



Research Paper

The Role of Financial Technology (FinTech) in Expanding Access to Education Financing for Nigerian Students

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Abstract

Access to education financing remains a significant challenge for many Nigerian students due to rising educational costs, limited public funding, and restricted access to formal credit systems. Financial Technology (FinTech) has emerged as a transformative force capable of addressing these challenges through digital payment systems, alternative lending platforms, and technology-driven savings schemes. This paper examines the role of FinTech in expanding access to education financing in Nigeria, drawing on conceptual analysis and comparative international evidence. Using secondary data and theoretical insights, the study explores how FinTech innovations such as mobile money, digital lending, and education-focused financial platforms are reshaping educational access. The findings suggest that FinTech enhances affordability, financial inclusion, and equity in education financing, although challenges relating to regulation, digital literacy, and infrastructure persist. The study concludes by recommending policy alignment, institutional partnerships, and regulatory reforms to maximize the benefits of FinTech for sustainable educational development.

Keywords: Financial technology, education financing, digital inclusion, student loans, Nigeria

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I. Introduction

Education plays a pivotal role in national development by enhancing human capital, productivity, and social mobility. In Nigeria, however, access to education remains constrained by persistent financial barriers, including high tuition fees, inadequate public funding, and limited student loan facilities. These constraints disproportionately affect students from low- and middle-income households, contributing to high dropout rates and educational inequality.

Recent advances in financial technology (FinTech) have created new opportunities to address these challenges. FinTech refers to the application of digital technologies to deliver financial services more efficiently and inclusively. Through mobile payments, peer-to-peer lending, digital savings platforms, and alternative credit scoring, FinTech has expanded access to financial services for underserved populations. In the context of education, these innovations offer mechanisms for financing tuition, learning materials, and related academic expenses.

This paper examines how FinTech can enhance access to education financing in Nigeria. Drawing on theoretical perspectives, empirical studies, and international comparisons, the study explores the role of FinTech in improving affordability, expanding financial inclusion, and supporting sustainable education systems.

II. Literature Review

2.1 Education Financing Challenges in Nigeria

Nigeria's education system faces chronic underfunding, with public expenditure on education remaining below international benchmarks. Studies indicate that limited government funding has shifted the financial burden of education to households, many of which lack access to affordable credit (Aina, 2021). Traditional banking institutions often perceive students as high-risk borrowers, resulting in restricted access to loans. The absence of a comprehensive national student loan scheme has exacerbated inequalities in educational access (Ogunode & Musa, 2020). Consequently, alternative financing mechanisms are required to support equitable participation in higher education.

2.2 Financial Technology and Financial Inclusion

FinTech has emerged as a transformative tool for expanding financial inclusion, particularly in developing economies. Digital platforms reduce transaction costs, increase accessibility, and facilitate financial participation among previously unbanked populations (Ozili, 2018). Mobile money, digital wallets, and peer-to-peer lending systems have significantly improved access to credit and savings mechanisms. Research suggests that FinTech adoption enhances financial inclusion by leveraging mobile technology and alternative data for credit assessment (Demirguc-Kunt et al., 2020). In Nigeria, the proliferation of mobile banking and digital payment platforms has created opportunities for innovative financing models tailored to education.

2.3 FinTech and Education Financing

Globally, FinTech-driven education financing models have gained traction. In developed economies, income-contingent loans and digital loan management platforms have improved access to tertiary education (Barr, 2019). In emerging markets, FinTech firms have introduced micro-loans, tuition installment plans, and education savings platforms designed for low-income households. Studies indicate that such models reduce financial barriers, increase enrollment rates, and improve student retention (Boateng & Amankwah-Amoah, 2020). In Africa, FinTech-based education financing has shown potential to complement limited public funding and expand access to quality education.

III. Methodology

This study adopts a qualitative and conceptual research approach, drawing on secondary data from peer-reviewed journals, policy reports, and empirical studies on FinTech and education financing. A thematic analysis was conducted to identify recurring patterns, challenges, and opportunities related to FinTech-enabled education financing in Nigeria and comparable economies. The analytical framework integrates financial inclusion theory and innovation diffusion theory to explain how digital financial tools facilitate access to education funding. Comparative insights from selected countries provide contextual understanding and strengthen the analytical depth of the study.

IV. FinTech Applications in Education Financing

4.1 Digital Payments and Tuition Financing

Digital payment platforms enable students and families to make tuition payments in flexible installments, reducing the burden of lump-sum fees. These platforms improve transparency and reduce transaction costs, making education more financially accessible.

4.2 Digital Lending and Microcredit

FinTech-based lending platforms utilize alternative data—such as transaction histories and mobile usage patterns—to assess creditworthiness. This approach expands access to credit for students lacking traditional collateral or credit histories. Education-focused loan products allow students to finance tuition and repay after graduation or employment.

4.3 Savings and Crowdfunding Platforms

Digital savings platforms encourage disciplined saving for educational purposes, while crowdfunding platforms enable communities to support students financially. These tools democratize access to education financing and foster collective responsibility for human capital development.

V. Discussion

The findings indicate that FinTech plays a transformative role in addressing structural barriers to education financing in Nigeria. By reducing transaction costs and expanding access to credit, FinTech enhances affordability and promotes educational equity. However, challenges such as digital illiteracy, cybersecurity risks, and regulatory uncertainty persist. To maximize impact, coordinated efforts among government agencies, financial institutions, and educational stakeholders are required. Policies that promote digital literacy, strengthen consumer protection, and support FinTech innovation are essential for sustainable outcomes.

VI. Conclusion

FinTech presents a viable pathway for expanding access to education financing in Nigeria. Through innovative digital solutions, it addresses long-standing barriers related to affordability, accessibility, and inclusion. While challenges remain, strategic policy support and institutional collaboration can harness FinTech's potential to transform education financing and contribute to national development.

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