Ponzi Schemes and Risks of Patronage among Undergraduates in Tertiary Institutions in Anambra State, South-East, Nigeria

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Abstract: In many places, unregulated investment schemes exist and have caused more harm than good. This paper examined Ponzi schemes and risks of patronage among undergraduates in tertiary institutions in Anambra State, South-East, Nigeria. Signaling theory served as the theoretical thrust of this paper. The mixed methods research design was adopted and multi-stage sampling procedure was used in selecting respondents. A sample size of 1,093 was generated using Taro Yamane formula for determining sample size. The quantitative and qualitative instruments of data collection used in the study were structured questionnaire and In-Depth Interview (IDI) Guide. The quantitative data were processed with SPSS software and analyzed using frequency distribution tables, percentages, mean and graphic illustrations. The qualitative data were analyzed using content analysis and were also used to complement the quantitative data. The findings indicated that majority of the respondents (73.1%) believe that there are risks associated with Ponzi schemes. The major risks found to be associated with Ponzi schemes include loss of money, panic/no peace of mind, erosion of confidence in domestic financial sector, diversion of savings to unproductive venture, etc. It was again found that no significant relationship exists between involvement in Ponzi schemes and undergraduates delay in tuition payment in tertiary institutions in the state. This paper concluded that tertiary institution students are prone and easy recruits of such schemes in the nation's cyberspace, with its ugly toll on many. It recommended amongst others that the National Orientation Agency (NOA) should partner with experts in the financial industry in carrying out sensitization programmes in tertiary institutions at least once in a semester. This should be hinged on issues associated with Ponzi schemes and related fraud.

Keywords: patronage, Ponzi schemes, risk, scam, undergraduates.

Introduction

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 ailing economy with high unemployment rate and struggle to make ends meet, undergraduates are prime targets of the operators (Adebumiti, 2016). Several Caribbean states witnessed a spike in similar investment schemes, particularly during 2006–2008 (Carvajal, Monroe, Pattillo & Wynter, 2009).

Such fraudulent venture has been categorized as a white-collar crime. The term white-collar crime was first coined by Edwin Sutherland as a crime committed by a person of respectability and high social status in the course of his occupation (Sutherland, 1940 cited in Sher, 2015; Cliff & Desilets, 2014). The Federal Bureau of Investigation (FBI) describes it as illegal acts which are characterized by deceit, concealment or violation of trust and which are not dependent upon the application or threat of physical force (Desilets, 2014). In other words, Ponzi scheme is a form of non-violent crime which is usually initiated and coordinated by influential individuals, popular and initially well respected in their respective line of work. It could be any unregistered business platform that proposes abnormal or high returns on investment.

The overall psychology of a Ponzi schemer is corrupt. He relies on lack of awareness to defraud unsuspecting individuals. The Ponzi scheme operators engender support from an ever growing group of investors usually with the promise of consistent high returns on investment (Drew & Drew, 2010). They gain the trust of their victims based on a false message that income is being earned as a result of investment in legitimate assets. This false belief is sustained through a combination of large and/or stable returns to investors and information manipulation by the schemer (Asogwa, Etim, Etukafia, Akpanuko & Ntiedo, 2017; Deason, Rajgopal, Waymire & White, 2015). Investors who wish to liquidate their investment or seek to draw an income stream are actually paid by the contribution of new entrants. Therefore, the survival of a Ponzi scheme depends on the schemer's ability to attract new investors who make sufficiently large contributions to sustain high payouts to existing ones.

However, a Ponzi scheme inevitably comes to light when the operator flees with the proceeds or liquidity demand of investors exceed his ability to source for new investors that would sustain continued payment of dividends (Benson, 2009; Surendranath & Mark, 2015). The system would thereby crash and investors' funds disappear. It is in view of the foregoing that this paper examines Ponzi schemes and risks of patronage among undergraduates in tertiary institutions in Anambra State, South-East, Nigeria.

Statement of the Problem

Section 39(1) of the Investments and Securities Act (ISA) 2007 stipulates that only persons or investment platforms registered with the Nigeria Security and Exchange Commission (SEC) can engage in capital market activities (Olisah, 2020; SEC, 2020). The Act posits that any investment platform that is not registered with the commission is not only illegal but fraudulent. It is therefore problematic to engage in unregistered investment platforms like Ponzi schemes that are flourishing online, especially in developing nations.

Studies have shown that implications of getting involved in Ponzi schemes are usually grave and greater in countries with weaker financial regulatory frameworks (Carvajal *et al*, 2009). Aside loss of money, morale decadence and quest for quick money were identified as risks inherent in such nefarious transaction (Adebumiti, 2016). In Rivers State, Nigeria it was observed that major promoters who are university students have lost various degree of valuables in Ponzi schemes (Bupo & Abam-Smith, 2017). Similarly, while it was reported that two students of Nwafor Orizu College of Education, Nsugbe in Anambra state were not allowed to write exams due to tuition fees lost in Ponzi schemes; a young lady was arrested in the state's capital (Awka) for defrauding unsuspecting individuals through a WhatsApp Ponzi platform (Jones, 2017; Odogwu, 2016; Oyelude, 2017).

Efforts have been made by financial regulatory agencies, such as the Central Bank of Nigeria (CBN) and SEC to raise alarm over the proliferation of Ponzi schemes that are promising huge but unjustifiable returns on Nigeria's cyberspace. They advised Nigerians to stay away from such unhealthy investments and their associated consequences (Ndubuisi, 2020). In spite of the warnings, many individuals, especially tertiary institution students' still patronize such swindling activities (Osah & Adewumi, 2020). It is against this backdrop that this paper examines Ponzi schemes and risks of patronage among undergraduates in tertiary institutions in Anambra State, South-East, Nigeria.

Objectives of the Study

The main objective of this paper was to examine Ponzi schemes and risks of patronage among undergraduates in tertiary institutions in Anambra State, South-East, Nigeria. Specifically, this paper seeks to;

1. Ascertain views of undergraduates in tertiary institutions in Anambra State, South-East, Nigeria on whether there are risks associated with involvement in Ponzi schemes.

2. Identify risks associated with involvement in Ponzi schemes among undergraduates in tertiary institutions in Anambra State, South-East, Nigeria.

3. Determine whether investment in Ponzi scheme has ever caused undergraduates delay in tuition payment in tertiary institutions in Anambra State, South-East, Nigeria.

Hypothesis

The following hypothesis was formulated to guide this paper;

- There is a significant relationship between involvement in Ponzi schemes and undergraduates delay in tuition payment in tertiary institutions in Anambra State.

Review of Related Literature

There appears to be paucity of research on Ponzi schemes and the risks associated in patronizing them in Nigeria. Nonetheless, some relevant literature on this topic of discuss have been reviewed and the major findings are highlighted. Bupo and Abam-Smith (2017) carried out a study that investigated the spread and Business Education students' participation in Ponzi schemes in Rivers State University, Port Harcourt. The findings revealed that about 72% of the students indicated that though increasing their income and reducing impact of harsh economic realities; Ponzi schemes encourage borrowing and greed. This suggests that failure or collapse of a Ponzi scheme could possibly lead to other vices. To Deb (2014), he observed that a 2013 collapse of Ponzi chit fund in West Bengal, Tripura, Assam and Orissa districts of India sprang panic, social unrest, violence, physical harassment and even suicide.

Bhuin (2015) carried out a study that tried to ascertain the overall impact of Ponzi businesses on West Bengal economy. The findings indicated that money loss, credibility loss and financial system leakage were major direct consequences of Ponzi scam in the region. The indirect effects were found to include reduction in consumption expenditure, wrong signal to industries, government failure on regulation and loss of investment morale. Similarly, Asogwa et al (2017) conducted a research on the problems of Ponzi schemes on the Nigeria's economy. The findings revealed that students took speculative risk to invest their tuition fees in Ponzi schemes in order to raise pocket money and cushion the effects of economic hardship, but ended up losing the investment. The study further revealed that students' involvement was leading to suspension from studies, wanton accumulation of debt and erosion of creativity.

Cortés, Santamaría and Vargas (2016) estimated the impact of the simultaneous crash down of various Ponzi schemes at the end of 2008 in Colombia. The results showed that the shock exacerbated cash-grabbing crimes in affected municipalities relative to places with no presence of Ponzi schemes. Again, a positive effect on mugging, commercial theft and burglary were found with no significant effect on major crimes like murder or terrorism. It was further revealed that the escalation in crime rates was larger in municipalities where access to formal credit is limited and where judicial and law enforcement institutions were weaker. This suggests that Ponzi schemes can lead to other forms of criminality.

Furthermore, Vlad-Dan (2014) carried out a study that examined the dynamism of electronic payment on Ponzi operators in Finland. The results revealed that evolving payment instruments from very rudimental barter transaction to digital modern currencies is aiding Ponzi criminality. Other associated risks identified were high volatility of digital coins, value loss, theft, tax evasion etc. This implies that without adequate cyberspace security the emerging online transactions and payment systems would end up endangering many than serving them.

Omanyo (2017) examined the regulatory challenges and loopholes that were paving way for the existence of Ponzi and the effects on Kenyan economy. The results showed that promoters of fraudulent schemes usually hope that the schemes would outlive them. However, as soon as the scheme get exposed or collapse, many of the promoters take their own lives. With respect to possible impact on tuition payment, Yusuf (2017) in his study in Nigeria after the crash of a famous Ponzi scheme found that education sector was badly hit as many students took speculative risk of investing their fees in order to raise pocket money and cushion effects of hardship, but ended up losing the investment.

Theoretical Orientation: Signaling Theory

The signaling theory was propounded and elaborated by the likes of Thorstein Veblen (Veblen 1899). Signaling is on the premise that one party (termed the agent) credibly conveys some information about itself or services to another party (the prime target) as to obtain his trust and possible patronage of the offer. Signaling took root in the idea of asymmetric information (a deviation from perfect information), which says that in some economic transactions, inequality in accessing information upset the normal market for the exchange of goods and services. This upset usually left prospective users or investors with the risk of trying out anything without accurate fact.
In Michael Spence's job-market signaling model, (potential) employees sent a signal about their ability level to the employer through education credentials. The informational value of the credential comes from the fact that the employer believes the credential is positively correlated with having greater ability and difficult for low ability employees to obtain. Thus the credential enables the employer to distinguish low ability workers from high ability

workers. This often misleads employers to the risk of hiring incompetent persons due to the signal received from the credential. In other words, a more competent person who can practically execute the task might be denied due to lower grade in the credential, while hiring the incompetent man with higher grade.

In application, signaling is a relatively simple and understandable framework to explain the information maneuvering over the psyche of a target. This theory relies on signals which are perceivable indicators of what the schemer is looking at. It could be how buoyant someone is or his affluent appearance, which as a student could be identified through his expensive outfits, phones, automobiles or even how decent and well furnished his campus residence may be. All these and many more may give a clue or signal to a Ponzi schemer on the need to device every possible means to extortion or incorporate such a person into the scheme.

Methods

This paper adopts mixed methods design. This research was conducted in Anambra State, specifically at Nnamdi Azikiwe University (NAU), Awka; Chukwuemeka Odumegwu Ojukwu University (COOU), Igbariam and Federal Polytechnic Oko (OkoPoly). The population of study is sixty-eight thousand, three hundred and fifty (68,350) undergraduates. The sample size is one thousand and ninety-three (1,093) and this was generated using Taro Yamane formula. The multi-stage sampling procedure which involves successive random sampling of probability and non-probability methods were used in selecting study participants. This involves the application of different sampling techniques like cluster, stratified proportionate and simple random sampling procedure at various stages. However, purposive sampling technique was used in selecting six interviewees, compromising a Dean of Students Affairs, a bank manager, a personnel 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 collected using questionnaire and in-depth interviews (IDI) guide. The researchers through the help of six research assistants administered copies of the questionnaire; out of which 897 copies that were properly filled were retrieved and used for analysis. Data were processed through the aid of Statistical Package for Social Sciences (SPSS) and analysed using frequency distribution tables, percentages, mean ratings and graphic illustrations. The qualitative data were analyzed thematically using quotes extracted from the interviews.

Results and Discussions

Socio-Demographic Characteristics of the Respondents

The socio-demographic characteristics of the respondents such as institutions of learning, gender, age, marital status, level of study, religious affiliation, place of residence, department and faculty are presented and analyzed in Table 1:

Table 1: Socio-Demographic Characteristics of Respondents

Variables		**Institutions of Learning**		**Total**	**x**
	NAU	**COOU**	**OkoPoly**		
	550(61%)	141(16%)	206(23%)	897(100%)	
Gender					
Male	248(45.0%)	62(43.9%)	111(53.8%)	421(46.9%)	
Female	302(54.9 %)	79(56.0 %)	95(46.1 %)	476(53.0%)	
Total	**550(100 %)**	**141(100%)**	**206(100%)**	**897(100%)**	
Age					
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/HND 1	147(26.7%)		36(25.5%)		59(28.6%)		242(26.9%)	
400 & Above/HND2	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 Departments	**Management**		**Agriculture**		**School of Business**			
	BankFin.	81(14.7%)	**Agric. Econs/Ext.**	24(17.0%)	**BAM**	40(19.4%)	145(16.1%)	
	CEM	93(16.9%)	**Animal Sci.**	29(20.5%)	**Hospitality Mgt.**	35(16.9%)	157(17.5%)	
	Marketi	79(14.3%)	**Soil Sci.**	21(14.8%	**Accountanc**	38(18.4%	138(15.3	

	ng			)	**y**	)	%)
Faculties	**Social Sciences**		**Environmental**		**School of Engr. Tech.**		
Departments	**Pol. Sci**	101(18.3%)	**Environmental Mgt.**	26(18.4%)	**Computer Engr.**	36(17.4%)	163(18.1%)
	Soc./Anth	97(17.6%)	**Urban/Regional Planning**	22(15.6%)	**Mech. Engr. Tech.**	31(15.0%)	150(16.7%)
	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%)**

Field Survey, 2019.

Table 1 presents the distribution and analysis of respondents' socio-demographic characteristics. The majority 550(61%) of the respondents are students of the Nnamdi Azikiwe University (NAU), while 206(23%) and 141(16%) are those of the Federal Polytechnic Oko (OkoPoly) and Chukwuemeka Odumegwu Ojukwu University (COOU), respectively. It is not surprising that majority of the respondents are 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 study 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, the shortfall in male enrolment may 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 age mean 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 of the respondents 688(76.7%) are single. This is to the fact that the respondents are undergraduates who are still under the care and training of their parents/guardians. It can be observed from the table also that 400 level/HND2 students are more in number 265(30%) than others. While final year students 153(27.8%) and 42(29.7%) were the majority at NAU and COOU respectively, 70(33.9%) who were HND2 students make the highest 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 majority of the respondents 890(99.2%) were Christians. It is not surprising having close to 100% of the respondents as Christians giving the fact that 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 were all Christians; about 2(.3%) and 3(1.4%) respondents from NAU and OkoPoly respectively were 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 campus. While the off-campus students make up majority of the respondents at NAU 316(57.4%) and COOU 93(65.9%), the on-campus 104(50.4%) shows to be more at OkoPoly. This could be attributed to the lack of adequate and decent hostel accommodation in many Nigeria tertiary institutions. Due to the inadequacy and poor state of those campus hostels many students usually opt to live off-campus. Out of the 550(61%) students that responded from NAU, about 101(18.3%) that make bulk of them are from Political Science department. This is followed by 99(18.0%) students from Mass Communication. This suggests that majority of the respondents from NAU were Faculty of Social Science students. Similarly, students from Business Administration and Management (BAM) and Accountancy, School of Business were the major respondents from OkoPoly with about 40(19.4%) and 38(18.4%) respectively. Under COOU, Animal Science 29(20.5%) and Environmental Management 26(18.4%) were the highest respondents.

Views on Whether there are Risks of Involving in Ponzi Schemes

In an effort to treat objective one, the respondents were asked if there are risks associated with involvement in Ponzi schemes and their responses are shown in figure 1;

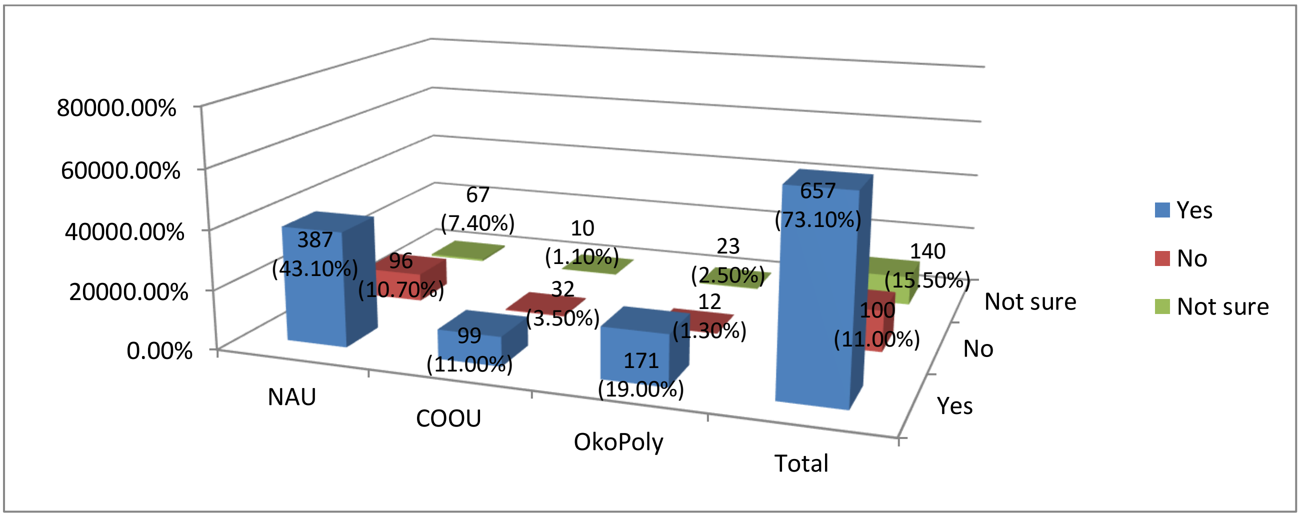

Fig. 1: Respondents view on whether there are risks associated with involvement in Ponzi schemes

Field Survey, 2019.

Figure 1 shows that majority of the respondents 657(73.1%) believe that there are risks associated with Ponzi schemes, and about 140(15.5%) said that there are no risks, 100(11.0%) respondents said that they were not sure if there are risks or not. Specifically, as 387(43.1%) of NAU students indicated that there are risks inherent in Ponzi schemes, 171(19.0%) and 99(11.0%) of their counterparts from OkoPoly and COOU respectively affirmed same view. Again, while a good proportion 96(10.7%) and 32(3.5%) at NAU and COOU respectively said there are no risks involved, 23(2.5%) said that they weren't sure if there are or not. This finding supports that of Bupo and Abam-Smith (2017) who reported that Business Education students of Rivers State University, Port Harcourt admitted of prevailing risks in Ponzi schemes despite being a source of increasing their income.

Risks Associated with Involvement in Ponzi Schemes

In trying to address objective two, the respondents that were of the opinion that involvement in Ponzi scheme poses some risks were asked to indicate them. The responses are shown in table 2;

Table 2: Respondents views on risks associated with involvement in Ponzi schemes

Responses	**Tertiary Institutions**			**Total**
	NAU	**COOU**	**OkoPoly**	
Creates panic and no peace of mind	76(19.6%)	3(3.0%)	5(2.9%)	84(12.7%)
Loss of money	194(50.1%)	31(31.3%)	118(69.0%)	343(52.2%)
Causes suicide and suicidal thoughts	2(.5 %)	-	4(2.3%)	6(.9%)
Put the operators on the run and hiding	16(4.1%)	-	10(5.8%)	26(3.9%)
Diversion of savings from productive to unproductive venture	12(3.1%)	-	8(4.6)	20(3.0%)
Erosion of confidence in the domestic financial market	27(6.9%)	4(4.0%)	11(6.4%)	42(6.3%)
Discourages hard-work and encourages laziness	20(5.1%)	9(9.0%)	2(1.1%)	31(4.7%)
Leads to stealing	7(1.8%)	-	1(.5%)	8(1.2%)
All of the above	33(8.5%)	51(51.5%)	12(7.0 %)	96(14.6%)

None of the above	-	1(1.0%)	-	1(.1%)
Total	387(100%)	99(100%)	171(100%)	657(100%)

Field Survey, 2019.

Table 2 shows that majority of the respondents 343(52.2%) identified loss of money as a prevailing risk associated with involvement in Ponzi scheme. This is followed by 96(14.6%) of the respondents that attributed all of the above risks to Ponzi schemes. Interestingly, while majority of the respondents 194(50.1%) and 118(69.0%) from NAU and OkoPoly respectively held the view of money loss as major risk in Ponzi schemes; their counterparts from COOU 51(51.5%) attributed all the outlined risks to Ponzi.

However, qualitative data from in-depth interviews were presented to complement the above. An interviewee had this to say concerning the risks associated with involvement in Ponzi schemes;

In fact, one major possible risk in Ponzi scheme is loss of one's hard earned resources. I know people who pumped millions into Ponzi schemes and lost out completely. I have seen people who even sold properties because of the greed. You know Ponzi scheme is filled with greed of man. If you put in N1m, you gonna get N2m in two weeks and somebody calculates N2m in two weeks and rush into it, not knowing the risks of saving your money in the hands of a stranger. That has whole lot of consequences; psychologically, it gets one upset. It can lead some into depression and some may get into anti-social behaviours, like robbery; some may even hate humanity, hate their environment, hate the society in a bid to gain revenge. Some may even lose the resources that they would have even used to feed well and in turn get malnourished or other health problems. So, it has a whole lot of terrible effects (Dean, Students Affairs, Male, Adult, NAU, Awka).

Similarly, another interviewee who is a banker had this to say;

Ponzi schemes come with panic and the major consequence in such scheme is loss of investment or money. It usually appear to alleviate poverty due to the high profit margin or returns on investment, but the psychological effect makes people to continue investing, even their profit believing to get more, but end up losing everything (Bank Manager, UBA, Male, Adult, Awka).

Further inquiry from another respondent revealed this;

First, the individuals that promote this always have it in mind to scam. In other words, there is mostly financial risk. The operators know that many people are unemployed; hungry and in need of money. So they always put it as a net to catch a bird. It will look as if it's alleviating poverty at the initial stage. So check it, you bring N10 and collect N20 (NOA Personnel, Male, Adult, Awka).

More still, a female interviewee had this to say;

Of course, there are lots of consequences associated with it. Well, loss of money is paramount, the money involved is gone. Again, there are issues of loss of life and divorce. There was this similar scheme that crashed few years ago, it took some lives and also affected some relationships. There is a woman I know who was supposed to pay her children school fees but instead risked it in Ponzi scheme. The fees were given to her by her husband and she invested it with the hope of getting triple or so of it. At the end of the day, the money was gone, and her husband never knew she did not pay because she convinced the man that she paid. But at the end of the day, the husband got to find out that she didn't pay the school fees. The man was angry that the wife lied to him and their marriage was affected. I also knew of another woman that used esusu money (collective contribution) to invest in a Ponzi scheme and the money went with it. This happened around November-December period, so the money (over a million naira) they were supposed to disburse for end of the year party disappeared in a Ponzi scheme. The woman was arrested by the association. You can imagine that kind of embarrassment, especially to her family (PRO, Female, Adult, OkoPoly, Oko).

In another view, an interviewee expressed his opinion thus;

There are huge risks involved. One, lose of hard earned money. It can even lead to suicide. I had a student neighbour who invested and lost N2m of his senior brother in a Ponzi scheme recently. The money was sent to him from his elder brother that lives in Malaysia. The young man had a building project here in Nigeria and that my neighbour was the one handling that for him. So he used money meant for the building project and invested into the scheme, got initial return and reinvested everything again, that was how he lost the whole money. He almost ran mad then. He didn't know how to explain that to his brother who was preparing then to visit home. He had to pack out of the house and was running helter-skelter, trying to look for means of raising the money before his arrival. That was within December period and they were expecting the brother to come home around Christmas. So, it was very terrible. Another thing I would like to say here is that Ponzi schemes make people to be lazy and discourages hard-work. When it is working, they say wow, this is a faster means of making money. Why do I need to stress myself, when I can stay in the comfort of my room and use my laptop or phone to do funny things and make money? What is the essence of going out, working and struggling? It is not sustainable, it cannot last (Lecturer, Male, Adult, COOU, Igbariam).

This is what another interviewee has to say;

It is a risk game that can destroy a careless person and even land the promoter behind bars. We all know how hard it is to make money and the value of it. When taken in a manner that you do not understand, you won't be happy. When someone losses his money in a dubious means like this he will be unhappy and may even affect him. Again, it can land the perpetrator in jail. Our command apprehended one sometime that was using WhatsApp to do similar thing. It could lead to stealing, that is, when there is no more money to do it, next is to think of where to steal (Police Officer, Male, Adult, Command HQ, Awka).

The findings indicate that major risks associated with Ponzi schemes patronage include loss of money, panic/no peace of mind, erosion of confidence in domestic financial sector. Others are discouragement from hard-work and encouragement of laziness, putting of the operators on the run and hiding, diversion of savings to unproductive ventures, stealing and suicide or suicidal thoughts. This agree with Omanyo (2017) who found that as Ponzi schemes get exposed or collapse, many of the promoters take their own lives in Kenyan. In addition, the qualitative result indicated that involvement in Ponzi schemes causes psychological problems and can even land the promoters behind bars. The findings align with that of Deb (2014) that operation of Chit Ponzi funds in India led to loss of money, physical harassment and suicide. The finding that Ponzi schemes divert savings to unproductive ventures and erode confidence in domestic financial sector corroborates the findings of Carvajal et al (2009) that investment in Ponzi schemes promotes diversion funds from productive to unproductive use and erosion of confidence in domestic financial market in the Caribbean.

Investment in Ponzi Schemes and Effect on Tuition Payment

To address objective three, the respondents were asked to indicate if investment in Ponzi scheme has ever caused them or any of their friend delay in tuition payment. The responses are presented on figure 2;

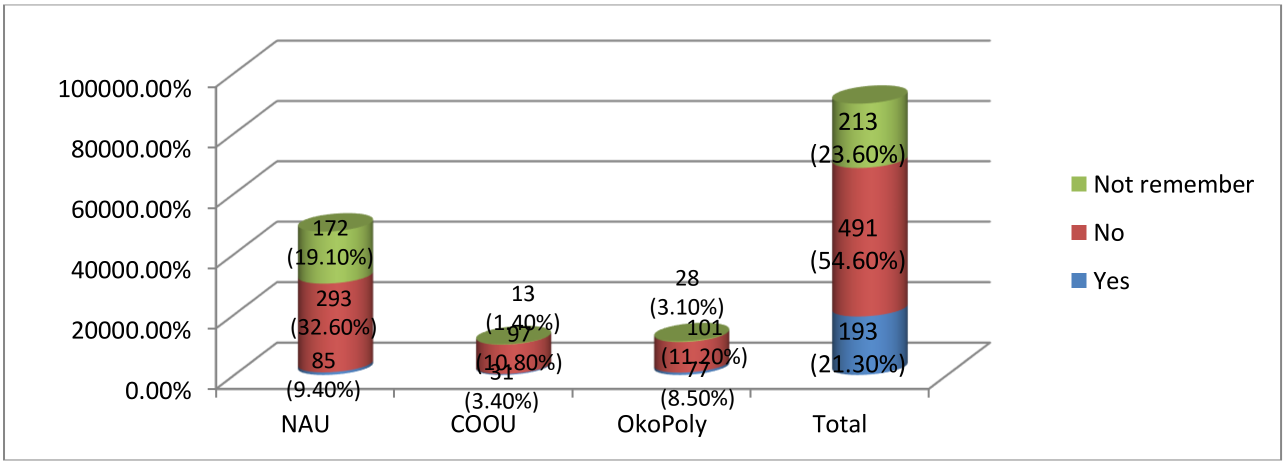

Fig. 2: Respondents' views on whether investment in Ponzi scheme has ever caused them or their friends delay in tuition payment

Field Survey, 2019.

Figure 2 indicates that majority of the respondents 491(54.6%) were of the opinion that neither they nor any of their friends had experienced delay in tuition payment as a result of investment in Ponzi scheme. Notwithstanding, 193(21.3%) of the respondents said that either they or their friend had experienced delay in tuition payment as a result of investment in Ponzi scheme. However, about 213(23.6%) of the students could not remember if they or any of their friend have experienced such. Specifically, while the majority of respondents 293(32.6%) at NAU were not affected by Ponzi schemes in tuition payment, the bulk of their counterparts at COOU 97(10.8%) and 101(11.2%) at OkoPoly upheld that same view. Again, while 172(19.1%) of the respondents from NAU could not say if that has ever affected them, 77(8.5%) from OkoPoly said that it has affected either them or a colleague of theirs.

Furthermore, data from the IDI's were used to compliment the quantitative findings. An in-depth interviewee has this to say;

"Some might even be the money given to them to pay their school fees; they used it on Ponzi schemes and then get dropped out of school or stopped from writing exams" (Dean, Students Affairs, Male, Adult, NAU, Awka).

Another respondent was of the opinion that;

'Ponzi schemes usually put tertiary institution students in the problem of losing their school fees or house rent. It also put them into debt because some of them borrow money to do it" (Bank Manager, UBA, Male, Adult, Awka).

Undergraduates who engage in such schemes were perceived as being playing with wire. Here is what an interviewee has to say;

Seriously, we have heard stories of students' involvement. But the students that involves in such schemes are just gambling with their future and usually get frustrated if not stopped. This is because the easiest means available for them is their tuition or upkeep fee. They can risk it (NOA Personnel, Male, Adult, Awka).

Another respondent has this to say regarding students involvement in Ponzi schemes;

Ponzi schemes are there to defraud and destroy. That is why we would always advice our students to stay away from them, else their money can go. Just as I would always say, it can make them to miss writing exams, which is extra year for such a student. They can as well lose their accommodation in a situation they used money meant for that purpose to invest. Such as student can even lose his or her relationship with the parents, because if as a mum and going by nature of the present economy of the country, I give you money for your fees and you come to tell me, mummy I didnt write my exam, I have an extra year, you invested the money into such schemes, definitely my trust on you is gone (PRO, Female, Adult, OkoPoly, Oko).

Test of Hypothesis

There is a significant relationship between involvement in Ponzi schemes and undergraduates delay in tuition payment in tertiary institutions in Anambra State. To do this, the response options were cross-tabulated and the result is shown on table 3;

Table 3: Test and result of the hypothesis

Have you been involved in any Ponzi scheme?	Has investment in Ponzi scheme ever caused you or any of your colleagues delay in payment of tuition fees?		Total	Chi-Square
	Yes	No		

Yes	Count/% within	102(52.8%)	479(68.0%)	581(64.7%)	$X^2 = 14.820^a$
No	Count/% within	91(47.1%)	225(31.9%)	316(35.2%)	N = 897
Total	Count/% within	193(100.0%)	704(100.0%)	897(100.0%)	df = 1
					P=.416, >0.05 Sig.

Field Survey, 2019.

Table 3 shows result of the hypothesis and it indicates that system computed chi-square is 14.820, with degree of freedom (df=1) and p-value of .416. Since the p-value is greater than the 0.05 level of significance, the substantive hypothesis was rejected and the null accepted. This suggests that there is no significant relationship between involvement in Ponzi schemes and undergraduates delay in tuition payment in tertiary institutions in Anambra State.

This finding disagrees with that of Yusuf (2014) who found that many Nigerian students took speculative risk of investing their tuition fees in Ponzi schemes in order to raise pocket money and cushion effects of hardship, but ended up losing the investment. What this entail is that despite the fact that the students could have risked their tuition or upkeep fees, Ponzi schemes have not actually made them to miss exams or suspend studies. This is understandable as an average Nigerian parent would stop at nothing to ensure that his or her child returns to school. In other words, even though it would warrant borrowing to repay tuition fee lost in Ponzi scheme just to see that the child complete his or her studies the parent would do it.

Conclusion

This paper examined Ponzi schemes and risks of patronage among undergraduates in tertiary institutions in Anambra State, South-East, Nigeria. While the Nigeria state is battling to curtain the menace of insecurity and other social vices that are challenging the sovereignty of the nation, Ponzi schemes emerged to terrorize the internet space. Hardly would a social media user log-on without stumbling on one form of investment proposal or another. This paper concludes that tertiary institution students are prone and easy recruits for such schemes in the nation's cyberspace, with its ugly toll on many.

Recommendations

In line with the findings, the following recommendations are made;

1. All the financial crimes monitoring commission and agencies in the country should be charged to intensify their efforts in the fight against internet scam through tracking and clamping down of Ponzi schemes once they are floated. This approach will give them no chance to spread to public domain.

2. The National Orientation Agency (NOA) should partner with experts in the financial industry in carrying out sensitization programmes in tertiary institutions at least once in a semester. This should be hinged on issues associated with Ponzi schemes and related fraud.

3. Tertiary intuitions in the country that do not have work-aid programmes for financially lacking students should incorporate that and ensure that the money is paid as at when due. This will help discourage them from seeing Ponzi schemes as alternative means of making money.

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