

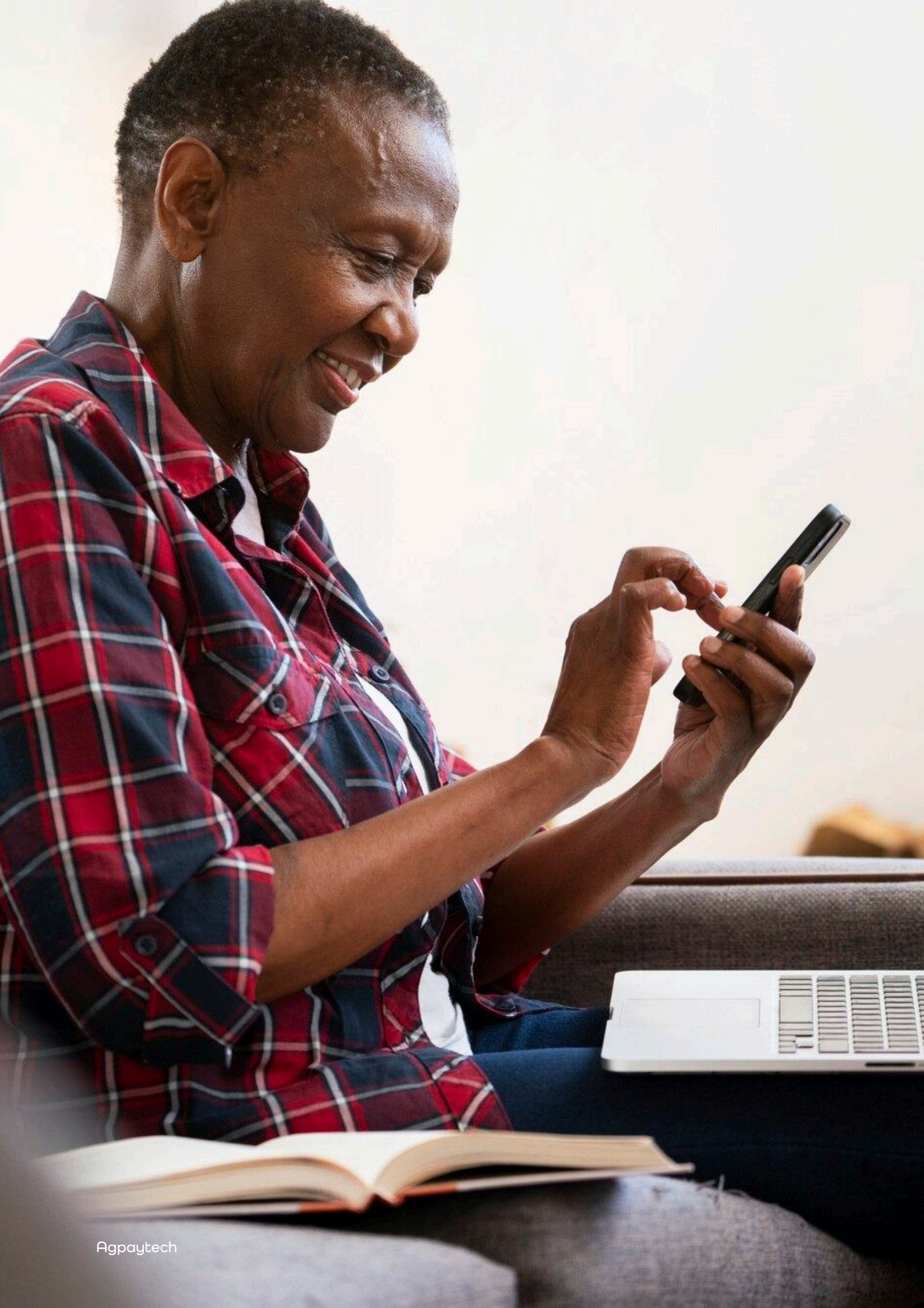
Agpaytech's Research
13th June, 2025

The Benefit of Foresight

FinTech at the Forefront

Redefining Payments in Nigeria's Move to a
Cashless Society

Agpaytech
Research / Analytics / Direction

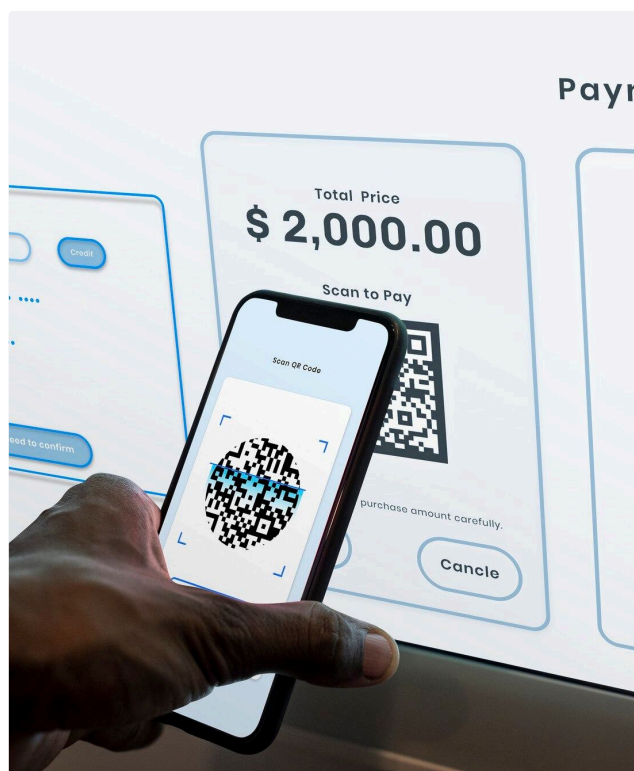


Executive Summary

Nigeria is undergoing a financial revolution—one that's replacing queues at the bank with taps on a smartphone. As the country shifts away from a cash-reliant economy, Financial Technology (FinTech) is emerging as a powerful force driving this transformation. With high mobile penetration, increasing digital literacy, and a growing appetite for convenient, fast, and secure transactions, FinTech is redefining how Nigerians pay, save, borrow, and invest.

Traditional banking systems, once plagued by limited reach and high operational costs, are being rapidly outpaced by agile digital platforms that offer tailored financial solutions for everyone—from urban entrepreneurs to rural market traders. Mobile banking apps, USSD codes, digital wallets, and contactless payments have become the new norm, breaking down barriers and bringing millions of unbanked Nigerians into the formal financial fold.

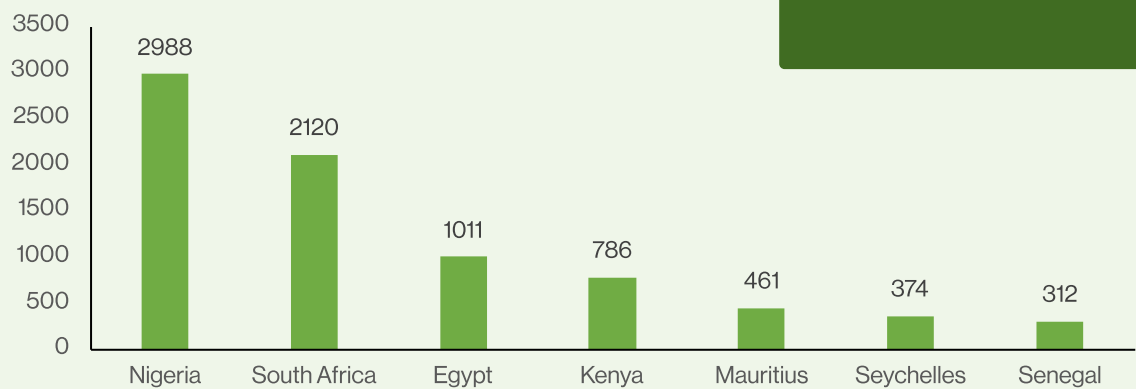
This report explores how FinTech is not just enhancing payment systems but also enabling inclusive economic growth. It delves into the innovations powering the industry, the policies supporting digital adoption, and the far-reaching impact these shifts are having on Nigeria's financial landscape. In essence, FinTech is not merely a technological upgrade—it's a national leap toward a more connected, cashless future



Introduction: The FinTech Spark Igniting a Cashless Nigeria

Imagine a Nigeria where sending money is as easy as sending a text, and street vendors accept digital payments as readily as big retailers. This vision is rapidly becoming reality, thanks to the surge in FinTech innovation that's reimagining the country's payment system. The COVID-19 pandemic acted as a catalyst, accelerating the demand for digital solutions and prompting a massive shift in how Nigerians manage their finances. With strategic reforms such as the Central Bank's Payment System Vision 2020, the adoption of open banking, and the rise of blockchain applications, the stage was set for a digital takeover. Today, Nigeria boasts a thriving FinTech ecosystem—one of the most dynamic in Africa. From mobile money and virtual wallets to AI-driven lending platforms, FinTech firms are solving real-world problems with smart, scalable solutions. These companies are extending financial access to rural communities, offering small businesses new tools for growth, and giving everyday Nigerians more control over their financial lives. As the nation moves further into a cashless era, this study examines how FinTech is not just complementing traditional banking but, in many cases, replacing it. More than a technological trend, FinTech in Nigeria represents a cultural shift—one that signals a future where financial empowerment is digital, democratic, and driven by innovation.

Figure 1: Cumulative equity financing as at April 2025



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75% of cumulative equity funding is attributable to South Africa, Nigeria, Kenya, and Egypt

Source: Agpaytech 2025

Growth of the FinTech Ecosystem in Nigeria

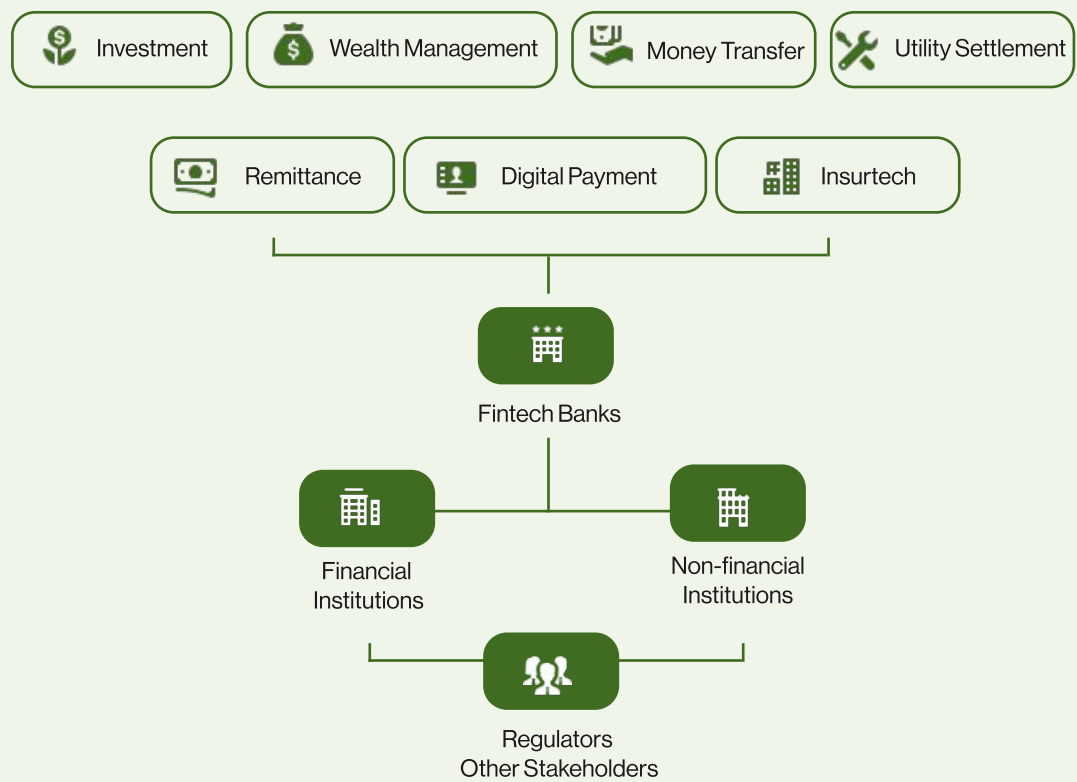
The Financial Technology (FinTech) sector in Nigeria has experienced significant growth, particularly in the aftermath of the COVID-19 pandemic. This expansion has been driven by key regulatory and infrastructural developments, including the implementation of the Central Bank of Nigeria's Payment System Vision 2020, the introduction of open banking frameworks, advancements in blockchain technology, and increased adoption of electronic payment channels such as cards, ATMs, Point-of-Sale (POS) terminals, electronic funds transfers, and mobile payments.

These reforms have collectively contributed to the rapid emergence of a dynamic FinTech ecosystem, positioning Nigeria as one of Africa's leading digital finance hubs. The sector has demonstrated strong potential to address the country's longstanding financial access challenges. Through the deployment of mobile money services, digital wallets, and other innovative payment platforms, FinTech firms are effectively extending financial inclusion to underserved and unbanked populations, particularly in rural and hard-to-reach areas.

Digital Payments	Mobile Transfer Digital Remittances Digital Commerce	     
InsurTech	Neobrokers Robo-Advisors	     
Digital Assets	Cryptocurrencies NFT	
Alternative Lending	Marketplace Lending (Consumer) Crowdlending (Business) Buy Now Pay Later (BNPL)	     
Alternative Financing	Crowd investing Crowdfunding	   
Regulators	Central bank Security and telecom agencies	   

As of April 2025, there are about 450 Fintechs in Nigeria. The number of startups in financial related sector experienced an increase. The huge investment and partnerships boost from both international and local players are making FinTech offer instant, convenient and accessible banking services. Moreover, not only does FinTech focus on banking services but has widened to cover non-financial services and integrate robust payment systems in transport, education, trade, SMEs, utility payments and others.

Figure 3: FinTech building resilient ecosystem

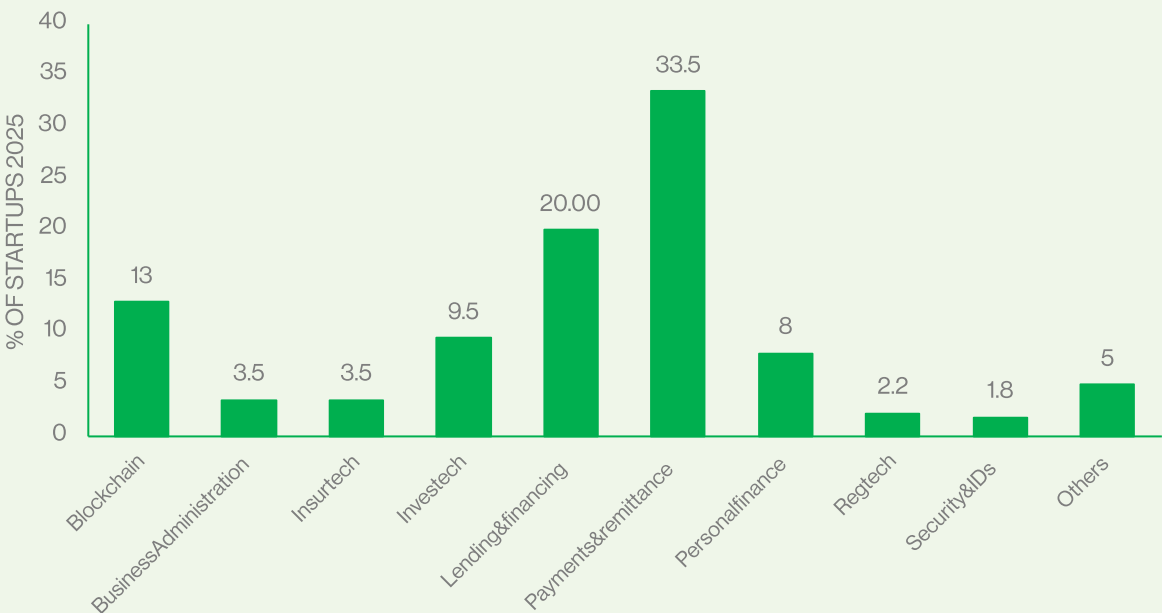


Source: Agpaytech 2025

Nigeria’s Position in Real-Time Payments and FinTech Innovation

Nigeria stands as Africa's leading market for real-time and digital payments, recording approximately 3.7 billion real-time transactions in 2021, and securing the 6th position globally among the world's most advanced real-time payments markets (ACI, 2022). This strong performance underscores Nigeria's prominence as a key driver of payment innovation on the continent. The country's FinTech landscape is largely centered in Lagos, which has emerged as a regional innovation hub and the only African city featured in the top 100 of the Global Startup Ecosystem Report (StartupBlink, 2023). Nigerian FinTech startups predominantly focus on payments and remittances, with significant activity in mobile transfers, digital lending, and cross-border payment solutions, collectively accounting for over 30% of the sector's operational focus. The evolution of FinTech in Nigeria can be traced back to early banking digitization efforts, where commercial banks began integrating technology to enhance operational efficiency and service delivery. Pioneering FinTech firms such as Interswitch, Etranzact, Precise Financial Systems (PFS), and SystemSpecs played a foundational role in laying the groundwork for the country's thriving digital financial services ecosystem.

Figure 4: FinTech startups in Nigeria by Sector 2025



Source: Agpaytech 2025

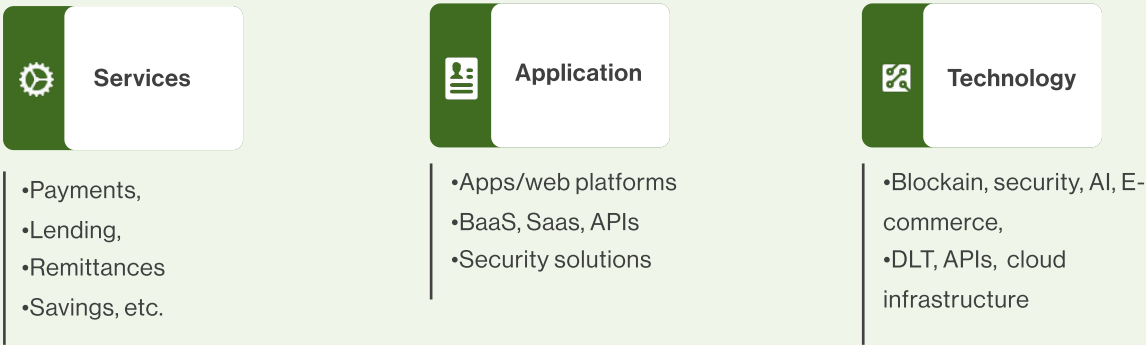
Fintech Services, Applications & Technologies

The term FinTech is a fusion of “financial” and “technology” which refers to the application of innovative technologies in the delivery of financial products and services. It encompasses a wide range of sectors, including banking, insurance, investment, and other financial activities. FinTech banks, in particular, are institutions that operate predominantly through digital platforms, leveraging technology to offer services such as mobile and online banking, digital payments, peer-to-peer lending, robo-advisory, blockchain transactions, and more.

In the Nigerian context, FinTech solutions hold immense potential to revolutionize the financial services industry. By developing new financial instruments, channels, and digital infrastructure, FinTech is reshaping the way individuals and businesses access and manage financial resources. This transformation has attracted significant domestic and foreign investment, fostering the rapid emergence of a robust and dynamic FinTech ecosystem.

Beyond enhancing payment systems, FinTech in Nigeria is driving broader integration with the financial and economic markets. While many firms focus on delivering customer-facing services, a growing number provide backend solutions such as software-as-a-service (SaaS), cloud computing infrastructure, application programming interfaces (APIs), data security, regulatory technology (RegTech), and blockchain-based smart contracts. These innovations are not only optimizing operations across the financial sector but are also enabling new business models and driving overall economic efficiency.

Figure 5: FinTech banking by services, applications and technology

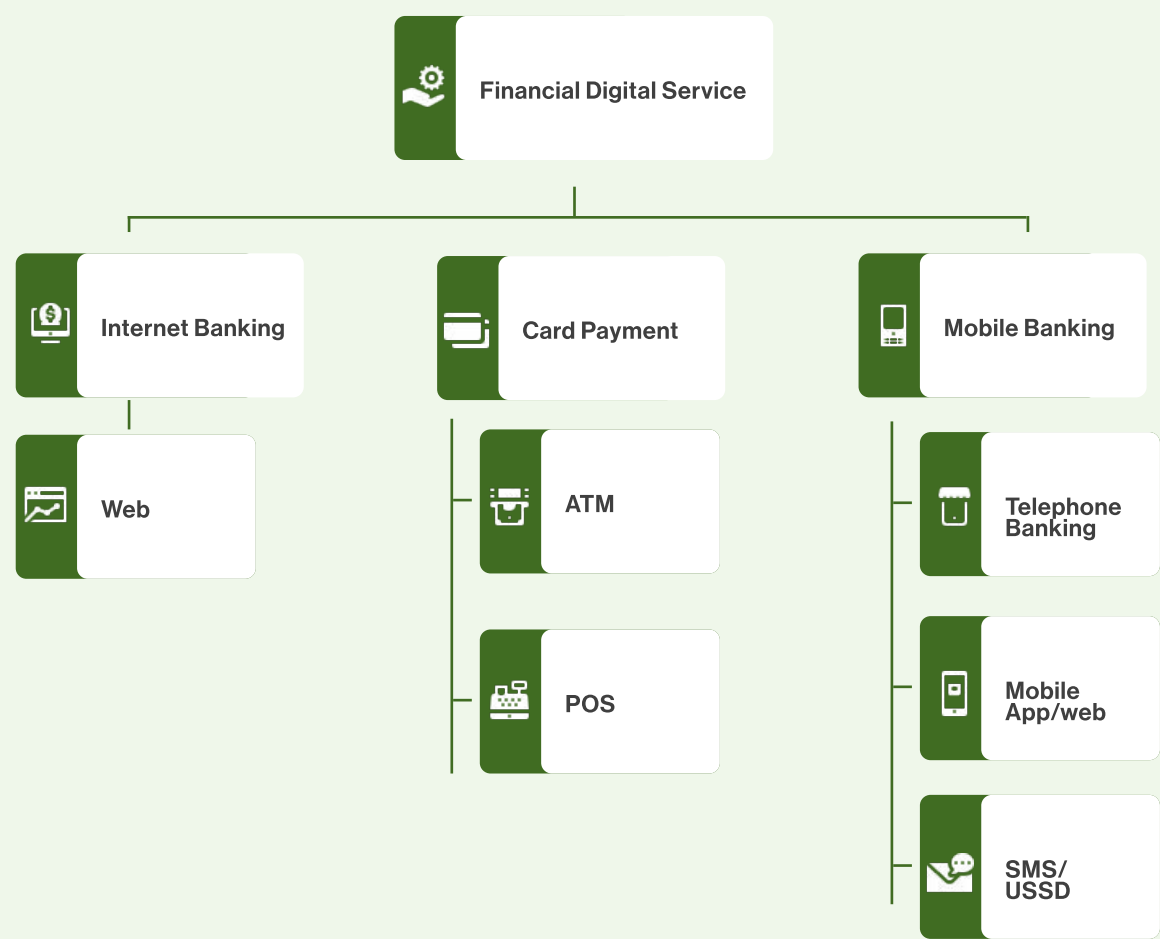


Source: Agpaytech 2025

FinTech Digital Solutions and Services

In Nigeria, FinTech utilizes various digital channels to offer its services to customers. These digital channels enable customers to access and manage their accounts, make transactions, and interact with the FinTech. Also, the availability and specific digital channels offered by FinTechs in Nigeria may vary based on the individual FinTech strategy, technological capabilities, and customer preferences. In most cases, FinTech partners with conventional banks and telecom networks to leverage the use of financial technology in providing convenient financial services to customers. One key example is the numerous electronic banking models such as ATMs, POS, Internet Banking, and many others. With banking activities, FinTech provides numerous banking services for the consumer to choose from.

Figure 6: FinTech banking channels

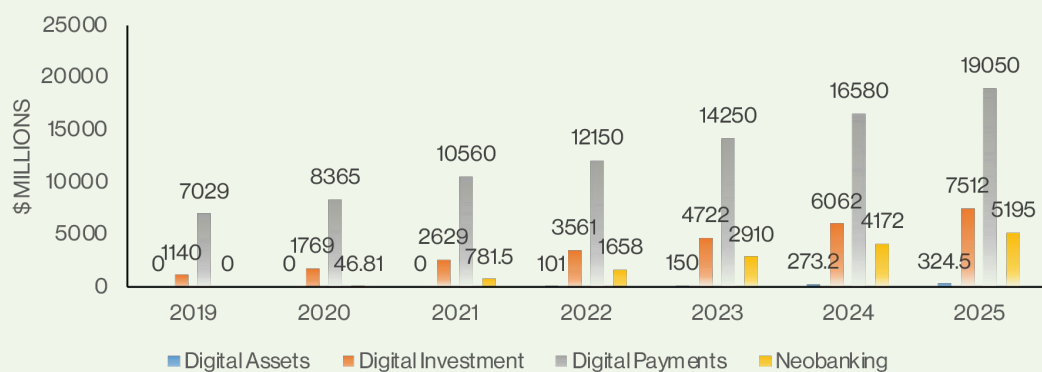


Source: Agpaytech

Market Trends of Fintech Activities

And one of the contributing forces to reaching this height is FinTech products and services. FinTechs provide banking services and financial products through mobile apps and websites, offering customers a convenient and user-friendly banking experience. In Nigeria, FinTech has gained significant popularity and has been instrumental in driving financial inclusion by reaching unbanked and underbanked populations.

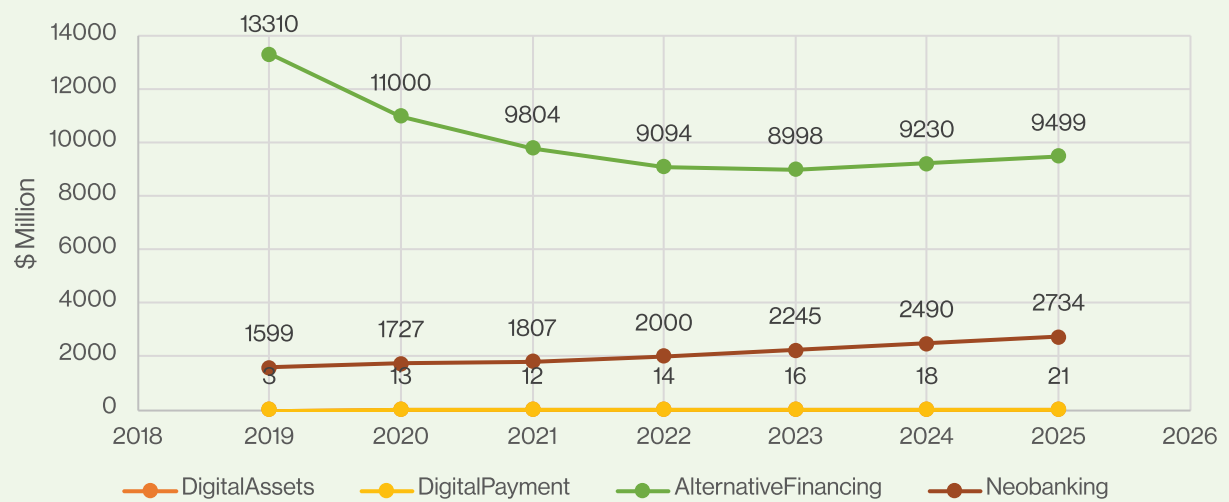
Figure 7: Transaction value by segment



Source: Statista.com

In large, the growth driver of FinTech in Nigeria can be credited to the convergence of increased internet penetration, and the mass number of Nigeria's unbanked and underbanked population coupled with the growing number of customers demanding digital financial services. Meanwhile in Nigeria today, the average transaction value per user in the FinTech segment amounts to US\$2.00k. While the number of users is expected to amount to 2.11m users by 2027, user penetration will be 0.4% this year and is expected to hit 0.9% by 2027, according to statistics shared by Statista.

Figure 8: Average transaction value by the user



Source: Statista.com

FinTech Banking Use Cases in Nigeria

The digital banking landscape in Nigeria is dynamic, and new players may emerge while existing ones may evolve their offerings. Most FinTechs have similar services and products that they offer to their users. One of the significant roles of FinTechs in Nigeria is promoting financial inclusion. By leveraging technology and innovative business models, FinTechs reach underserved populations and provide them with affordable and accessible banking services. They help bridge the gap between the unbanked or underbanked individuals and the formal banking sector. These key services and roles of FinTech contribute to a more convenient, accessible, and user-friendly banking experience for individuals in Nigeria. However, the specific services and features offered may vary from one FinTech to another.



Digital Account Opening

FinTech like Neobanks allow customers to open accounts entirely online through their mobile apps or websites. This eliminates the need for physical branch visits and paperwork, making the account opening process quick, convenient, and accessible to a broader population



Mobile Banking

FinTech in Nigeria prioritize mobile banking services, providing customers with intuitive and user-friendly mobile apps. Through these apps, customers can perform various banking activities such as checking balances, making transfers, paying bills, managing transactions, and accessing financial insights



Payments and Transfers

FinTechs enable customers to make payments and transfers easily and securely. They typically offer features like fund transfers between accounts, sending money to other banks or users, and making bill payments for utilities, subscriptions, and other services. These transactions can be initiated and completed within the mobile app.



Savings and Current Accounts

FinTech provide savings account options that allow customers to deposit and save their money. Neobanks offer current accounts that allow customers to manage their day-to-day finances. These accounts typically come with features like a debit card, account statements, transaction history, and the ability to receive and send payments.



Loans and Credit

Some FinTech in Nigeria extend credit facilities, such as personal loans or salary advances, to their customers. They leverage data analytics and digital processes to provide faster loan approvals and disbursements. FinTech also offer credit-building solutions and financial education such as buy now pay later (BNPL).



Value-Added Services

FinTech often collaborate with other financial service providers or fintech companies to offer value-added services. This can include features like investment opportunities, insurance products, virtual card, etc.

Fintech Banking Benefits and Challenges

FinTechs employ various revenue generation strategies to make money. Most importantly, specific revenue sources and strategies may vary among FinTechs, and they may employ a combination of these approaches to generate income. FinTech may charge transaction fees for certain activities such as transfers to other banks, international transfers, or expedited payments. These fees provide a source of revenue for FinTech, especially when customers exceed certain transaction limits or opt for premium services. FinTech may provide lending services, such as personal loans or credit lines, to their customers. They earn revenue from the interest charged on these loans and the fees associated with loan origination or processing. By leveraging data analytics and digital processes, FinTech can efficiently assess creditworthiness and offer loans to eligible customers. FinTech often prioritizes providing a free or low-cost basic banking service to attract and retain customers while generating revenue through value-added services, premium offerings, and transaction-related fees.

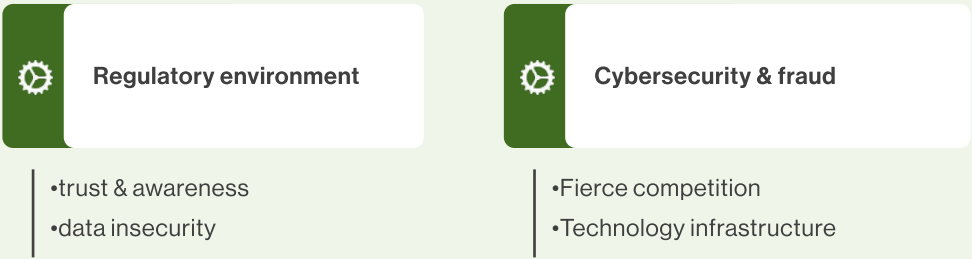
Figure 9: How most FinTech firms make money



Source: Agpaytech 2025

While FinTech in Nigeria has been successful in promoting financial inclusion and offering innovative banking solutions, it also faces several challenges in its operations. FinTech in Nigeria faces challenges such as customer trust and awareness, as some individuals may still prefer traditional banking methods. Cybersecurity and data privacy are also critical concerns, given the online nature of FinTechs. However, the Central Bank of Nigeria has issued several guidelines and regulatory measures and advancements in technology continue to address these challenges. Consider factors such as the bank's reputation, security measures, customer reviews, product offerings, and any associated fees or charges.

Figure 10: Challenges of FinTech operations



Source: Agpaytech 2025

Conclusion

Nigeria has been experiencing significant growth in its Fintech sector in recent years and Neobanks are becoming the favorite digital payment channel due to their commitment to more transparency and customer satisfaction. The country's large population, growing mobile phone penetration, and limited access to traditional banking services have created a favorable environment for Fintech innovation. Furthermore, the integration of innovative technologies such as blockchain and artificial intelligence (AI) has enhanced the security, efficiency, and transparency of financial transactions in Nigeria. Blockchain technology, for instance, ensures tamper-proof record-keeping and facilitates seamless cross-border transactions, thereby reducing transaction costs and enhancing financial accessibility. Overall, However, challenges such as regulatory compliance, cybersecurity risks, and infrastructure limitations persist and require proactive measures from policymakers, financial regulators, and industry stakeholders to ensure the sustainable growth of FinTech banking in Nigeria. By embracing this digital revolution, Nigeria is poised to unlock new opportunities and propel its economy towards greater prosperity in the digital age.



About Agpaytech

Agpaytech Ltd. is a company pioneering in the Fintech space with a focused approach to building robust technologies for e-commerce Card Processing Solutions for Payment Service Providers (PSPs). Additionally, we provide Compliance and Regulatory Umbrella, Remittance-as-a-Service (RaaS), Banking-as-a-Service (BaaS), Foreign Exchange, Cross Border Payments, and digital currency technology.

We also provide practical white paper research support to central banks, government and private institutions, economic organizations, and NGOs in Africa. Our services expand from research projects, state-of-industry reports, project assessment, data collection, and consulting services in the fintech space.

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