

THE INFLUENCE OF PONZI SCHEME CRASHES ON THE MENTAL HEALTH OF VICTIMS IN ANYIGBA, KOGI STATE, NIGERIA

**¹Timothy Abayomi Atoyebi, Ph.D, ²Edime Yunusa, Ph.D., ³Ejuchegahi A. Angwaomaodoko
and ⁴Abdulkareem, Muhammed Nesiru**

^{1,2&4}Department of Sociology, Faculty of Social Sciences, Prince Abubakar Audu University, Anyigba, Nigeria

³Department of Education, College of Education, Kean University, Union, NJ, USA

Received: 08 July 2026 | Accepted: 02 September 2026 | Published: 26 September 2026

DOI: <https://doi.org/10.5281/zenodo.22982311>

Abstract

This study examined the influence of Ponzi scheme crashes on the mental health of victims in Anyigba, Kogi State, Nigeria. Specifically, it investigated the prevalence of Ponzi scheme participation, the perceived causes of scheme crashes, victims' knowledge of the legal and regulatory systems governing investment schemes in Nigeria, the mental health effects of the crashes, and the preventive measures and support systems available to victims. The study was anchored on Anomie and Strain Theory and Conservation of Resources Theory, and adopted a mixed-methods descriptive survey design combining structured questionnaires with in-depth interviews. A multi-stage sampling technique comprising purposive, snowball and simple random sampling was used to select 383 respondents, of whom 347 valid questionnaires were retrieved and analysed, using Krejcie and Morgan's formula for sample size determination. Quantitative data were analysed using frequencies, percentages, mean scores and the chi-square test of independence at the 0.05 level of significance, while qualitative data from interviews were analysed thematically. Findings revealed an overwhelming prevalence of Ponzi scheme participation and financial loss, with 98.6% of respondents having invested in a high-return scheme and 99.4% having suffered financial loss as a result. Social media and celebrity endorsement ($M = 3.78$), economic instability ($M = 3.68$), lack of government regulation ($M = 3.59$) and low financial literacy ($M = 3.53$) were identified as the leading perceived causes of scheme crashes. Victims displayed an overwhelming lack of awareness of investment regulatory systems, with over 95% unaware of the role of the Securities and Exchange Commission or the channels for reporting fraud. The crashes were associated with substantial psychological distress, including hopelessness ($M = 4.12$), anxiety ($M = 4.02$), depression ($M = 3.93$) and shame ($M = 3.76$). Hypothesis testing revealed no statistically significant relationship between victims' regulatory knowledge and their perceived causes of the crash ($\chi^2 = 0.064$, $df = 4$, $p = .999$), but a statistically significant relationship between the availability of support systems and victims' mental health ($\chi^2 = 30.068$, $df = 4$, $p < .001$). The study concluded that Ponzi scheme victimisation in Anyigba is a socio-psychological crisis compounded by a near-total absence of formal support

systems, and recommended strengthened regulatory enforcement, financial literacy education, and accessible community-based mental health support for victims.

Keywords: Ponzi Scheme; Financial Fraud; Mental Health; Victimisation; Anyigba; Nigeria

1. Introduction

1.1 Background to the Study

A Ponzi scheme is a fraudulent investment operation in which returns paid to earlier investors are financed not by legitimate profit but by capital contributed by new investors, a structure that inevitably collapses once the inflow of new participants slows or ceases (Frankel, 2012). Ponzi schemes have recurred throughout financial history, and Nigeria has in recent years experienced repeated waves of such schemes, drawing in investors across socio-economic groups with the promise of unrealistically high returns.

Beyond the immediate financial loss, the collapse of a Ponzi scheme carries substantial psychological consequences for victims. Fraud victimisation has been shown to produce anxiety, depression and diminished confidence in one's own financial judgement, with victims of financial fraud reporting psychological outcomes that in some respects parallel those experienced by victims of violent crime (Ganzini et al., 1990). Fraud victims commonly report not only direct financial hardship but also shame, embarrassment, strained family relationships and a reluctance to disclose their experience to others, all of which compound the difficulty of recovery (Button et al., 2014).

In Nigeria, the participation of individuals in Ponzi schemes has been linked to a combination of economic hardship, weak regulatory enforcement, low financial literacy, and the promise of quick wealth (Obamuyi et al., 2018). The proliferation of digital platforms has further accelerated the spread of such schemes, with the COVID-19 pandemic period in particular associated with a marked rise in Ponzi scheme activity in Nigeria's cyberspace as economic pressure pushed more citizens toward informal, high-risk investment opportunities (Ibekwe et al., 2021).

Anyigba, a commercial and university town in Dekina Local Government Area of Kogi State, presents a distinctive setting for examining this phenomenon. The presence of Prince Abubakar Audu University has created a dense student and trader economy with high cash circulation, characteristics that make the community an attractive target for fraudulent investment schemes. Despite the apparent scale of Ponzi scheme participation and collapse in the area, there has been limited systematic investigation of how these crashes affect the mental health and psychological well-being of victims within this specific community. This study was designed to address that gap.

1.2 Statement of the Problem

Ponzi schemes continue to attract large numbers of participants in Nigeria despite widespread awareness that such schemes are unsustainable, and their eventual collapse leaves many victims facing severe financial loss. While the financial dimensions of Ponzi scheme collapse have received some research attention in Nigeria, considerably less is known about the psychological toll such crashes take on victims, particularly within semi-urban communities such as Anyigba. Financial fraud victimisation elsewhere has been associated with anxiety, depression, shame and diminished well-being (Button et al., 2014; Ganzini et al., 1990), yet whether victims in Anyigba experience

comparable effects, whether they possess adequate knowledge of the regulatory systems meant to protect them, and whether support systems exist to assist their recovery, remain empirically unexamined. This study was therefore designed to investigate the influence of Ponzi scheme crashes on the mental health of victims in Anyigba, with a view to generating evidence that can inform regulatory, educational and psychosocial intervention.

1.3 Objectives of the Study

The broad objective of this study was to examine the influence of Ponzi scheme crashes on the mental health of victims in Anyigba, Kogi State. The specific objectives were to:

- i. determine the prevalence of Ponzi scheme crashes among victims in Anyigba;
- ii. examine the perceived causes of Ponzi scheme crashes as identified by victims;
- iii. assess victims' level of knowledge of the legal and regulatory systems governing investment schemes in Nigeria;
- iv. investigate the influence of Ponzi scheme crashes on the mental health of victims; and
- v. examine the preventive measures and support systems available to mitigate the psychological effects of Ponzi scheme victimisation.

1.4 Research Hypotheses

The following null hypotheses were tested at the 0.05 level of significance:

1. H0₁: There is no significant relationship between a victim's level of knowledge of legal and regulatory systems and their perceived causes of the Ponzi scheme crash in Anyigba.
2. H0₂: There is no significant relationship between the availability of support systems and the influence of the Ponzi scheme crash on the mental health of victims in Anyigba.

2. Literature Review

2.1 Conceptual Review

2.1.1 Ponzi Schemes

A Ponzi scheme is an investment fraud that pays purported returns to existing investors from funds contributed by new investors rather than from legitimate profit-generating activity. Because the scheme has no genuine underlying business, it can only remain solvent as long as new capital continues to flow in at a rate sufficient to cover the payments promised to earlier participants. Once recruitment slows, the scheme inevitably collapses, leaving the majority of investors with substantial losses (Frankel, 2012). Ponzi schemes typically rely on the promise of unusually high, low-risk returns and on informal social networks, such as friends, family and religious or community associations, to recruit participants and sustain investor confidence.

2.1.2 Prevalence and Perceived Causes of Ponzi Scheme Participation in Nigeria

Ponzi scheme participation has become a recurrent feature of Nigeria's informal financial landscape. Obamuyi et al. (2018), in a nationwide study of Ponzi scheme participation, found that friends' recommendations, expected benefits, prevailing economic conditions, the ease of obtaining funds and a pervasive get-rich-quick orientation were the strongest predictors of participation, and that these factors varied significantly with gender, age, marital status, employment status and educational

attainment. Ibekwe et al. (2021) similarly found that the economic pressures of the COVID-19 pandemic period, combined with weak oversight of Nigeria's expanding digital financial space, contributed to a marked proliferation of Ponzi schemes, as economically strained citizens sought alternative routes to income. Financial illiteracy compounds this vulnerability: Mohd Padil et al. (2022) found that inadequate budgeting skills and poor financial planning significantly reduce individuals' capacity to recognise the warning signs of investment scams, underscoring the protective role that financial literacy can play against fraudulent investment schemes.

2.1.3 Psychological Consequences of Fraud Victimisation

Financial fraud victimisation carries psychological consequences that extend well beyond the monetary loss itself. In an early and influential comparison of fraud victims and violent crime victims, Ganzini et al. (1990) found that victims of a large-scale financial fraud reported psychiatric symptoms, including depression and anxiety, at levels comparable in some respects to victims of violent crime, despite the absence of physical harm. Button et al. (2014), drawing on interviews with victims of fraud in the United Kingdom, similarly documented that fraud victims commonly experience anxiety, depression, sleep disturbance, shame and strained family relationships, and that these psychological and relational costs often persist well after the financial loss itself has been absorbed. A recurring theme in this literature is that shame and self-blame act as significant barriers to disclosure and help-seeking, as victims often internalise responsibility for having been deceived, which in turn delays or prevents them from accessing psychological or institutional support (Button et al., 2014).

2.2 Theoretical Framework

This study was anchored on Anomie and Strain Theory and Conservation of Resources Theory.

Anomie and Strain Theory

Originally advanced by Merton (1938), Anomie and Strain Theory holds that social structures exert pressure on individuals to pursue culturally prescribed goals, such as financial success, but that access to the legitimate means of achieving these goals is not equally distributed. Where a gap opens between valued goals and the availability of approved means to reach them, individuals may adopt “innovative”, though illegitimate, strategies to attain those goals. Agnew (1992) extended this reasoning into General Strain Theory, proposing that strain may also arise from the failure to achieve positively valued goals, the removal of valued stimuli, or exposure to negatively valued stimuli, and that such strain generates negative emotions that increase the likelihood of deviant coping responses. Applied to this study, both formulations suggest that participation in Ponzi schemes can be understood as a response to blocked economic opportunity: faced with limited access to stable income or legitimate investment channels, and confronted by economic hardship, individuals may turn to high-risk informal schemes as an alternative route to financial security.

Conservation of Resources Theory

Conservation of Resources Theory, proposed by Hobfoll (1989), holds that individuals are motivated to obtain, retain, protect and build resources that they value, including material objects, social conditions such as status, personal characteristics such as self-esteem, and energies such as time and hope. The theory's central proposition is that the psychological impact of losing a resource is

disproportionately greater than the psychological benefit of gaining an equivalent resource, and that an initial loss can trigger a self-reinforcing “loss spiral” in which one loss precipitates further losses across other resource domains. Applied to Ponzi scheme victimisation, the loss of invested capital can be understood as an initial resource loss that cascades into further losses, including diminished social standing, damaged self-esteem, and strained family and community relationships, ultimately depleting the psychological resources victims rely on to cope with adversity.

The two theories are complementary rather than competing: Anomie and Strain Theory helps explain why individuals are drawn into Ponzi schemes in the first place, while Conservation of Resources Theory helps explain the depth and persistence of the psychological harm that follows once such a scheme collapses. Together, they frame Ponzi scheme victimisation as both a product of structural economic strain and a driver of cascading psychological loss.

3. Methodology

The study adopted a descriptive survey research design within a mixed-methods framework, combining quantitative and qualitative approaches to capture both the statistical patterns and the lived experiences of Ponzi scheme victims. The study was conducted in Anyigba, a major commercial and university town in Dekina Local Government Area of Kogi State, North-Central Nigeria, whose economy is driven substantially by trade, agriculture and the presence of Prince Abubakar Audu University.

The population of the study comprised all victims of Ponzi scheme crashes residing in Anyigba. As no official register of such victims exists, the projected 2026 population of Anyigba, derived from the 2006 national census figure using an exponential population growth model, was adopted as the reference population, yielding a projected population of 115,518. The sample size was determined using Krejcie and Morgan's (1970) formula for sample size determination at a 95% confidence level and a 5% margin of error, yielding a required sample of 383 respondents. A multi-stage sampling technique was employed: purposive sampling was first used to identify locations within Anyigba where Ponzi scheme participation and victimisation were likely to be concentrated, such as markets, commercial centres and student-populated areas; snowball sampling was then used to identify victims, given the difficulty of directly identifying such individuals owing to stigma and shame; and simple random sampling was applied, where feasible, to select respondents from among those identified.

Primary data were collected using a structured questionnaire, comprising closed-ended and five-point Likert-scale items covering respondents' socio-demographic characteristics, prevalence of Ponzi scheme participation, perceived causes of scheme crashes, knowledge of regulatory systems, and mental health effects, supplemented by an interview guide used to conduct in-depth interviews with a smaller subset of respondents. Secondary data were drawn from academic journals, textbooks and reports of relevant regulatory bodies, including the Securities and Exchange Commission and the Central Bank of Nigeria. The validity of the instruments was established through review by the researcher's supervisor and departmental academic staff, while reliability was strengthened through careful, unambiguous item construction and supervisory review prior to administration.

Of the 383 questionnaires distributed, 347 were retrieved and found valid for analysis, a response rate of approximately 90.6%. Quantitative data were analysed using descriptive statistics, including

frequencies, percentages and mean scores, with the aid of the Statistical Package for Social Sciences (SPSS), while the Pearson chi-square test of independence was used to test the stated hypotheses at the 0.05 level of significance. Qualitative data obtained from the interviews were analysed using thematic content analysis. Ethical considerations observed throughout the study included voluntary participation, informed consent, and the anonymity and confidentiality of respondents' information.

4. Results

4.1 Socio-Demographic Characteristics of Respondents

Of the 347 valid respondents, the majority were male (77.2%, $n = 268$) and aged between 18 and 25 years (39.2%) or 26 and 35 years (36.3%). Most respondents were single (64.0%) and Muslim (66.0%), and a large majority had attained tertiary education (76.9%), indicating that educational attainment alone did not protect respondents from Ponzi scheme participation. The Igala ethnic group predominated (83.9%), reflecting the demographic composition of Anyigba. By occupation, students formed the largest group (57.3%), followed by traders (25.9%). Personal savings were the most common source of investment capital (86.5% of cases), followed by loans (32.0%), underlining the direct financial vulnerability of victims when these schemes collapsed.

4.2 Prevalence of Ponzi Scheme Crashes

Table 1 shows an overwhelming prevalence of Ponzi scheme participation and crashes among respondents. Almost all respondents (98.6%) had participated in a high-return investment scheme, and 95.4% had participated in more than one such scheme. Financial loss was nearly universal, with 99.4% of respondents reporting having lost money as a result of a scheme crash, and 92.5% agreeing that Ponzi schemes had become common in Anyigba.

Table 1

Prevalence of Ponzi Scheme Crashes Among Victims in Anyigba (N = 347)

Item	Yes n (%)	No n (%)	Mean
Participated in a high-return investment scheme	342 (98.6)	5 (1.4)	1.01
Participated in more than one Ponzi scheme	331 (95.4)	16 (4.6)	1.05
Experienced financial loss due to scheme crash	345 (99.4)	2 (0.6)	1.01
Ponzi schemes have become common in Anyigba	321 (92.5)	—	1.15
Knows other victims who lost money	343 (98.8)	2 (0.6)	1.02
Frequency of crashes has increased recently	329 (94.8)	1 (0.3)	1.1

Source: Field survey, 2026.

4.3 Perceived Causes of Ponzi Scheme Crashes

As shown in Table 2, respondents attributed scheme crashes primarily to the influence of social media and celebrity endorsement ($M = 3.78$), economic instability and inflation ($M = 3.68$), lack of government regulation ($M = 3.59$), low financial literacy ($M = 3.53$), and the schemes' structural dependency on continuous recruitment of new investors ($M = 3.52$). Respondents largely rejected the use of anonymous digital platforms ($M = 1.98$) and lack of transparency ($M = 2.17$) as major causes, suggesting that victims attributed the crashes more to systemic and economic factors than to the internal mechanics of the schemes.

Table 2

Perceived Causes of Ponzi Scheme Crashes as Identified by Victims (N = 347)

Item	Agree n (%)	Disagree n (%)	Mean
Influence of social media/celebrity endorsements	292 (84.1)	18 (5.2)	3.78
Economic instability/inflation in Nigeria	262 (75.5)	23 (6.6)	3.68
Lack of government regulation	247 (71.2)	41 (11.8)	3.59
Low level of financial literacy	225 (64.8)	40 (11.5)	3.53
Dependency on continuous inflow of new investors	227 (65.4)	45 (13.0)	3.52
Desire for quick wealth	228 (65.7)	34 (9.8)	3.52
Unrealistic profit promises	132 (38.0)	93 (26.8)	3.12

Source: Field survey, 2026.

4.4 Influence of Ponzi Scheme Crashes on Mental Health

Table 3 presents the mental health effects reported by victims. The highest mean score was recorded for feelings of hopelessness about recovering lost investment (M = 4.12, 99.5% agreement), followed by anxiety about one's financial situation (M = 4.02, 97.7%) and depression (M = 3.93, 88.2%). Shame or embarrassment about involvement in the scheme was reported by 80.4% of respondents (M = 3.76). By contrast, few respondents reported having sought professional help for their distress (11.5% agreement, M = 2.16) or having withdrawn from social interaction (2.6% agreement, M = 2.23), suggesting that considerable psychological distress persisted alongside limited help-seeking.

Table 3*Influence of Ponzi Scheme Crashes on the Mental Health of Victims (N = 347)*

Item	Agree n (%)	Disagree n (%)	Mean
Feels hopeless about recovering lost investment	345 (99.5)	1 (0.3)	4.12
Feels anxious about financial situation	346 (99.7)	—	4.02
Feels depressed due to loss of money	323 (93.1)	18 (5.2)	3.93
Feels ashamed/embarrassed about involvement	282 (81.3)	21 (6.1)	3.76
Experiences difficulty sleeping	93 (26.8)	191 (55.0)	2.72
Finds it difficult to concentrate on work	32 (9.2)	248 (71.5)	2.38
Lost interest in business activities	41 (11.8)	261 (75.2)	2.37
Overall well-being negatively affected	20 (5.8)	269 (77.5)	2.29
Withdrawn from social interaction	9 (2.6)	278 (80.1)	2.23
Has considered seeking professional help	16 (4.6)	307 (88.5)	2.16

Note. Field survey, 2026. SA and A responses were combined as Agree; D and SD responses were combined as Disagree.

4.5 Knowledge of Legal and Regulatory Systems

Table 4 shows a striking pattern of low regulatory awareness. Nearly all respondents (99.7%) were unaware of the role of the Securities and Exchange Commission in regulating investments, and 98.8% were unaware of laws protecting investors. However, 98.3% correctly recognised that unusually high returns with no accompanying risk could indicate fraud, indicating that victims possessed some intuitive awareness of risk even where formal regulatory knowledge was absent.

Table 4*Level of Knowledge of Legal and Regulatory Systems Among Victims (N = 347)*

Item	Yes n (%)	No n (%)	Mean
Aware of SEC's role in regulating investments	1 (0.3)	346 (99.7)	2

Aware of laws protecting investors	4 (1.2)	343 (98.8)	1.99
Knows victims can report to regulatory authorities	17 (4.9)	330 (95.1)	1.95
Aware that Ponzi schemes are illegal in Nigeria	16 (4.6)	330 (95.1)	1.96
Knows how to verify company registration	3 (0.9)	344 (99.1)	1.99
Knows high returns with no risk may indicate fraud	341 (98.3)	1 (0.3)	1.03

Source: Field survey, 2026.

4.6 Preventive Measures and Support Systems

As shown in Table 5, a near-complete absence of formal support systems was reported. Some 94.8% of respondents were unaware of support systems for Ponzi victims, and 95.1% confirmed that counselling or mental health services were unavailable locally. In contrast, 62.0% believed that education on investment risks could help prevent psychological distress, while only 8.9% felt that existing support systems were sufficient.

Table 5

Preventive Measures and Support Systems Available to Victims (N = 347)

Item	Yes n (%)	No n (%)	Mean
Aware of support systems for Ponzi victims	16 (4.6)	329 (94.8)	1.96
Counselling/mental health services available locally	16 (4.6)	330 (95.1)	1.96
Has sought psychological/emotional support	17 (4.9)	329 (94.8)	1.95
Aware of government programmes assisting victims	—	346 (99.7)	2
Believes education on investment risks can help	215 (62.0)	34 (9.8)	1.66
Feels available support systems are sufficient	31 (8.9)	304 (87.6)	1.95

Source: Field survey, 2026.

4.7 Hypothesis Testing

Hypothesis One. H0₁: There is no significant relationship between a victim's level of knowledge of legal and regulatory systems and their perceived causes of the Ponzi scheme crash in Anyigba.

Table 6

Chi-Square Test of Awareness Level and Perceived Causes Category (H1)

Awareness Level	Low Causes	Moderate Causes	High Causes	Total
Low awareness	108	104	78	290
Moderate awareness	11	10	8	29
High awareness	10	10	8	28
Total	129	124	94	347

$\chi^2 (4, N = 347) = 0.064, p = .999, \text{Cramer's } V = 0.010.$

The Pearson chi-square value of 0.064 with 4 degrees of freedom and $p = .999$ is not statistically significant at the 0.05 level. The null hypothesis (H0₁) was therefore retained: a victim's level of knowledge of legal and regulatory systems was not significantly related to their perceived causes of the Ponzi scheme crash. Respondents in the low, moderate and high awareness groups attributed the crash to broadly similar causes, suggesting that perceptions of what drives a scheme's collapse are shaped more by shared community experience than by individual regulatory knowledge.

Hypothesis Two. H0₂: There is no significant relationship between the availability of support systems and the influence of the Ponzi scheme crash on the mental health of victims in Anyigba.

Table 7*Chi-Square Test of Support Availability Level and Mental Health Level (H2)*

Support Availability	Low Distress	Moderate Distress	High Distress	Total
Low support	20	35	45	100
Moderate support	50	50	29	129
High support	60	25	33	118
Total	130	110	107	347

$\chi^2 (4, N = 347) = 30.068, p < .001, \text{Cramer's } V = 0.208.$

The Pearson chi-square value of 30.068 with 4 degrees of freedom and $p < .001$ is statistically significant at the 0.05 level. The null hypothesis (H_{02}) was therefore rejected: the availability of support systems was significantly related to the mental health of victims. Among victims with low support availability, 45.0% reported high distress compared with only 20.0% reporting low distress, whereas among victims with high support availability, 50.8% reported low distress compared with 28.0% reporting high distress. This indicates that victims with greater access to support systems were considerably more likely to report better psychological well-being.

5. Discussion of Findings

The near-universal prevalence of Ponzi scheme participation and financial loss found in this study reflects the broader pattern documented in Nigeria, where economic pressure, weak regulatory enforcement and the appeal of quick returns have driven widespread participation in fraudulent investment schemes (Obamuyi et al., 2018). The marked increase in scheme frequency reported by respondents is also consistent with Ibekwe et al. (2021), who found that the expansion of Nigeria's digital financial space, combined with pandemic-era economic hardship, contributed to a proliferation of Ponzi schemes in the country's cyberspace.

The identification of social media influence, economic instability, weak regulation and low financial literacy as the leading perceived causes of scheme crashes aligns closely with Obamuyi et al. (2018), who found that economic conditions and the get-rich-quick orientation were central drivers of participation, and with Mohd Padil et al. (2022), who demonstrated that inadequate financial literacy significantly reduces individuals' capacity to identify investment scams before it is too late. These findings are also consistent with Anomie and Strain Theory (Merton, 1938; Agnew, 1992), which frames participation in Ponzi schemes as an adaptive, if ultimately destructive, response to blocked legitimate economic opportunity within a hostile macroeconomic environment.

The overwhelming lack of regulatory knowledge found among victims, particularly regarding the role of the Securities and Exchange Commission and available reporting channels, points to a substantial gap between the existence of Nigeria's investor protection framework and its practical accessibility to ordinary citizens in semi-urban communities such as Anyigba. This lack of awareness did not, however, translate into a lack of insight into risk itself, since the overwhelming majority of victims recognised that unusually high, risk-free returns are a warning sign of fraud, suggesting that participation persisted despite, rather than because of, ignorance of risk.

The substantial psychological distress reported by victims, including widespread hopelessness, anxiety, depression and shame, is consistent with the established literature on fraud victimisation.

Ganzini et al. (1990) similarly found that victims of financial fraud can experience psychiatric symptoms comparable in some respects to victims of violent crime, while Button et al. (2014) documented that shame, anxiety and depression are common and often long-lasting consequences of fraud victimisation. Conservation of Resources Theory (Hobfoll, 1989) offers a coherent explanation for the depth of this distress: the loss of invested capital appears to have triggered a cascading loss spiral extending from financial capital to social standing, self-esteem and psychological stability, consistent with the theory's central proposition that resource loss is disproportionately more damaging than an equivalent resource gain.

Finally, the near-total absence of accessible support systems identified in this study, alongside the significant relationship found between support availability and victims' mental health, underscores a critical institutional gap. The finding that shame and limited access to services coincide with low levels of help-seeking mirrors the broader pattern reported by Button et al. (2014), where stigma and self-blame were identified as key barriers preventing fraud victims from seeking psychological or institutional support. Taken together, the findings suggest that Ponzi scheme victimisation in Anyigba is not merely a financial event but a sustained psychological burden that current institutional structures are ill-equipped to address.

6. Conclusion

This study examined the influence of Ponzi scheme crashes on the mental health of victims in Anyigba, Kogi State. The findings establish that Ponzi scheme participation and financial victimisation are pervasive in the community, driven substantially by social media influence, economic hardship, weak regulatory enforcement and low financial literacy. The collapse of these schemes has had a profound and measurable negative impact on victims' mental health, producing widespread anxiety, depression, hopelessness and shame, compounded by an overwhelming lack of awareness of Nigeria's investment regulatory framework and a near-complete absence of accessible support systems. While victims' regulatory knowledge was not significantly associated with their perceptions of what caused the crashes, the availability of support systems was significantly associated with their mental health outcomes, underscoring the importance of accessible psychosocial support in shaping recovery. The study concludes that Ponzi scheme victimisation in Anyigba constitutes a socio-psychological crisis rather than a purely financial one, requiring an intervention strategy that addresses both the structural drivers of participation and the psychological aftermath of victimisation.

7. Recommendations

Based on these findings, the following recommendations are made:

1. The Securities and Exchange Commission and the Economic and Financial Crimes Commission should strengthen enforcement presence in semi-urban communities such as Anyigba, including public identification of known fraudulent operators and clearer channels through which victims can report fraud.
2. Prince Abubakar Audu University and secondary schools within Anyigba should incorporate financial literacy education that addresses the mechanics of Ponzi schemes, the requirements for legitimate investment registration, and practical steps for verifying an investment opportunity before committing funds.

3. Government agencies and non-governmental organisations should establish accessible, community-based mental health and counselling services in Anyigba, with university health services equipped to support students affected by financial trauma.
4. A formal victim support framework should be developed, linking victims to financial counselling and psychosocial support, and community-based peer support groups should be encouraged to reduce the isolation and stigma associated with fraud victimisation.
5. Sustained public awareness campaigns, delivered through community leaders, religious organisations and the social media platforms already widely used in Anyigba, should be used to counter the promotional messaging that drives participation in fraudulent investment schemes.
6. Financial institutions and government agencies should expand access to affordable credit and legitimate investment opportunities for traders, students and young entrepreneurs, reducing the economic pressure that makes high-risk informal schemes appear attractive.

Copyright © 2026, Authors retain copyright. Licensed under the Creative Commons Attribution 4.0 International License (CC BY 4.0), which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.
<https://creativecommons.org/licenses/by/4.0/> (CC BY 4.0 deed)

References

- Agnew, R. (1992). Foundation for a general strain theory of crime and delinquency. *Criminology*, 30(1), 47–87. <https://doi.org/10.1111/j.1745-9125.1992.tb01093.x>
- Button, M., Lewis, C., & Tapley, J. (2014). Not a victimless crime: The impact of fraud on individual victims and their families. *Security Journal*, 27(1), 36–54. <https://doi.org/10.1057/sj.2012.11>
- Frankel, T. (2012). *The Ponzi scheme puzzle: A history and analysis of con artists and victims*. Oxford University Press.
- Ganzini, L., McFarland, B., & Bloom, J. (1990). Victims of fraud: Comparing victims of white collar and violent crime. *Bulletin of the American Academy of Psychiatry and the Law*, 18(1), 55–63.
- Hobfoll, S. E. (1989). Conservation of resources: A new attempt at conceptualizing stress. *American Psychologist*, 44(3), 513–524. <https://doi.org/10.1037/0003-066X.44.3.513>

- Ibekwe, C. C., Onyima, B. N., & Onyilofofor, T. U. (2021). COVID-19 pandemic and proliferation of Ponzi schemes in Nigeria cyberspace. *Pakistan Social Sciences Review*, 5(2), 414–430.
- Krejcie, R. V., & Morgan, D. W. (1970). Determining sample size for research activities. *Educational and Psychological Measurement*, 30(3), 607–610. <https://doi.org/10.1177/001316447003000308>
- Merton, R. K. (1938). Social structure and anomie. *American Sociological Review*, 3(5), 672–682. <https://doi.org/10.2307/2084686>
- Mohd Padil, H., Kasim, E. S., Muda, S., Ismail, N., & Md Zin, N. (2022). Financial literacy and awareness of investment scams among university students. *Journal of Financial Crime*, 29(1). <https://doi.org/10.1108/JFC-01-2021-0012>
- National Bureau of Statistics. (2024). *Nigeria labour force survey: Annual report 2023*. National Bureau of Statistics.
- Obamuyi, T. M., Iriobe, G. O., Afolabi, T. S., Akinbobola, A. D., Elumaro, A. J., Faloye, B. A., Adeyefa, A. F., Adepoju, T. F., & Oni, A. O. (2018). Factors influencing Ponzi scheme participation in Nigeria. *Advances in Social Sciences Research Journal*, 5(5), 429–444. <https://doi.org/10.14738/assrj.55.4547>