

A survey of attitudes, behaviors and experiences of Nigerian investors in cryptocurrencies

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Abstract

Purpose – Given the many activities of Nigerian investors in the crypto ecosystem, this paper investigates the level of their awareness, attitudes, risk tolerance, experience, reasons for investing and level of financial literacy.

Design/methodology/approach – The research approach is based on a self-administered questionnaire. The Organization for Economic Cooperation and Development (OECD) permitted the use of its reliable and validated survey instrument, administered in Malaysia, the Philippines and Vietnam in 2019. The results are tabulated and analyzed.

Findings – The key results include the participation of respondents, who are generally young males, not fully financially literate but risk-averse. Many held the false view that investing in global markets is a higher risk than in national markets. Their reasons for investing in crypto include the fear of missing out on good opportunities and the desire to have fun. The results also revealed that social media, conversations with non-experts and online articles are among the most used investment information sources, highlighting the role of digital platforms and informal discussions in shaping perceptions and knowledge about cryptocurrencies. Investments in cryptos are financed through savings, regular monthly budgets or borrowed from friends or family. As for specific attitudes to risk, the results suggest that for most respondents, preserving their invested capital is of paramount importance.

Originality/value – The importance of this research also resides in the possibility of comparing the crypto ecosystem in Asia with Nigeria because the same OECD data instrument is employed in data collection. Moreover, this study is the most comprehensive research about Nigerian investors in cryptocurrencies.

Keywords Cryptocurrency, Digital currency, Nigeria, Bitcoin, Cryptoassets, Blockchain

Paper type Research paper

1. Introduction

Before the birth of Bitcoin, several Ponzi schemes existed in Nigeria. Jack and Ibekwe (2018) identified some of the most notable schemes such as the Mavrodi Mundial Movement (MMM),



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This collaborative research was undertaken when the corresponding author was a Fulbright Scholar at the University of Lagos, Nigeria.

Ultimate Cycler, Givers Forum and Get Help Worldwide. The most impactful project was the MMM, launched in November 2015. Investors were solicited to invest with a 30% return on investment per month and an investment referral bonus of 10% for recruiting new members. The founders reported a membership strength of three million in 2015. By December 2016, the scheme collapsed, and many Nigerians lost considerable money. [Jack and Ibekwe \(2018\)](#) reported about 160 post-MMM plans, which made Nigerians very cautious.

Nigeria is blessed with a youth population that is tech-savvy and in love with digital assets. According to [Alvarez \(2018\)](#), 57% of the Nigerian population experienced extreme poverty. The country depended heavily on crude oil production and consequently suffered an economic recession due to the collapse in crude oil prices in 2017. [Smith \(2022\)](#) reported that the exit of the MMM fueled the growth of crypto transactions in Nigeria. [Williams \(2021\)](#) stated that 2016 began a hyped interest in Bitcoin and that the period coincided with the emergence of a Ponzi scheme (MMM), which started in 2015 but collapsed shortly after. In 2017, the Central Bank of Nigeria (CBN) became alarmed at the rate of involvement of Nigerians in crypto and issued a cautionary note by stating to that effect.

[Green \(2020\)](#) noted that a disruptive Fintech revolution was introduced into Africa, beginning with the mobile money culture from Kenya. This revolution extended into other virtual assets. [Qian \(2023\)](#) reported that Nigeria leads Africa in crypto interest because Nigerians are the most crypto-curious. [Jha \(2022\)](#) further identified Nigeria as the most crypto-obsessed nation in the world. [Williams \(2021\)](#) noted that the interest in crypto in Nigeria is due to alternative finance and remittance opportunities. [Kirimi \(2020\)](#) reported that the Nigerian economy relied hugely on remittances from Nigerians in the diaspora. Allied to this is the fact that technology and innovation are taking a foothold in the country. [Invoice \(2020\)](#) saw a bright future for cryptos despite the CBN warning that cryptos were not legal tender in Nigeria. LocalBitcoins (Nigeria) was second in the world's peer-to-peer Bitcoin transactions in 2017. According to [Sami \(2022\)](#), Paxful reported a massive surge in weekly transactions on one of its platforms, where people buy and sell cryptocurrencies. Between October 2021 and May 2022, the volume of money sent through the platform doubled. The author noted that Nigerians traded \$566m worth of Bitcoin over various crypto platforms between 2015 and 2020. This makes Nigeria the second largest peer-to-peer Bitcoin market in the world.

The expected bright future of blockchain technology in Nigeria was predicated on its ability to accelerate business growth through cross-border payments, improved digital security, supply chain tracking, digital marketing and smart contracts. The traditional process of cross-border transactions could have been faster, more efficient, error-prone and open to money laundering. This sentiment was shared by [Green \(2020\)](#) who argued that blockchain-based cryptocurrencies are not subject to having a stable government and a balanced budget to guarantee monetary value. Cryptocurrencies do help to insulate an ecosystem from the inflationary crisis. The adoption of cryptocurrencies in Nigeria was to remove the deficiencies within the monetary system. [Kirimi \(2020\)](#) reported that Nigeria overtook Ghana and South Africa in interest shown in cryptos. For example, the weekly trading volume on the Local Bitcoins platform reached \$1.65m.

[Perez \(2022\)](#) and [Ayadi \(2022\)](#) noted that the interest of Nigerians in crypto became heightened by a wave of protests, including #EndSARS, a demonstration by Nigerians against police brutality in October 2020. The Nigerian authorities clamped down on the bank accounts of the leaders and financiers of the protests. This led to people resorting to using cryptocurrencies to circumvent government restrictions. [Perez \(2022\)](#) reported that Nigeria ranked second to the United States in Bitcoin trading on peer-to-peer platforms in October 2021. In May 2021, Nigeria recorded a value of transactions in the neighborhood of \$2.4bn.

Several factors are responsible for the accelerated interest in crypto by Nigerian investors. [Smith \(2022\)](#) identified the lack of access to traditional finance as a motivator. Other reasons include the sky-high inflationary environment and the depreciation of the Nigerian currency.

[Qian \(2023\)](#) argued that Nigeria's lack of suitable infrastructure for traditional finance motivates crypto adoption. [Onyekwere et al. \(2023\)](#) emphasized that virtual currencies are accepted internationally with no central controlling authority and that transaction costs involving virtual currencies are significantly low. [Khalil \(2023\)](#) also reported that the redesign of the Nigerian currency (NGN, naira) was another catalyst that fueled crypto adoption. Nigerians also rely on crypto to transfer funds out of the country to get around government restrictions associated with the traditional way of remitting funds out of the country.

Several developments have taken place within the crypto space in Nigeria because of the adoption of cryptocurrencies by Nigerians. [Gomes \(2020\)](#) reported that Blockstale ATM installed the first Nigerian Bitcoin ATM in Lagos, promising to install thirty more terminals nationwide. Many exchange firms began to accelerate crypto adoption. The Nairex crypto exchange (in Abeokuta) was considered the largest in Nigeria. Many businesses in Nigeria accepted crypto as a payment method. GSM2ME, a top-rated dealer in mobile airtime, began to accept payments in Bitcoin. Binance, a Malta-based crypto exchange, opened fiat deposits for Nigerians using its partner gateway, Flutterwave. This made it possible for Nigerians to use the naira to purchase Bitcoin, stablecoin and Binance coin. [Omoniyi et al. \(2022\)](#) noted that with the limited supply of crypto and its global accessibility, many Nigerians rely on them to hedge against runaway inflation. [Onyekwere et al. \(2023\)](#) reported survey results on crypto adoption, which pointed to an active engagement of Nigerian youths in employment and wealth creation.

The crypto market in Nigeria continues to grow despite the government's hostile stance. [Montagner \(2023\)](#) reported that Nigerians gravitate toward crypto for international payments, savings and remittances. Between 2016 and 2023, Nigeria witnessed two economic recessions caused by plummeting oil prices. The high inflation rate and a shortage of more traditional financial instruments led Nigerians to dabble in cryptos.

Crypto's popularity in Nigeria drives this research objective. It is essential to investigate the level of awareness of Nigerian investors in crypto assets, their reasons for investing and experience with crypto investments, their attitudes to investing, risk tolerance and their level of financial literacy. To the best of our knowledge, this research survey is the most comprehensive about the characteristics of Nigerian investors in crypto. The importance of this research also resides in the possibility of comparing the crypto ecosystem in Asia with Nigeria because the same Organization for Economic Cooperation and Development (OECD) data instrument is employed in data collection. Besides the introduction in this section, the issue of crypto regulation is covered in [Section 2](#), while the research design is discussed in [Section 3](#). [Section 4](#) contains the research results, and the last section is devoted to the paper's conclusions and recommendations.

2. Crypto regulation in Nigeria

At the inception of the blockchain revolution, the Nigerian government exhibited tolerance of the technology. According to [Wanjiru \(2023\)](#), in 2017, Nigeria seemed determined to imbibe crypto into its financial landscape. The initial reaction was to provide a conducive environment by setting up a research advisory committee in 2017 to provide frameworks, guidelines, standards and regulations for adopting blockchain technologies. The research body was headed by the Director General of the Nigerian National Information Technology Development Agency (NITDA). The Nigerian Securities and Exchange Commission (NSEC) established a Fintech Roadmap Working Group (FRWG) in 2018. According to [Famuyiwa \(2019\)](#), the responsibility of the FRWG was to work on a blockchain and virtual financial assets ecosystem relevant to the Nigerian capital market. However, the CBN exhibited a hostile posture toward cryptocurrency transactions. [Stolp et al. \(2018\)](#) and [Ajayi et al. \(2023\)](#) reported that the CBN warned financial institutions and the general public about using,

holding and trading virtual currencies. The motivation for the position of the CBN was that the value of cryptocurrencies was highly volatile and that Nigerians could be exploited by criminals and terrorists (Fakunmoju *et al.*, 2022). In the face of the CBN warning, some Nigerians lost about \$50m in a Bitcoin-related Ponzi scheme in 2017. Alvarez (2018) reported that the CBN issued another statement that cryptocurrencies are not legal tender and that investors are not legally protected. According to Stolp *et al.* (2018), the Nigerian Deposit Insurance Corporation (NDIC) warned Nigerians that it would not accept any liability arising from crypto transactions. The CBN issued a second warning about crypto.

The CBN derives its authority from the CBN Act of 2007, which mandates it to issue legal tender money in Nigeria. On the other hand, the NSEC derives its primary mandate from the Investments and Securities Act (ISA) of 2007. The CBN and SEC assert overlapping authorities over virtual assets. The CBN viewed cryptos as currencies, while the NSEC considered them investment assets. Nigeria's reaction to blockchain-based technologies, including cryptos, was diverse. Alvarez (2018) noted a report from the Nigerian House of Representatives, which showed the government's excitement about blockchain-based technologies in poverty reduction.

In February 2021, the CBN issued a restrictive statement to the banks and other deposit money institutions that dealing in cryptocurrencies or facilitating cryptocurrency transactions was prohibited (Greenfield, 2023). The CBN mandated that banks close the accounts of persons or entities engaged in crypto transactions within their systems. In October 2021, the CBN launched its central bank virtual currency, the eNaira. Using its newly acquired power over virtual currencies, the SEC published regulations for digital assets in May 2022. The new rules required virtual asset service providers (VASPs) to be licensed before operating digital asset exchange, token issuance, operating digital assets offering platforms and serving as digital asset custodians. Under the SEC regulations, VASPs were subject to various fees for different services and operators and were required to employ standards consistent with anti-money laundering and combating terrorism financing (Singh, 2022).

In the twilight of the Buhari administration, there was a move to promote blockchain technology. The Nigerian government approved a National Blockchain Policy on May 3, 2023, to reap the maximum benefits from blockchain technology. A National Blockchain Implementation and Steering Committee was constituted. According to Ekong (2023), the new policy was focused on transparency and accountability within the sectors of the economy. The benefits of imbibing blockchain technology included reduced corruption and fraud, increased supply chain management efficiency, identity verification, financial inclusion, job creation and enhanced security. The policy objectives included talent development, innovation and the adoption of blockchain in financial services with a framework to enable the use of cryptocurrencies and digitalization of land registration, identity management and general record keeping.

Given the different regulations introduced by the government to discourage crypto transactions, this research showed that the government failed to achieve its aim. Fuje *et al.* (2022) noted that any attempt to regulate a highly volatile and decentralized system would challenge the government. Crypto trading continued unabated through investors who rely heavily on social media. Nigerian investors tend to overestimate their financial knowledge, assuming high risks with no comparable reward. Many participants in the crypto space exhibited the fear of being left out. In the process, many recorded losses.

3. Research design

In 2019, the OECD attempted to study the reasons motivating investors from some developing countries in Asia to invest in cryptocurrencies. The OECD developed a reliable

and validated survey instrument administered in Malaysia, the Philippines and Vietnam (OECD, 2019). In this study, the authors received permission to utilize the same reliable and validated survey questionnaire in Nigeria. The OECD questionnaire used in Southeast Asia can logically be used in Nigeria. According to Feyen *et al.* (2022), in a study of 130 countries, crypto activities are driven by global factors such as US real Treasury yields, crypto asset and gold prices, and US long-term inflation expectations rather than country-level factors. The authors also reveal that the Chainalysis Global Crypto Adoption Indices for 2021, 2022 and 2023 place Vietnam, Nigeria and the Philippines in the top 20 lists. Feyen *et al.* also report that the annualized crypto asset volume as a percentage of GDP by region in 2021 shows a close similarity between South Asia and sub-Saharan Africa. Moreover, Polizu *et al.* (2023) reported that crypto activities are not driven by local macroeconomic factors but by adoption, technology, market confidence and liquidity considerations. Therefore, the crypto ecosystems in the two regions are deemed comparable.

A well-known crypto investor who was also a doctoral student at a university in Lagos was commissioned to administer the questionnaire. The consultant utilized his knowledge of the Nigerian crypto ecosystem to distribute the questionnaire through crypto investor platforms. The questionnaire was targeted self-administered via online channels between June and August 2022. The online channels included blockchain and crypto Internet platforms, WhatsApp groups and key players in the crypto space. The OECD questionnaire was designed to gather quantitative data based on multi-choice and ranking questions. This research is expected to reveal the awareness of the nature of cryptocurrency and the investing experience of Nigerian cryptocurrency investors. The attitude toward risk and the investors' financial literacy level would also be revealed.

4. Results and discussions

4.1 Demographics

The demographic characteristics of the questionnaire respondents, primarily male, vary in age from 18 to 72 years. The dominant age group is between 18 and 35 years, accounting for 58% of all respondents. The educational achievements of the respondents reveal that 441 (69.4%) were university undergraduates, and 138 (21.7%) were university postgraduates (master's). The remaining 57 (8.9%) were respondents with no formal education or primary/elementary school education, secondary school/high school education, university postgraduate (PhD) and others such as junior college, pre-university and vocational academy. The survey results also show that 55.5% of the participants were from Lagos state, 1.0% from Canada, 2.0% from United States, 2.0% from Enugu state, 1.0% from Ondo state, 1.0% from Delta state, 1.0% from Niger state, 2.0% from Ogun state, 1.0% from Osun state, 1.0% from Akwa Ibom state, 2.0% from United Kingdom, 2.0% from Oyo state, 1.0% from Abuja and 24.8% of respondents did not reveal their locations. This implies that a more significant proportion of the responses were received from participants in Lagos state. The housing arrangement status of respondents shows that 85 (13.3%) personally own their homes/apartments, 209 (32.8%) rent their residence and the remaining 343 (53.8%) neither rent nor own their place. This implies that some respondents live with families and friends.

4.2 Awareness of crypto assets

Table 1 reveals the extent of consumer knowledge of various digital cryptocurrencies. Most respondents (678 or 93.9%) indicated that they had heard of digital cryptocurrencies (such as Bitcoin and Ethereum); 22 respondents (3%) said they had never heard of cryptocurrencies, and 11(1.5%) responded that they had heard of stablecoins. The remaining 11(1.5%) answered that they had never heard of stablecoins. This implies that most respondents have

heard of digital currency or cryptocurrencies (such as Bitcoin and Ethereum). Most respondents know cryptocurrencies, while a small percentage have listened to stablecoins. It is worth noting that some individuals have heard of one category but not the others. Additionally, a small percentage of respondents are unaware of cryptocurrencies or stablecoins.

4.3 Ownership of cryptoassets

Table 2 examines whether respondents held various forms of digital assets or cryptocurrencies. The results show that 158 (22%) said that they never held digital or cryptocurrencies (such as Bitcoin or Ethereum), 122 (17%) said they have previously held digital or cryptocurrencies, and 439 (61%) responded that they have digital or cryptocurrencies. This implies that most respondents had invested in digital assets or cryptocurrencies (such as Bitcoin or Ethereum). This information can be valuable for understanding the cryptocurrency ownership patterns among the surveyed group.

4.4 Understanding of cryptoassets

Table 3 provides insights into the surveyed population's self-reported understanding of cryptocurrencies. The result shows that 274 (38.2%) knew to some extent, 242 (33.8%) did not understand very well, 130 (18.1%) did not understand at all and 71 (9.9%) understood very well. The table shows a range of responses, with most respondents falling into "to some extent" and "not very well." This suggests that the respondents may have varying familiarity and knowledge about cryptocurrencies.

Table 1.
Awareness of
cryptocurrencies and
stablecoins

Statement	Number reporting	Percent (%)
I have heard of cryptocurrencies	678	93.9
I have never heard of cryptocurrencies	22	3
I have heard of stablecoins	11	1.5
I have never heard of stablecoins	11	1.5
Source(s): Authors' summary results		

Table 2.
Cryptocurrency
holding status

Statement	Number reporting	Percent (%)
Currently holds	439	61
Previously held	122	17
Never held	158	22
Total	719	100
Source(s): Authors' summary results		

Table 3.
Understanding of
cryptocurrencies

Statement	Number reporting	Percent (%)
Very well	71	9.9
To some extent	274	38.2
Not very well	242	33.8
Not at all	130	18.1
Source(s): Authors' summary results		

4.5 General financial knowledge

Table 4 presents responses to statements related to financial knowledge and beliefs, with three response options: True, False and Do not Know. The table breaks down the responses by the number of respondents and the corresponding percentages for each response option. The table examines the participant's perceptions of various reactions. About 475 (82.6%) respondents said true, 45 said false and 55 did not know about the statement that an investment with a high return is likely to be high risk. Moreover, 254 (45%) respondents said true, 145 (25.7%) said false and 165 (29.3%) did not know about the statement that it is a higher risk to invest in global markets than national markets. About 485 (86.2%) respondents said true, 34 said false and 44 did not know about the statement that high inflation means that the cost of living is increasing rapidly.

Furthermore, 303 (53.8%) respondents said true, 105 said false and 155 did not know about the statement that it is usually possible to reduce the risk of investing in the stock market by buying a wide range of stocks and shares. Hence, there is more truth to the statement that an investment with a high return is likely to be high risk. Also, the false view that it is a higher risk to invest in global markets than national markets is accurate, according to most respondents. Further, the statement that high inflation means that the cost of living is increasing rapidly is accurate. According to the participants, the information that it is usually possible to reduce the risk of investing in the stock market by buying a wide range of stocks and shares is valid.

4.6 Reasons for purchasing cryptoassets

A review of how respondents became digital assets or cryptocurrency holders is presented in Table 5. Significant responses were that 99 (15.9%) fear missing out, 38 (6.3%) just for fun, 191 (31.6%) to know more about cryptocurrencies, 139 (23.0%) to make money quickly, 171 (28.3%) as a long-term investment, 21 (3.5%) to provide inheritance, 30 (5.0%) to support initiatives that build blockchain technologies, 62 (10.3%) to use as a means of payment for online purchases, 26 (4.3%) to make domestic or cross-border money transfer, 133 (22.0%) to diversity their overall investment portfolios and 202 (33.4%) said "none of the above." Of the other respondents, 27 (5.8%) cut across various reasons, such as financial freedom and future trading. This implies that respondents became digital currency holders to know more about it and make money to support multiple business and investment goals. The table provides valuable insights into the diverse motivations and use cases for cryptocurrencies among the surveyed population. It reflects the multifaceted nature of cryptocurrency adoption, ranging from speculative investments to practical utility and educational purposes.

Statement	True		False		Don't know	
	Number	%	Number	%	Number	%
An investment with a high return is likely to be high risk	475	82.6	45	7.8	55	9.6
It is higher risk to invest in global markets than in national markets	254	45	145	25.7	165	29.3
High inflation means that the cost of living is increasing rapidly	485	86.2	34	6.0	44	7.8
It is usually possible to reduce the risk of investing in the stock market by buying a wide range of stocks and shares	303	53.8	105	18.7	155	27.5

Source(s): Authors' summary results

Table 4.
Financial literacy and
beliefs

Table 5.
Reasons for
cryptocurrency
engagement

Statement	Number reporting	Percent (%)
Fear of missing out	96	15.9
Just for fun	38	6.3
To know more about cryptocurrency	191	31.6
To make money quickly	139	23
Long-term investment	171	28.3
Provide inheritance	21	3.5
Support initiatives that build blockchain technologies	30	5
As a means of payment for online purchases	62	10.3
To make domestic or cross-border money transfer	26	4.3
To diversity my overall investment portfolio	133	22
None of the above	202	33.4
Miscellaneous	27	5.8

Source(s): Authors' summary results

4.7 Sources of information about cryptoassets

[Table 6](#) examines how respondents heard of digital currencies. The result shows that 207 (28.8%) heard from posts on social media, 147 (20.5%) heard through online articles, 187 (26.0%) heard through general conversations with non-experts like friends and families, 73 (10.2%) heard through online advertisements, 5 (0.7%) heard through offline advertisements, 44 (6.1%) heard through conversations with digital experts, 14 (1.9%) through investment guidance from professionals, 1 (0.1%) from friends and 14 (1.9) from printed articles, while 9 (1.3%) indicated “none of the above.” This implies that most respondents heard about cryptocurrencies from social media platforms like Facebook, Instagram, Twitter, YouTube, etc. This table provides valuable insights into the various channels through which individuals acquire information about cryptocurrencies. It shows that social media, conversations with non-experts and online articles are among the most commonly used sources, highlighting the role of digital platforms and informal discussions in shaping perceptions and knowledge about cryptocurrencies.

4.8 Reported mode of purchase of cryptoassets

[Table 7](#) presents the responses of respondents on how they acquired their cryptocurrencies. The table breaks down the responses by the number of respondents and the corresponding percentages for each acquisition method. The results show that 227 (41.8%) bought them on

Table 6.
Sources of information
about cryptocurrencies

Statement	Number reporting	Percent (%)
Posts on social media	207	28.8
General conversations with non-experts (family and friends)	187	26
Online article	147	20.5
Online advertisements	73	10.2
Conversations with digital experts	44	6.1
Investment guidance from professionals	14	1.9
Printed article	14	1.9
Offline advertisement	5	0.7
Friend	1	0.1
None of the above	9	1.3

Source(s): Authors' summary results

online platforms, 69 (12.6%) said they were transferred to them from family and friends, 38 (7%) said they mined them, 19 (3.5%) said they received payment for goods and services, 7 (1.3%) said they bought them at dedicated kiosks and 183 (33.7%) said not applicable. This implies that most respondents, such as Coinbase, Binance and Bit-Z, accepted them online. The table highlights that buying cryptocurrencies on online platforms is the most prevalent method, followed by receiving transfers from family and friends, mining and accepting them as payment. The “Not Applicable” category suggests that a significant portion of the surveyed population has not yet acquired cryptocurrencies or may not have engaged in cryptocurrency investment. Another reason could be that the respondents need help understanding the question.

4.9 Mode of payment for cryptoassets

Table 8 provides insights into how individuals financed their cryptocurrency purchases. The significant responses show that 216 (40.8%) used some of their savings, 16 (3.0%) sold some of their assets or investments, 79 (14.9%) paid out of their regular monthly budgets, 10 (1.9%) took out loans from financial institutions, 15 (2.8%) put the cost onto credit cards, 33 (6.2%) borrowed from family and friends, and 160 (30.4%) recorded “not applicable” response. This implies that most respondents paid for digital or cryptocurrencies they currently hold or have previously stored with some of their savings. It shows that many respondents used their savings, while others used their regular monthly budgets or borrowed from friends or family. Some respondents also resorted to selling existing assets or taking on debt through credit cards or new loans to invest in cryptocurrencies. The “Not Applicable” category represents those who did not engage in cryptocurrency purchases or did not use the listed financing methods.

4.10 Use of advice

Table 9 presents respondents’ use of investment advice in purchasing cryptocurrencies. The table breaks down the responses by the number of respondents and the corresponding

Table 7.
How respondents
acquired
cryptocurrencies

Statement	Number	Percent (%)
I bought them on an online platform	227	41.8
They were transferred to me from family and friends	69	12.7
I mined them	38	7.0
I received them in payment	19	3.5
I bought them at a dedicated kiosk	7	1.3
Not applicable	183	33.7

Source(s): Authors’ summary results

Table 8.
How respondents
financed
cryptocurrency
purchases

Statement	Number	Percent (%)
I used some of my savings	216	40.8
I paid out of my normal monthly budget	79	14.9
I borrowed from friends or family	33	6.2
I sold (some of) my assets or investment	16	3
I put the cost onto a credit card	15	2.8
I took out a new loan	10	1.9
Not applicable	160	30.4

Source(s): Authors’ summary results

percentages for each answer. The result shows that 428 (62.6%) did not rely on someone else's advice, while 256 (37.4%) said yes. The table provides insights into the influence of external advice on investment decisions in digital or cryptocurrencies among the surveyed population. It shows that while a substantial percentage of respondents sought advice, most made investment decisions independently, indicating a diverse range of decision-making approaches within the surveyed group.

4.11 Who was the adviser?

Table 10's results examine the party that gave respondents the idea to invest in digital currencies. The result shows that 284 (49.1%) were family members or friends, 98 (17.0%) were experts in blockchain technologies, 41 (7.1%) were from a professional adviser, 41 (7.1%) were from a work colleague and the remaining 114 (28%) from nobody. The table shows that family members, friends and experts in blockchain technology were among the primary sources of advice. Additionally, some respondents received advice from professional advisers and work colleagues. The "Nobody" category represents those who made investment decisions independently without external guidance. There seems to be a cultural spin to the results in Tables 9 and 10. Culturally, family members and friends are not considered external entities. Someone else is considered a total stranger who is neither family nor friend. This accounts for the disparity between the numbers in both tables.

4.12 Risk appetite

Table 11 results reveal whether participants could afford to lose the money invested in cryptocurrencies. Responses show that 348 (64.8%) said no, while 189 (35.3%) said yes. This table provides insights into the financial risk tolerance of the surveyed population regarding

Table 9.

Did you invest in digital or cryptocurrencies based on someone else's advice?

Statement	Number reporting	Percent (%)
Yes	256	37.4
No	428	62.6
Source(s): Authors' summary results		

Table 10.

Who gave you digital currency investment advice?

Statement	Number reporting	Percent (%)
Family members or friends	284	49.1
Nobody	114	28
Expert in blockchain technology	98	17
Professional adviser	41	7.1
Work colleague	41	7.1
Source(s): Authors' summary results		

Table 11.

Can you afford to lose the money invested in digital or cryptocurrencies?

Statement	Number reporting	Percent (%)
Yes	189	35.2
No	348	64.8
Source(s): Authors' summary results		

their investments in digital assets or cryptocurrencies. It shows that most respondents lack financial readiness to absorb losses, indicating that these investments may carry significant financial stress or concern for many individuals. The results suggest that for most respondents, preserving their invested capital is of paramount importance.

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4.13 Reaction to a cryptocurrency price drop

Table 12 provides insights into the experiences of the surveyed population regarding the price movements of their digital asset or cryptocurrency investments. A significant number of respondents, 310 (63.5%) said yes, while 178 (36.5%) said no. It shows that most respondents have faced situations where the value of their investments dropped below their purchase price, highlighting the volatility and price fluctuations commonly associated with the cryptocurrency market. Conversely, a notable portion of respondents has yet to experience such declines, indicating diverse experiences among cryptocurrency investors in the surveyed group.

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Table 13 reports the participants' thoughts about their future when their held digital assets or cryptocurrencies fell below the purchase price. Responses show that 165 (33.9%) were not worried at all, 180 (37.0%) were slightly concerned, while 142 (29.2%) were apprehensive. The table provides insights into the levels of concern among the surveyed population regarding their future financial security in the context of cryptocurrency price fluctuations. It shows a range of responses, with a significant portion expressing varying degrees of worry when cryptocurrency prices fall below purchase prices. These concerns reflect the perceived financial risks associated with cryptocurrency investments and their potential impact on future financial security.

4.14 Portfolio investment

Table 14 examines the percentage of the overall portfolio investment in digital or cryptocurrencies at current value. Significant responses were that 339 (61.7%) invested less than 5%, 62 (11.3%) supported at least 5% but less than 10%, and 72 (13.1%) at least 10% but less than 25%, more so 39 (7.1%) invested at least 25% but less than 50%, 31 (5.6%) had at least 50% but less than 100% and 6 (1.1%) invested 100%. The table provides insights into the structure of portfolio allocations among the surveyed population regarding digital assets or cryptocurrencies. It demonstrates that most respondents have a relatively small portion of their portfolio dedicated to digital assets, while there are smaller but notable groups with

Statement	Number reporting	Percent (%)	Table 12. Has the value of your digital or cryptocurrencies ever fallen below the price you paid?
Yes	310	63.5	
No	178	36.5	
Source(s): Authors' summary results			

Statement	Number reporting	Percent (%)	Table 13. Concern about future financial security when cryptocurrency prices fall below purchase price
Not worried at all	165	33.9	
Slightly worried	180	37	
Very worried	142	29.2	
Source(s): Authors' summary results			

more substantial allocations. These findings reflect the surveyed group’s varying risk tolerance levels and investment strategies.

Table 15 shows respondents’ responses when asked about their expectations about the future rate of return on cryptocurrency investments. Most respondents, 171 (24.9%), expected a 5% rate of return on their cryptocurrency investments over the next twelve months. This is the most common expectation among the respondents. Other common expectations include 6% by 155 (16.8%) of respondents, 7% by 105 (15.3% of respondents) and 4% by 50 (7.3% of respondents). There is a wide range of expectations, with some respondents anticipating no return (0%) or a meager return (1%–3%), while others are more optimistic, expecting higher returns (8%–10%). Notably, 10% return expectations (7.9%) are also relatively common, suggesting many respondents are optimistic about the potential for high returns in the cryptocurrency market. In summary, this table provides insights into the diverse range of rate of return expectations among survey respondents regarding cryptocurrency investments in the next twelve months. The most common expectation is a 5% return, but there is a spread of expectations, with some individuals anticipating lower and higher returns.

4.15 Future intention

Table 16 reveals whether respondents would like to hold digital assets or cryptocurrencies in the future. The result shows that 463 (64.7%) said that they currently have digital or cryptocurrencies in the future; 46 (6.4%) said they would not want to hold any digital or cryptocurrencies in the future, while 207 (28.9%) responded that they are not sure. This implies that most respondents prefer to have digital or cryptocurrencies in the future. However, a small percentage are sure that they do not want to hold cryptocurrencies, and a

Table 14.
Percentage of the
overall portfolio
investment in digital
assets or
cryptocurrencies

Statement	Number reporting	Percent (%)
Less than 5%	339	61.7
At least 5% but less than 10%	62	11.3
At least 10% but less than 25%	72	13.1
At least 25% but less than 50%	39	7.1
At least 50% but less than 100%	31	5.6
100%	6	1.1
Source(s): Authors’ summary results		

Table 15.
What rate of return do
you think investors will
make on crypto in the
next twelve months?

Expected rate percent (%)	Number reporting	Percent (%)
0	22	3.2
1	15	2.2
2	28	4.1
3	32	4.7
4	50	7.3
5	171	24.9
6	115	16.8
7	105	15.3
8	72	10.5
9	22	3.2
10	54	7.9
Source(s): Authors’ summary results		

5. Conclusions and recommendations

The attempt made in this paper was to investigate the level of awareness of Nigerian investors in crypto assets, their reasons for investing and experience with crypto investments, their attitudes to investing, risk tolerance and their level of financial literacy. The analysis revealed that some individuals have heard of one category of cryptoassets but not the others. Additionally, a small percentage of respondents were unaware of cryptocurrencies or stablecoins. This could be because they were only exposed to Bitcoin and unaware that it is cryptocurrency. Most respondents had invested in digital assets or cryptocurrencies (such as Bitcoin or Ethereum). The respondents had varying degrees of familiarity and knowledge about cryptocurrencies.

The general financial literacy knowledge of respondents could have been more widespread. Many respondents held the false view that investing in global markets is a higher risk than in national markets – the knowledge of investment diversification needed to be more widely understood. The reasons for investing in crypto were diverse, including the fear of missing out on good opportunities and the desire to have fun. The results also revealed that social media, conversations with non-experts and online articles are among the most commonly used investment information sources, highlighting the role of digital platforms and informal discussions in shaping perceptions and knowledge about cryptocurrencies. Most crypto investors acquire cryptocurrencies through online platforms, while others receive cryptos through transfers from family and friends, mining, and transaction payments. Investments in cryptos were financed through savings, regular monthly budgets or borrowed from friends or family.

Before investing in cryptos, many respondents sought advice; some made investment decisions without consulting a third party. Thus indicating a diverse range of decision-making approaches within the surveyed group. As for attitude to risk, the results suggested that for most respondents, preserving their invested capital is of paramount importance. Most respondents had faced situations where the value of their investments dropped below their purchase price, highlighting the volatility and price fluctuations commonly associated with the cryptocurrency market. Therefore, there was a range of responses, with a significant portion expressing varying degrees of worry when cryptocurrency prices fell below purchase prices. Most respondents had a relatively small part of their portfolio dedicated to digital assets, while there were smaller but notable groups with more substantial allocations in cryptos.

Moreover, there was a wide range of expectations about the future rate of return on crypto investments, with some respondents anticipating no return (0%) or a meager return (1%–3%). In contrast, others were more optimistic, expecting higher returns (8%–10%). Amid all these, most respondents prefer to have digital or cryptocurrencies in their portfolio in the future.

The results reported in this study are consistent with [Iyatse \(2022\)](#) and [Jaiyeola \(2023\)](#). Nigerian investors in cryptos are primarily young people who need better financial literacy

Statement	Number	Percent (%)
I would like to hold digital assets or cryptocurrencies in the future	463	64.7
I would not want to hold any digital assets or cryptocurrencies in the future	46	6.4
I am not sure at this point	207	28.9

Source(s): Authors' summary results

Table 16.
Future interest in
holding digital assets
or cryptocurrencies

skills but rely much on social media for investment advice. Some Nigerian crypto ecosystem participants perpetrate scams and hacks, thereby leading to loss exposures for the average investor. Iyatse (2022) reported that a recent survey in Nigeria indicated that most Nigerians rarely knew what they were betting their money on. Jaiyeola (2023) reported that a considerable loss totaling \$215m was recorded in the first 20 days of March 2023. Therefore, there is an urgent need to address the problems within the crypto ecosystem in Nigeria.

The authors of this paper agree with Ukwueze (2021) who recognized that crypto regulation in Nigeria and other African countries is necessary. Still, the government in Nigeria should first revisit the existing regulatory framework to place virtual currencies in their proper positions within the economy. More specifically, several relevant agencies, such as the CBN, SEC, NDIC, the Economic and Financial Crimes Commission (EFCC) and the National Information Technology Development Agency (NITDA), should explore avenues for synergies in the design of a regulatory framework. The agencies and institutions should pursue cooperation among themselves and require operators within the crypto ecosystem to be transparent in their operations to guarantee consumer protection. An appropriately structured regulation can reward the government in realizing revenue from the taxation of crypto transactions.

The government, in collaboration with crypto operators, should address technology infrastructure deficiencies as this would draw more participants into crypto trading. Educational programs should be provided to inform crypto investors and potential investors about data-driven investment concepts, risk and reward associated with crypto, and the concept of diversification. When Nigerians are exposed to the crypto world through education, their ignorance can be repaired while economic progress becomes its reward through financial inclusion.

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