

FACTORS INFLUENCING UNDERGRADUATES' INVOLVEMENT IN PONZI SCHEMES IN TERTIARY INSTITUTIONS IN ANAMBRA STATE, SOUTH-EAST, NIGERIA

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Abstract

Swindling is a reoccurring phenomenon that has always been in existence since human history and its dimension has not changed. In today's financial world, Ponzi scheme appears as a more repackaged swindling activity with adverse consequences on not just the victim but the society in general. The study examined the factors influencing undergraduates' involvement in Ponzi schemes in tertiary institutions in Anambra State, South-East, Nigeria. Theory of gullibility was adopted as the theoretical orientation of this study. The mixed methods research design was adopted and multi-stage sampling procedure was used in selecting respondents. A sample size of 1093 was generated statistically using Taro Yamane formular for determining sample size. Instruments for data collection were structured questionnaire and In-Depth Interview (IDI) Guide. The quantitative data were processed using Statistical Package for Social Sciences (SPSS) software. The interviews from the qualitative data were processed using Nivivio and they were analyzed using illustrative quotes extracted from the interviews. The findings indicated that high interest rate, financial handicap, peer pressure, financial investment illiteracy, lack of awareness, greed and materialism were amongst the factors that influence undergraduates' involvement in Ponzi schemes. Therefore, it was recommended amongst others that government should incorporate indigent undergraduates into Social Safety Net Programme (SSNP) with a monthly stipend. This will help to discourage them from engaging in unhealthy ventures and it will also go a long way to cushion the effect of harsh economic realities on poor students.

Key Words: *Fraudulent investment, ponzi schemes, scam, tertiary institution, undergraduates.*

Introduction

Swindling is a reoccurring phenomenon that has always been in existence since human history and its dimension or outcome has not changed. In today's financial world, Ponzi scheme appears as a more repackaged swindling activity with adverse consequences on not just the victim, but the society in general. Ponzi schemes are fraudulent investments

where earlier investors are paid higher returns from the contributions of later investors after a specified period of time (Moser & Hill, 2016). It is also an investment where the fund originator never made a legitimate investment in assets that produce income (Zuckhoff, 2006). Thus, dividends are paid to already existing investors out of the contributions of newer entrants (Deason, Rājgopal, Waymire & White, 2015).

Ponzi schemes are not new but were rather popularized in the early 1900's by the mastermind fraudster - Charles Ponzi (Greenspan, 2011; Hinson, 2013). He announced an arbitrage business of buying postal reply coupons in Italy and exchanging them for stamps in United States. He attracted investors by promising extraordinarily high returns of 50% in 45 days (Stelzer, Berger, Odewald & Schilder, 2013). Instead of investing the money by buying the coupons and exchanging them for stamps as promised, he simply used the money of newer investors to pay high returns to earlier investors, thereby extracting huge profit along the way (Quisenberry, 2017). When it collapsed, over \$20 million which was estimated to be equivalent of \$225 million as at 2011 was lost. Since then, the world has been littered with distinct versions of such schemes (Rodney, 2010).

The operations of these schemes are similar and one common feature among them is the desperate or aggressive search for new investors; offering of higher returns after a specified period (usually thirty days) and the rapid spread of testimonies of earlier entrants that were paid to attract more investors (Asogwa et al, 2017). They also have a district representative who is called the 'Guider'. This person coordinates the down-liners in the chain of investors with carefully packaged frequent messages of hope, exploits of the scheme, beneficiaries and also helps in registration processes as well as to persuade new entrants to pay within the specified period or be disconnected. The Guider is to ensure that the chain does not break and in return he is rewarded with increasing financial bonuses as his down-liners adhere to the rules.

In many places, unregulated investment schemes exist and have caused more harm than good. Deb (2014) observed that ethical values and moral standards are at their lowest ebb in India due to the spread of chit or Ponzi funds in corporate and non-corporate organizations. In several Caribbean States, such investment schemes grew quickly, particularly during 2006-2008 by claiming unusually high monthly returns through a system of referrals of existing members (Carvajal, Monroe, Pattillo & Wynter, 2009). They opined that students especially males are usually recruited as referral agents that spread the message to others.

The impact of Ponzi scheme is said to be greater in countries with weaker financial regulatory frameworks. This is illustrated by the well-known Albania and ongoing cases in the Caribbean, Colombia and Lesotho (Carvajal et al, 2009). In spite of the fact that

many people have been victims of these fraudulent activities, the problem still escalates especially among undergraduates in tertiary institutions. Therefore, it is against this background that this study examined the factors influencing undergraduates' involvement in Ponzi Schemes in tertiary institutions in Anambra State, South-East, Nigeria.

Statement of the Problem

Just like many other issues, there is no clear record on when Ponzi schemes started in Nigeria. Notwithstanding, Ndukwe (2016) believed that they are not new in the country and identified Pyramid and Green World that existed in the 70's. However, their popularity or reach were insignificant when compared to the rush and affinity for the recent schemes. Business Post (2017) identified Umana-Umana that existed in the 80's in Calabar, Planwell in Edo from 1991 to 1992 and Nopecsto that operated in Lagos State between 2002 and 2007. No matter the name or form, the fact remains that there has existed fraudulent ventures purported to offer one form of gain or another that ended in swindling unsuspecting Nigerians of their hard earned resources.

Notably, undergraduates are amongst the targets of Ponzi operators especially in an ailing economy with high rate of unemployment, struggle to make ends meet and moral decadence. Adebunmi (2016) opined that current job losses and pressing financial needs in the country have led many youths, especially students to embrace such online get-rich-quick schemes. Bupo and Abam-Smith (2017) noted that students engage in Ponzi schemes because they serve as alternative source of income to them. Thus, it appears that the prevailing challenge to most students is balancing academic time with economic and social needs. Odogwu (2016) noted that two students of Nwafor Orizu College of Education, Nsugbe in Anambra State lost their tuition fees in Ponzi schemes and were not allowed to write their exams.

The Nigerian government has been making intervention efforts against Ponzi schemes and other unregistered investment ventures (Toromade, 2019). Most recently, the Nigerian Security and Exchange Commission (NSEC) raised alarm over the enthusiasm with which Nigerians are embracing Ponzi schemes (Nigerian Television Authority – NTA¹, 2019). In spite of all these efforts, even from the Central Bank of Nigeria (CBN) and Economic and Financial Crimes Commission (EFCC), many Nigerians especially undergraduates still patronize such fraudulent schemes. Oyelude (2017) said that a female student was arrested and detained by the Nigeria Police Special Anti-Robbery Squad (SARS) in Awka, Anambra State for setting up a Whatsapp Ponzi platform that defrauded unsuspecting individuals (Jones, 2017; Oyelude, 2017). It is in view of the aforementioned problems that the study examined the factors influencing undergraduates' involvement in Ponzi schemes in tertiary institutions in Anambra State, South-East, Nigeria.

Research Questions

The following research questions guided the study:

1. What are the factors influencing undergraduates' involvement in Ponzi schemes in tertiary institutions in Anambra State, South-East, Nigeria?
2. What are the views of undergraduates in tertiary institutions in Anambra State, South-East Nigeria, on whether it is proper to invest in Ponzi Schemes?
3. What are the reasons why undergraduates in tertiary institutions in Anambra State, South-East, Nigeria, may or may not invest in Ponzi Schemes?

Review of Related Literature

Concept of Ponzi Schemes

Historically, evidence has shown that Ponzi schemes have existed before Charles Ponzi and have continued to exist after him (Garber, 1990). The first extensively recorded scheme was conceived by a Scotsman, John Law in France in 1719 and was immediately followed by the South Sea Bubble in Britain in 1720 (Mackay, 1841 cited in Bhattacharya, 1998). However, in most African countries and Nigeria in particular, the long history of such illegal schemes generally was poorly documented, hence it was difficult to ascertain their exact origin and source. Today, with the advent and prevalence of internet, Ponzi schemes have not only garnered wide reach and patronage but swindling huge sums of money from gullible and uninformed individuals.

In as much as Ponzi schemes have long been in existence and efforts equally made to give explanation to it, there appears to be no generally agreed definition of the phenomenon. To the Federal Bureau of Investigation (FBI, 2017), Ponzi scheme is essentially an investment fraud wherein the operator promises high financial returns or dividends that are not available through traditional investments. Instead of investing victims' funds, the operator pays dividends to initial investors using the principle amount invested by subsequent investors. The scheme generally falls apart when the operator flees with all of the proceeds or when a sufficient number of new investors cannot be found to allow the continued payment of dividends. According to Azim and Azam (2016), a Ponzi scheme is a serious financial crime where an individual or organization pays returns to its financiers from new capital paid by new financiers rather than from profit earned. It is also a financial investment that yields uncharacteristically high return on investment based strictly on conscious and serious hunt for incorporation of new members portraying no risk at all (Asogwa et al, 2017).

In a bid to give a legal definition of Ponzi schemes, Hinson (2013) defined it as a scheme whereby a corporation operates and continues to operate at a loss. He stressed that the corporation gives the appearance of being profitable by obtaining new investors and using those investments to pay high premiums to earlier investors. This view is debatable

especially on the ground that no business venture is ever established with the aim of operating on losses if there is no perceived gain to be derived. Arguably, just like every other business outfit, a Ponzi scheme is bound to experience loss(es) and as that may likely occur, sometimes too they smile to the bank.

Factors influencing Undergraduates' Involvement in Ponzi Schemes

The reason or motivation on why people get involved in Ponzi schemes has not gained much attention in literature, especially in Nigeria (Obamuyi, Iriobe, Afolabi, Akinbobola, Elumaro, Faloye, Adeyefa, Adepoju & Oni, 2018). Notwithstanding, some efforts have been made to uncover the rationale behind that. Asogwa, et al (2017) argued that the state of an economy of a nation plays a role in the existence and involvement in Ponzi schemes. They posited that a strong negative relationship exists between Nigerian economy and the growth of Ponzi schemes in the country. Hence, the belief that economic situation of any country can either encourage or discourage the existence of Ponzi schemes. Some of the economic activities include decrease in gross domestic product, high inflation rate, high unemployment rate etc. When these factors are prevalent in an economy, people look for alternative means of earning more money. This position is debatable because it tries to make one assume that the growth of economic activities automatically leads to a drop in Ponzi schemes activities. Interestingly, people also invest in Ponzi schemes for speculative reasons and when there is sufficient money in an economy (Rowe 2000). This view attests to the fact that even in the developed economies, like the United States, there are some Ponzi schemes in operation.

Most students have been lured into Ponzi schemes through their offer of higher returns on investment (Fatunde, 2017). He observed that investigations by the State Security Service (SSS) on a Ponzi scheme show that in several campuses, many students who invested were rewarded with large sums of money. They were those that testified in video clips of their enormous returns on social media. Since these names and faces are familiar to their counterparts in respective campuses, others were encouraged or tempted to dip hands into their savings and some even convinced their parents to invest. According to Asishana (2017), the Rector of Federal Polytechnic, Bida attributed students' involvement to the desire for expensive mobile phones, indecent dressing and unbridled lives in campuses. Bupo and Abam-Smith (2017:265) observed that "students patronize and involve in such schemes because they perceive it as a source of increasing their income and reducing the impact of hardship".

Deb (2014) observed that exorbitant rate of interest, lack of industrialization, financial illiteracy and rigid banking formalities were the key motivating factors for investors of chit funds in Tripura, India. Similarly, greed, naïvety and overload of information on internet were identified as part of reasons some individuals fell victims of Ponzi schemes

in United States (Jacobs & Schain, 2011). This suggests that there are myriads of factors responsible for individuals' involvement in Ponzi schemes.

Theoretical Orientation: Theory of Gullibility

This theory was propounded by Stephen Greenspan in 2008. The multidimensional theory of gullibility was proposed to explain the success of Ponzi schemes. The theory is based on the premise or assumption that four factors, such as situation, cognition, personality and emotion contribute to the success of the over thirty years of Madoff's Ponzi scam and could be responsible for the success of other Ponzi schemes (Greenspan, 2008; Greenspan, 2009). He considers gullibility to be a sub-type of foolishness and therefore explains foolish act as where someone goes ahead with a socially or physically risky behavior in spite of danger signs or unresolved questions which ought to be a source of concern to the actor (Jacobs & Schain, 2011).

Greenspan realizes that all people are vulnerable to deception and betrayal of their trust (Morris, 2016). On factors of situation, cognition, personality and emotion, he posited that fraudulent acts tend to take place when the situation calls. This could be the state of get-rich-quick syndrome occasioned by high rate of unemployment and financial handicap on the part of a student. This may create the avenue of perceiving some students as being comfortable and could be manipulated to get more from their parents for the sustenance of the conman. As a result, the target may lack mental process of acquiring knowledge and understanding through thoughtful thinking or experience on what the conman is up to. The personality of such a person could easily be manipulated when an emotive type.

However, it is the researchers' view that Greenspan was uncertain if these four causative factors attributed to the success of Madoff's Ponzi scam are actually responsible for the proliferation and patronage of Ponzi schemes in present times. It would therefore be misleading to actually believe that what led to a fraud in another economy over thirty years would still basically be the same causative factors in another. As time changes so do situations especially in this jet and internet age. The adoption of this theory is based on the fact that many undergraduates appear naïve in terms of financial or investment literacy. As a result either of their situation, cognition, personality or emotion in combination with other factors expose them to Ponzi schemes.

Materials and Methods

This paper adopted mixed methods research design. The research was conducted in Anambra State, specifically at the Nnamdi Azikiwe University (NAU), Awka; Chukwuemeka Odumegwu Ojukwu University (COOU), Igbariam and Federal Polytechnic Oko (OkoPoly). The general population was 68,350 while the target population was 50,285 undergraduates. The choice of undergraduates was based on the

fact that they are the most vulnerable group and are more prone to the use of social media where these Ponzi schemes thrive. The sample size of 1,093 was generated using Taro Yamane (1967) formula. The multi-stage sampling procedure which involved successive random sampling of probability and non-probability methods were used in selecting the study participants. This involved the application of different sampling techniques like cluster, stratified and simple random sampling techniques at various stages. The choice of this sampling procedure became necessary as the population was large. In selection of respondents, the state was stratified into its three senatorial zones and the public tertiary institutions were classified as Anambra Central hosting NAU, Awka and AnsPoly, Mgbakwu; Anambra South with FCET, Umunze and OkoPoly while Anambra North comprises COOU, Igbariam and NOCE, Nsugbe. Secondly, in each of the senatorial zones, one tertiary institution was selected. This led to the selection of three out of the six public tertiary institutions in the area. The selection of the three institutions out of the six was done using balloting method. This was done through writing names of the institutions according to their senatorial zones in pieces of paper and then folding and putting them in a container and reshuffling them thoroughly. Thereafter, hand drawing method of simple random sampling technique was used in selecting NAU, Awka from Anambra Central; OkoPoly from Anambra South and COOU, Igbariam from Anambra North. Furthermore, each of the selected tertiary institutions was classified according to faculties and departments. Through the use of balloting method, two faculties were selected from each of the institution. Thereafter, three departments were selected from each of the selected faculties. In selecting the study participants, the departments were grouped into years of study (i.e., Yr 1-4 for the universities and ND1-HND2 for the polytechnic). Hand drawing method without replacement was used in selecting the respondents.

However, purposive sampling technique was used in selecting six interviewees which comprise a Dean of Students Affairs, a Bank Manager, an employee of the National Orientation Agency (NOA), a tertiary institution's Public Relations Officer (PRO), a Lecturer and a Law Enforcement Agent in Anambra State. Data were generated using questionnaire and In-Depth Interviews (IDIs). The questionnaire was administered on self-administration basis. The researcher moderated the interview while the research assistants recorded and took down note. Quantitative data were processed using Statistical Package for Social Sciences (SPSS) software. Also, descriptive statistics such as frequency distribution tables, percentages and graphic illustrations were used to analyze data. The qualitative data were processed using Nivivio and analyzed using illustrative quotes extracted from the interviews.

Findings/Results

Out of 1,093 copies of questionnaire administered, 897 were correctly filled, returned and used for quantitative analysis. This represents 82% response rate which was considered adequate.

Table 1: Socio-demographic characteristics of respondents

Variables	NAU	COOU	OkoPoly	Total	X
Institution s of Learning					
Gender					
Male	550(61%)	141(16%)	206(23%)	897(100%)	
Female	248(45.0%)	62(43.9%)	111(53.8%)	421(46.9%)	
Total	302(54.9%)	79(56.0%)	95(46.1%)	476(53.0%)	
Age	550(100%)	141(100%)	206(100%)	897(100%)	
16-20	117(21.2%)	31(21.9%)	27(13.1%)	175(19.5%)	
21-25	296(53.8%)	47(33.3%)	121(58.7%)	464(51.7%)	23
26-30	103(18.7%)	56(39.7%)	42(20.3%)	201(22.4%)	
31 & Above	34(6.1%)	7(4.9%)	16(7.7%)	57(6.3%)	
Total	550(100%)	141(100%)	206(100%)	897(100%)	
Marital Status					
Single	416(75.6%)	120(85.1%)	152(73.7%)	688(76.7%)	
Engaged	33(6%)	6(4.2%)	11(5.3%)	50(5.5%)	
Married	101(18.3%)	14(9.9%)	43(20.8%)	158(17.6%)	
Separated/ Divorced	-	1(.7%)	-	1(.1%)	
Widowed	-	-	-	-	
Total	550(100%)	141(100%)	206(100%)	897(100%)	
Level of Study					
100/ND1	115(20.9%)	23(16.3%)	31(15.0%)	169(18.8%)	
200/ND2	135(24.5%)	40(28.3%)	46(22.3%)	221(24.6%)	
300/HND1	147(26.7%)	36(25.5%)	59(28.6%)	242(26.9%)	
400 & Above/HN D2	153(27.8%)	42(29.7%)	70(33.9%)	265(29.5%)	
Total	550(100%)	141(100%)	206(100%)	897(100%)	

Religious Affiliation						
Christianity	548(99.6%)	141(16%)	202(98.0%)	890(99.2%)		
Islam	2(.3%)	-	3(1.4%)	5(.5%)		
Others	-	-	1(.4%)	1(.1%)		
Total	550(100%)	141(100%)	206(100%)	897(100%)		
Place of Residence						
On-Campus	234(42.5%)	48(34.0%)	104(50.4%)	386(43.0%)		
Off-Campus	316(57.4%)	93(65.9%)	102(49.5%)	511(56.9%)		
Total	550(100%)	141(100%)	206(100%)	897(100%)		
Faculties						
	Management		Agriculture	School of Business		
Departments	Bank/Fin.	81(14.7%)	Agric. Econs/Ext. Animal Sci.	24 (17.0%)	BAM	40 (19.4%)
	CEM	93(16.9%)		29 (20.5%)	Hospitality Mgt.	35 (16.9%)
	Marketing	79(14.3%)	Soil Sci.	21 (14.8%)	Accountancy	38 (18.4%)
						138(15.3%)
Faculties						
	Social Sciences		Environment al	School of Engr. Tech.		
Departments	Pol. Sci	101(18.3%)	Environmental Mgt.	26 (18.4%)	Computer Engr.	36 (17.4%)
	Soc./Anth	97(17.6%)	Urban/Regional Planning	22 (15.6%)	Mech. Engr. Tech.	31 (15.0%)
	Mass Com	99(18.0%)	Estate Mgt.	19 (13.4%)	Elect./Elect Engr.	26 (12.6%)
						144(16.0%)
Total		550(100%)		141 (100%)		206 (100%)
						897(100%)

Table 1 shows the socio-demographic characteristics of the respondents. Findings of the study indicated that majority 550(61%) of the respondents were students of Nnamdi Azikiwe University (NAU) while 206(23%) and 141(16%) were those of the Federal Polytechnic Oko (OkoPoly) and Chukwuemeka Odumegwu Ojukwu University (COOU) respectively. It is not surprising that majority of the respondents were undergraduates of NAU, Awka since the researcher is a postgraduate student of the institution and so the respondents were willing and eager to respond to the questions knowing that he is a student of the same institution that was carrying out a study. Moreover, the researcher did not require contact persons to get to the respondents since he is familiar with the area. Majority 476(53.0%) of the respondents are females. It can be deduced from the table that majority

302(54.9%) and 79(56.0%) of the respondents from NAU and COOU respectively are females, and 111(53.8%) respondents from Okopoly are males. The implication of the high number of female respondents may be attributed to the fact that females are usually more willing to discuss issues concerning fraud unlike males who are not inclined to talking so much. Moreso, this indicates a shortfall in male enrolment and could be attributed to the poor economic situation in the country which appears to be forcing many young boys into business and other money making ventures. Again, majority 464(51.7%) of the respondents fell within the age bracket of 21-25 with an average mean age of 23. This indicates the period of possible graduation and high expectation from family/relatives that could lead to involving in any available means of making money. However, majority 688(76.7%) of the respondents were single. This is not surprising since the respondents were undergraduates who were still under the care and training of their parents/guardians. It can be observed from the table also that 400 level/HND2 students were more in number 265(30%) than others. Notwithstanding, as 400 level and above students 153(27.8%) and 42(29.7%) are the majority at NAU and COOU respectively, 70(33.9%) HND2 students were the highest number of respondents from OkoPoly. This could be attributed to the fact that they are the oldest students and could likely be more aware of the phenomenon than their younger counterparts. Furthermore, there is a clear indication that close to 100% of all the respondents are Christians. It is not surprising therefore having close to 100% of the respondents as Christians. This is because the study was carried out in Anambra State which is predominantly inhabited by Christians of different denominations. As 141(100%) of the respondents from COOU are all Christians, 2(.3%) and 3(1.4%) from NAU and OkoPoly respectively are Muslims. This may be attributed to the fact that both NAU and OkoPoly are federal tertiary institutions which makes it possible for every Nigerian, irrespective of ethnic or religious affiliation to be considered for admission. Findings of the study also indicated that majority 511(56.9%) of the respondents live outside the campus. Again, while the off-campus students make up majority of the respondents at NAU 316(57.4%) and COOU 93(65.9%), the on-campus students 104(50.4%) seem to be more at OkoPoly. This could be attributed to the lack of adequate and decent hostel accommodation in many Nigerian tertiary institutions. Due to the inadequacy and poor state of those campus hostels, many students usually opt to live off-campus where these Ponzi schemes and other social vices are thriving. Out of the 550(61%) students that responded from NAU, about 101(18.3%) are from Political Science department. This is followed by 99(18.0%) students from Mass Communication department. This suggests that majority of the respondents from NAU were students in the Faculty of Social Sciences. Similarly, students from Business Administration and Management (BAM) and Accountancy departments in School of Business were the major respondents from OkoPoly with 40(19.4%) and 38(18.4%) respectively. In COOU, Animal Science 29(20.5%) and Environmental Management 26(18.4%) students were the highest number of respondents.

Analysis of Research Questions:

Research Question One: What are the factors influencing undergraduates' involvement in Ponzi schemes in tertiary institutions in Anambra State, South-East, Nigeria?

Table 2: Respondents' views on factors influencing undergraduates' involvement in Ponzi schemes

Responses	Tertiary Institutions			Total
	NAU	COOU	Okopoly	
High interest rate	210(38.1%)	31(21.9%)	42(20.3%)	283(31.5%)
Financial insufficiency to sustain before close of semester	82(14.9%)	35(24.8%)	90(43.6%)	207(23.0%)
Need to diversify sources of income	29(5.2%)	14(9.9%)	8(3.8%)	51(5.6%)
Hardship/poor state of the economy	43(7.8%)	-	21(10.1%)	64(7.1%)
Low interest rate and rigid bank formalities	-	3(2.1%)	2(.9%)	5(.5%)
Need to help alleviate some burden on my parents/guardians	56(10.1%)	44(31.2%)	9(4.3%)	109(12.1%)
Peer influence/pressure	88(16.0%)	7(4.9%)	17(8.2%)	112(12.4%)
Financial investment	-	1(.7%)	4(1.9%)	5(.5%)
illiteracy/poor awareness				
To raise tuition/accommodation fees in time	40(7.2%)	6(4.2%)	12(5.8%)	58(6.5%)
Other	2(.3%)	-	1(.4%)	3(.3%)
Total	550(100%)	141(100%)	206(100%)	897(100.0%)

Table 2 shows that majority 283(31.5%) of the respondents were of the opinion that the high interest rate offered by Ponzi schemes made them or their colleagues to involve in such schemes. Again, about 207(23.0%) of the respondents said that the financial insufficiency to sustain before end of semester makes them to get involved in Ponzi schemes. However, 112(12.4%) of the respondents held the view that peer pressure makes them to get involved. For the respondents from NAU, the highest number 210 (38.1%) of them were involved in Ponzi schemes as a result of the high rate of interest Ponzi schemes offer. To the highest number of respondents 44(31.2%) from COOU, the need to help alleviate some burden on their parents/guardians made them to patronize Ponzi schemes and for those of Okopoly 90(43.6%), the financial insufficiency to sustain with before close of semester made them to involve in the promotion of such schemes. Furthermore, opinion of the in-depth interviewees on the factors influencing undergraduates'

involvement in Ponzi schemes were sought for and presented hereunder. One of the interviewees said;

I think Ponzi scheme is basically driven by human greed for materialism. I have said that often times, people who are greedy of gain will be trapped. A man whose appetite is not tamed; a man whose desire for wealth acquisition is not circumsised, will definitely be entangled. Also, the get-rich-quick quest among youths is another factor that drives them into it (Male, 58years, Dean Students Affairs, NAU, Awka).

To the Bank Manager, this is what he had to say as the things he considered to be influencing undergraduates' involvement in Ponzi schemes; "*Paramount to all is the quest for money; also lack of proper investment orientation and guidance*" (Male, 50 years, Bank Manager, UBA Awka)

Research Question Two: What are the views of undergraduates in tertiary institutions in Anambra State, South-East Nigeria, on whether it is proper to invest in Ponzi Schemes?

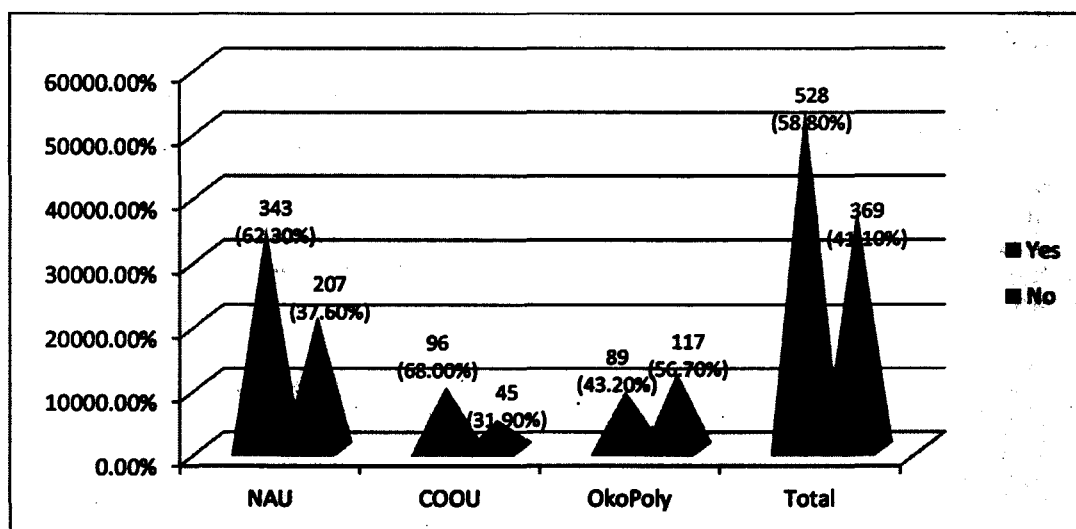


Fig 1: Respondents' views on whether it is proper for undergraduates to invest in Ponzi schemes

Figure 1 shows respondents' views on whether it is proper for undergraduates to invest in Ponzi schemes and majority 528 (58.8%) of them said yes. The findings indicated that majority of the respondents from the selected tertiary institutions, those of NAU 343(62.3%) and COOU 96(68.0%) said that it is proper while their counterparts from OkoPoly 117(56.7%) said that it is not proper for undergraduates to invest in Ponzi

schemes. Thereafter, the respondents were asked to give reasons to support their responses on whether it is proper for an undergraduate to invest in Ponzi schemes or not. The responses are shown in table 3.

Research Question Three: What are the reasons why undergraduates in tertiary institutions in Anambra State, South-East, Nigeria, may or may not invest in Ponzi Schemes?

Table 3: Respondents' views on why an undergraduate may or may not invest in Ponzi schemes

Responses	Tertiary Institutions			Total
	NAU	COOU	OkoPoly	
Reasons for those that said 'Yes' that it is proper for an undergraduate to invest in Ponzi schemes				
Alleviates suffering/hardship in school	47(13.7%)	13(13.5%)	17(19.1%)	77(14.5%)
Helps to make quick and cool cash/get more money	92(26.8%)	21(21.8%)	33(37.0%)	146(27.6%)
Ease financial burden 0.0. and over-dependency on parents/guardians	63(18.3%)	14(14.5%)	-	77(14.5%)
Source of income/ pocket money	36(10.4%)	16(16.6%)	12(13.4%)	64(12.1%)
Helps to make friends with big guys	9(2.6%)	2(2.0%)	-	11(2.0%)
Because of insufficient money for books/fees and upkeep	55(16.0%)	30(31.2%)	26(29.2%)	111(21.0%)
Makes one independent financially	41(11.9%)	-	1(1.2%)	42(7.9%)
Total	343(100%)	96(100%)	89(100%)	528(100%)
Reasons for those that said 'No'that it is not proper for an undergraduate to invest in Ponzi schemes				
Risky/ problematic/not always genuine	31(14.9%)	6(13.3%)	13(11.1%)	50(13.5%)
Loss of money	70(33.8%)	15(33.3%)	29(24.8%)	114(30.8%)
Can lead to stealing	-	1(2.2%)	-	1(2%)
Unprofitable/unproductive	-	3(6.6%)	-	3(.8%)
Brings about greed	-	-	3(2.5%)	3(.8%)
Leads to laziness and squandering of tuition fees	8(3.8%)	2(4.4%)	7(5.9%)	17(4.6%)
Can lead to poverty	-	5(11.1%)	-	5(1.3%)
Can make a student miss exam/ lose focus and destroy ambition	12(5.7%)	-	16(13.6%)	28(7.5%)
Creates panic/HBP/no peace of mind/heart break	23(11.1%)	9(20.0%)	20(17.0%)	52(14.0%)
Leads to debt/bankruptcy/financial instability	14(6.7%)	-	5(4.2%)	19(5.1%)

Fraudulent/breeding ground for fraudsters	32(15.4%)	-	8(6.8%)	40(10.8%)
Can lead to premature death	-	-	6(5.1%)	6(1.6%)
Waste time for study/ distraction from reading	17(8.2%)	4(8.8%)	10(8.5%)	31(8.4%)
Total	207(100%)	45(100%)	117(100%)	369(100%)

Table 3 shows the reasons that made respondents to say that it is proper for an undergraduate to invest in Ponzi schemes. Amongst the 528 respondents that were in support of this, 146(27.6%) of the respondents held the view that Ponzi schemes help them to make quick and cool cash or even get more money in their pockets. Again, about 111(21.0%) see it as a necessary thing to venture into because of insufficient money for books, fees and upkeep in the school. The least number 11(2.0%) of the entire respondents said that it helps them to make friends with big guys. This suggests lack of self confidence or problem of inferiority complex. It appears that this group wants to belong and not necessarily that they are lacking in the school. Other respondents 77(14.5%) justify their support for Ponzi scheme on the ground that it alleviates suffering/hardship in school and eases financial burden or over-dependency on parents/guardians, respectively. Again, 64(12.1%) recommended Ponzi scheme as sure source of income/pocket money and can make a student to be financially independent 42(7.9%). On institutional bases, as respondents from NAU 92(26.8%) and 33(37.0%) from Okopoly justified their stand with the belief that Ponzi schemes help students to make quick and cool cash or get more money, their counterparts from COOU 30(31.2%) hinged their opinion on insufficiency of money for buying of books, paying of fees and upkeep.

Furthermore, opinion of the in-depth interviewees on the reasons for undergraduates' involvement in Ponzi schemes were sought for and presented hereunder.

One of the respondents said that:

First is high rate of unemployment. In other climes, undergraduate students that desire menial jobs to help sustain their academics are usually given but it is not so here. So I think many students are joining them due to issue of limited fund. When you have no money in your hands, you are constrained. Number two is greed. In fact the main thing is greed, when you lose your conscience. Someone tells you if you put N100, you get N500,000, you should know that it's greed. Another thing is influence. Sometimes they are influenced by their peers and friends. Ah, I did it I got I-phone, I got latest Samsung and I got bags of rice and all that. So most times, it is as a result of greed, influence and even poverty level. There is hunger, yes, so much hunger in the land and sometimes people get carried away by this. So they

always put it as a net to catch a prey (Male, 45 years, NOA Personnel, Awka).

Another IDI respondent said that:

One is greed. Secondly, influence. Most times someone would come showing you evidence of his or her payment, bank alert and you would be like 'wow'; for real? Come and see, Obi did and it actually paid him. So let's try it out, its influence. Again, there are people also who do not know what Ponzi is all about, who are not enlightened; people in the villages who don't know. These people, they are not aware. Like there was a case of a woman that was going about collecting money from people in terms of isusu and then, at a time the woman disappeared and the address she gave, they went there and the woman was nowhere to be found and phone numbers she gave are till today not going. So, how do you get hold of this woman? How do you get hold of your money or whatever? So, sometimes people are not enlightened, people don't really know the risk involved in those schemes (Female, 53 years, PRO, OkoPoly, Oko).

On the other hand, the second part of Table 3 shows justification of respondents that said that it is not proper for an undergraduate to involve in Ponzi schemes. Out of the 369 of the respondents that refuted the idea of undergraduates involvement in Ponzi schemes, the highest number 114(30.8%) of them discouraged that on the ground that it leads to loss of money. Again, about 52(14.0%) of the respondents justified their reason for non-involvement on fear of panic, HBP, no peace of mind and heart break. This is followed by 50(13.5%) that said that Ponzi schemes are risky, problematic and not always genuine. Others said that it is unprofitable/unproductive 3(8%), leads to poverty 5(1.3%), possibility to make a student miss exam, lose focus and destroy ambition 28(7.5%), indebtedness, bankruptcy and financial instability 19(5.1%). Another group perceives Ponzi schemes as fraudulent and breeding ground for fraudsters 40(10.8%), leads to premature death 6(1.6%) and waste of time for study or distraction from reading 31(8.4%). When x-rayed on institutional bases, majority of the respondents maintained that loss of money is the major reason an undergraduate should not get involved in Ponzi schemes. In addition, the least number of the respondents from NAU 8(3.8%) attributed their views to laziness and squandering of tuition fees while their COOU and OkoPoly counterparts 1(2.2%) and 3(2.5%) said that it leads to stealing and it also encourages greed.

Similarly, a lecturer made his submission on the reasons why undergraduates invest in Ponzi Schemes;

This is Nigeria; the economic situation is very poor. There is a World Bank report that recently says Nigeria becomes the headquarters of poverty last year. Em, about 90% of Nigerians live below one dollar (1\$) per day. You can imagine that. All these things are World Bank reports. So when people find any means that look like they will make it, wow, that is why our youths go into all manner of things, internet crimes and all that. They just hunt after anything to use put food on their table basically, yes. The basic challenge of an average Nigerian currently as we speak is hunger, so once they can do anything, once they can find anything to put food in their stomach, they are okay with it, not minding the negative implications it will have over time, not minding the consequences. Again, persuasion and pressure to join are significant factors. When all of a sudden people start pressurizing you to join this, do that, this person is doing it; try to look into it. Like I pointed out earlier, most people who were caught in the web are people who are greedy. They make all manner of promises to you, then you are caught up, so that is that. Being an undergraduate does not make you stupid; in fact, it even makes you wiser than the market woman out there. You would even notice that market women won't even jump into such. In conclusion, everybody needs money; you understand? And people would always complain that the economic situation in Nigeria is not encouraging. You know some of these students are struggling to see themselves through school. I know a number of my students who are struggling, who pay their fees, who pay their house rents, buy their books and all that. So, when platforms like this come up, they wouldn't want to look at it twice. Not that they are greedy so to speak, but because they have limited options to make ends meet (Male, 41 years, Lecturer, COOU, Igbariam).

To the police officer, the influencing factors are presented thus;

Deviation from the book they are sent to read into money making ventures. Lack of a sponsor, that is, when there is no financially capable person to train the student. Again, poverty and greed. You know nowadays, you young people want quick money. So, quick search of money, quick trouble. Most importantly, bad friends, when you surround yourself with bad friends they lead you into something terrible (Male, 47 years, Police Officer, Command HQ, Awka).

Discussion of Findings

The findings indicated that high interest rate offered by Ponzi schemes, financial insufficiency to sustain with before close of semester, peer influence/pressure and the need to help alleviate burden on parents/guardians were major factors influencing

undergraduates involvement in Ponzi schemes. This is in agreement with the findings of Tennant (2010) that persons with close friends who had invested in Ponzi are most likely to be exposed to such schemes. Other factors identified are the need to diversify sources of income, hardship/poor state of the economy, low interest rate and rigid bank formalities, financial investment illiteracy/poor awareness and need to raise tuition/accommodation fees in time. The results affirm the findings of Deb (2014) that identified exorbitant rate of interest offered, financial illiteracy and rigid banking formalities as key motivating factors for investment in Ponzi schemes in India. Moreso, it was found from in-depth interviews that involvement is driven by human greed for materialism, quest for money, lack of proper investment orientation and guidance. This aligns with the findings of Jacobs and Schain (2011) that greed was the major reason individuals fall victims of Ponzi schemes. The finding that influencing factor is the need to make friends with big guys is unique and might not be far from the truth. This is because where there is no proper orientation, many young people would be misled.

Conclusion

This study concludes that there are numerous reasons why undergraduates engage in fraudulent transactions like Ponzi schemes and the major reasons are high interest rate they offer, financial insufficiency to sustain with before close of semester, poor sponsor, financial investment illiteracy, lack of awareness, greed and materialism. Therefore, pointing to the fact that factors influencing undergraduates' involvement in Ponzi schemes differ significantly by tertiary institutions in Anambra state. Until these driving factors are addressed, the menace would continue to wreck havoc on the youth in particular and society in general.

Recommendations

Based on the findings of the study, the following recommendations are made;

1. The National Universities Commission (NUC) should incorporate financial and investment education into its curriculum of General Subjects (GS) for all undergraduates. This will help eliminate investment illiteracy and loss of resources in such schemes.
2. The government should incorporate indigent undergraduates into Social Safety Net Programme (SSNP) with a monthly stipend. This will help to discourage them from involving in unhealthy ventures and will also go a long way to cushion the effect of harsh economic realities on ground especially to poor students.
3. Tertiary institutions in the country that do not have work-aid programmes to assist poor students should adopt that and ensure that the money is paid as at when due. This will help discourage undergraduates from seeing Ponzi schemes as alternative means of making money.

4. There should be a reorientation of our youth by families, schools, churches and Non-Governmental Organizations (NGOs) through sensitization to inculcate discipline and self control so that they will desist from this get-rich-quick syndrome which has become the order of the day.

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