

Digital Lending and Financial Literacy: Examining the Awareness and Attitudes of Nigerian Borrowers

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Abstract

The rapid evolution of digital lending platforms has reshaped Nigeria's financial landscape, providing greater access to credit for both banked and unbanked populations. This study examines the relationship between financial literacy, awareness, and attitudes of Nigerian borrowers toward digital lending platforms. Using a quantitative, descriptive survey design, data were collected from 120 respondents in Ibadan, Oyo State, who had previously accessed loans through platforms such as Carbon, Branch, FairMoney, and PalmCredit. The results indicate that financial literacy significantly influences borrowers' awareness and attitudes toward digital lending. Regression analysis revealed that education and income positively affect financial literacy, while age exhibits a negative influence; gender was found to be statistically insignificant. Correlation analysis showed a strong positive relationship between financial literacy, awareness, and borrower attitudes, with awareness serving as a mediating factor. These findings suggest that borrowers with higher financial literacy are more informed and exhibit more positive attitudes toward digital lending, thereby reducing the likelihood of over-indebtedness. Therefore, strengthening financial literacy through targeted education and regulatory policies is essential for promoting responsible borrowing behavior and achieving sustainable digital financial inclusion in Nigeria.

Keywords: Digital Lending, Financial Literacy, Borrower Awareness, Attitude toward Fintech

JEL Classifications: G21, D14

1.0 Introduction

1.1 Background to the Study

In recent years, the financial services landscape in Nigeria has witnessed significant transformation with the emergence and expansion of digital lending platforms (Iwedi, 2024). These platforms leverage technology to provide quick, convenient, and often unsecured loans to individuals and businesses, bypassing traditional banking bottlenecks (Alam, Akter, Khan, & Ahmad, 2025). The rise of fintech companies and mobile-based lending apps has democratized access to credit, particularly among the unbanked and under banked populations. However, the

proliferation of digital lending also raises concerns about the borrowers' awareness, financial behavior, and the overall impact on financial well-being (Gerjadi & Dwijayanthi, 2024).

Financial literacy, the ability to understand and apply financial knowledge in decision-making plays a vital role in how individuals interact with digital lending platforms (Panos & Wilson, 2020). A financially literate borrower is more likely to understand the implications of loan terms, interest rates, and repayment schedules, thereby reducing the risk of over-indebtedness and default (Adam, 2020). In contrast, limited financial knowledge can lead to uninformed borrowing decisions, exploitation by predatory lenders, and a cycle of financial distress.

Despite the evident growth of digital lending in Nigeria, there is a gap in understanding the level of awareness and attitudes of borrowers toward these platforms, especially in relation to their financial literacy levels. This study, therefore, aims to investigate how financial literacy influences the awareness and attitudes of Nigerian borrowers toward digital lending, providing insights that can inform regulatory policies, financial education initiatives, and responsible lending practices.

1.2 Statement of the Problem

The rapid growth of digital lending platforms in Nigeria has opened up access to credit for many individuals who were previously excluded from the formal financial system. However, concerns persist regarding the adequacy of borrowers' financial knowledge, their understanding of loan terms, and the sustainability of their borrowing behavior. Many borrowers reportedly accept digital loans without fully comprehending the cost of borrowing, repayment obligations, and penalties for default.

Existing literature has largely focused on the technological, operational, and regulatory aspects of digital lending. Few studies have critically examined the behavioral aspects specifically, borrowers' awareness, attitudes, and financial literacy levels. There is limited empirical evidence on how financial literacy shapes borrowers' perceptions and decisions in the digital lending space. Furthermore, borrower attitudes such as trust in the platforms, perceived ease of use, and risk perception remain underexplored in the Nigerian context.

This study seeks to fill these gaps by investigating the extent of borrowers' awareness of digital lending platforms, their attitudes toward digital lending (e.g., trust, perceived benefits, and concerns) and the role of financial literacy in shaping these awareness levels and attitudes. Addressing these gaps is crucial for promoting responsible borrowing, enhancing consumer protection, and ensuring that digital financial inclusion translates into genuine financial empowerment.

1.3 Objectives of the Study

The broad objective of this study is to examine the influence of financial literacy on the awareness and attitudes of Nigerian borrowers towards digital lending platforms.

The specific objectives are to:

1. Assess the level of awareness of digital lending platforms among Nigerian borrowers.
2. Examine the attitudes of Nigerian borrowers toward digital lending platforms.
3. Analyze the influence of financial literacy on borrowers' attitudes toward digital lending.
4. Investigate the relationship that exist between financial literacy and borrowers' awareness of digital lending platforms
5. Explore demographic factors (such as age, income, education and gender) that influence financial literacy.

1.4 Research Questions

To guide the study, the following research questions are formulated:

1. What is the level of awareness of digital lending platforms among Nigerian borrowers?
2. What are the prevailing attitudes of borrowers toward digital lending in Nigeria?
3. In what ways does financial literacy influence borrowers' attitudes toward digital lending?
4. What is the relationship between financial literacy and borrowers' awareness of digital lending platforms
5. How do demographic factors (age, income, education and gender) influence financial literacy?

1.5. Research Hypotheses

The following hypotheses are proposed for empirical testing:

H₀₁: There is no significant relationship between financial literacy and borrowers' awareness of digital lending platforms

H₀₂: Financial literacy has no significant influence on borrowers' attitudes toward digital lending.

H₀₃: Demographic factors (age, income, education and gender) have no significant effect on borrowers' financial literacy.

2.0 Literature Review

2.1 Conceptual Review

2.1.1 Digital Lending

Digital lending, also known as fintech lending, refers to the process of obtaining loans through online or mobile-based platforms, leveraging technology to simplify and accelerate access to credit. Unlike traditional lending that typically requires a physical visit to a bank and involves substantial paperwork, digital lending enables individuals and businesses to apply for and receive loans entirely through digital channels. According to Martins (2024), this innovation bypasses traditional financial intermediaries and significantly reduces documentation and processing time.

As defined by Akhileshwari and Majumdar (2023), digital lending involves the use of mobile applications, websites, and automated algorithms to collect borrower information, assess creditworthiness, approve loan requests, and electronically disburse funds. It is characterized by speed, convenience, and data-driven assessments. Many digital lenders go beyond traditional financial data, using alternative sources such as mobile phone usage patterns, utility payment history, and even social media activity to evaluate borrowers' creditworthiness.

In Nigeria, the rapid expansion of digital lending platforms has been fueled by several structural and socio-economic factors. These include high smartphone and internet penetration, limited access to traditional banking infrastructure, and a rising demand for quick, short-term credit among underserved populations (Udo & Jacob, 2025). As a result, a number of fintech companies have emerged to meet this demand, with prominent players including Carbon, Branch, FairMoney, Okash, PalmCredit, and Aella Credit. Reports from the Central Bank of Nigeria and industry observers indicate that these platforms now serve millions of users across the country, particularly targeting young adults, entrepreneurs, and micro-business owners. Among them, FairMoney and Carbon consistently rank high in terms of downloads and user engagement (Punch, 2023; Akintaro, 2023).

Despite their popularity and convenience, digital lending platforms in Nigeria have also attracted criticism and regulatory concern. Key issues include inadequate data privacy protections, excessively high interest rates, aggressive and sometimes unethical loan recovery practices, and the general absence of a robust regulatory framework. These concerns have raised questions about consumer protection and platform accountability, emphasizing the need for increased oversight and informed borrower engagement.

2.1.2 Financial literacy

Financial literacy refers to the ability to understand and effectively apply various financial skills such as personal financial management, budgeting, and investing (Sari & Putri, 2024). It involves not only knowledge of key financial concepts such as interest rates, inflation, and debt management but also the confidence and competence to make informed financial decisions. According to the Organisation for Economic Co-operation and Development (OECD, 2013), financial literacy comprises three essential dimensions: knowledge, attitudes, and behaviors necessary for sound financial choices. Its core components include numeracy skills, the ability to interpret loan terms and interest rates, budgeting and saving practices, and effective debt management.

Financial literacy plays a critical role in shaping borrowing behavior (Ramakrishnan, & Ganesan 2024). A financially literate individual is better positioned to evaluate the costs and benefits of different financial products, compare lending options, and select the most suitable one for their needs (Cohen & Nelson, 2011). In contrast, individuals with low financial literacy may

misinterpret loan terms, underestimate repayment obligations, or fall victim to hidden charges, thereby increasing their susceptibility to debt traps and financial distress.

In the context of digital lending, low levels of financial literacy among Nigerian borrowers may result in poor decision-making, increased loan defaults, and heightened financial vulnerability. Conversely, financially literate borrowers are more likely to assess the implications of credit, avoid excessive borrowing, and make responsible use of digital financial services. Empirical studies have consistently linked higher financial literacy to improved credit outcomes and healthier borrowing behaviors (Guo et al, 2023; Liu & Zhang, 2021; Pak, 2018)

2.2 Empirical Review

Although digital lending is rapidly transforming Nigeria's financial landscape, empirical investigations into borrower behavior within this space remain sparse and fragmented. While several studies have explored broader digital finance tools like mobile banking and e-wallets, few have thoroughly examined the specific behavioral drivers, attitudes, and motivations of users engaging directly with digital lending platforms.

For instance, Björkegren et al. (2022) examined the welfare impacts of digital credit in developing countries but did not focus on the behavioral nuances of borrowing. Similarly, Mallinguh and Wasike (2025) analyzed repayment patterns among Kenyan youths, leaving a contextual gap for Nigerian borrowers. Ademola (2024) found that financial literacy significantly reduces loan default in microfinance institutions, yet his work was confined to traditional microfinance settings, not the fintech-driven digital lending environment. Meanwhile, Abutu (2025) discussed the role of big data in enhancing efficiency among Nigerian lending firms, and Utebor and Omidoyin (2023) addressed concerns around data privacy in digital lending but neither explored how these technological or regulatory concerns shape borrower responses or behavioral patterns.

Moreover, existing behavioral studies often adopt technology-oriented models such as the Unified Theory of Acceptance and Use of Technology (UTAUT), as used by Etuk et al. (2025), or communication-focused frameworks like that of Onuegbu et al. (2025), which emphasize awareness but overlook critical socio-psychological factors. Variables such as trust in lending platforms, perceived risk, financial literacy, and peer influence remain underexplored despite their relevance in the Nigerian socio-economic context.

Although journalistic accounts like Nwosu (2024) in *BusinessDay* have highlighted consumer grievances around predatory lending practices, data misuse, and aggressive recovery methods, there is little scholarly analysis of how these experiences shape borrower perceptions, trust levels, and engagement with digital lenders. Furthermore, research rarely disaggregates borrower behavior across demographic lines, neglecting factors such as gender, educational background, and digital literacy.

In light of these gaps, the present study is timely and crucial. As digital lending platforms grow in reach particularly among unbanked and underbanked Nigerians there is a pressing need to understand the human element behind this financial innovation. This research therefore aims to explore how awareness, financial literacy, and attitudinal factors influence digital borrowing behavior. Unlike previous studies that focus on fintech providers or macro-level outcomes, this study adopts a user-centered, demand-side approach, offering a deeper understanding of the socio-behavioral dynamics shaping digital credit adoption in Nigeria.

2.3 Theoretical Review

Several theoretical frameworks underpin this study on digital lending and financial literacy, offering insightful explanations into the behaviors and interactions between borrowers and digital lending platforms.

First is the Information Asymmetry Theory, propounded by George Akerlof in 1970. Akerlof, in his seminal work "*The Market for Lemons*," highlighted how unequal access to information between parties in a transaction could lead to market failure. In the context of digital lending, this theory explains the situation where borrowers may lack adequate knowledge about loan terms, interest rates, and repayment obligations, while lenders often rely on algorithmic credit assessments that may not fully capture borrowers' true financial conditions. This informational imbalance can lead to adverse selection and moral hazard. Financial literacy serves as a crucial tool to bridge this information gap, empowering borrowers to make informed lending decisions and better understand the terms and implications of digital loans.

Next is the Agency Theory, developed by Michael C. Jensen and William H. Meckling in 1976. This theory examines the principal-agent relationship, where one party (the principal, such as a lender or platform) delegates work to another (the agent, such as a borrower). The core proposition is that conflicts of interest can arise if the agent acts in their own interest rather than in the interest of the principal. In digital lending, borrowers may misuse funds or default, while lenders may impose stringent conditions or aggressive recovery practices. Financial literacy can mitigate such agency problems by equipping borrowers with a sense of financial responsibility and awareness of contractual obligations, thereby aligning the interests of both parties.

The Theory of Planned Behavior (TPB), introduced by Icek Ajzen in 1985, provides a psychological lens to understand borrowers' behavior. According to the TPB, behavioral intentions, which predict actual behavior, are shaped by attitudes toward the behavior, subjective norms, and perceived behavioral control. Applied to digital lending, this means that a borrower's decision to use a digital lending platform depends on their personal evaluation of digital loans (attitudes), perceived social pressure (subjective norms), and confidence in their ability to repay the loan or manage the platform (perceived behavioral control). Financial literacy enhances perceived control and positively shapes attitudes, promoting responsible borrowing behaviors.

Lastly, the Technology Acceptance Model (TAM) was developed by Fred D. Davis in 1989. This theory focuses on how users come to accept and use a technology. Davis posits that two main factors determine technology adoption: perceived usefulness the degree to which a person believes that using the technology will enhance their performance, and perceived ease of use the degree to which they believe using it will be free from effort. In the context of digital lending, financial literacy can influence both perceptions. A financially literate borrower is more likely to appreciate the usefulness of quick and convenient loan access and feel more confident navigating the digital process, which increases the likelihood of adoption.

3.0 Methodology

This study employed a quantitative, descriptive survey design, which is appropriate for capturing numerical data to identify patterns and relationships among financial literacy, awareness, and attitudes toward digital lending. The target population comprised borrowers aged 18 years and above who have accessed loans through digital lending platforms such as Carbon, Branch, FairMoney, PalmCredit, and others, within Ibadan, the capital city of Oyo State, Nigeria.

A total of 120 respondents were purposively selected across the study area to ensure the inclusion of individuals with relevant digital lending experience. Purposive sampling was adopted because the study required participants who had directly accessed and interacted with digital lending platforms, making them well-positioned to provide reliable insights into awareness, attitudes, and financial literacy levels. Data were collected using structured questionnaires and interview schedules, which were administered in person to minimize response bias, clarify ambiguous questions, and enhance the accuracy and completeness of the responses through real-time interaction with participants.

The data collected were analyzed using both descriptive and inferential statistical techniques. Descriptive statistics, including frequencies, means, and standard deviations, were used to summarize respondents' characteristics and responses. Correlation analysis was conducted to explore the relationships between variables, while multiple regression analysis was used to determine the predictive effects of demographic factors on financial literacy.

To ensure the reliability of the research instrument, Cronbach's alpha was computed, yielding a reliability coefficient of 0.82, which indicates a high level of internal consistency and reliability of the questionnaire.

3.1 Model Specification

The model can be specified as:

$$FL = \beta_0 + \beta_1 AGE + \beta_2 GENDER + \beta_3 EDUC + \beta_4 INCOME + \epsilon$$

Where:

FL is financial literacy (the dependent variable)

B₀ is the intercept,

B₁ to B_s are coefficients for each independent variable,

ε is the random error term capturing unobserved factors.

4.0 Results and Discussion

Table 1: Awareness of digital lending Platforms

S/N	Awareness Statement	Mean	St.Dev.
1	I am aware that I can apply for loans using mobile apps or websites instead of going to a traditional bank	3.56	1.30
2	I have seen or heard advertisements or promotions about digital lending platforms in Nigeria	3.86	1.23
3	I know at least one digital lending platform (e.g., FairMoney, Carbon, PalmCredit) and what it offers	4.19	0.97
4	I understand how to access and apply for a digital loan without physical documentation	3.96	0.84
5	I am aware of the terms and conditions (such as interest rates and repayment schedules) of digital lending platforms before applying	3.46	1.14

Source: Author's computation, 2025

The analysis in Table 1 shows that most Nigerian respondents have a generally high level of awareness about digital lending platforms, as all mean scores were above the neutral midpoint of 3.0. The strongest awareness was found in brand recognition, particularly with platforms like FairMoney, Carbon, and PalmCredit, indicating that digital lending services are widely known and used, especially among the digitally active population. This is supported by the low standard deviation, suggesting consistent responses across participants.

Users also demonstrated a solid understanding of how to apply for loans digitally, highlighting the success of digital transformation in the financial sector. Media and promotional campaigns have been largely effective in raising awareness, though some variability exists, likely due to differences in location or media access. However, while more people are aware of mobile app and website alternatives to traditional bank visits, the awareness is only moderate, and perceptions still vary significantly depending on demographic and digital exposure factors.

Importantly, the lowest awareness score was recorded regarding knowledge of loan terms and conditions, such as interest rates and repayment schedules. This indicates a significant gap: while users are engaging with digital lending services, many lack a full understanding of the financial obligations involved. Such gaps could lead to problems like unexpected repayment issues or exposure to exploitative lending practices, especially among those less financially literate or digitally savvy.

S/N	Attitudinal Statement	Mean	Std Dev.
1	Digital lending is convenient for my financial needs	3.72	0.84
2	I trust digital lenders to protect my personal data	3.08	0.77
3	Interest rates on digital loans are fair	3.11	0.95
4	I prefer digital loans to traditional bank loans	3.46	1.36
5	I would recommend digital lending to others	3.58	1.29

Table 2: Attitudes of respondents toward digital lending**Source: Author's computation, 2025**

The analysis reveal important insights into Nigerian borrowers' attitudes toward digital lending. The most positively rated aspect was the convenience of digital lending, with a high mean score of 3.72, suggesting that users largely appreciate the ease and speed offered by these platforms compared to traditional bank loans. This convenience is a significant factor driving adoption. However, the trust in digital lenders to protect personal data was the lowest-rated item, with a mean of 3.08, indicating widespread concerns over data security and privacy among borrowers.

Interest rate fairness was another area of ambivalence, with a moderate mean of 3.11. While some respondents perceive digital loans as fairly priced, others remain skeptical, pointing to a lack of transparency and possible hidden costs. These findings suggest that, although digital lending has advantages in accessibility, issues such as trust and pricing fairness are critical areas needing improvement. Users may be discouraged from fully embracing digital platforms if these concerns are not addressed.

Despite these concerns, respondents still displayed a favorable disposition toward digital lending in general. A mean score of 3.46 indicated a preference for digital loans over traditional ones, and a higher score of 3.58 showed a strong willingness to recommend digital lenders to others.

Table 3: Financial literacy of Respondents

S/N	Financial Literacy Statement	Mean	Std. Dev
1	I understand how interest rates affect my loan repayment	2.97	1.35
2	I usually compare loan offers before borrowing	2.77	1.29
3	I know how to calculate loan repayment amounts	2.78	1.22
4	I can manage my personal budget effectively	2.59	1.18
5	I always read and understand loan terms before agreeing	2.69	1.20

Source: Author's computation, 2025

Table 3 summarizes respondents' financial literacy score in borrowing and loan management. The highest mean score (2.97) was for understanding how interest rates affect loan repayment,

indicating moderate awareness. However, many respondents may still lack full confidence in their understanding of interest rate implications.

Two other statements, knowing how to calculate loan repayment amounts (2.78) and comparing loan offers before borrowing (2.77), also received moderate but subpar scores. These suggest a limited ability among respondents to perform basic loan calculations or to seek out more favorable borrowing options, leaving them vulnerable to unfavorable terms. Even more concerning are the low scores for reading and understanding loan terms (2.69) and effective personal budgeting (2.59), highlighting critical gaps in financial behavior and knowledge.

The standard deviation values between 1.18 and 1.35 reveal moderate variability in responses, showing that while some individuals have good financial literacy, many lack essential skills. Overall, the data points to a widespread need for improved financial literacy, particularly in areas like budgeting and loan comprehension. This underscores the importance of targeted financial education to better equip borrowers in navigating digital lending responsibly.

Table 4: Regression Analysis showing effect of demographic factors on financial literacy

R	R ²	Adjusted R ²	F	p	Standard error of the estimate
0.78	0.6	0.58	28.57	<.001	0.56

	Unstandardized Coefficients	Standardized Coefficients				95% confidence interval for B	
Model	B	Beta	Standard error	t	P	lower bound	upper bound
(Constant)	5.43		0.21	25.68	<.001	5.01	5.85
AGE	-0.05	-0.53	0.01	-7.31	<.001	-0.06	-0.04
EDUC	0.86	0.31	0.21	4.16	<.001	1.27	0.45
INCOME	0.33	0.18	0.11	2.92	.004	0.11	0.55
GENDER	0.02	0.01	0.1	0.17	.865	-0.19	0.23

Source: Author's computation, 2025

The regression analysis was conducted to assess the impact of age, gender, education, and income on financial literacy. The model yielded an R-value of 0.78, indicating a strong positive correlation between the selected variables and financial literacy. The R² value of 0.60 signifies that 60% of the variation in financial literacy among respondents is explained by these factors. The adjusted R² of 0.58 further confirms the model's reliability, accounting for the number of predictors included. The F-statistic of 28.57 with a p-value less than 0.001 indicates that the model is statistically significant overall, meaning the selected variables jointly have a meaningful impact on financial literacy levels.

The analysis shows that age has a significant negative influence on financial literacy. The unstandardized coefficient ($B = -0.05$) indicates that for every additional year of age, financial literacy decreases by about 0.05 units, assuming other factors remain constant. In other words, younger individuals tend to be more financially literate than older ones. This may be due to their greater exposure to formal education, digital technology, and modern financial tools such as mobile banking and fintech platforms; areas older adults may be less familiar with or slower to adopt. These findings align with Okamoto & Komamura (2021).

Education also emerges as a strong positive predictor of financial literacy (Kadoya & Khan, 2020). Respondents with higher levels of education; particularly those with tertiary qualifications showed a 0.86-unit increase in financial literacy scores. This supports the widely accepted view that formal education builds the cognitive and analytical skills needed for budgeting, understanding interest rates, managing money, and making informed financial decisions. It highlights the value of integrating financial education into school curricula, a point also emphasized by Mireku et al. (2023).

Income similarly shows a significant positive relationship with financial literacy. Individuals in higher income categories recorded a 0.33-unit increase in their financial literacy scores. This suggests that economic stability and greater access to financial resources can enhance financial knowledge. Higher-income earners often engage more with financial activities such as planning, saving, borrowing, and investing; giving them practical experience that boosts their financial literacy. This finding is consistent with Kiliyanni & Sivaraman (2018).

Unlike the other variables, gender was not a significant predictor of financial literacy. The very small beta coefficient and the high p-value (0.865) indicate no meaningful difference between male and female respondents. This is an encouraging result, suggesting that gender does not inherently determine financial knowledge in this context. Improved access to education and digital financial services may be helping narrow the gender gap in financial capability, as also supported by Bağcı & Kahraman (2020).

Table 5: Correlation Matrix

		FIN LIT	ATTITUDE	AWARE
FIN LIT	Correlation	1	0.74	0.85
	P		<.001	<.001
ATTITUDE	Correlation	0.74	1	0.71
	P	<.001		<.001
AWARE	Correlation	0.85	0.71	1
	P	<.001	<.001	

Source: Author's computation, 2025

The correlation matrix in Table 5 highlights a strong and mutually reinforcing relationship among financial literacy (FIN LIT), awareness (AWARE), and attitudes (ATTITUDE) toward

digital lending, all of which are statistically significant at the 1% level ($p < 0.001$). This indicates that the observed relationships are highly unlikely to be due to chance.

A strong positive correlation ($r = 0.74$) was found between financial literacy and borrowers' attitudes. This means that people who are more financially knowledgeable generally have a more positive view of digital lending. They are better able to understand interest rates, repayment plans, and potential risks, which makes them more confident and willing to use digital lending platforms. This finding is also supported by Chaulagain (2017).

Furthermore, the correlation between financial literacy and awareness ($r = 0.85$) is very strong, indicating that financially literate individuals are significantly more aware of the existence and features of digital lending platforms. Financial literacy enhances one's ability to search for, comprehend, and assess available financial tools and services, making informed decision-making more likely.

The data also suggest that awareness plays a pivotal mediating role. As awareness increases, it translates financial knowledge into positive attitudes and behavioral intentions. Exposure to information about digital lending platforms helps bridge the gap between financial literacy and borrower attitudes, facilitating actual engagement with digital lending services.

A strong correlation is observed between awareness and borrowers' attitudes, with a coefficient of 0.71, indicating a strong positive relationship implying that borrowers who are more aware of digital lending platforms tend to hold more positive attitudes towards them. Attitude reflects the end product of literacy and awareness, which likely translates into intention to adopt or use digital lending services.

In summary, improving financial literacy not only deepens awareness of digital lending options but also positively shapes borrowers' attitudes. This underscores the importance of integrating financial education and awareness campaigns to promote responsible and widespread adoption of digital lending platforms.

5.0 Conclusion and Recommendation

5.1 Conclusion

The study investigated the influence of age, gender, education, and income on financial literacy and the associated effects on awareness and attitudes toward digital lending among borrowers in Ibadan, Nigeria. The regression results revealed that education and income had significant positive effects on financial literacy while age had a significant negative effect, implying that younger and more educated individuals with higher income tend to be more financially literate.

Gender was found to be statistically insignificant, suggesting financial literacy is not gender-dependent in this context.

The correlation analysis further demonstrated strong positive relationships between financial literacy, awareness, and attitudes toward digital lending platforms. Respondents with higher financial literacy were more aware of digital lending services and held more favorable attitudes toward their usage. Additionally, awareness emerged as a key mediating variable, bridging the gap between financial knowledge and borrower attitudes. This suggests that boosting financial literacy naturally enhances awareness, which in turn fosters more informed, confident, and positive attitudes toward digital lending.

Collectively, the findings reveal that while digital lending is growing in popularity, significant gaps in financial knowledge persist. Many respondents struggle with understanding loan terms, calculating repayments, and effective budgeting, exposing them to potential financial risks. The results underscore the urgent need for financial education initiatives to improve responsible borrowing behavior and informed decision-making in the digital lending space.

5.2 Recommendations

To foster lifelong financial competence, education policymakers are encouraged to incorporate financial education across all levels of the academic curriculum, primary, secondary, and tertiary. This foundational approach will equip individuals with essential skills from an early age. In addition, regulatory bodies and financial institutions should collaborate on widespread awareness campaigns through accessible platforms such as radio, television, social media, and direct community engagement, with particular attention given to older adults and lower-income groups who are often most at risk of financial missteps.

Digital lending platforms also have a responsibility to enhance borrower protection by ensuring transparency. This can be achieved by providing simple, user-friendly breakdowns of loan terms, interest rates, and repayment schedules to help borrowers make informed choices and avoid exploitation. To support this effort, technology should be effectively harnessed for financial training. Mobile apps and USSD-based tools offer valuable channels for delivering short, accessible learning modules on topics like budgeting, loan management, and safe digital borrowing practices.

Furthermore, it is essential that governments and financial service providers prioritize the creation of inclusive financial policies that aim to close literacy gaps, especially in rural and underserved communities. By focusing efforts on these vulnerable populations, financial literacy and inclusion can be meaningfully strengthened, paving the way for more equitable access to digital financial services.

5.3 Contribution to Knowledge

This study makes a significant contribution to the existing body of knowledge on financial literacy and digital lending, particularly within the context of developing economies like Nigeria. While previous studies have often treated financial literacy, awareness, and borrower behavior as distinct or loosely connected constructs, this research uniquely integrates these variables within a single empirical model. By examining not only the direct impact of financial literacy on borrowing attitudes but also how awareness mediates this relationship, the study provides a more nuanced understanding of how financial knowledge translates into real-world financial behavior. This is a clear advancement over many prior studies that lacked this behavioral depth or treated financial literacy as a standalone predictor without considering its interaction with borrower awareness and attitude formation.

Another key knowledge gap addressed by this study lies in its context-specific focus on digital lending platforms, an area that remains underexplored in African financial research. Most existing literature tends to generalize financial behavior without considering the peculiarities of digital lending such as ease of access, reduced human intermediation, and algorithm-based loan decisions which require a different set of cognitive skills and financial knowledge. By anchoring the study within this digital environment and focusing on borrowers who have used platforms like Carbon, Branch, and FairMoney, the research provides fresh insights into the capabilities and vulnerabilities of digitally active borrowers in an emerging market. This focus fills a critical gap by linking financial literacy directly to digital financial behavior, thus offering new directions for both academic inquiry and practical intervention.

5.4 Implication of the study

The implications of the study are multifaceted and supported by theoretical underpinnings such as the Theory of Planned Behavior (Ajzen, 1991) and Human Capital Theory (Becker, 1964). According to the Theory of Planned Behavior, individual behavior is influenced by attitudes, subjective norms, and perceived behavioral control all of which are shaped by knowledge and awareness. This study empirically supports the theory by demonstrating that financial literacy (knowledge) significantly enhances awareness (perceived behavioral control), which in turn shapes favorable attitudes toward digital lending.

The Human Capital Theory also finds support here, as the study confirms that higher educational attainment significantly improves financial literacy, equipping individuals with the analytical tools needed for sound financial decision-making. Together, these findings highlight that

financial education is not merely a policy option but a strategic investment in human capital with direct behavioral outcomes in the digital financial space

5.5 Suggestion for further studies

Based on the scope and limitations of the study, two major suggestions are made for future research. First, further studies should adopt a longitudinal approach to assess how improvements in financial literacy over time influence borrowing behavior, repayment discipline, and long-term financial well-being. This would allow researchers to observe whether financial education interventions have sustained impacts beyond immediate knowledge acquisition.

Second, future research could explore platform-specific behavioral patterns by comparing financial literacy levels and user experiences across various digital lending platforms. This would offer deeper insights into how different user interfaces, loan structures, or customer engagement practices influence financial decision-making and literacy outcomes.

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