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It's great that more people are becoming aware of the importance of investing BUT, as we seek out more investment opportunities, you should know that unlike Shrek, all that glitters is not gold. Not all good looking investment opportunities are safe and legit.

You should also

know that an investment opportunity doesn't have to be a Ponzi scheme for you to run away from it.

Most of the investment opportunities available in the Nigerian Fintech space are 3rd party investment.

The way 3rd party investment works is: a company gets money from investors

to create value which can be in the form of a business (e.g. fish farm, real estate etc.). After a certain period, that business should generate profit and the company then pays investors their capital plus a share of that profit as returns.

It becomes a problem when the

investment doesn't generate any profit or the profit is not enough to pay investors the promised returns. This is where Ponzi/pyramid schemes come in.

A Ponzi scheme is when a company/person offers an investment opportunity to users but in reality, uses the money from newer

investors to pay older investors. Basically, robbing Peter to pay Paul. As you can imagine, Ponzi schemes are only profitable as long as there are enough Peters to take care of the Pauls. When the number of Peters that sign up to the "investment opportunity"/the amount of money

the Peters put into that opportunity starts becoming less than the Pauls, then the Ponzi scheme is at the danger of what we've come to know as a "crash".

It has become common to say that any company offering supernormal/" impossible" returns is definitely a Ponzi scheme. An example of supernormal returns would be if companies typically offer 15% returns in 6 months for fish farm investment and a new company comes to offer 50% in 4 months to invest in a fish farm

While I don't think every company that offers above-average returns are Ponzi schemes,

I think there are two kinds of companies that offer supernormal/" impossible" returns:
1. The naïve/hopeful ones: These companies offer these kinds of returns with the best intentions of helping people grow their money quickly. They may have even made these kinds of returns in

the past and they are confident they can do it again, but in time they realize it's not sustainable. Or they have done the math or the research and seen that it is possible, so they do it with the right intentions. But one or two things happen along the way, and they cannot meet

up in time, so they try to fix it. While their intentions might be genuine, they might be overestimating their abilities.

Nonetheless, they convince themselves they can fix their mess. They collect more funds, invest more and hope they can come out profitable. It doesn't work.

They keep doing this and slowly but surely, they keep digging themselves into the hole they started. In time they become a pyramid scheme, or they become unable to pay their investors, not because they wanted to or they initially planned to, but because life happened in a way

they neither planned for nor imagined in their wildest dreams---if wishes were horses
2. The Ponzi schemes: These ones KNOW they are selling you a pipe dream. They count on the fact that the returns they are offering you are insane and if you run the numbers and see the chance of

getting so much money in so little a time, you'll throw all care to the wind. Their intention is to get as many people as possible to join the train and stay on the train. When the train has reached a certain capacity where they don't see as many people joining in or whenever

they think they've made enough money, they cash out at the passengers' expense. Their intention here is to make themselves as much money as they can

If you notice, the difference between the two kinds of companies of just INTENT. And unless on December 21st, your superpowers

showed up and you got the power to read minds, you cannot know or judge the intentions of anyone other than yourself. So, what should you do when you see companies like this?

1. Ignore the intent. It doesn't matter if the company means well or they are outright highway robbers,

look at the business being pitched to you. Ignore the returns they are offering. Think to yourself, if you started this business this company claims they are doing, could you make the kind of returns they are making plus at least 20% profit for the company? If that seems unlikely

to happen, then maybe you should look elsewhere.
2. THE FACT THAT YOU KNOW SOMEONE THAT CASHED OUT OR HAS BEEN CASHING OUT DOES NOT MEAN THE BUSINESS IS LEGIT OR WILL CONTINUE TO EXIST IN THE LONG RUN: There are people that cashed out from MMM, Ultimate cycler and every other

Ponzi scheme there was. This should be the last question on your mind when you are trying to decide if you want to invest in something. Sure, it helps to know that it's a tested option, BUT, past performance doesn’t guarantee future sustenance. Look beyond that fact that you know

someone that cashed out. Look at the business in itself.
3. THE FACT THAT THE COMPANY HAS "LEADWAY INSURANCE DOES NOT MEAN YOUR MONEY IS SAFE: There are a lot of investment platforms claiming they have insurance with Leadway when in reality, the kind of insurance they have might

not protect you or they might not even have any insurance at all. Claiming to have insurance is not enough
4. ASK QUESTIONS: Don't shy away from asking questions. It is your hard-earned money you are about to entrust in someone's hands. If the answers you are getting are not good

enough for you, then don't invest.
5. What questions should you ask?
a. How does the business work?
b. What are the risks of investing in the business?
c. What kind of insurance does the company have? Can I verify this from the insurance provider directly?
d. If I knew about this

business first before I heard about the returns, would my estimated returns be as high as the returns they are promising?

Does this mean you should ONLY be careful of companies that offer high returns? Well, no. In fact, some companies now intentionally reduce the amount of

returns they claim to offer to seem more legit. It doesn’t mean you should let your guard down if the returns are average. Still ask questions and do your research. You should just be extra careful when you see companies offering super normal returns.

Final thoughts: Be aggressive in learning but safe in investing.

Slow down, over speeding skills.