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Synopsis of Nigerian Economy and the Growth of Ponzi Schemes

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Abstract

This study was conducted to examine the effect of Ponzi scheme on Nigerian Economy. Available researches explored Nigerian economy in terms of its history, structure and growth with no literature on the economy and the growth of Ponzi in the face of the present recession. Nigerian economy is beset with myriads of economic problems ranging from unemployment to bad leadership and structure of governance that has climaxed into economic recession. Ponzi schemes became an alternative to the harsh economic realities in the country and this research investigated the effect of this in the economy. The result shows that there is a strong negative relationship between Nigerian economy and the growth of Ponzi. It created illusive picture of the economy in terms of peoples? living standard and income levels.

Index terms— economy, recession, ponzi schemes, growth, Nigeria.

1 Introduction

ince Nigeria's independence in 1960, many unprecedented political and economic changes have shaped the country. These changes have in one way or the other affected the development and growth of the economy either favourably or adversely. The Nigerian economy itself has gone through ups and downs, however, the history of gloomy days seem to outweigh the history of rainy days forthe economy in the long run. According to the African Development Bank (ADB) Group, Nigeria has had sluggish economic growth since the end of 2015 with the rate dropping to an estimated 3% in December 2015, leading the government to adopt expansionary budgetary system in 2016 with the aim of stimulating the economy. This sluggish growth is mainly attributed to a slowdown in by inadequate supply of foreign exchange. These foreign exchange restrictions has resulted in cuts in production and labour loss in manufacturing and banking sectors of the economy that lead to a high unemployment rate and reduction in business activities thus limiting the flow of funds in the economy. In addition, liquidity crises hit the economy, this was exacerbated by the implementation of Treasury Single Account (TSA) [4]by the government in a bid to fight corruption. TSA was aimed at ensuring that government and its agencies maintained a single account for its transactions with the Central Bank of Nigeria (CBN). This moped up liquidity in the banking system. As the liquidity crises continued, it systemically affected other business sectors in the economy and they started crippling into liquidity crises; banks could barely guarantee loans to various sectors of the economy like the oil and gas, construction, manufacturing and aviation industries. Many businesses closed down (perhaps relocate to neighbouring countries) as they could no longer access funds from the banks at ease, interest rate skyrocketed to a point that CBN issued a warning that seven Nigerian banks may need to merge, or require bail out from their foreign counterparts or brace up for a regional banking over the worsening liquidity problem while other banks recapitalised to mitigate the effect of the crises [8]. Systemically, Nigerian economy slid in to a serious economic crisis affecting mostly youths and households as disposable income crashed due to an unbearable inflation coupled with job losses that resulted thereof. Nigeria degenerated into recession in the second quarter of 2016 after two successive quarters of negative growth [15]. This was consequently confirmed by the National Bureau of Statistics (NBS) and the Ministry of Finance grudgingly yielded to it after several undeniable economic indices alluding to the fact (Fig. 1). These economic peculiarities Nigerians faced(decline in crude oil prices and earning to Nigeria, reduction in Gross Domestic Product (GDP), high rate of inflation, increase in exchange rate, widespread unemployment and loss of job) forced the people to seek alternative means of survival. Oil is unarguably the mainstay of Nigeria's economy and since the fall in global oil prices, it has been grappling hard with the economic realities it found itself. Money at the disposal of both the government and household lost its value in terms of purchasing power, S dollar rate to naira skyrocketed and so on. This exacerbated unemployment rate and led to job loss, massive hunger and starvation in the economy. Ponzi schemes became a ready easy succour for poor living standard of Nigerians. It provided an easy alternative to survival with its promise of a high rate of returns on investment. A number of these 'easy money making' ventures in the form of Ponzi sprang up. These stimulated the economy, people especially the youths even borrowed money to invest in the scheme as it seemed good. Based on this, the first hypotheses was developed to check if there is a relationship between Nigeria's economy and the growth of Ponzi schemes. As more people turned to this 'quick fix' systems to cushion the effect of the harsh economy resulting primarily from poor living standard caused by skyrocketing inflation, the economy was a little bit reflated. People generally had money to spend through the returns from the Ponzi and the banks were busy with customer either withdrawing their matured investment or initiating new ones through their deposits and transfers. The first set of people who went into the scheme benefited quite tremendously and was able to attract new members. Some of them built houses, bought cars and started many more business bearing little or no risk. As a result people became more liquid, they could easily augment for poor/irregular salary, high cost of living occasioned by the bad economy coupled with the economic recession currently ravaging the country. Based on this, the second hypotheses was developed to test the effect of Ponzi schemes on Nigerian economy. The following research questions are formulated below to guide the conduct of the research;

2 Literature Review a) Overview of Nigerian Economy

Nigeria's economy is largely dependent on oil since the discovery of oil in commercial quantity in 1956 at Oloibiri, Bayelsa State. Oil constitute about 90% of Nigeria's export market and 25% of the Gross Domestic Product (GDP) and consequently forms about 80% of total government revenue [13]. Many researches have been conducted on how to improve the economy of Nigeria away from oil through diversification but the myriad of political and governance issues in Nigeria have marred these efforts. Nigeria has been under both military and civilian rule since independence. The military era was characterised by coups and counter coups leading to instability and civil war that engulfed the country from 1966 -1970. On the other hand, the civilian or democratic rule has not brought about the much anticipated change the people yearn for. Nigeria is blessed with abundant natural/mineral resources and prides itself as the most populous black nation, this makes the country a big market for the world but not much has come their way. The world has estimated Nigeria to be among the fastest growing global economies in the world by the year 2015 [2] but that never materialised. CNN money also ranked Nigeria as the 3 rd fastest growing economies in 2015 [2] but the question is "how did a country that promised this much hope slide into a consecutive negative growth (recession) just a year after? The 2015 general election also produced a change of government that caused a negative change in the trend of the economy through inconsistence policies and policy summersault. The body language and hard stance of corruption including the mode of fighting corruption has however painted the country black before investors (more especially the foreign investors). The unprecedented decline in the economy since the government took over power in May 2015, compelled them on 31 st August, 2016 to confirm through the Minister of Finance, Mrs Kemi Ade Osun that Nigeria is technically in recession [15]; [10] Fig. 1: Nigeria Economic Growth Index.

3 Source: Adopted from NBS b) Nigeria's Economic Recession

The National Bureau of Economic Research [9] defined recession as a decline in economic activity in a given economy, lasting more than a few months. It is normally visible in real GDP, real income, employment opportunities, banking system, production, wholesaleretail sector. A country experiences recession when there is a successive significant decline in growth rate and potential of a nation's earnings lasting up to six months. The technical indicator is assumed to be two consecutive quarters of negative economic growth estimated by the GDP of the country [3]. Recession is principally caused by two factors; the endogenous and the exogenous factors. The endogenous factor represents internal factors resulting from conflict of ideas, regulatory negligence, misapplication of economic theories, policy inconsistency or summersault and so on. The exogenous or external factors are usually not within the control of policy makers (they defines the remote factors) such as; natural disaster, climate change, revolution and or war. Our focus here is on the endogenous causes of recession since Nigeria's economic recession is largely internally caused. Nigeria has faced so many leadership problems in the past. Change of government is almost synonymous with change of policies, as a new government is formed; a new idea is generated giving rise to conflict of ideas/interest, policy inconsistencies, misapplication of theories and so on. Successive governments hardly build on the previous or inherited ideas or policies no matter how good. The fig. 1 Nigeria is ridden with poor or misapplication of economic policies. Economic planning connected with exchange rate policies are poorly implemented aided by delay in budget preparation and passage, this to a large extent contributes to recession. Strategic plans to grow the economy through government claims of improving manufacturing/mining sectors of the economy, agriculture and foreign direct investment have not yielded any significant benefit rather the populace continue to languish in poverty [16]. However, giving dollar purchase privileges for importers of selected goods, fixing of exchange rate (cheaply) solely for pilgrims while the business sector buy it exorbitantly has further impoverished the economy. Emmanuel [5] averred that the elimination of dollar privileges (for a few importers on selected items) would help the economic system a bit but has invariably given a few individuals further widening the gap between the rich and the poor, while creating more economic hardship for the people. This is exactly the case with the dollar rate advantage given to pilgrims, it offers undue advantages to people and has legally and illegally enriched some few privileged ones.

4 High Interest Rate

Currently, interest rates from the banking sectors hover between 26 -30%. This is extremely high for a country that wants to develop her Small and Medium Enterprises (SMEs), it discourages both local and foreign investors. High interest rate regime discourages investment, affects economic growth and subsequently results in widespread unemployment especially for the teeming unemployed youths [12]; [1]; **??**14]. It reduces aggregate demand especially from the household because of its effect in the GDP of the country.

5 High Rate of Inflation and Policy Inconsistency

Restrictions on the importation of some essential commodities including some agricultural products like food items and other consumables without developing local production or substitute goods contributed significantly to the high inflation rate in the country. Conflict of interest has also worsened government inconsistency, a situation where the minister of finance supports decrease in monetary policy rate and the CBN governor says otherwise has affected the monetary policy. Inconsistencies in economic policies of government has aided the current economic recession and tightened the monetary policy measures with a long run effect of budget deficit [7].

6 Poor Business Environment and High Taxation

The internal and external factors that affect the operation of business in Nigeria is quite negative; ranging from poor power supply, poor credit facilities, dilapidated infrastructures, loss of investor confidence to double taxation. The economy will strengthen when there is a free flow of economic activities and investors are motivated. Recession presupposes a time where households and businesses are encouraged to hold more cash rather than tax them more. High tax rate regime and or double taxation create an unfavourable business climate [13], lower aggregate demand and slow the economy.

7 c) Policy Measures and Economic Implications

Nigeria has the potential to become a major player in the global economy by virtue of its human and natural resources endowment, however, this potential has remained relatively untapped over the years. Oil prices continue to drive the economy of Nigeria however, bad economic policies had left the country ill prepaid for the recent global collapse in oil prices. This is worsened by poor management of the militancy drastically reduced the aggregate oil production through pipeline vandalism, kidnapping of oil workers and general unrest. The current administration of President Buhari seem to be aware of the dangers posed by this and has developed a medium term intervention for this purpose through the launch of his Economic Recovery and Growth Plan (ERGP) strictly for restoring economic growth while leveraging on the ingenuity and resilience of the Nigerian people. The ERGP [6] focuses on increasing oil production, privatising selected public enterprises and revamping local refineries to reduce petroleum products importation. In order to implement the plan, the government hopes to collaborate closely with businesses to deepen their investments in the power sector, agriculture, manufacturing, service industry and development of solid minerals with a strong support to the private sector to engineer economic growth and development of the country through innovation, science & technology, competition and productivity. The vision of the ERGP is clearly to ensure a sustainable economic growth, increased public/private sector efficiency, diversification and so on. The outlook for the plan is that by the year 2020, Nigeria would be able to attain, stable macroeconomic environment, transformation in agriculture, job creation and massive youth empowerment, sufficiency of power and petroleum products, improved transport infrastructure, healthy foreign exchange inflows and industrialised economy. Government plan on how to fight corruption, reform public service, promote good governance and ensure adequate security for citizens including measures to evaluate and communicate the progress made towards it are well articulated in the ERGP [6].

8 d) Ponzi Schemes in Nigeria

Wikipedia defined Ponzi schemes as a fraudulent investment activity where individuals or organisations pay out returns to investors from new capital paid to the operators by new investors, in lieu of the profit earned (through legitimate sources), while the US securities and exchange commission defined it as an investment fraud that involves the payment of purported returns to existing investors from funds contributed by new investors. It is a financial investment that pays abnormally high return on investment strictly sequel to aggressive search and entrance of new members bearing little or no risk at all. Not until recently, Ponzi schemes are not common in Nigeria. Its history dates back to an Italian businessman called Charles Ponzi in the 20 th century. He simply developed a system that rewards old investors through the new investors. This idea/business thrives until a time when it will bust (which certainty will). Technically, Ponzi became popular in Nigeria as a result of the recent economic hardship in the country. The operators of the scheme usually enticed new investors by offering a very high return on focus on attracting new investors to make good their promised interest to the earlier investors to create the impression that the investment is lucrative and that investors are profiting thereof. Ponzi scheme is mathematically a financial freedom mechanism that is capable of turning around the fortunes of millions of poor cum greedy people only on a condition that system does not collapse. It typifies a system of 'robbing Peter to pay Paul'. The intelligence behind Ponzi scheme is to be foolish and greedy. This suggest that all the investors must continually be re-investing both their initial capital, the interest and consistently persuade new people to join the scheme bearing no risk in order to keep the platform liquid and mutually beneficial. However, this is unfortunately unrealistic, no matter how long it lasts, since there is a possibility of aeroplane crash, chances are that the scheme is bound to fail at some point.

The most popular Ponzi schemes that has dominated Nigerian economy recently with some crashing along the line is listed below; i. MMM Nigeria ii. Get Help Worldwide (GHW) iii. Givers Forum iv. Twinkas v. NNN Nigeria vi. Crowd Rising vii. Nairadonation.com viii. Ultimate Cycler ix. Zigma x. Zarfund Paradise Payment Nigeria etc The operations of these schemes are similar and one common feature among them is aggressive search for new members. A stepwise of how it works is as follows; a. Convince a few potential investors to put their money in the scheme b. After the specified time period, usually one month, return the investment money to the investors plus the agreed interest as profit c. Capitalise on the success of earlier investors to convince and entice more investors to trust their money in the scheme d. This steps are repeated until a point where the system crashes, in this case, the step b of the cycle is threatened and in lieu of returning the investment money and paying the interest as promised, the operators run away with the invested money. MMM (Mavrodi Mondial Moneybox) Nigeria is one of the most common Ponzi scheme in Nigeria being part of the MMM Global Community with its origin traced to the purported founder, Sergei Panteleevich Mavrondi of Russia and dates back to 1989. Its operation in Nigeria became popular in November, 2015. It provides a platform that helps millions of participants worldwide free. The money is then transferred to them given by their own goodwill towards others who needed help in the past. Technically one must provide help to a needy before he can receive help with a promise of 30% of whatever amount you provided as help to others after 30 days. Moreover, an additional 10% accrues to individuals for referrals to the scheme to the tune of whatever amount the person was able to provide as help. This soundedvery juicy and lucrative for millions of poor and average Nigerian that could barely afford 3 square meals a day.Some people including some organisations invested public monies in the scheme. Subsequently the system collapsed on 14 th December, 2016 leaving millions of Nigerians in debt, frustrated and generally poorer. Nigerian Deposit Insurance Scheme **??**11] estimated that about 3 million Nigerians lost N18 billion naira (about $51.5 million USD) to MMM alone sequel to the crash.

Ultimate Cycler is the second most popular in Nigeria. It is a peer to peer donation scheme created by Peter Wolfing from US. The scheme with a direct member to member payment plan, has no central account to pay or receive money. It provides a six level matrix one can earn from but can only pay (invest) once with as low as N12, 500 less than $35 USD donated to a sponsor (member) to activate the account. After the member confirms the donation, the system automatically puts four other registered members to payN12, 500 each to the person giving rise to 400% return on investment. This sounded 'too good to be true' for poor Nigerians, unemployed youths and students alike. It was a matter of convincing people to join the platform and fortunately the amount involved is not pocket breaking, at N12, 500 a lot of people could afford to bear the risk of loss and give it initial attempt. However, this also crashed on 3 rd December, 2016 leaving a great number of people in debt while changing the fortunes of a few very fortunate ones.

In the case of ZarFund, it operates more like teamwork, developed by Hannes Jordaan from South Africa. Its members voluntarily donates to their referral to enable them participate in the programme. Every invited person(s) pay to their referral so it was more like a business of searching for people (investors) who in turn pays the referee.

Givers Forum operates more like the MMM in that every new member provides help to another which subsequently qualifies the person to request and get help with a weekly reward of 10%to the tune of the help provided plus other bonuses attached.

In all these, it is typical that Ponzi scheme is based on aggressive search for new members in the name of investment, the reward is subject to how many people a member is able to bring into the scheme and given a poor economy with people stricken with hunger and greed for quick money, these opportunities are has participated in it despite knowing the inherent dangers given the economic circumstances in the country.

9 III.

10 Research Methods

This exploratory research employed both quantitative and survey design based on the economy and the growth of Ponzi schemes in Nigeria. Interview was conducted across the six geopolitical regions of the country among the youths and civil servants to ascertain peoples' participation in Ponzi. A total of 300 people were interviewed in the six geo-political regions while 600 questionnaires was distributed equally to the six geopolitical zones that make up Nigeria using a five point Likert scale method. This was done to get a holistic view of the growth and impact of Ponzi schemes in Nigeria. The regions comprised of the South East, South South, South West, North East, North West and North Central of Nigeria. The questionnaire was distributed among government workers and students to capture the youths. Out of the 600 questionnaires distributed, 501 was returned representing 83.5% response rate. A descriptive analysis was conducted to ascertain the percentage of the response in line with the geopolitical zones. A correlation matrix was carried out with the help of gretl to ascertain the level of significance and the relationship between the economy and the growth of Ponzi schemes in Nigeria. A regression analysis was also conducted to test the hypothesis.

A regression model was developed in order to carry out this research; IV.

11 Results and Discussion

12 a) Descriptive Analysis

The interview was conducted across the six geo-political regions of Nigeria as shown below; Authors' computation Table 4.1 above shows that 300 people were interviewed in all the geo-political regions of the country. 65% of them were male while 35% were female, 20% participated in Ponzi just once while the remaining 80% repeatedly engaged in Ponzi in all the regions. A total of 62% of the people have lost money in the scheme at one point or the other while 38% never lost money in the scheme. In order to capture the youth and the working population of the economy, the group of people reported in the interview aged between 18 -35 years old as older people claimed ignorance of the scheme and were generally unwilling to engage in the interview. We excused all the people who do not have knowledge of Ponzi scheme or who have never participated in it (regardless of the age bracket). Analysis of the interview reveals that people from the South Eastern Nigeria engaged more in the scheme representing 18% of the people interviewed in the region. Invariably, they also lost more money in the scheme to the tune of 15% compared to other regions, while the North Eastern part have the least no of people who engaged in the scheme. This is not unconnected with the restiveness in the area resulting from Boko Haram activity. 38% of the people who claim that they have never lost their investment in Ponzi largely accounts for the percentage who still engage in Ponzi scheme. Out of every 6 people invited for the interview, 3 usually had knowledge of at least 2 Ponzi scheme and at least 2 of them usually agreed to have engaged in at least 1of the schemes.

The total response rate for the survey as stated earlier is 83.5%. 100 question naire was distributed to each of the six geopolitical regions in Nigeria constituting 16.7% each to make up the 600 copies of questionnaire (Table 4.2). Out of the 600 questionnaire, 501 were returned as follows; 91 from South South, 89 from South East, 95 from South West, 84 from North Central,59 from North East and 83 from North West totalling 501 (Table 4.3). The response rate in North East was the lowest, this could be attributed to the insurgency in the area caused by the activities of Boko Haram in tandem with the interview report.

Table 4.4 shows the age distribution of the respondents, in the table it could be inferred that most of the respondents are youths (representing 58.2%), this is a reflection of how youths are affected by the economic realities of the country and the resort to Ponzi schemes as an alternative means of survival. This is further confirmed by table 4.5 which shows that BSc/HND holders constitutes the highest number of the respondents at 47.7%. The table 4.5 above shows that 99 respondents were PhD holders, this accounts for 19.8% of the total respondents participated in the scheme and were affected one way or the other. The least of the respondents were high school leavers with 10.8% response rate. The second highest group of respondents are Master degree holders, and this accounted for 21.8% of the respondents.

13 b) Correlation Analysis

A correlation matrix was conducted with the help of gretl to analyse the relationship between Nigerian economy and the Ponzi scheme. Table 4.6 explains the result of the relationship. The correlation matrix shows that Nigerian economy has a strong negative correlation with Ponzi Participation with a correlation coefficient of -0.8006 and also have strong negative correlation with Ponzi Growth. This suggests that as more and more people participated in Ponzi scheme, the economy of Nigeria was negatively affected. This is correct, the nominal improvement in the life of Nigerians engaging in Ponzi otherwise seen as profit does not last. It is usually followed with a crash of the scheme which spells catastrophe for those in it with attendant loss of money. Some people were lured or coerced into it by friends and families for the bonuses it promised and in other not to lose their own money already in the system. However, as more and more people engaged in Ponzi, the scheme gained prominence and more Ponzi schemes sprang up. This participation grew to a point where some of the schemes like MMM and Ultimate Cycler became a household name. Our investigation shows that one out of every three youths/active civil servant between the age of 18 -45 had engaged in one of the Ponzi schemes (mostly MMM, Ultimate Cycler, Givers Forum or Helping Hand). It grew/became popular over time as people made a living out of it.

14 c) Regression Analysis

An Ordinary Least Square (OLS) regression was conducted to assess the significance of the relationship between the dependent and the explanatory variables and subsequently test the hypothesis raised for the study. The sets of the explanatory variables are Ponzi Participation and Ponzi Growth while Nigerian economy constitutes the dependent variable. The result of the OLS is shown below; The regression result in table 4.7 shows that the value of R square for the model with the dependent variable, Nig Economy is 0.838591. This suggests that 83.8% of the variations in the dependent variables is explained by the model. The unexplained variation of 16.2% accounts for the error term in the model. This figure close to 1 suggests that the model is good for the study and the estimates obtained for the variables are reliable.

The OLS shows that the value of Ponzi growth coefficient is ?0.394739. This is significant at all level of significance. In addition, coefficient of Ponzi Participation is ?0.523081 and it is also significant at all levels of significance. These finding leads us to the rejection of hypothesis H1 which says that Nigerian economy has no significant relationship with the Ponzi schemes. This finding supports the earlier statement that there is a strong negative relationship between Nigerian economy and the growth of Ponzi schemes in Nigeria. The regression coefficient of -0.394739 means that a unit increase in Ponzi scheme growth will result in a ?0.394739 decrease in Nigerian economy all other things being equal while -0.523081 coefficient suggests that increase in the number of Ponzi scheme participants by one will lead to a decrease in Nigerian economy by ?0.523081. This further confirms the rejection of hypothesis H1as the growth of Ponzi schemes affects the economy.

Breusch-Pagan test for heteroskedasticity was conducted to ensure that the variance are constant at different observation and further test the hypothesis. This shows no presence of hetero skedasti city with a pvalue of 2.31721e-009 < 0.05 therefore, the null hypothesis should be rejected. In addition, a Jarque Bera test of normality of residuals was conducted to ensure the validity of the inferential statistics of the regression model. This shows that the residuals are normally distributed with a p-value of 0.0100362 < 0.05 therefore, the null hypothesis should be rejected.

15 V. Conclusion and Recommendations

This survey was conducted to examine the economic system in Nigeria and the growth of Ponzi. The Nigerian economy was estimated based on the general welfare of Nigerians, the living standard, spending power and financial buoyancy. This was examined along the participation of people in Ponzi and its attendant growth in order to investigate the current economic crises bedevilling Nigeria in the name of recession.

The findings obtained through the descriptive analysis suggest that 83.5% of the respondents comprised of school leavers (SSCE holders), undergraduates, BSc/HND holders, MBA, MSc, PhD and so on. These groups of people constitute the knowledgeable group to make the findings of the study reliable. The correlation matrix shows that there is a strong negative and significant relationship (table 4.7) between the growth of Ponzi scheme and the Nigerian economy. In addition, the OLS table leads us to the rejection of the two hypothesis raised for the study based on the significant relationship and the negative effect of Ponzi scheme on the economy found between the growth of Ponzi and the Nigerian economy.

Ponzi scheme has quite played a major role in the lives of average Nigerians by helping to earn 'quick money' without a legal productive means. This improved the disposable income of people (in the short term) and increased their spending power. However, the long term effect on both the individual and the economy is catastrophe. It has affected the banking sector, education sector, employment opportunities/creativity among youths, increased debt and so on. It affected the banking system through deposit withdrawals to invest in Ponzi thereby making the banks less liquid and discouraging savings [17]. The education sector made up of youths took speculative risk to invest their fees in Ponzi in order to raise pocket money and cushion the effect of hardship but ended up losing the investment resulting to school dropout and suspension of studies. It also resulted to loss of creativity and jobs as many Nigerian resorted to the easy or easier way of making money rather than being creative to productive ventures. Ponzi schemes also led many into wanton accumulation of debt as they are paid at the initial stage of the scheme, they could confidently borrow to invest more in it, only to wake up and find that it has crashed midway to their 'anticipated financial freedom'. Generally Ponzi scheme has helped to distribute more poverty in Nigeria than wealth, its effect is systemic and hydra headed. Economic hardship witnessed in Nigeria particularly mid-2015 to date encouraged and continue to encourage the scheme. The immediate cause of Ponzi in Nigeria is unemployment/underemployment and fear of poverty while the remote cause is bad leadership. The hope of an average Nigerian youth about the future appears gloomy. Indeed the future of Nigeria as a whole appears bleak and unsustainable under the current fiscal structure and the only workable antidote to this fear is to restructure its leadership and political structure to open the economy and make it more viable. Restructuring of Nigerian economy into six geopolitical regions to enable resource control and give rise to regional comparative advantage and economies of scale through competition and mass production as well as massive investment in agriculture through industrial farming will rejig the economy and lift it out from its present conundrum. Nigeria is beset with agitations and protests of marginalisation from the regions each calling for a break away. Restructuring will foster accountability and transparency to governance when power and responsibility are devolved closer to the people. This will ultimately enhance leadership quality in the regions and bring competitive development. A six zone structure will assuage the heightened agitation for secession, heal the wound of marginalisation and quest for resource control, create jobs, foster competition, industrialisation, increase accountability and also bring economies of scale in terms of the ability of the regional governments to mobilise adequate tax revenues and channel them to regional development. These measures will open up the economy and give hope to the younger generation of a secured future through massive employment complemented with proportionate investment in education and skill acquisition

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Regions	No. of people inter-viewed	Male	Female	Engaged in Ponzi only once	Engaged in Ponzi repeatedly	Lost Money	Never lost money
South South	50	12%	9%	3%	15%	12%	9%
South East	50	14%	7%	3%	18%	15%	8%
South West	50	12%	8%	5%	16%	12%	7%
North Central	50	11%	5%	3%	12%	10%	6%
North East	50	6%	2%	2%	8%	5%	3%
North West	50	10%	4%	4%	11%	8%	5%
Total	300	65%	35%	20%	80%	62%	38%

Figure 1: Table 4 . 1 :

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		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	South South	100	16.7	16.7	16.7
	South East	100	16.7	16.7	33.3
	South West	100	16.7	16.7	50.0
	North Central	100	16.7	16.7	66.7
	North East	100	16.7	16.7	83.3
	North West	100	16.7	16.7	100.0
	Total	600	100.0	100.0	

Source: Authors' Computation

Table 4.3: Questionnaire returned

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	South South	91	18.2	18.2	18.2
	South East	89	17.8	17.8	35.9
	South West	95	19.0	19.0	54.9
	North Cental	84	16.8	16.8	71.7
	North East	59	11.8	11.8	83.4
	North West	83	16.6	16.6	100.0
	Total	501	100.0	100.0	

Source: Authors' Computation

Figure 2: Table 4 . 2 :

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		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 18 years	61	12.2	12.2	12.2
	18 -25 years	133	26.5	26.5	38.7
	26 -45 years 46 -55 years	159 83	31.7 16.6	31.7 16.6	70.5 87.0
	56 years and Above	65	13.0	13.0	100.0
	Total	501	100.0	100.0	

Source: Authors' Computation

Table 4.5: Distribution of Respondents by their Highest Qualification

	Frequency	Percent	Valid Percent	Cumulative Percent
SSCE	54	10.8	10.8	10.8
BSc/ HND/Under G	239	47.7	47.7	58.5
MBA, MSc, MPA	109	21.8	21.8	80.2
PhD	99	19.8	19.8	100.0
Total	501	100.0	100.0	

Source: Authors' Computation

Figure 3: Table 4 . 4 :

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	6: Correlation Matrix		
Correlation coefficients, using the observations 1 -501			
5% critical value (two-tailed) = 0.0876 for n = 501			
Nig Economy	Growth	Participation	
1.0000	-0.7882	-0.8006	Nig Economy
	1.0000	0.8097	Growth
		1.0000	Participation

Figure 4: Table 4 .

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	Model 1: OLS, using observations 1-501				
	Dependent variable: Nig Economy				
	Coefficient	Std. Error	t-ratio	p-value	
const	4.71026	0.0585868	80.3979	<0.0001	***
Growth	?0.394739	0.0427854	?9.2260	<0.0001	***
Participation	?0.523081	0.0422367	?12.3845	<0.0001	***
Mean dependent var	1.976048		S.D. dependent var	0.790680	
Sum squared resid	50.45437		S.E. of regression	0.318299	
R-squared	0.838591		Adjusted R-squared	0.837943	
F(2, 498)	1293.667		P-value(F)	5.9e-198	
Log-likelihood	?135.8563		Akaike criterion	277.7125	
Schwarz criterion	290.3623		Hannan-Quinn	282.6759	

Breusch-Pagan test for heteroskedasticity -	Test for normality of residual -
Null hypothesis: heteroskedasticity not present	Null hypothesis: error is normally distributed
Test statistic: LM = 39.7658	Test statistic: Chi-square(2) = 9.2031
with p-value = P(Chi-square(2) > 39.7658) = 2.31721e-009	with p-value = 0.0100362

Figure 5: Table 4 . 7 :

.1 Authors' Contributions

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