PSYCHOSOCIAL AND ECONOMIC IMPLICATIONS OF CYBERCRIME-DRIVEN PONZI SCHEMES FOR VICTIMS IN IBADAN METROPOLIS, OYO STATE, NIGERIA

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DOI: https://doi.org/10.57233/gujos.v6i1.07

Abstract

Cybercrime-driven Ponzi schemes have inflicted severe psychosocial and economic devastation on many people, specifically urban residents in Nigeria. This phenomenological study explored victims' lived experiences of two major schemes, Mavrodi Mondial Movement (MMM, 2016–2017) and Crypto Bullion Exchange (CBEX, 2023–2025), in Ibadan metropolis, Oyo State. The study anchored by two theories; lifestyle-exposure and Gullibility Theory. Eighteen victims (10 males, 8 females, and aged 25–52 years) from diverse occupations were purposively recruited via snowball sampling and interviewed in-depth in English or Yoruba between March and June 2025. Thematic analysis generated four themes: rapid spread through WhatsApp, Telegram, cloned apps, and infiltration of churches, markets, and kinship networks; participation despite prior EFCC warnings, driven by affinity trust, economic desperation, low financial literacy, and fear of missing out; profound psychosocial trauma (anxiety, depression, shame, stigma, family crises, suicidal ideation) and catastrophic economic losses (₦80,000–₦400,000+), resulting in business collapse, loan-shark debt, school dropouts, and intergenerational poverty; and victim-recommended prevention strategies. The findings found how cognitive and social-psychological vulnerabilities override caution in economically stressed, collectivist settings. The study offers a victim-centred empirical basis for community-based financial literacy, early-warning networks, free counselling, and real-time regulatory platform collaboration to curb cyber-enabled Ponzi schemes in urban Nigeria.

Keywords: Cybercrime, financial, gullibility theory, ponzi schemes, psychosocial trauma

Introduction

A Ponzi scheme is considered a fraudulent investment operation in which returns promised to earlier investors are paid not from any genuine profit or business activity, but from capital contributed by newer investors recruited into the scheme (Adebayo & Ojo, 2020). The scheme sustains itself only as long as the influx of fresh money grows exponentially; especially during the period in which the recruitment slows, or investors demand withdrawals en masse, it inevitably collapses, leaving the overwhelming majority of participants with total or near-total losses. Named after Charles Ponzi, who popularised this model in Boston in 1920 with promises of 50% returns in 45 days, the Ponzi structure is commonly unsustainable and is one of the oldest and most destructive forms of financial fraud.

Globally and regionally, the human and economic toll of Ponzi schemes has been catastrophic. The Bernard Madoff scandal in the United States (2008) defrauded investors of approximately US$65 billion and triggered financial ruin, severe psychological distress, and suicides (SEC, 2009; Rizaldy et al., 2023). Similarly, Allen Stanford's US$7 billion fraud (2009), Romania's Caritas scheme in the 1990s, and India's Saradha scam (2013) caused by the economic collapse and mental health crises among victims (U.S. Department of Justice, 2009; Verdery, 1995; The Economic Times, 2013). In sub-Saharan Africa, South Africa's BHI Trust scandal (2023) and Kenya's experience with the Mavrodi Mondial Movement (MMM) illustrate how economic vulnerability and low financial literacy continue to be ruthlessly exploited (ICLG, 2024; Quartz, 2016).

In contemporary Nigeria, Ponzi schemes have undergone a digital transformation and are now almost exclusively driven by cybercrime. Perpetrators operate through social media platforms; WhatsApp and Telegram groups, fake mobile applications, crypto-currency wallets, cloned websites, and sophisticated online advertising to recruit victims, collect payments, harvest personal data, and maintain the façade of legitimacy (ENACT Africa, 2024; Fatunde, 2017; EFCC, 2025). This cyber-enabled evolution has dramatically lowered the barriers to entry for fraudsters, granted them near-complete anonymity, and allowed schemes to proliferate at unprecedented speed across cities and regions, making Ponzi schemes one of the most pervasive and damaging financial crimes in urban Nigeria today (Asogwa, Okeke, & Eze, 2017).

In Nigeria, prolonged economic hardship, high unemployment, galloping inflation, and stagnant real wages combined with near-universal smartphone penetration- have created fertile ground for cybercrime-driven Ponzi schemes (Asogwa et al., 2017; Adewale, 2025). The collapse of MMM between 2016 and 2017 affected over three million Nigerians and wiped out an estimated US$50 million (approximately ₦18 billion at the time), intensifying poverty and causing the widespread psychosocial trauma (ENACT Africa, 2024). More recent platforms such as Crypto Bullion Exchange (CBEX) and numerous copycat schemes continue to emerge, employing identical cyber-enabled tactics and demonstrating that the phenomenon remains highly resilient despite repeated regulatory warnings (EFCC, 2025; Adewale, 2025).

Ibadan metropolis, as one of Nigeria's largest urban centres and a key commercial hub in the South-West, has been particularly hard-hit. Cybercrime-facilitated schemes like MMM and CBEX have flourished here by exploiting dense interpersonal networks, acute economic pressure, and relatively low levels of digital and financial literacy (Adebayo & Ojo, 2020). Victims routinely lose life savings, children's school fees, business capital, and money borrowed at exorbitant rates. The consequences are far beyond finances: indebtedness spirals, marriages and families fracture under blame and recrimination, and victims suffer intense anxiety, depression, shame, social stigma, and, in extreme cases, suicidal ideation. The cybercrime element compounds the harm by allowing perpetrators to vanish almost instantly, destroying digital proof and leaving the victims with virtually no prospect of recovery or justice.

Despite efforts by the Economic and Financial Crimes Commission (EFCC) and the Securities and Exchange Commission (SEC) to issue alerts and shut down platforms, the rapid development of cyber techniques, fake websites, cloned apps, crypto-currency laundering, and advanced social-engineering tactics continues to outpace enforcement capabilities (EFCC, 2025). Existing Nigerian scholarship has largely focused on macroeconomic triggers, legality, and aggregate financial losses (Asogwa et al., 2017; Adewale, 2025; Fatunde, 2017), while giving comparatively little attention to victims' lived experiences, the specific psychosocial trauma they endure, and the precise role played by cybercrime in recruitment, deception, and harm amplification in localised urban contexts such as Ibadan.

This study, therefore, explicitly centres the cybercrime dimension of contemporary Ponzi schemes and sought to fill these critical gaps by investigating the psychosocial and economic impacts of cybercrime-driven Ponzi schemes on victims in Ibadan metropolis, Oyo State, Nigeria. This study specifically aims to investigate the nature and extent of psychosocial trauma including stress, anxiety, depression, social stigma, and the disruption of family and community relationships experienced by victims of cybercrime-driven Ponzi schemes such as MMM and CBEX in Ibadan metropolis; to assess the severity and patterns of economic difficulties, ranging from massive financial downfall and crushing indebtedness to livelihood collapse and deepened poverty; to identify the socio-economic, psychological, and cyber-related factors, particularly the pivotal function of digital programmes and online social networks, that drive participation; and to explore the wide implications of these experiences for family dynamics, community cohesion, and social trust, thereby providing an empirical foundation for targeted, evidence-based interventions that confront both the cybercrime mechanisms and the dangerous human consequences they inflict.

Literature Review

Globally, Ponzi schemes have caused billions in losses, with the U.S. Securities and Exchange Commission classifying 20% of fraud cases in 2009 as such, and undetected schemes underscoring the need for larger investor protections (SEC, 2009; Williams, Strauch, & Duncan, 2018). The global prevalence of Ponzi schemes demonstrates their devastating economic and psychosocial repercussions. In the United States, Bernard Madoff's $65 billion fraud in 2008 affected thousands, leading to financial ruin, psychological distress, and suicides, with victims unprotected by mechanisms like the Securities Investor Protection Corp. (U.S. Department of Justice, 2009; Rizaldy et al., 2023). Similarly, Allen Stanford's $7 billion scheme defrauded 30,000 investors through fraudulent certificates (U.S. Department of Justice, 2009). In Europe, Romania's Caritas scheme in the 1990s defrauded over 400,000 people of $1 billion, sparking social unrest and mental health crises (Verdery, 1995). In Asia, India's Saradha Group scam (2013) duped 1.7 million investors of $4-6 billion, resulting in economic hardship and stigma (The Economic Times, 2013). These issues highlight collective damages exceeding $9 billion in 2010 alone, with smaller schemes amplifying overall harm (Investment News, 2010).

In Africa, Ponzi schemes exploit economic precariousness, low financial literacy, and weak regulations, proliferating through digital means. South Africa's BHI Trust scandal (2023) defrauded investors of ZAR 3 billion, targeting pensioners (ICLG, 2024). In Kenya, the Mavrodi Mondial Movement (MMM) promised 40% monthly returns but collapsed amid central bank warnings, leading to widespread savings losses (Quartz, 2016).

Nigeria has been particularly hard-hit, with schemes defrauding over US$1 billion in the past decade due to lax regulatory systems (ENACT Africa, 2024). The MMM scheme's 2016 collapse affected three million Nigerians, with losses of $50 million (₦18 billion), exacerbating poverty (ENACT Africa, 2024). Recent schemes like Crypto Bullion Exchange (CBEX) have continued this trend, prompting investigative hearings and highlighting frequent vulnerabilities (NALTF, 2025). Local scholarship pointed out the linkage between Nigeria's economic recession and the surge in Ponzi schemes, with Asogwa et al. (2017) arguing that macroeconomic instability, including high unemployment and inflation, creates fertile ground for fraudulent investments promising timely returns, thereby fuelling participation among marginalised populations.

Economic impacts of Ponzi schemes are far-reaching, particularly in developing countries like Nigeria. Victims face direct financial losses, deepened poverty, debt accumulation, and disrupted livelihoods, often borrowing to invest or recover (Adebayo & Ojo, 2020; NNPUB, 2018). Adewale (2025) revealed a comprehensive analysis of ten major Ponzi schemes operating in Nigeria from 2015 to 2025, estimating cumulative financial losses of more than ₦300 billion and emphasising lessons for regulatory reforms to prevent recurrence. In Calabar Metropolis, schemes like MMM and Ultimate Cycler negatively affected living standards, eroding confidence in financial sectors and inflating investment risks during economic hardships (NNPUB, 2018; Adebayo & Ojo, 2020; Asogwa et al., 2017).

Psychosocial impacts are equally severe, encompassing stress, anxiety, depression, social stigma, and loss of trust, often likened to trauma from financial disaster (Give an Hour, undated; ACFE, undated). Victims of Madoff's scheme reported posttraumatic stress disorder, with fraud linked to physical and psychological disorders, including suicide (ResearchGate, 2025; Science Direct, 2023). In pyramid schemes, similar to Ponzi, victims experience emotional isolation and mental health problems (AJHSSR, 2025). In Nigeria, MMM victims faced negative psychological effects like shame and family strain, with Yenagoa studies linking failed schemes to mental health outcomes (Zenodo, 2025; Fatunde, 2017). Elder victims suffer amplified anxiety and depression, eroding well-being (UCHealth, 2025).

The cybercrime has transformed Ponzi schemes in Africa, harnessing social media, apps, and digital spaces for wider reach and anonymity (ENACT Africa, 2024). Operations like INTERPOL's Serengeti 2.0 (2025) dismantled networks involving investment fraud, recovering millions and arresting hundreds across countries like Zambia, Ghana, and Senegal (INTERPOL, 2025; TRM Labs, 2025; The Record, 2025). Chinese-led networks have spread *pig butchering* scams into Namibia and beyond, while West African typologies link cybercrime to Ponzi via mobile money and websites (ADF Magazine, 2025; GIABA, undated). In Nigeria and Ghana, colonial legacies, economic influence, and social influences drive cyber-fraud involvement (Springer, 2025). South Africa's developing threats include digital scams, with arrests for SIM fraud underscoring transnational elements (OCCRP, 2025).

Despite extensive global literature, gaps emerge in localised Nigerian studies, particularly on psychosocial trauma in urban areas like Ibadan, where cyber-driven schemes like MMM and CBEX intersect with social and economic factors (Adebayo & Ojo, 2020; ENACT Africa, 2024; Adewale, 2025). Limited attention to victim experiences and community bond calls for phenomenological approaches to inform interventions (Adebayo & Ojo).

Theoretical Framework

The study anchored on theLifestyle-Exposure Theory and gullibility theory in explaining the phenomenon of PONZI scheme.

Lifestyle-Exposure Theory

To explain the phenomenon of Ponzi scheme victimization in Ibadan metropolis, as described in the study, a suitable victimological theory, the Lifestyle-Exposure Theory isapplied (Hindelang, Gottfredson, &Garofalo, 1978). This theory is well-suited to analyse why certain individuals become victims of Ponzi schemes due to their socio-economic circumstances, behaviours, and exposure to risky situations. The Lifestyle-Exposure Theory posits that victimization risk is influenced by an individual's lifestyle and routine activities, which increase their exposure to potential offenders or risky situations. The theory emphasizes three key elements:

i. Exposure: Proximity to potential offenders or risky environments.
ii. Proximity: Living or operating in high-risk areas or contexts.
iii. Target Suitability: Characteristics that make individuals attractive targets foroffenders.

In the context of Ponzi schemes in Ibadan metropolis, residents facing economic hardships, unemployment, or low financial literacy (as noted in the background) are more likely to encounter Ponzi scheme promoters through social networks, online platforms, or community interactions. These schemes, like MMM and CBEX, exploit economic desperation by promising quick returns, increasing exposure to fraudulent opportunities. For example, individuals seeking financial relief may actively engage with advertisements or peer recommendations, placing them in contact with scammers. The theory explains why certain groups in Ibadan those with economic hardships or limited financial knowledge are disproportionately victimized. Their lifestyle (e.g., seeking financial opportunities, participating in community or online investment groups) increases their exposure to Ponzi schemes, leading to economic losses and psychosocial trauma (e.g., stress, anxiety, depression) as described in the problem statement.

Gullibility Theory

This theory complements life styles exposure theory in providing more nuances on Ponzi scheme in the study area. Gullibility Theory, as conceptualised by Greenspan (2009), Akerlof and Shiller (2015) through their "phishing for phools" framework, Modic and Lea (2013), Modic et al. (2018), and more recently adapted to the West African context by Ofori et al. (2023), serves as a psychological and behavioural-economic explanation for fraud victimisation. Unlike critical criminological models that emphasise physical proximity or routine exposure to offenders, Gullibility Theory asserts that people become victims primarily because of exploitable cognitive, emotional, and socio-psychological vulnerabilities that lead them to suspend rational scepticism and place disproportionate trust in deceptive propositions, even when credible counter-evidence is widely available. The core assumptions of the theory according to Greenspan (2009), Akerlof and Shiller (2015) are:

1. Over-trust and affinity bias – Trust is dramatically heightened when the fraudster or promoter belongs to the victim's own social, religious, ethnic, professional, or digital affinity circle, creating a powerful "trust shortcut" that bypasses critical evaluation.
2. Desperation-induced suspension of disbelief – Acute economic pressure generates a psychological state in which the promise of huge, rapid returns temporarily disables normal risk-assessment processes; victims are aware of risk but consciously choose hope over caution.

3. Fear of Missing Out (FOMO) and social proof – Fabricated testimonies, payout screenshots, and viral success stories on web platforms trigger herd behaviour and intense urgency to participate before the "opportunity" vanishes.
4. Illusory superiority and greed override – Many victims believe they possess superior timing or insight and will exit before collapse, or they convince themselves they are seizing a rare, legitimate windfall.
5. Cultural amplifiers – In collectivist settings like Nigeria, cultural values of communal progress, reciprocity, and "helping each other succeed" are deliberately exploited, making refusal to join appear selfish or lacking faith.

In application to this study, Gullibility Theory explains the persistent participation of residents of Ibadan metropolis in MMM and CBEX despite national television exposés, EFCC public declarations of illegality, and open testimonies of earlier victims. Warnings from formal institutions were cognitively discounted or reframed as irrelevant, while the emotional toll of a trusted church member, classmate, neighbour, or WhatsApp contact declaring "it is working for me" proved decisive. The same psychological mechanisms that drove investment later amplified post-collapse trauma, transforming hope into substantial shame, self-blame, and social stigma.

Method

This study adopted a phenomenological research design to capture the lived experiences and subjective meanings that victims of cybercrime-driven Ponzi schemes (MMM and CBEX) in Ibadan metropolis attribute to their psychosocial trauma and economic devastation. A total of 18 victims (10 males and 8 females), aged 25–52 years and drawn from diverse socio-economic backgrounds (unemployed graduates, civil servants, traders, artisans, and small business owners), took part in the study. All the participants were residents of Ibadan metropolis and had suffered verifiable financial losses from either MMM (2016–2017) or CBEX (2023–2025). Purposive snowball sampling was utilised because Ponzi scheme victims constitute a hidden and highly stigmatised population who are often unwilling to speak publicly about their losses. The researcher began with three seed participants identified through trusted community leaders and former victims who had already disclosed their experiences. Each subsequent participant was asked to refer one or two additional victims known to them.

Data were elicited between March and June 2025 through face-to-face, semi-structured in-depth interviews conducted in private, participant-chosen locations (homes, church premises, or workplaces). Interviews, lasting 47-74 minutes were conducted in English or Yoruba according to participants' preference and were audio-recorded with explicit consent. Ethical approval for the study was granted by the Research Ethics Review Committee of the Oyo State Ministry of Health Mental Health Desk (OSMH/RE/2025/561). The participants were repeatedly reminded of their right to pause or withdraw at any stage. All identifiers were removed, pseudonyms are used throughout, and data are stored on encrypted, password-protected devices that can only be accessed by the research team.

Result

Table 1: Socio-demographic Profile of Participants (n=18)

ID	Pseudonym	Gender	Age	Occupation	Scheme	Amount Lost (₦)	Year
P01	Ade	Male	35	Taxi driver	MMM	150,000	2016
P02	Funmi	Female	29	Unemployed	CBEX	80,000	2024
P03	Bose	Female	34	Small business owner	MMM	200,000	2016
P04	Tunde	Male	28	Unemployed graduate	CBEX	150,000	2024
P05	Iya Ibeji	Female	42	Trader	MMM	300,000	2016
P06	Segun	Male	30	Civil servant	CBEX	250,000	2024
P07	Titi	Female	27	Hairdresser	MMM	100,000	2016
P08	Kunle	Male	41	Artisan (mechanic)	MMM	180,000	2016
P09	Chioma	Female	38	Teacher	CBEX	120,000	2024
P10	Bayo	Male	45	Trader	MMM	400,000	2016
P11	Seyi	Male	26	Student	CBEX	80,000	2018
P12	Adebayo	Female	38	Trader	CBEX	10000	2020
P13	Ajibi James	Male	40	Unemployed graduate	MMM	200,000	2020
P14	Imaledu	Male	45	Teacher	CBEX	300,000	2021
P15	Olusegun	female	36	Student	CBEX	90,000	2022
P16	Oreoluwa	Female	37	Trader	MMM	81,000	2016
P17	Adeyeye	Male	45	Civil Servant	CBEX	250,0000	2021
P18	Sade	Female	31	Fashion designer	CBEX	90,000	2025

Cybercrime-Driven Emergence and Spread of Ponzi Schemes in Ibadan

All the participants explained how the schemes spread almost exclusively through digital platforms (WhatsApp groups, Telegram channels, Facebook posts, and cloned apps).

Recruitment was rapid, anonymous, and deliberately targeted church groups, alumni networks, and neighbourhood associations. As Bose (P03, MMM) explained:

> The admin of our church women's WhatsApp platform continues posting that 'God has opened a door of blessing 'among other marketable inscription that catches the attention of the people. That was how MMM entered Ibadan like wildfire (P18, 2025).

Another key informant stated that:

> It started slowly around 2016–2017 with MMM and some foreign platforms. By 2022–2024, it exploded. Almost every street in Ibadan has someone advertising "investment" on WhatsApp and Facebook. In Bodija and Oje markets, women's groups were heavily targeted. They use church meetings, mosque gatherings, and family WhatsApp groups. Even in places like Challenge, Dugbe, and Akala, you see posters and people organizing seminars in hotels. It spread like wildfire because of poverty and social media(P16, 2025).

Also, a respondent remarked that:

> The spread was massive during the COVID period and after the naira redesign crisis. Many people lost jobs or had salary delays. Platforms like "Mama Gold," "Eternal Wealth," and newer crypto versions entered Ibadan strongly. They recruit through referrals with big bonuses. In government offices and banks, some staff quietly introduce colleagues. Ibadan's big population and many youths made it easy. From Sango to Molete to Iwo Road, it's everywhere (P06, 2025).

Factors That Drove Participation despite Known Risks

All the participants openly admitted that they had heard warnings on radio, television, EFCC alerts, or from earlier victims yet still invested. Several informants echoed this view with one participant stating that:

> I knew people who lost in other schemes, but this one came through my own sister, so I trusted it was different (P07).

A particularly insightful response came from respondent who said that:

> Many of us traders faced high inflation and low sales. When someone shows you how your ₦100,000 became ₦300,000 in one month, you join. Also, peer pressure — if your friend or sister is buying new clothes and posting pictures, you feel left behind. Unemployment among youths is very high in Ibadan. People saw it as the only way to survive.

A stakeholder who was also the civil servant revealed that:

> For civil servants like me, low salary and delayed promotions. The desire to meet family responsibilities — school fees, house rent, and weddings — pushed many. Some joined because of “FOMO” (fear of missing out). Others joined because respected people in the community (pastors, imams, or big traders) endorsed it. (P06, 2025).

As articulated by one of the key informants:

> Social media influence was very strong. Influencers and people posting luxurious lifestyles made it attractive. For young ladies, the pressure to look good and marry well pushed many. Also, family pressure — some parents even borrowed money to invest. The economic hardship after fuel subsidy removal in 2023 made people desperate. They believed “this one will work” because previous ones paid early investors *(Segun, P013).*

Psychosocial and Economic Impacts of Victimisation

Victims suffered profound and overlapping consequences. For instance, the key respondents have this to say:

> I hardly sleep; I felt I failed my family. I have seen increased cases of high blood pressure among victims including me (P03, 2025).

Also, the intervieweeP02 indicated that.

> I was called “mumu” (fool) by many of my friends. My family relationships was strained. Some of us lost friends who felt cheated the people in my area nicknamed me ‘MMM woman’ in the market; and I am afraid of going to the market again (2025).

Also, another key informant strongly asserted that:

> It was not just money that disappeared; it was our entire future that was stolen my children were repeatedly sent home from school for unpaid fees. Many young people dropped out of school or could not continue because fees were not paid. (P10, 2025).

Discussion of Findings

The findings are discussed under the four major themes that emerged from the data, which directly correspond to the title and objectives of the study:

The qualitative findings reveal that participation in Ponzi schemes like MMM and CBEX in Ibadan metropolis is driven by social influences, economic hardship, low financial literacy, and the desire for quick financial gains. Victims reported being persuaded by trusted friends, family, or social media endorsements like WhatsApp and Telegram groups, cloned mobile apps, fake websites, and targeted social-media advertising. Perpetrators deliberately infiltrated existing affinity networks (churches, alumni associations, market groups, and motor parks), exploiting high smartphone penetration and dense interpersonal ties characteristic of urban Yoruba communities. This aligns with Lifestyle-Exposure Theory (Hindelang et al., 1978) which suggests that routine social interactions, such as engaging with trusted contacts or online platforms, increase exposure to fraudulent schemes. In Ibadan's urban context, communal trust and word-of-mouth recommendations amplify susceptibility, as victims relied on assurances from close contacts (e.g., "My cousin convinced me to join MMM"). It can be also said that their participation was driven by Gullibility Theory mechanisms: over-trust in affinity figures (my pastor, my classmate, my neighbour), desperation-induced suspension of disbelief amid unemployment and inflation, and intense fear of missing out triggered by fabricated payout screenshots and testimonies. These findings echo global patterns, such as the MMM collapse in Nigeria, where economic desperation and social trust fuelled participation (ENACT Africa, 2024). The reliance on digital platforms highlights the role of cybercrime in expanding the reach of Ponzi schemes, underscoring the need for targeted financial literacy programs and community-based interventions to counter misleading social influences in Ibadan. Victims consciously overrode rational caution because the perceived immediate reward from a trusted source outweighed distant institutional warnings, a classic illustration of affinity fraud and predisposition-to-trust dynamics (Greenspan, 2009; Akerl of & Shiller, 2015; Ofori et al., 2023). This explains why public-awareness campaigns alone have failed to curb participation in these schemes in the Ibadan metropolis.

The study found that the collapse of these schemes inflicted profound, overlapping harm to the victims. Psychosocially, victims faced persistent anxiety, depression, shame, social stigma (e.g., being mocked as a MMM woman or CBEX fool), family blame, marital crises, and in extreme cases, suicidal ideation, mirroring global patterns as buttressed by Madoff (SEC, 2009), Saradha (2013), and earlier Nigerian MMM collapses (ENACT Africa, 2024). Economically, losses ranging from ₦80,000 to over ₦400,000 destroyed small businesses, prevented payment of children's school fees, triggered evictions, and drove many victims into high-interest loan-shark debt. These impacts were particularly severe in Ibadan because funds were often drawn from critical household or business capital, deepening intergenerational poverty and eroding community trust. The reported stress, anxiety, and depression align with global evidence, such as the Bernie Madoff scheme's impact in the U.S., where victims experienced psychological distress and social stigma (U.S. Securities and Exchange Commission, 2009). Similarly, the economic losses mirror findings from

Nigeria's MMM collapse, which caused losses of $50 million and deepened poverty (ENACT Africa, 2024).

The findings align with the Lifestyle-Exposure Theory(Hindelang, Gottfredson, &Garofalo, 1978), which posits that victimization risk is influenced by individuals' lifestyles and exposure to risky situations. The influence of friends and family members reflects how victims' social networks, a key aspect of their lifestyle, increased their exposure to Ponzi schemes. Trusted contacts acted as conduits for fraudulent schemes, leveraging psychological trust rather than factual evidence, as noted in the literature (Bhattacharya, 2012). This social influence aligns with the study's background, which highlights how Ponzi perpetrators initially target social or professional circles before expanding to outsiders. The reliance on social networks also reflects low financial literacy and economic hardship, which made victims more susceptible to persuasive tactics promising quick wealth. Also, the participation occurred not out of ignorance but because Gullibility Theory mechanisms over-trust in affinity figures, desperation-induced suspension of disbelief, and intense fear of missing out fuelled by fabricated social proof—systematically overrode EFCC warnings, media alerts, and the visible suffering of earlier victims. When the inevitable collapse came, it inflicted profound and overlapping harm: persistent anxiety, depression, shame, social stigma, family breakdown, suicidal ideation, business collapse, school dropouts, evictions, and spiralling loan-shark debt, thereby deepening intergenerational poverty and eroding community trust in Ibadan.

Conclusion

This study investigated the psychosocial and economic impacts of cybercrime-driven Ponzi schemes, specifically MMM and CBEX, on victims in Ibadan metropolis, Oyo State, Nigeria, using a qualitative phenomenological approach. The findings confirm that participation in these schemes is driven by social influences, economic hardship, low financial literacy, and the desire for quick financial gains, aligning with the Lifestyle-Exposure and gullibility theory. Trusted social networks, including friends, family, and social media endorsements, significantly increased victims' exposure to fraudulent schemes, exacerbated by economic vulnerabilities and limited understanding of investments. The psychosocial consequences, including stress, anxiety, depression, and social stigma, coupled with severe economic losses, deepened poverty and disrupted family and community cohesion in Ibadan. These impacts mirror global patterns, such as the MMM collapse in

Nigeria, highlighting the pervasive nature of cybercrime-driven Ponzi schemes. The study addresses critical gaps in localized research on psychosocial trauma in Nigerian urban contexts, emphasizing the need for targeted interventions.

Recommendations

The findings suggest that interventions in the Ibadan metropolis should focus on:

a) Targeted Financial & Digital Literacy**:** There is a need to launch intensive campaigns in Ibadan, teaching residents to spot Ponzi red flags, verify platforms, and avoid such schemes.

b) Counter Community Propagation: The train local leaders, religious heads, and market groups to debunk false testimonials and warn against word-of-mouth recruitment.

c) Specialised Psychosocial Support:There is a need to set up trauma-focused counselling services with NGOs and Oyo State for victims suffering depression, anxiety, and stigma.

d) Strengthen Regulation &Enforcement**:** The EFCC, NCC, and CBN should be more proactive and equipped with better cyber-tools, real-time monitoring, and faster shutdown powers; impose harsher penalties and mandatory platform registration.

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