



International Journal of Research in Finance and Management

P-ISSN: 2617-5754
E-ISSN: 2617-5762
IJRFM 2022; 5(2): 205-211
Received: 15-07-2022
Accepted: 19-08-2022

Mary Ovayioza Ezeji
Department Of Accounting
Faculty of Management Science
Usmanu Danfodiyo University
Sokoto, Nigeria

Ajayi Oluwafemi Ezekiel
Department of Accounting
Faculty of Management Science
Usmanu Danfodiyo University
Sokoto, Nigeria

Digital finance the future and sustainability of the Nigeria banking system: A review

Mary Ovayioza Ezeji and Ajayi Oluwafemi Ezekiel

Abstract

Digital finance as a prearrangement of a variety of money-related and payment benefits that are delivered and managed using mobile or web advances and a system of specialists. In general, it also refers to the expansive technology (Such as e-money, mobile money, card payments, and electronic funds transfers) accessible to carry out financial services from a wide range of suppliers to a broad category of recipients the study made extensive review of other related literature and discussed the issues on digital finance as the future for sustainability of the Nigeria banking system. The researcher therefore concluded that more consumers are becoming at ease with and even beginning to prefer digital transactions like online payments and transfers.

Keywords: Such as e-money, mobile money, card payments, and electronic funds transfers

1. Introduction

Banking has undergone a significant digital transition, which goes well beyond just switching from a traditional to a digital environment. In order to evaluate, connect with, and serve their clients, banks and other financial organizations must use a comprehensive digital transformation plan. Understanding client behavior, preferences, and needs is the first step in the fundamental approach to digitalization in banking and fintech. Even if there were significant obstacles in the road, the majority of banks started their path toward digital banking years ago with a defined strategy. When financial leaders discovered that most of their consumers were using digital channels, the trend toward digital banking began (Falodun, 2018)^[6]. The importance that digital financial services (DFS), particularly mobile financial services, have played in advancing financial inclusion in sub-Saharan Africa was one of the key disclosures in the 2017 Global Findex report. Financial access via mobile increased from 54% to 63% between 2014 and 2017, and this explosive expansion has persisted ever since. In fact, the research suggests that mobile DFS delivery is a key driver of financial inclusion in the nation but when it comes to mobile banking access in Nigeria, the largest economy in the region, has constantly lagged behind its rivals. Many commentators have ascribed this to the nation's regulatory conservatism, since the central bank has consistently refused to grant telecom carriers licenses to operate mobile money services. Regulators, however, rectified this problem in 2018 by enabling telecom carriers to offer digital financial services under the Payment Service Bank license. But unless Nigeria addresses an even more important aspect of digital inclusion providing the rails on which these services will run all the way to the consumer mobile finance will likely continue to have challenges in the country (Fishbein, and Ajzen, 1980)^[7]. Affected banks have chosen the route of mergers and acquisitions to get out of the difficulties encountered by authorities including the Securities and Exchange Commission (SEC), Central Bank of Nigeria (CBN), and Nigeria Deposit Insurance Company (NDIC). The recent signature of the Transaction Implementation Agreement follows, which is visible at that time (Hernando and Nieto, 2016)^[11].

1.2 Statement of the problem

After the 1980s, global competition that was exceptionally fierce encouraged businesses to concentrate on their business strategies, notably on innovations (Kuratko and Hodgetts, 1998). Due to the intense global rivalry, both people and businesses started to assess and use their innovative tactics and entrepreneurship skills in order to achieve a competitive edge

Correspondence Author;
Mary Ovayioza Ezeji
Department Of Accounting
Faculty of Management Science
Usmanu Danfodiyo University
Sokoto, Nigeria

(Drucker, 1985)^[4]. Walker (2004) asserts that innovation significantly affects corporate performance by resulting in an enhanced market position that translates into a competitive advantage and greater performance. According to Metcalfe (1998)^[18], as the flow of innovations and newness dries up, businesses' economic structures become stable and exhibit minimal expansion. As a result, innovation significantly contributes to the performance and competitive disparities across businesses, regions, and even nations. Although researchers like Mosongo (2013)^[19], Brown (1997), Nyathira (2012)^[21], Weldeghioris (2004), Mbaabu (2004), Dempsey *et al.*, (2002), and Kihumba (2008)^[16] have conducted studies on the impact of innovation on the financial performance of financial institutions, there is a glaring gap in the body of knowledge when it comes to the analysis of the effect of digital finance on the future and sustainability of the Nigerian banking system. The vast majority of the research that were contacted focused on commercial banks. The scope of those that concentrated on the future and viability of the banking sector in Nigeria and digital money is constrained.

2. Conceptual Issues

2.1 Digital finance

Digital finance (DF) is the term used to describe financial services offered by mobile devices such as smartphones and mobile wallets, personal computers, the internet, or debit or credit cards that are connected to a secure digital payment system (Durai & Stella, 2019; Shofawati, 2019)^[5,1].

It includes all goods, services, technologies, and supporting infrastructure that enable people and businesses to access payment, savings, and credit options online without having to go to a bank branch or interact with the financial service provider directly (Shofawati, 2019).

Peake (2012)^[23] and Michelle (2016)^[20] both define digital finance as a prearrangement of a variety of money-related and payment benefits that are delivered and managed using mobile or web advances and a system of specialists. In general, it also refers to the expansive technology (such as e-money, mobile money, card payments, and electronic funds transfers) accessible to carry out financial services from a wide range of suppliers to a broad category of recipients (Asian Development Bank, 2016). Michelle, (2016)^[20] Digital financial services (DFS) are financial operations utilizing digital technology, including electronic money, mobile financial services, online financial services, i-teller, and branchless banking, whether through bank or non-bank institutions, according to the Organisation for Economic Co-operation and Development [OECD] (2018). Despite the fact that Nigeria's banking sector has continued to operate in a cutthroat climate, several banks have launched new cutting-edge products, processes, technology, and organizational innovations that have increased efficiency and product differentiation.

Technology has compelled banks to provide a wide range of deposit, investment, and credit products via a variety of distribution channels, including respectable ATMs, branches, phones, and the Internet.

Now, commercial banks are starting to move toward innovation and innovation in marketing.

Included in this are marketing innovation and the development of new services, marketing innovation and

advancements in the provision of banking services to customers, and marketing innovation and creativity in marketing and offering those services to professionals in a timely and environmentally friendly manner.

As a result, management can now interact with the objectives and concerns of both sides.

2.1.1 Services and Products for Financial Innovation

1. Online Banking

Internet banking entails carrying out traditional banking operations on the World Wide Web (www), a worldwide computer network that does not rely on any "brick and mortar" office buildings. It also provides financial services that can be accessed over the Internet.

In principle, Internet banks may provide customers with greater interest rates on deposits than the average rate of traditional banking since they have lower administrative costs Gebauer and Shaw, (2014)^[8] Banks frequently rely on the Internet to inform the public about financial products, replace activity done in branch offices, which eliminates the need to open additional branches, and provide clients with better service.

Websites for online banking provide the possibility of more suited ways for customers to manage their money, including the ability to pay bills online, look for mortgage or auto loans, apply for credit cards, and locate the closest ATM or branch office.

2. Mobile Banking

This is a wireless internet banking application, sometimes known as m-banking. This entails combining internet and cell phone connectivity for financial operations. This invention provides the user with services like SMS Banking, which sends an immediate notification of a transaction and helps to monitor an account with 24-hour services and to-ups of mobile phone credits (William, 2015)^[26]. The client can obtain a checkbook and do additional activities like account inquiries.

3. Automated Teller Machine (ATM)

The most widely utilized bank invention in recent years is ATMs. Customers can use this feature at almost all of Ghana's universal banks. The client is identified on the majority of modern ATMs by inserting a plastic card with a magnetic stripe or a plastic smart card with a chip that has a personal identification number (PIN), a unique card number, and other security information like the expiration date. This combines computer terminals, accounting records, and the cash vault into one unit, allowing customers to access the bank's record-keeping system using a plastic card with a PIN. Once admitted, it offers customers a wide range of retail banking services. In addition to filling stations, airports, malls, supermarkets, and other locations outside of the bank's lobby. They were first developed to serve as tools for producing or distributing money (Goodhue and Thompson, 1995)^[9].

4. National Electronic Fund Transfer (NEFT)

In Nigeria's financial system, the NEFT was first implemented in March 2004. Three different payment options are available for this approach, including: (a) NEFT

Credit Transfer (Single Items) (b) Automated Direct Credits for Bulk Clearing (c) Automated Direct Debits via Bulk Clearing. In a cheque payment system, the payer delivers the payee the payment order (as verified on the check) via NEFT Credit Transfer (Gurley and Shaw, 1998)^[10].

The payee must deliver the check to the payer's bank in order to get cash, or to his own bank to receive a deposit that will be paid after the clearing procedure. With NEFT, the payer sends his bank the payment order directly, and through the clearing procedure, his bank transfers the funds to the beneficiary's bank. As proof of the transfer of funds, the payer might give the recipient a copy of the payment order. Additionally, as soon as payment has been received through the clearing system, the payee's bank account will be reimbursed. Through clearing banks, corporate bodies can present several Direct Credit or Direct Debit instruments to the Automated Clearing session using the BULK Clearing service. The Nigeria Automated Clearing System can process, present, and clear a large volume of instruments quickly thanks to the NEFT Bulk Clearing service, which fully utilizes item processing technology (Hofman, 2012)^[12].

5. e-Billspay

This account-based, real-time web application makes it simple to pay bills from an account. It guarantees immediate credit for payments and receipt of collections for billers and merchants hired through the platform. The characteristics of e-Billspay are as follows: Real-time, seamless payments from any Nigerian bank using the bank's branch or online banking system, immediate value, Authentication, notification of the biller via a login portal, SMS, email, or direct system connection with the biller, there is no cap on the transaction value. captures unique identifier(s) for reconciling transactions connected to invoices (NIBSS, 2015).

6. Remita

Remita is an electronic platform licensed by the Central Bank of Nigeria that enables businesses (SMEs, Corporate Organizations, Multinationals, State Governments, Government Agencies, NGOs, Religious Organizations, Resident Associations, Schools and Educational Institutions, Hospitals and Health Institutions, Utility Companies and individuals to receive and make payments easily. It has received numerous votes as Nigeria's Software of the Year (CBN). Remita is a secure, integrated, effective, and cost-effective system that is created entirely in Nigeria by System Specs to the highest international standards (Josiah and Kingoo, 2012)^[13].

2.1.2. Digital Payment Gateways in Nigeria

The following are additional payment gateways that CBN has approved for use in promoting financial inclusion across the nation Olusola (2019)^[22].

1. Interswitch Webpay

this platform allows your customers to conveniently make payment for your online while you get paid to your bank account within 24hours. Inter-switch web pay is currently used by top eCommerce stores in Nigeria like [Jumia Nigeria](#). Pricing Setup Fee: ₦150,000, Transactional

Fee: This is the percentage payment you pay to Interswitch whenever there is a successful transaction on your website. Transactional fee: 1.5% to a cap of ₦2,000 (Kagan, Acharya, Rao and Kodepaka, 2005)^[15].

2. GtPay:

In Nigeria, one cannot discuss payment gateways without bringing up GTPay. Guarantee Trust Bank owns the payment processor. Gtpay enables buyers to simply purchase things, with money arriving to the business within 24 hours. One has to have a GTB bank account in order to use GTPay. Setup fees are 75,000, local transaction fees are 1.5% with a \$2,000 ceiling, and there is no cap on the 3% fee for overseas purchases using Visa and MasterCard cards. Monthly fees for international gateways: 5000. (Lundblad and Jennifer, 2013)^[17].

3. Paystack

A payment gateway in Nigeria called Paystack is ideal for startups and small businesses. Customers may pay you online using Paystack using a credit card, bank transfer, QR code, or GTBank 737. The majority of small company owners use Paystack since there are no integration fees. Furthermore, connecting Paystack with your online business only takes a few minutes and requires no technical expertise. You may also set up one-time payments or regular charges on PayStack for your goods and services. Pricing Setup Cost: Free, local transaction costs are 1.5% on the transaction amount plus 100, with a ceiling of N2,000. 3.9% of the transactional amount plus 100 are the foreign transactional fees.

4. VoguePay

Using the help of Voguepay, clients can easily pay for your products and services with cards or even bitcoin on your website. You can quickly set up regular invoices or one-time payments for clients on voguepay. You must pay a merchant verification charge of 1,500 with the Corporate Affairs Commission and 2,500 with government-issued identity cards before you may use voguepay. Pricing Setup Fee: Free; 2,500 for Government; 1,500 for CAC merchant verification

ID badge 1.5% + 30 Naira for local transactions, 3.8% of the transaction value for international transactions, and 1% + 120 Naira for fund withdrawals.

5. Cash Envoy:

One of the payment gateways in Nigeria is Cash Envoy, which enables you to safely and shrewdly collect payments from your clients for goods and services. Cashenvoy was founded in 2009 and has been given permission by the Nigerian central bank to safely accept online payments for merchants across the country. The two types of accounts you may create on Cashenvoy are Personal and Business Accounts. You must, however, create a business account with them if you are a business owner. Personal account fees: Making payments is free; sending money is not applicable; withdrawing money is not applicable. Getting paid: Not relevant. Pricing for Business Accounts: Free money transfers only to Business Accounts Paying to business accounts is free. Withdrawing money costs \$120 for transactions of up to \$4,000.

6. Amplify:

The best option to get recurring payments from both local and international clients is through Amplify. With Amplify, you can easily accept payments from your clients even if you don't have a website. All you need to do is develop a straightforward form and distribute it to your clients, and you're ready to go. Pricing: Free setup cost, 1.5% + 20 cents of local transaction fees (limited at \$2,000), and 3.8% + 20 cents of foreign transaction fees.

7. Payza:

Nigeria is one of 197 nations where Payza, a payment gateway processor, is active. Payza makes it simple for you to accept payments from clients while getting paid in dollars to your Nigerian bank account. Pricing Personal and commercial accounts are the two types of accounts that Payza offers. You must, however, create a business account with them if you are a business owner.

Pricing for a personal account: Create an Account for Free Receive Funds: 2.90% + \$0.30 USD, Receive Funds: 1.2% BTC, Send Funds: free. Pricing for business accounts: Create an Account for Free Send Money: Free, Receive Money: 2.90% + \$0.30 USD, Receive Money in BTC: 1.2%.

2.1.3. Sustainability of The Nigerian Banking Sector

The banking industry in Nigeria is essential to the overall growth of the economy and contributes significantly to the nation's development. In both the continental and international arenas, Nigeria is a key player. As the largest economy in Africa and home to a youthful, rapidly-growing population, it is far more exposed to global concerns than it is to these new prospects. Despite global economic and political challenges, there are positive indicators on the local front. The 2018 World Bank Doing Business rankings have increased as a consequence of economic reforms that are business-friendly. The term "digital financial inclusion" describes how underprivileged and excluded populations may access and use formal financial services online (Lauer & Lyman, 2015). In other words, it is a technique for ensuring that vulnerable groups like weaker sections and low-income earners have access to financial goods and services (bank accounts, remittance and payment services, financial counseling services, etc.) and appropriate credit when needed at a reasonable price (Durai & Stella, 2019) [5]. Access to financial services, use of financial services, and the caliber of financial services offered and how they are delivered are identified by Alexander (2017) as the three dimensions of financial inclusion.

2.2. Theoretical Issues

In order to comprehend the theoretical connection between digital finance and the financial industry, especially the banking sector, the research analyzed four ideas.

2.2.1. Schumpeter Theory of Innovation

Schumpeter (1934) advanced this thesis by contending that entrepreneurs, who may be individual inventors or R&D engineers working for major firms, generated the potential for new revenues with their discoveries. The result would be a flood of investment that would reduce the profit margin for the innovation due to groups of copycats drawn by

super-profits. However, before the economy could stabilize, a fresh invention or combination of innovations which Schumpeter (1934) defined as Kondratiev cycles would appear to restart the business cycle. The importance of entrepreneurship was emphasized by Schumpeter (1934), but he did so in the context of a distinction between invention or discovery and innovation, commercialization, and entrepreneurship. This distinction was made to highlight the role of entrepreneurship and the pursuit of opportunities for novel value-generating activities that would expand and transform the circular flow of income. This distinction between invention and innovation distinguished the traditional institutional model of innovation used in the nineteenth century, in which individual inventors frequently provided findings as possible inputs to entrepreneurial businesses. The author also believed that inventions were constant winds of creative destruction that were crucial factors in a capitalist system's ability to sustain growth rates. Over the course of his life, Schumpeter's views changed to the point that some academics have distinguished his early ideas, in which innovation was mostly relied on extraordinary people/entrepreneurs who were prepared to take on exceptional risks as an act of will.

2.2.2. Theory of Planned Behavior

According to the theory of planned behavior (TPB), the desire to engage in a behavior is what drives conduct, and attitude toward behavior, subjective norms, and perceived behavioral control all have an impact (Ajzen, 1991, 2002). The overall opinion that individuals have on the acceptability or undesirability of a certain activity is known as attitude. The term "subjective norm" (SN) describes how an individual feels under organizational or societal pressure to carry out a specific conduct. The term "perceived behavioral control" (PBC) refers to how easy or difficult a person thinks it will be to carry out a specific activity. It is shown that TPB is capable of offering a helpful theoretical framework for comprehending and forecasting the acceptance of novel information systems (Ajzen, 2002). In a meta-analysis study, Armitage & Conner (2001) [2] used the TPB to analyze earlier findings. The main conclusions were that the TPB was effective and that additional research on novel factors was required to make the model more predictable.

2.2.3 Social Construction Theory

The social construction of technology theory by Trevor Pinch and Wiebe Bijker is a further and maybe the most pertinent theory for the analysis of electronic banking. According to this view, humans control how and in what ways technology is utilized, not technology. People govern how and in what ways technology is employed. According to the thesis, it is impossible to comprehend how a technology is used without also comprehending how it is socially incorporated into society.

Technology may have diverse meanings in various social circumstances, and how it is adopted depends on how society perceives it.

According to this hypothesis, a technology's adoption is influenced by social variables in addition to its technical superiority. In the framework of this study, social networks connected to business and family have influenced mobile

phone technology, and particularly mobile phone financial services. The decomposition theories of planned behavior offer significant value to the original theory by adding more assumptions and constructions to the models while maintaining the basic concepts of the theory of planned behavior (Vankatesh, Davis & Morris, 2007) ^[25]. The adoption of electronic banking and its impact on the profitability of commercial banks are both explained by this study using the theory of planned behavior.

2.2.4 Regulation Innovation Theory

Regulation Innovation Theory is attributed with being invented by Scylla *et al.* in 1982. From the standpoint of economic history, this approach explains financial innovation. The idea contends that financial innovation is strongly linked to social regulation, and that this change of regulation has an impact on and is caused by economic regulation. According to Scylla *et al.* (1982), any change brought about by regulation reform in the financial system can be regarded as financial innovation. This is because they believed that it was extremely difficult to have space for financial innovation in both the strictly controlled planned economy and the pure free-market economy. Only a government-controlled market economy can produce innovative activity. There are many different types of financial innovation that aim to avoid or do away with government regulations when government intervention and management have hampered financial activity. The spiral development process, which goes control-innovate, controls again-innovates again, is the result of the game between the market and the government.

This hypothesis broadened the definition of financial innovation, which is likewise seen to have its roots in government involvement. However, it sees financial innovation as including regulation innovation. It considers financial innovation to be rules and regulations that are utilized to govern, in particular. Financial innovation is hindered by financial control, hence laws and regulations that are seen as a representation of financial control should guide financial reform and innovation (Scylla *et al.*, 1982).

2.3 Empirical Evidence

Akani and Obiosa, (2020) ^[1]. This study looked at how fintech affected deposit money banks' profitability in Nigeria. The study's overall goal was to investigate how financial innovation affects profitability; however, its specific objectives focused on how automated teller machines, electronic funds transfers, internet banking, mobile banking, and investments in information and communication technology affected deposit money banks' return on equity. In order to examine the secondary data taken from the annual reports and accounts of the fourteen companies for the years 2009 to 2017, the study developed four hypotheses and using panel data regression. The dependent variable was return on equity, whereas the independent variables were automated teller machines, electronic fund transfers, online banking, mobile banking, and investments in information communication technology. The study's findings showed that although internet banking, mobile banking, and investments in information communication technology have favorable relationships with return on equity, automated teller machines and

electronic fund transfers had negative relationships with return on equity. According to the survey, deposit money banks should engage in technical advancements, implement financial innovations, and change their banking services to accommodate agency banking and mobile banking in order to both expand market share and create jobs.

Chipeta & Muthinja (2018) ^[3] Examine the connection between financial innovation and the monetary results of Kenya's 42 commercial banks. The branchless banking models, which differ from conventional branch-based banking, are among the financial innovations addressed. The dynamic panel estimate used in the model is the system generalized technique of moments. The findings demonstrate that financial innovations have a considerable impact on bank financial performance and that firm-specific factors have a greater impact than industry-specific factors in determining the firm's current financial success. They demonstrate that financial innovations produce positive benefits for the shareholders, indicating that the main benefactors of the financial innovations deployed by commercial banks are the shareholders.

Richard & Steve (2018) ^[24] Analyzing the Financial Performance of Selected Listed Deposit Money Banks in Nigeria from 2001 to 2014 This study's goal was to evaluate how capital sufficiency, asset quality, and liquidity impacted the financial performance of a few Nigerian banks. Data from secondary sources was gathered from the different banks' audited financial reports. The results showed that: Financial Performance of selected Nigerian banks had significant relationships with Capital Adequacy, Asset Quality, and Liquidity both in the short and long term; furthermore, none of the variables Granger Caused each other. The study used the Unit root test, OLS, Co-integration, and Granger Causality method to test and analyse the secondary data obtained from the bank's annual publications. They come to the conclusion that the financial performance of banks is significantly influenced by capital sufficiency, asset quality, and liquidity.

Nkem & Akujinma (2017), Analyze the influence of financial innovation on the efficiency ratio of deposit money banks in Nigeria from 2006 to 2014, as well as the link between financial innovation and bank efficiency. The Central Bank of Nigeria statistics bulletin served as the primary source for secondary data for the study's time period. To assess the association between the relevant variables, a multiple regression model was created and calculated. The results show that while web/internet and mobile banking are favorably correlated with efficiency ratio, only web/internet was substantially correlated. The value of transactions made at ATMs and Points of Sale (POS) are adversely correlated with efficiency ratio.

Dinh, Le, and Le (2015) say that digital banking technologies have spread and been embraced more quickly than any other technology in history, affecting both how people communicate with one another and how banks engage with the gadgets of their consumers. The study also came to the conclusion that advancements in digital finance technology have contributed to higher financial returns. In a different research, Dinh, Le, and Le (2015) discovered that online banking, a component of digital finance, affects banks' profitability by raising their revenue from services.

Accenture (2015) identified three fintech behaviors that banks feel may enable them to digitally redefine themselves. They are co-innovation, being open to new ideas, and venture capital. Early on in the invention process, open innovation may include involving resources, expertise, and technology from outside sources. Collaboration is another name for co-innovation. The poll finds that a future scenario where the addressable market for financial services grows as a result of complementing partnerships between various companies is desirable. The startup innovation paradigm is built around venture capital. This is the strategy being used by banks and other well-established providers of financial services to try to spark innovation for their industry.

3.1 Benefits of Digital Finance

Banks and fintech companies can lower their costs of financial intermediation thanks to digital finance. Fintech companies may encourage economic growth by boosting the number of financial transactions. Additionally, it could result in even better economic stability. It has been determined to have a long-term, favorable influence on the banking industry's profitability. Additionally, it improves the payment system, as users may now send and receive money in a matter of seconds.

The wellbeing of those people and organizations that have well-funded official bank accounts to carry out numerous financial transactions might be improved by this. Due to digital financial technologies, consumers can also make swift financial decisions. Although automated teller machines (ATMs) and phone banking were the forerunners of contemporary digital banking, the internet and mobile banking offer quick and efficient delivery methods for both conventional banking products as well as for brand-new ones.

The demand for digital services has grown as a result of the expansion of 3G and 4G internet technologies as well as the growing usage of smartphones and tablets.

Financial institutions, software companies, and other service providers are encouraged by this market demand to offer sophisticated digital banking services in addition to the introduction of new, diversified products and applications in order to retain their current customers and reach the unbanked population. Abbasi & Weigand, (2017)

In a similar spirit, digital finance increases company productivity, empowers people to take advantage of opportunities in the digital world, and streamlines the provision of public services (WDR, 2016). Digital finance also contributes to a wider selection of financial service providers, as well as the provision of services that are customized to each person's specific needs and facilitate their use. This presents a chance to increase one's financial knowledge, self-assurance, and experience (OECD, 2018).

It has been determined that internet banking, as a part of financial innovation, would help banks decrease expenses and increase profits while improving client convenience through the simplicity and speed of transaction execution (Stoica, Mehdian & Sargu, 2015).

3.2 Challenges of Digital Finance

According to Ozili (2018), supplying digital financial services might be more expensive than safeguarding consumer data, which has a negative impact on efficiency

and profitability. Data security threats to the privacy and security of client data through digital channels are another problem. Additionally, there is a dearth of inexpensive and high-quality digital connectivity. Digital finance is anticipated to be more advantageous to higher-income urban residents than to rural residents. Furthermore, if the populace is not prepared, the introduction of digital finance whether voluntary or forced into a nation may result in voluntary financial isolation. Similar to this, frequent digital data security breaches can erode users' faith in digital banking platforms. When they do, systemic black-swan threats have the potential to prove deadly for global digital financial services. Platforms for digital banking that charge fees will favor high- and middle-class users at the expense of low- and middle-class users who cannot pay the related transaction expenses. Numerous legislative and regulatory frameworks prevent the complete adoption of digital money.

4. Conclusion

The idea of digital banking is not new. In reality, it has long enjoyed a solid following among younger audiences. However, recent developments have seen a huge rise in internet banking usage.

More people shifted to internet banking as soon as going to their neighborhood bank branch was no longer an option. As a result, more consumers are becoming at ease with and even beginning to prefer digital transactions like online payments and transfers. More so-called challenger banks have formed in recent years.

These banks only have digital branches and are entirely digital. By improving the consumer experience from the simplicity of creating an account to improved functionality and more alluring fees and rates they compete with traditional banks. The financial services industry is evolving as a result of fintech firms. They provide a range of digital services, including chatbots for customer support, budgeting, expenditure tracking, and more. These businesses have been crucial in advancing the digitization of financial services since more and more financial institutions are depending on fintech solutions.

4.1 Recommendation

- i. The Nigerian banking system needs to significantly increase its use of digital money. Whether you need to deliver financial or complicated statistics to your clients, digital solutions can enable you do it much more quickly, precisely, and conveniently.
- ii. In order to save data analysts' time, businesses are using financial data management platforms. These tools assist them in labeling and organizing all the data, which is difficult to accomplish manually.
- iii. AI-driven risk assessment tools are another component of fintech analytics solutions that assist identify company dangers and deliver accurate projections.
- iv. banks and other financial institution will need to adapt quickly to the shifting conditions occurring throughout the world.
- v. A strong regulatory framework for digital financial services in Nigeria has to be strengthened by the government.

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