculty of Management Sciences, University Benin, Benin City, Edo State, to ensure face and content validity. They examined and evaluate the instrument's items in terms of their clarity, appropriateness of wording, and expectations for the respondents' compliance.

3.8 Reliability of the instrument

They also aid in determining whether the items in the questionnaire can elicit the relevant information that they are expected to generate from the respondents. Their criticisms were taken into account when the components of the instrument are changed. The

"test/retest approach" was utilized to ascertain the dependability of our measuring devices in order to verify that they are reliable. In order to do this, the same questionnaire was given to the same respondents, whose responses were then scored in order to determine the degree of consistency. 20 copies of the questionnaires were distributed to the students in order to test the validity of the tool. The questionnaire was obtained and tested using the Cronbach's alpha formula.

3.9 Method of data collection

The study adopted the one-time survey method of data collection using a semi-structured questionnaire as the primary method of data collection. The study employed primary of data collection. The primary source of data is the structured questionnaire. The structured questionnaire is one of the instruments that were used in collecting the data for this study. Copies of the questionnaires were self-administered by the researcher so as to minimize errors in the instrument when returned.

3.9 Method of Data Analysis

The data collected from the respondents was analyzed using mean ($\bar{x}$), standard deviation (SD), and two sample independent t-tests. The mean and standard deviation was used to answer the data collected for the research questions while a two-sample independent t-test was used to test the hypothesis at a 0.05 level of significance. The decision rule was based on the mean value of 2.50 such that any calculated mean ($\bar{x}$) equal to or greater

than 2.50 was regarded as high extent while any mean ($\bar{x}$) less than 2.50 was regarded as a low extent.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

This chapter contains the data presentation, analysis and interpretations of the various data collected for this study. Consequently, it entails the application of both mathematics and statistical techniques to provide the basis for analyzing the research objectives listed in chapter one. Hence, it is a vital part of this study since it forms the basis for conclusion and policy recommendations.

4.2 Data Presentation

The data analyses were based on the data collected from the field and have been fully analyzed using the mean (xn), standard deviation (SD) method. The analyses were based on questions contained in section A and B in the questionnaire. A total number of three and sixty (360) copies of the questionnaire were administered to respondents out of which three and fifty (350) were retrieved from the respondents and used for the analyses. Tables and percentages were used for the demographic data; the use of table is most appropriate means of interpreting information for easy understanding.

4.1 Demographic Characteristics of the Respondents

Table 1: Analysis of Gender of the Respondents

Gender	Frequency	Percentages %
Male	261	68.7
Female	89	31.1
Total	**350**	**100**

Source: Fieldwork Survey, 2025

Interpretation;

From table above, 68.7 percent of the total respondents are male while 31.1 percent of the total respondents are female. This implies that majority of the respondents are Male.

Table 2: Analysis of Age Distribution of the Respondents

Age	Frequency	Percentages %
20-30 years	150	40
31-40 years	150	40
41 and above years	50	20
Total	**350**	**100**

Source: Fieldwork Survey, 2025

Interpretation;

From table above, 40% of the total respondents are between 20-30 years; another 40% of the total respondents are between the ages brackets of 31-40; while 20% percent of the total respondents are between the ages brackets of 41 and above.

Table 3: Analysis Highest level of qualification the Respondents

Highest level of Qualification	Frequency	Percentage
SSCE	120	33
HND/B.Sc/B.A/B.Ed	210	61
M.SC/M.A/MBA	20	6
Total	**350**	**100**

Source: Fieldwork Survey, 2025

Interpretation;

The table further shows that under respondents' level of education; 33 percent of the total respondents are SSCE holders, 61 percent of the total respondents are HND/B.Sc/B.A/B.Ed holders, 6 percent of the total respondents are M.Sc/M.A/MBA are holders.

Table 4: Analysis of how long have you been working in this organization?

How long have you been in Business	Frequency	Percentage
5-10	181	51
11-15	81	26
16-20	80	21
21 and above	8	2
Total	**350**	**100**

Source: Fieldwork Survey, 2025

Interpretation;

Also, under how long have you been in business, it shows that 51 percent of the total respondents have been in business between 5 to 10 years; 26 percent of the total respondents have been in business between 11 to 15 years, 21 percent of the population have been in business between 16 to 20 years and above while 2 percent of the respondents have been in the business for more than 21 years.

Table 5: Analysis of types of industry of the Respondents

Types of industry	Frequency	Percentage
Manufacturing	130	40
Textile	50	8
Agriculture	60	12
Service	120	38
Total	**350**	**100**

Source: Fieldwork Survey, 2025

Interpretation;

It was also discovered, under the types of industry of respondents' religion: 40 percent of the respondents are in manufacturing sector; 8 percent of the respondents are in textile industry, 12 percent of the total respondents are in agricultural sector while 38 percent of the respondents are in service industry.

SECTION B: ANALYSIS FROM THE RESEARCH QUESTIONS

Research Question 1

To what extent has fintech improved access to credit for SMEs growth in Nigeria?

Table 6: Mean and standard deviation showing the extent to which fintech improved access to credit for SMEs growth in Nigeria

S/N	Item	N	Mean	SD	Remarks
1	It increases accessibility for SMEs	350	3.58	.572	Agree
2	Fintech companies offer tailored loan options for small businesses	350	3.58	.572	Agree
3	Fintech platforms provide SMEs with the option to access working capital by selling unpaid invoices.	350	3.38	.565	Agree
4	Fintech companies leverage blockchain technology and AI-driven credit scoring to evaluate creditworthiness, enabling more inclusive and reliable credit evaluations	350	3.50	.577	Agree
	Cluster		**3.51**	**.004**	**Agree**

In response to research question one, Table 6 showed that the respondents rated item one to four as agree with a mean rating ranging from 3.38 to 3.58 while the standard deviation also ranged from .565 to .577. The cluster mean showed a mean of 3.51. With these results, the above mean score shows that fintech has improved access to credit for SMEs growth in Nigeria by It increasing accessibility for SMEs, offering tailored loan options for small businesses, provide SMEs with the option to access working capital by selling unpaid invoices, leverage blockchain technology and AI-driven credit scoring to evaluate creditworthiness, enabling more inclusive and reliable credit evaluations.

Research Question 2

How does fintech adoption influence SME growth in Nigeria?

Table 7: Mean and standard deviation showing how fintech adoption has influence SME growth in Nigeria?

S/N	Item	N	Mean	SD	Remarks
9	Fintech increases access to finance	350	3.34	.685	Agree
10	It increases cash flow management	350	3.38	.693	Agree
11	Fintech provide SMEs with access to e-commerce markets, enabling them to expand their customer base and increase sales	350	3.32	.649	Agree
12	Fintech provide SMEs with real-time financial data, enabling them to make informed decisions and navigate economic uncertainty.	350	3.30	.785	Agree
	Cluster		**3.33**	**.057**	**Agree**

Research question two reveals that the respondents rated item 5 to 8 as agree with a mean rating ranging from 3.30 to 3.38 while the standard deviation also ranged from .649 to .785. The cluster mean showed a mean of 3.33. With these results, the above mean score shows that Fintech increases access to finance, it increases cash flow management, fintech provide SMEs with access to e-commerce markets, and it provide SMEs with real-time financial data, enabling them to make informed decisions and navigate economic uncertainty.

Research Question 3

What challenges hinder SMEs from adopting fintech solutions?

Table 8: Mean and standard deviation showing the what challenges hinder SMEs from adopting fintech solutions?

S/N	Item	N	Mean	SD	Remarks
9	Infrastructure gaps such as unreliable internet connectivity, inconsistent power supply and limited access to digital infrastructure in rural areas.	350	3.26	.774	Agree
10	Many SMEs operate informally, lacking access to forma financial services, credit history or digital identity	350	3.26	.799	Agree
11	Limited understanding of digital financial services and fintech solutions among SMEs, particularly in rural areas.	350	2.98	.864	Agree
12	Complex and fragmented regulatory frameworks across African countries create uncertainty and barriers to scaling fintech solutions.	350	3.20	.770	Agree
	Cluster		**3.17**	**.043**	**Agree**

The data analysis presented in Table 8 depicts that the respondents' rated item 9 to 10 as agree with a mean rating ranging from 2.98 to 3.20 while the standard deviation also ranged from .608 to .834. The cluster mean showed a mean of 3.17. With these results, the above mean score shows that there are challenges that hinder SMEs from adopting fintech solutions which are infrastructure gaps such as unreliable internet connectivity, many SMEs operate informally, lacking access to forma financial services credit history or digital identity, limited understanding of digital financial services and

fintech solutions among SMEs, particularly in rural areas and complex and fragmented regulatory frameworks across African countries create uncertainty and barriers to scaling fintech solutions

Research Question 4

How does access to finance mediate the relationship between fintech adoption and SME growth?

Table 9: Mean and standard deviation showing the how does access to finance mediate the relationship between fintech adoption and SME growth?

S/N	Item	N	Mean	SD	Remarks
13	Fintech companies offer alternative lending options such as digital loans and invoice factoring that bridge the funding gap for SMEs	350	2.93	1.082	Agree
14	Fintech solutions enable SMEs to manage their finances more efficiently reducing the burden of delayed payments and improving working capital.	350	3.08	.748	Agree
15	Fintech platforms provide SMEs with access to e-commerce markets enabling them to expand their customer base	350	3.06	.862	Agree
16	Fintech solutions streamline financial transactions, reducing the time and effort required to manage finance.	350	3.10	.785	Agree
	Cluster		**3.04**	**.149**	**Agree**

The data analysis presented in Table 9 depicts that the respondents' rated item 13 to 16 as agree with a mean rating ranging from 2.93 to 3.10 while the standard deviation also ranged from .748 to 1.082. The cluster mean showed a mean of 3.04. With these

results, the above mean score shows that access to finance mediate the relationship between fintech adoption and SME growth in such a way that fintech companies offer alternative lending options such as digital loans and invoice factoring that bridge the funding gap for SMEs, fintech solutions enable SMEs to manage their finances more efficiently reducing the burden of delayed payments and improving working capital, fintech platforms provide SMEs with access to e-commerce markets enabling them to expand their customer base and fintech solutions streamline financial transactions, reducing the time and effort required to manage finance.

4.3 Discussion of One Sample t-test Statistics Result

Table 10: One sample T-test statistics result

	Test Value = 0.05				95% Confidence Interval of the Difference	
	T	**Df**	**Sig. (2-tailed)**	**Mean Difference**	**Lower**	**Upper**
Fintech adoption has no significant effect on access to finance among SMEs in Nigeria	28.324	94	.000	3.662	3.41	3.92
Fintech adoption has no significant impact on the growth and performance of SMEs in Nigeria.	25.862	94	.000	3.255	3.92	4.125
Challenges such as poor infrastructure and low digital literacy do not significantly affect the adoption of fintech among SMEs in Nigeria.	37.642	94	.000	3.742	3.04	3.84
Access to finance does not mediate the relationship between fintech adoption and SME growth in Nigeria	25.888	94	.000	3.534	3.11	3.98

Source: Computed by author using SPSS 2025

Hypothesis I

Recall: H_0: $\alpha_1 = 0$: Fintech adoption has no significant effect on access to finance among SMEs in Nigeria

H_1: $\alpha_1 \neq 0$: Fintech adoption has a significant effect on access to finance among SMEs in Nigeria

Decision: Accept H_1 if t 0.05 < t – statistics

Where t 0.05

t- Statistics = 0.74

0.05 < 0.074

Therefore, we accept H_1 implying that fintech adoption has a significant effect on access to finance among SMEs in Nigeria.

Hypotheses II

Recall: H_0: $\alpha_1 = 0$: Fintech adoption has no significant impact on the growth and performance of SMEs in Nigeria.

H_1: $\alpha_1 \neq 0$: Fintech adoption has a significant impact on the growth and performance of SMEs in Nigeria.

Decision: Accept H_1 if t 0.05 < t – statistics

Where t 0.05

t- Statistics = -.054

0.05 < .054

Therefore, we accept H_1 Fintech adoption has a significant impact on the growth and performance of SMEs in Nigeria.

Hypotheses III

Recall: H_o: $\alpha_1 = 0$: Challenges such as poor infrastructure and low digital literacy do not significantly affect the adoption of fintech among SMEs in Nigeria.

H_1: $\alpha_1 \neq 0$: Challenges such as poor infrastructure and low digital literacy significantly affect the adoption of fintech among SMEs in Nigeria.

Decision: Accept H_1 if t 0.05 < t – statistics

Where t 0.05 = 2.145, and

t- Statistics = 0.101

0.05 < 0.101

Therefore, we reject H_0 implying challenges such as poor infrastructure and low digital literacy significantly affect the adoption of fintech among SMEs in Nigeria.

Hypotheses IV

Recall: H_0: $\alpha_1 = 0$: Access to finance does not mediate the relationship between fintech adoption and SME growth in Nigeria.

H_1: $\alpha_1 \neq 0$: Access to finance mediates the relationship between fintech adoption and SME growth in Nigeria

Decision: Accept H_1 if t 0.05 < t – statistics

Where t 0.05

t- Statistics = -.054

0.05 < .054

Therefore, we accept H_1 Access to finance mediates the relationship between fintech adoption and SME growth in Nigeria.

4.4 Discussion of Findings

Fintech adoption has a significant effect on access to finance among SMEs in Nigeria. The results revealed that it increases accessibility for SMEs, fintech companies' offer tailored loan options for small businesses, fintech platforms provide SMEs with the option to access working capital by selling unpaid invoices. This finding is in aligns with the study carried out by Beza (2010) which states that fintech companies leverage blockchain technology and AI-driven credit scoring to evaluate creditworthiness, enabling more inclusive and reliable credit evaluations. Fintech adoption has a significant impact on the growth and performance of SMEs in Nigeria, with p-value 0.849<0.05. This means that fintech increases access to finance, it increases cash flow management. This finding is in line with the study conducted by Kirzner (2018) who agreed that

fintech provide SMEs with access to e-commerce markets, enabling them to expand their customer base and increase sales and fintech provide SMEs with real-time financial data, enabling them to make informed decisions and navigate economic uncertainty.

Challenges such as poor infrastructure and low digital literacy significantly affect the adoption of fintech among SMEs in Nigeria with p-value 0.720>0.05. This finding is in line with the study conducted by (Hoti, 2015) that infrastructure gaps such as unreliable internet connectivity, inconsistent power supply and limited access to digital infrastructure in rural areas, he also revealed that Many SMEs operate informally, lacking access to forma financial services, credit history or digital identity.

Lastly, access to finance mediates the relationship between fintech adoption and SME growth in Nigeria**.** This simply means that fintech companies offer alternative lending options such as digital loans and invoice factoring that bridge the funding gap for SMEs. Fintech solutions enable SMEs to manage their finances more efficiently reducing the burden of delayed payments and improving working capital. This finding is in line with the findings of Thandeka (2008), Tijjani (2012), Macheke (2012) and Kingua (2014).

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

This study titled "Fintech adoption and access to finance: implication for SMEs growth in Nigeria" was structured into five chapters to effectively carry out this research. The study raised four objectives that guided the study. Based on these objectives, research questions and the hypothesis were formulated, significance of the study was also discussed, scope and delimitations were also discussed.

Chapter two reviewed literature related to the research topic. The review critically examined and analyzed the views of some psychologists, and other concerned scholars on the concepts, types and theories of the main variables. The theoretical frame work used in the study was the Schumpeterian Theory of Creative Destruction, the Technology Acceptance Model (TAM) and the Actor-Network Theory.

In chapter three the design and methodology of the study were discussed. The research design was a cross-sectional survey design. The population for the study consists of all workers in all the small and medium scale enterprise Businesses in Benin City, Edo state. A total of 360 workers were sampled using the random sampling technique. The instruments used for data collection is the questionnaire. The returned questionnaires were analyzed using simple percentage table and SPSS was used in testing the hypothesis.

Chapter four presented the analysis of the data collected which were analyzed through the use of descriptive and inferential statistics.

Findings

The findings in this study after the analysis gave the following results:

1. It was revealed that fintech adoption has a significant effect on access to finance among SMEs in Nigeria.
2. It was also revealed that fintech adoption has a significant impact on the growth and performance of SMEs in Nigeria.
3. The study revealed that challenges such as poor infrastructure and low digital literacy significantly affect the adoption of fintech among SMEs in Nigeria.
4. Lastly, the study revealed that access to finance mediates the relationship between fintech adoption and SME growth in Nigeria.

5.2 Conclusion

The study demonstrates that fintech adoption among SMEs in Nigeria is growing, with a considerable number of businesses engaging with digital financial services regularly. This adoption has positively influenced economic empowerment and financial literacy for many users, enabling better income management and enhanced understanding of financial concepts. However, the benefits are not uniform across all respondents, highlighting that some rural dwellers have yet to fully realize fintech's potential. Key barriers such as inadequate internet infrastructure, limited user knowledge, and concerns

about transaction costs and trust hinder wider and more effective utilization of fintech services. Addressing these challenges through improved digital infrastructure and targeted financial literacy programs is essential for maximizing fintech's role in promoting financial inclusion and economic development in rural Nigeria.

5.3. Recommendation

The following recommendations are suggested as a result of the findings of the study:

1. To enhance the positive impact of fintech on rural populations, government agencies and fintech providers should collaborate to implement widespread financial literacy and digital skills training. This will empower users to confidently navigate fintech platforms, improving economic empowerment and financial management.
2. Investment in reliable internet connectivity and mobile network coverage in rural areas is crucial. Policymakers and telecommunications companies need to prioritize expanding digital infrastructure to reduce access barriers, enabling more residents to effectively use fintech services.
3. Fintech companies should consider lowering fees and enhancing the security features of their platforms to build trust among rural users. Clear communication about safety measures and transparent pricing will encourage greater adoption and sustained use of digital financial tools.

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APPENDIX I

Department of Entrepreneurship,
Faculty of Management Sciences,
University of Benin,
Benin City, Edo State.
13th 10, 2025

Dear Respondent,

REQUEST FOR THE COMPLETION OF QUESTIONNAIRE

I am an undergraduate student of the above named institution currently undertaking a research on **fintech adoption and access to finance: implication for SMEs growth in Nigeria.** The study is prerequisite for the partial fulfillment for the award of Bachelor of Science (B.Sc) Degree in Entrepreneurship.

I wish to appeal to you to assist this study by completing this questionnaire which is designed primarily to generate reliable information with the sole purpose of academic research. I assure you that your answers will be treated in strict confidence. Thanks for your anticipated co-operation and response.

Researcher

Sambo Happiness

Please kindly tick (√) on your choice of answer

Section A: Demographic response

Gender: Male ( ), Female ( )

Age: 20-30 years ( ), 31-40 years ( ), 41 and above years ( )

Highest level of Qualification: SSCE ( ), HND/B.Sc/B.A/B.Ed ( ), M.SC/M.A/MBA ( )

How long have you been in Business: 5-10 ( ), 11-15 ( ), 16-20 ( ), 21 and above ( )

Types of industry: Manufacturing ( ), Textile ( ), Agriculture ( ), Service ( )

Section B

Instruction: please indicate the extent to which you agree with the following, you are to assess the following on a scale of "strongly agree to strongly disagree".

Key: SA= Strongly Agree, A= Agree, D= Disagree, SD= Strongly Disagree

S/N	**To what extent has fintech improved access to credit for SMEs growth in Nigeria?**	**SA**	**A**	**D**	**SD**
1	It increases accessibility for SMEs				
2	Fintech companies offer tailored loan options for small businesses				
3	Fintech platforms provide SMEs with the option to access working capital by selling unpaid invoices.				
4	Fintech companies leverage blockchain technology and AI-driven credit scoring to evaluate creditworthiness, enabling more inclusive and reliable credit evaluations				
	How does fintech adoption influence SME growth in Nigeria?				
5	Fintech increases access to finance				

6	It increases cash flow management				
7	Fintech provide SMEs with access to e-commerce markets, enabling them to expand their customer base and increase sales				
8	Fintech provide SMEs with real-time financial data, enabling them to make informed decisions and navigate economic uncertainty.				
	What challenges hinder SMEs from adopting fintech solutions?				
9	Infrastructure gaps such as unreliable internet connectivity, inconsistent power supply and limited access to digital infrastructure in rural areas.				
10	Many SMEs operate informally, lacking access to forma financial services, credit history or digital identity				
11	Limited understanding of digital financial services and fintech solutions among SMEs, particularly in rural areas.				
12	Complex and fragmented regulatory frameworks across African countries create uncertainty and barriers to scaling fintech solutions.				
	How does access to finance mediate the relationship between fintech adoption and SME growth?				
13	Fintech companies offer alternative lending options such as digital loans and invoice factoring that bridge the funding gap for SMEs				
14	Fintech solutions enable SMEs to manage their finances more efficiently reducing the burden of delayed payments and improving working capital.				
15	Fintech platforms provide SMEs with access to e-commerce markets enabling them to expand their customer base				
16	Fintech solutions streamline financial transactions, reducing the time and effort required to manage finance.				

APPENDIX II

Analysis of Gender of the Respondents

Gender	Frequency	Percentages %
Male	261	68.7
Female	89	31.1
Total	**350**	**100**

Source: Fieldwork Survey, 2025

Analysis of Age Distribution of the Respondents

Age	Frequency	Percentages %
20-30 years	150	40
31-40 years	150	40
41 and above years	50	20
Total	**350**	**100**

Source: Fieldwork Survey, 2025

Analysis Highest level of qualification the Respondents

Highest level of Qualification	Frequency	Percentage
SSCE	120	33
HND/B.Sc/B.A/B.Ed	210	61
M.SC/M.A/MBA	20	6
Total	**350**	**100**

Source: Fieldwork Survey, 2025

Analysis of how long have you been working in this organization?

How long have you been in Business	Frequency	Percentage
5-10	181	51
11-15	81	26
16-20	80	21
21 and above	8	2
Total	**350**	**100**

Source: Fieldwork Survey, 2025

Analysis of types of industry of the Respondents

Types of industry	Frequency	Percentage
Manufacturing	130	40
Textile	50	8
Agriculture	60	12
Service	120	38
Total	**350**	**100**

Source: Fieldwork Survey, 2025

Discussion of One Sample t-test Statistics Result

One sample T-test statistics result

	Test Value = 0.05				95% Confidence Interval of the Difference	
	T	**Df**	**Sig. (2-tailed)**	**Mean Difference**	**Lower**	**Upper**
Fintech adoption has no significant effect on access to finance among SMEs in Nigeria	28.324	94	.000	3.662	3.41	3.92
Fintech adoption has no significant impact on the growth and performance of SMEs in Nigeria.	25.862	94	.000	3.255	3.92	4.125
Challenges such as poor infrastructure and low digital literacy do not significantly affect the adoption of fintech among SMEs in Nigeria.	37.642	94	.000	3.742	3.04	3.84
Access to finance does not mediate the relationship between fintech adoption and SME growth in Nigeria	25.888	94	.000	3.534	3.11	3.98

Source: Computed by author using SPSS 2025