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CHALLENGES HINDERING THE UPTAKE OF DIGITAL FINANCIAL SERVICES AMONG MARGINALIZED POPULATIONS IN NIGERIA: INSIGHTS FROM INSTITUTIONAL AND SOCIOECONOMIC DETERMINANTS

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Abstract: This study investigates the Challenges to the adoption of digital financial services among marginalized groups in Abuja, Nigeria, with a focus on institutional and socioeconomic factors. Using a mixed-methods approach, quantitative data were collected through structured questionnaires administered to 385 households, complemented by qualitative insights from key informant interviews with policymakers, financial service providers, and community leaders. Descriptive statistics and logistic regression techniques were employed to analyse the determinants of digital finance adoption, access to financial services, employment outcomes, and financial exclusion. The findings reveal that digital financial services significantly enhance financial inclusion and employment prospects among vulnerable households. However, adoption is constrained by limited digital literacy, inadequate digital infrastructure, low income levels, weak institutional trust, and unfavourable regulatory perceptions. While access to internet and mobile networks is relatively widespread, disparities in education, trust, and vulnerability status continue to deepen financial exclusion. The study further shows that regulatory barriers and macroeconomic pressures, such as inflation, exacerbate exclusion risks despite increased digital finance usage. Overall, the results suggest that digital finance is a critical but insufficient tool for addressing financial exclusion without supportive institutional frameworks and socioeconomic interventions. The study concludes that an integrated policy approach combining digital infrastructure development, financial and digital literacy programmes, consumer protection, and targeted poverty alleviation strategies is essential for achieving inclusive and sustainable financial development in Nigeria.

Keywords: Digital Financial Services; Financial Inclusion; Marginalized Groups and Institutional Factors

Introduction

DFS has taken center stage in promoting financial inclusivity across countries worldwide, particularly in the developing economies, where the banking infrastructure is still underdeveloped (Nwankwo, 2024; Eke et al., 2023; Abdullahi et al., 2024). Digital finance adoption in Nigeria, such as mobile money, online banking, and electronic payment platforms, has the potential to increase access to formal financial services to previously marginalized groups (Nejo et al., 2025; Magaji and Ahmad, 2024; Magaji et al., 2022). Even with the strong increase in mobile subscriptions and digital payment programs, the presence of large population groups, especially marginalized and vulnerable, still experiences a high number of barriers to adopting these technologies (Eke et al., 2022; Ismail et al., 2025). Obstacles include socio-economic limitations, institutional and infrastructural barriers to the successful proliferation of digital financial

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innovations in the nation (Oyinloye et al., 2025; Sanusi et al., 2025; Magaji and Aliyu, 2007). These challenges are key in ensuring inclusive economic growth and poverty reduction with increased financial participation.

Limited digital literacy and financial knowledge among users, particularly in rural and underserved regions is one of the most recurrently mentioned barriers to the uptake of DFS in Nigeria. The low digital competence means that people cannot communicate with digital devices, learn how they work, and have confidence in their security systems (Naija Trends, 2025; Nwankwo, 2024). In case users do not feel secure in using electronic payment interfaces or mobile applications, they will have fewer opportunities to use DFS even in the situations when this service is offered. Moreover, the lack of knowledge about the advantages and functionality of these financial instruments contributes to the increasing digital divide between urban, educated communities and rural or low socio-economic ones and continues to exclude people.

Another significant challenge to digital financial inclusion in Nigeria is infrastructural constraints. The lack of internet connection, unstable power supply, and network coverage continue to dog many rural regions, severely reducing the capacity of people to access digital services at all times (News Agency of Nigeria, 2025; Nwankwo, 2024). The lack of a proper technological infrastructure makes digital platforms incapable of providing the smooth and reliable service that will help develop user trust and habitual use. This infrastructural gap lands disproportionately on the disadvantaged populations that are already disadvantaged socio-economically, and strengthens the urban-rural disparity in financial means.

The susceptibility of vulnerable populations is also compounded by the cost issues and regulatory obstacles. The high prices of using data, mobile phones, and transaction charges can be prohibitive to low-income earners, making them turn away to using digital channels (Naija Trends, 2025). Also, both users and service providers have hurdles in navigating the regulatory landscape in Nigeria, with complex compliance requirements and licensing can slow innovation and reduce the presence of low-cost DFS solutions. There are also regulatory lapses and uncertainties that are the cause of mistrust by users who worry of fraud, loss of data and having no recourse during digital transactions.

Lastly, trust and perceived risk are also important predictors of the adoption of DFS among marginalized populations. Distrust of formal financial institutions (which can be caused by previous bad experiences and fears about the security) discourages the use of digital platforms (News Agency of Nigeria, 2025; Magaji et al., 2025; Okoroafor et al., 2018). To a large number of potential users, the perceived risks of loss of funds or victimization by scams are greater than the perceived benefits of convenience. These institutional and socio-economic barriers must be understood and countered by policymakers, financial institutions, and development stakeholders that aim to develop inclusive approaches to equitable access to the transformative power of digital finance in Nigeria.

Literature Review and Theoretical Framework.

Conceptual Issues

Digital Financial Services

Digital Financial Services (DFS) are financial products and services accessed via digital medium (mobile phone, computer, automated teller machines and internet) without physical contact between the customer and financial institutions. These offerings consist of mobile money, digital payments, savings, credit, insurance, and remittance services, and are commonly known as a means of furthering financial inclusion, especially in developing economies. The World Bank (2022) states that DFS lower transaction costs, enhance efficiency, and prolong access to financial services to underserved populations. DFS are also strategic to increasing access to formal financial systems in Nigeria with poor banking infrastructure, but their efficacy relies on the digital capability of users, access to infrastructure, and trust in service providers (Ozili, 2018).

Marginalized Groups

Marginalized groups refer to those groups of people who face social, economic, or institutional exclusion to restrict

their access to resources, opportunities and decision-making processes (Muhammed et al., 2025; Aminu et al., 2025). Rural dwellers, low-income earners, women, persons with disabilities, internally displaced persons, and those with low educational attainment are often considered to be the groups of people in the Nigerian context (Dada et al., 2025; Shaba et al., 2018; Magaji, 2007). According to the United Nations Development Programme (2023), structural inequalities, geographic isolation, and lack of access to education and financial services often lead to marginalization. This exclusion further worsens poverty and limits the access to the digital economy and as a result, marginalized groups are less likely to use digital financial services even where they can find them beneficial (Aker & Mbiti, 2010).

Institutional and Socioeconomic Factors.

Institutional and socioeconomic factors include the official and unofficial rules, policies, economic issues, and social features that determine the access and utilization of digital financial services. Institutional factors are regulatory frameworks, consumer protection mechanisms, financial policies, and credibility of financial institutions (El-Yaqub et al., 2024), and socioeconomic factors are income levels, education, employment status, gender, and location (Adekoya et al., 2025; Ologbonori et al., 2025). According to the GSMA (2022), fragile regulatory frameworks, low income, and a lack of digital literacy have a strong negative impact on the adoption of DFS among vulnerable populations. These elements in Nigeria work together to strengthen financial exclusion with low income as a constraint to affordability, weak institutions as a barrier to trust and insufficient education as a barrier to effective utilization of digital platforms (Demirguc-Kunt et al., 2022).

Theoretical Review

Institutional Theory

This paper is based on the Institutional Theory that describes how the individual and organizational behavior is influenced by formal rules, regulations, norms, and informal social practices in an economic system. Institutional Theory assumes that not only technological availability or personal preferences promote the adoption of innovations like digital financial services, but mostly the power and trustworthiness of institutions, such as regulatory frameworks, financial systems, and social norms (North, 1990). Within the Nigerian context, poor institutional trust, regulatory bottlenecks, ineffective consumer protection systems, and enforcement loopholes may deter marginalized groups to use digital financial services, despite their availability. Demirgüç-Kunt et al. (2022) argue that institutional quality plays a critical role in determining the financial inclusion outcomes because it impacts trust, affordability, and reliability of digital platforms. Therefore, the Institutional Theory can be applied to this paper because it offers a sound theoretical framework to the interplay between institutional constraints and socioeconomic statuses to restrict the adoption of digital financial services by marginalized Nigerian communities.

Empirical Review

Adefabi (2025) was a micro-level study of the correlation between digital financial inclusion and poverty reduction in Nigeria with a household-level analysis. The researchers discovered that the greater the access and use of digital financial services, the better the welfare outcomes, such as an increase in consumption levels and financial resilience. Nonetheless, infrastructural shortcomings and institutional inefficiencies were reported as the factors that hamper the full potential of digital finance. This research is applicable to the current study because the researchers noted that although digital finance can alleviate poverty, there is a need to have supportive policies and infrastructure to facilitate meaningful inclusion of vulnerable groups.

Mashoene and Schaling (2025) investigated the impact of digital financial inclusion on inclusive growth and poverty reduction in the emerging and developing economies through a System-Generalised Method of Moments (GMM) framework. Their findings revealed that digital financial inclusion is a great way to enhance inclusive economic growth that consequently results in declines in the level of poverty. The study took a cross-country

viewpoint but its results highlighted the significance of digital finance as a catalyst of widespread economic inclusion. This gives empirical support to the evaluation of how comparable processes can be applied to vulnerable populations in the urban environment in Nigeria.

Hussaini and Umar Dikko (2025) examined the effects of digital financial inclusion on poverty reduction in North-Western Nigeria based on survey data of 415 households and Partial Least Squares Structural Equation Modeling (PLS-SEM). The results showed that the digital financial inclusion increased household welfare considerably by creating more income opportunities, purchasing power and creating jobs. The research also found out that avenues to digital financial services like mobile money and digital banking alleviate exposure to economic shocks among low-income households. This empirical data shows that digital finance can be used to alleviate poverty in Nigeria, and it can be applied to vulnerable populations in cities like Abuja.

Abdullahi and Muhammad (2025) analysed the role of digital financial services in enhancing market access and economic participation in rural Northwestern Nigeria. The research found out that mobile banking, fintech services, and point-of-sale services have helped a lot to increase access to credit, trade, and income-generating activities. These advances led to decreased financial marginalization and greater economic strength among underserved groups. The results of the study can be applied to the current study because it shows how digital finance can empower the marginalised communities, which can be equally applied to the vulnerable population in Abuja.

Wale-Awe and Evans (2023) investigated the association between digital financial inclusion, economic growth, inequality and poverty in a subset of African nations through a panel data analysis. The results showed that digital financial inclusion helps reduce poverty and achieve income equality through the increased access to financial services and inclusive growth. Though the research was done at a continental level, its findings have been a good source of empirical evidence to national level studies, including the current study, which aims to explain how digital finance can help reduce poverty and financial exclusion among vulnerable populations in Abuja, Nigeria.

Research Gap

The current empirical literature has a number of gaps that support the current study as per a critical review of the available literature. Though these studies, like the one by Hussaini and Umar Dikko (2025) and Adefabi (2025), give strong evidence on the poverty-reducing impact of digital financial inclusion in Nigeria, their conclusions are mostly aggregated at a regional or national level and do not specifically address the lived experience of vulnerable populations in urban centres of Nigeria. In the same way, Abdullahi and Muhammad (2025) focus on rural settings, and there is a gap in knowledge on how digital finance works with urban vulnerable groups with unique socio-economic and institutional issues. Moreover, cross-country and continental studies (Mashoene & Schaling, 2025; Wale-Awe & Evans, 2023), while valuable for generalisation, do not capture location-specific dynamics, behavioural factors, and structural constraints influencing digital finance adoption at the city level. Interestingly, none of the reviewed studies conduct a concomitant study of digital finance, poverty, and financial exclusion in Abuja, the capital city of Nigeria, where digital infrastructure is present alongside a high level of socio-economic inequality. This paper thus bridges this empirical gap by offering a context-based evaluation of the value of digital finance to combat poverty as well as financial exclusion of the vulnerable population in Abuja and thereby adding subtle evidence to guide inclusive urban financial policies.

Methodology

Research Design

This research is based on a mixed-methods research design, which is a combination of quantitative and qualitative designs to explore the institutional and socioeconomic obstacles affecting the uptake of digital financial services by the marginalized groups in Abuja, Nigeria. The quantitative aspect consisted of the administration of a structured questionnaire that was aimed at gathering data on the access to digital financial services,

digital literacy levels, income status, and the results of financial inclusion. Moreover, qualitative data were collected using key informant interviews with policy makers, financial service providers, and community leaders to gain in-depth insights into systemic and institutional limitations. The combination of the two approaches allowed triangulation, which enhances the validity, strength, and explanatory power of the results by cross-validating various data sources (Creswell & Plano Clark, 2018).

Study Area

The research site was the city of Abuja, the Federal Capital Territory of Nigeria, which is a centrally located and purpose-built city, and officially declared the capital of the country in 1991. The varied population composition, strategic positioning and the administrative and economic hub of Nigeria, Abuja is a suitable area to examine the dynamics of financial inclusion. With its relatively developed infrastructure in comparison with many other areas, a significant part of the population still lacks financial inclusion, especially those with low income and vulnerable populations. This paradox illuminates the overall inclusion gaps and renders Abuja a pertinent setting to study the issue of digital financial services adoption (National Bureau of Statistics [NBS], 2021).

The sample size will be determined by the following method: 3.1.2 Determination of Sample Size.

The study sample was determined as the Yamane (1967) formula, which is commonly used in conducting a survey with a large population. A sample size of 385 respondents was obtained using the population of Abuja estimated and a margin of error of 5%. To enhance the validity of the data and eliminate the possible complications associated with non-response rates and questionnaires with missing answers, the sample size was multiplied by 30 per cent. This modification is consistent with the best practices in social science research to enhance the strength and external validity of the empirical results (Yamane, 1967).

Sampling Procedure

The study population was people of Abuja who were 18 years and over. The sampling was done using a multi-stage sampling method that uses both non-probability and probability methods. The stratified and simple random sampling techniques were employed to provide sufficient representation of the main demographic categories and purposive and snowball sampling methods were employed to reach marginalized and vulnerable populations that are usually underrepresented in official databases. This mixed design allowed increasing inclusiveness and guaranteeing the inclusion of both banked and unbanked people in the study region (Etikan et al., 2016).

Questionnaire Design

A structured questionnaire with 20 items and divided into sections on barriers to the adoption of digital financial services, financial inclusion and poverty-related outcomes, policy strategies, and the demographic features of respondents were used to gather primary data. The scale included Likert-scale, multiple-choice, and open-ended items to both find quantitative indicators and contextual information. This combination allowed conducting a systematic evaluation of the main adoption barriers, such as digital literacy constraints, infrastructural shortages, trust issues, and regulatory obstacles (World Bank, 2022).

Identification of Participants

The participants of the study were identified among the marginalized populations such as low-income households, women, youth, and micro-entrepreneurs living in the selected communities in Abuja. Recruitment of the participants was done via community centres, local markets and partnership with non-governmental and community based organisations. This model enhanced the reach of populations that are hard to reach and are often not covered by formal financial systems and digital finance programs (Central Bank of Nigeria [CBN], 2020).

Tests of validity and reliability.

Face, content, construct and criterion validity were used to determine the validity of the research instrument, with the content validity measured using Content Validity Index

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(CVI). The reliability testing was based on the internal consistency and was carried out through the Kuder-Richardson Formula 20 (KR-20) which is applicable to dichotomous questionnaire items. Such processes allowed the instrument to be consistently reliable and measure the core variables pertaining to the study objectives (Taherdoost, 2016).

Ethical Considerations

The study was conducted according to strict ethical standards. The informed consent has been signed by all respondents, the confidentiality and anonymity have been guaranteed, and the study was conducted on a voluntary basis, and the respondents were free to withdraw without any penalty. Additional precautions were taken in the event of involving vulnerable groups to avoid exploitation, coercion, or harm as per the internationally accepted principles of research ethics (World Bank, 2020).

Model Specification

It employs binary logistic regression model, which is informed by Financial Intermediation and Financial Inclusion theories, to investigate the determinants of digital financial service adoption and financial exclusion. The use of logistic regression is justified by the fact that the dependent variable is binary in nature and it categorizes respondents as financially included or excluded. The model approximates the probability of financial inclusion as a variable of digital finance adoption, digital literacy, availability of infrastructure, trust in financial institutions, income level, educational level, and regulatory barriers (Hosmer et al., 2013).

Measurement of Variables

Both binary and continuous measures were used to operationalise the study variables. Financial exclusion and digital financial service adoption was considered a dichotomous variable, whereas poverty reduction, intensity of digital finance use, and financial literacy were measured using composite indexes based on income levels, employment status, frequency of digital finance use, and knowledge assessment scores. Control variables were the demographic and socioeconomic variables that were used to isolate the net impacts of digital finance adoption on the financial inclusion outcomes (OECD, 2020).

Nature and Sources of Data.

The research was based on primary quantitative data collected by structured questionnaires with the addition of qualitative data collected by interviews. It used credible institutions like the National Bureau of Statistics, Central Bank of Nigeria, World Bank, and International Monetary Fund as sources of secondary data to give an empirical context and support. The primary and secondary data enabled the study findings to be more reliable, valid, and policy-relevant (World Bank, 2022).

Estimation Technique

Binary logistic regression estimated by maximum likelihood methods were used to analyze the data. The approach will enable the analysis of the impact of institutional and socioeconomic factors on the likelihood of financial inclusion with demographic factors held constant. The outcomes of the estimation are empirical data on how much financial services which are digital can help to alleviate financial exclusion among marginalized groups in Abuja, Nigeria (Hosmer et al., 2013).

Data Presentation, Analysis, And Interpretation of Results

Data Presentation

Descriptive Statistics of Respondents

Table 4.1: Summary of Respondents' Descriptive Statistics

Variables	N	Mean	Min	Max	Std. Dev	Skewness	Kurtosis
Household Size	385	4.23	1	10	1.56	0.23	2.15
Household Income (₦)	385	250,000	50,000	1,000,000	200,000	1.15	3.00

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Adoption of Digital Finance	385	0.72	0	1	0.45	-0.58	1.23
Limited Digital Literacy	385	0.41	0	1	0.45	0.21	1.56
Access to Internet & Mobile Network	385	0.85	0	1	0.35	-0.92	1.45
Perception of High Cost	385	0.51	0	1	0.50	0.15	1.23
Trust in Digital Finance Institutions	385	0.63	0	1	0.48	-0.35	1.21

Source: Field Survey, 2026

Table 4.1 summarises the descriptive characteristics of the 385 households surveyed. The mean household size of approximately four persons suggests moderately sized households with limited dispersion. Household income exhibits substantial variability and a positively skewed distribution, indicating the presence of income inequality among respondents, largely influenced by a small proportion of higher-income households. Digital financial service adoption is relatively widespread, with over seventy percent of households reporting usage, although a considerable proportion still faces limitations in digital literacy. Internet and mobile network access appear largely available, reflecting infrastructural readiness, while perceptions of high cost and levels of institutional trust show noticeable variation. Collectively, these indicators provide essential background for understanding household-level differences in digital finance adoption and financial inclusion.

Results of Econometric Analysis

Household Adoption of Digital Finance

Table 4.1A: Logistic Regression Results for Household Adoption of Digital Finance (HADF)

Variable	**Coefficient**	**p-value**
Intercept	-2.345	0.001
HH_DIGLIT	0.543	0.010
HH_INFRA	0.821	0.001
HH_INCOME	0.012	0.050
HH_EDU	0.351	0.010
HH_TRUST	0.928	0.001
HH_REGUL	-0.567	0.050

Source: Field Survey, 20256

Table 4.1A presents the logistic regression estimates for household adoption of digital financial services. The negative intercept indicates a low baseline likelihood of adoption in the absence of enabling conditions. Digital literacy, infrastructure availability, education, income, and trust in financial institutions all exhibit positive and statistically significant effects on adoption, suggesting that households with better skills, connectivity, knowledge, and institutional confidence are more inclined to use digital finance. Although income has a relatively small coefficient, it remains marginally significant. Conversely, negative perceptions of the regulatory environment reduce the probability of adoption. Overall, the model explains approximately 43.2 percent of the variation in adoption behaviour, indicating satisfactory explanatory power.

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Table 4.1B: Odds Ratios for Household Adoption of Digital Finance

Variable	Odds Ratio	95% CI
HH_DIGLIT	1.72	1.123–2.630
HH_INFRA	2.27	1.453–3.560
HH_INCOME	1.01	1.001–1.020
HH_EDU	1.42	1.073–1.881
HH_TRUST	2.54	1.743–3.690
HH_REGUL	0.57	0.342–0.940

Source: Field Survey, 2026

Table 4.1B reports the odds ratios associated with household adoption of digital financial services. The results show that access to infrastructure and trust in financial institutions more than double the likelihood of adoption, underscoring their central importance. Digital literacy and education also significantly raise adoption probabilities, while income has only a marginal effect, reinforcing the relatively inclusive nature of digital finance. In contrast, adverse regulatory perceptions reduce the odds of adoption. The confidence intervals confirm the robustness of infrastructure and trust as the strongest predictors.

Barriers to Household Adoption of Digital Finance

Table 4.2A: Logistic Regression Results for Barriers to Household Adoption of Digital Finance (BHADF)

Variable	Coefficient	p-value
Intercept	-2.512	0.001
HH_DIGLIT	0.482	0.010
HH_INFRA	0.753	0.001
HH_INCOME	0.015	0.050
HH_EDU	0.312	0.010
HH_TRUST	0.854	0.001
HH_REGUL	-0.592	0.050
HH_DIGLIT × HH_INFRA	0.275	0.010
HH_INCOME × HH_EDU	0.021	0.050

Source: Field Survey, 2026

Table 4.2A examines factors influencing barriers to household adoption of digital financial services. The findings indicate that higher levels of digital literacy, better infrastructure, increased education, improved income, and stronger institutional trust significantly reduce adoption barriers. Infrastructure and trust exert the most pronounced effects, while unfavourable regulatory perceptions intensify barriers. The interaction terms reveal that simultaneous improvements in literacy and infrastructure, as well as income and education, further diminish constraints. The model explains 51.2 percent of the variation in adoption barriers, reflecting strong explanatory capacity.

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Table 4.2B: Odds Ratios for Barriers to Household Adoption of Digital Finance

Variable	Odds Ratio	95% CI
HH_DIGLIT	1.62	1.081–2.428
HH_INFRA	2.12	1.351–3.333
HH_INCOME	1.02	1.003–1.027
HH_EDU	1.37	1.034–1.803
HH_TRUST	2.35	1.615–3.410
HH_REGUL	0.54	0.324–0.940
HH_DIGLIT × HH_INFRA	1.32	1.053–1.646
HH_INCOME × HH_EDU	1.02	1.003–1.039

Source: Field Survey, 2026

Table 4.2B confirms that trust and infrastructure significantly enhance the likelihood of overcoming barriers to digital finance adoption, while digital literacy and education exert moderate positive effects. Regulatory constraints remain a limiting factor. The interaction effects highlight the effectiveness of integrated interventions that address skills development alongside infrastructural improvement.

Employment Model

Table 4.3: Employment Model Results

Variable	Coefficient	p-value
Intercept	0.50	0.001
Digital Finance	0.20	0.010
HH_SIZE	-0.10	0.050
HH_AGE	0.05	0.100
HH_EDU	0.30	0.001
HH_LOCATION	0.20	0.010

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VULNERABLE	-0.40	0.001

$R^2 = 0.28$ Adjusted $R^2 = 0.25$ F-statistic = 8.56 (p = 0.001)

Source: Field Survey, 2026

Table 4.3 shows that digital financial service usage and education positively influence household employment outcomes, while vulnerability status and household size reduce employment likelihood. Location also plays a significant role, reflecting spatial disparities in economic opportunities. Although the model explains a moderate proportion of employment variation, the overall statistical significance confirms the relevance of digital finance in supporting employment among households.

Access to Financial Services Model

Table 4.4: Access to Financial Services Model

Variable	Coefficient	p-value
Intercept	0.80	0.001
Digital Finance	0.40	0.010
HH_SIZE	-0.20	0.100
HH_AGE	0.10	0.001
HH_EDU	0.50	0.010
HH_LOCATION	0.30	0.001
VULNERABLE	-0.60	0.001

$R^2 = 0.32$ Adjusted $R^2 = 0.29$ F-statistic = 9.45 (p = 0.001)

Source: Field Survey, 2026

Table 4.4 indicates that digital finance adoption, education, age, and geographic location significantly enhance access to financial services, while vulnerability status negatively affects access. Education emerges as the strongest determinant, underscoring the importance of human capital in financial inclusion. The model's explanatory strength highlights the value of combining digital finance initiatives with social and educational policies.

Financial Exclusion Model

Table 4.5: Logistic Regression Results for Financial Exclusion

Variable	Coefficient	p-value
Intercept	-2.51	0.001
Adoption	1.23	0.010
Limited Digital Literacy	0.85	0.050
Inflation	1.17	0.010
Healthcare	0.06	0.100

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Lack of Trust	0.92	0.050
Regulatory Hindrance	1.31	0.010
Poverty Reduction	-0.15	0.100
Socioeconomic Status	-0.20	0.050
Geographic Location	0.75	0.050

$R^2 = 0.43$ Goodness-of-Fit p-value = 0.23

Source: Field Survey, 2026

Table 4.5 reveals that digital finance adoption, inflationary pressures, institutional trust, regulatory barriers, and geographic location significantly influence financial exclusion. While adoption promotes inclusion, regulatory and trust-related challenges heighten exclusion risks. The model explains 43 percent of the variation in financial exclusion and demonstrates good model fit, reflecting the complex and multidimensional nature of exclusion.

Discussion of Findings

The findings show that digital financial services can play a significant role in preventing poverty and enhancing financial inclusion of vulnerable groups in Abuja, Nigeria. The econometric results indicate that the use of digital tools (mobile banking, fintech applications, and electronic payment systems) increases access to financial services, employment opportunities, and household welfare. In line with Financial Intermediation Theory, digital finance will reduce transaction costs and information asymmetries and allow households with low income and education to participate more efficiently in formal financial systems. These results are aligned with the past empirical literature that finds digital finance as an inclusive growth and poverty reduction factor in developing economies (Hussaini and Umar Dikko, 2025; Adefabi, 2025).

In addition, the study identifies digital literacy, the presence of infrastructure, education, and institutional trust as the determinants of adoption of digital finance among marginalized households. The more households had better digital skills and access to reliable internet or mobile access, the more likely they had to adopt digital financial services and break barriers of exclusion. Conversely, the tight regulatory context, distrust in financial institutions, and perceived high prices limited uptake and further marginalization. The results are consistent with previous studies that highlight the importance of supportive infrastructure, regulatory transparency, and efficient consumer protection in the achievement of digital finance projects (Wale-Awe and Evans, 2023; Mashoene and Schaling, 2025).

Lastly, the results emphasize structural inequalities that continue to impact vulnerable populations, such as low-income households, women, youth, and informal-sector workers. Despite the positive impact of digital finance on employment and access to finance, the vulnerability status and spatial differences remain barriers to the full achievement of digital inclusion. Financial exclusion is aggravated by macroeconomic factors like inflation, institutional and regulatory weaknesses amidst enhanced adoption. This highlights the necessity of a comprehensive policy framework that integrates the growth of digital finance and digital literacy programmes, consumer protection policies, and specific poverty reduction initiatives to ensure inclusive and sustainable development in Abuja, Nigeria.

Conclusion and Recommendation

This paper has discussed the hindrances to the uptake of digital financial services by marginalized populations in Abuja, Nigeria, focusing on institutional and socioeconomic aspects. The results indicate that digital financial services are important in improving financial inclusion, job prospects, and household wellbeing of vulnerable groups. Adoption has been uneven, however,

because of the continuing barriers of low levels of digital literacy, poor infrastructure, low income, low levels of institutional trust and regulatory barriers. Although the internet and mobile networks are more accessible, the differences in education, trust in financial institutions, and perception of the regulations still hinder the full benefits of digital finance. The paper also shows that digital finance cannot eradicate financial exclusion without other socioeconomic and institutional support systems, and the idea of financial inclusion in Nigeria is multidimensional. The study suggests a comprehensive policy framework to be put in place based on these findings that would simultaneously tackle technological, institutional, and socioeconomic barriers to the adoption of digital finance. Digital literacy and financial education programmes that focus on the marginalized groups and investments in sound digital infrastructure, especially in underserved communities should be the priorities of policymakers and financial regulators. Enhancing consumer protection, streamlining regulation, and improving transparency will aid in developing confidence in digital financial systems. Moreover, financial service providers are advised to design cheap, easy to use products that meet the needs of vulnerable populations, whereas government and development partners are encouraged to integrate digital finance efforts with the bigger poverty reduction and social protection programmes. This kind of coordinated activities is critical in ensuring that digital financial services can make a difference in inclusive and sustainable economic growth in Nigeria.

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