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A Competitive-Collaborative Business Model for the Nigerian Banking Industry

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ABSTRACT

The traditional banks are grasping the intense competition posed by FinTech companies in the face of disruptive technology. This study carried out a baseline study of the FinTech (Financial Services Technology) firms and the traditional banks in Nigeria, with respect to the competition and collaboration business model that exists between these two players in the financial sector of the country. This study uses business policy formulation and corporate strategy techniques such that the competitive model was built as one arm of the growing apparatus, while the collaborative model component was included as another arm. The SWOT (strengths, weaknesses, opportunities, and threats) and PESTLE (Political, Economic, Sociological, Technological, Legal, and Environmental) analyses of both players show that the traditional bank can leverage the technology of the Fintech, while the Fintech leverage the financial capital base of the traditional bank among other things. These findings were incorporated into the development of the hybridized Competitive-Collaborative Business Model (CCBM). The performance evaluation of the CCBM shows that the model is a shared enterprise, serving one another, assisting one another in creating value, committed to one another, and pursuing jointly developed objectives and goals. The developed CCBM is recommended for financial institutions of all countries for growth and development.

Keywords: FinTech, Traditional Bank, Business Models, Competitive Model, Collaborative Model, SWOT, PESTLE

INTRODUCTION

As technology has become more prevalent in our daily lives, several adoption models and user engagement quirks have emerged. The Financial Services (FS) industry has welcomed the technology, often known as Financial Technology (FinTech), and it is here to stay [1]. Despite these admirable achievements, there is a clear risk of capital importation in the future that would harm our capital market and economy as local investment in FinTech remains glaringly inadequate to the foreign capital input.

Nowadays, technology is a value proposition in the financial systems sector. Currently, there are over 162 million active mobile lines nationwide, and Nigeria's Internet penetration rate is projected to be 47.9%, which has resulted in higher rates of banking with over 40 million bank accounts as opposed to the 3 million CSCS investment accounts [2] To cut costs, boost efficiencies, develop client relationships, and simplify regulatory compliance, FinTech organizations use automation, digitization, and simplification. The Front, Middle, and Back Office Operations will all benefited by the solutions, and the Capital Market will also gain from them all.

Consequently, value-added processes are being developed by businesses to offer innovative, high-quality, low-cost products on schedule, with shorter cycle times and better reactivity than ever before [3]. Because of technological, organizational, institutional, and social advancements, the logic of service delivery is constantly changing. In social and economic life, this transformation has prepared the way for new types of

interaction and socio-economic composition. [4]. As a result, leaders and organizations are realizing that even their best individual efforts are insufficient to address today's complex and interwoven issues. They are beginning to put their interests aside and work together to create a new civic infrastructure that will help them achieve their common goals [5].

According to [6], competition means to seek or strive for something in opposition to others, to vie for a prize, while collaboration, on the other hand, is defined as working together (often enviously, with an adversary). Banks offer a variety of services offline, retaining a large number of customers, and they also offer online banking services, allowing customers to meet their needs 24/7, without having to go to a teller [5]. Banks have also started to improve their services, cut expenses, and focus on more profitable areas. However, there are obstacles to overcome, such as adapting to a changing environment and convincing users to utilize online banking [7].

Moreso, banks operate primarily electronically, and they have a track record of establishing external systems such as ATMs and phone banking. Users who were already familiar with these technologies transitioned seamlessly to Internet banking. On the other hand, the juggle of fundamental banking processes with information technology could be difficult and time-consuming, especially because it is a different area entirely, and competing with core IT businesses for these services could be difficult [7]. This is where the competition versus collaboration decision has to be wisely made.

According to research findings by [8], [5], new kinds of corporate collaboration can improve sustainability and develop better products and services, Leaders and organizations are also realizing that their greatest efforts alone will not be enough to solve today's complex and linked problems. They are putting their interests aside and working together to create a new civic infrastructure that will help them achieve their common goals [8]. As a result, all organizations, whether known or not, and whether explicit or not, have some form of composite strategy in their operations; some of these strategies, even if implicit or emergent, appear to be workable and effective; and the basic problem that all organizations must deal with, even if many do not face up to this task explicitly, is how to formulate a hybrid strategy that adds to, rather than detracts from, the company's overall sustainable advantage [8].

The Fintech industry has experienced unheard-of growth in recent years thanks to innovations like blockchain technology, loans, investments, and mobile payments. Because more individuals are switching from traditional banks to digital services, this industry has experienced tremendous development. The "Fintech Association of Nigeria" is an umbrella organization that is developing an ecosystem that supports all stakeholders in order to establish a flourishing and expanding Nigerian Fintech industry. Moreover, the lack of a previously developed simple and easily applicable model of analysis available to managers to explore issues concerning the coherence of their organization's hybrid strategy is a major challenge in conducting this basic strategic study; this study investigates the relationship between organizations' strategic incentives to form collaborative relationships and develop a model from it. While the two are in strong competition, there is still room for cooperation and swift digital world adaptation between Fintechs and traditional banks. Despite the fact that banks have been there for many years, they currently need to undergo significant technological improvements in order to meet the needs of clients in the modern era, which Fintechs can deliver.
A new school of strategic thinking has evolved, emphasizing the positive importance of collaborative rather than competitive agreements amongst industry actors [9], [10], [11].While [12] alliances are not a viable answer for any organization. According to [13], [14], [15], and [8], many organizations have been unjustly drawn into these alliances when their fundamental need remains to sharpen their competitive drive, rather than dull it through collaboration with other firms. However, the reality is that both Competition and Collaboration have weaknesses, and hybridizing both can help build organization strength in today's complex market.

In [16], [17], [18], [19], [20], and [21], competition and the establishment of collaborative networks in

organization were discussed; and how communication networks are formed when each player's location is different were examined. In all of these, organizational leaders are realizing that even their best individual efforts are insufficient to address today's complex and interwoven issues and are beginning to put their interests aside and work together to create a new business infrastructure that will help them achieve their common goals [5]. Based on these and the research gaps identified, and the inexistence of a defined competitive-collaborative business model, this study is poised to address these problems and to develop a competitive-collaborative business model for the Nigerian banking industry.

To the best of our knowledge, no previous study has designed and analyzed an adaptive hybrid competitive-collaborative model for the Nigerian banking industry, particularly in terms of technology utilization in banking. Using the Nigerian banking sector as a case study, this study analyzes collaboration and competition strategies and constructs a hybridized model to indicate how much collaboration and strong rivalry strategies are required for business growth and sustainability. In addition, for the development and evaluation of the hybridized strategy, this study uses a business policy formulation and corporate strategy technique. The competitive strategy model was built as one arm of the growing apparatus, while the collaborative (advantage) strategy component was included as another arm. These two methods of company strategy formation were combined, and examples of both the harmonious dovetailing of competitive and collaborative plans as well as their inconsistency were investigated.

The remaining part of this paper is organized as follows: section two discusses the review of related literature, section three discusses data and method, and Section Four is the analysis and discussion. The conclusion and recommendations were discussed in section five.

LITERATURE REVIEW

History of the Nigerian Banking Sector

One of the most important areas of the economy is banking, which has its origins in the colonial period when colonial banks were founded to meet the business needs of the Colonial Government. A bank is a financial entity that stores money and assets for safekeeping. Banks also lend money to consumers through loans, pay money out on their orders through changes and bank drafts, and provide customers with overdrafts.

The African Banking Corporation and British West Africa, both founded in 1892, are responsible for the development of Nigeria's banking sector. First Bank of Nigeria is the new name for the bank. In 1925, the Anglo-Egyptian Bank and the National Bank of South Africa formed an arrangement that resulted in the establishment of Barclays Bank in Nigeria. The British and French Bank for Commerce and Industry, which later became the United Bank for Africa, began operations in Nigeria in 1948. The Industrial and Commercial Bank was the country's first domestic bank, formed in 1929, but it was short-lived, as it was liquidated a year later and replaced by the Merchantile Bank in 1931. The Nigerian Farmers and Commercial Bank, an agricultural bank, penetrated the industry in the 1940s.

Structure of Nigerian Bank

The following categories can be used to categorize Nigeria's banking system.

1. **The Central Bank of Nigeria**

The apex is the Central Bank, which is in charge of overseeing the country's banking sector. This central bank was founded in March 1958 and began operations on July 1, 1959. The CBN oversees and controls the activities of institutions such as Bureau-de-Changes (BDCs), Finance Companies (FCs), and Primary

Mortgage Institutions (PMIs). The CBN's primary responsibility is to develop rules and regulate the banking sector to guarantee that operators follow monetary, credit, and foreign exchange criteria. In general, the institution is in charge of controlling the cost, volume availability, and direction of money and credit in an economy to achieve the economy's desired economic goals.

2. **Commercial Banks**

Commercial banks work with the general public to offer other financial services, extend loans, discount bills, and accept deposits. The three primary duties of commercial banks in Nigeria are accepting deposits, making loans, and managing payment and settlement processes.

3. **Merchant Banks**

This kind of bank focuses on offering wholesale banking, medium- and long-term financing, debt factoring for equipment leasing, investment management, acceptance bills, and unit trust management.

4. **Development Banks**

Long-term funds for industrial, agricultural, commercial, and mortgage development are provided by this type of bank. Development banks also assist entrepreneurs by providing them with loans and advisory services. The following are some examples of development banks:

1. To take the place of the Nigerian Investment Corporation, the Nigerian Industrial Development Bank (NIDB) was established in 1964. The NIDB offers support to companies in the public and private sectors.
2. The 1973 Enterprise Promotion Decree was implemented financially by the Nigerian Bank for Commerce and Industry (NBCI), which was established to support local entrepreneurs.
3. Nigeria Agriculture and Cooperative Bank (NACB): the NACB is wholly controlled by the federal government and assists the agricultural industry, individual farmers, and cooperative entities.

Ownership Structure of Nigerian Banks

These can be classified into three categories:

1. Indigenous Banks: these banks are wholly owned and governed by Nigerian citizens, including the government.
2. Mixed Bank: Foreigners and Nigerian citizens, including the government, jointly own and run mixed banks.
3. Foreign Banks: These are banks controlled and owned entirely by foreigners.

The banking system has developed over time as a result of the Central Bank's reforms. Over the previous two decades, the sector has seen two important transformations.

In 2004, the first reform was put into effect with an emphasis on combining banks through mergers and acquisitions. Rebasing commercial banks from N2 billion to N25 billion resulted in a drop in the total number of commercial banks in the nation from 89 to 25. Higher banking returns followed the central bank's revamp of the automation system. For the objective of exchanging information, this reform introduced a reporting platform for bank customers. Commercial banks can take deposits from public sectors and government-owned entities under this policy to boost their liquidity.

The Asset Management Corporation of Nigeria (AMCON) was founded in 2009, which was the second major reform. The AMCON buys non-performing loans from commercial banks and is funded with an N50

billion CBN fund and 0.3 percent of participating commercial banks' total assets. In addition, AMCON facilitates the adoption of the International Financial Reporting Standards (IFR) for global reporting compliance. This change prompted the re-engineering of the current Universal Banking Model, which now allows holders of Commercial Banking licenses to engage in non-core banking activities directly or indirectly through designated subsidiaries.

The implementation of this scheme led to the division of banking licenses into commercial, merchant, and specialized/development banking licenses, and the creation of the Universal Banking Model, which restricts commercial banks to only banking activities and addresses excessive banking interest by establishing non-interest banks. Currently, there are 21 commercial banks, 860 microfinance institutions, 5 discount shops, 64 finance firms, and 5 development finance institutions in Nigeria.

Challenges of the Nigerian Banking Sector

The acceleration of the Nigerian populace's financial inclusion is one of the banking sector's primary challenges. The Central Bank of Nigeria, as a financial regulator, and its subsidiaries are working a lot to increase financial services penetration across the country by continuing to roll out agent banking. Increasing initiatives to improve financial literacy is another option. According to [11], 40% of the Nigerian population is unbanked, and a big portion of the total population is credit invisible; therefore, these people must be given access to financial services and a long-term plan put in place. The Central Bank of Nigeria has continued to make policies that make it easier for FinTechs to prosper, such as the use of unstructured supplementary services database (USSD) codes and mobile banking to drive financial inclusion in the country during his new 5-year term, which has already begun.

Overview of Financial Technology (FinTech) Companies

Fintech is a term that combines the terms "finance" and "technology." It is a catch-all word for new technology aimed at automating and improving the use and delivery of financial services and goods. Fintech is a category of software that enables entrepreneurs, companies, and customers to easily handle their financial and commercial activities. They commonly utilize their computer or other devices, like a smartphone or tablets, to access the technology.

When the Internet and e-commerce enterprises first became popular in the late 1990s, FinTech was born. The technology was employed in the backend systems of financial organizations to digitize banking by the twenty-first century. FinTech has changed its attention to consumer-oriented services since then. It's now employed in a variety of areas, including retail banking, investment management, nonprofit fundraising, education, and personal financial services. Fintech development includes cryptocurrencies such as Bitcoin. FinTech companies have been expanding in recent years. In the early months of COVID-19, the use of mobile banking channels increased by 20 to 50 percent, according to McKinsey, and this tendency is anticipated to remain long after the epidemic is over.

Current Structure of FinTechs in the Nigerian Capital Market

Traditional financial services have seen a dramatic transition as a result of innovation and technology. More than a million software firms have appeared around the world, and the FinTech sector has experienced huge global investment totaling USD111.8 billion alone in 2018. These pioneers are using technology to offer smooth and cutting-edge financial services to both banked and unbanked individuals. By 2020, the global FinTech software and services market is predicted to reach USD45 billion in revenue, expanding at a compound annual growth rate of 7.1%. Nigeria is evolving into a vibrant environment that provides FinTech start-ups with a platform for success and the opportunity to become multimillion-dollar companies. The primarily cash-based Nigerian economy has been embracing the FinTech opportunity effectively. An

increase in e-commerce and the adoption of smartphones are two factors contributing to the expanding FinTech penetration. Nigeria's growth wave is still significantly behind its peers globally, but it is strong, in large part because of a solid talent pipeline of low-cost, simple-to-hire tech workers who are deepening their expertise and skill sets.

According to the [22] FinTech in Nigeria Report, there are important indications of the FinTech Opportunity, some of which are:

1. The rapidly expanding youth population (115 million people below the age of 35);
2. Rapid expansion of mobile phone lines (estimated at 150 million as at July 2016);
3. Large potential for financial inclusion (less than 50 million people with bank accounts in a population of 170 million people based on Bank Verification Number- BVN data); and
4. A somewhat large skill pool that can be taught to create digital solutions (buoyed by Nigerians in the diaspora).

A wide range of players, including Payment Solutions Service Providers (PSSPs), Payment Terminal Service Providers (PTSPs), Payment Gateway Providers, Savings/Investment platforms, Remittance platforms, Bill Payment Platforms, E-wallets, Agency Banking, and Mobile Money Operators, are part of the growing Nigerian FinTech ecosystem. In the next five years, the FinTech chances in Nigeria could reportedly revolutionize the financial services and regulatory landscape, offering Nigeria the chance to establish itself as one of the most prosperous FinTech centres in the world, claims [22].

However, given Nigeria's present operational structure, the country's economy lacks some characteristics that should make it a successful FinTech hub. Inadequate technology and internet infrastructure are two barriers to widespread adoption in Nigeria. Also present are a lack of reliable consumer information on digital media. The legal requirements and a strong business climate have been highlighted as two of the most effective levers for accelerating the Nigerian FinTech market's development and enabling it to overcome these barriers.

Impact of FinTech in an Emerging Market – Nigeria

According to research conducted by the Hong Kong Trade Development Council (HKTDC), Nigeria is an emerging market with a $376.28 billion GDP and a $1,994 per capita GDP, with the service sector accounting for 55.80% of the GDP. Over the past 15 years, Nigeria has made significant socioeconomic progress, but the nation still faces enormous developmental challenges, including the need to diversify its economy, address a serious infrastructure deficit, and create strong institutions, governance structures, and public financial management systems.

Despite the fact that traditional financial institutions like banks and insurance firms have been there for a long time in Nigeria, the country still has a low degree of financial inclusion. 99.6 million adults live in Nigeria, and 36.8% of them, according to Enhancing Financial Innovation and Access in Nigeria, are economically excluded. Of those, 63.3% reside in rural areas and 68.9% have access to a smartphone. Since 82% of Nigerians currently earn their primary income in cash, most transactions are conducted in cash. We must use a scalable system or technology to promote financial inclusion if traditional financial institutions have been around for a long time but haven't been able to meaningfully decrease the financial inclusion gap. The 2020 financial inclusion gap reduction target set by Nigeria's financial inclusion policy is 20%.

The aforementioned presents FinTechs with a significant chance to add value by developing technology-driven solutions. This is why the emergence of FinTech companies in Nigeria has unquestionably led to an irreparable disruption that has redefined how financial products are delivered to users. Although the utilization of digitally powered products is still typically modest, it is beginning to emerge from the

traditional manner of providing financial services to customers.

The growth of fintech has the potential to provide solutions to the problems that have long plagued Nigeria's financial services industry. To promote financial inclusion, fintech companies are utilizing both online and offline capabilities. The Nigerian ecosystem is also embracing new technologies including mobile money, artificial intelligence, near-field communications, and Unstructured Supplementary Service Data (USSD). Paga, Flutterwave, Remitta, Paystack, Piggybank, Onefi, eTranzact, Fetwallet, Interswitch, and other FinTechs have dominated the Nigerian market. They have offered straightforward solutions, including payment processing services, cash transfers, P2P lending, and B2P lending, to name a few.

As of December 31, 2018, mobile money carriers had 8.5 million clients, according to the Nigerian Interbank Settlement System. In 87.1 million deals, they processed N1.8 trillion in transactions. There are 21 licensed mobile money operators in Nigeria, totaling 38,416 mobile money agents.

The Central Bank of Nigeria has released a framework for the establishment of Payment Service Banks in an effort to further promote financial inclusion. FinTechs, telcos, and other companies can use their current client base and data in this way to expand their access to fundamental financial services such as payments, savings, credit, insurance, pensions, and capital market products.

Finally, FinTechs have the potential to increase convenience and scalability for a customer base in Nigeria, where a sizable percentage of the population is financially excluded and transactions are frequently conducted in cash. The level of innovation Nigeria has achieved for financial services is commendable, despite the economic challenges. With the right economic climate and an adequate framework from all players in the fintech ecosystem, much more can be accomplished.

FinTech Challenges in Nigeria

FinTech may improve the Nigerian capital market, but there is still more work to be done because there are several obstacles that stakeholders and industry professionals must overcome. Due to these difficulties, FinTechs have been unable to completely integrate into the ecosystem of the capital markets and have been unable to reach their full potential in our market. FinTech Innovation, often known as "Disruptive Technology," is to blame for dramatically changing conventional financial system operations through the application of cutting-edge technology.

FinTech practitioners first faced difficulties as a result of its disruptive nature because they saw it as competition in the financial sector. The activities of numerous financial system operators and intermediaries were put in danger by innovative technologies, which also inspired creative disruption. However, this issue has been resolved in certain jurisdictions by accepting FinTechs as partners and enablers rather than competitors. While this issue has been addressed with notable success in some jurisdictions, there are still some issues that limit the sector's expansion, particularly in the Nigerian capital market. According to [23], [24], [25], and [26] some of the issues are regulations, access to data, cyber security, capital market liquidity, institutional knowledge gap, lack of innovation, weak digital infrastructure, and growth funding structure

Fintech Versus Traditional (Commercial) Banks: The Difference

Both fintech companies and traditional banks aim to give customers convenient financial services, but that's about it. The primary rivals of the bank are thought to be Fintechs. The existing financial system used by banks is based on some extremely antiquated and outdated practices. Typically, it takes a lot of time and has a lot of bugs. People are looking for a financial solution that satisfies their expectations as consumer trends continue to change toward wanting things faster and easier.

According to [27], consumer acceptance of fintech companies and solutions rose fast worldwide between 2015 and 2019. By 2019, 75% of users throughout the world have used some type of money transfer and/or payment service. There are four areas of contrast between FinTech and traditional (Commercial) banks, the way of doing business, regulations, growth potential, and risk factors

Advantages of Fintech Companies and Traditional (Commercial) Banks Working Together

Fintech has long been regarded as the future of financial institutions and banking, which is why the top 50 Fintech businesses in Europe have raised over $16 billion in venture capital funding and are now valued at over $92 billion [28], [29]. Traditional banks, too, have been fast altering their operations as a result of emerging technology such as Machine Learning, AI, analytics, and so on [30]. Fintech start-up accelerator programs are also gaining traction, with some of them being managed by large banks like JP Morgan, ING, and others [30].

While there is fierce competition between the two, there is also a chance for Fintechs and traditional banks to collaborate and quickly adapt to the new digital world [31]. While banks have been in business for hundreds of years, they now need to make massive technical changes to fulfill the demands of modern-day clients, which Fintechs can provide [31]. Banks may provide Fintechs with years of customer loyalty, established networks, and business size in exchange for profiting from innovation and agility. Collaboration between Fintechs and traditional (commercial) banks can thus provide several benefits [31], [32].

According to [31], [32], banks have large deposits when compared to Fintechs. Collaboration would aid them in developing a better financial system, making it easier for banks to manage cash. Working with banks will allow FinTechs to be regulated by the same government agencies, which will help them develop confidence. Fintechs may alleviate a lot of regulatory difficulties by partnering with traditional banking institutions that have already built an ironclad anti-money-laundering policy and decades of security experience. This can assist in safeguarding the integrity of the online financial ecosystem. Because of the superior technology that Fintechs can bring to banking, the financial system will improve overall, resulting in higher client satisfaction.

DATA AND METHODS

The baseline study of competitive and collaborative strategies was reviewed. Insights from comprehensive field research of effective collaboration examples in the banking industry around the world were used in the study. Internal competition and internal collaboration were critically examined, as well as the key factors that drive their adoption, the implications of applying each strategy, how degrees of internal rivalry and internal collaboration alter at different management levels, and whether a feasible hybrid model combining both management approaches is achievable. Data was gathered from trustworthy sources, including reports from numerous well-known financial institutions like PwC, Accenture, and KPMG. Additionally, data was discovered in publications from Google Scholar and ResearchGate, including articles, reports, and scientific papers.

For the development and evaluation of the hybridized strategy, this study used a business policy formulation and corporate strategy technique. The competitive strategy model will be built as one arm of the growing apparatus, while the collaborative (advantage) strategy component will be included as another arm. These two methods of strategy formation will be combined, and examples of both the harmonious dovetailing of competitive and collaborative plans as well as their inconsistency will be investigated. The strengths, weaknesses, opportunities, and threats (SWOT) and PESTLE analysis of both players (FinTech and Traditional banks) were examined to unraveled the internal and external factors that affect them, and incorporated into the development of the competitive-collaborative hybridized model, and the performance metrics for the model is also outlined.

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1. Data Gathering Procedure

This study employed a qualitative research approach. This is because it aims to explain the underlying significance of combining competition and collaboration in the Nigerian banking sector to sustain growth. Also, the inductive and bottom-up approach nature of this research approach would help in the development of a model based on the data collected for understanding and developing a hybridized competition-collaboration model for nigerian banks. Data was gathered form trustworthy sources, including reports form numerous well-known financial institutions like PwC, Accenture, and KPMG. Additionally, data was discovered in publications form Google Scholar and ResearchGate, including articles, and scientific papers.

- **Search Strategy**

The following keywords were used to search databases for relevant material: Competition Versus Collaboration in Business, Competition Versus Collaboration in Nigerian Banking Sector, Financial Inclusion in Nigeria, FinTech and Traditional (Commercial) Banks, and the challenges faced by FinTech and Traditional (Commercial) Banks in Nigeria Business Space.

An additional search was undertaken on peer-reviewed articles and abstracts of journal papers to ensure an up-to-date appraisal and to assist in the recommendation of a business model for Nigerian banks and FinTech enterprises. Financial databases were searched for literature, and Google Scholar was employed for online searches.

- **Search Design**

This study’s scope is limited to keyword searches that produced the most relevant results. Because the study’s aims and objectives are better addressed this way, a keyword combination search is also performed. In addition, backward and forward reference searches were incorporated in all rounds of the keyword search. Backward and forward searches were halted once data saturation was reached. This is the point at which no fresh information or suggestions that would improve or change the study’s findings are expected to be offered. It is worth mentioning that the online searches are literature discovered via Google Scholar and Research Gate portals. The search results were terminated when no fresh information was discovered. Following the creation of a preliminary list of publications, further articles/reports were discovered utilizing the Central Bank of Nigeria (CBN) and related financial institution databases, as well as Google to keep track of fresh reports and articles.

2. Factors Considered for the Search Design

The keyword searches that produced the most pertinent results are the only ones that fall under the purview of this study. In order to better achieve the study’s aims and objectives, a keyword combination search is also carried out. There were three phases to the keyword research:

1. Initial Phase Keyword Search: The following keywords are used for this search: Competition Versus Collaboration in Business, Competition Versus Collaboration in Nigerian Banking Sector, Financial Inclusion in Nigeria, FinTech and Traditional (Commercial) Banks, and the challenges faced by FinTech and Traditional (Commercial) Banks in Nigeria Business Space.
2. Second Phase Keyword Search: Additional keywords were used in the search. The terms to remember are Business models in financial sectors, variants and types of business models in banking, as well as performance evaluation of business models.
3. Third Phase Keyword Search: The third phase literature search uses the findings from the second phase backward reference searches. In the third phase, terms like merit and demerit variants of

business models in financial sectors were employed.

All keyword search iterations also included backward and forward reference searches. The backward and forward searches came to an end when data saturation was attained. At this point, it is unlikely that any fresh data or insights will be offered that will enhance or change the study's findings.

1. Backward References Search: By looking through the references of reputable works, significant data regarding the application of business models in financial sectors was discovered.
2. Forward References Search: This entails looking for additional analysis or more recent advancements regarding the state of competition and collaboration business models in banking and financial sectors as per works that have referenced the article or study.

It's important to note that the online searches are for literary works that Google has turned up. The search results were stopped when no fresh data was found. Following the creation of a preliminary list of publications, further articles and reports were discovered utilizing databases and Google to maintain track of fresh information.

3. Literature Selection Process

The literature selection procedures were based on the following criteria: inclusion and exclusion criteria. The implementation of clear inclusion and exclusion criteria increases the chance of repeatable and trustworthy results, reduces the risk of research injury, and safeguards vulnerable persons from exploitation [33].

- **Inclusion and exclusion criteria**

Inclusion criteria are characteristics that this research must have to be included in the study [33]. Peer-reviewed papers, reports, and web page materials that report on the study's purpose were included in the review process. All of the papers found were examined with a focus on the state and dynamics of the Nigerian banking system, with a focus on competition and collaboration with financial technology firms.

Exclusion criteria are factors that were not considered in this investigation [33]. That is, some of the literature that was not focused on the study's problem was left out of the analysis. This study excludes the evaluation of banking sectors in other countries and the formulation and implementation of banking policy. As shown in Table I displays the results of the condensed search, the overall number of results from the keyword search was 777,726; the total number of papers that were thoroughly evaluated was 65, the total number of papers that were reviewed based solely on an abstract was 22, and the total number of articles used for this work was 87.

Table I: Abridged Search Result

Search Space	Results	No. Fully Reviewed	No. Reviewed Based on the Abstract	No. Used
ResearchGate	9, 424	24	9	33
Google Scholar	768,302	41	13	54
Total Used	777,726	65	22	87

Source: Research Findings

4. Literature Review and Assessment Method

The primary data source for this study is a literature review. The acquired literature was analyzed using the

GRADE (Grading of Recommendations Assessment, Development, and Evaluation) methodology to give thorough organization and honest assessment for the various types of books and literature used as sources of data and information [34], [35], and [36]. This makes it easier to understand the strength and volume of the evidence offered for the extensive literature review.

The following was the analysis procedure:

1. reviewing all textual material from the literature to get a general impression;
2. identifying and extracting the meanings of all contributions that appeared to be significant to the research;
3. autonomous abstraction of meaning units, followed by thought aggregation;
4. independent categorization and summarization of abstractions into model implementation in the Nigerian banking system; and
5. returning to the extracted text to ensure a good fit with the fintech community.

5.Data Analysis Guide

The steps used in the research analysis is discussed in this section. Qualitative research is the collecting and analysis of predominantly non-numerical activities (such as words, photos, and acts), but it can still take a systematic approach. The process of qualitative research, according to [37] has seven steps.

1. Determine Research Questions: Formulate a focused question for the actionable qualitative research. This step determines what to research.
2. Design the Study: With research questions defined, the "What" of the study has been established. Now the 'Who', 'When', 'Where', and 'How' have to be decided.
3. Collect Data: There will be a need to examine secondary data and do research (e.g. analytics, previous research reports). Secondary analysis will assist determine if any of the open questions have already been answered, ensuring that any new research does not repeat earlier work (unless previous research is out of date). These factors will help choose the approach to apply.
4. Analyze Data: The aggregation of information is done by looking for common themes (in exploratory) or success rates (in evaluative). Both of these will lead to the creation of insights, which would be linked back to the original research objectives.
5. Generate Findings: There will be a need to discover patterns.
6. Validate findings: Triangulating data using other approaches, such as surveys or supplementary sources, is one of the most effective ways to validate findings.
7. Report: Findings from research will be documented.

DATA ANALYSIS AND DISCUSSION

Data were collected on Fintech firms and traditional banks with respect to their challenges, SWOT, and PESTLE analysis.

- **Challenges of the Nigerian Banking Sector**

The increase in the Nigerian population and lack of financial inclusion and financial services penetration across the country has been described as a major challenge to the banking sector in Nigeria. However, data has also shown that the Central Bank of Nigeria, as a financial regulator, and its subsidiaries are working to increase financial services penetration across the country by continuing to roll out agent banking and increasing initiatives to improve financial literacy.

The gathered data for this research shows that 40% of the Nigerian population is unbanked, and a big

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portion of the total population is credit invisible. As part of the solution to give these people access to financial services and a long-term plan put in place, the CBN has continued to make policies that make it easier for FinTechs to prosper. As shown in Table II succinctly summarized the gathered data in this respect. The use of mobile banking and unstructured supplementary services database (USSD) codes to promote financial inclusion in the nation during his new 5-year term, which has already started, is a classic example.

Table II: Challenges of the Nigerian Banking Industry

S/N	Problem	Present Solution
1	Increase in Nigerian population and lack of financial inclusion and financial services penetration across the country	Continuing roll out of agent banking and increasing initiatives to improve financial literacy by the Central Bank of Nigeria (CBN).
2	40% of the Nigerian population is unbanked	Policies to make it easier for FinTechs to prosper by employing Unstructured Supplementary Services Database (USSD) codes and mobile banking to drive financial inclusion.

Source: [11].

- **Data Obtained on the Current Structure of FinTechs in the Nigerian Capital Market**

Traditional financial services have seen a dramatic transition as a result of innovation and technology. The Nigerian economy which is primarily cash-based has been embracing the FinTech opportunity effectively. As presented in Table III, such, various parameters have defined the current structure of FinTechs in Nigeria’s capital market.

Table III: Data Obtained on the Current Structure of FinTechs in the Nigerian Capital Market

S/N	Parameters
1	Over a million software firms have appeared around the world, as a result of the FinTech firms.
2	FinTech sector has experienced huge global investment totaling USD111.8 billion alone in 2018.
3	FinTechs are using technology to offer smooth and cutting-edge financial services to both banked and unbanked individuals.
4	By 2020, the global FinTech software and services market is predicted to reach USD45 billion in revenue, expanding at a compound annual growth rate of 7.1%.
5	An increase in e-commerce and the adoption of smartphones are two factors contributing to the expanding FinTech penetration.
6	Nigeria’s growth wave of FinTechs is still significantly behind its peers globally, but it is strong, as a result of a solid talent pipeline of low-cost, and simple-to-hire tech workers who are deepening their expertise and skill sets.

Source: [30].

In the FinTech Nigeria Report, there are important indications of the FinTech Opportunity and this is presented in Table IV.

Table IV: Factors Up scaling FinTechs

S/N	FinTechs Opportunity Factors
1	The rapidly expanding youth population (115 million people below the age of 35)
2	Rapid expansion of mobile phone lines (estimated at 150 million as at July 2016)
3	There is a significant opportunity for financial inclusion (fewer than 50 million people having bank accounts out of 170 million people, according to data from the Bank Verification Number, or BVN).
4	large skill pool that can be taught to create digital solutions (buoyed by Nigerians in diaspora).

Source: [30].

Besides, the data examined shows that the FinTech chances in Nigeria could revolutionize the financial services and regulatory landscape, offering Nigeria the chance to establish itself as one of the most prosperous FinTech hubs in the world. The Data concerning the variety of players in the Nigerian FinTech ecosystem were and is presented in Table V.

Table V: Variety of Players in the FinTech Ecosystem

S/N	Players in the FinTech Ecosystem
1	Payment Solutions Service Providers (PSSPs)
2	Payment Terminal Service Providers (PTSPs)
3	Payment Gateway Providers
4	Savings/ E-wallets/Investment platforms
5	Remittance platforms
6	Bill Payment Platforms
7	Agency Banking
8	Mobile Money Operators

Source: [22].

Furthermore, data gathered shows that given Nigeria’s current operational structure, the country’s economy lacks some characteristics that make a successful FinTech hub, these characteristics are presented in Table VI.

Table VI: Unfavourable Characteristics for the Success of FinTech Firm in Nigeria

S/N	Unfavourable Characteristics
1	Governmental initiatives and rewards
2	Infrastructure availability and cost
3	regulatory environment
4	business environment
5	access to low-cost and long-term capital

Source: [22].

- **Impact of FinTech in an Emerging Market – Nigeria**

Data showing the impact created so far by the FinTech in the Nigerian emerging market was gathered. Despite the fact that traditional financial institutions like banks and insurance firms have been there for a long time in Nigeria, the country still has a low degree of financial inclusion. A total of 99.6 million Adults lives in Nigeria, and 36.8% of them are economically excluded. Also, out of the 99.6 million Adults, 63.3% reside in rural areas and only 68.9% have access to a smartphone. The data is succinctly presented in Table VII.

Table VII: Impact of FinTech in Nigerian Emerging Market

S/N	Parameter	Values
1	Financial Inclusison	99.6 million Adults live in Nigeria, and 36.8% of them, are economically excluded.
2	Location of Residence	63.3% of 99.6 million Nigerian adults reside in rural areas.
3	Access to Smartphone	68.9% of 99.6 million Nigerian Adults have access to a smartphone
4	Mode of Transaction	82% of Nigerians currently earn their primary income in cash

Source: Enhancing Financial Innovation and Access in Nigeria.

- **FinTech Challenges in Nigeria**

There are several challenges of FinTech firms in Nigeria as captured and presented in Table VIII.

Table VIII: Challenges Faced by FinTech Firm in Nigeria

S/N	Parameters	Description
1	Regulations	i. Lack of framework and regulations ii. insufficient regulatory safeguards to assure the protection of customers iii. Regulators indifferent toward technical innovation iv. Innovators are also apprehensive about the future of their innovations. v. undefined and not well defined regulatory responsibilities for FinTech firms.
2	Access to Data	i. lack of access to data continues to be a major barrier for FinTechs in the Nigerian capital market. ii. FinTech company's effectiveness is consequently reliant on its capacity to acquire data and convert it into useful products and services.
3	Cyber Security	i. While safeguarding data itself presents one obstacle, cost-related issues with data protection present another.
4	Capital Market Liquidity	i. Negative macroeconomic changes cause capital flight and a lack of liquidity in the market. ii. liquidity of Nigeria's capital market is overly dependent on foreign capital.

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5	Lack of Confidence in the Market	i. Unlike banks, which are seen as strong institutions, non-banking financial institutions (NBFIs) are not. The top 5 banks each have over 36,000 employees and annual revenues over N2 trillion, but the top 5 NBFIs are only able to achieve 10% of these figures. ii. Lack of understanding of the value proposition that FinTech companies. iii. Consumers are unsure of the solutions other financial classes are providing, and FinTechs have less access to these clients. iv. Consumers find it tougher to trust businesses with limited resources since the information that is made available cannot be used to make investment decisions v. Low investment participation
6	Institutional Knowledge Gap	i. Customers low level of financial literacy
7	Lack of Innovation	i. better understanding of the public's investment demands is required. ii. It takes too long to introduce new products to the market
8	Weak Digital Infrastructure	i. effective digital infrastructural architecture in place for a healthy FinTech ecosystem in the Nigerian Capital Market. ii. Infrastructure for IoT, high-speed broadband, and mobile devices is not widely used. iii. Power problem
9	Growth Funding Structure	i. limited level of participation by Venture Capital/Growth Funds. ii. lack of various marketplace venues where FinTech start-ups can showcase and brief potential investors on their cutting-edge solutions. iii. International finance partners have been the main source of funding for FinTech start-ups to obtain funds at the seed stage. iv. lack of developed channels for alternative finance models that provide capital formation for FinTech start-ups. v. growth funding mechanisms are not currently subject to any centralized guidelines or regulation in Nigeria.

Source: [38].

- **The Difference between Fintech and Traditional (Commercial) Banks**

Based on the data gathered, there are four areas of contrast between FinTech and traditional (Commercial) banks, namely: the wayof doing business, regulations, growth potential, and risk factors. This is explicitly shown in Table IX.

Table IX: Contrast between FinTech and Traditional Banks

S/N	Parameters	Sub-arameters	Description (FinTech)	Description (Bank)
1	Ways of Doing Business	Structure and function	i. employ lean operating techniques ii. require comparatively little real space and a smaller staff than a typical bank iii. smaller organizational structures iv. simplify complicated financial procedures, making them more approachable for individuals in general and younger generations in particular.	i. typical bank, which requires enormous quantities of real estate and hundreds of personnel. ii. Banks, in comparison to fintech, are more process-oriented.
		Customer experience	i. convenient and quick to utilize ii. offer 24/7 banking services. iii. focus on the user experience.	i. banks nearly usually require you to be physically present. ii. traditional banking is less convenient. iii. Banks lags behind focus on the user experience.
		Technology	i. rely more on technologies such as machine learning, artificial intelligence, and automation. ii. the use of technology results in fewer errors, higher-quality service, and faster service in less time	i. Banks struggle with legacy infrastructure when it comes to technology. ii. Legacy systems impede banks' capacity to communicate with other systems and limit their ability to improve their infrastructure.
2	Regulations		i. Fintech, on the other hand, is more tolerant and flexible, whereas banks are more rigid. ii. There is no single regulator for fintech companies.	i. Banks are more rigid. ii. Regulatory agencies require traditional banks to follow legal requirements, limits, and standards to protect their customers' money. iii. Banking regulations are intended to ensure that financial organizations and their consumers are both transparent.
3	Growth Potential.		i. FinTech firms have growth potential, but elements such as digital security, mobile payments, and peer-to-peer lending, allows clients to borrow from a single person or a group of people.	i. Traditional banks havegrowth potential, depending onfactors.
4	Risk Factors		i. Fintech is riskier but the benefits outweigh the risks.	i. Stricter regulations has reduce risk and makes it safer.

Source: [39].

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- **SWOT Analysis of FinTech Companies in Nigeria**

The data gathered for the SWOT analysis of FinTech companies is presented in Table X. The data shows the industry's strengths and weaknesses, as well as the potential and risks.

Table X: SWOT Analysis of Fintech Companies

STRENGTHS	i. digitalisation of financial services ii. Increased in investment iii. Healthy competition among financial services companies forenhancement of customer experience in financial transactions iv. Enhanced process and cost efficiency v. Agile, youthful, and tech-savvy population vi. Increasing internet and smartphone penetration. vii. Quality Service
WEAKNESSES	i. Large capital requirement and limited investors ii. Distrust for fintechs and preference for traditional banks amongcertain segment of Ngerian iii. Lack of requisite technology skillset in the Nigerian labourmarket iv. Lack of regulatory framework specially designed for them. v. Financial Risk vi. Inadequate data protection and privacy in Nigerian Fintech space.
OPPORTUNITITIES	i. Rising internet penetration rate driven by cheap smartphones ii. Collaborative initiative between banks and fintechs iii. More regulatory oversight that would ensure players keep to global best practices. iv. Progressive growth in the peer to peer lending sector. v. Next Generation Payment of Fintech is supported by the Nigerian government.

THREATS	i. High vulnerability to cyber attack. In 2018, the Nigerian cybercrime rate stood at 56% ii. Unrestricted access to loans provided by fintechs could lead to personal debt accumulations, excessive spending, and looming inflation, especially if the fund is diverted to consumption rather than capital goods. iii. Low access to funding and investments iv. Disruption of the industry because to their solid technological v. Unfavorable government regulations

Source: Research Findings

- **SWOT Analysis of Traditional Banks in Nigeria**

The data gathered for the SWOT analysis of traditional banks is presented in Table XI. The data shows the industry’s strengths and weaknesses, as well as the potential and risks.

Table XI: SWOT Analysis of Traditional Banks

STRENGTHS	i. Excellent service levels ii. Systems with a lot of automation iii. Simple capital and finance access iv. Stable cash reserves v. A culture of efficient sales and service vi. Put internal marketing first vii. Team-based culture viii. Effectively focused clear parts ix. A convincing value statement x. Strong market share of customers xi. Wide selection of goods xii. Beautiful store design and layout xiii. Highly practical places xiv. Accurate placement xv. Recognized as having a strong sense of CSR
WEAKNESSES	i. Insufficient cost-efficiency ii. Targeting price-elastic markets iii. Staff of mixed quality iv. Undifferentiated products v. little response from marketing communications vi. need to undercut market prices vii. No brand affinity among customers viii. limited knowledge of online marketing. ix. limited success on social media x. There are no genuine connections with online “influencers” xi. extensive competitive set

OPPORTUNITITIES	i. Make use of our large data ii. Create a culture that values customer relationships iii. Promote new clientele through promotions iv. Change to a customer-centric marketing perspective v. Find other markets that are price-inelastic. vi. Increase the variety of our products vii. More distinctly distinguish our product line viii. Increase our geographic reach ix. Expand the number of our outlets and stores x. Clarify and/or strengthen our value proposition xi. Increase brand awareness online xii. Promote on online comparison shopping sites xiii. Develop or obtain digital marketing competence xiv. Producing more captivating social media content. xv. Become an innovative disruptor.
THREATS	i. Becoming a follower or a market laggard ii. Unit margins declining iii. increased fixed costs iv. Due to product mix, consumers are becoming more price-sensitive as opposed to becoming copycats. v. Big data costs are high vi. Review sites with poor ratings vii. being viewed as being slow viii. reduction in price ix. numerous newly entering competitors x. Data security and privacy concerns xi. Disruptive technologies xii. Online fraud xiii. high inflation rates xiv. uncertainty in the market

Source: Research Findings

- **PESTLE Analysis of FinTech Companies in Nigeria**

The data collected on the PESTEL analysis of FinTech firms are presented in Table XII. The PESTEL Analysis examines the external aspects – political, economic, social, technical, environmental, and legal. The analysis is market-specific, such that when the market changes, so do the consequences of the elements for a corporation.

Table XII: PESTLE Analysis of FinTech Firms in Nigeria

Factors	Parameters
Political	i. Government Stability ii. Tax Policy iii. Competition Regulation iv. Trade Blocs

Economics	i.	Inflation Rate
	ii.	Interest Rate
Social	i.	Demographics
	ii.	Education
Technological	i.	Technological Infrastructure
	ii.	Internet Penetration
	iii.	Use of social media
	iv.	Investment in Research and Development
Environmental	i.	Green Consumption
	ii.	Renewable energy investments
Legal	i.	Health and safety law
	ii.	Employment Law
	iii.	Anti-discrimination law

Source: Research Findings

Strong political institutions and mechanisms foster the expansion of the fintech industry. Government stability enables regional and worldwide commercial growth for industries like fintech. Trade links with foreign nations allow companies like FinTech to quickly and smoothly sustain offshore business affiliations due to governmental stability and strength. Government stability also draws investors for enterprises and firms like FinTech, which fosters the expansion of the infrastructure and improves the country's reputation abroad.

Also, favorable tax laws make it simple for companies like FinTech to grow. However, monitoring industrial competition is crucial for governmental and political institutions and entities. By doing this, businesses may be sure that their products, as well as their business practices and strategies, are fair. Businesses like FinTech can benefit from trade blocs and trade treaties that the relevant country of origin has developed and ratified. Trade blocks can help companies like FinTech by reducing the cost of resources, the cost of doing business, and the shortage of skilled workers.

For businesses like FinTech to thrive, the economy needs a moderate rate of inflation. A modest rate of inflation will also aid in corporate expansion and positively influence consumer confidence and spending patterns. A reasonable interest rate will make it easier for enterprises and organizations like FinTech to obtain bank financing. Business loans would also aid in the growth and construction of the industry's infrastructure on a significant scale. People might obtain personal loans with moderate interest rates. Personal loans will result in increased consumer spending and consumption when interest rates are low to moderate. This would increase sales, consumption, and market penetration for companies like FinTech.

For FinTech, having a higher number of young people is beneficial because it will increase the company's consumer base. A younger population will also ensure that FinTech has access to more educated, skilled, and human resources, broadening and deepening the talent pool. Fintech benefits from a talent pool that is more talented, skilled, and knowledgeable as a result of higher education. Higher levels of education also suggest that consumers are more aware of their buying and spending patterns. FinTech will profit from its distinctive competitive positioning and placement since it will focus on promoting wise consumption.

Nigeria has a robust technological infrastructure. The rate of technical innovation and development is rapid. Businesses like FinTech are increasingly leveraging technological advancements and innovation to boost corporate effectiveness and efficiency. Additionally, the upgraded technological infrastructure aids in luring foreign direct investment, which encourages additional growth and advancement. Because of this, FinTech has a unique competitive advantage in terms of technology breakthroughs, which the company continues to leverage and actively pursue in order to improve business cycles and operations. Nigeria has high internet

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penetration rates among its consumer base. The majority of people have access to PCs and laptops as well as smartphones that can be used to access the internet. The higher internet usage is favorable for FinTech since it reflects a populace that is modern and informed.

The proportion of young people and people in their middle years is higher than average. These demographic groups frequently utilize social media for connectedness. Businesses like FinTech are increasingly obtaining consumer data and information through social media. FinTech utilizes official social media platforms to engage with clients, solicit feedback, and announce promotions. High levels of domestic and foreign investment are made in the nation's technological Research and Development (R&D). The significant investment helps industries advance by giving them access to contemporary, flexible, and effective ways to conduct business and carry out other business activities. Increased financing and associated research have also enabled a faster rate of invention.

The business adheres to anti-discrimination laws in all of its operations, from hiring to promoting. Every employee participates in diversity training and workshops on a regular basis to learn how to avoid discriminatory and biased acts, which could have serious consequences. FinTech is an equal-opportunity employer, just like the other participants in the sector. Additionally, FinTech makes sure that there is no discrimination inside the corporation and that the workplace atmosphere is healthy. FinTech does this by adhering to anti-discrimination legal rules and by routinely investing in staff development programs and training.

- **PESTLE Analysis of Traditional Banks**

The data collected on the PESTEL analysis of Traditional Banks are presented in Table XIII. The PESTEL Analysis examines the external aspects – political, economic, social, technical, environmental, and legal. The analysis is market-specific, such that when the market changes, so do the consequences of the elements for a corporation. The PESTLE study identifies important variables that have an impact on the banking sector.

Table XIII: PESTLE Analysis of Traditional Banks

Factors	Parameters
Political	i. Labor regulations ii. Trade restrictions iii. Tariffs, and iv. Political stability
Economics	i. Inflation Rate ii. Interest Rate iii. Exchange rates
Social	i. Seamless banking experience ii. Customers and use of banking alternatives

Technological	i. Technological Infrastructure ii. Debit cards iii. Smart Phones
Environmental	i. Paperless operations ii. Low reduction of carbon emission as a result of increased usage oftechnology rather than driving to the bank
Legal	i. Consumer protection ii. Privacy, and iii. Trade regulations

The government holds the financial sector responsible. Politics and current legislation dictate what services they provide and how they provide them. Additionally, banks are subject to the whims of the economy; high inflation rates can ruin banking chances by devaluing money. With the help of easily accessible apps and online services, technology is assisting customers in spending and saving money. Users no longer need to visit their branches for several daily transactions. As a result, less paper and petrol are used when traveling to and from banking facilities. Legally, banks are bound by trade agreements, consumer protection regulations, and privacy rules. With the increasing usage of technology for financial transactions, they also need to have top-notch cyber security.

- **Future Trends for FinTech Firms and Traditional Banks**

The data collected on the future trends for both FinTech and Traditional Banks are presented in Table XIV. The most important area for Fintech to address is security and trust. The cyber risk, security, and privacy. Since Fintech offers all of its financial services online, it has a lot of consumer data to manage, which presents a problem for the industry to safeguard from cybercrime and outside parties. Therefore, in order to enforce the system and prevent client information from being leaked or used inappropriately, Fintech companies need to invest more in technology.

Table XIV: Future Trends for FinTechs and Traditional Banks

Organization	Parameter
FinTechs	i. Security and Data Protection ii. Customers' Trust and Privacy iii. Investment in Technology iv. Service quality v. Fraud detection vi. Fraud prevention vii. Advanced data analytics and automation viii. Industry credibility
Traditional Banks	i. Move toward digital ecosystems ii. Security and Data Protection iii. Customers' Trust iv. System and process security v. Investment in Technology

Source: [28], [29], and [30].

The most important area for Fintech to address is security and trust. The largest risk to the growth of fintech is

cyber risk, security, and privacy. Since Fintech offers all of its financial services online, it has a lot of consumer data to manage, which presents a problem for the industry to safeguard from cybercrime and outside parties. Therefore, in order to enforce the system and prevent client information from being leaked or used inappropriately, Fintech companies need to invest more in technology. Additionally, it aids in improving client security, service quality, and financial industry credibility.

Consequently, traditional banks will increasingly move toward digital ecosystems in the future. The phrase "digital ecosystem" refers to the period of digitization and its influence on the adoption of contemporary internet technologies. The majority of initiatives relating to the digitalization of banks are insufficiently strong to compete in the medium to long term. Therefore, in order to turn into digital ecosystems, traditional banks need to have fundamental structural digital strategies and operational changes. Also, gaining trust through enhancing the security and safety of consumer data is the area on which traditional banks would need to work on as the future approaches as well as data protection and system and process security to boost confidence in security among current customers.

- **Mapping of the Gathered Data**

The increase in the Nigerian population and lack of financial inclusion and financial services penetration across the country has been described as a major challenge to the banking sector in Nigeria. The gathered data for this research presented in Table 4.1, shows that 40% of the Nigerian population is unbanked, and a big portion of the total population is credit invisible. However, the data gathered on the impact created by the FinTech in the Nigerian emerging market as presented in Figure 4.1 show that FinTech firms are increasing financial inclusion through the use of technology to offer smooth and cutting-edge financial services to both banked and unbanked individuals in Nigeria,

This shows that the weakness of the traditional banks in the lack of capacity and innovation to increase financial inclusion is a strength for FinTech firms in the use of technology. Also, analyzing the data gathered with respect to the several challenges of FinTech firms in Nigeria as presented in Table 4.8 shows that the FinTech firms lack a defined framework and regulations to assure the protection of customers. Besides, the liquidity of Nigeria's capital market is overly dependent on foreign capital and growth funding structure. However, these challenges are the strength of the traditional banks. The analysis thus shows that FinTech firms and traditional banks can collaborate in these regards to achieve win-win success. It further shows that a combination of competitive and collaborative strategies is required in the various dimensions of the industry environment of the banks.

In the same vein, the comparative analysis of the FinTech firms and traditional banks using PESTLE analysis shows that a composition of a blend of competitive and collaborative strategies can make the two elements interact in a way that is mutually consistent and reinforcing, rather than counterproductive.

- **Development of the Competitve-Collaborative Business Models**

The highlighted key characteristics of the developed model are a long-term orientation, the ability to partially self-adjust, and the ability to make complex interdependencies between its types of partners. The model allows a loosely connected network of businesses and other organizations that grow their capabilities around a common set of technologies, information, or skills and collaborate and compete to create new goods and services is an ecosystem collaborative business model.

It is a system that is mostly self-contained, self-adjusting, and connected through shared institutional structures and mutual value generation through service exchange amongst resource-integrating actors. The interactions between members of an ecosystem are defined by a set of rules and standards, and the value of an ecosystem is solely established by the collaborator(s). In general, the ecosystem is governed by a shared set of (complementary) aims and objectives, and a shared set of knowledge and skills. The developed

business model is a shared enterprise, serving one another, assisting one another in creating value, committed to one another, and pursuing jointly developed objectives and goals. Fig. 1 shows the descriptive diagram for the hybridized competitive-collaborative business model (CCBM).

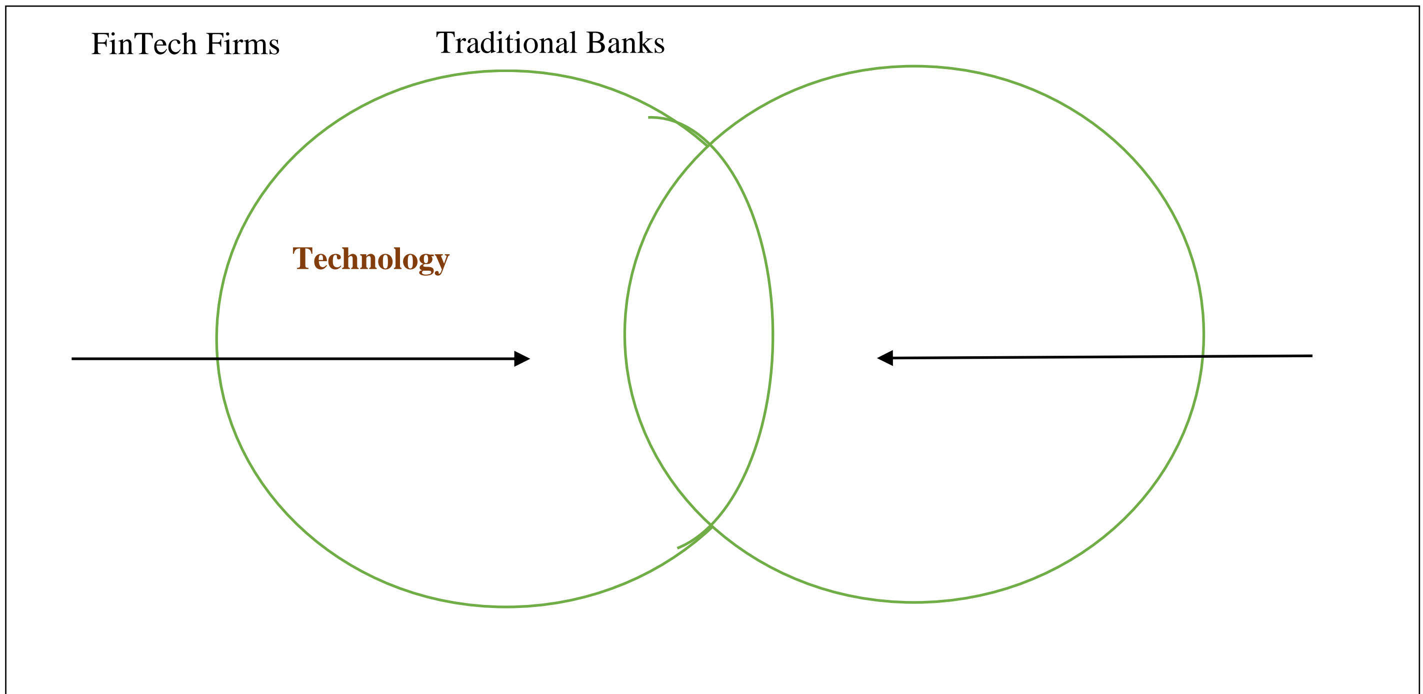

Fig.1: Conceptual view of the developed hybridised competitive-collaborative business model (CCBM) (Source: Research Findings)

Results Discussion

The benefits of the developed business model is built based on the enabled critical mass required to increase market share, increased competitive advantage through combined market strength, and opportunities to concentrate on long-term competitiveness rather than short-term costs or gains. The developed model enables the sharing of resources like machinery and equipment, capital, and market contracts as well as the combined expertise, knowledge, and capabilities of the partnership's members. This approach is built to the fullest extent possible by integrating resources and experience in market research, product development, or product delivery, and it aids members of the value chain in achieving objectives that they couldn't do on their own.

Since a large percentage of Nigerians currently earn their primary income in cash, most transactions are conducted in cash. There is a need to use a scalable system or technology to promote financial inclusion if traditional financial institutions have been around for a long time but have not been able to meaningfully decrease the financial inclusion gap. The reduction in the financial inclusion gap can be achieved via robust collaboration between FinTechs and traditional banks in order to meet or surpass the 20% financial inclusion gap reduction target set by Nigeria's financial inclusion policy. The collaboration will aid a significant chance to add value by developing technology-driven solutions for swift financial penetration into the Nigerian rural and suburban areas. This will also, redefine how financial products are delivered to users, and how financial services are provided to customers. Besides, the FinTech firms are utilizing both online and offline capabilities to promote financial inclusion which is a problem that has long plagued Nigeria's financial services industry. A collaboration with traditional banks will further strengthen the technological capacity of the FinTech firms.

In summary, Banks may provide Fintechs with years of customer loyalty, established networks, and business size in exchange for profiting from innovation and agility. Collaboration between Fintechs and traditional (commercial) banks can thus provide several benefits. Banks have large deposits when compared to Fintechs. Collaboration would aid them in developing a better financial system, making it easier for banks to manage cash. Working with banks will allow Fintechs to be regulated by the same government agencies, which will help them develop confidence. Fintechs may alleviate a lot of regulatory difficulties by partnering with traditional banking institutions that have already built an ironclad anti-money-laundering policy and decades of security experience. This can assist in safeguarding the integrity of the online financial ecosystem. Because of the superior technology that Fintechs can bring to banking, the financial system will improve overall, resulting in higher client satisfaction.

Both traditional banks and Fintech companies will gain a lot from collaboration. Since Fintech technologies enable customers to access much more convenient services online, this helps to alter customer mentality and behavior. Traditional banks may improve the client experience by utilizing the flexibility and cutting-edge technologies of Fintech firms. The collaboration will also build a solid foundation for advancement and innovation. Additionally, by working together, Fintech may learn how to navigate a complex regulatory environment. If the two can work together, there are instant benefits for both sides. Traditional banks gain from Fintech's innovation and agility, and their decades of client loyalty, corporate scale, and established network will help to enhance confidence in financial technology.

Furthermore, a collaboration between fintech and traditional banks will deliver other several advantages such as improved financial systems, a high level of trust, and the deployment of superior technology for financial transactions and management of customers. Meanwhile, the performance evaluation of the CCBM which shows that the model is a shared enterprise, serving one another, assisting one another in creating value, committed to one another, and pursuing jointly developed objectives and goals can be adopted by financial institutions of all countries for growth and development.

CONCLUSION

This research has demonstrated that Fintech has developed quickly in recent years following the financial crisis and that it is impossible to dispute the benefits of modern technologies in Fintech's financial services. Fintech has completely transformed the banking sector by offering quicker, more customer-focused services than traditional banks have ever provided. Fintech has made the banking business more competitive than ever, forcing traditional banks to adopt new tactics in order to stay competitive in the market.

The study shows that traditional banks have been having trouble keeping up with customer demands for new services. Customers in the digital age need traditional banks to undergo a transition that might enhance the client experience. In addition, traditional banks must put more of an emphasis on regulation, which is what caused the financial crisis in the first place. One of the most important things for traditional banks to do next is to move to the digital ecosystem. Traditional banks can stay up with the rapid advancement of technology by becoming digitalized. Additionally, digitalization is the solution for banks to address their shortcomings and get ready for possible threats from regulation to security. Additionally, traditional banks can only utilize their advantages through technology; for instance, they can invest in data analysis, which is thought to be the most important resource.

Consequently, competitive-collaboration seems to be the best course of action in the competition between FinTech and traditional banks as opposed to going head-to-head. Partnerships can be advantageous for both parties. Traditional banks have the opportunity to easily access technological advancements in order to enhance customer service and digitalize financial services. Additionally, this will enable the banks to provide their clients with online services using mobile devices, which is the current global trend. Fintech may profit from the enormous number of existing consumers, which enables Fintech to quickly grow its

services and products.

In conclusion, this research developed a hybridized competitive-collaborative model for business growth and sustainability. The advantages of the created business model are based on the chances to focus on long-term competitiveness rather than short-term expenses or gains, greater competitive advantage through combined market strength, and enabling critical mass required to expand market share. The approach enables the sharing of resources like machinery and equipment, capital, and market contracts as well as the combined skills, knowledge, and capacities of the partnership's members. This approach is built to the fullest extent possible on integrating resources and experience in market research, product development, or product delivery, and it aids members of the value chain in achieving objectives that they couldn't do on their own.

Since a large percentage of Nigerians currently earn their primary income in cash, most transactions are conducted in cash. There is a need to use a scalable system or technology to promote financial inclusion if traditional financial institutions have been around for a long time but have not been able to meaningfully decrease the financial inclusion gap. The reduction in the financial inclusion gap can be achieved via robust collaboration between FinTechs and traditional banks in order to meet or surpass the 20% financial inclusion gap reduction target set by Nigeria's financial inclusion policy.

The competitive-collaboration will aid a significant chance to add value by developing technology-driven solutions for swift financial penetration into the Nigerian rural and suburb area. This will also, redefined how financial products are delivered to users, and how financial services are provided to customers. Besides, the FinTech firms are utilizing both online and offline capabilities to promote financial inclusion which is a problem that has long plagued Nigeria's financial services industry. A collaboration with traditional banks will further strengthen the technological capacity of the FinTech firms. Furthermore, a collaboration between fintech and traditional banks will deliver other several advantages such as improved financial systems, a high level of trust, and the deployment of superior technology for financial transactions and management of customers.

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