
Before You Invest a Naira

A Nigerian beginner's guide to understanding investment options, checking providers and spotting scams

OBUSKKO

Before You Invest a Naira

A Nigerian beginner's guide to understanding investment options, checking providers and spotting scams

OBUSKKO

© 2026 OBUSKKO. All rights reserved.
Created with OBUSKKO.

Contents

Introduction 4

Chapter 1: What Must This Money Do for Me? 9

SAMPLE

Introduction

You have worked for your savings. Perhaps you set aside something from each salary, saved part of your business income or gradually built a reserve while paying rent, school fees and supporting family. Whatever the amount, that money represents effort—and possibly sacrifices nobody else sees.

Now you face an uncomfortable choice. Leaving money in an account may feel safe, yet rising prices can reduce what it buys. Investing might help you work towards future goals, but the stories of failed schemes, blocked withdrawals and disappearing operators are enough to make anyone hesitate.

You do not need to rush past that hesitation. You need a way to investigate it.

Before You Invest a Naira is for Nigerian adults who have some savings, little or no investing experience, and a reasonable concern about losing money to fraud. You do not need a finance qualification or familiarity with investment apps. We will start with everyday questions and build from there.

Safety before excitement

This book will not tell you where to put all your money or present a “sure” investment. Its approach is simpler: **understand the money, the provider and the product**

before transferring anything.

That means asking three sets of questions:

- **The money:** What must this money do for me? When might I need it? What would happen if I could not withdraw it—or lost some of it?
- **The provider:** Which legal entity am I dealing with? Who regulates the activity it offers? Can I independently confirm its authorisation and contact details?
- **The product:** What am I buying? Where would any return come from? What are the charges, risks and withdrawal conditions?

An attractive rate does not answer these questions. Neither does a polished app, a familiar spokesperson or a recommendation from someone you trust.

Safety-first investing also means accepting that some money may need to remain accessible. Money for next month's rent has a different job from money intended for a goal several years away.

What you will learn to do

By the end, you should be better equipped to assess an offer rather than simply accept or reject it out of fear.

You will learn how to:

- Explain inflation, return, risk and diversification in plain language.

- Separate essential commitments and accessible reserves from money that may be available for investing.
- Understand the basic differences between savings accounts, Treasury bills, money market funds and shares.
- Identify the relevant regulator and independently investigate whether a provider is authorised for the activity being offered.
- Recognise warning signs such as pressure to pay quickly, unexplained returns and demands for extra payments to release withdrawals.
- Compare options using their costs, access conditions and risks—not just advertised returns.
- Write a careful first plan, including reasons to proceed, seek help or wait.

These skills will not remove uncertainty. They can help you recognise what you understand, what you still need to check and when an unanswered question is a reason to stop.

How to use this book

Read with your own circumstances in mind, but do not feel obliged to make a purchase while learning.

Work through the examples. Any hypothetical naira amounts or rates are there to explain a calculation or decision. They are not current quotations, predictions or recommendations. Replace them with verified information when assessing a real product.

Use the verification checklists before paying. Reach regulators and providers through independently confirmed official channels, rather than relying only on links, certificates or screenshots supplied by a salesperson. Company registration is not the same as authorisation to offer an investment service.

Complete the worksheets. Keep a notebook or digital document for your commitments, goals, provider checks and product comparisons. Write down uncertainties too. “I do not yet understand how withdrawals work” is useful information, not a failure.

Date your research. Rates, rules, regulatory status and product terms can change. Record where information came from and when you checked it. Recheck important details before committing money.

Keep the limits in view

This book provides general financial education only and is not financial advice.

Your income, debts, dependants, goals and ability to absorb losses are personal. Consult an appropriately qualified and licensed financial adviser about your circumstances, and independently verify their credentials and authorisation.

Regulation provides oversight; it does not guarantee returns or prevent every failure. Careful research cannot guarantee against losses either.

Your first successful step may therefore be a decision not to invest yet. Protecting essential savings, asking for clarification and declining an unclear offer are sensible choices. The aim is not to make you invest quickly. It is to help you decide carefully.

SAMPLE

Chapter 1: What Must This Money Do for Me?

Before asking, “Where should I invest?”, ask a quieter question:

“What must this money do for me, and when?”

The answer matters more than the most attractive advertised return. Money needed for rent next month has a different job from money you hope to use for a home in several years. Treating both amounts the same way can leave you selling an investment at a loss—or unable to withdraw when a payment is due.

Having savings does not automatically mean all those savings are available for investing. First, separate the money that keeps your life running from money you can leave untouched.

This chapter provides general financial education only and is not financial advice. An appropriately qualified and licensed financial adviser can help you assess your circumstances. No investment, regulatory approval or amount of research guarantees against loss.

Give Your Money a Job

You do not necessarily need a different account for every purpose. Start by separating the amounts on paper.

Everyday spending

This covers regular needs such as food, transport, electricity, data, medicines and routine family support.

Work out what must be paid before your next reliable income arrives. If your earnings vary, avoid assuming that your best month represents every month.

Money required to keep your household running should not be treated as spare investment money.

Near-term commitments

Some bills arrive occasionally but are entirely predictable:

- Annual rent.
- School fees and related expenses.
- Insurance renewals.
- A promised contribution towards a parent's care.
- Repayment of a debt.

A bill does not become an emergency simply because it is not monthly. Record its amount and due date, then identify how much you have already set aside.

Emergency reserves

Emergency money covers necessary costs you could not reasonably schedule: an urgent repair, a medical expense or a period without income.

The appropriate reserve depends on your circumstances. Someone with irregular earnings, dependants and limited

support may need a different cushion from someone with stable income and fewer commitments.

Ask:

- What would happen if my income stopped?
- Which essential costs would continue?
- How quickly could I access help?
- Would accessing this money involve delays, penalties or selling at a loss?

An emergency reserve needs dependable access, not merely an attractive return.

Longer-term goals

Only after considering these obligations can you identify money that may be available for longer-term goals.

Hypothetical example: Amaka has ₦900,000 saved. She has assigned ₦350,000 to rent, ₦120,000 to school fees, ₦80,000 to household spending and ₦250,000 to emergency reserves.

That leaves ₦100,000 to assess—not an automatic instruction to invest it. She still needs to consider debts, other commitments and whether her emergency provision fits her household.

Also list expensive debts, including their interest, charges and repayment dates. A hoped-for investment return is uncertain; debt costs may remain payable regardless of investment performance.

Is Your Money Growing—or Buying Less?

Inflation means a general rise in prices over time. Purchasing power means what your money can buy.

Your account balance can increase while its purchasing power falls.

A hypothetical naira example

Suppose a basket of household goods costs **₦200,000** today.

One year later:

Item	Hypothetical amount
Starting savings	₦200,000
Savings after interest	₦220,000
Cost of the same basket	₦240,000

Your balance has increased by ₦20,000, or 10%. But the basket now costs 20% more.

You have more naira and still cannot buy everything you could previously afford. You are ₦20,000 short of the basket's new price.

These figures illustrate the concept; they are not current inflation or savings rates.

Your own spending may also change differently from a national inflation measure. Rent, food, transport and school fees do not necessarily rise at the same pace.

Inflation is a reason to understand your options—not a

reason to rush into an unclear investment. Losing access to rent money can be more immediately damaging than earning a return below inflation.

What Does “Return” Actually Mean?

Your **capital** is the money you put into an investment. Your **return** is the gain or loss it produces over a stated period.

Returns may come from interest, distributions, dividends or a change in selling value.

If you invest ₦100,000 and its value becomes ₦108,000, with no other payments or costs, the return is ₦8,000, or 8%, over that period. If its value falls to ₦92,000, the return is negative 8%.

Always ask: “**Over what period?**” A monthly figure and an annual figure are not directly comparable.

Expected is not the same as actual

An expected return is an estimate. A historical return describes an earlier period. An actual return is what happened to your money.

Words such as “target”, “projected” and “annualised” do not turn an estimate into a promise. Even a stated contractual payment depends on the payer meeting its obligations.

What do you keep?

Consider this simplified, hypothetical one-year example:

- Capital invested: ₦100,000.

- Gross earnings before deductions: ₦12,000.
- Fees: ₦2,000.
- Assumed applicable tax: ₦1,000.
- Net earnings retained: ₦9,000.

The gross return is 12%, but the net return is 9%.

The tax amount is illustrative, not a statement of Nigerian tax treatment. Actual fees and taxes depend on the product, transaction and current rules. Ask for written details and obtain qualified tax advice where needed.

Inflation then affects what the remaining money can buy. A positive **nominal return**—growth measured in naira—can still be a negative **real return**, meaning a loss of purchasing power.

Which Risks Could Hurt You?

Risk is not just the possibility of seeing a lower figure on a screen. It includes several ways money can fail to do its intended job.

Losing capital

You may receive less than you invested. Ask what loss is possible, rather than assuming your starting amount is protected.

Being unable to withdraw

This is **liquidity risk**: you cannot turn the investment into usable cash when needed, or can do so only at a significant

cost.

A product may require notice, restrict withdrawals or depend on finding a buyer. “Withdraw anytime” deserves a check of the actual terms.

Falling market prices

An investment’s market value can fall. Selling then may mean accepting less than you paid.

Waiting might allow a recovery, but recovery is not guaranteed. A school-fees deadline will not wait for the market.

Default

Default occurs when an issuer or borrower fails to make a payment as agreed.

A promised payment date does not prove that the payer will have the money. Understand who owes you and what supports their ability to repay.

Fraud

Fraud involves deception: a false investment, a cloned provider or misuse of customers’ money, for example.

A convincing app, payment receipt or professional-looking office does not establish legitimacy. Independently checking the provider and its relevant authorisation is essential. Regulation still does not eliminate investment risk.

Can You Absorb the Risk You Are Willing to Take?

Risk willingness is how comfortable you feel with uncertainty.

Risk capacity is how much loss your finances can withstand.

They are not the same.

You might feel comfortable taking a chance with ₦200,000. But if that money must pay rent in eight weeks, your capacity to lose it may be close to zero.

Ask yourself:

- If this money fell in value, which bill would become difficult?
- If withdrawals stopped temporarily, what would I use instead?
- Would a loss force me to borrow?
- Who else depends on this money?

A useful test is: **“Could I still meet essential commitments if the outcome disappointed me?”**

Does More Than One App Mean Diversification?

Diversification means spreading exposure so that one problem does not affect all your money in the same way.

It is not simply opening several accounts or downloading several apps.

Imagine using three platforms, each offering access to the same fund. You have three interfaces, but your investment exposure is largely the same.

Similarly, buying shares in several banks spreads exposure across companies, but still leaves you concentrated in one sector.

Look beneath the product name:

- What assets does it hold?
- Who must repay the money?
- Are several products exposed to the same issuer or sector?
- Do they depend on the same provider?
- Could they become difficult to sell at the same time?

Diversification can reduce the damage caused by one company or investment performing badly. It cannot guarantee a profit or prevent every loss. Broad market declines, inflation and other shared risks can affect several holdings together.

The aim is not to collect products. It is to understand what could go wrong together.

Exercise

Complete this money-readiness worksheet using current

balances, bills and debt statements. Keep it somewhere private.

1. Record essential commitments

Commitment	Amount needed	Due date	Amount already reserved
Everyday household spending			
Rent			
School fees			
Family support			
Other essential payments			

Include payments due before your next reliable income.

2. Check accessible reserves

Record:

- Total accessible savings.
- Amount reserved for the commitments above.
- Amount reserved for emergencies.
- Where emergency money is held.
- How quickly it can reach your spending account.
- Any withdrawal charges or restrictions.

Subtract committed money and emergency reserves from total savings. Treat the remainder as **money to assess**, not automatically money to invest.

3. List debts

Debt	Balance	Interest and charges	Required payment and due date

Identify expensive debts and any terms you do not understand. Seek clarification before comparing their costs with uncertain investment returns.

4. Match each goal to its limits

Goal	Amount available	Date needed	Access required	Loss you could withstand without missing essentials

Use naira amounts for potential losses. “I could withstand ₦10,000” is more useful than “I am moderately adventurous.”

Finally, write three sentences:

1. **This money must first protect...**
2. **I cannot afford to lose access to...**
3. **Before investing, I still need to understand...**

If your worksheet shows that little or nothing is available, that is useful information—not failure. Keeping essential money accessible while you strengthen your finances and learn more is a valid decision.