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Fintech Development and Corporate Financing Structure Adjustment

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Abstract

Fintech has changed the world financial architecture, bringing about some benefits as well as challenges. The capital structure of organizations in recent times has undergone some adjustments due to the introduction of fintech into the financial ecosystem of businesses. This study explored the relationship between fintech development and the corporate financing of listed firms in Nigeria. The study specifically examined the impact of fintech on equities, corporate bonds, and all share indexes of listed firms in Nigeria from 2009 to 2024. Data on fintech proxies (ATM, mobile pay, POS, and web pay) and proxies of corporate financing (equities, corporate bonds, and all share index) were obtained from the Central Bank of Nigeria (CBN) statistical bulletin for 2024. An ex post facto research design was adopted for the study in which secondary data were used, and the ordinary least squares (OLS) estimation technique in a multiple regression model was employed to estimate the relationship among the variables of interest. Findings revealed a significant impact of fintech proxies (POS and mobile pay) on equity and all share indices, while there was no significant impact of fintech on corporate bonds. The conclusion is that, since corporate bonds are sparingly used as a corporate financing structure, the impact of fintech on them may not be feasible at the moment. It was also concluded that fintech reduces transaction costs and promotes

efficiency. Yet, there are challenges as well, including cybercrime, resistance to change, poor fintech infrastructure, among others. However, it was recommended that an effective legislative and regulatory framework be established to address cybercrime, along with user education to enhance users' confidence in the new technology.

Keywords: Fintech, Cybercrime, Infrastructure, Technology, Equity, Variables

Introduction

Fintech, a combination of finance and technology, is a technologically enabled financial innovation that is used in new business models, applications, processes, or products with an associated material effect innovation. Fintech effectiveness relies on such emerging technologies as big data, artificial intelligence, blockchain, and cloud computing (Tang et al., 2025). The emergence of fintech, as reported by Ding et al. (2022), Yang and Zhang (2022), and Jia (2024), has brought about enormous changes as well as opportunities and challenges for the financial markets in the areas of retail and wholesale payments, financial market infrastructures, investment management, insurance, credit provision, and equity capital raising. Apart from the financial markets, fintech has overwhelming influence on the broader market of many economies.

FinTech as a combination of financial services and information technology has greatly reshaped the operational paradigm and informational landscape of the conventional financial market, making financial services smarter and inclusive, improving the efficiency of services, and reducing costs, thus promoting the digital transformation and innovative development of the financial industry (Ding et al., 2022; Yang & Zhang, 2022; Jia, 2024).

The financial system of most developing economies is centered on the traditional banking sector, whose characteristics such as cost and risk factors make it difficult for traditional financial institutions to reach clients in remote areas with low incomes or incomplete credit information. In view of the limitations associated with this type of model, issues such as information opacity and ownership discrimination affect the efficiency of credit allocation by traditional financial institutions, resulting in some businesses and individual customers with financing needs being neglected (Allen et al., 2022; Tang et al., 2025). However, it has been noticed on a global scale that the rise of fintech is filling the deficiencies of the traditional financial market. From penetrating market segments neglected by traditional financial institutions to gradually capturing major market shares, the emergence of fintech companies has lowered the barrier of access to financial services and filled the credit gap.

Available records have shown that fintech companies have developed and launched varieties of services, especially in financial areas involving online lending, digital payments,

financial management, and insurance, which are influencing consumer behavior and increasing the reach and accessibility of financial services. The innovation of payment methods, as noticed by Luo et al. (2022), not only changes consumers' payment habits but also provides an information base for building the entire fintech ecosystem. Regarding the significance of fintech, Yang et al. (2024) acknowledge that fintech could enhance the ability of financial services by relying on the advantages of digital technology; it could break the limitations of traditional financial services, enhance the accessibility of financial services, and promote financial services transferring to the tail customer group. Fintech can also effectively alleviate information asymmetry by using big data analysis, blockchain, and other technologies to enhance financial risk identification capabilities, thereby effectively controlling lending risks, reducing market transaction costs, and improving financial service efficiency.

On why fintech is able to assume the underlying roles, Li et al. (2024) allude to the fact that the decentralized and tamper-proof nature of blockchain technology provides transparent and secure transaction records and enhances market trust. This assertion matches the quality of big data technologies, which can retrieve valuable information from massive data sources and quickly process and integrate various forms of unstructured data. Thus, the capacity of fintech to integrate and process non-traditional information diminishes the information asymmetry issue in the financial market and considerably advances the development of inclusive finance (Yang and Zhang, 2022).

Furthermore, Lai et al. (2023) observe that the advancement of fintech provides a new basis for credit assessment for enterprises and individuals who lack traditional credit records or financial history, thus increasing their access to credit. Consequently, the development of fintech is conducive to improving the degree of financial market informativeness. Highlighting the major role of fintech advancement in facilitating the credit screening and monitoring capabilities of financial institutions, Wen et al. (2023) argue that fintech developments enhance information production and external monitoring, thereby increasing the cost of managers' misconduct and strengthening the deterrence of management opportunism. In another dimension, He et al. (2023) and Lai et al. (2023) assert that fintech improves the accessibility of corporate information, improves the monitoring capacity of financial institutions, and reduces agency costs for firms.

Besides all these, Zhou and Chen (2021), Lv and Xiong (2022), and Wen et al. (2023) posit that the focus of fintech on improving the information environment in financial markets enhances the ability of external regulators and investors to monitor corporate managers. Despite the significance of fintech in creating financial access to the financially-excluded members of the society along with its informativeness, the innovation is not without some negative impacts.

Wen et al. (2023) argue that fintech may have a deterrent effect, undermining the potential gains from managerial misconduct and constraining managerial opportunistic behavior, which is conducive to alleviating the agency dilemma of firms. Fan et al. (2024) admit that the emergence of Fintech has undeniably had a negative impact as well. Making reference to the United States residential mortgage loan data, the authors remarked that the rise of Fintech has resulted in a decline in the traditional banking industry's market share due to regulatory burdens, convenience, and loan costs. In another development, Phan et al. (2020), using Indonesian data, affirmed that the expansion of Fintech inhibits the growth of bank performance, with the negative impact being most pronounced for high-value, mature, and state-owned banks. Consequently, on the impact of fintech on China's banking industry, Zhao et al. (2022) found on the one hand that fintech decreased banks' profitability and asset quality but increased their capital sufficiency and management efficiency on the other hand. Whatever may be advanced as negative impacts of fintech on banks' profitability, it should be admitted that fintech is a new phenomenon and that as an emerging phenomenon, it cannot be completely exempted from flaws in its early stages of development. More so, the negative effects may be momentary in the short run, while in the long run, the benefits of FinTech in facilitating high-quality and sustainable social and economic development could become increasingly visible (Yang et al., 2021; Tao et al., 2022; Awais et al., 2023).

Underscoring the rapid development of fintech in any economic system, several scholars have attempted investigations into the far-reaching impact of fintech and the economic consequences of developing such a framework. Yet, the extent to which fintech has impacted the corporate finance structure of organizations has been scantily discussed. This study is poised to contribute to the ongoing debates on the significance of fintech, however, with particular attention to the relationship between fintech and corporate financing structure adjustments in Nigeria. Specifically, this study is poised at examining the impact of fintech on equities, the effect of fintech on corporate bonds, and the effect of fintech on share indices in the Nigerian capital market.

Literature Review

Fintech is regarded as the technologies used innovatively to better provide more convenient and low-cost financial products and services (Yang et al., 2024). It can also be seen as a cutting-edge technology based on big data, blockchain, cloud computing, and artificial intelligence, which has a significant positive impact on financial markets and financial services business supply (Xie et al., 2021). On the impact of fintech, Fan et al. (2024) assert that, Fintech can compensate for the shortcomings of traditional financial services and has the advantages of low cost, high speed, and extensive coverage. It goes to mean that, Fintech can reduce information

asymmetry between credit sources such as banks and enterprises and positively influence the growth of businesses. Fintech development can therefore be described as the growth and integration of technology-driven financial innovations into financial systems and corporate activities. It encompasses digital lending platforms, mobile money, crowdfunding, blockchain financing, digital banking, and online investment platforms (Xie et al., 2021; Tang et al., 2025) According to recent literature (Ding et al., 2022; Lai et al., 2023; Li et al., 2024), Fintech development enhances financial inclusion and promotes efficient allocation of financial resources. It also improves transparency and reduces agency costs in financial transactions. Tang et al. (2025) argue that Fintech development positively influences corporate financing and investment decisions through reduced information asymmetry and improved corporate governance.

Fintech has an outstanding potential to improve the information environment in financial markets in two ways (Kubaje et al., 2024; Liu et al., 2025). The first is through the information channel. It is assumed that, information asymmetry increases the cost of capital, leading to a higher cost of raising external finance than utilizing internal finance, and a decrease in the profitability of investment projects. Investment and financing strategies are of critical importance to the development of corporations. Effective investment decisions contribute to leading expansion into high-growth areas and maximizing value (Xu et al., 2024), while a robust financing policy ensures that the enterprise maintains adequate financial support and manages risk during expansion. Second, fintech can impact corporate investment and financing by improving external regulation and corporate governance. The prominence of fintech in information access and integration enhances the monitoring capabilities of external regulators and can effectively curb managerial opportunism (Wen et al., 2023), thereby facilitating access to investment capital.

The combination of the two lays the basis for sustainable growth and enables firms to keep a competitive edge in the market. Existing literature suggests that information asymmetry and agency conflicts are two key factors that impede firms from acquiring external and undertaking investment activities (Tsai et al., 2021). Specifically, information asymmetry makes it difficult for external investors and financial institutions to accurately assess a firm's credit risk and financial position, leading to firms facing higher financing costs, lower credit rationing, and lower capital availability. However, Wen et al. (2023) note that, the application of fintech can alleviate the information asymmetry between companies and financial markets. The fintech development improves the information processing capability of financial institutions, especially in the acquisition and screening of unstructured information that is typically challenging for traditional financial institutions to access or process). Improvements in screening technology by fintech lenders have effectively mitigated the information friction

issues that existed in the traditional credit process. By constantly optimizing their screening models, fintech lenders increase information transparency and improve investor monitoring mechanisms, effectively easing the problem of lender moral hazard caused by information asymmetry.

Fintech development therefore accelerates corporate capital structure adjustment by leveraging big data, AI, and blockchain to reduce information asymmetry, alleviate financing constraints, and enhance corporate competition. These advancements enable firms to optimize debt-equity ratios, reduce financing costs, and accelerate the speed at which companies move toward their target capital structures, particularly for small-to-medium enterprises (SMEs).

Fintech and Corporate Finance Structure

Corporate financing structure refers to the way a company combines different sources of funds to finance its operations, investments, and growth. It shows the proportion of debt, equity, and other financial instruments used by a firm to raise capital. In simple terms, a corporate financing structure is the combination of owners/shareholders (equity), borrowed funds (debt), retained earnings, and other financing sources. In the capital structure of firms, equity financing comprises ordinary shares or common stock, preference shares, and retained earnings. Debt financing, on the other hand, comprises bank loans, bonds/debentures, and long-term borrowing. However, corporate financing structure adjustments may arise when businesses change or rebalance the mix of their capital structure. This adjustment can be due to too low or high debt, a change in interest cost, an increase in business risk, a change in market condition, or an attempt to maximize shareholders' wealth by the business.

Abstracting on the impact of fintech on the cost of debt, Giradone et al. (2024) assert that fintech lending influences the cost of debt by improving the efficiency of credit screening and risk evaluation processes. Consequently, the integration of big data analytics with advances in artificial intelligence (AI) and machine learning (ML) enables Fintech institutions to conduct more accurate assessments of borrower risk. Furthermore, the use of sophisticated algorithms allows Fintech lenders to process loan applications more quickly, thereby shortening the time required to approve or reject credit requests. As a result, Fintech lenders experience lower transaction and monitoring costs, which contributes to their operational efficiency and explains the relatively lower interest rates charged to borrowers (Thakor 2020). Empirical evidence from Germany by De Roure et al. (2022) further reveals that borrowers who obtain loans from Fintech platforms face lower risk-adjusted interest rates compared with those using conventional bank credit.

Alluding to this assertion, Yang et al. (2024) affirm that fintech could broaden the financing channels. This arises because, while banks are more willing to lend funds to large

companies with abundant collateral, fintech could provide various financing services, such as P2P lending, crowdfunding, and customized financing options, which successfully breaks the limitations of traditional financial services (Abbasi et al., 2021).

Second, fintech could reduce financing costs. Traditional financial institutions often conduct strict credit reviews of businesses, especially small and medium businesses, resulting in substantial review fees. These financial institutions usually raise interest rates on debt financing to get compensation for suffering a higher risk. Also, the business outlets and labor services on which financial services are provided by traditional financial institutions are more costly than virtual banks.

The emergence of fintech companies has changed the delivery mode of traditional financial services and therefore has significantly reduced the operating costs. For instance, small and medium-sized businesses can implement credit loans through the Internet, using artificial intelligence and intelligent algorithms to conduct credit reviews efficiently and automatically, resulting in significant cost reductions for labor and other services.

Again, fintech could improve financing efficiency. In comparison with traditional finance, fintech firms can quickly and timely and efficiently mine and collect customer credit data through big data, cloud computing, blockchain, artificial intelligence, and other technologies to fully understand the business conditions and credit of businesses. SMEs. Based on the acquired data, it provides customized financing products or financing combinations based on the actual situation of the enterprise, thereby improving the optimal allocation of borrowing funds and financial service quality (Yang et al., 2024).

Addressing the effect of fintech on the cost of equity, Allen et al. (2021) note that fintech promotes transparency and disclosure, and unlike traditional banks, fintech platforms encourage the joint production and dissemination of both hard and soft information by borrowers and investors. To secure financing through Fintech channels, borrowers are typically required to disclose not only financial information but also details concerning the intended use of funds and other qualitative business information. In contrast, conventional banks often retain such information privately and do not make it publicly accessible (Correia et al., 2022). Generally, finance literature acknowledges that improved transparency and disclosure reduce the cost of equity capital, including within the context of alternative finance (Farag & Johan 2021). The availability of Fintech credit and its potential to reduce both debt and equity costs may also influence firms' financing choices and capital structure decisions.

In alignment with the leverage effect hypothesis, firms may increase their use of debt financing when borrowing costs decline, provided that the returns generated from investments exceed the cost of debt. Similarly, the Pecking Order Theory (POT) suggests that firms prefer internal financing first, followed by debt, and then equity financing (Wu & Lin, 2025).

However, Wu and Lin (2025) equally assert that, based on several scholarly opinions, fintech can significantly enhance the credit accessibility of small and micro-enterprises by improving information-screening capabilities and optimizing soft information processing, among other methods. Furthermore, one of the key assumptions underlying the POT which is the existence of significant information asymmetry, may weaken in the presence of Fintech development. By promoting greater transparency and disclosure, Fintech platforms can reduce information asymmetry and lower the returns demanded by equity investors. Consequently, firms may become more flexible in balancing debt and equity financing within their capital structure decisions (Giradone et al., 2024).

Theoretical Framework

This study is anchored on the pecking order theory and diffusion of innovation theory.

The pecking order theory, also known as the Pecking Order Model, was developed by Stewart Myers and Nicols Mailuf in 1984. The study focus is on a business capital structure, which is the amount of internal and external financing employed by firms to fund their operations in terms of asset acquisition and expenditure (Kruk, 2021). The impulse of the theory is that managers follow hierarchy when considering sources of financing. The ordering options are predicated on the cost of funds and the information available to the managers and the external lenders. The option with the least cost of funds is considered first. In terms of cost, internal financing using retained earnings is considered the cheapest. This comes first in the hierarchy of financing, and it is followed by equity. Another dimension to the theory is that it is based on information asymmetry or information failure. Company managers are typically assumed to possess more information regarding the company's performance, prospects, risks, and future outlooks than the external users. Therefore, to compensate for information asymmetry, external users demand a higher return to counter the risks associated with the undertakings. In contrast to the external sources of financing, internal financing comes from the company's retained earnings, and the issue of information failure is non-existent or minimized. On the basis of hierarchy, the internal source of financing will come first and is most likely preferred to the external financing sources due to cost and information asymmetry.

The application of this theory to the study is based on the elements of cost of capital and information asymmetry. This is because Fintech innovations are reshaping the availability, accessibility, and cost structure of financing options available to firms. The pecking order theory helps explain why firms increasingly adopt Fintech-based financing solutions such as peer-to-peer lending, digital loans, crowdfunding, and online credit platforms. Firms prefer these alternatives because they often provide quicker access to debt financing with lower transaction costs and fewer bureaucratic procedures compared to traditional banking systems.

Fintech platforms reduce financing frictions and information asymmetry by using big data analytics, artificial intelligence, and digital credit assessment systems. Consequently, firms can obtain debt financing more efficiently without immediately resorting to equity financing. Organizations have needs to readjust their capital structure due to cyclical changes in the economy. In capital structure adjustment, firms will have to consider the likely source of financing based on cost and information asymmetry. Fintech, with the use of big data, makes credit accessibility to firms easy and promotes transparent and efficient assessment of client requests for funds. Hidden costs of funds and information relating to the transaction are laid bare. The speed of adjustment and acquisition of funds make the application of fintech in capital structure adjustment of firms very interesting and alluring.

The Diffusion of Innovation (DOI) Theory developed by Everett Rogers in 1962 explains how new ideas, technologies, and innovations spread among individuals, organizations, and societies over time. The theory examines the process through which innovations are communicated through certain channels among members of a social system and eventually adopted or rejected (Rogers, 2003). The theory emphasizes that adoption of innovation does not occur simultaneously; rather, it follows a gradual process influenced by the characteristics of the innovation and the behavior of adopters. The key elements associated with the theory are innovation, channels of communication, time, and social system.

Innovation connotes ideas, inventions, and technologies perceived by individuals, organizations, or society in general as new. In the context of this study, fintech is a new innovation that requires the use of digital lending platforms, blockchain technology, crowdfunding, mobile payments, peer-to-peer lending, and artificial intelligence-driven financial services. Communication channels are media such as professional networks, social media, and digital platforms where the innovation is diffused or disseminated for general consumption. On the issue of time, individuals and businesses adopt the innovation at different times based on organizational culture and regulatory convenience.

The social system implies that the innovation is not operated in a vacuum but within organizations, institutions, and regulatory frameworks. According to Rogers, what influences the adoption and diffusion of innovation are relative advantage, which measures the degree to which the innovation is superior to what existed before; compatibility, which measures the extent to which innovation aligns with existing values and practices; complexity, which measures whether the technology is easy or difficult to use; trialability, which measures the possibility of experimenting with the technology before full adoption; and observability, which makes the benefits of the innovation visible to others.

The Diffusion of Innovation Theory is relevant to this study because it explains how firms adopt emerging financial technologies and how such adoption influences financing

decisions. The theory provides a framework for understanding how firms adopt Fintech solutions such as digital lending, crowdfunding, blockchain financing, mobile banking, and peer-to-peer lending. Companies that perceive Fintech as offering lower transaction costs, faster financing access, and improved financial efficiency are more likely to adopt these innovations. Fintech development has transformed the traditional financing structure of firms by introducing alternative funding sources outside conventional banking systems. DOI theory explains how firms gradually adjust their capital structure by integrating innovative financing mechanisms such as crowdfunding, peer-to-peer lending, digital credit platforms, blockchain-based financing, and supply-chain financing technologies. As Fintech innovations diffuse across industries, firms may reduce dependence on traditional debt financing and diversify their financing mix.

Empirical Review

Empirically, many studies have been conducted on fintech and corporate financing structure adjustment of firms mostly in Asian countries. Yang et al. (2024) in measuring the degree of financing constraints faced by SMEs using cash flow sensitivity of cash model, established that, Fintech could alleviate the financing constraints of SMEs by amplifying performance while magnifying the risks of SMEs. From the finding, it can be said that, regulatory authorities should consider and balance the financing constraint mitigation effect and risk amplification effect of Fintech. In order to test whether Bank Financial Technology (Bank Fintech) can mitigate Short-Term Debt for Long-Term Use (SDLU) and reduce the possibility of financial risks, Wu and Lin (2025) matched the loan data of China's A-share listed companies with the patent data of bank-invented Fintech from 2013 to 2022 to construct the Bank Fintech Development Index for empirical analysis. The empirical results show that the development of bank fintech can significantly inhibit SDLU. The mechanism test reveals that Bank Fintech reduces bank credit risk and liquidity risk by lowering firms' risk-weighted assets, improving capital adequacy and liquidity ratios, tilting banks' lending preferences toward duration-matched long-term financing, and "forcing" enterprises to take the initiative to improve their financial health and information transparency, enhance their ability to obtain long-term loans, and realize the active management of mismatch risk.

Tang et al. (2025), while examining the nexus between fintech development and corporate financial policy using data from Chinese A-share listed firms with a particular focus on the role of corporate financing and investment in shaping these policies, found that fintech development increases investment and financing in firms. Mechanism analyses show that the reduction of information asymmetry and the improvement of corporate governance represent two plausible channels through which fintech development affects corporate financing and

investment. Furthermore, the effects of fintech on corporate financial policy are more pronounced among non-state-owned firms or firms with higher financial constraints.

Thepdawala (2025), in a multivariate analysis using the sample of 120 NBFCs from 12 emerging and developed economies, incorporates Fintech adoption rate, market capitalization, and effective tax rate as the predictors. Findings showed that Fintech adoption positively impacts performance and significantly optimizes the capital structure by lowering the reliance on debt financing. In contrast, capitalization and effective tax rates did not have any significant impact. The significant impact of fintech on the capital structure of the studied firms underscores the strategic importance of technological effectiveness in organizational resource contribution and competitive advantage in the market.

In an attempt to establish whether fintech credit affects firms' cost of capital and capital structure, Giradone et al. (2024**)** explored the effect of fintech credit on firms' cost of capital and capital structure using a sample of 3,491 non-financial firms operating in 38 OECD countries during the period 2015–2021. From the finding of the study, the author established that the economic effect of fintech credit is approximately 17% on the cost of debt and 9.5% on the cost of equity. In terms of cost of capital and capital structure, a smaller yet economically significant reduction by around 5.5% and 3% was observed, respectively. It was also found that fintech credit affects especially firms with stakeholder-oriented corporate governance practices, which operate in countries with higher bank market power and in more innovative industries.

Kubaje (2024) undertook a comprehensive analysis of the interplay between financial innovation and fintech within the corporate finance domain. Using a systematic review of literature and empirical studies, the study traced the historical evolution of financial innovations, from early joint-stock companies to modern electronic trading systems and complex financial instruments. The study further examined the scope and drivers of the fintech revolution, evaluating its disruptive impact on traditional banking models as well as fintech solutions in corporate finance, including digital payment systems, robo-advisors, blockchain technology, and peer-to-peer lending platforms. From the analyses, the study established that fintech enhances efficiency, expands access to capital, and improves risk management. Nonetheless, the study admits that fintech as a model is challenged by regulatory concerns and security and privacy issues, as well as potential market disruptions. Despite the noticed challenges, the study concluded that Financial Technology (FinTech) has transformed corporate finance, revolutionizing traditional financial processes and services and the interplay between financial innovation and FinTech within the corporate finance domain.

In investigating how fintech drives corporate innovation from the perspective of financial supply, Lee et al. (2025) constructed a city-level financial-technology (FinTech) development dataset. The results reveal that fintech promotes corporate innovation by reducing

corporate financing constraints and financing costs, alleviating information asymmetry, and expanding financing channels. It was also established that the promotion effect is more pronounced for private, small, and young firms; firms with fewer fixed assets; and those located in low-regulation intensity areas. Furthermore, credit-based fintech companies were found to have a greater impact on business innovation, and bank deregulation and increased bank competition crowd out the financial supply of fintech for innovation financing.

Taking commercial banks as the research object, Sun (2023) empirically studied the impact of financial technology on the credit structure of commercial banks in China and analyzed the relevant mechanisms. The study found that the increase of the level of financial technology of commercial banks can reduce the bank's non-performing loan ratio, promote the optimization of bank credit structure, and increase the loan scale and proportion of credit loans, personal loans, and medium- and long-term loans. The study further ascertained that, for large commercial banks and small and medium-sized banks, there is a significant difference in the degree of optimization of the credit structure. Consequently, the adjustment of bank credit structure has brought more customers into the scope of loan business, which has promoted the continuous improvement of the bank's profitability.

On whether fintech enabled by big data technology can improve the efficiency of credit allocation, Lyu et al. (2023) empirically tested the logical relationship and micro-mechanism between fintech and the corporate financing constraint dilemma by using the data of China's A-share non-financial listed companies from 2011 to 2018. From the study, it was found that fintech has a significant mitigation effect on corporate financing constraints, and the coverage capability of fintech has a stronger mitigation effect compared to the depth of use. Mechanism research shows that the "technology enabling" role of fintech can alleviate the financing constraints of enterprises by reducing the degree of information asymmetry between capital supply and demand sides and reducing financing costs. Heterogeneity research shows that the mitigation effect of fintech on corporate financing constraints is more significant in enterprises with private property, non-main board listings, senior executives with high financial literacy, and enterprises with strong competitive positions in the industry.

Zhan and Jing (2022), using A-share companies listed on the Shanghai and Shenzhen stock exchanges from 2011 to 2020 as the research object and empirically testing the impact of fintech development on corporate earnings management and its mechanism, found that fintech development significantly reduces corporate earnings management by alleviating information asymmetry and easing corporate financing constraints. A heterogeneity test showed that fintech development has a greater effect on reducing earnings management in non-state-owned enterprises, small-scale enterprises, and enterprises with low profitability, as well as enterprises in non-eastern China and regions with low marketization levels. It was observed based on the

findings of the study that the impact of fintech development on the field of micro-corporate governance had been clarified and provided rewarding policy implications for reducing corporate earnings management behavior, improving the level of corporate governance, and facilitating the high-quality development of the capital market.

The empirical review is unanimous on the role of fintech in mitigating the cost of funds and information asymmetry in the event of the capital structure of corporations. What is also noticed in the review is that greater percentages of the studies, if not all, were conducted in China. Agree that fintech originated in China, yet fintech holds greater prospects beyond its place of origin. It is also worth noticing that most of the studies were on the group of firms. In slight deviation from what is noticed, the current study looks at the Nigerian capital market from a macro perspective by looking at how fintech affects equities and corporate bonds in the Nigerian capital market and also ascertains the extent of agreement or divergence from the popular paradigm of reduction in cost of capital information as the fundamental role of fintech towards corporate financing structure adjustment.

Methodology

This study is a quantitative study employing an ex post facto research design. By this design, the research relies on historical secondary information from verified government publications, which publish information on cumulative equities and corporate bonds as well as all share indexes of corporate entities operating and listed in the Nigerian stock exchange market. Based on the design of the study, variables of interest were selected to proxy for fintech and corporate financing structure. Fintech in this study was proxied by digital payment platforms such as ATM, POS, webpay, and mobilepay. On the other hand, corporate financing was represented by equities, corporate bonds, and all share indices in the Nigerian capital market. The study period ranges between 2009 and 2024. The choice of the variables is predicated on data availability and when fintech was fully operational in Nigeria.

In view of this precision, the model for this study is specified in a functional form as;

$$CFS = f(fintech) \quad (1)$$

Where CFS = corporate financing structure;

In view of the description of CFS and fintech, we can rewrite equation (1) in three equations in line with the objectives of the study. Thus, using the three representations of corporate financing as; equities, corporate bonds and all share index and fintech as; ATM, POS, webpay and mobilepay, we can disaggregate (1) to show as;

EQTY = f(ATM, POS, Webpay, mobilepay) (2)
COBN = f(ATM, POS, Webpay, mobilepay) (3)
ASI = f(ATM, POS, Webpay, mobilepay) (4)
Presenting each equation explicitly, we have;
$EQTY = \alpha o + \beta_1 ATM + \beta_2 POS + \beta_3 webpay + \beta_4 mobilepay + \varepsilon$ (5)
$COBN = \alpha o + \beta_1 ATM + \beta_2 POS + \beta_3 webpay + \beta_4 mobilepay + \varepsilon$ (6)
$ASI = \alpha o + \beta_1 ATM + \beta_2 POS + \beta_3 webpay + \beta_4 mobilepay + \varepsilon$ (7)

Data for the variables was obtained from Central Bank of Nigeria (CBN) statical bulletin 2024. To estimate the model, the variables were first subjected to test of stationarity using Augmented Dickey Fuller (ADF) and Phillip-Perron (PP) Statistics.

Presentation and Analysis of Results

Table 1: Unit Root Test for Stationarity

Variables	ADF	I(d)	RMK	PP	I(d)	RMK
ASI	-4.868162*	1(2)	CLT	-6.249017**	1(2)	Constant
ATM	-4.359884*	1(0)	CLT	-3.351501*	1(2)	Constant
COBN	-4.772329*	1(1)	CLT	-3.321685*	1(1)	Constant
EQTY	-3.662701*	1(2)	constant	-6.473046**	1(2)	Constant, linear trend
MOP	-19.82347**	1(1)	CLT	-3.193421*	1(1)	Constant
POS	-	-	-	-4.909988**	1(1)	Contant, linear trend
WBP	-4.078278*	1(1)	CLT	-2.614123*	1(1)	None

- * Significant at 5%; ** significant at 1%

The test of stationarity using the two test statistics shows different level of integration of the variables. While ADF shows a mixture of 1(0), 1(1) and 1(2), PP shows a mixture of 1(1) and 1(2). On the basis of the outcome of the test, the use of functional forms of ordinary least square (OLS) in multiple regression was adopted for estimation of the models.

Table 2: Impact of Fintech on Equity

Variables	Coefficients	Std. error	t-stats.	Prob.	R^2	Adj. R^2	DW
Exponential	—				**0.91**	**0.88**	**2.00**
C	8.798193	0.125242	70.24956	0.0000			
ATM	9.77E-05	2.75E-05	3.551980	0.0045**			
MOP			-				
	-4.23E-05	9.64E-06	4.395196	0.0011**			
POS	8.85E-05	1.69E-05	5.229548	0.0003**		—	
WBP			-				
	-1.12E-06	1.21E-06	0.926930	0.3739			

All components of fintech except WebPay (WBP) significantly impact equity. ATM and POS as components of fintech are found to impact equity positively and significantly, while MOP is found to impact equity negatively, though significantly. WebPay does not significantly impact equity. The use of ATM and POS increases the speed of payments, while the use of mobile pay reduces costs associated with equity, notably, the cost of funds and information asymmetry.

Table 3: Impact of Fintech on Corporate Bond

Variables	Coefficients	Std. error	t-stats.	Prob.	R^2	Adj. R^2	DW
Log-linear	—				**0.47**	**0.28**	**1.09**
C	4.198001	5.315428	0.789777	0.4463			
Log (ATM)	0.295679	0.792495	0.373099	0.7162			
Log (MOP)	1.132191	0.770340	1.469729	0.1696			
Log (POS)			-			—	
	-1.189788	0.831505	1.430885	0.1803			
Log (WBP)			-				
	-0.054879	0.149807	0.366335	0.7211			

Fintech in any of its components does not significantly impact corporate bonds. The fact behind this result may not be unrelated to the fact that a corporate bond has a coupon tag that more or less determines its worth. Again, corporate bonds often times are not publicly traded, and the impact of fintech in terms of cost of funds and information asymmetry may not necessarily apply since the bond on its own is strategic.

Table 4: Impact of Fintech on All Shares Index (ASI)

Variables	Coefficients	Std. error	t-stats.	Prob.	R^2	Adj. R^2	DW
Linear	—				**0.89**	**0.85**	**2.36**
C	23987.93	4462.175	5.375838	0.0002			
ATM	1.310370	0.979557	1.337717	0.2080			
MOP	-1.115103	0.343288	3.248302	0.0078**			
POS	2.495178	0.603001	4.137936	0.0016**		—	
WBP	-0.006634	0.042962	0.154405	0.8801			
Exponential					**0.84**	**0.78**	**1.79**
C	10.08559	0.111689	90.30070	0.0000			
ATM	4.53E-05	2.45E-05	1.848902	0.0915			
MOP	-2.27E-05	8.59E-06	2.640209	0.0230**			
POS	5.04E-05	1.51E-05	3.336675	0.0066**			
WBP	-5.39E-07	1.08E-06	0.501221	0.6261			

On the effect of fintech on the All Shares Index (ASI), it is noticed that POS and mobile pay (MOP) significantly impact the ASI, notwithstanding the functional form used. The results in both the linear and exponential functional forms show a negative significant impact of MOP on ASI and a positive significant impact of POS on ASI. The other two components of fintech (ATM & WBP) do not significantly impact ASI. From the result, it can be inferred that the use of mobile pay reduces associated costs and information asymmetry with ASI. Furthermore, increasing use of mobile pay in determining the share index structure could result in a greater percentage reduction in the cost of funds and information. The positive significant relationship between POS and ASI indicates increasing efficiency in the use of POS in the payment system. An increase in the payment system prevents delays in service delivery and ensures effective and efficient transactions.

The relationship between fintech and corporate financing structure as shown by the results indicates that fintech significantly impacts the capital structure of firms in Nigeria's capital market. The fact remains that not all the elements of fintech impact firms' capital structure significantly. It goes to mean that while fintech may significantly impact equity and share indexes, it does not significantly impact corporate bonds. While it is admitted that technique and variables of study differ in the present study relative to previous studies, there is no doubt some aspect of convergence exists. For example, Thepdawala (2025) submitted that

fintech significantly affects the market capitalization of firms in non-bank financing companies. The findings of this present study align with this submission. Furthermore, the findings of this study align with Lyu et al. (2023), which asserted that the "technology enabling" role of fintech can alleviate the financing constraints of enterprises by reducing the degree of information asymmetry between capital supply and demand sides and reducing financing costs. The fact that fintech does not significantly impact corporate bonds in this study contradicts the position of Kubaje (2024) that fintech expands access to capital and improves risk management. If corporate bonds cannot be significantly impacted by fintech, it goes to mean that there is a limit to which fintech can impact the corporate financing structure of firms in Nigeria.

Summary, Conclusion, and Recommendations

The emergence of fintech has brought about enormous changes as well as opportunities and challenges for the financial markets in the areas of retail and wholesale payments, financial market infrastructures, investment management, insurance, credit provision, and equity capital raising. Apart from the financial markets, fintech has overwhelming influence on the broader market of many economies. The use of fintech in the financial market architecture has brought about efficiency in operations, reduction in the cost of capital, and improvement in information management relating to transactions. These benefits can be sustained if there are enabling frameworks to inculcate cultural changes in the populace on the use of innovative technology. There are also challenges of resistance to change, cybercrime, and poor fintech infrastructure, especially in the rural areas, in addition to poor electricity supply. Addressing these issues from a broader perspective through enabling a regulatory and macroeconomic framework could guarantee the gain from fintech. The impact of fintech on elements of corporate financing has been found to be significant, especially in the use of mobile pay and POS. Though corporate bonds may not constitute a regular source of financing for entities, there is a need for industry operators to incorporate fintech in every aspect of the corporate financing structure.

Thus, governments and operators in the capital market should form working synergy in promoting the use of fintech in restructuring the financing structure of firms, especially firms on the stock exchange. This will open up the operations of many firms to outsiders who may likely expand the capital base of the business through equity participation. An enabling legislative and regulatory framework is needed from the policymakers to prevent or minimize the case of cybercrime that may result in loss on investment to investors using innovative payment platforms. There is also a need to promote user education, especially for those who are resistant to change, on the use of fintech in corporate financing structures. This will promote confidence in the system and ensure symmetry in information management, promoting reliance on fintech for corporate financing platforms.

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