



**FINANCIAL SUPPORT AND COMPETITIVE ADVANTAGE OF SELECTED
FINANCIAL TECHNOLOGY FIRMS IN LAGOS STATE, NIGERIA**

Bamidele, Ayodeji Gbenga and Dogo, Edefe Bawa

^{1&2}Department of Business Administration and Marketing, Babcock University, Ogun State,
Nigeria

¹bamidelea@babcock.edu.ng

²dogoe@babcock.edu.ng

Abstract

The competitive landscape of financial technology (fintech) industry in Nigerian is challenged by several factors such as underserved consumer needs, as well as funding shrinkage occasioned by global investment decline. This recoil necessitates a deep understanding of the factors that affects their competitive advantage. This study thus investigates the impact of financial support, a business incubation strategy on competitive advantage of fintech firms in Lagos State, Nigeria. This study adopts a survey research design to collect primary data from a population of 200 owners/managers of registered fintech firms in Lagos State, Nigeria. Total enumeration was used to determine the sample size of 200 owner/managers. Data was collected using an adapted and close ended questionnaire and a response rate of 73% (146) was obtained. The validity and reliability of the research instrument was established using Average Variance Extracted, Composite Reliability, and Cronbach's alpha coefficients, thus ensuring its accuracy and consistency. Descriptive statistics and inferential statistics were utilised to analyse the data. The findings of the study revealed that financial support does not exhibit a significant effect on competitive advantage ($\beta = 0.067$, $R^2 = 0.028$, $p > 0.05$) fintech firms in Lagos State, Nigeria. Based on the conducted investigation, it is clear that the impact of financial support alone on competitive advantage in fintech enterprises may not be statistically significant. The study therefore recommends that fintech companies in Lagos State, Nigeria should pay attention to other factors not limited to financial support, to help meet the growing consumer needs and build their competitive advantage

Keywords: *Competitive advantage, Financial support, Financial technology*

JEL Classification Code: D4, O1, D2

INTRODUCTION

The financial technology (fintech) industry is fast becoming an essential part of developing economies of different countries worldwide. In 2019, the fintech sector in Nigeria attracted \$122m in investment, which amounted to a 28% annual increase in their investment activities as against \$95m recorded in 2018 and these investments accounted for 25% of the total 2019 fintech investment in Africa (Fintech Nigeria, 2020). The fintech sector's performance is paramount because of its contributions towards improving financial transactions and management for individuals and other firms. Despite this, it is observed that some of these fintech firms do not grow beyond five years, as there has been a 25.5% decline in the number of fintech companies in Nigeria between 2020 and 2023 (Statista Research Department, 2024). Closely linked, is Kauflin and Novack (2024) study that revealed that funding declined from \$141 billion in 2021 for fintech startups worldwide to \$75 billion in 2022, and further dropped to \$39 billion in 2023. For these

fintech companies to survive and remain in the market, they need to come up with strategies. Most significant for the fintech companies are strategies that will help boost their competitive advantage. A major challenge facing the Nigerian fintech companies is the decline in their financial base from USD 536.7 million raised in 2021 to an estimated total of USD 507 million in 2022 (Babaizhi, 2024). Therefore, it becomes imperative to conduct this study to determine the effect of financial support on competitive advantage of fintech firms in Lagos State, Nigeria.

Globally, the performance of financial technology firms has received research attention to understand how they operate and how their performance can be improved. In 2021, the investment in fintech firms globally across 1076 deals reached \$24.7 billion (Langley & Leyshon, 2021). Similarly, fintech investment increased globally by 75%, which exceeded the high \$22 billion amount and rising (Kshetri, 2020). Incumbent retail banks are threatened by this large number of new wave digital banking start-ups that have sprung up (Rahma & Al-Alawi, 2023). The Basel Committee of Banking Supervision (BCBS) report revealed that in spite of the significant amount of investments as well as the relatively large number of available financial products and services, as well as innovations from fintech industry, they are yet to meet up with the global financial services sector operation level (El-Said, 2021).

Financial support is a cornerstone for the growth and success of fintech firms. Access to adequate funding allows these startups to increase their research and development spending, grow their business, and enter new markets. (Nathan, et al 2022). Studies reveal that fintech companies with substantial financial backing experience a remarkable 42% increase in competitive advantage over their counterparts with limited financial support (van Rijnsoever, 2022). Furthermore, they achieved a 28% higher market share and a 20% boost in profitability within their first three years of operation (Abbasi, et al, 2021). These statistics highlight how crucial financial assistance is to enhancing the entrepreneurial success of fintech companies.

Numerous studies have looked at how financial assistance affects a company's ability to compete in a variety of international environments (El-Said 2021; Zetzsche et al. 2020; Zhao et al. 2019). Research on how financial assistance directly affects the competitive advantage of certain financial technology (fintech) enterprises in Lagos State, Nigeria, is nonetheless lacking (Adeyoju et al., 2020). This knowledge gap highlights the need to learn more about how financial support such as investments or grants affects these businesses' competitive advantages, possibly posing problems for their capacity to outperform rivals and succeed in the market (Ndudi & Ononye 2022). Reduced innovation, a smaller market share, slower growth, and a possible setback for Lagos State's economic development are all consequences of this problem (Adeyoju et al. 2020).

LITERATURE REVIEW

Competitive Advantage

The idea of competitive advantage has attracted a lot of interest in the fields of management and business. Its multifaceted definition reflects its crucial character. According to Omalaja and Eruola (2011), the competitive advantage of a firm is its ability to outperform its rivals via more effectively or efficiently producing products or services. Muisyo et al. (2022), viewed competitive advantage as dynamic and susceptible to ongoing changes in the competitive environment rather than static. From a strategic viewpoint, Chen et al. (2021) defines competitive advantage as the capacity of a company to create sustained profitability by matching its resources and competencies

with market opportunities. According to), competitive advantage can be described as a value creation strategy granted by the capacity to both meet and surpass customer expectations (Fatonah & Haryanto, 2022; Siagian et al., 2022).

Mahdi et al. (2021) presented the characteristics of competitive advantage as the capacity to compete in both local and international markets by using global networks and resources. Xiong (2022) emphasises the significance of strategic planning, characterising competitive advantage as the outcome of a well-thought-out and enduring strategy that sets a company apart from its competitors. Further, competitive advantage has unique qualities that make it stand out in the commercial environment. Its distinctiveness is one important feature, as mentioned in Srikalimah et al. (2020) study. The concept of competitive advantage is not always the same, but differs throughout organisations according to their unique set of resources, competencies, and tactics. Durability is another feature, as noted by Bari et al. (2022). Competitive advantage is a useful asset for organisations since it is not a fleeting event. Rather, it persists throughout time. Furthermore, as noted by Tintara and Respati (2020), competitive advantage is a dynamic concept. In the rapidly evolving business landscape of today, what is considered a competitive advantage one day could not be relevant the next. For this reason, businesses need to develop and adapt constantly to be competitive. Kang and Lee (2021) also emphasise the importance of sustainability as a feature of competitive advantage. Businesses that attain a competitive advantage often do so by implementing sustainable practices that help the environment and society at large in addition to the enterprise.

To achieve competitive advantage constant innovation and attention to detail is required since competitors are always looking for methods to duplicate or outperform a company's strategy however, these resources are limited (Kang & Na, 2018; Makhloufi et al, 2021) Rua and Santos (2022), there is also a problem with market volatility. A firm's competitive position may be swiftly undermined by changes in the economy, technology, and society, necessitating flexibility and agility. Furthermore, Sharabati (2021) highlights the ethical aspect as a difficulty. Businesses that want to gain a competitive advantage may encounter moral conundrums that, if not resolved correctly, might damage their image and the confidence of stakeholders.

Financial Support

In the field of social sciences, financial support takes into account a broad range of ideas and methods, which reflects its crucial character and importance in many situations. Financial support is defined by Adua and Nkansah-Sakyi (2023) as the giving of money to people, groups, or governments in order to satisfy financial needs or accomplish certain goals. This may take the form of grants, loans, or subsidies. To further explain, Daniyarov et al. (2023) note that providing financial support often entails allocating money for initiatives like social welfare, healthcare, education, and economic growth. Governments, nonprofit organisations, charitable groups, and even close family and friends may help.

Moreover, Xiaoyan (2023) highlights the role that financial support has in lowering financial barriers and enhancing socioeconomic welfare. Kurman (2023) expands on this notion by emphasising that financial support may come in official and informal ways, such as investments, remittances, charity gifts, and public support initiatives. According to Zhu (2023), the duration of the project might vary, depending on the desired objectives and results. Furthermore, as noted by Xu and Zhang (2023), financial support may take several forms in addition to monetary transfers,

such as capacity-building projects, financial literacy courses, and access to financial services that enhance financial independence and stability. Wu et al. (2023) contend that in order to reduce poverty and promote social inclusion, financial support is often a crucial element that advances society as a whole.

In order to solve a variety of societal issues and to foster social and economic growth, financial support is essential. According to Wang, et al. (2022), financial support may also boost access to healthcare and education, especially for underprivileged groups, which will benefit the development of human capital. Sevinç (2023) highlights how it promotes investment, entrepreneurship, and the creation of jobs in order to promote economic development. Financial support may play a crucial role in disaster relief and humanitarian support, facilitating prompt responses to crises and emergencies (Xie et al., 2021). Oliński (2020) notes that by resolving financial imbalances and promoting women's economic engagement, financial support may empower women and advance gender equality. Furthermore, according to Jayeola et al. (2022), it may support research and innovation by providing grants and money. According to Vu and Tran (2021), financial support may also have advantageous knock-on effects on the whole economy, producing a multiplier effect that is advantageous to society.

Theoretical Review

Resource-Based View

A key idea in strategic management, the Resource-Based View (RBV) theory was first created by Jay B. Barney in 1991. The theory states that, a firm's distinctive and priceless resources—which are difficult for rivals to imitate—determine its competitive advantage and better performance (Zahra 2021). According to RBV, these resources might be intangible (like intellectual property, expertise, and reputation) as well as tangible (like financial capital and physical assets) (Chen et al. 2021). According to the theory, companies differ in terms of their capacities and resource endowments, which causes differences in competitive results (Ployhart, 2021). Additionally, resource heterogeneity should endure throughout time, according to RBV, in order to maintain competitive advantage. Based on the aforementioned, RBV is most suitable for explaining both the independent variables (financial support) and the dependent variable (competitive advantage) as used in this study.

Financial support therefore, forms the tangible resource that can be differentiated in order to improve or gain competitive advantage in the fintech companies. The Resource Based View (RBV) is adequate to explain why fintech firms thrive or fail in the marketplace from a firm-specific or "inside-out" standpoint. RBV provides better understanding of how financial support enable fintech firms grow into new markets, create new products, and add value to the customer value chain. To create long-lasting competitive advantages, the RBV makes use of the organisational resources and competencies. But not every resource a company has will be strategic and provide it a competitive edge. Only in situations of resource heterogeneity and immobility does competitive advantage arise (Madhani, 2010).

Empirical Review

Numerous scholarly investigations have emphasised the favourable influence of monetary support on diverse facets of business and financial progress. The financial importance of support in reducing obstacles to business showing that support may increase a firm's capacity to invest in

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innovation, technology, and human capital—all of which are important components of long-term competitiveness (Adua & Nkansah, 2023). Daniyarov et al. (2023) study results revealed that financial support programs encouraged innovation and the creation of competitive advantages in the market, also, financial assistance affects innovation and eventually help companies gain a more favourable reputation within their respective sectors.

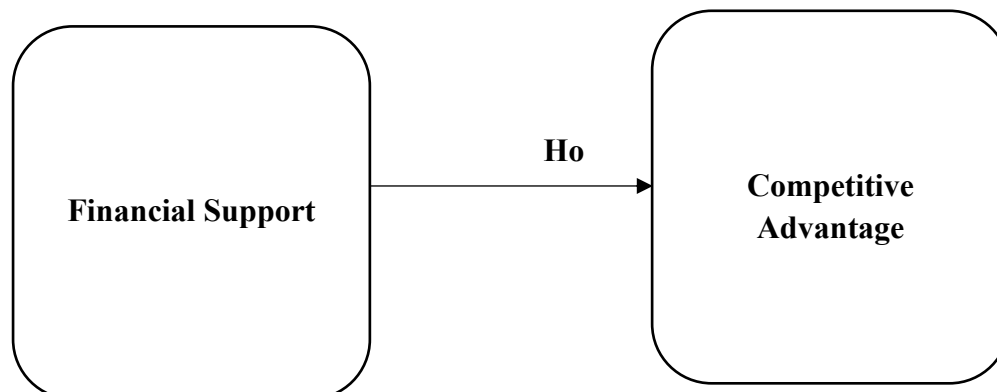
Findings from China's energy sector and how funding is related to it revealed that financial support in companies that implement ecologically competitive strategies, improves their competitiveness in a global market making them more and more eco-aware (Xiaoyan, 2023). This suggests that financial support may be used to gain a competitive advantage via environmental stewardship. Further empirical evidence from China revealed that efficient financial support systems improved organization operational efficiency, resulting in lower costs and increased competitiveness (Zhu et al., 2023). This demonstrates how important effective financial support systems are to companies trying to obtain a competitive edge.

Kurniawan et al. (2023) study revealed that financial support from the government and technological adaption have positive and significant effect on sustainable financial performance and effectiveness of Micro, Small, and Medium Enterprises (MSMEs). Further, financial support showed significant effect on innovation along with entrepreneurial service (Jin et al., 2022). Their results highlight the role that financial support plays in fostering innovation, the study emphasizes that companies may gain competitive advantage by cultivating innovative culture via the provision of resources and support. Oliński (2020) findings on the effectiveness of public financial support provided to social entrepreneurs revealed that financial support systems affect competitiveness but this effect differ throughout industries. A positive and significant relationship between financial support and competitive advantage was also found in the study by Jayeola et al. (2020).

The study carried out by Jayeola et al. (2022) however, also revealed some interesting results as the findings indicated that government financial support is not positively associated with financial performance. This adds to the divergent view in literature on the interaction between financial support and competitive advantage, and calls for more studies on this linkage, to better understand how financial support affects competitive advantage, specifically in the fintech industry in Lagos State, Nigeria. Although the study highlights the significance of distinguishing between financial performance and competitive advantage when assessing the impact of financial support. The study examines the relationship between government financial support and the financial performance of small and medium-sized enterprises (SMEs). Although these studies offer insightful information about the crucial connection between financial support and business outcomes, it is clear that a number of factors, such as the industry context, business strategies, and the particular type of financial support offered, have an impact on competitive advantage. To fully understand the complex processes by which financial support might improve competitive advantage in many contexts, further study is required. Hence, this study hypothesises that:

H₀: The competitive advantage of selected fintech firms in Lagos State, Nigeria is not significantly affected by financial support.

Figure 1. Researchers' Conceptual Model



Source: *Researchers' Conceptual Model (2024)*

Figure 1 above is the researchers' conceptual model which shows the interaction between financial support and competitive advantage of fintech firms in Lagos State, Nigeria. Hence, competitive advantage is presumed to be linked with competitive advantage of fintech firms in Lagos State, Nigeria.

METHODOLOGY

A survey research design was used for this study which enabled data to be gathered from respondents at a point in time and is a very efficient method for evaluating patterns in a representative population sample. The study's population consisted of 200 owners or managers of registered financial technology firms, all domiciled in Lagos State, Nigeria (Enhancing Financial Innovation and Access EFINA, 2020). The owner managers were used as the sampling unit as they were deemed to have better knowledge of the research variables (financial support and competitive advantage) and hence, capable of responding to the items raised on the research instrument. The total enumeration sampling technique was used to determine the sample of this study, as the population was not too large to manage and it enabled the researchers thoroughly examine and analyze the entire population (Singh & Masuku, 2014).

Data was obtained from respondents using an adapted questionnaire. The primary data collection method was used because it ensures the collection of the opinions, views, and expectations of the study's respondents without manipulation or distortion. The questionnaire was divided into three basic parts. Part A focused on the demographics of the respondents; part B focused on the questions relating to Financial support. Furthermore, part C focused on the questions relating to Competitive advantage. The response structure was based on a six-point Likert scale ranging from very high to very low, with VH = Very High (6), H = High (5), MH = Moderately High (4), ML = Moderately Low (3), L = Low (2), and VL = Very Low (1).

Model Specification

To test the linearity relationship between financial support and competitive advantage the econometric equation was established to test the model:

$$Y = f(X)_n$$

Where:

Y = Competitive Advantage (CA)

X = Financial Support (FS)

The functional relationship of the model is presented as:

$$CA = \beta_0 + \beta_1 FS_i + \mu_i \dots\dots\dots eq 1.$$

Where:

β_0 = Constant term

β_1 = Coefficient of financial support

μ = Error term (Stochastic variable).

The a priori expectation was that financial support has significant effect on competitive advantage of fintech companies in Lagos State, Nigeria.

RESULT AND DISCUSSION

The data collected from the respondents (response rate of 73% being 146 returned and well filled questionnaire) was analysed with descriptive statistics using the Statistical Package for Social Sciences (SPSS), version 23. Simple regression analysis was also utilised.

Table 4.1: Descriptive Analysis of Financial Support

	V H	H	MH	ML	L	VL	MISSIN G	Mean	Std. Deviation
Depth of Financial Support	74.5%	25.5%	0.0%	0.0%	0.0%	0.0%	0.0%	5.74	.437
Flexibility in Funding Terms	13.8%	84.1%	2.1%	0.0%	0.0%	0.0%	0.0%	5.12	.382
Degree of Investor Engagement	85.5%	13.8%	0.7%	0.0%	0.0%	0.0%	0.0%	5.85	.379
Support of research and development	6.2%	57.9%	35.9%	0.0%	0.0%	0.0%	0.0%	4.70	.579
Adequacy of funds	13.8%	5.5%	68.3%	11.7%	0.0%	0.0%	0.7%	4.19	.897
Overall Average								5.13	0.53

Table 4.1 shows the descriptive analysis of the financial support of the selected financial technology (fintech) firms in Lagos State, Nigeria. To address this variable, five items were used to get the opinions of the respondents. The table shows that 74% of the respondents indicated very high depth of financial support and 25.5% indicated high. On average, the respondents indicated that the depth of financial support is high, with a mean of 5.74 and a standard deviation of .437, indicating convergence around the mean. With regards to flexibility in funding terms, the result showed that 13.8% of the respondents indicated very high, 84.1% high, and 2.1% moderately high. On average, the respondents opined that flexibility in funding terms was high, with a mean of 5.12 and a standard deviation of .382, indicating convergence around the mean.

Further, on degree of investors engagement, 85.5% of the respondents indicated very high, 13.8 indicated high, and 0.7 % indicated moderately high. On average, the respondents indicated that degree of investors engagement is high with a mean of 5.85 and a standard deviation of .379, indicating convergence around the mean. Also, the response on support on research and development showed that 6.2% indicated that it was very high, 57.9% were high, and 35.9% were moderately high. On average, the respondents indicated high support for research and development, with a mean of 4.7 and a standard deviation of .579, showing convergence of responses around the mean.

Lastly, the table also shows that 13.8% of the respondents indicated the adequacy of funds was very high, 5.5% indicated high, 68.3% indicated moderately high, 11.7% moderately low, and 0.7% did not respond to this item. On average, the respondents indicated adequacy of funds was moderately high with a mean of 4.19 and a standard deviation of .846 indicating convergence of responses around the mean. The overall mean of 5.13 shows that the respondents agreed to high level financial support in the selected financial technology (fintech) firms in Lagos State, Nigeria, and the standard deviation of 0.53 shows convergence around the mean.

Table 4.2 Descriptive Analysis of Competitive Advantage

	VH	H	MH	ML	L	VL	MISSIN G	Me an	Std. Deviation
Uniqueness	53.8 %	37.2 %	9.0%	0.0 %	0.0 %	0.0 %	0.0%	5.4 5	.655
Durability	4.1 %	69.0 %	24.8 %	0.0 %	0.0 %	0.0 %	2.1%	4.6 9	.846
Market Agility	72.4 %	26.2 %	1.4%	0.0 %	0.0 %	0.0 %	0.0%	5.7 1	.485
Collaborative partnership	4.1 %	64.8 %	29.7 %	0.0 %	0.0 %	0.0 %	1.4%	4.6 8	.763
Reliable Service	20.7 %	13.1 %	51.0 %	14.5 %	0.0 %	0.0 %	0.7%	4.3 7	1.040
Average Mean								4.9 8	0.75

Table 4.2 shows the descriptive analysis of the competitive advantage of selected financial technology (fintech) firms in Lagos State, Nigeria. To address this variable, five items were used to get the opinions of the respondents. The table shows that 53.8% of the respondents indicated very high depth of uniqueness, 37.2% indicated high, and 9% moderately agreed. On average, the respondents agreed that there is a high level of uniqueness, with a mean of 5.45 and a standard deviation of 0.656, indicating convergence around the mean. With regards to durability in funding terms, the result showed that 4.1% of the respondents indicated very high, 69% high, and 24.8% moderately high. On average, the respondents indicated high on durability, with a mean of 4.69 and a standard deviation of .846, indicating convergence in responses around the mean.

Further, on market agility, 72.4% of the respondents indicated very high, and 26.2 indicated high. On average, the respondents indicated very high on market agility with a mean of 5.71 and a standard deviation of .485, showing convergence around the mean. Also, the response on collaborative partnership indicated that 4.1% were very high, 64.8% were high, and 29.7% were

moderately high. On average, the respondents indicated collaborative partnership was high, with a mean of 4.68 and a standard deviation of .763, implying convergence of the responses around the mean.

Lastly, the table also shows that 20.7% of the respondents indicated very high reliable service, 13.1% indicated high, 51% indicated moderately high, and 14.5% moderately low. On average, the respondents indicated reliable service was high with a mean of 5.02 and a standard deviation of .846, implying convergence in responses around the mean. The overall mean of 4.98 shows that the respondents indicated high with regard to competitive advantage of the selected financial technology (fintech) firms in Lagos State, Nigeria, and the standard deviation of 0.75 shows convergence in their responses to the mean.

Table 4.3: Validity of the Research Instrument

S/N	Variables	No of Items	KMO	Bartlett's test of sphericity	Sig	AVE
1	Financial Support	5	0.614	70.846	(p < 0.001)	0.628
2	Competitive Advantage	5	0.689	100.018	(p < 0.001)	0.706

Source: Researchers Pilot Study Computation (2023)

Table 4.3 presented the validity assessment of the Research Instrument, showcasing the variables with their respective number of items, Kaiser-Meyer-Olkin (KMO) values, Bartlett's test of sphericity results, Significance (Sig) values, and Average Variance Extracted (AVE). The examination included Financial Support with 5 items exhibiting a KMO value of 0.614 and Bartlett's test value of 70.846 (p < 0.001), yielding an AVE of 0.628. while Competitive Advantage KMO 0.689, Bartlett's test values of 100.018 (p < 0.001), and AVE score 0.706 helped establish the validity of the research.

Table 4.4: Reliability of the Research Instrument

S/N	Variables	No of Items	Cronbach's Alpha	Composite Reliability
1	Financial Support	5	0.628	0.835
2	Competitive Advantage	5	0.706	0.896

Table 4.4 displays the reliability assessment of the Research Instrument, outlining the variables with their corresponding number of items, Cronbach's alpha values, and Composite Reliability scores. Financial Support with 5 items shows a Cronbach's alpha of 0.628 and a Composite Reliability of 0.835, while Competitive Advantage with 5 items has a Cronbach's alpha value of 0.706, and Composite Reliability score of 0.896. Hence, the reliability of the instrument was also established.

Table 4.5: Summary of results of the simple linear regression analysis for effects of financial support on Competitive advantage of selected financial technology (fintech) firms in Lagos State, Nigeria

Model	Effects of Financial support on Competitive advantage							
	B	T	Sig.	R	R ²	df	F	Sig

(Constant)	22.48 4	7.52 1	.001	.0 67 a	.004	1 143	.653	.420 b
Financial support	.094	.808	.420					
a. Dependent Variable: Competitive Advantage								
b. Predictors: (Constant), Financial support								

Table 4.5 presents the results of the linear regression for the effect of financial support on competitive advantage of selected financial technology (fintech) firms in Lagos State, Nigeria. The results in Table 4.5 revealed that the regression model correlation coefficient (R) was (0.067), which indicated that there was a very negligible non-significant but positive relationship between financial support and competitive advantage. Further, the results of the $R^2 = 0.004$ indicate that financial support accounts for approximately 0.4% of the variance in the dependent variable, competitive advantage, while the remaining 99.6% variation is explained by other factors that are not part of this study.

The F-value is 0.653 (1,143) at $p > 0.05$ indicated that the overall model was not significant in predicting the effect of financial support on competitive advantage of selected financial technology (fintech) firms in Lagos State, Nigeria. This can be confirmed from the result that showed that financial support ($\beta = 0.067$, $t = .808$, $p > 0.05$) had a positive, but insignificant effect on competitive advantage. This implies that an increase in when financial support will not result in a corresponding increase competitive advantage of the selected fintech firms.

As observed in Table 4.5, the regression equation, the constant had an unstandardised coefficient of 22.484 This indicates that holding financial support constant at zero (0), competitive advantage of selected financial technology (fintech) firms in Lagos State would be equal to 22.484, which is positive. The predictive model revealed that financial support is insignificant. This implies that real estate firms should look for other factors for improving competitive advantage apart from financial support. Based on these results, the null hypothesis which states that competitive advantage of selected financial technology (fintech) firms in Lagos State, Nigeria is not significantly affected by financial support, was not rejected.

Discussion

The test of the hypothesis and the results showed that the hypothesis was not to be rejected as it showed that financial support had no significant effect on the competitive advantage of fintech firms in Lagos State, Nigeria. Contrary to the findings of several prior studies which underscored the positive impact of financial support on competitive advantage (Adua & Nkansah-Sakyi, 2023; Daniyarov et al., 2023; Xiaoyan, 2023; Zhu et al., 2023; Kurniawan et al., 2023; Jin et al., 2022), the present study indicates that financial support had a positive but insignificant effect on the competitive advantage of fintech firms in Lagos State.

The discrepancy between the current study's findings and those of previous research underscores the dynamic nature of the effect financial support and competitive advantage. While many studies have highlighted the positive effect of financial support on various aspects of business performance, including innovation, technology adoption, and resilience during uncertain times (Adua & Nkansah-Sakyi, 2023; Daniyarov et al., 2023; Xiaoyan, 2023; Zhu et al., 2023; Kurniawan et al., 2023; Jin et al., 2022), others have failed to establish a significant effect (Kurman, 2023; Wang, 2023; Sevinç, 2023; Oliński, 2020; Jayeola et al., 2022).

The theoretical framework employed in this study, specifically the resource based view theory offers valuable insights into understanding the implications of the findings. RBV posits that a firm's competitive advantage stems from its unique bundle of resources and capabilities (Alexy et al., 2018). In the context of fintech firms in Lagos State, RBV suggests that competitive advantage may not solely depend on financial support, but rather on the firm's ability to leverage its internal resources effectively. This aligns with the findings of the study, which indicate that factors beyond financial support may play a more significant role in determining competitive advantage in the local fintech industry.

Moreover, RBV emphasises the importance of firm-specific resources and capabilities in driving competitive advantage (Ployhart, 2021). The findings of the study underscore the relevance of this perspective, as they suggest that the competitive characteristics of Lagos's fintech industry, such as technological expertise and unique information, maybe more crucial determinants of competitive advantage than mere financial support. In conclusion, the present study's findings contribute to the ongoing discourse on the relationship between financial support and competitive advantage by highlighting the nuanced nature of this relationship. By aligning the findings with the theoretical framework of RBV, the study emphasises the importance of considering firm-specific resources and capabilities in understanding competitive dynamics within the fintech industry in Lagos State. Further research is warranted to explore additional factors that may influence competitive advantage in this context, thereby enriching our understanding of the intricacies of firm performance in the rapidly evolving fintech landscape.

CONCLUSION AND RECOMMENDATION

Based on the analysis conducted, it is evident that while the effect of financial support alone on competitive advantage in fintech firms may not be statistically significant fintech firms should reassess their allocation strategies regarding financial resources. Rather than solely focusing on financial backing as a means to gain a competitive edge, organisations should explore alternative avenues for value creation and differentiation. This may involve reallocating resources towards areas such as technological innovation, market research, and talent development, which could yield more substantial and sustainable competitive advantages. Further studies should be carried out to determine other factors that can significantly affect competitive advantage such as operational resilience, technological innovation, and entrepreneurial orientation.

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