

The Impact of Digital Financial Innovation on Exchange Rate Dynamics in Nigeria

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Abstract: *The global banking system has been greatly impacted by the development of digital technologies, which has also led to the emergence of new financial services and goods. The research aims to examine how financial digitalization affects global economic growth. The rise of electronic commerce is being matched by the growth of virtual currency and other payment methods for services. The popularity and worldwide application of digital money have recently drawn the attention of economists and other financial experts. The study employed both quantitative and qualitative techniques to analyze the data. It was decided to use Neoclassical Growth Theory for the investigation. According to the hypothesis, technical advancements have a big impact on how an economy functions as a whole. Research indicates that increasing digital financial inclusion can greatly aid in providing small and medium-sized businesses and low-income individuals worldwide with effective, economical, easy-to-access financial goods and services. This invention has the potential to increase financial services' effectiveness for the actual economy while facilitating better access to them in less developed areas. Findings also show that the main problems with digital finance are inclusion, accessibility, threat to financial security, and regulatory compliance. Thus, in order to effectively defend against these dangers, the report suggests raising awareness of financial literacy and putting strong cybersecurity measures in place.*

Keywords: Implication, Financial Digitalization, World Economy, Expansion, Growth.

1. Introduction

Several non-bank entrepreneurs are providing both financial technology services and goods for both the front and back offices, resulting in a digital transformation of the financial services sector (Beck & Peria, 2017). This shift affects emerging market countries and established banks, which have left a sizable portion of the population underbanked. In many cases, it provides a competitive digital option. The financial services sector is currently being completely disrupted by the electronic age that has completely changed everything, including business-to-business trading, transportation, media, and retail. This was bound to happen since financial services can readily and effectively leverage huge data storage, ubiquitous computing power, ubiquitous connection, and cutting-edge analytical tools. After all, money was already created, used, stored, processed, and delivered electronically to a large extent (though not exclusively).

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The Organisation for Economic Cooperation and Development (OECD) recently highlighted the digital economy's unrealized potential as well as the profound effects of the digital revolution on social and economic advancement. Digital financial inclusion can support financial industry innovation and satisfy long-tail market capital requirements, enhancing the calibre of economic growth (Belton, 2017). In contrast to conventional banking and electronic access to money prioritizes precise risk management and efficient information sharing through cutting-edge tools and technologies like cloud computing, big data, and the Internet. This way, financial products and services are accessible to all social groups and are fair, practical, efficient, and reasonably priced (Du & Lius, 2022). This will result in historically significant shifts within the finance sector and boost overall economic growth. Digital financial inclusion encompasses various financial services, such as online loans, mobile payments, online money, online insurance, etc. On the one hand, technology has strengthened the financial system and made financial services more accessible online, especially in poor countries where resources are few. However, it also uses big data to identify consumer information, lessens the possibility that conventional banking institutions would discriminate the low-income people with credit, and enhances the finance industry's capacity to handle risk (Mathew et al., 2010).

In the words of Jeanneney and Kpodar (2018), the advancement of digital financial inclusion has the potential to facilitate the acquisition of affordable, practical, and easily accessible banking services and products for low-income individuals as well as small and medium-sized enterprises. This breakthrough could improve monetary services' usefulness for the real economy and make financial services more accessible to poor countries. In the end, these advancements greatly promote excellent economic development. Consumer goods and services are now expected to be personalised and delivered immediately. Customers are quickly growing used to making purchases with a simple tap of their finger, regardless of where they are, selecting products that are specifically suited to their needs, and having practically anything delivered right to their front door (Levine, 2015). Many businesses have already experienced significant failure because of their inability to promptly adjust to these technological changes (Irem et al., 2023b). The new standards set by consumers also apply to financial services. Through distributed supply chains, freelance design, outsourced manufacturing, contract warehousing and delivery, and other means, technology has also revolutionised business-to-business and intra-business interactions as well (Irem et al., 2023a). These include reconfiguring design, production, marketing, delivery, and service functions (Sun, 2021). Online marketplaces and distributors act as intermediaries for these reconfigurations, with data analysis and back-end support operations providing further support. These efforts result in improved risk assessment, quicker fulfilment, and more effective customer care.

Huang and Goa (2020) posit that elucidating the process of digital financial inclusion and advancing the quality of economic growth is critical to understanding the swift evolution of digital financial inclusion, advancing the reform of the monetary supply side, and expediting economic transformation. It has great theoretical and practical significance for expanding digital financial inclusion and elevating the bar for economic progress. Similar disruptive developments and rearranged value chains are also emerging in the financial services industry. As financial technology or FinTech innovators enter their markets, this presents unique problems for established providers, including banks, financing firms, microfinance institutions, and insurance organizations. By using new technology either internally or in collaboration with outside innovators, incumbents will also be able to expand their consumer base, offer new goods and services, and increase financial accessibility. The financial industry is undergoing rapid change as it adopts increasingly sophisticated technologies. Both new and established financial institutions, as well as traditional credit and financial institutions, are impacted by the

ongoing developments in the financial industry. The banking industry is changing due to digitalization, and drawing in new business and keeping hold of current clients now require creative thinking (Edeh & Ukpe, 2019). These days, technological leadership serves as both the cornerstone for developing long-term company processes and a significant competitive advantage. The modern, easy, and comfortable way that banking, payment, and insurance services are consumed not only opens up new opportunities for related businesses but also increases the capacity of the digital ecosystem and the number of participants. Social networks contribute to the strengthening of client relationships, which makes customers less loyal and more demanding. This expedites the shift to rivals that can provide superior financial solutions.

Consumer demand for financial solutions is becoming increasingly important, which has a fundamental impact on how the financial sector develops. We have been exposed to the global definition of digitization and digital transformation regularly in recent years. Divergent perspectives exist among academics concerning the meaning of "digital finance." The idea that banking services are viewed through the internet, mobile devices, and payment cards is common among the approaches (Belton, 2017). It is now being used in all facets of our lives, including our professional and personal endeavors. Consumers have begun to demand more individualized banking services and products in recent years. Instead of visiting the bank premises, they anticipate receiving communications from their banks via online platforms. With the aid of innovative technology solutions, banks may adapt their business strategies to match the expanding and changing demands of their customers (Belton, 2017).

Lending, insurance, small and medium-sized enterprises (SMEs), trade and invoice financing, investments and savings, payments, and remittances are just a few of the goods for which financial technology firms offer point solutions. Innovations are also concentrated on processes such as asset securitization, trade processing, compliance with asset securitization, credit scoring, underwriting, risk control, customer care, collections and recovery, financial market activities, and connectivity between banking systems (Mathew et al., 2010). Modern technology has the power to transform the financial services sector and challenge long-standing intermediation positions, even if most of this paper is functional or product-focused. Artificial intelligence, machine learning, distributed ledgers, big data, digital identities, currencies, and machine learning are a few of the technologies that could fundamentally alter civilization. Although they are currently being included in certain goods and services offered by well-known companies, these could eventually completely change the financial intermediation industry.

1.1 Research Problem

Global economic recovery is being hindered by the COVID-19 pandemic of the twenty-first century, which has had far-reaching effects on the planet and caused unprecedented upheavals. Regarding digital banking, one of the main concerns is accessibility and inclusivity. In Nigeria, millions of people lack access to these financial products and services. This startling finding may be the result of restricted access to technology and a lack of financial understanding. Within this framework, the global economy has become a fundamental strength, redefining global variables and changing the global competitive environment and economic structure. The lack of these financial services in some rural parts of Nigeria has deprived the citizens of access to banking products. Digital banking services such as Agency banking, Micro-finance, Point-of-Sales, and Mobile Banking are now a major engine for economic growth and a vital component of the revival of the Nigerian economy. For this reason, financial assistance is essential. According to Huang and Goa (2020), the goals of financial deepening are to increase the variety of goods and services offered by the financial system and market, improve the

system's inclusivity, offer more extensive and varied financial services, and promote economic growth. To support the sustainable growth of the global economy, the financial sector must understand the trends and patterns of the digital economy's growth and allocate financial resources to frontier areas, critical links, and significant industries. This is because the digital economy is a crucial component of world development. Countries like Nigeria, with high levels of financial depth, are better able to mobilize resources, reduce risks, and distribute money more wisely to support riskier but more creative ventures. It is crucial to investigate if financial deepening can spur technical innovation and advance the expansion of the digital marketplace.

1.2 Aim of Study

The main goal of this research is to determine the impact of financial digitalization on global economic growth. Additionally, the following is the study's specific goal:

1. To assess how digital financial inclusion affects the expansion of the world economy.
2. To determine the level of adoption of financial digitalization towards world economic expansion.
3. To examine the challenges facing financial digitalization on global economic growth

1.3 Research Questions

The following question was raised;

1. What is the impact of digital financial inclusion on global economic growth?
2. What is the level of adoption of financial digitalization towards world economic expansion?
3. What are the challenges facing financial digitalization on global economic growth?

2. Literature Review

2.1 Concept of Digital Finance and Economic Growth

Since digital finance is a relatively recent idea that emerged from the evolution of finance, it is crucial to understand the concept's evolution to fully appreciate its relevance. Levine (2015) defines financial development as the ratio of the financial scale to the economic size. Numerous research on the topic of financial inclusion has been carried out by the academic community ever since it was first introduced. According to him, inclusive finance enhances the quality of life for each individual and helps a variety of social groupings. The result of combining Internet technology and finance is global digital finance. It is a type of financial service that was developed by combining digital technology and financial innovation. Specifically, it involves the combination of financial services with digital technologies such as blockchain, AI, big data, cloud computing, biometrics, mobile and Internet of things, and encryption. Its description is similar to Internet finance and fintech; it can provide more economic subjects with "efficient, accountable, and commercially sustainable" financial services at reduced capital costs and more convenient offerings (Barro & Lee, 2015).

"Digital finance" describes how emerging technologies impact the financial services industry. It includes a variety of products, services, processes, and business models that have completely changed how financial and banking services are delivered traditionally (Du & Liu, 2022). On the other hand, economic growth is the method by which a nation's wealth increases over time. Although the term is often used in talks about short-term economic success, in the context of

economic theory, it usually refers to a rise in wealth over an extended period. The best approach to describe growth is as a process of transformation. The process of growth is uneven and unbalanced, regardless of whether one looks at an economy that is already modern and industrialized or one that is at a lower stage of development. The goal of economic historians has been to formulate a system of stages that any economy must go through as it expands.

Although there has always been technological innovation in banking, investment in new technologies has expanded significantly recently, and innovation is happening at an exponential rate. We now use mobile devices to communicate with our bank. A few years ago, several new technologies were unavailable to us. Today, we use them to make investments, move money, and make payments. Big data analytics, distributed ledger technology, artificial intelligence, social media, machine learning, cloud computing, mobile applications, and big data have all aided in the creation of new services and business models for financial institutions, both established and emerging. Economic advancement has always been impacted by financial technologies. It is difficult for anyone to dispute the impact of financial improvements on the world as they continue to expand at an astounding rate. It raises production and efficiency, encourages innovation and competition, and gives millions of individuals throughout the world a chance to create jobs (Levine, 2016).

All these technologies can help businesses and customers by expanding choice, facilitating easier access to financial products and banking services, and boosting operational efficiency. In addition, they have the potential to lower barriers across national borders and promote competition in several industries, including peer-to-peer lending, online banking, online payment and transfer services, and personal investment advice and services. Cutting-edge technology has impacted the financial services sector. It can help businesses and consumers by providing more options, improving operational efficiency, and facilitating easier access to financial services.

2.2 Digital Financial Inclusion

The market for digital financial inclusion has grown significantly in recent years. Significant innovation has also been shown in the kinds of goods and services offered, demonstrating a varied, tailored, and uniform pattern of financial development. To achieve financial inclusion, digital finance must be actively developed to lower the cost of banking services and increase the number of financial consumers. This is known as digital financial inclusion. According to Du and Liu (2022), disruptive technology serves as the engine for digital financial inclusion.

The innovativeness, inclusivity, and risk management of digital financial inclusion have all been the subject of several research. Huang and Gao (2020) contended that digital financial inclusion can effectively mitigate financial exclusion in society from an inclusivity standpoint. He also found that social engagement on the internet encourages rural households to participate in digital financial inclusion, which expands the scope and depth of digital financial inclusion. Financial technology, or fintech, has stimulated the financial markets and filled the holes in the traditional finance industry from an innovative standpoint (Lowe et al., 2019). The swift adoption of digital financial inclusion could lead to a horizontal and vertical reconstruction of existing banks' business models (Edeh et al., 2021). According to Belton (2017), by easing the financing obstacles connected with green initiatives, digital financial inclusion can solve capital misallocation, enhance financial efficiency, and encourage green innovation in businesses. He attested to the fact that digital financial inclusion fosters corporate innovation and makes it possible to carry out enterprise innovation initiatives. Therefore, by encouraging the adoption of cutting-edge technology within the financial landscape, digital financial

inclusion has the potential to bring about revolutionary changes to the banking industry as well as other businesses. Du and Liu (2022) pointed out the frequency of data security flaws in the digital finance industry as well as the shortcomings in the industry's regulatory framework from the standpoint of risk control. Liu also discovered that although attaining financial inclusion, digital finance raises the possibility of households becoming debt traps. Additionally, he affirmed that the fintech sector is fraught with danger and that it is influenced by both internal macroeconomic factors and historical trends.

2.3 International Approach on Regulation and Supervision in Digital Age

In summary, the two primary points of contention are the evolving technology and the modifications to financial regulations. The evolving financial regulations are linked to new actors, adjustments in the methods used by officials, and new appropriate demands made by the supervisory side. Numerous studies reveal that financial market regulators' perspectives and goals point to an emphasis on technical solutions as a control mechanism (Barro & Lee, 2015). But to encourage the growth and transparency of financial services, we also need strong regulation and protection of consumer rights, in addition to ensuring a well-established infrastructure and payment systems. These outcomes cannot be ensured by technological developments alone. Therefore, new technical advancements can be an easy way to hide a variety of illegal activities, including fraud, tax evasion, terrorism, and money laundering (Sun, 2021).

The financial market authorities' regulatory and supervisory procedures are not keeping up with the market's adoption of modern technological solutions. Regulatory risk is a danger to the adoption of new technologies since rules are difficult to formulate and can cover a large range of continually evolving technological solutions that can be implemented in multiple ways. For this reason, many FinTech companies employ cutting-edge technical solutions to take advantage of regulatory gaps in their industry (Levine, 2015). In the modern technological era, regulators need to be cooperative, adaptable, and creative. A new rule should only lessen potential hazards, not stop development altogether. As it is not practical to anticipate every potential course for development, each new law must allow room for future and additional evolution (Belton, 2017). However, unregulated sectors of the economy raise operational hazards related to cybercrime and outsourcing services. Regulating while maintaining a high level of secrecy and openness is another important topic of discussion. The use of new technologies and outside participation could upset such equilibrium. A Facebook-Cambridge Analytica investigation further demonstrated the significance of explicit privacy rights and transparency regulations.

Writing a lot of documentation and reports, doing off-site control, having in-person conversations, and other activities go hand in hand with financial system supervision. They require human interaction since, by their very nature, technology cannot simply accomplish them on its own. However, it shouldn't rule out the potential benefits of the IT or digital technologies used for oversight. The Bank for International Settlements distinguishes four generations in this regard: Firstly, it relies on manual labour for massive data identification and analysis. The second was the semi-digitalization of some manual processes or paperwork, which made it possible to analyse huge amounts of data even further. Third, more automation and digitization are made possible by big data architecture. It made purposeful database analysis and novel modelling techniques available. More automation of the processes involved in supervision. Automation currently offers a chance to use artificial intelligence to gather opinions for decision-making, carry out some supervisory tasks using technology, and connect and integrate various data sets using natural language processing (Du & Liu, 2022).

By utilising new, cutting-edge technology, supervisory bodies can improve capacity, make complicated operational process management simpler, create new analytical tools, and protect the financial system as a whole and the supervisory agencies from hazards associated with technology, including crises. The expansion of financial services, a crucial component of the global economy, largely depends on the harmonisation of regulatory authority control in the new technological advancement (Barro & Lee, 2015).

2.4 Digital Transformation in Finance: Challenges and Benefits

Digital transformation is no longer merely a technical development but increasingly a core business strategy in the banking sector (Sun, 2021). Banking and finance have progressed from manual processes involving paper to finger-tip smartphone apps that increase revenue and customer happiness. Digital changes have significantly changed the financial services sector, revitalizing seamless digital offerings and requiring institutions to reorganize their business models. Customers demand the finest in terms of choice, ease of use, and 24-hour rapid support in addition to industry trends. For all of their banking needs, a sizable portion of users favour and use mobile apps and net banking frequently, often several times each month.

Financial institutions are starting to understand that digital transformation is a specific requirement for every business and cannot be adopted as a fad. In the finance business, "digital transformation" refers to the reorganization and restructuring of the accounting and finance functions using technology to reproduce efficient operating systems and procedures without replacing outdated systems. While many financial institutions are still in the throes of change as a result of different issues, digitally led financial transformation is vital for organisations.

2.4.1 Digital Transformation Challenges

2.4.1.1 Legacy Systems

Significant financial outlays and transition costs are associated with moving from legacy to new technology infrastructure and digital competence.

2.4.1.2 Security and Compliance

Banks and other traditional financial institutions, in contrast to fintechs and other emerging players in the market, are more vulnerable to security breaches because of the volume of personal data and transaction records they have. This makes it more difficult to implement changes and adhere to regulatory standards.

2.4.1.3 Customer Expectations about the User Experience

Providing customers with enhanced efficiency and a unified user experience across platforms is the goal of digital transformation. This is difficult for traditional banks and businesses to accomplish since providing clients with the best options involves a lot of study, effort, strategy, and marketing.

2.4.1.4 Workplace Culture and Workforce Reskilling

As the talent model shifts to emphasize data scientists and analysts, it necessitates that employees undergo upskilling. These changes have a substantial impact on the workforce and workplace culture. Efforts here require time, strategy, and clear objectives and communication.

2.4.1.5 Healthy Competition

Banks are left out of the process as customers transact directly due to competition from fintechs and emerging online finance players like Amazon, Google, or Facebook. But if banks become digital, they will have an advantage since they are more regulated and safer.

Digital transformation provides the means to stabilize and secure an organization's place in the market, even though overcoming these obstacles in the beginning would need a significant amount of time and work.

2.4.2 Benefits of Digital Transformation in the Finance Sector

2.4.2.1 Improved Customer Experience

A poll found that 76% of executives in the financial services industry think that the main goal of digital transformation is to improve customer experience. Modern consumers are tech aware and anticipate brands to be cutting edge. Banks and financial institutions (FIs) can provide and deliver standardized and customized products and services, and going digital can help them track, attract, and positively engage clients.

2.4.2.2 Increased Revenue Creation and Operational Efficiency

By automating manual operations and integrating data, the correct set of digital transformation tools may be used to streamline operational processes. Such programs save expenses and save time, which boosts revenue.

2.4.2.3 Simple Data Management and Accessibility

Digital transformation initiatives assist with gathering, organizing, and conserving unprocessed client data, which may then be evaluated to improve growth and company intelligence.

2.4.2.4 Process Agility and Operational Productivity

By removing human mistake, automation always boosts process agility and productivity. It can significantly increase operating efficiencies and increases precision in repetitive tasks.

2.4.2.5 Insight-Driven Judgments

AI-driven analysis facilitates quicker capital market transaction decisions. These days, business choices and tactics can be grounded in quantitative data when dealing with more customer-focused goods and services.

Together, the advantages and difficulties demand that accounting and finance adopt new paradigms. Financial institutions that want to proactively empower finance functions digitally must collaborate with business transformation partners.

2.5 Theoretical Underpinning and Empirical Review

The Neoclassical Growth Theory states that a stable rate of economic growth is produced by the interaction of the three economic forces of labor, capital, and technology (Lowe, 2019). The simplest and most popular version of the Neoclassical Growth Model is the Solow-Swan

Growth Model. According to the theory, the short-term economic equilibrium results from changes in labor availability, technological advancements, and capital availability—all of which are critical to the production process. This theory is appropriate for this article since technological developments have a significant influence on the overall functioning of an economy. Neoclassical growth theory states that three conditions must be met for an economy to expand.

Based on empirical study, financial innovation contributes to the growth of the world economy. In 2022, Wenzhi studied "Digital financial inclusion and quality of economic growth." This study evaluates the quality of economic growth using the entropy weight method and the subjective weighting approach. Additionally, it conducts an empirical evaluation of the mediation effect model to determine the impact of digital financial inclusion on the standard of economic growth. The conclusions are as follows: first, the quality of economic growth is much enhanced by digital financial inclusion; this is especially evident in highly marketized sectors and the eastern region. Second, by promoting entrepreneurial vigor, digital financial inclusion can raise the standard of economic growth. Third, during the past several years, there has been a positive and growing non-linear impact of digital financial inclusion and its depth of usage and breadth on the quality of economic growth.

3. Materials and Methods

This section outlines the data sources, analytical strategies, and methodologies utilized to examine the relationship between financial innovation and digital technology and the growth of the world economy. The primary data sources for this research were openly available digital financial data from a variety of sources, such as academic journals, financial reports, and qualitative reviews. We also gathered information from books, media articles, and scholarly publications in addition to other secondary sources. In this study, case study analysis, table and percentage analysis, and literature review were among the qualitative and quantitative research methodologies employed. To evaluate the objectives of the study, a sample size of fifty respondents was selected using purposeful sampling.

4. Data Presentation and Analysis

While presenting the data analysis, the following symbols were used with their denotation.

SA represents 'Strongly Agree'

A represents 'Agree'

D represents 'Disagree'

SD represents 'Strongly Disagree'

U represents 'Undecided'

Table 1: Impact of Digital Financial Inclusion on Global Economic Growth

Impact of Digital Finance	SA	A	D	SD	U
Access to real-time information	28	10	5	2	5
Better decision-making	26	15	4	2	3
Ease and efficiency	38	5	2	1	4
Flexibility and transparency	27	13	3	4	3
Mobile working	35	5	8	1	1
Environmental friendliness	28	13	6	3	-

Source: Field Survey 2023.

Research demonstrates the many advantages that digital financial management may offer companies. Based on the result, one of the main advantages is that transactions are simple and quick. Many routine jobs may be completed more quickly or even automatically. The survey also demonstrates how moving to digital financial management facilitates mobile working. According to a field report, digital finance offers real-time information availability. This demonstrates that all data stored in the financial management systems is viewable instantly, allowing for effective use of the data to assist management and decision-making. According to the field survey's interpretation, digital finance also encourages task or transaction openness and flexibility (Table 1).

Table 2: Level of Adoption of Financial Digitalization towards World Economic Development

Stages of Adoption Process	SA	A	D	SD	U
Knowledge	48	1	1	-	-
Persuasion	47	1	-	2	-
Decision	45	2	1	-	2
Implementation and	41	1	3	3	2
Confirmation	39	6	2	-	3

Source: Field Survey 2023.

Diffusion of a digital finance innovation is usually considered to occur through five-step process. The five stages in the adoption process were studied to understand the level of acceptance towards world economic growth. Findings show that financial digitalization has passed the knowledge stage as it is confirmed that this financial innovation is very good and efficient. A report from the field survey also reveals that digital financial innovation has weighed both the advantages and disadvantages of using them, and a decision for acceptance has already been taken. Further findings show that it has been implemented and confirmed to be in use to its fullest potential (Table 2).

Table 3: Challenges Facing Financial Digitalization on Global Economic Growth

Issues with Financial Digitalization	SA	A	D	SD	U
Security and privacy risk	39	1	6	4	-
Complex legacy systems	30	3	15	2	-
Regulatory compliance	38	2	5	3	2
Resistance to change	29	4	3	10	4
Reskilling	37	5	4	2	2

Source: Field Survey 2023.

The results above show that worries about the security and privacy of data frequently provide the biggest obstacle to digital transformation in the finance sector. Fundamentally, this problem is that banks and other financial institutions are facing an increasingly difficult time as they embark on a digital transformation process due to the dynamic nature of cyber threats. Additionally, many banks must overcome the difficult challenge of detangling their intricate legacy systems and merging them with cutting-edge digital technologies to undertake digital transformation. Additional research reveals that it is frequently costly and time-consuming to

integrate this new financial digitization with the current systems, necessitating careful planning, strategy, testing, migration, and optimization efforts. The field survey demonstrates that one challenge facing financial digitization is regulatory compliance. This is because financial institutions like banks are subject to stringent regulations on data security and privacy as they handle sensitive client information. Results also show that there is a problem with reskilling. Because banks and other financial institutions sometimes lack the deep technical skills needed for a successful digital transition (Table 3).

5. Discussion and Conclusion

The advancement of digital financial inclusion has significant promise for augmenting the accessibility, affordability, ease of use, and cost-effectiveness of financial goods and services for low-income individuals and small and medium-sized enterprises. This breakthrough could improve financial services' usefulness for the real economy and make financial services more accessible to poor countries. One of the primary issues with digital banking is inclusion and accessibility. However, the study sought to determine the impact of digital financial inclusion on global economic development, the degree to which financial digitalization is accepted as a means of promoting global economic growth, and the challenges that financial digitalization faces in this regard. The financial industry is undergoing rapid change as it adopts increasingly sophisticated technologies. Both new and established financial institutions, as well as traditional credit and financial institutions, are impacted by the ongoing developments in the financial industry. The financial industry is changing due to digitalization, and drawing in new business and keeping hold of current clients now require creative thinking.

The results demonstrate the many advantages that digital finance management may offer companies. The convenience and efficiency of financial transactions is one of its main advantages. Any routine task can now be completed more quickly or even automatically. Additional advantages include improved decision-making, financial transparency, flexibility, and real-time information access. According to research, worries over data security and privacy represent the biggest obstacle to the global economy's digital revolution. Fundamentally, this problem is that banks and other financial institutions have a greater barrier in their pursuit of digital transformation due to the constantly changing nature of cyber threats. Additionally, many digital financial institutions must overcome the difficult challenge of detangling their intricate legacy systems and merging them with cutting-edge digital solutions to pursue digital transformation. However, the advantages and effects of this digital change on the global economy outweigh the problems with financial digitization.

5.1 Recommendations

With concerns about the issues facing the use of financial digitalization, the following recommendations are made;

1. To address and manage the issue of accessibility and inclusion, it is crucial to raise awareness of financial literacy and provide better access to technology. Governments and commercial institutions can address this financial exclusion by making financial services available to disadvantaged people.
2. Financial institutions and technology providers must put strong cybersecurity measures in place to effectively guard against threats and fraud related to financial security. Furthermore, identity verification procedures might be a fantastic substitute for stopping fraud and identity theft.

3. Other strategies to encourage regulatory compliance include streamlining the regulatory framework and encouraging cooperation between authorities and business stakeholders.
4. One of the biggest issues facing digital finance is consumer acceptance. Customers could not trust new technology and be reluctant to shift. By enhancing customer satisfaction, reducing mistrust, and raising consumer awareness, financial institutions and tech companies may meet these difficulties.

5.2 Limitation and Contribution to Knowledge

Because of the complex nature involved in this study, the paper is limited to only 50 respondents who were carefully studied to determine their perception of the implication of financial digitalization on the world economy. This research is somewhat recent. The effects of financial digitization on the global economy have not been independently investigated. Analysing the benefits and drawbacks of using digital money is helpful. In addition to closing the knowledge gap and serving as a foundation for literature, the report will be of interest to those who read it. Moreover, it will impact the innovation and modification of financial technologies concerning the worldwide economy.

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