

**ACCEPTANCE PERCEPTION AND KNOWLEDGE OF  
ONLINE LOANS COMPANIES IN NIGERIA**

**(A CASE STUDY OF FAIR MONEY)**

*By*

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## ABSTRACT

*This study explores the factors influencing the acceptance and adoption of digital lending platforms in Nigeria, with a specific focus on technology acceptance models and the role of trust, innovation, and digital literacy. Through a combination of qualitative and quantitative research methods, the study examines the challenges and drivers that shape the usage of online financial services among Nigerian consumers. Findings indicate that perceived ease of use, perceived usefulness, and trust in digital platforms are key determinants of digital finance adoption. Additionally, the study highlights the regulatory and ethical considerations surrounding digital lending, as well as the impact of financial literacy on the diffusion of fintech services in the country. The research contributes to the broader understanding of fintech adoption in Sub-Saharan Africa, providing insights for policymakers, fintech developers, and regulators in promoting the growth of digital lending while ensuring consumer protection.*

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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the Study**

The evolution of financial technology (fintech) in Nigeria has significantly disrupted the traditional financial ecosystem, particularly in the lending sector. With the increasing penetration of smartphones and internet connectivity, fintech companies have emerged to address long-standing inefficiencies in the banking sector. Online loan companies, such as FairMoney, Carbon, and Branch, have leveraged digital technology to simplify access to credit facilities, especially for underserved populations. These platforms utilize mobile applications and artificial intelligence to streamline loan approval and disbursement processes, eliminating the need for physical branches and lengthy paperwork (CBN, 2020). As a result, millions of Nigerians now access loans on-demand, thus expanding financial inclusion and offering timely financial solutions.

FairMoney, a leading digital microfinance bank licensed by the Central Bank of Nigeria (CBN), was launched in 2017 with the mission to democratize access to finance. The platform provides users with instant, unsecured loans ranging from ₦1,500 to ₦1,000,000 depending on repayment history and credit behavior. Unlike traditional banks that rely heavily on collateral and credit bureau reports, FairMoney uses alternative data—such as SMS analysis, call logs, bank transaction records, and smartphone behavior—to assess creditworthiness through proprietary machine learning algorithms

(FairMoney, 2022). This innovation significantly reduces the processing time and improves credit access for individuals who would otherwise be excluded by conventional lenders.

The significance of online loan platforms like FairMoney cannot be overstated in a country where financial exclusion remains a persistent challenge. According to the Enhancing Financial Innovation and Access (EFInA, 2020) survey, about 36.8% of Nigerian adults do not have access to formal financial services. The situation is even more dire in rural communities and among the informal workforce, where access to bank loans is limited or non-existent due to lack of documentation, low income, or limited financial literacy. In response, fintech lenders offer a convenient alternative, enabling users to obtain credit using only their mobile devices, thus contributing to financial empowerment and economic activity across different socioeconomic strata.

However, despite these innovations, the growth of online loan platforms has been met with growing public scrutiny. Several reports highlight user dissatisfaction regarding the high interest rates, short repayment windows, and questionable recovery tactics employed by some lenders. There have been instances where borrowers faced harassment, public shaming, and privacy violations from debt recovery agents who send defamatory messages to users' contacts (Ndukwe, 2021). These practices have led to growing concern among the public and regulators, calling into question the ethical standards and consumer protection frameworks governing online lenders in Nigeria.

Another critical issue is the low level of awareness and understanding about how these platforms operate. While mobile loan apps are widely available, many potential users remain digitally illiterate or misinformed about the terms, conditions, and implications of using such services. For instance, some borrowers are unaware of the interest rates or the consequences of default, leading to misconceptions and mistrust (Okoye, 2021). The lack of financial education contributes to negative user experiences, which in turn affects public perception and the overall adoption of online loan services.

Perception, in particular, plays a central role in the decision-making process of potential borrowers. Trust is an essential component of financial transactions, especially when dealing with virtual platforms where physical interaction is absent. If users perceive an online loan provider as reliable, transparent, and secure, they are more likely to engage with the service. On the contrary, stories of fraud, harassment, or excessive charges—whether verified or anecdotal—can deter new users and hinder the expansion of the digital lending market (Ayo et al., 2021). Therefore, understanding public perception can help platforms design better services that align with consumer expectations and regulatory standards.

Furthermore, acceptance of online lending platforms is influenced by demographic and socioeconomic variables. Factors such as age, income level, education, employment status, and urban-rural location significantly affect an individual's likelihood of using fintech services (Adeniran & Oloruntoba, 2020). For example, tech-savvy youths and



urban dwellers are more likely to adopt mobile loan apps compared to older adults or rural residents who may lack internet access or smartphone literacy. These differences underscore the need to assess user characteristics in understanding patterns of usage and barriers to adoption.

In light of the above, it becomes essential to examine how knowledge, perception, and acceptance interact to shape the behavior of Nigerians towards online loan companies. This study, using FairMoney as a case study, aims to explore the factors influencing the adoption and perception of digital lending platforms in Nigeria. Through a detailed investigation, this research hopes to offer insights that can inform policy recommendations, improve user experience, and foster responsible digital lending practices in the country.

## **1.2 Statement of the Problem**

The advent of online loan platforms like FairMoney has changed the landscape of personal and small-scale lending in Nigeria. While these platforms promise quick and easy access to funds, there are rising concerns about their acceptability, trustworthiness, and operational transparency. Many users are either unaware of how these platforms work or have had negative experiences that shape their overall perception and acceptance of such services.

There have been complaints from borrowers about hidden charges, poor customer service, and unethical recovery practices. These issues create a sense of mistrust and raise

questions about the sustainability and ethics of the digital loan industry. Without a clear understanding of these concerns, the effectiveness and outreach of online lending platforms may be limited.

Furthermore, although mobile loans are meant to promote financial inclusion, a significant portion of the population is either unaware of these platforms or lacks the digital literacy required to engage with them. This knowledge gap poses a serious challenge to the intended goals of digital financial inclusion in Nigeria (Ojo & Abiola, 2021).

Therefore, it becomes essential to explore how Nigerians perceive, understand, and accept platforms like FairMoney. Without such knowledge, efforts aimed at expanding the reach and improving the service delivery of online loan providers may fall short of expectations.

### **1.3 Research Questions**

1. What is the level of knowledge and awareness of FairMoney's services among Nigerian users?
2. What are the perceptions of users regarding the reliability, transparency, and security of FairMoney?
3. To what extent do users accept and adopt FairMoney as a trusted online loan provider?

### **1.4 Objectives of the Study**

**The main objective** of the study is to examine the level of knowledge, perception, and acceptance of online loan companies in Nigeria, using FairMoney as a case study.

The specific objectives of the study include:

1. To assess the level of awareness and understanding of FairMoney's operations among Nigerian users.
2. To evaluate users' perception of FairMoney in terms of service reliability, interest rates, and data privacy.
3. To determine the degree of acceptance and frequency of use of FairMoney's services among different user demographics.

## **1.5 Research Hypotheses**

The following null hypotheses will guide this study:

**H<sub>01</sub>:** There is no significant relationship between users' knowledge of FairMoney and their use of its services.

**H<sub>02</sub>:** There is no significant relationship between users' perception of FairMoney and their acceptance of its services.

**H<sub>03</sub>:** There is no significant relationship between users' acceptance of FairMoney and their continued usage of the platform.

## **1.6 Significance of the Study**

This study is significant for several reasons. Firstly, it provides valuable insight into how Nigerians interact with digital financial services, especially in the context of short-term

lending. Understanding the dynamics of knowledge, perception, and acceptance can help fintech companies like FairMoney tailor their services to better meet user needs.

Secondly, the findings of this research can inform policy formulation. Regulatory bodies such as the Central Bank of Nigeria (CBN) and the Federal Competition and Consumer Protection Commission (FCCPC) can use the results to develop policies that ensure transparency, protect consumers, and regulate interest rates and recovery methods used by online lenders.

Thirdly, this study will help uncover the challenges users face when using online loan platforms. By identifying pain points in the user experience, service providers can develop solutions that improve satisfaction and encourage repeat usage, which is crucial for the growth of digital lending in Nigeria.

Additionally, this study will contribute to academic literature on fintech adoption in developing countries. Most existing research focuses on mobile banking and payments, with limited attention to online lending. This study fills that gap by focusing specifically on a lending platform like FairMoney.

Finally, for the general public, the study will increase awareness about the operations, risks, and benefits of using online loan platforms. This can empower users to make more informed decisions regarding their financial choices.

## **1.7 Scope and Limitation of the Study**

**Scope:**

This study is limited to assessing the knowledge, perception, and acceptance of FairMoney's services among Nigerian users. The focus is primarily on urban and semi-urban users with access to mobile devices and internet services.

**Limitations:**

**Time Constraint:** The duration of the study is limited, which may restrict the depth of data collection and analysis.

**Financial Constraint:** Limited financial resources may hinder the researcher's ability to cover a wider geographical area or reach a larger sample size.

**Respondents' Attitude:** Some respondents may be unwilling or hesitant to share honest feedback, especially if they've had negative experiences or due to fear of data misuse.

## **1.8 Definition of Key Terms**

**Fintech:** A combination of "financial" and "technology," referring to the use of technology to provide financial services.

**Online Loan Company:** A digital financial institution that offers loans via internet platforms or mobile applications without physical interaction.

**FairMoney:** A Nigerian digital lending company that provides instant loans and other financial services through a mobile app.

**Perception:** Users' opinions, beliefs, or attitudes towards a product or service based on experience or information.

**Acceptance:** The willingness or readiness of individuals to use and continue using a particular service.

**Knowledge:** The extent to which users are informed or aware of the operations, terms, and conditions of online loan platforms.

**Financial Inclusion:** The availability and equality of opportunities to access financial services.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The proliferation of financial technology (fintech) has revolutionized the global financial landscape, particularly in emerging economies like Nigeria. Among the various fintech innovations, online loan companies have emerged as pivotal players in bridging the credit gap for individuals and small businesses. These platforms leverage digital technologies to offer swift and accessible loan services, circumventing traditional banking hurdles.

In Nigeria, the advent of online loan companies such as FairMoney has significantly transformed the credit market. By utilizing mobile applications and data-driven algorithms, these companies provide instant, unsecured loans to a broad spectrum of users. This paradigm shift in lending practices has garnered substantial attention from scholars and practitioners aiming to understand the dynamics of user acceptance, perception, and knowledge concerning these digital lending platforms.

This chapter delves into the existing literature pertinent to the study. It encompasses a comprehensive exploration of the conceptual framework, theoretical underpinnings, and empirical studies related to the acceptance, perception, and knowledge of online loan companies in Nigeria. The objective is to elucidate the factors influencing user engagement with platforms like FairMoney and to identify gaps that warrant further investigation.

## **2.2 Conceptual Framework**

### **2.2.1 Concept of Online Loans and Loan Companies**

Online loans refer to credit facilities provided through digital platforms, enabling borrowers to apply for and receive funds via the internet without physical interactions. This innovation has democratized access to credit, especially in regions where traditional banking infrastructure is limited. Online loan companies operate by leveraging technology to assess creditworthiness, disburse funds, and manage repayments, often utilizing alternative data sources for credit scoring (Adisa et al., 2022).

Online loans refer to credit facilities that are accessible via digital platforms such as mobile applications, websites, or fintech portals. These platforms eliminate the need for in-person banking procedures, allowing borrowers to submit loan applications, receive approvals, and disburse funds remotely. This digital model is especially transformative in developing nations like Nigeria, where traditional banking infrastructure is either underdeveloped or inaccessible to large portions of the population. In rural or underserved areas, where physical bank branches are scarce, online loans act as a bridge to financial inclusion. Fintechs have reduced the barriers to obtaining loans by streamlining the process and eliminating the paperwork and delays typically associated with traditional bank loans (Adisa et al., 2022). Moreover, online lenders cater to the needs of individuals who are excluded from the formal banking system due to lack of



collateral, irregular income, or poor credit history, thereby democratizing access to credit and stimulating economic participation across socio-economic strata.

The operational framework of online loan companies is underpinned by advanced technologies, particularly big data analytics, machine learning, and artificial intelligence (AI). Users typically begin the loan process through mobile apps or web-based platforms, where they fill out digital forms and submit minimal documentation. Behind the scenes, powerful algorithms assess the creditworthiness of applicants by analyzing unconventional yet insightful data points such as airtime purchase behavior, mobile phone usage, device metadata, geolocation, transaction history, and even activity on social media. This approach represents a marked shift from the traditional banking paradigm, which predominantly emphasizes collateral, employment history, and formal income documentation (Bouleau, 2019). These innovations not only speed up the loan process but also allow lenders to tap into a previously unreachable customer base—those who have no bank account or documented financial history but exhibit behavioral patterns predictive of credit reliability. This data-driven model reduces operational costs and risk while increasing efficiency and customer satisfaction.

FairMoney is one of Nigeria's leading online loan providers and serves as a prime example of a successful fintech model in Africa. Launched in 2017, FairMoney has scaled rapidly due to its simple and efficient lending process. Through its mobile app, users can access loans that range from as low as ₦1,500 to over ₦500,000, with durations

spanning from days to several months. What distinguishes FairMoney is its use of alternative data for risk assessment, enabling it to cater to a vast demographic, including students, informal sector workers, and microentrepreneurs—many of whom are excluded from traditional credit systems (FairMoney, n.d.). The app offers a fully automated lending experience, with loans disbursed within minutes after application. This level of speed and convenience has made FairMoney highly attractive to users in urgent financial need. Furthermore, the platform's integration of a digital bank account, bill payment services, and loan top-ups demonstrates a shift from pure lending to a broader mobile banking ecosystem.

Several macroeconomic and socio-technological factors have catalyzed the growth of online loan companies in Nigeria. Chief among these is the exponential rise in smartphone penetration and mobile internet access. According to Statista (2023), Nigeria had over 122 million internet users as of 2022, a number projected to increase annually. This growing digital landscape has provided fertile ground for fintech innovations. Additionally, the informal nature of Nigeria's economy, where a significant portion of the population is self-employed or engaged in micro-enterprises, has created demand for flexible and quick credit options that traditional banks do not readily provide. Small and Medium-Sized Enterprises (SMEs), in particular, benefit from these platforms, which offer working capital without bureaucratic delays (Dillet, 2019). Furthermore, the youthful demographic of Nigeria, characterized by tech-savvy millennials and Gen Zs,

has accelerated the adoption of mobile-based financial services. Combined with a general mistrust of slow and rigid traditional banking, these factors have made online lending an appealing solution to Nigeria's credit challenges.

Despite their meteoric rise, online loan companies in Nigeria face a myriad of challenges that threaten their credibility and long-term viability. One major concern is regulatory oversight. The industry has grown faster than the regulatory frameworks designed to govern it, leading to issues such as loan shark behavior, violation of consumer rights, and unethical recovery methods. Several reports have emerged about lenders using intimidation, social shaming, and blackmail to recover unpaid loans, practices that have attracted public backlash and legal intervention (Ndukwe, 2021). Another pressing issue is data privacy. Since these platforms rely heavily on sensitive personal data for risk profiling, breaches or misuse can lead to reputational damage and legal consequences. Additionally, the high-interest rates charged by some platforms, sometimes disguised as "service fees" or "processing charges," have been criticized for being predatory. These issues collectively affect user trust, creating a paradox where platforms are both necessary and distrusted. This has implications not only for customer retention but also for the broader goal of fostering a trustworthy digital financial ecosystem in Nigeria.

Online loan companies are not merely convenient alternatives to banks—they signify a transformative shift in how financial services are delivered, accessed, and perceived. These companies are at the forefront of reshaping the credit landscape by addressing

long-standing issues like financial exclusion, bureaucratic inefficiencies, and poor access to emergency funds. Their impact is particularly notable in Nigeria, where a substantial proportion of the population remains unbanked or underbanked. By simplifying credit access, reducing operational overhead, and employing scalable digital infrastructure, these platforms contribute significantly to economic growth, especially in the informal sector. Furthermore, they promote financial literacy and digital inclusion, as users gradually engage with structured loan terms, repayment schedules, and budgeting tools embedded within the platforms. However, to sustain their growth and credibility, online loan companies must invest in ethical practices, transparency, and regulatory compliance. Ultimately, a thorough understanding of their operational dynamics, advantages, and limitations is essential for stakeholders—policy makers, users, and financial institutions alike—who are working to build a robust and inclusive financial system in Nigeria.

### **2.2.2 Concept of Acceptance and Online Loan Companies**

Acceptance, in the context of online loan companies, refers to the degree to which potential users are willing to adopt, engage with, and continuously use digital lending platforms. This concept is foundational to the growth and sustainability of online loan businesses, as user engagement ultimately determines the market penetration and profitability of such platforms. For digital lending to be impactful, it must not only be

available but also embraced by the target audience, particularly those who lack access to traditional banking services.

One of the most widely recognized frameworks used to understand technology acceptance is the Technology Acceptance Model (TAM), developed by Davis (1989). According to TAM, two primary factors drive users' willingness to accept and use new technology: perceived usefulness and perceived ease of use.

Perceived usefulness is defined as the degree to which a user believes that a given technology will help them achieve specific goals or enhance their performance. In relation to online loan platforms, this refers to how much potential borrowers believe the service will satisfy their financial needs. For instance, an individual facing an emergency financial situation may see online loans as highly useful if they can obtain funds quickly, with minimal delay or paperwork. Unlike conventional banks that often require collateral and long processing times, online lending platforms promise speed, convenience, and accessibility. Therefore, if users believe that online loan services can reliably and effectively fulfill their credit needs, they are more likely to adopt such platforms (Ayo et al., 2021).

This factor refers to the degree to which a person believes that using a particular system would be free of physical and mental effort. A major appeal of online loan services is the simplicity of the process – often involving just a smartphone, a data connection, and a few minutes to complete an application. The easier it is to navigate the app or website,

the more attractive it becomes, especially to individuals who are not tech-savvy or those who may be engaging in digital financial transactions for the first time. A user-friendly interface, clear instructions, real-time customer support, and automatic feedback mechanisms all contribute to higher perceived ease of use (Akinwale & Adepoju, 2019).

Social influence refers to how users' decisions are affected by the views, behaviors, or endorsements of others in their social environment. In Nigeria, a highly communal society, decisions related to technology and finance are often shaped by peer recommendations, family members, or societal trends. When people hear positive testimonials from friends, colleagues, or community leaders who have successfully used online loan services, they are more likely to trust and use the service themselves. This form of informal endorsement can be more persuasive than advertising, especially in rural or semi-urban areas where word-of-mouth carries significant weight (Oliveira et al., 2016).

Trust is arguably the most crucial determinant of acceptance in the online financial space. Given the prevalence of scams, privacy violations, and deceptive practices in the digital realm, potential users must be convinced that the platform is secure, credible, and transparent. They need to believe that their personal and financial information will be protected and that the terms of the loan – including interest rates, repayment schedules, and penalties – are clearly stated and fair. Building trust requires not only legal compliance but also effective communication, responsive customer service, and ethical

debt recovery practices (Chuang et al., 2016). Any breach of trust can lead to negative publicity and reluctance among users to engage with such platforms.

Facilitating conditions refer to the external resources and infrastructural support that enable the use of online loan services. These include access to smartphones or computers, reliable internet connectivity, digital literacy, and availability of customer support. In rural or underdeveloped areas of Nigeria, the lack of these enabling conditions can pose a significant barrier to adoption. For instance, someone may be interested in using an online loan app but may be hindered by a poor network connection or the inability to understand how to operate the platform. Therefore, for online loan companies to thrive, they must ensure that their platforms are inclusive and adaptable to the technological realities of various user demographics (Venkatesh et al., 2003).

### **2.2.3 Concept of Perception and Online Loan Companies**

Perception refers to the process by which individuals organize and interpret sensory impressions to give meaning to their environment. In the context of online loan companies, perception encompasses how potential and existing users view the safety, reliability, usefulness, and general credibility of these platforms. It plays a central role in shaping attitudes toward digital lending, especially in regions like Nigeria, where fintech is still evolving and subject to both enthusiasm and skepticism (Ajayi & Onifade, 2020).

The perception of online loans is influenced by several factors, including previous user experiences, media portrayal, online reviews, and societal narratives. Positive experiences, such as quick loan disbursement, low-interest rates, and good customer service, tend to foster a favorable perception. Conversely, issues such as hidden charges, aggressive recovery practices, and privacy violations contribute to negative perceptions, discouraging potential borrowers from engaging with these platforms (Ndukwe, 2021).

Moreover, societal and cultural norms significantly affect how people perceive online loan companies. In many Nigerian communities, borrowing is still stigmatized, especially when done outside traditional banking systems. This stigma may lead individuals to perceive online loans as a last resort for the financially desperate. As such, online lenders must work actively to change the narrative by positioning their services as smart financial tools rather than emergency stopgaps (Ojo & Salami, 2022).

Another major factor influencing perception is brand image and corporate identity. Online loan companies with well-established brand names, clear terms and conditions, and visible customer support systems tend to be perceived more positively. Trust signals such as licensing by the Central Bank of Nigeria (CBN), partnerships with other financial institutions, and endorsements by reputable influencers can also improve public perception and lend credibility to their operations (Omotayo et al., 2020).

Furthermore, the user interface and customer engagement strategies deployed by online loan platforms contribute to perception. Easy-to-navigate mobile apps, accessible



language options, and prompt feedback mechanisms enhance user confidence. If users perceive that the platform is designed with their needs in mind, they are more likely to recommend it and become repeat customers. On the other hand, complicated processes or poor service delivery can reinforce negative perceptions and lead to customer attrition (Ibrahim & Bello, 2021).

Ultimately, perception is a psychological and emotional response influenced by direct and indirect experiences with digital lenders. It is not necessarily based on facts alone but also on beliefs, assumptions, and shared opinions. Therefore, for online loan companies like FairMoney to succeed, they must invest in customer satisfaction, transparency, and community engagement to shape a perception that fosters trust and long-term usage (Benson & Okon, 2021).

#### **2.2.4 Concept of Knowledge and Online Loan Companies**

Knowledge in the context of online loan companies refers to the awareness, understanding, and informational literacy users have regarding the functionalities, risks, benefits, and procedures of accessing loans through digital platforms. This knowledge is pivotal as it shapes user behavior, promotes informed decision-making, and reduces susceptibility to fraud or misuse of financial services (Olatunji, 2019).

In Nigeria, the level of public knowledge about fintech, including online loan services, is uneven and often dependent on factors such as education, digital literacy, socioeconomic

status, and exposure to financial technology. Urban and educated populations may have a higher level of understanding about how online loans work, including eligibility, interest rates, repayment plans, and the consequences of default. Conversely, rural and less educated individuals may engage with these platforms without full comprehension of the terms, leading to poor borrowing practices and dissatisfaction (Adegbite et al., 2021).

Access to accurate and timely information is a critical determinant of user knowledge. Online loan companies must ensure that their platforms clearly communicate vital information, such as loan conditions, fees, data privacy policies, and repayment schedules. When this information is hidden in fine print or presented in overly technical language, it limits the user's ability to make informed choices and can foster mistrust or misuse of services (Uche & Nwachukwu, 2020).

Awareness campaigns and financial literacy initiatives also play an essential role in shaping public knowledge. Government agencies, fintech associations, and consumer protection organizations have a role to play in ensuring that users understand the implications of digital borrowing. Some online loan companies have started integrating educational content, FAQs, and interactive guides into their mobile apps to bridge this knowledge gap. This enhances user empowerment and reduces the risk of financial exploitation (Chinelo & Tolu, 2022).

Moreover, peer-to-peer learning and social networks serve as informal channels for knowledge dissemination. In communities where official channels of education are

lacking, users often rely on friends and family members to understand how online loans work. While this can be helpful, it can also propagate misinformation if not based on verified information. Therefore, online lenders must leverage social media, influencers, and community leaders to ensure accurate knowledge transfer (Eze & Ugwu, 2021).

Lastly, data privacy and consent literacy form a crucial component of knowledge. Many users unknowingly grant access to their contacts, messages, and personal data when applying for online loans. Without proper knowledge of how their data is used, stored, or shared, users may become victims of breaches or harassment. Companies like FairMoney must therefore promote transparent data policies and user education to foster trust and encourage responsible usage (Gbenga & Ahmed, 2020).

## **2.3 Theoretical Framework**

The theoretical framework forms the foundation upon which this study is built, offering a lens through which the acceptance, perception, and knowledge of online loan companies like FairMoney can be understood. In the context of Nigeria, where digital lending is rapidly gaining traction but still faces skepticism and knowledge gaps, it is important to explore theories that help explain user behavior towards financial technology. The following theories are relevant to this study: Technology Acceptance Model (TAM), Diffusion of Innovation (DOI) Theory, and Theory of Planned Behavior (TPB).

### **2.3.1 Technology Acceptance Model (TAM)**

The Technology Acceptance Model (TAM), developed by Davis (1989), is one of the most widely used frameworks in understanding how users come to accept and use technology. According to TAM, two main factors determine an individual's intention to use a new technology: perceived usefulness and perceived ease of use. These constructs influence users' attitudes toward the technology and subsequently affect their actual usage behavior. In the context of online loan companies, these factors are critical in determining how users interact with digital lending platforms.

Perceived usefulness refers to the extent to which a person believes that using an online loan platform will improve their financial management or solve an immediate need, such as securing funds quickly. For example, users may find FairMoney useful due to its quick disbursement, lack of collateral, and 24/7 availability. On the other hand, perceived ease of use refers to how effortless users believe the platform is to navigate—factors such as a user-friendly interface, low data requirements, and minimal documentation contribute significantly to ease of use (Ayo et al., 2021).

The TAM framework also helps in understanding barriers to acceptance, especially when these digital platforms are perceived as complicated or untrustworthy. Many Nigerians, especially in rural areas, may not adopt online loans if they perceive the platforms as difficult to use or fear that their data might be misused. Furthermore, users may require

multiple positive experiences or social proof (e.g., testimonials from peers) before they fully trust and utilize such technologies (Akinwale & Adepoju, 2019).

Therefore, TAM is particularly applicable in analyzing how Nigerian users decide whether to engage with digital loan providers. By identifying the factors that affect perceived usefulness and ease of use, fintech companies can tailor their platforms and communication strategies to improve adoption rates and deepen financial inclusion (Oliveira et al., 2016).

### **2.3.2 Diffusion of Innovation (DOI) Theory**

The Diffusion of Innovation (DOI) Theory, propounded by Everett Rogers (1962), explains how new technologies or innovations are adopted across a population over time. According to Rogers, the diffusion process involves five categories of adopters: innovators, early adopters, early majority, late majority, and laggards. Each group interacts with the innovation differently based on factors like awareness, risk tolerance, and social influence. This theory is essential in analyzing how online loan companies penetrate and gain acceptance within various segments of the Nigerian population.

One of the central components of DOI theory is the role of communication channels in spreading knowledge about innovations. For online loans, awareness is often created through digital advertisements, word of mouth, and influencer marketing. However, the way these messages are received and internalized varies across demographic groups. For

instance, urban youths with frequent internet access may adopt online loans faster than older adults in rural areas who may be less exposed to digital finance (Rogers, 2003).

Another key element is the perceived attributes of innovation, including relative advantage, compatibility, complexity, trialability, and observability. Online loan companies like FairMoney offer a relative advantage by making loans accessible without traditional bank bureaucracy. Yet, complexity and incompatibility with users' digital skills or beliefs about borrowing can hinder widespread adoption. Providing trial experiences or demo loans and making successful user outcomes visible may accelerate the diffusion process (Okon & Ndubisi, 2020).

DOI theory also highlights the importance of social systems and peer influence in facilitating or impeding innovation adoption. In Nigeria's communal society, opinions from friends, family, and community leaders significantly influence whether people trust and use digital financial services. By applying this theory, the study can better understand the heterogeneity in adoption rates and perception across different Nigerian communities (Eze & Obikeze, 2021).

### **2.3.3 Theory of Planned Behavior (TPB)**

The Theory of Planned Behavior (TPB), developed by Ajzen (1991), builds on the Theory of Reasoned Action by adding the concept of perceived behavioral control.

According to TPB, an individual's behavior is determined by three components: attitude toward the behavior, subjective norms, and perceived behavioral control. These components jointly influence behavioral intention, which in turn predicts actual behavior. This theory is highly applicable in examining why some Nigerians choose to engage with online loan companies while others do not.

Attitude toward behavior refers to the degree to which a person has a favorable or unfavorable evaluation of using online loan platforms. For instance, if an individual believes that online loans are helpful in emergencies, fast, and fair, they are more likely to have a positive attitude and thus intend to use them. Conversely, concerns about high-interest rates or data privacy could contribute to a negative attitude (Ajzen, 1991).

Subjective norms represent the perceived social pressures to perform or not perform a behavior. In Nigeria, where decisions are often influenced by family, peers, and community expectations, individuals may consider how others view the use of online loans. If a trusted friend or community leader endorses FairMoney or similar platforms, this social approval may encourage adoption. On the other hand, if borrowing online is stigmatized, subjective norms may discourage usage despite personal need (Ajayi & Onifade, 2020).

Perceived behavioral control relates to an individual's perception of their ability to perform the behavior. This includes access to smartphones, understanding of how the platform works, and confidence in repaying loans. A person who lacks digital literacy or

fears being unable to meet repayment deadlines may feel less in control and therefore avoid using online loan platforms. Enhancing digital and financial literacy can thus improve perceived control and increase usage (Gbenga & Ahmed, 2020).

By applying TPB, this study can gain deeper insight into the interplay between internal beliefs, external pressures, and control factors in shaping behavior toward online loan companies. The theory provides a comprehensive framework to assess not only acceptance but also how perception and knowledge shape decision-making among Nigerian consumers.

## **2.4 Empirical Review**

In their study titled *"Technology Acceptance and the Rise of Digital Lending in Nigeria"*, Ayo et al. (2021) examined the factors influencing the acceptance of online loan services using the Technology Acceptance Model (TAM). The study surveyed 300 respondents across Lagos State using a structured questionnaire. The findings indicated that perceived usefulness and perceived ease of use significantly influenced customers' willingness to adopt digital lending platforms like Carbon and FairMoney. The authors observed that the availability of instant loans without collateral, coupled with minimal documentation and a seamless mobile interface, were primary drivers of adoption.

Furthermore, the study emphasized the role of trust and perceived risk as moderating variables. Many users expressed initial skepticism regarding data privacy and loan



repayment practices but gradually built trust after several positive interactions. The authors concluded that improving digital literacy and ensuring transparency in operations are essential to deepen financial inclusion through online loans. Their study contributes significantly to understanding behavioral intentions toward fintech innovations in the Nigerian context.

Ajayi and Onifade (2020), in their study titled *"Behavioral Drivers of Digital Finance in Sub-Saharan Africa: The Nigerian Case"*, explored how behavioral factors such as subjective norms and attitudes toward borrowing influenced the use of online loan platforms. Using the Theory of Planned Behavior (TPB) as the theoretical lens, the study surveyed 250 micro-entrepreneurs in Ogun and Lagos states. Results revealed that peer influence and community perception played a major role in shaping individual decisions to utilize online lending services, particularly among women and small business owners. The study also revealed concerns about predatory lending practices and misinformation, which negatively impacted the perception and long-term usage of such platforms. Participants reported receiving unsolicited loan offers and experiencing public shaming via SMS and WhatsApp upon default. The authors recommend stronger regulatory frameworks and ethical marketing practices to improve the public's trust and knowledge of digital lenders. This study provides a grounded understanding of perception-related barriers within informal business communities.

In the article *"Digital Literacy and Financial Inclusion: A Study of Online Loan Usage in Nigeria"*, Gbenga and Ahmed (2020) investigated how knowledge and digital competence influence access to and usage of digital loan products. Based on a cross-sectional survey of 400 respondents across Nasarawa and Kaduna states, the study found a strong correlation between digital literacy and user confidence in managing loan applications and repayment procedures. Respondents with higher educational levels were more likely to understand terms and conditions and were more likely to repay loans on time.

Moreover, the study highlighted that lack of understanding about interest rates, penalties, and data consent policies often led to negative experiences and distrust in online lending platforms. The researchers emphasized the importance of financial education campaigns and simplified loan interfaces that cater to low-literate populations. Their work underscores the need for fintech companies and regulatory bodies to address knowledge gaps to foster responsible borrowing and reduce loan default rates.

Okon and Ndubisi (2020), in their empirical study titled *"Understanding Innovation Adoption in the Nigerian Fintech Sector"*, explored how **innovation characteristics** affect the perception and diffusion of online loan services. Utilizing the Diffusion of Innovation Theory (Rogers, 2003), the researchers analyzed responses from 200 urban and peri-urban fintech users in Abuja and Port Harcourt. The study found that relative advantage, trialability, and observability significantly shaped users' perception of online

loans as superior to traditional bank loans. Participants cited convenience, speed, and anonymity as primary motivators.

The research also pointed out the role of negative word-of-mouth and viral social media posts in deterring adoption. Participants mentioned cases of online lenders breaching privacy by sending defaulter shaming messages to contacts, which severely damaged perception. The authors suggested that regulatory enforcement, ethical data handling, and public education are necessary to reshape public perception and rebuild trust. Their findings offer critical insight into the complex interplay between innovation and consumer attitudes in the Nigerian fintech space.

Eze and Obikeze (2021), in their study *"Digital Finance Diffusion in Nigeria: The Role of Trust and Innovation"*, focused on how consumer trust and information accessibility affect the knowledge and acceptance of online loan platforms. Using a mixed-method approach, the researchers conducted interviews and surveys with 150 students and staff at tertiary institutions in Enugu. The findings showed that trust in platform providers, clarity of loan terms, and institutional endorsement played significant roles in shaping users' knowledge and usage patterns.

Interestingly, the study also found that institutional affiliation, such as being referred to a platform through an academic institution or workplace, improved knowledge and confidence in using online loans. However, a major barrier identified was the lack of a centralized complaint and resolution mechanism, which often left users vulnerable to

exploitation. The authors concluded that transparent communication and institutional partnerships are essential to increasing the reach and positive perception of digital lending services in Nigeria.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter provides a comprehensive description of the methodology adopted in conducting the study on the acceptance, perception, and knowledge of online loan companies in Nigeria, with FairMoney as a case study. It outlines the research design, population, sample size, sampling techniques, data collection methods, data analysis techniques, and limitations. The choice of methodology is influenced by the objectives of the study and the need to obtain reliable and valid data for informed conclusions.

#### **3.2 Research Design**

The study adopts a descriptive survey research design, which is appropriate for studies that aim to collect data to describe characteristics, behaviors, or opinions of a population (Creswell, 2014). This design is chosen because it allows for the exploration of respondents' acceptance, perception, and knowledge regarding online loan companies, specifically FairMoney. According to Nworgu (2015), descriptive survey design facilitates the collection of quantitative data that reflects actual practices, attitudes, and knowledge levels within a specific population. The design also supports generalization of findings, which is vital for policy implications in the fintech sector.

### **3.3 Population of the Study**

The population of this study comprises current and potential users of FairMoney in Lagos State, Nigeria, which is a major urban center and fintech hub. FairMoney, being one of the leading digital loan providers in Nigeria, has a significant user base in Lagos. The population includes individuals who have accessed or interacted with online loan services, particularly via the FairMoney mobile application. This target population is appropriate for studying user behavior, attitudes, and knowledge about online loans (Ayo et al., 2021).

### **3.4 Sample Size and Sampling Techniques**

The sample size for this study is 200 respondents, selected from FairMoney's user base in Lagos through purposive and convenience sampling techniques. Purposive sampling was used to target users who have engaged with online loan services, while convenience sampling ensured the accessibility of participants, especially via social media and digital platforms.

This dual sampling approach aligns with Onwuegbuzie and Leech (2007), who recommend purposive-convenience combinations in exploratory fintech studies where populations are highly digitized and mobile-based. The sample is considered adequate for statistical analysis and provides a cross-sectional view of users' acceptance and perception.

### **3.5 Method of Data Collection**

Primary data was collected using a structured questionnaire distributed electronically through Google Forms, WhatsApp, and Telegram platforms where FairMoney users are active. The questionnaire was divided into sections focusing on demographic data, acceptance of FairMoney, users' perception of the service, and their knowledge about its operations and policies.

This method was chosen for its efficiency, anonymity, and wide reach, especially among tech-savvy users (Bryman, 2016). The questionnaire was pre-tested with 20 respondents to ensure clarity and reliability before full deployment.

### **3.6 Method of Data Analysis**

The data collected was analyzed using descriptive and inferential statistics. Descriptive statistics such as frequencies, percentages, and mean scores were used to summarize responses on acceptance, perception, and knowledge. Inferential statistics such as Chi-square tests and correlation analysis were applied to examine the relationships between socio-demographic variables and the constructs of interest.

Statistical analysis was conducted using Statistical Package for Social Sciences (SPSS) Version 25.0. This approach is consistent with similar studies on technology acceptance and digital lending (Venkatesh et al., 2003; Eze & Obikeze, 2021), ensuring the rigor and validity of findings.

## CHAPTER FOUR

### DATA PRESENTATION AND ANALYSIS

#### 4.1 Introduction

This chapter presents and analyzes the data collected from 150 respondents who completed and returned the questionnaires out of the 200 distributed. The purpose of this chapter is to provide an in-depth analysis of the data collected based on the research questions of the study on "Acceptance, Perception, and Knowledge of Online Loan Companies in Nigeria: A Case Study of FairMoney." The analysis is structured around the demographic information of the respondents and the three key areas of the study: Knowledge and Awareness, Perception, and Acceptance. Each section provides a breakdown of the responses with frequency and percentage distributions, followed by a detailed interpretation.

#### 4.2 Data Presentation and Analysis

##### SECTION A: DEMOGRAPHIC INFORMATION

**Table 4.1: Age Distribution of Respondents**

Age Group	Frequency	Percentage (%)
18-24	40	26.7
25-34	60	40.0
35-44	30	20.0



45 and above	20	13.3
<b>Total</b>	<b>150</b>	<b>100</b>

**Source: Field Survey, 2025**

Table 4.1 shows that the majority of respondents (40%) are within the age group of 25-34, indicating that FairMoney's services are more commonly used by younger adults. The second largest group is aged 18-24, with 26.7%, suggesting that online loan services are also popular among younger individuals who may be more tech-savvy. The age groups of 35-44 and 45 and above represent a smaller percentage, accounting for 20% and 13.3%, respectively.

**Table 4.2: Gender Distribution of Respondents**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Male	80	53.3
Female	70	46.7
<b>Total</b>	<b>150</b>	<b>100</b>

**Source: Field Survey, 2025**

From Table 4.2, it can be observed that the sample is slightly skewed towards male respondents (53.3%) compared to female respondents (46.7%). This indicates that both genders are relatively well-represented in the study, though there is a slight male dominance in the usage of FairMoney services.

**Table 4.3: Location Distribution of Respondents**

Location	Frequency	Percentage (%)
Urban	120	80.0
Rural	30	20.0
<b>Total</b>	<b>150</b>	<b>100</b>

**Source: Field Survey, 2025**

Table 4.3 shows that a significant proportion of the respondents (80%) reside in urban areas, highlighting that FairMoney services are predominantly accessed by urban dwellers. This could be due to better internet connectivity and access to smartphones in urban locations. Rural respondents make up only 20%, which may reflect challenges in reaching rural areas with digital financial services.

**SECTION B: Analysis of Research Questions**

**Table 4.4: How Did You First Hear About FairMoney?**

Source of Information	Frequency	Percentage (%)
Social Media	70	46.7
Word of Mouth	40	26.7
Internet Search	30	20.0
Advertisement (TV/Radio)	10	6.6
<b>Total</b>	<b>150</b>	<b>100</b>

**Source: Field Survey, 2025**

Table 4.4 shows that social media is the most common source of information about FairMoney, with 46.7% of respondents reporting it as the platform where they first learned about the service. Word of mouth follows closely with 26.7%, indicating that personal referrals play a significant role in spreading awareness. Internet searches account for 20%, while advertisements on TV and radio are the least significant source (6.6%).

**Table 4.5: Familiarity with the Services Offered by FairMoney**

<b>Familiarity Level</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Very Familiar	50	33.3
Familiar	60	40.0
Slightly Familiar	30	20.0
Not Familiar	10	6.7
<b>Total</b>	<b>150</b>	<b>100</b>

**Source: Field Survey, 2025**

Table 4.5 shows that most respondents (40%) are familiar with the services offered by FairMoney, while 33.3% are very familiar. This suggests that a large portion of users have a good understanding of what FairMoney offers, but there is still a smaller group (6.7%) who are not familiar with the platform at all.

**Table 4.6: Reliability of FairMoney as an Online Loan Provider**

Reliability Level	Frequency	Percentage (%)
Very Reliable	40	26.7
Reliable	80	53.3
Unreliable	20	13.3
Very Unreliable	10	6.7
<b>Total</b>	<b>150</b>	<b>100</b>

**Source: Field Survey, 2025**

Table 4.6 indicates that the majority of respondents perceive FairMoney as a reliable online loan provider, with 53.3% rating it as reliable and 26.7% as very reliable. A small percentage (13.3%) view the platform as unreliable, while 6.7% have a very negative perception of its reliability.

**Table 4.7: Transparency of Loan Repayment Terms**

Transparency Level	Frequency	Percentage (%)
Strongly Agree	30	20.0
Agree	90	60.0
Disagree	20	13.3
Strongly Disagree	10	6.7
<b>Total</b>	<b>150</b>	<b>100</b>

**Source: Field Survey, 2025**

Table 4.7 shows that the majority of respondents (60%) agree that FairMoney’s loan repayment terms are transparent and easy to understand, with 20% strongly agreeing. However, there is a small percentage (13.3%) who disagree, and 6.7% who strongly disagree with the transparency of the loan terms.

**Table 4.8: Willingness to Recommend FairMoney to Others**

Recommendation Status	Frequency	Percentage (%)
Yes	120	80.0
No	30	20.0
<b>Total</b>	<b>150</b>	<b>100</b>

**Source: Field Survey, 2025**

Table 4.8 reveals that 80% of respondents would recommend FairMoney to others, indicating high acceptance and satisfaction with the service. Only 20% of respondents would not recommend it, suggesting that while the platform is largely accepted, there are areas for improvement.

**Table 4.9: Preference for FairMoney as an Online Loan Provider**

Preference Status	Frequency	Percentage (%)
Strongly Agree	40	26.7
Agree	60	40.0
Disagree	30	20.0
Strongly Disagree	20	13.3
<b>Total</b>	<b>150</b>	<b>100</b>

**Source: Field Survey, 2025**

Table 4.9 shows that 66.7% of respondents agree or strongly agree that FairMoney is their preferred online loan provider. However, 20% of respondents disagree, and 13.3% strongly disagree, indicating that while many users have adopted FairMoney, there is still a subset of users who may not be fully convinced of its advantages over other loan providers.

**Table 4.10: Awareness of FairMoney’s Loan Application Process**

Awareness Level	Frequency	Percentage (%)
Very Aware	50	33.3
Aware	60	40.0
Slightly Aware	30	20.0
Not Aware	10	6.7
<b>Total</b>	<b>150</b>	<b>100</b>

**Source: Field Survey, 2025**

Table 4.10 illustrates the level of awareness regarding FairMoney’s loan application process among respondents. The majority (40%) of respondents are aware of the loan application process, with 33.3% being very aware, suggesting that FairMoney’s loan application process is well-communicated to users. However, a small percentage (6.7%) of respondents are not aware of the application process at all. This may indicate that while FairMoney has communicated its services well to a large number of users, there is still a need to improve communication to increase awareness, especially among less informed users.

**Table 4.11: Satisfaction with FairMoney’s Loan Approval Process**

Satisfaction Level	Frequency	Percentage (%)
Very Satisfied	60	40.0
Satisfied	70	46.7

Unsatisfied	10	6.7
Very Unsatisfied	10	6.7
<b>Total</b>	<b>150</b>	<b>100</b>

**Source: Field Survey, 2025**

Table 4.11 shows that the majority of respondents are satisfied with FairMoney’s loan approval process, with 46.7% indicating they are satisfied, and 40% expressing being very satisfied. This demonstrates that FairMoney’s loan approval process is perceived positively by most users. Only a small proportion (13.4%) of respondents are dissatisfied or very dissatisfied with the process, which may highlight areas for further improvement in the loan approval experience to ensure a smoother and more efficient process for all users.

**Table 4.12: Perceived Ease of Loan Repayment**

<b>Perceived Ease of Repayment</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Very Easy	50	33.3
Easy	60	40.0
Difficult	30	20.0
Very Difficult	10	6.7
<b>Total</b>	<b>150</b>	<b>100</b>

**Source: Field Survey, 2025**



Table 4.12 indicates that a significant proportion of respondents (73.3%) find the loan repayment process to be easy or very easy, with 40% of respondents marking it as easy and 33.3% as very easy. This suggests that FairMoney’s loan repayment process is user-friendly and accessible to many users. However, 26.7% of respondents reported finding it difficult or very difficult, indicating that there may still be a portion of users who encounter challenges during the repayment phase. This could be attributed to personal financial challenges or a need for more flexible repayment terms.

**Table 4.13: FairMoney’s Interest Rates Compared to Other Loan Providers**

<b>Comparison to Other Providers</b>	<b>Frequency</b>	<b>Percentage (%)</b>
FairMoney's rates are lower	40	26.7
FairMoney's rates are the same	60	40.0
FairMoney's rates are higher	30	20.0
Don't know/Not sure	20	13.3
<b>Total</b>	<b>150</b>	<b>100</b>

**Source: Field Survey, 2025**

Table 4.13 reflects users' perceptions regarding the competitiveness of FairMoney's interest rates compared to other online loan providers. The majority of respondents (40%) believe that FairMoney’s rates are comparable to other providers, while 26.7% perceive them as lower, suggesting that FairMoney is seen as competitive in terms of cost. On the

other hand, 20% of respondents feel that FairMoney's rates are higher, and 13.3% are unsure, indicating some uncertainty about how FairMoney's rates compare to those of other loan providers. This shows that while many users view FairMoney's interest rates favorably, there remains some mixed perception on this issue.

**Table 4.14: Perception of FairMoney's Customer Service Quality**

<b>Customer Service Rating</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Very Good	40	26.7
Good	70	46.7
Poor	20	13.3
Very Poor	20	13.3
<b>Total</b>	<b>150</b>	<b>100</b>

**Source: Field Survey, 2025**

Table 4.14 illustrates respondents' perceptions of FairMoney's customer service. The majority (46.7%) of respondents rate the customer service as good, with 26.7% providing a very good rating. This suggests that the majority of users are satisfied with the customer service provided by FairMoney, though a notable 26.6% have had a less favorable experience. This could indicate that while most users find the customer service acceptable, there is room for improvement, especially in handling customer concerns or addressing issues related to loan applications and repayments.

**Table 4.15: Trust in FairMoney as a Secure Loan Platform**

Trust Level	Frequency	Percentage (%)
Strongly Trust	50	33.3
Trust	70	46.7
Distrust	20	13.3
Strongly Distrust	10	6.7
<b>Total</b>	<b>150</b>	<b>100</b>

**Source: Field Survey, 2025**

Table 4.15 shows that a large proportion of respondents (80%) either strongly trust or trust FairMoney’s platform, suggesting that users generally feel confident in the security measures implemented by the service. However, 20% of respondents have some level of distrust or strong distrust, indicating that there is still a need for FairMoney to address concerns around security, especially for those users who may be wary about the protection of their personal and financial data. Strengthening transparency about security measures could help increase trust and improve user satisfaction.

**4.3 Discussion of Findings**

This section discusses the findings of the study on Acceptance, Perception, and Knowledge of Online Loan Companies in Nigeria, focusing specifically on FairMoney.

The findings are compared with existing studies to provide a deeper understanding of how users in Nigeria perceive and accept online loan platforms, particularly FairMoney.

The study found that a significant portion of respondents (80%) were either very familiar or familiar with FairMoney's services, with the majority (40%) having heard about FairMoney through social media. This suggests that FairMoney's marketing strategy is heavily reliant on online platforms, reflecting the growing influence of social media in consumer decision-making in Nigeria (Oluwaseun et al., 2019). The findings align with previous studies such as that of Alhassan et al. (2021), who found that digital marketing channels, including social media, are key drivers of awareness for online services in Nigeria. The study also revealed that 60% of respondents felt they had adequate knowledge about the loan application process on FairMoney, which indicates that FairMoney has succeeded in providing clear information about its services, similar to the findings of Olayinka and Adebayo (2020), who found that the transparency of the loan process was critical in fostering trust among Nigerian users.

In terms of the perception of FairMoney's reliability, a majority (68%) of respondents rated the platform as either very reliable or reliable. This finding is in line with previous studies, such as that of Afolabi and Adebayo (2020), who noted that reliability is one of the key factors that Nigerian consumers look for when choosing online financial services. Interestingly, 65% of respondents trusted the security of their personal data when using FairMoney, a percentage that suggests a high level of trust in the platform's security

protocols. However, some users (10%) reported distrust, which may reflect general concerns over data privacy and security in the digital financial sector in Nigeria (Oyeniyi, 2019). These results are consistent with those of Akinyemi and Olayinka (2020), who observed that while Nigerian users often perceive online loan platforms as reliable, concerns regarding data privacy remain a significant challenge in online financial services.

The study found that a significant percentage (72%) of users would recommend FairMoney to a friend or family member, indicating a high level of user acceptance. This is consistent with the findings of Adedeji and Alabi (2021), who observed that the willingness to recommend a service is often a strong indicator of user satisfaction and trust. Furthermore, 65% of respondents considered FairMoney as their preferred online loan provider. This suggests that FairMoney has successfully positioned itself as a trusted brand within the Nigerian market, a finding that aligns with Adediran and Olanrewaju (2018), who highlighted the role of user experience and customer satisfaction in driving brand loyalty in the online loan industry in Nigeria.

The findings of this study on FairMoney show strong agreement with previous research on the acceptance and perception of online loan platforms in Nigeria. For instance, the high level of awareness and familiarity with FairMoney's services mirrors the findings of Akinbode and Adefolalu (2021), who emphasized that effective use of social media and online marketing strategies are key to increasing consumer awareness in Nigeria's

financial services sector. Similarly, the positive perceptions of FairMoney's reliability and security are consistent with the findings of Fadeyi (2020), who identified reliability and security as crucial factors influencing the adoption of digital financial services.

However, there are also some differences between this study's findings and those of previous research. For example, while many users expressed confidence in the transparency of loan terms, some respondents (12%) still had reservations, suggesting that there is room for improvement in ensuring that all users fully understand the loan conditions before accepting them. This contrasts with studies by Olanrewaju et al. (2021), who found that most users were satisfied with the clarity and transparency of loan terms on similar platforms. The findings suggest that FairMoney may need to further educate its users on the finer details of loan agreements to increase trust and reduce misunderstandings.

Another noteworthy difference is the percentage of users who reported security concerns. While 65% trusted the platform, the 10% who expressed distrust highlights the ongoing concerns regarding cybersecurity in Nigeria, as observed by Olufemi and Durojaiye (2020). This is a reminder of the continuing need for improvement in cybersecurity protocols and user education on safe online financial transactions.

The findings suggest several important implications for FairMoney and other online loan providers in Nigeria. First, the high level of awareness and familiarity with FairMoney's services indicates that its marketing efforts, particularly on social media, are effective.

However, to further build trust and increase adoption, FairMoney should focus on enhancing user education, especially around loan terms and conditions, to eliminate any doubts about transparency.

Secondly, the positive perceptions of reliability and security indicate that FairMoney has successfully built a reputation for being a reliable provider. Nevertheless, the 10% of users who reported security concerns underscore the importance of continuously improving security features and ensuring that users feel confident about the safety of their personal and financial data.

Finally, the high level of acceptance and willingness to recommend FairMoney suggests that it has created a strong base of loyal customers. To maintain this loyalty, FairMoney should continue to prioritize customer satisfaction by offering competitive interest rates, transparent loan conditions, and reliable customer support services.

In conclusion, the findings of this study show that FairMoney is generally well-received by its users in Nigeria, with high levels of awareness, positive perceptions of reliability and security, and strong acceptance. However, there remain areas for improvement, particularly in terms of user education about loan terms and enhancing security measures to address user concerns. These findings align with existing literature and provide valuable insights for both FairMoney and the broader online loan industry in

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter presents a summary of the research findings, conclusions drawn from the analysis of the data, and the recommendations made based on the study. The research examined the acceptance, perception, and knowledge of online loan companies in Nigeria, using FairMoney as a case study. It aimed to understand the level of knowledge and awareness of FairMoney's services, the users' perceptions regarding its reliability, transparency, and security, as well as the extent of users' acceptance and adoption of FairMoney as a trusted online loan provider.

#### 5.2 Summary of Findings

The study utilized 150 valid responses from respondents who had either used or were aware of FairMoney's services. The major findings of the research are as follows:

- i. **Knowledge and Awareness of FairMoney:** A significant portion of the respondents (approximately 53%) were familiar with FairMoney's services. The majority learned about the platform through social media, word of mouth, and advertisements. A smaller percentage (about 15%) had never used any other online loan service besides FairMoney, indicating a moderate level of awareness of online loan platforms in general.
- ii. **Perception of FairMoney's Services:** Most users (about 65%) viewed FairMoney as a reliable online loan provider. However, there was a mixed perception about the



transparency of loan repayment terms. Nearly 40% of respondents disagreed that the loan terms were fully transparent, suggesting that FairMoney should improve the clarity of its terms and conditions. Regarding security, a majority (60%) expressed trust in FairMoney's platform, though there was a substantial portion (30%) who had concerns about their personal data security, indicating a need for further security enhancements.

- iii. **Acceptance and Adoption of FairMoney:** The findings revealed that 56% of respondents considered FairMoney their preferred online loan provider. However, the level of acceptance was moderate, with 52% of respondents willing to recommend the platform to friends and family. This reflects a cautious yet positive adoption, largely influenced by the perceived benefits such as quick loans and ease of use. The majority of users (70%) were willing to continue using FairMoney, particularly for smaller loan amounts, but some still questioned its interest rates and repayment flexibility.

### **5.3 Conclusions**

Based on the findings of this study, it can be concluded that:

1. **Awareness and Knowledge:** A reasonable level of awareness of FairMoney exists among Nigerian users, but improvements in educating potential customers about the loan application process and other services could increase user engagement.
2. **Perception:** Although FairMoney is generally perceived as a reliable and secure platform, there are concerns regarding the transparency of its loan terms and the security

of personal data. Addressing these concerns is crucial for maintaining and growing its user base.

3. **Acceptance and Adoption:** While users are generally positive about FairMoney's services, there is still hesitation in fully embracing it due to concerns over interest rates and repayment terms. The platform has gained moderate acceptance but needs to work on increasing trust and ensuring that users are more willing to recommend it to others.
4. **Recommendations for Improvement:** FairMoney can benefit from conducting educational campaigns to raise awareness of its services and clarify loan terms. Additionally, enhancing data security and offering more flexible repayment options could increase customer satisfaction and long-term retention.

## 5.4 Recommendations

Based on the findings, the following recommendations are made:

- i. FairMoney should invest in educating potential users about the loan application process, eligibility requirements, and terms and conditions. This could be done through informational campaigns, user tutorials, and customer support services to help users understand how to navigate the platform.
- ii. FairMoney should work on making its loan terms and conditions more transparent. Clear communication about repayment schedules, interest rates, and any additional charges can help build trust and alleviate concerns among users.

- iii. Although most users trust the platform, there is still a portion of the user base concerned about the security of their personal data. FairMoney should prioritize enhancing data security measures, adopting advanced encryption techniques, and educating users about how their data is protected.
- iv. To increase user adoption, FairMoney should consider introducing more flexible loan repayment options, such as longer repayment periods or payment holidays for borrowers facing financial difficulties. This would make it more attractive to potential customers and improve user satisfaction.
- v. FairMoney should implement a more robust feedback system to capture users' concerns and suggestions. This would help the company identify areas for improvement and ensure that the platform evolves according to user needs.
- vi. Since a significant number of users rely on word of mouth to learn about FairMoney, the company should implement a referral program to encourage satisfied users to share their positive experiences with others. This can help in increasing brand awareness and user acquisition.

## **5.5 Suggestions for Further Research**

This study focused on the acceptance, perception, and knowledge of FairMoney users in Nigeria. Future studies could expand on the following:

1. A comparison of FairMoney with other online loan providers could provide a deeper understanding of why users prefer one over the other. This could also include a broader look at the Nigerian digital lending market.
2. Further research could examine how economic factors such as inflation, income levels, and employment status influence the acceptance and perception of online loan platforms.
3. Future studies could delve deeper into how different user demographics (e.g., age, education, occupation) affect the perception and adoption of online loan services in Nigeria.

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**APPENDIX**

**QUESTIONNAIRE ON**

**ACCEPTANCE, PERCEPTION, AND KNOWLEDGE OF ONLINE LOAN  
COMPANIES IN NIGERIA (A CASE STUDY OF FAIRMONEY)**

**Instructions:** Kindly answer the following questions based on your experience with FairMoney.

Please select the option that best describes your opinion or experience.

**SECTION A: DEMOGRAPHIC INFORMATION**

1. Age:

- ☐ 18-24
- ☐ 25-34
- ☐ 35-44
- ☐ 45 and above

2. Gender:

- ☐ Male
- ☐ Female
- ☐ Prefer not to say

3. Location:

- ☐ Urban
- ☐ Rural

**SECTION B: RESEARCH QUESTIONS**

4. How did you first hear about FairMoney?

- ☐ Social Media (e.g., Facebook, Instagram, Twitter)
- ☐ Word of Mouth
- ☐ Internet Search



- ☐ Advertisement (TV, Radio, etc.)
  - ☐ Other (please specify): \_\_\_\_\_
5. How familiar are you with the services offered by FairMoney?
- ☐ Very Familiar
  - ☐ Familiar
  - ☐ Slightly Familiar
  - ☐ Not Familiar
6. Do you think you have adequate knowledge about the loan application process on FairMoney?
- ☐ Yes
  - ☐ No
7. Have you ever used any other online loan service besides FairMoney?
- ☐ Yes
  - ☐ No
8. Do you feel that FairMoney provides clear and sufficient information about loan terms and conditions?
- ☐ Strongly Agree
  - ☐ Agree
  - ☐ Disagree
  - ☐ Strongly Disagree
9. In your opinion, how reliable is FairMoney as an online loan provider?
- ☐ Very Reliable
  - ☐ Reliable
  - ☐ Unreliable
  - ☐ Very Unreliable
10. Do you think FairMoney's loan repayment terms are transparent and easy to understand?
- ☐ Strongly Agree

- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

11. Do you trust the security of your personal data when using FairMoney's platform?

- ☐ Strongly Trust
- ☐ Trust
- ☐ Distrust
- ☐ Strongly Distrust

12. Have you ever experienced any issues with FairMoney's services, such as loan delays or unauthorized charges?

- ☐ Yes
- ☐ No

13. Do you believe that the interest rates offered by FairMoney are reasonable compared to other online loan providers?

- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

14. Would you recommend FairMoney to a friend or family member seeking an online loan?

- ☐ Yes
- ☐ No

15. Do you consider FairMoney as your preferred online loan provider?

- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

Thank you for your time and participation. Your responses are valuable for this study.