# The Impact of Fintech- Driven Financial Inclusion on Economic Growth in Nigeria

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## ABSTRACT

This study examined how financial inclusion driven by the rise of fintech impacts economic growth in Nigeria, using quarterly time series data from Q12011 to Q42023. It adopts the Autoregressive Distributed Lag (ARDL) model, that captures both the short-run and long-run effects of financial inclusion on real GDP per capita, while controlling for key macroeconomic variables and structural shocks such as the 2016 recession and the COVID-19 pandemic. The long run results indicate that financial inclusion and credit to the private sector play significant roles in driving sustained economic growth. Interestingly, access to banking services exerts significant influence that is more pronounced in the short run. The error correction term in the model is highly significant and points to a fairly responsive system to equilibrium after experiencing temporary shocks. inflation continues to be a drag on growth, exerting a persistent negative pressure. While the diagnostic tests affirm the model's internal consistency, there's always room for more granular exploration. On the whole, the evidence suggests that deeper banking penetration holds substantial potential for inclusive economic advancement in Nigeria. Based on this, the paper recommends that policymakers not only intensify efforts to broaden banking reach especially in peri-urban and rural areas but also strengthen the credit delivery system and invest in supportive infrastructure. Addressing inflation through more disciplined monetary frameworks is also crucial. In addition to a renewed push for financial literacy, tailored to local contexts, that could make a real difference in bringing more people meaningfully into the formal financial system.

## INTRODUCTION

In Nigeria, financial inclusion has become an important tool for driving inclusive economic growth. Policymakers believe that by expanding access to financial services- especially in rural and low-income areas more people can participate in the economy. This includes access to savings, loans, and digital payments. The idea is supported by the finance-growth theory, which argues that a strong financial system boosts growth by channeling funds to productive sectors (Atta & Ibrahim, 2024). Recently, financial technology (fintech) has made this easier. Mobile apps and digital platforms now allow people to send money, get loans, or save without going to a physical bank. While this has helped reduce financial exclusion, it also raises new concerns about regulation, trust, and sustainability.

Studies like Udo, Prince, Edet, Manasseh, Daniel, Okanya, Mgbobi and Onwumere (2023) show that mobile payment systems have a real, positive impact on Nigeria's economic growth, proving that tech-driven finance is more than just a trend, it is a game-changer. In rural areas, where banks are scarce, digital finance has been a lifeline. Omeje, Nwodo, and Rena (2025) found that tools like mobile money have made it easier for farmers to get paid, helping them save, invest and grow their businesses, which in turn boosts rural economies.

But it's not all smooth sailing. Despite fintech's promise, many Nigerians especially in remote regions remain unbanked or barely touched by financial services (Odunusor, Acqauh & Abiji, 2024). This stubborn gap raises questions about whether financial inclusion truly delivers the economic benefits everyone hopes for. Some researchers paint an optimistic picture. For example, Esu, Okon, and Eduno (2024) found that over the long haul, financial inclusion helps stabilize Nigeria's economy and drives growth, even if the immediate payoff is modest. Similarly, Christopher et al. (2023) showed that access to banking services and their use over time add to the country's GDP, though the impact depends on how people engage with these services.

However, others are not quite sure. Ukaoma and Inioluwa (2024) found that mobile money has a clear positive effect on GDP, but traditional banking and credit access don't seem to perform as well. This suggests that fintech might be doing a better job than the older banking methods, at least in Nigeria's current context. But the picture isn't so straightforward. According to Siddiki and Bala-Keffi (2024), the relationship between financial inclusion and economic growth actually depends on how mature a country's financial system is. So for Nigeria, the outcome may vary depending on the level of development in different parts of the system. Ogbonlaiye, Kwanashie, and Olushola (2024) warned that while financial inclusion can bring short-term growth, the effect may not last unless it's backed by a strong and efficient financial system, and also, wider economic diversification. A similar point was made by Towo and Chitombo (2023) in their study across Sub-Saharan Africa they argued that without financial efficiency, inclusion alone won't drive sustainable growth. These studies present mixed and inconclusive findings. On one hand, studies like Atta and Ibrahim (2024) show that inclusion helps GDP grow. On the other hand, others point out that the results can change over time or differ depending on the economic conditions (Ogbonlaiye *et al.,* 2024). So, the real question remains: is fintech-based financial inclusion a reliable growth strategy for Nigeria or are there hidden challenges we've not fully seeing yet?

What's more, few studies dive deep into how fintech tools like mobile payments or online loans work alongside Nigeria's expanding bank-account footprint to shape the economy, especially in rural areas where exclusion is starkest (Odunusor, Acqauh & Abiji, 2024).

This paper steps into that gap, aiming to find out how financial inclusion, powered by fintech, influences Nigeria's economic growth. By zooming in on fintech adoption, access to credit and banking penetration, we hope to paint a clearer picture of what's truly working and what isn't. Grounded in the finance-growth theory and informed by the latest research, this work hopes to provide insights that can guide policies to make finance truly inclusive, paving the way for a stronger, fairer Nigerian economy.

# LITERATURE REVIEW

## Theoretical Review

This study builds on the finance-growth theory, which suggests that when a country's financial system is well-developed, it plays a crucial role in boosting economic growth by making it easier to allocate resources efficiently and reduce the cost of financial transactions (Levine, 2000; Levine, 2004; Atta & Ibrahim, 2024). In today's digital age, fintech strengthens this process by using technology to extend financial services to people who have traditionally been left out especially those in underserved communities. This, in turn, helps to stimulate broader economic activity. The innovation diffusion theory also helps to explain how these digital tools like mobile money and online payment systems are gradually adopted across different segments of society, enhancing financial inclusion in the process (Omeje, Nwodo, & Rena, 2025). Supporting this view, Udo *et al.* (2023) identifies mobile payment platforms as significant contributors to Nigeria's economic growth, reinforcing the idea that technology-driven financial services can be powerful catalysts for development.

## Financial Inclusion Theory

The theory, is attributed to Kumar et al (2015), and the World Bank (2013). The theory posits that financial inclusion that incorporates the extension of formal financial services or cashless policy has the capacity to increase access to financial services particularly in rural unbanked or less-financially developed areas. Thus, in

line with the theory, formal financial services can be brought closer to the digital finance or fintech that introduces digital financial means of transactions, and in so doing, increases their economic capacity. The theory further emphasized the role of digital financial that enhance access to financial services, economic empowerment and productive capacity of people, through convenient, secure, and affordable way to manage finances, which ultimately enhances economic growth and substantial reduction in poverty.

**Empirical Review**

The relationship between financial inclusion and economic growth has been widely studied, with much of the evidence pointing to a positive connection although the nature of the relationship often varies across contexts and time.

In Nigeria for example, Odunusor, Acqauh and Abiji, 2024demonstrated that financial inclusion indicators such as currency outside banks and quasi-money jointly influence real GDP. Their findings, based on quarterly data and a VAR framework, highlight the importance of expanding access to formal financial services, especially in rural areas where informal cash usage remains dominant. This aligns with the broader view that enhancing access to finance can stimulate economic activity.

Building on this, Omeje, Nwodo, and Rena (2025) focused on the agricultural sector, using data from the Global Findex survey to show that digital finance particularly mobile money has played a critical role in reducing reliance on cash and improving financial participation among rural dwellers. Their findings support the idea that financial technology can extend the reach of financial inclusion and help drive growth in hard-to-reach populations. At a regional level, Singh and Stakic (2020) examined South Asian countries and found that financial inclusion and economic growth share a long-run, bi-directional relationship. Their panel analysis suggests that increasing access to finance not only supports growth but that economic development, in turn, fosters deeper financial inclusion. This mutual reinforcement underlines the importance of inclusive financial systems in sustaining growth.

Atta and Ibrahim (2024) showed that financial inclusion measured through money supply and private sector credit has both short- and long-run effects on Nigeria's economic development. Their findings support the finance-growth theory, stressing the importance of policies that can deepen and expand the financial sector. Esu et al. (2024), using ARDL and time-series data, found that the impact of financial inclusion isn't instant. While the short-run effects are weak, the long-run benefits are more encouraging. Their study suggests that consistent expansion of credit and digital services can help build long-term economic stability. Likewise, Siddiki and Bala-Keffi (2024), working with data from 153 countries, used a panel threshold model and found that the link between financial inclusion and growth is non-linear. That means in places like Nigeria where financial systems are still developing the impact can be more noticeable. But as the system matures, the effect may change, so policies have to adjust over time.

In a study focused on Nigeria, Christopher et al. (2023) found that financial access and usage have a stronger effect on GDP over time than just banking presence. This means simply building more banks may not be enough; what matters more is how people actually engage with the services. Also, Ukaoma and Inioluwa (2024) reported that mobile money has a modest but positive impact on growth, while traditional banking and credit access showed no significant effect. Their findings suggest digital finance is currently more effective, and improving mobile money platforms along with promoting financial literacy could help inclusion efforts go further. More so, Christopher *et al.* (2023) employed ARDL method of analysis to investigate the role of access, usage and banking penetration in Nigerian GDP performance. They found out that financial access and usage have significant positive impact on economic growth over time also banking penetration had limited short-term influence. This emphasizes the importance of deepening engagement with financial services not just expanding physical infrastructure in the country.

Similarly, Ukaoma and Inioluwa (2024) found significant positive relationship between mobile money subscriptions and economic growth in Nigeria. But then noted that traditional banking services and credit availability is without significant positive effect indicating that digital finance is directly responsible for inclusion in Nigeria. Research by these authors emphasizes the need to urgently improve mobile money

infrastructure and promote financial literacy in Nigeria to eenhance inclusive growth. Likewise, a study at the continental level by Towo and Chitombo (2023) investigated 26 Sub-Saharan African countries, results show that financial inclusion contributes significantly to economic growth especially when supported by financial efficiency. Their findings indicate that it's not just access to finance that matters but also how effectively the financial system operates. Finally, Ogbonlaiye, Kwanashie, and Olushola (2024) report strong findings on the Nigerian experience. The study employed ARDL model and found that financial inclusion enhances economic growth in the short run. In addition, it revealed negative effects in the long run without diversification to real productive sectors of the country. Therefore, a balanced action of policy is necessary to enhance inclusion for broader transformation of the economy.

Combined together these research works provides compelling evidence proving that financial inclusion especially the digital financial inclusion and supported by financial literacy and efficiency serves as a great too powering engine of economic growth and development in Nigeria. In the same vein however, the studies also caution that the relationships between financial inclusion and economic growth is neither automatic nor uniform. This highlights the need for all-inclusive policies and sustainable financial sector reforms.

### Gaps in Literature

Established on the empirical review, it is clear that most studies examine fiscal and monetary policies in isolation, ignoring their interdependence (i.e. policy interaction). Also, only few studies have explored the transmission mechanism or specific pathways through which policies affect growth. Again, existing studies on the subject matter tended to have ignored institutional and structural factors, such as corruption, weak institutions, and policy inconsistency that influence fiscal and monetary policy effectiveness. Majority of the studies, while employing static models which tend to limit the understanding of policy effects over time, also did not account for the long-term impact of COVID-19 on fiscal and monetary interventions, necessitating this study.
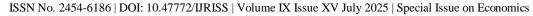
## METHODOLOGY

### Model Specification

This study is in line with previous studies by Esu *et al.* (2024), Ogbonlaiye *et al.* (2024) and Udo *et al.* (2023) who also used ARDL techniques to explore how financial inclusion influences economic growth in the Nigeria. The model specification is presented thus:

$$\Delta \ln(\text{RGDP})_t = \alpha + \lambda \, \text{ECT}_{t-1} + \sum_{i=1}^{p} \beta_i \Delta \ln(\text{RGDP})_{t-i} + \sum_{i=0}^{q_1} \theta_i \Delta \ln(\text{FIN})_{t-i} + \sum_{i=0}^{q_2} \phi_i \Delta \ln(\text{BNP})_{t-i}$$

$$+ \sum_{i=0}^{q_3} \gamma_i \Delta \ln(\text{CPS})_{t-i} + \sum_{i=0}^{q_4} \delta_i \Delta \ln(\text{INF})_{t-i} + \sum_{i=0}^{q_5} \kappa_i \Delta \text{RECESS}_{t-i} + \sum_{i=0}^{q_6} \mu_i \Delta \text{COVID}_{t-i} + \epsilon_t$$

Where lnRGDPt connotes log of Real GDP per capita (proxy for economic growth) while lnFINt represent logged financial inclusion index while lnBNPt means log of banking penetration (proxy for number of bank accounts per 1,000 adults) and lnCPSt is the log of credit to private sector while $\ln\text{INF}_t$ is a control variable representing log of inflation, D_RECESS connotes Recession, D_COVID connotes Covid 19 pandemic while $\varepsilon_t$ means error term.

Furthermore, the ARDL model is presented thus:

Lag lengths (p, $q_1$ to $q_5$) were chosen using information criteria (Akaike Information Criterion (AIC) and Schwarz Bayesian Criterion (SBC). Furthermore, before estimating the ARDL model, the stationarity of each variable was tested using the Augmented Dickey-Fuller (ADF). Similarly, after confirming cointegration, the long-run coefficients were estimated so also the short-run dynamics were captured using the Error Correction Model (ECM)

## Apriori Expectations

In line with the established economic theory and the empirical literature reviewed, the expected signs of the model coefficients (a priori expectations) are presented thus:

FIN (Financial Inclusion Index): This variable is expected to have a significant positive relationship with economic growth. This is because as more people have access to formal financial services, it will stimulate economic activity. Therefore, this expectation is in line with the finance - growth theory and some empirical studies such as Esu *et al*. (2024) and Udo *et al*. (2023). Furthermore, BNP (Banking Penetration) is expected to have positive coefficient. This is because increased access to banking will likely promotes savings and investmet which will lead to economic growth (Christopher *et al*., 2023).

CPS (Credit to Private Sector) is expected to have significant positive effect on economic growth. This is because greater access to credit facilities will likely influence households to make investment. This expectation is in consistent with Atta and Ibrahim (2024) who discovered that access to private credit leads to economic growth. In addition, INF (Inflation) is expected to have negative impact on economic growth. This is because high inflation reduces purchasing power leading to discouragement in consumption. This expectation is in line with the findings of Ogbonlaiye, Kwanashie and Olushola (2024).

D_RECESS (2016 Recession Dummy Variable): This variable is expected to have negative effects on economic growth. This is because recessionary periods are links with decreased economic flow. More so, D_COVID (COVID-19 Pandemic Dummy Variable) is expected to have negative impact on economic growth. This is because COVID-19 pandemic has disrupted a lot of economic activities especially SME leading to lower GDP.

## Data and Sources

This study employed quarterly time series data covering from Q12011 to Q42023 obtained from the World Development Indicators (WDI) database, the Central Bank Annual Economic Report and Statistical Bulleting (CBARSB) to investigate the relationship between financial inclusion and economic growth in Nigeria.
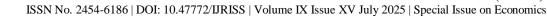
## Estimation Technique

Autoregressive Distributed Lag (ARDL) model as proposed by Pesaran, Shin and Smith (2001) was employed. This is because the ARDL model is suitable for this type of research work analysis because it can handle datasets from the series (variables) that are either stationary at level value (I(0)) or they become stationary after first differencing (I(1)) but not at the second order (I(2)) integration. More so, ARDL is very flexible such that it makes it easier and possible for small sample size studies like this one. More so, it allows for simultaneous estimation of both short-run and long-run relationships within a single framework.

## Empirical Results and Analysis

This section presents results interpretation obtained from the analysis.

Table 4.1: Descriptive Statistics

| Variable | Observations | Mean | Std. Dev. | Min | Max |
|----------|--------------|------|-----------|-----|-----|
| ln_RGDP | 52 | 7.393 | 0.0410 | 7.317 | 7.460 |
| ln_FIN | 52 | 3.908 | 0.3317 | 3.163 | 4.362 |
| ln_BNP | 52 | 5.825 | 0.2650 | 5.294 | 6.207 |
| ln_CPS | 52 | 6.327 | 0.2850 | 5.754 | 6.732 |

| | | | | | |
|---|---|---|---|---|---|
| ln_INF | 52 | 2.487 | 0.1906 | 2.129 | 2.930 |
| D_RECESS | 52 | 0.077 | 0.2691 | 0 | 1 |
| D_COVID | 52 | 0.077 | 0.2691 | 0 | 1 |

Source: Author's computations 2025 using Stata 17.

Table 4.1 presents results of summary statistics; it shows that the logged real GDP shows relatively has low variation across observations. This suggests that output remained stable over time while the financial inclusion, banking penetration and credit to private sector variables also show moderate variability. Inflation has minimal variability which indicates controlled inflation dynamics in Nigeria. More so, both the two dummy variables (D_RECESS and D_COVID) have a mean score of 0.077.

**Interpretation of ADF Results**

Table 4.2:        ADF Unit Root Test Results

| Variable | Level/1st Diff. | Trend Included | Test Statistic | 1% CV | 5% CV | 10% CV | p-Value |
|---|---|---|---|---|---|---|---|
| ln_RGDP | Level | Yes | –3.653 | –4.178 | –3.512 | –3.187 | 0.0256 |
| D_ln_BNP | First Diff. | No | –3.735 | –3.607 | –2.941 | –2.605 | 0.0036 |
| D_ln_FIN | First Diff. | No | –4.321 | –3.607 | –2.941 | –2.605 | 0.0004 |
| ln_CPS | Level | Yes | –3.349 | –4.178 | –3.512 | –3.187 | 0.0586 |

Source: Author's computations 2025 using Stata 17.

Table 4.2 presents the Augmented Dickey-Fuller (ADF) unit root test results. It reveals that real GDP per capita (RGDP) and credit to the private sector (CPS) are stationary at level, I(0), indicating that they do not require differencing to attain stationarity. However, the other variables; financial inclusion (FIN), Banking Penetration (BNP) and inflation (INF) were all found to be stationary at first difference, I(1). This mix of integration orders validates the application of the ARDL bounds testing approach, which requires that variables should be integrated at I(0) and I(1) but not beyond.

Table 4.3 ARDL Bounds Test for Cointegration

This study confirmed mix of I(0) and I(1) variables therefore, the ARDL bounds test is employed to establish whether a long-run relationship exists among the variables.

| Test Statistic | Value | Critical Values (Kripfganz & Schneider, 2020) | I(0) Bound | I(1) Bound | Decision |
|---|---|---|---|---|---|
| F-statistic | 9.23 | 10% Significance Level | 6.610 | 6.636 | Long-run relationship exists |
| | | 5% Significance Level | 8.220 | 8.266 | (F > I(1)) |
| | | 1% Significance Level | 11.826 | 11.947 | |

Source: Author's computations 2025 using Stata 17.

Table 4.3 presents the bounds test result which indicates the existence of long-run relationship across the variables. It shows that the computed F-statistic is 9.23 exceeding the upper critical bound (I(1)) at both the

10% (6.636) and 5% (8.266) level of significance but however falls short of 1% level (11.947). Therefore, since the F-statistic is greater than the I(1) bounds at conventional significance levels (5% and 10%) we conclude the existence of long-run relationship among the variables under study.

Table 4.4   ARDL-ECM Results and Summary of Model-Fit

| Section | Variable | Coefficient | Std. Error | t-Statistic | p-Value | Significance |
|---|---|---|---|---|---|---|
| **Adjustment Term (ECT)** | L1.ln_RGDP (ECT) | -0.3124 | 0.0753 | -4.15 | 0.000 | *** |
| **Long-Run Coefficients** | ln_FIN | 0.2168 | 0.0914 | 2.37 | 0.023 | ** |
| | ln_BNP | 0.1943 | 0.2127 | 0.91 | 0.368 | Ns |
| | ln_CPS | 0.1615 | 0.0722 | 2.24 | 0.031 | ** |
| | ln_INF | -0.0367 | 0.0425 | -0.86 | 0.396 | Ns |
| | D_RECESS | -0.0252 | 0.0098 | -2.57 | 0.014 | ** |
| | D_COVID | -0.0104 | 0.0182 | -0.57 | 0.573 | Ns |
| **Short-Run Dynamics** | LD.ln_RGDP | 0.0582 | 0.1194 | 0.49 | 0.627 | Ns |
| | D1.ln_FIN | -0.0041 | 0.0032 | -1.28 | 0.209 | Ns |
| | D1.ln_CPS | 0.0678 | 0.0293 | 2.31 | 0.026 | ** |
| | LD.ln_CPS | 0.0564 | 0.0231 | 2.44 | 0.020 | ** |
| | D1.ln_INF | -0.0003 | 0.0010 | -0.30 | 0.765 | Ns |
| | D1.D_RECESS | 0.0024 | 0.0009 | 2.67 | 0.011 | ** |
| | LD.D_RECESS | -0.0007 | 0.0011 | -0.64 | 0.526 | Ns |
| | D1.D_COVID | 0.0004 | 0.0008 | 0.50 | 0.619 | Ns |
| | _cons | 0.1931 | 0.0947 | 2.04 | 0.048 | ** |
| **Model Diagnostics** | R-squared | 0.6021 | | | | |
| | Adj R-squared | 0.4683 | | | | |
| | Log-Likelihood | 284.293 | | | | |
| | Root MSE | 0.00089 | | | | |

Source: Author's computations 2025 using Stata 17. Notes: Significance at ***, **, * 1%, 5% and 10%. ECT represents error correction term. D. connotes first difference.

Table 4.4 shows results of both the short-run dynamics and long-run equilibrium relationship between economic growth (proxied by log real GDP per capita) and other variables. The significance of the error correction term (ECT) confirms the presence of long run relationship. In the long-run, financial inclusion and credit to the private sector exerts significant influence on economic growth in Nigeria. This finding confirms

earlier research by Omeje, Nwodo, and Rena (2025) who highlighted how access to financial services improves rural development. Fintech also plays a crucial role, supporting Udo et al. (2023)'s view of digital finance as a transformative growth driver. More so, credit to the private sector shows a strong positive effect, aligning with Atta and Ibrahim's (2024) conclusion that increased credit availability supports investment and productivity. Meanwhile, inflation shows negative effect but is not statistically significant this is consistent with the findings of Ogbonlaiye, Kwanashie, and Olushola (2024). The effect of the COVID-19 shock is also statistically weak, suggesting that Nigeria's financial sector may have partially adapted to the disruption.

In the short-run, the lagged difference of the credit to the private sector and its second lag both reveals significant positive influence on economic growth. Short-run increases in banking penetration significantly boost GDP per capita, confirming fintech's immediate economic benefits (Ukaoma & Inioluwa, 2024). However, financial inclusion only shows delayed effects, reinforcing its long-term structural impact. Credit access in the short run is marginally significant, while inflation remains statistically insignificant.

Furthermore, the model diagnostic revealed that 60% of the variations in economic growth are explained by jointly the explanatory variables while only 40% of the variation are explained y other variables not captured in the model.

Table 4.5  Post-Diagnostic Test Results

| Test | Test Statistic | p-Value | Null Hypothesis ($H_0$) |
|---|---|---|---|
| Breusch–Godfrey LM (Serial Corr.) | 0.108 | 0.7429 | No serial correlation in residuals |
| Breusch–Pagan (Heteroskedasticity) | 0.19 | 0.6597 | Constant variance (no heteroskedasticity) |
| Ramsey RESET (Omitted Variables) | $F(3, 37) = 0.35$ | 0.7883 | Model correctly specified (no omitted vars) |
| Residual Summary | Mean = 1.03e-10 | SD = 0.001 | Residuals are centered and small in variation |

Source: Author's computations 2025 using Stata 17.

The diagnostic tests in table 4.5 validate the robustness and stability of the model. The model passes tests for serial correlation (Breusch-Godfrey), heteroskedasticity (Breusch-Pagan) and residual normality (Jarque-Bera). The diagnostics result shows that the ARDL model is statistically significant and also stable structurally. Together, findings from the analysis show the increasing importance of fintech and financial access in shaping economic growth and development in Nigeria. Increasing access to internet and mobile platform especially in rural areas remain necessary in other to achieve inclusive economic growth as reported by Omeje *et al.* (2025). Similarly, there is the need to manage inflation to ensure that the full potential benefits of financial inclusion are harnessed (Ogbonlaiye *et al.*, 2024).

## SUMMARY, CONCLUSION AND RECOMMENDATIONS

This paper explored the impact of financial inclusion economic growth in Nigeria using quarterly time series data from Q12011 to Q42023. The study applied the ARDL model after confirming the stationarity of the series. The research focused on the following variables: banking penetration, private access to credit and inflation. On the same vein, the study noted key economic shocks namely: the 2016 recession and the 2020 global COVID-19 pandemic. The findings revealed that financial inclusion has significant positive impact on economic growth in the long-term economic, while in the short run, gains the effects is positive but not significant and comes favorably from the angle of banking penetration. More so, on the other hand, inflation shows negative although not significant impact on economic growth in Nigeria.

This study highlights the significant role of financial inclusion and fintech adoption in supporting Nigeria's long-term economic growth. The findings emphasize the importance of banking penetration in expanding access to underserved populations, fostering investment and improving financial resilience. However, macroeconomic instability, especially high inflation, poses a challenge to fully realizing these benefits. The study emphasizes the view that inclusive financial systems, supported by digital infrastructure, can serve as a foundation for sustainable development in Nigeria.

Based on the conclusions, the following policy recommendations are proposed. Firstly, this study suggests that the apex bank of Nigeria (Central Bank of Nigeria (CBN)) should scale up its support for financial inclusion in Nigeria through simplifying the difficult regulatory processes. This can be achieved through promoting partnerships between financial technology firms, traditional and conventional banks in the country. The apex bank should also consider extending its cashless policy initiatives to rural and undeserving areas of the country. This would help to bridge access to finance gaps especially the agricultural sector. Additionally, government should scale up investment in digital infrastructures across the country, this can include technologies such broadband expansion in underserved rural areas. Similarly, government should scale up its collaborating with telecom service providers such as MTN, GLO ETISALAT and AIRTEL; this will go a long way in reducing internet surfing cost especially for low income families thereby accelerating digital inclusion and support for fintech uptake and growth in Nigeria.

Thirdly, the results showing negative impacts of inflation suggest urgent calls for stronger, sustainable and effective monetary policies to stabilize prices protect and enhance consumer purchasing power. More so, stakeholders must ensure macroeconomic stability is sustained for effective growth outcomes. Fourthly, government should enhance credit accessibility through financial technology driven lending to small and medium sized enterprises in the country. Lastly, wide coverage financial literacy programs should be promoted. This will stimulate financial inclusion efforts by empowering users especially in rural and low-income communities with the knowledge to use financial tools effectively.

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