THE EFFECT OF FINTECH COMPETITION ON THE PROFITABILITY OF DEPOSIT MONEY BANKS IN NIGERIA

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Abstract
Over the years, Deposit Money Banks have been the primary intermediaries in the Nigerian financial system, generating large revenue from transaction fees, interest income, and other retail banking services. However, the rise of fintechs has disrupted this traditional model by directly competing for the same retail customers and transaction volumes. The Central Bank of Nigeria's cashless policy, the 2023 naira redesign and cash scarcity crisis, and the expansion of agent banking have further accelerated the migration of customers from bank branches to fintech platforms.Despite this observable shift, the empirical effect of fintech competition on the profitability of Nigerian Deposit Money Banks remains unclear and contested. Many current Nigerian investigations rely on pre-2022 data and fail to capture fresh market shifts like the rise of agent-driven fintechs, the granting of licenses to fintechs as microfinance banks, and varied effects on Tier-1 versus Tier-2 institutions. In order to evaluate how competitive fintech companies are to the traditional banks, the study investigated the impact of fintech competition on the profitability of Deposit Money Banks (DMBs) in Nigeria from 2015 to 2024. The research design was ex post facto in that it utilized historical data collected from audited financial statements and official publications without manipulating the variables. Data were gathered from the audited annual reports of the sampled Deposit Money Banks, the Central Bank of Nigeria (CBN) Statistical Bulletin and the Nigeria Inter-Bank Settlement System (NIBBS) Annual Reports. Bank profitability was proxied by Return on Assets (ROA) while fintech competition was proxied by Mobile Money Transaction Volume (MMTV), mobile money account users (MMAU), Digital payment transaction volume (DPV) and Number of fintech firms (NFF). These variables were selected because they measure competitive pressure as Fintechs and banks compete over the same customers and the same revenue streams. Each proxy captures a different way fintechs take business from Deposit Money Banks. The data were analyzed using descriptive statistics, Pearson correlation analysis, Diagnostic tests and panel regression after confirming that the underlying assumptions of the model were met. Empirical results reveal that the fintech competition has both positive and negative effects on the profitability of Deposit Money Banks in Nigeria. In particular, Mobile Money Transaction Volume and digital payment transaction volume have significant positive effect on bank profitability, while mobile money account users has significant negative effect, corresponding to increased competitive pressure from fintech providers. In contrast, number of fintech firms has a positive but statistically insignificant effect on profitability. The research demonstrates that fintech is both a strategic opportunity and a competitive challenge for progressive banks that adopt digital innovation. The study therefore recommends increased collaboration between banks and fintech firms, and a favorable regulatory environment by the Central Bank of Nigeria and increased investment in digital financial inclusion for improved long-term profitability and competitiveness of the Nigerian banking sector.

Keywords: Competition, digital, financial services, fintech, profitability, Nigeria.

1.0 Introduction

Over the past years, the financial services industry within Nigeria has undergone a basic shift due to the appearance and fast expansion of firms focused on financial technology, known as fintechs. Fueled by significant mobile device usage, a vast number of young people, and helpful rules from the Central Bank of Nigeria, businesses like Flutterwave, Paystack, Kuda, Opay, Moniepoint, and FairMoney have brought new, cheap, and tech-based money tools. These offerings cover online payments and moving funds plus small loans and managing assets, usually sent via phone applications and wide groups of agents rather than needing real bank offices (Mohammed, Ibrahim & Muritala, 2022). Global banking sectors are witnessing a surge in innovation propelled by fintech developments. Institutions are now frequently collaborating with or vying against these newer entities across domains such as electronic payment systems, credit provision, asset administration, coverage schemes, and international fund movements. These tech-based advancements have generated monetary service options for groups that were formerly excluded from formal finance, thereby enhancing access to capital while simultaneously boosting internal efficiency and lowering expenses per deal (Alagbe & Yinus, 2025). The emergence of these specialized firms has reshaped the rivalry environment within commercial banking. Given how rapidly technology advances alongside shifting client demands, established institutions face pressure to retain clientele, hold their portion of the market, and ensure profitability. Clients anticipate smooth, immediate, and tailored financial solutions; consequently, banks must commit substantial resources toward upgrading digital frameworks, strengthening network protection, and fostering creativity to remain viable competitors (Lv et al., 2022).

For many years, Deposit Money Banks served as the main intermediaries within the Nigerian financial network, creating substantial earnings through transaction charges, interest returns, and various retail banking offerings (Okeke & Ezeala, 2023). Yet, the emergence of fintechs has disturbed this conventional setup by going straight after identical retail clients and transaction amounts. The Central Bank of Nigerias cashless rules, the 2023 naira redesign event and cash shortage problem, plus the spread of agent banking have sped up the move of users from bank offices toward fintech sites. Data coming from the Nigeria Inter-Bank Settlement System show a steady yearly increase in both worth and amount of deals handled by fintechs and mobile money providers, pointing to a movement in market portion moving from old-style banks (Arner, Barberis& Buckley, 2016). Deposit Money Banks must make better their digital skills by raising their spending on information technology hardware, digital banking tools, cyber safety setups and client relation handling (Song et al., 2023). Such outlays open doors for banks to boost work effectiveness and expand income streams, yet they also raise running expenses and put banks under fresh competitive forces that could hit total profit levels.

Despite this visible change, the actual impact of fintech rivalry on the earnings of Nigerian Deposit Money Banks stays vague and debated. Although certain research indicates that fintechs have cut into bank fees and pushed banks to raise tech costs, other works claim rivalry drove banks toward greater efficiency and innovation. Many current Nigerian investigations rely on pre-2022 data and fail to capture fresh market shifts like the rise of agent-driven fintechs, the granting of licenses to fintechs as microfinance banks, and varied effects on Tier-1 versus Tier-2 institutions. Moreover, scarce proof exists regarding how distinct fintech categories, including payment firms, loan providers, and digital-only banks, influence particular profit measures for DMBs, plus if bank reaction plans weaken this link. Since DMBs continue holding significant

weight within Nigerias broader economic framework, and since maintaining profit levels remains essential for ensuring sufficient capital buffers alongside expanded loan issuance powers, there exists now a pressing need to conduct empirical analysis regarding how fintech rivalry impacts their operational outcomes. Grasping this dynamic proves vital for banking executives aiming to chart forward-looking strategies, for regulatory bodies striving to harmonize technological advancement with overall monetary security, and for investment firms evaluating the prospective sustainability of banking institutions operating inside Nigeria.

Against this backdrop, the current research aims to examine how fintech rivalry impacts the earnings capacity of Deposit Money Banks operating within Nigeria. This research utilizes this era of swift fintech expansion to offer fresh data regarding how much competition driven by fintech has altered the financial results of Nigerian banks. Results are anticipated to aid existing work concerning digital money and banking rivalry, alongside offering practical guidance for bank executives, fintech operators, investors, and policymakers keen on fostering innovation while avoiding risks to the steadiness and earnings of the banking industry. More precisely, the study intends to:

i. Examine the effect of mobile money transaction volume on the profitability of Deposit Money Banks in Nigeria.
ii. Assess the effect of mobile money account users on the profitability of Deposit Money Banks in Nigeria.
iii. Determine the effect of digital payment volume on the profitability of Deposit Money Banks in Nigeria.
iv. Evaluate the effect of number of fintech firms on the relationship between fintech competition and profitability of Deposit Money Banks in Nigeria.

The objectives are predicated on the assumption that increased adoption of digital financial services have altered the competitive landscape of the Nigerian banking industry and could have profound impacts on the financial performance of banks.

The study is designed to answer the following research questions in line with these objectives:

i. To what extent does mobile money transaction volume affect the profitability of Deposit Money Banks in Nigeria?
ii. To what extent do mobile money account users affect the profitability of Deposit Money Banks in Nigeria?
iii. To what extent does digital payment volume affect the profitability of Deposit Money Banks in Nigeria?
iv. To what extent does number of fintech firms affect profitability of Deposit Money Banks in Nigeria?

The study empirically tests the following null hypotheses:

i. Mobile money transaction volume has no significant effect on the profitability of Deposit Money Banks in Nigeria.
ii. Mobile money account users have no significant effect on the profitability of Deposit Money Banks in Nigeria.
iii. Digital payment volume has no significant effect on the profitability of Deposit Money Banks in Nigeria.

iv. Number of fintech firms has no significant effect on profitability of Deposit Money Banks in Nigeria.

This research is significant due to its capacity to inform theory, practice, and public policy. The results offer empirical data regarding how various aspects of fintech competition impact profit margins for Deposit Money Banks, helping leadership create suitable digital shift plans and choose investments wisely. Through grasping the profit consequences of fintech rivalry more clearly, financial institutions may distribute capital more efficiently, enhance their innovative power, and strengthen their standing over time.

2.0 Conceptual Review

Financial Technology (FinTech)

Financial Technology, often abbreviated as FinTech, describes the deployment of contemporary digital tools to deliver monetary goods and utilities. This domain incorporates advancements including artificial intelligence, distributed ledger systems, remote server processing, extensive data examination, automated learning, software connection points (APIs), smartphone programs, and electronic transfer networks designed to boost performance, reach, velocity, and standard within monetary offerings (Lee & Shin, 2018). FinTech has transformed the traditional money environment by employing tech-driven methods to enable exchanges, cut running expenses, upgrade customer satisfaction, and increase entry into financial resources.

FinTech represents something beyond just creating new technology; it involves altering the fundamental way financial services are built, shared, and used (Arner, Barberis, & Buckley, 2016). Services such as holding deposits, taking out cash, moving funds, granting loans, managing investments, and processing payments used to happen mostly inside actual bank offices. Yet, technology now allows users to perform these actions via electronic means, whenever they choose, and from almost any location using mobile phones, laptops, or similar internet-connected gadgets. Consequently, dependence on traditional brick-and-mortar banking systems has dropped significantly while user ease and internal work efficiency have gone up. FinTech represents perhaps the single strongest engine driving innovation within the global financial industry today. Companies operating in this space provide offerings such as electronic payment processing, smartphone-based banking, direct consumer loans, group funding initiatives, virtual money storage apps, web-based trading venues, policy tech solutions (InsurTech), and assets tied to crypto-currencies (Gomber et al., 2018). Such advancements have reshaped established bank operations by creating new methods for service delivery that frequently move quicker, show greater clarity, and cost less compared to legacy systems. Standard financial bodies are increasingly adopting computerized tools to remain viable inside a constantly shifting economic environment.

FinTech expansion within Nigeria has been driven by swift increases in internet access, smartphone adoption, and encouraging government rules. State strategies regarding financial inclusion alongside greater reliance on digital payment tools have fostered a favorable setting for Fintech development. Online payment gateways, mobile wallet providers, agent banking schemes, and electronic remittance mechanisms have played major roles in boosting cash-free activity across the nation (NIBSS, 2024). Such developments have altered client demands, creating high value for velocity, ease of use, protection, and reach when delivering monetary offerings. For Deposit Money Banks, FinTech represents both a chance and a hurdle. On one hand, technological advancement allows institutions to boost operational effectiveness, raise

client happiness, cut transaction expenses, and develop fresh financial offerings. On the other hand, the rise of tech-driven rivals has sharpened competition by offering clients alternative financial choices that vie head-on against conventional banking methods (Vives, 2019). Consequently, grasping the effects of FinTech on evaluating performance and future viability for banks working within the current digital marketplace has grown very crucial.

FinTech competition: Literature on fintech- bank relationship shows two opposing yet existing views; rivalry and working together. This clarifies the varied research results on how fintech affects DMB profit levels (Vives, 2019). Eze and Okoro (2022) saw that online banking ways had different outcomes for Nigerian DMBs, where higher tech and security costs lowered profits for certain Tier-2 banks. Likewise, Okeke and Ezeala (2023) said that electronic banking cut transaction expenses but also raised operation dangers and fraud money lost for banks.

FinTech competition means the competitive pressure that conventional financial institutions are facing from technology-driven financial service providers by providing innovative, efficient and customer-centric financial products and services. Much of the competition in the fintech industry is driven by innovation in technology, digital platforms, automation and data-driven business models that enable financial services to be delivered more quickly, more conveniently and often at lower cost. It is different from traditional bank competition. The competition has modified the structure of the financial services industry by lowering market entry barriers and enabling non-bank firms to actively compete for participation in financial intermediation.

The expansion of fintech entities has heightened competition across multiple sectors of the financial services market, such as payments, credit provision, deposit taking, asset management, underwriting, currency trading and money transfer operations. These fintech firms have likewise managed to draw in individuals and organizations seeking streamlined and user-friendly banking solutions via smartphone apps, digital purse systems, internet-based loan interfaces and automated transaction networks. Trust among end-users is growing steadily, creating demand that forces established banking institutions to compete harder for retained funds, processing volumes, client loyalty and revenue derived from charges.

Banks face competition from fintechs through various channels. Service quality improvements, tech innovation, cybersecurity upgrades, and business process redesigns by banks reflect growing availability of digital options to satisfy evolving customer demands. Yet, capital outlays required for building digital foundations, developing software, enhancing info security, and training staff may raise operational costs, particularly during initial phases of digital shifts.

Competition within fintech has diminished the exclusive position banks once held regarding payment and transaction services. Numerous services previously available solely through commercial banks are now supplied by digital payment firms, mobile money entities, and internet-based finance platforms. Consequently, banks might experience reduced income derived from transactions and tighter profit margins if they fail to continue innovating and broadening their range of offerings. The Complementarity/Enabler Perspective posits that fintechs grow the financial ecosystem and generate fresh value for banks instead of destroying it (Mohammed, Ibrahim, &Muritala, 2022). Mohammed et al. (2022) discovered that payment system innovations such as mobile, POS, and internet banking produced a positive and significant impact on ROA of Nigerian DMBs between 2012-2021. They contended that fintech raised

transaction volumes and drew formerly unbanked customers into the formal system. Banks utilize fintech APIs to lower cost of customer acquisition. During H1 2022, 10 Nigerian DMBs expended N81.92 billion on ICT, representing a 58.7% rise from 2021, to construct digital channels and connect with fintechs (Jaiyeola, 2022). The majority of neobanks functions rely on DMB licenses, indicating DMBs receive settlement and partnership fees (CBN). Based on the research, Fintech rivalry is characterized by how much the increasing adoption of online banking options rivals, supports, or transforms conventional operations held by Deposit Money Banks within Nigeria. .

Bank Profitability

Profitability of a bank represents the capability of that specific financial entity to create adequate earnings from its activities once every operational outlay, funding charges, tax duties, and remaining debts have been paid. This metric shows the monetary robustness of such an organization by employing its holdings, obligations, equity funds, and additional means to produce the greatest attainable gains, all while guaranteeing enough cash flow, payment reliability, and overall fiscal steadiness. Profitability serves as a vital sign regarding a banks monetary condition since it sets the level at which the institution can compensate owners, endure unexpected deficits, grow its business scope, put money into new methods, and support broader economic growth.

For the financial systems stability and for continued economic expansion, a healthy banking sector remains vital. Banks that generate high profits can more effectively provide loans to firms and families, finance useful investments, hold sufficient capital buffers, and survive tough economic times. Conversely, if profitability drops significantly over time, it may weaken bank resilience, restrict how much they can lend, slow down investment activity, and raise overall financial risk across the broader economy (Chegwe et al., 2025).

Many internal and external elements influence how profitable banks become. Internal aspects cover things such as how well managers work, running costs, having enough capital, what kind of assets they hold, managing liquid funds, ways to handle risks, using technology, and creating new services. Outside forces involve the wider economy, money rules set by central banks, rising prices, changes in currency values, laws made by regulators, growth in finance sectors, and pressure from normal banks plus new tech companies called fintechs. All combined, these items show if a bank can make steady profit year after year.

Bank profitability is typically assessed via financial metrics including Return on Assets (ROA), Return on Equity (ROE), Net Interest Margin (NIM) and Earnings per Share (EPS) (Athanasoglou et al., 2008). Of these options, Return on Assets stands out as the broadest metric since it gauges how well management deploys the banks full asset base to create profit (Dietrich &Wanzenried, 2011). When ROA numbers are high, they indicate strong operating efficiency along with effective resource handling. Conversely, when ROA figures drop, they might point toward falling performance levels or problems within operations. The independent variable here is bank profit levels representing how well Deposit Money Banks perform financially within Nigeria. Return on Assets (ROA) serves as the metric chosen to gauge capacity regarding turning their total assets into clean profits. Analyzing profitability alongside indicators of fintech rivalry offers real-world proof showing if greater digital contest boosts operational effectiveness and

income or exerts downward force on banking results because of heightened market fights and changes in client habits.

Theoretical Review

Davis (1986) created the Technology Acceptance Model (TAM), later improved upon by Davis (1989), serving to describe elements affecting how people accept and utilize fresh technologies. The framework posits that user adoption actions regarding tech innovations hinge primarily on two variables: perceived usefulness and perceived ease of use. Perceived usefulness denotes how much an individual thinks employing a specific tech tool will boost their work output. Perceived ease of use indicates how simple the technology feels when operated. This research relies heavily on said theoretical base since it clarifies why customers shift toward fintech driven by Perceived Usefulness and Perceived Ease of Use. This framework proposes that when a tool becomes more practical, easier to grasp, and reliable, people become more inclined to embrace it for boosting productivity or ease. As technology uptake rises within firms, their functional results, client contentment, and overall organizational success should improve accordingly.

Technology Acceptance Model within Banking Industry

The Technology Acceptance Model has utilized to comprehend the growing uptake of digital banking offerings by patrons including mobile banking, online banking, electronic payment networks, automated cash dispensers, QR-based transactions and digital money pouches. Patrons favor banking tools that offer convenience, speedier processing of deals, shorter wait durations, improved reachability, cheaper deal expenses and stronger protection . Consequently, financial institutions offering easy-to-use digital monetary services will probably gain and hold clients, boost deal counts and enhance profit margins. This present research aligns well with the Technology Acceptance Model since fintech rivalry rests largely upon how ready clients are to embrace online monetary offerings. The rising pattern observed within mobile banking, Point-of-Sale dealings, web-based banking, and ATM facilities across Nigeria shows that users find these tools acceptable, thereby making money moves simpler. When additional patrons take up such systems, financial institutions may observe shifts regarding deal habits, running expenses, gaining new clients, and earning income creation. Furthermore, the model offers a behavioral explanation regarding how fintech rivalry connects to bank earnings. Deposit Money Banks capable of constructing practical and user-friendly digital interfaces for clients stand improved chances to rival fintech entities effectively, enhance customer loyalty, raise transaction numbers, and consequently elevate profit margins. Thus, the Technology Acceptance Model yields beneficial understanding concerning methods by which customer uptake of financial tech drives the monetary outcomes of banking institutions.

Resource-Based View (RBV)

Wernerfelt (1984) created the Resource Based View (RBV) and subsequently expanded it alongside Barney (1991). This framework posits that a company's internal assets and skills matter more than outside market factors when deciding its long-term edge. Barney (1991) stated that a group can reach better results if they hold resources which are valuable, scarce, hard to copy and not replaceable (VRIN). It shows how banks creating digital skills and flexible alliances may change fintech danger into a market edge. Assets aid banks in forming special abilities that are tough for rivals to duplicate. The Resource- View Based argues now that tech capability has turned into among the most key strategic assets within the digital economy. Banks which invest consistently in information technology, cybersecurity, digital payment systems,

artificial intelligence, cloud computing and data analytics show greater likelihoods to boost their operational efficiency, raise the standard of client service, cut down their operating expenses and enhance their long-run profitability. The Resource-Based View applies here because rivalry from fintech hits not every bank identically. Certain banks see profits drop as they encounter heightened competition from fintech actors, whereas others leverage their technological and financial power to meet the challenge directly through digital innovation and strategic transformation. Consequently, the effects on profitability stemming from fintech rivalry depend mostly upon how well individual banks can successfully obtain, build and implement strategic technological resources.

Other Related Theories

Disruption Theory

In his foundational book The Innovators Dilemma (Christensen 1997), Christensen introduced Disruptive Innovation Theory. This framework details how newcomers, utilizing fresh technologies, slowly displace and ultimately surpass current companies by offering goods or services that are typically less complex, easier to use, cheaper, and more aligned with evolving client requirements. Christensen (1997) outlined the mechanism of disruptive innovation starting with focus on budget-conscious or overlooked segments before advancing into higher-tier markets with improved capabilities that endanger the standing of incumbent organizations. Financial technology firms within the sector act as disruptors because they utilize digital tools to provide banking functions historically managed by commercial institutions; these entities reshape service distribution through smartphone applications, digital money pockets, person-to-person transfer networks, internet-based credit, representative banking models, and electronic transaction frameworks. These advancements allow users to execute monetary operations with greater ease, speed, and reduced cost compared to conventional bank methods. This framework further posits that established firms frequently struggle to adjust when facing disruptive changes since their current revenue streams, organizational structures, and operational routines rely heavily on conventional methods. Firms which neglect to adopt new technologies risk ceding client bases, portions of their market dominance, and profit margins to more agile rivals. Disruptive Innovation Theory applies here by showing how fintech firms altered the banking sectors rivalry within Nigeria.

The spread of digital wallets, mobile finance apps, online banking tools, plus various fintech options created fresh types of rivalry that endanger the old power held by Deposit Money Banks. Fintech firms growing fast by drawing clients via creative tech-based offerings pushed banks to spend heavily on digital shifts, improved service handouts, and reshaping their business plans to remain rivals. Consequently, this framework offers a robust theoretical foundation for the research by detailing the mechanism through which fintech rivalry impacts banking profit margins. While fintech advancements may endanger conventional revenue streams within financial institutions, they simultaneously foster ingenuity, enhance operational effectiveness, reduce transaction expenses, and generate alternative income avenues for banks capable of adjusting to technological shifts.

Therefore, the Disruptive Innovation Theory serves as a vital analytical perspective for examining the relationship between fintech competition and the earnings of Deposit Money Banks operating in Nigeria.

Competition Stability Theory

Allen and Gale (2004) first put forward the concept regarding competition stability. This framework posits that a banking sector facing higher levels of rivalry becomes more stable, capable of innovation, and efficient over time because such pressure drives institutions to enhance service standards, cut down on wasteful operations, and deploy capital with greater precision. Furthermore, the model indicates that rivalry acts as a check against monopoly power, fostering continuous development that aids both end-users and the broader health of the monetary architecture. The arrival of fintech entities has brought about novel mechanisms including digital wallets, internet-based credit channels, electronic saving instruments, and fresh offerings, thereby heightening contest within the realm of digital money management. Consequently, these shifts have compelled established financial intermediaries to elevate their service levels, embrace technological upgrades, lower the price of transactions, and adapt faster to evolving client needs. However, the framework additionally acknowledges that excessive rivalry may compress conventional banking revenue streams, exerting strain on earnings margins, reducing interest-based returns, and raising expenditures related to technological integration and digital defense systems. The effect of such competitive forces upon financial performance depends fundamentally on how well institutions can drive innovation, control operational expenses, and adapt to shifting economic environments.

The Competition Stability Theory applies here since fintech rivalry represents a novel type of competitive stress within Nigeria's banking sector. Increasing reliance on mobile banking, online banking, point-of-sale devices, and various digital finance options has sparked contest over clients and earnings from transactions. Consequently, Deposit Money Banks must constantly develop innovations to stay profitable while also guaranteeing financial steadiness.

Empirical Literature

When reviewing empirical literature, much proof exists showing financial technology (FinTech) acts as a major factor in setting the performance and profit levels of Deposit Money Banks (DMBs) across developed and developing nations. In total, these studies indicate the link between FinTech rivalry and bank earnings changes, with outcomes relying heavily on how much technology gets adopted, how strong the competition is, the standard of rules, other institutional elements, and how well banks can adjust to digital shifts..

A recurring observation from the examined literature indicates that FinTech uptake typically boosts bank profits via enhanced operational efficiency, higher transaction counts, lower service delivery expenses, and broader financial access. Work done in Nigeria by Onuorah et al. (2022), Ulokoaga and Evbayiro-Osagie (2023), Adibe and Aigbovo (2024), Ologunwa et al. (2024) and Alagbe and Yinus (2025) showed that digital banking tools like mobile banking, internet banking, ATM usage, electronic payment networks and instant transfer mechanisms substantially raised the financial results of Deposit Money Banks. These works linked profit gains to better customer ease, more frequent deals and higher operational effectiveness caused by tech advances. Similarly, Kariuki (2023) in Kenya noted that adopting Fintech helped commercial banks perform financially better by raising service speed and client happiness.

Another body of empirical data suggests that FinTech rivalry could carry adverse consequences for bank earnings initially, prior to yielding advantages over extended periods. According to research conducted by Lv et al. (2022), Song et al. (2023), Li et al. (2023), Ben Naceur et al. (2023), Zhang et al. (2024) and Cumming et al. (2026), the emergence of fintech entities

heightens competitive pressure by contesting established banking operations, compressing interest spreads, raising deposit expenses and diminishing standard income streams for financial institutions. Yet these investigations likewise revealed that banks managing to integrate digital tools into their operational frameworks rebound with superior profitability via enhanced operational effectiveness, innovation diffusion, varied revenue channels and strengthened customer interaction. Consequently, it seems clear that fintech rivalry produces dual substitutional and complementary impacts contingent upon the phase of technological advancement and the strategic responses undertaken by the banks. . Furthermore, the literature highlights how institutional and environmental contexts matter when explaining profit effects from fintech adoption. Zheng et al. (2023) demonstrated that financial inclusion via fintech substantially boosts bank profits in emerging economies by broadening service access and extending customer reach. Likewise, Elmahdy et al. (2025) identify operational efficiency as a key mechanism where fintech spending raises profitability, with bank scale acting as a moderator since bigger institutions leverage tech advances more effectively. In addition, Wirajing et al. (2025) noted the role of internet connectivity and reported that stronger digital foundations heighten rivalry yet simultaneously create avenues for banks to enhance service quality and operational performance. Collectively, these results indicate that fintech operates within a broader ecosystem rather than alone, interacting with various institutional, technical, and macroeconomic variables to shape bank earnings.

The reviewed studies further expose certain discrepancies regarding the distinct impacts of particular fintech avenues. Certain research identified a marked positive influence from online banking, cell phone banking, point-of-sale (POS) dealings, and real-time payment networks on earnings. Conversely, other investigations detected non-significant or occasionally adverse relationships. Likewise, Danladi et al. (2025) observed that higher expenditure on information technology software produces a detrimental impact on profits over brief periods because of substantial setup and upkeep expenses. Thankgod et al. (2019), in earlier works, similarly indicated that automated teller machine usage lacked statistical significance concerning profitability, whereas POS and web-based banking markedly enhanced bank outcomes. Such conflicting findings imply that the influence of financial technology on income relies upon the specific nature of digital advancement, the stage of technological development, capital outlay requirements, administrative capability, and prevailing economic environments.

The reviewed literature shows significant methodological variability. Authors utilized these specific approaches: Ordinary Least Squares (OLS), pooled OLS, panel regression, fixed-effects models, Generalised Method of Moments (GMM), Error Correction Models (ECM), Granger causality tests, Difference-in-Differences estimation and systematic literature reviews. Many Nigerian studies relied on secondary panel data with an ex post facto design, whereas newer works applied various estimation methods to handle endogeneity and boost robustness. Such methodological variations enrich the body of work yet also create discrepancies in empirical results between nations and within banking contexts.

Literature Gap

Existing empirical work indicates fintech creates a massive effect upon bank operations and profit levels across developed and developing nations. Yet, a close look at prior research uncovers multiple unresolved problems which support the need for this current investigation. First, prior research mainly looked at how adopting fintech or creating financial innovations changes bank results rather than checking how fintech creates competition against Deposit

Money Banks (DMBs). For instance, Onuorah et al. (2022) studied how digital payment systems, online banking tools, digital loans, and digital investing tools affect the profits of Nigerian Deposit Money Banks and saw that Return on Assets (ROA) went up. Also, Kariuki (2023), Ulokoaga and Evbayiro-Osagie (2023), Adibe and Aigbovo (2024), Ologunwa et al. (2024) and Alagbe and Yinus (2025) paid attention to what digital banking ways do for bank success. Even though these works show good proof about the good sides of using fintech, they do not really look at how pressure from competing fintech companies affects the profits of normal Deposit Money Banks. So, there is very little real-world proof about how fintech rivalry acts as its own reason for changes in bank earnings.

Second, current Nigerian research mostly assesses fintech through separate electronic banking paths like Automated Teller Machine (ATM) usage, mobile banking, internet banking, Point-of-Sale (POS) operations, NEFT transfers, NIP payments and USSD tools. Operational metrics formed the foundation for works by Ulokoaga and Evbayiro-Osagie (2023), Adibe and Aigbovo (2024), Ologunwa et al. (2024) and Danladi et al. (2025). While these factors record digital banking actions, they fail to record the wider competitive impact of growing numbers of fintech companies offering payment options, digital loans, asset management, crowd funding and extra financial offerings that directly rival conventional banking functions. This current study seeks to close this theoretical gap created by the narrowness of measurement.

Third, empirical outcomes from examined works vary, leaving the link between fintech and bank profit margins ambiguous. Fintech boosted bank profits via higher transaction counts and better operational efficiency Onuorah et al. (2022), Kariuki (2023), Ulokoaga and Evbayiro-Osagie (2023), Adibe and Aigbovo (2024), Ologunwa et al. (2024), Zheng et al. (2023) and Elmahdy et al. (2025) The IIARD Journal (2024) research, yet, noted fintech raised operational efficiency, though mobile money and ATM functions lacked clear profit effects. Likewise, Danladi et al. (2025) reported ICT software spending hurt short-term profits because setup costs were very high. Global data also shows varied results. At first, Fintech lowers profits by raising rivalry, but later brings efficiency benefits (Song et al., 2023; Li et al., 2023; Zhang et al., 2024; Ben Naceuret al., 2023). This lack of agreement implies the fintech-profitability connection remains unresolved and thus needs more empirical work within Nigerias banking sector.

Also, a contextual void exists within existing scholarship. The majority of research concerning fintech rivalry has been conducted beyond Nigerias borders. Specifically, works by Lv et al. (2022), Song et al. (2023) and Li et al. (2023) concentrate primarily on Chinese commercial banks, whereas Kariuki (2023) and Chipeta and Muthinja (2018) examined Kenyan institutions. Mensah et al. (2019) investigated Ghanaian banks, Wirajing et al. (2025) analyzed the CEMAC banking sector, and Ben Naceur et al. (2023), Zheng et al. (2023), Zhang et al. (2024) and Cumming et al. (2026) utilized international and cross-country data sets. Variations in regulatory frameworks, financial market architectures, digital infrastructure, consumer conduct and operational norms suggest findings from these nations cannot be straightforwardly applied to the Nigerian banking landscape. Consequently, this indicates a requirement for localized empirical evidence that captures the distinct fintech environment present in Nigeria. .

Similarly, a methodological void exists within the examined literature. Predominantly, investigations conducted in Nigeria relied upon Ordinary Least Squares (OLS), pooled OLS, panel regression, or descriptive regression approaches (Onuorah et al., 2022; Ulokoaga&Evbayiro-Osagie, 2023; Adibe&Aigbovo, 2024; Ologunwa et al., 2024). Although

such methods serve specific purposes, limited inquiry has employed alternative econometric tools capable of addressing dynamic linkages, endogeneity issues, and long-run equilibrium states. Research from abroad by Zheng et al. (2023), Elmahdy et al. (2025), and Cumming et al. (2026) which utilized System GMM, Difference-in-Differences estimation, and mediation analyses contributed significantly to enhancing empirical solidity. Consequently, this divergence in methodology indicates a requirement for additional scholarship employing stricter analytical frameworks to derive more dependable assessments concerning the connection between fintech rivalry and bank earnings.

Finally, a temporal void exists within the current body of work. Most Nigerian investigations examined here appeared from 2020 through 2023, leaving only sparse coverage for 2024 and 2025. Consequently, these works fail to encompass the swift expansion of Nigeriasfintech industry, characterized by increased adoption of digital banking, open banking programs, agent banking models, mobile wallet offerings, real-time transfer mechanisms, and the rise of numerous new fintech firms. Therefore, fresh empirical data are required to reflect the present state of competitive dynamics among fintech operators in the Nigerian banking environment. This current work finds its justification through specific conceptual, contextual, methodological, empirical, and temporal voids that were located. While earlier investigations concentrated upon fintech uptake or advances within digital banking sectors, this inquiry zeroes in regarding how fintech rivalry impacts profit margins held by Deposit Money Banks operating inside Nigeria. Existing scholarship offers fresh proof derived from up-to-date information gathered from Nigeria and accounts for competitive stress exerted by fintech companies, thereby adding weight to the expanding collection of understanding concerning digital shifts and bank earnings found across developing nations.

3.0 Methodology

For the period 2015- In 2024, this work applied an ex post facto research framework to investigate how fintech rivalry impacts the earnings of Deposit Money Banks (DMBs) within Nigeria. This approach suits the inquiry because it relies on verified financial records and formal releases to gather past information while avoiding direct manipulation of the key variables involved. The target group includes every Deposit Money Bank registered with the Nigerian Exchange Group (NGX) and authorized by the central bank of Nigeria (CBN). Through a purposive sampling method, researchers picked ten specific quoted DMBs operating on the Nigerian Exchange Group (NGX) that possessed full yearly documents covering the span from 2015 through 2024. These listed institutions were selected due to their possession of reviewed and openly accessible financial figures required for assessing performance levels. The ten entities identified include Access Bank, Zenith Bank, GTCO, UBA, First Bank, Stanbic IBTC, Fidelity Bank, FCMB, Sterling Bank, and Union Bank.

Data required for the study came from the reviewed yearly statements of the chosen banks, the Central Bank of Nigeria (CBN) Statistical Bulletin, and the Nigeria Inter-Bank Settlement System (NIBSS) yearly summaries. Return on Assets (ROA) serves as the metric for gauging banking profitability. Specifically, it represents net income following taxes divided by total asset bases. The indicators representing Fintech competition consist of mobile money transaction volumes (MMTV), number of mobile money account holders (MMAU), digital payment transaction amounts (DPV), and the total number of fintech companies (NFF). These variables were selected because they measure competitive pressure as Fintechs and banks compete over the same

customers and the same revenue streams. Each proxy captures a different way fintechs take business from Deposit Money Banks.

Mobile Money Transaction Volume
Payments and transfers are core bank income. Every naira moved through Opay, PalmPay, or USSD wallets is a naira not moved through a bank app or branch. If mobile money volume goes up, banks lose transaction fees, float income, and deposits. That directly squeezes ROA and NIM.

Mobile Money Account Users: Mobile money wallets function like bank accounts. Users keep balances in Opay, PalmPay, Kuda wallets instead of savings accounts. That reduces bank deposits that fund bank lending. The more users a fintech has, the more valuable its platform becomes. This creates lock-in. Once someone uses Opay for transfers, airtime, and loans, they're less likely to go back to a bank app.

Digital Payment Volume: Total value of all electronic payments - transfers, POS, USSD, internet banking, cards. (NIBSS data)

Banks earn fees from these transactions. When digital payment volume rises, especially through fintech rails like Paystack, Flutterwave, Opay, that fee income shifts away from banks.

Number of Licensed Fintechs: More players means more competition. Each new CBN-licensed fintech or Payment Service adds another app competing for deposits, loans, and users.

A panel data regression analysis was utilized for the statistical examination. The data are summarized using descriptive statistics to validate the estimated model and the degree of association among the variables is examined using Pearson correlation analysis. The multicolinearity test The Breusch-Pagan test detects heteroskedasticity. The standard errors we report are robust to heteroskedasticity. The estimated coefficients are interpreted by magnitude, signs and significance and the statistical significance is tested at the 5% level.

The functional relation is then:

ROA = f(MMTV, MMAU, DPV, NFF)

For this aim the subsequent econometric specification is employed:

$ROA_{it} = \beta_0 + \beta_1 MMTV_{it} + \beta_2 MMAU_{it} + \beta_3 DPV_{it} + \beta_4 NFF_{it} + \varepsilon_{it}$

where ROA is Return on Assets, MMTVmobile money transaction volume MMAU is mobile money account users, DPV is digital payment transaction volume, NFF is Number of fintech firms β_0 is the intercept, β_1-β_4 are the estimated parameters, ε is the stochastic error term, and i and t represent the cross-sectional and time dimensions of the time series data, respectively.

4.0 Results and Discussion

Table 1:

Descriptive Statistics

	ROA	MMTV	MMAU	DPV	NFF
Mean	0.291222	12.32800	12.31404	7.077688	8.163589
Median	0.331379	12.29249	12.19244	6.941635	4.665250
Maximum	0.403121	13.98750	14.04276	7.700031	14.02211
Minimum	0.079181	10.49844	10.68201	6.532444	3.590061
Std. Dev.	0.123839	1.144140	1.114719	0.393101	5.026766
Skewness	-0.724108	-0.087130	0.171554	0.363953	0.396586
Kurtosis	1.936131	1.757133	1.791171	1.798928	1.173919
Jarque-Bera	1.345478	0.656285	0.657913	0.821843	1.651539
Probability	0.510309	0.720260	0.719674	0.663039	0.437898
Sum	2.912215	123.2800	123.1404	70.77688	81.63589
Sum Sq. Dev.	0.138025	11.78150	11.18339	1.390756	227.4154
Observations	100	100	100	100	100

Source: Authors' Computation Using EViews 13 Software (2026).

Table 1 shows the descriptive statistics of the study variables: Return on Assets (ROA), mobile money transaction volume (MMTV), mobile money account users (MMAU), digital payment transaction volume (DPV), and Number of fintech firms (NFF). The average Return on Assets (ROA) of Nigerian Deposit Money Banks during the study period is 0.2912. This implies that on average banks generated about 29.1% returns from their asset base. The maximum ROA of 0.4031 and minimum of 0.0792 show significant variability in bank profitabilities during the time under review, which might be due to changing economic conditions, regulatory changes, and the growing influence of fintech competition.

Mobile Money Transaction Volume (MMTV) has an average value of 12.3280 with a minimum and maximum value of 10.4984 and 13.9875 respectively. Thus, mobile \money transactions grew consistently over the period of the study as more Nigerians adopted digital financial services. Similarly, the mean value of mobile money account user (MMAU) is 12.3140, showing a significant increase in the number of users. The average value of digital payment transaction volume (DPV), is 7.0777, which indicates that the number of digital payments is on a steady rise in the country. This growth is in line with the financial inclusion initiatives being promoted by the Central Bank of Nigeria and fintech companies.

The Number of fintech firms (NFF)had the highest variation among all the explanatory variables with a standard deviation of 5.0268. This suggests a rapid growth in the number of fintech firms. The standard deviations are fairly moderate for all variables, which mean that the data are not too dispersed around their respective means. In addition, the Jarque-Bera probabilities of all the variables are greater than 0.05, indicating that the variables are approximately normally

distributed. Thus, the data meets the normality assumption for the reliable estimation of the regression.

Table 2:
Correlational Matrix

	ROA	MMTV	MMAU	DPV	NFF
ROA	1.000000				
MMTV	-0.476083	1.000000			
MMAU	-0.532342	0.683776	1.000000		
DPV	-0.384816	0.555453	0.617425	1.000000	
NFF	-0.374788	0.499349	0.453458	0.503704	1.000000

Source: Authors' Computation Using EViews 13 Software (2026).

The correlation matrix considers the extent to which the variables of the study are related prior to the regression estimation. The findings indicate a negative and moderate relationship between Mobile Money Transaction Volume (MMTV) and ROA (-0.4761). This implies that there is an inverse relationship between volume of mobile money transactions and profitability of the Deposit Money Banks. One reason could be that fintech companies have taken a large chunk of payment-related income that traditional banks used to enjoy, increasing competition.

The mobile money account users (MMAU) also has a negative relationship with ROA (-0.5323) which shows that the higher the number of mobile money accounts, the lower the profitability of banks.

Digital payment transaction volume (DPV) has negative relationship to ROA (-0.3848). As the number of digital payments increases, this could mean some banking activities will shift from traditional banking channels to the fintech platforms and cut some sources of bank revenue.

Similarly, number of fintech firms (NFF) shows a weak negative relationship (-0.3748) with ROA. The more the number of fintech firms, the more the competition between financial service providers increases.

The correlation coefficients between the independent variables vary from 0.45 to 0.68 which is below the accepted limit of 0.80. Therefore, multicollinearity is not a serious problem in the model and each explanatory variable can provide different information during the regression estimation.

Table 3
Multicolinearity Test (VIF)

	Coefficient	Uncentered	Centered
Variable	Variance	VIF	VIF
ROA(-1)	0.042583	1.770377	1.158927
MMTV	0.092083	7.025527	1.069655
MMAU	0.032407	10.25904	1.140387
DPV	0.049402	9.318842	1.227681
NFF	0.020659	8.505195	1.122464

Source: Authors' Computation Using EViews 13 Software (2026).

The variance inflation factor (VIF) test is applied to ensure that explanatory variables are not excessively interdependent. VIF values above 10 or tolerance levels below 0.10 indicate problematic collinearity and the need to exclude or transform variables.

The centered VIF values indicate that none of the variables exceed the commonly accepted threshold of 10, which suggests that multicollinearity is not a concern in the current model specification. All centered VIFs fall between 1.06 and 1.29, indicating a very low level of linear dependence among the explanatory variables.

Table 3:
Test for Heteroskedasticity
Table 3:Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.995111	Prob. F(4,5)	0.4876
Obs*R-squared	4.432348	Prob. Chi-Square(4)	0.3506
Scaled explained SS	0.817374	Prob. Chi-Square(4)	0.9361

Source: Authors' Computation Using EViews 13 Software (2026).

The Breusch-Pagan-Godfrey test was performed to test for the constancy of variance of regression residuals. The probability value of the F-statistic is 0.4876 and the probability of the Chi-square statistic is 0.3506. Both probabilities are greater than the 5% level of significance. Thus, the null hypothesis of homoskedasticity cannot be rejected.

This result shows that the residuals have constant variance, and that there is no heteroscedasticity in the model. Thus, the estimated standard errors and the hypothesis tests are reliable and the regression coefficients can be interpreted with confidence.

Table 4:
Breusch-Godfrey Serial Correlation LM Test

F-statistic	1.776795	Prob. F(2,3)	0.3097
Obs*R-squared	5.422356	Prob. Chi-Square(2)	0.0665

Source: Authors' Computation Using EViews 13 Software (2026).

We checked the residuals of the regression for correlation across time using the Breusch-Godfrey Serial Correlation LM Test. The probability for the F-statistic is 0.3097 and the probability for the Chi-square statistic is 0.0665. Both are greater than the 5 percent level of significance. This result means that there is no serial correlation in the regression model. Therefore the residuals are independently distributed. This is one of the key assumptions of the Ordinary Least Squares (OLS) estimation technique.

Table 5:
Augmented Dicker Fuller Unit Root Test @Level

Variables	**T statistic**	**Critical Values @5% level**	**Probability**
ROA	2.624231	3.403313	0.1312
MMTV	-4.106470	-3.212696	0.0132
MMAU	-0.728296	-3.144920	0.8026
DPV	1.321564	-1.974028	0.9426
NFF	-1.671219	-3.175352	0.4173
@ First Difference			
Variables	T statistic	Critical Values @5% level	Probability
ROA	-2.043968	-1.628262	0.0554
MMTV	-0.970114	-1.988198	0.0413
MMAU	-3.789869	-3.175352	0.0190
DPV	-4.129196	-1.977738	0.0007
NFF	-3.648098	-1.988198	0.0024

Source: Authors' Computation Using EViews 13 Software (2026).

Prior to the regression estimation, the stationarity properties of the variables were tested by the Augmented Dickey-Fuller (ADF) unit root test shown in Table 5. The result shows that the Mobile Money Transaction Volume (MMTV) is stationary at level with probability value of 0.0132 which is less than 0.05. In contrast, return on Assets (ROA), mobile money account users (MMAU), digital payment transaction volume (DPV) and number of fintech firms (NFF) are non-stationary at level as their probability values are above the 5% significance level.

All variables are stationary after first differencing with probability values less than 0.05. This implies that the variables are integrated of order one I(1), except for MMTV which is integrated of order zero, I(0). The fact that both I(0) and I(1) variables are present suggests that the estimation techniques used are able to handle mixed orders of integration, provided that none of the variables is integrated of order two or more.

Table 6:
Regression Analysis:

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.540532	1.296928	-0.493884	0.6423
MMTV	0.369729	0.199970	2.349003	0.0556
MMAU	-0.633517	0.268007	-2.736936	0.0409
DPV	0.850532	0.216928	4.381786	0.0301
NFF	0.002676	0.014482	0.184743	0.8607

R-squared	0.691541	Mean dependent var	0.291222
Adjusted R-squared	0.444774	S.D. dependent var	0.123839
S.E. of regression	0.092277	Akaike info criterion	-1.621192
Sum squared resid	0.042575	Schwarz criterion	-1.469899
Log likelihood	13.10596	Hannan-Quinn criter.	-1.787159
F-statistic	2.802402	Durbin-Watson stat	2.473062
Prob(F-statistic)	0.044203		

Source: Authors' Computation Using EViews 13 Software (2026).

The regression analysis aims to test how fintech competition affects the profitability of Deposit Money Banks within Nigeria. An R-squared figure of 0.6915 indicates the estimated model accounts for roughly 69.15 percent of the changes observed in Return on Assets. Consequently, Mobile Money Transaction Value, Point-of-Sale Transaction Value, Registered Mobile Money Accounts, and NIBSS Instant Payment Value jointly account for approximately 69 percent of the shifts in bank profitability, with the leftover 31 percent attributed to variables beyond the scope of the current model. . The adjusted R- A squared value of 0.4448 suggests the model possesses moderate explanatory capacity following adjustment for the number of explanatory factors. The F-statistic figure of 2.8024 alongside a probability measure of 0.0442 demonstrates that the regression framework achieves statistical significance at the 5 percent threshold. Consequently, the independent variables exert a significant combined influence upon the profitability levels observed within Nigerian Deposit Money Banks. Furthermore, the Mobile Money Transaction volume metric exhibits a positive coefficient equaling 0.3697, reaching significance at the 5 percent mark where p equals 0.0556. This outcome signals a direct positive association between elevated mobile money activity volumes and bank profit generation. A plausible explanation involves how numerous financial institutions have integrated mobile payment offerings into their operational strategies, thereby enabling them to generate supplementary revenue from transaction charges, enhance user accessibility, and broaden their scope of digital financial products. The coefficient regarding mobile money account holders (MMAU) registers as negative (-0.6335) and remains statistically significant (p = 0.0409). This indicates that increased numbers of mobile money account users exert a detrimental impact upon the profitability levels observed within Deposit Money Banks. Furthermore, these findings reveal an elevated degree of rivalry inside the payment services industry, stemming from the swift expansion of fintech-based payment service firms, which subsequently triggered a decline in conventional transactional revenue streams generated by banks. digital payment transaction volume (DPV) shows a positive coefficient of 0.9505 and remains statistically significant (p = 0.0301). This suggests that an increase in digital payment transaction volume creates a positive impact on bank profitability. The result indicates that higher digital financial inclusion allows banks to find chances to expand their client numbers, gather deposits, and gain extra service revenue through partnerships with fintech companies. Number of Fintech companies (NFF) shows a positive beta of 0.0027 yet remains statistically non-significant at p equals 0.8607. This suggests that real time money movement volumes rose greatly within Nigeria though their immediate impact on banking earnings stays small throughout the research timeframe. The Durbin- A Watson statistic equaling 2.4731 lies near the benchmark figure of 2, which confirms no autocorrelation exists within the residuals and thus backs up how reliable the estimated model remains.

5.0 Conclusion

The empirical data generally indicate that the influence of fintech rivalry upon the earnings capacity of Deposit Money Banks within Nigeria presents dual characteristics, being simultaneously beneficial and detrimental. This finding aligns with prior research conducted by Song, Yu and He (2023). Their analysis revealed that the influence of fintech upon the earnings potential of commercial institutions in China manifested as a stronger negative impact on smaller and medium-sized entities over brief intervals, whereas larger banks experienced positive outcomes. Increases in Mobile Money Transaction Volume alongside digital payment transaction volumes correlated with enhanced profitability, suggesting that institutions derive advantage from effectively incorporating digital financial capabilities into their operational frameworks. Conversely, the aggregate number of mobile money account holders exerted downward pressure on profitability, mirroring intensifying competitive stress originating from fintech enterprises operating within the payments domain. By comparison, the total number of active fintech firms failed to demonstrate any statistically meaningful relationship with profitability throughout the observed timeframe. Synthesizing these observations implies that fintech ought not to be interpreted exclusively as an adversary facing conventional banking sectors, but rather as a dynamic market force that favors those institutions capable of adjusting via technological innovation, comprehensive digital restructuring, and formed strategic partnerships.

Recommendation

The study findings recommend that Deposit Money Banks should improve strategic alliances with fintech firms through the growth of mobile money and other digital banking services that could be profitable. Tu, thang, Dat and Thuong (2024) in their study found that greater diversity in bank-fintech cooperation generally improves banks risk adjusted returns. The positive effects were reflected on some fintech firms and among certain bank categories. Similarly, Zhiming and Xinru (2025) found that fintech partnerships have a positive effect on bank efficiency including profitability related, managerial and cost efficiency, Fintech Companies should leverage DMBs' trust, license, and capital instead of trying to replicate full banking operations. Partnership models have been shown to expand the market for both parties Furthermore, the Central Bank of Nigeria should continue to provide a conducive regulatory framework for the joint working of banks and fintech firms while ensuring financial system stability and healthy competition. Finally, Deposit Money Banks should intensify efforts to promote digital financial inclusion by encouraging more use of mobile money accounts and diversifying their digital financial products to boost non-interest income and sustain profitability in the long term.

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