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Digital money and youth spending behavior in Ebonyi State, Nigeria

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ABSTRACT

This paper examines digital money adoption and use among youths in Ebonyi State, Nigeria, and how it influences their spending behavior. A convergent mixed-methods design was adopted, and data were collected through structured questionnaires administered to 400 respondents and 20 in-depth interviews. The study used both qualitative and quantitative data-collection methods. Thematic analysis was used to analyze the qualitative data, whereas descriptive statistics, multiple regression, and correlation analysis were used to analyze the quantitative data. The findings reveal a high adoption rate of 72% among youths, driven by education, income, financial literacy, social influence, and trust. Digital money use substantially increased spending, especially on mobile data, airtime, and peer-to-peer transfers. Adoption is constrained by trust and risk concerns, and youths deploy various strategies to mitigate these risks. The paper recommends adequate financial education, infrastructural improvement, and stricter financial regulatory interventions to strengthen trust and promote responsible use. These findings contribute to understanding digital money adoption and its behavioral implications in sub-national Nigerian contexts.

Keywords: Digital money, Youth, Spending behavior, Ebonyi State, Nigeria.

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1. INTRODUCTION

Digital money, including USSD banking, mobile money, and digital wallets, has transformed financial transactions in Nigeria. It provides rapid and convenient payment options and promotes financial inclusion among Nigerian youths [1, 2]. Youth participation in digital money use has influenced not only transaction convenience but also spending behavior and consumption patterns [3]. Although national-level research provides insight into adoption patterns, evidence remains limited in sub-national settings

such as Ebonyi State, particularly in rural and semi-urban areas. This study investigates digital money adoption among youths in Ebonyi State and examines its impact on their spending behavior, thereby addressing a critical gap in the literature.

1.1. RESEARCH QUESTIONS

The study was guided by the following research questions:

1. How pervasive is digital money adoption among youths in Ebonyi State?
2. How do digital money use and frequency influence spending patterns among Ebonyi State youths, including impulse buying, budgeting, saving habits, and discretionary spending?

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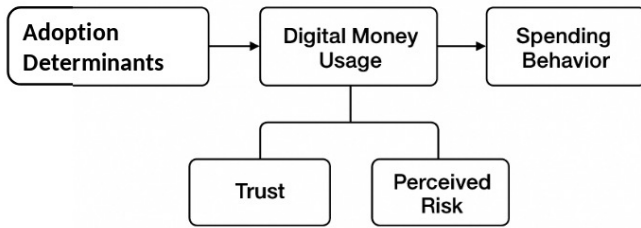


Figure 1. Conceptual model of digital money adoption and youth spending behavior.

Table 1. Demographic attributes of the respondents.

Variable	Frequency	Percentage
Gender	10	90
Age	20	100
Education	10	95
Income	10	100

Table 2. Regression results for predictors of digital money adoption.

Predictor	<i>B</i>	SE <i>B</i>	β	<i>t</i>	<i>p</i>
Income	0.215	0.072	0.198	2.99	0.003**
Education	0.148	0.065	0.134	2.28	0.024*
Financial literacy	0.287	0.058	0.265	4.95	< 0.001**
Trust	0.332	0.061	0.310	5.44	< 0.001**
Social influence	0.172	0.054	0.159	3.19	0.002**
Constant	0.524	0.188	—	2.79	0.006**

Predictors: income, education, financial literacy, trust, and social influence. Dependent variable: adoption. $R^2 = 0.48$; adjusted $R^2 = 0.46$; $F(5, 194) = 35.82, p < 0.001$. *B* = unstandardized regression coefficient; SE *B* = standard error of *B*; β = standardized regression coefficient. * $p < 0.05$; ** $p < 0.01$.

- Which contextual and socio-demographic factors moderate or influence the relationship between digital money use and spending behavior?
- What are youths' perceptions of the benefits and risks of digital money use?

1.2. SIGNIFICANCE OF THE STUDY

The study can assist financial technology (fintech) companies and policymakers in tailoring financial literacy initiatives and products to the socio-economic and cultural dynamics of Ebonyi State. Understanding youth behavioral patterns in a context where informal financial organizations and new fintech entry points coexist can provide further pathways for promoting healthy financial habits and preventing over-indebtedness or exploitative lending.

2. LITERATURE REVIEW

2.1. DIGITAL PAYMENTS AND FINANCIAL INCLUSION IN NIGERIA

The adoption of digital payments has grown rapidly in Nigeria, driven by network development, smartphone accessibility, and government initiatives toward a cashless economy [1, 4]. Digital wallets and mobile money enhance financial inclusion by improving access to formal financial services, particularly for underserved youths [2, 5].

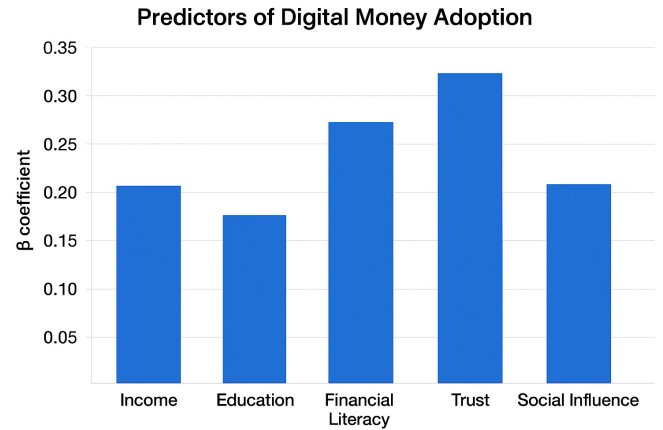


Figure 2. Graphical visualization of the regression coefficients.

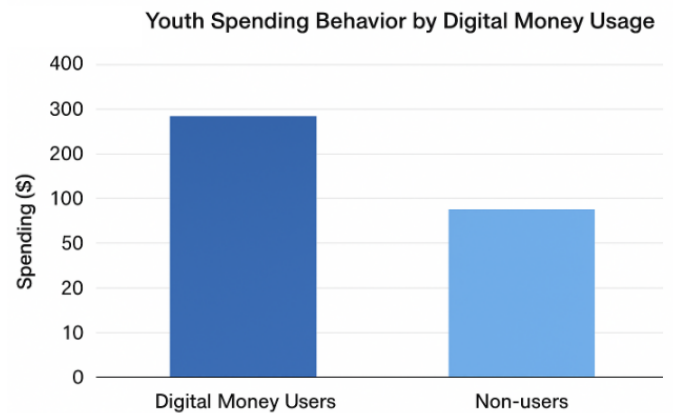


Figure 3. Youth spending behavior by digital money use.

2.2. ADOPTION DETERMINANTS AMONG YOUTHS

Youth adoption of digital money is influenced by perceived usefulness, trust, ease of use, financial literacy, social influence, and income [6–8]. Network externalities and peer use have substantially affected adoption, highlighting the social dimension of fintech uptake [8]. Major determinants affecting rural and semi-urban areas include infrastructure quality, such as smartphone accessibility and network coverage [9, 10].

2.3. IMPACT ON SPENDING BEHAVIOR

Digital money adoption has influenced consumption by reducing transaction friction and the negative emotions associated with purchases [11, 12]. Youths now tend to spend more on internet data, airtime, and peer-to-peer transfers because of convenience and ease of use [1, 3].

2.4. YOUTH AND TECHNOLOGY ADOPTION IN NIGERIA

Youths are among the early adopters of mobile technology in Nigeria because of their familiarity with social networks, entertainment, and employment-related digital needs [13]. Mobile money adoption has positively increased financial inclusion but also raises concerns about impulse spending, especially when linked with social media platforms and e-commerce.

2.5. CONTEXT IN EBONYI STATE

Ebonyi State has a growing youth population and broad mobile coverage. The interplay of remittance inflows, small-scale entrepreneurship, and *esusulajo* (informal savings groups) shapes financial behavior. This study therefore points to the need for empirical research at the state level.

2.6. RISKS AND CHALLENGES

Despite the benefits of adoption, risks such as hidden fees, fraud, and transaction failures affect both use and adoption [14]. Youths tend to use peer advice and multiple wallets as strategies to mitigate these risks [12, 14]. Improvements in financial regulation and infrastructure are crucial for strengthening sustained adoption and trust [8, 15].

2.7. RESEARCH GAP

Although national research exists, few studies explore how digital money influences youth spending behavior in sub-national contexts such as Ebonyi State. This study addresses that gap by combining qualitative and quantitative approaches.

3. CONCEPTUAL FRAMEWORK

The conceptual framework links adoption determinants to digital money use and then to spending behavior, with trust and perceived risk mediating the relationship (Figure 1).

4. METHODOLOGY

4.1. RESEARCH DESIGN

This study used a convergent mixed-methods design that integrated quantitative survey data and qualitative interview insights [1].

4.2. POPULATION AND SAMPLING

The study population comprised youths aged 18–35 years in Ebonyi State, Nigeria [2]. A sample of 400 respondents was selected using stratified random sampling across local government areas from urban, semi-urban, and rural settings. Twenty respondents were selected for interviews.

4.3. DATA-COLLECTION INSTRUMENTS

Survey data were collected using a questionnaire adapted from Unified Theory of Acceptance and Use of Technology (UTAUT) and Technology Acceptance Model (TAM) constructs [6, 7], while the interview guide explored trust, behavioral impacts, and coping strategies [14].

4.4. RELIABILITY AND VALIDITY

The Cronbach's alpha reliability coefficient was 0.82. Content validity was ensured through expert review [5, 15].

4.5. DATA ANALYSIS

For quantitative analysis, SPSS v28 and descriptive statistics were used to provide a basic snapshot of the sample data. Other statistical tools included factor analysis, correlation analysis, and multiple regression. For qualitative analysis, thematic analysis was used to identify major themes [14].

4.6. ETHICAL CONSIDERATIONS

Participation in the study was voluntary. Informed consent was obtained, and respondents' anonymity was maintained. Ethical approval was obtained from the Ebonyi State University Research Ethics Committee.

5. RESULTS

The demographic attributes of the respondents are presented in Table 1. The regression model is shown in Table 2. The results indicate that financial literacy and trust were the strongest predictors of digital money adoption among youths, followed by income and social influence, while education had a smaller but significant effect. Figure 2 visualizes the regression coefficients, and Figure 3 shows that digital money users spent more than non-users.

6. DISCUSSION

The 72% adoption rate aligns with nationwide trends [2, 16]. Youth adoption is higher among urban dwellers because of improved infrastructure [14, 15]. Determinants such as education, income, financial literacy, social influence, and trust significantly predict adoption [6, 8]. In relation to spending behavior, digital money users tend to spend more because of fund abstraction and reduced friction [11, 12]. Network failures, fraud, and hidden charges influence adoption and use [14]. Youths adopt strategies to mitigate these risks. The policy implication is the need for targeted financial education, infrastructural improvement, and adequate consumer protection [15].

7. CONCLUSION

Digital money adoption among youths in Ebonyi State, Nigeria, is high and has a significant influence on their spending behavior. The major determinants are education, trust, financial literacy, income, and social influence. Although adoption increases access and convenience, risks remain; therefore, targeted policy interventions and sensitization programs are required.

7.1. RECOMMENDATIONS

1. Comprehensive financial literacy programs should focus on budgeting and responsible digital money use.
2. Government and private-sector investment in infrastructure is needed to improve network reliability in both rural and semi-urban areas.
3. The Federal Government and policymakers should develop regulatory interventions to promote consumer protection, reduce cyber fraud, and build trust in digital money use.

DATA AVAILABILITY

The data supporting the findings of this study are available from the corresponding author upon reasonable request.

DECLARATION OF COMPETING INTEREST

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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