

Domestic Investors' Socio-economic Experiences and the 2017 Stock Market Crisis in Lagos State, Nigeria

Iheanyi Valentine Ekechukwu¹, Ifeanyi P. Onyeonoru², Emeka E. Okafor², Ezebunwa E. Nwokocha² and Chinedu Ernest Dinne²

¹Department of Sociology, Nnamdi Azikiwe University, Awka, Nigeria

²Department of Sociology, University of Ibadan, Nigeria

Globally, stock market crisis is a recurrent phenomenon, and Nigeria is no exception. The 2017 stock market crisis in Nigeria continues to affect the domestic investment profile. Previous studies on stock markets have focused largely on economic growth and foreign investors, neglecting the social dimensions of stock market crises. Therefore, this study examined domestic investors' socio-economic experiences during the 2017 stock market crisis in Lagos, Nigeria. The Planned Behaviour Theory provided the framework, while a descriptive design was employed. Purposive and snowball sampling techniques were utilised to select three stock broking firms and regulatory agencies based on their professional knowledge of stock market operations. Forty in-depth interviews were conducted, fourteen with clients of Cowry Assets Management Limited, thirteen with clients of Futureview Financial Services Limited, and thirteen with clients of Greenwich Trust Limited. Six case studies were conducted, with two clients from each of the three selected stock broking firms. Additionally, nine key informant interviews were conducted: three staff from Nigerian Exchange Limited, three staff from Securities and Exchange Commission, and one stockbroker from each of the three selected stock broking firms. Data were content-analysed. During the 2017 stock market crisis, domestic investors had negative socio-economic experiences, including loss of lives and friendships, and disruption of marriages leading to separation, divorce and social order upheavals. The crisis caused socio-economic disruptions that affected lifestyles and well-being among domestic investors. Transparency in the market is necessary to restore investors' confidence.

Keywords: Domestic investors, experiences, stock market crisis

Introduction

Stock market crisis is not a new phenomenon in the global capital market. Since 1929, the world has witnessed various forms of market crises. The global financial market crisis of 2008 highlighted the significant linkage among international markets (Lee and Han, 2012). Capital liberalization was intended to foster the growth and stability of financial markets by increasing investment funds and globally diversifying risks (Mishkin, 2007). However, global diversification aided the underdevelopment of economies, and the spread of the crisis hindered the growth and sustainability of stock markets, despite massive bailout funds injected by various governments (Stiglitz, 2010; Aluko, 2018).

The widespread financial market crisis of 2008 in Norway has shown that high universal risks and liquidity problems in the financial sector have encroached into the main economy through domestic investors' investment models in post stock market crisis (Brunnermeier and Pederson, 2009). Greed, fear, and poor market returns eroded stock market liquidity, significantly affecting domestic investors' fortunes and investment sustainability (Fujimoto, 2003; Soderberg, 2008; Vishwanathan and Kavajeez, 2010; Ilesanmi, Adaramola, Kayode and Ogiamen, 2022). African countries were not immune to the financial market crisis originating in the US and the United Kingdom. Nations like the Democratic Republic of Congo utilized distress facilities provided by

international donors, while the South African Stock Exchange and the Nigerian Exchange Ltd (NGX), formerly known as the Nigerian Stock Exchange (NSE), still grapple with the impacts of stock market crises (Dirk, 2018). At present, domestic investors no longer focus solely on returns; they also seek sustainable investment avenues that align with their values (Schneider, 2022).

The 2017 Nigerian stock market crisis remains ineradicable in the psyche of domestic investors, much like the market crisis of 2008. This period under review experienced a major setback due to the nation's economy that went into recession in 2016 (Glenn, 2016). Domestic investors used to play significant roles in stock market activities prior to the 2017 stock market crisis. The recapitalization of banks and insurance companies was made possible as a result of active involvement of domestic investors in the stock market (Nwude, 2012). However, post-2017 stock market crisis, domestic investors have witnessed significant challenges compounded by the after-effects of previous stock market crises, which had a profound impact on individual investors. Marriages were broken, house rents and children's school fees were unpaid for several months, and businesses, relationships, social life, and social order were all affected due to the investment losses suffered. Marriage brings significant financial responsibilities, making it crucial for couples to discuss their financial planning and clearly define their financial obligations to family members to maintain a harmonious marital life (Fontinelle, 2021).

Social welfare packages and the quality of working life have been distorted, making working and retirement lives unattractive (Aluko, 2018). Lifestyles were also disrupted as a consequence of the 2017 stock market crisis. Prior to the 2017 crisis, many domestic investors used to attend nightclubs and other fun seeking areas. Event centres and small businesses flourished during this period, with increased activities like naming ceremonies, graduation parties and marriage ceremonies leading to high patronage in restaurants and bars. However, many of these small businesses were severely affected during the 2017 stock market crisis, affecting domestic investors' livelihood, investments, and lifestyles.

Numerous investors withdrew their children from private schools, while others adopted simpler lifestyles in efforts to reduce costs. Many organisations operated at only 40% of their installed capacities. A cursory look at industries in Nigeria shows that many companies have gone into extinction in the last few years (Aluko, 2018).

Nigeria's economy that slipped into recession in 2016 had devastating effects on stock market. Dwindling oil price, job losses and inability of some state governments to pay workers' salaries also contributed to low demand for securities. The apex bank's rigid management of interest rates, money supply, and implementation of the Treasury Single Account (TSA) jeopardized domestic investors' involvement in the stock market (Uwaleke, 2016). This at the long run had devastating effects on people's lifestyles and livelihoods following the closure of many business and recreational outlets. Insecurity and uprising in the Niger Delta region, which gained momentum during this period, affected oil output and the activities of the 2017 stock market. Data from the Nigerian Exchange (NGX) showed that market capitalization declined by N1.93 trillion (16.6%), with the market shrinking to N9.718 trillion by the end of trading on Friday, May 19 2017, from N11.628 trillion closing market capitalization as at May 28, 2015. The All-Share Index (ASI) declined by 6,196.93 basis points (18.1%) to close on May 19, 2017 at 28,113.38 basis points, compared to 34,310.37 points on May 28, 2015 (Nwafor, 2017). This marked the beginning of the 2017 stock market crisis, which is the central focus of this study.

Previous studies on domestic investors' stock market crisis experiences have largely focused on portfolio diversification (Polkovnichenco, 2005), factors influencing investors' decisions (Aregbeyen and Mbadiugha, 2012), foreigner's stock market investment (Lee and Han, 2012), stock market frauds and victimization of investors (Ojo, 2017), and risky financial assets (Chen, Hsu, Lin, and Li, 2020), with little attention paid to social dimensions of stock market crises on investors. It is against this backdrop that this study investigated domestic investors' socio-economic experiences during the 2017 stock market crisis in Lagos State, Nigeria.

Literature review

Effects of stock market crisis on private placements

About fifteen years after the global stock market crisis, Nigerian domestic investors were yet to come to terms with its inherent consequences. The stock market crisis gave rise to the loss of over N700 billion trapped in private placement scams where domestic investors had invested during the bullish era (Okezie, 2017). Promoters of these private placements made the prices so attractive to the extent that some domestic investors sold their shares in the secondary market to invest, while others sold off their houses, gold, and other valuables with the ultimate aim of reaping great rewards when the shares were listed on the trading floor of the Nigerian Exchange (NGX). However, this hope of reaping bountifully was dashed following the aftermath of the crisis, as the companies involved in the private placements were unable to list their shares for trading. This had impacted negatively on the domestic responsibilities of investors, as lifetime savings meant for children's school fees and other obligations were trapped in these private placements, thereby causing further depression to domestic investors, adding to the woes caused by the stock market crisis (Okezie, 2017).

Aluko (2018) expressed regret in his inaugural lecture that working and retirement lives were no longer attractive. Social welfare packages and the quality of working life have been reduced to nothing. Workers constantly seek additional sources of income due to inadequate salaries. Over the years, workers cannot feed well, provide quality education for their children, acquire decent homes, and enjoy basic social welfare and infrastructure.

Marriage and financial planning

Being married no doubt changes one's financial life (Fontinelle, 2021). Marriage comes with lots of financial obligations, making it crucial for couples to discuss financial planning before tying the knot to avoid marital problems. Decisions on how to handle finances will have long-term effects on couples (Fontinelle, 2021; Ramsey, 2023). These decisions not only carry monetary implications but also emotional and legal implications, as seen in the 2017 stock market crisis, where many marriages ended (Fontinelle,

2021). Couples should disclose their liabilities and assets to each other before marriage. It's imperative for couples to fully disclose their financial obligations to each other before exchanging vows, as marriage is built on legal and financial decisions. Responsibilities towards immediate and extended family members should be clearly stated to achieve a harmonious marital life (Fontinelle, 2021). Couples should collaborate towards common financial objectives. He identified the underlisted investment tips for married couples:

- **Jointly discuss your retirement objectives:** Finance is always the main issue couples quarrel about. Couples should endeavour to plan for what they want their retirement to look like and work closely towards its actualisation.
- **Comprehend available investment options:** Couples should endeavour to invest 15% of their gross income towards retirement.
- **Clean up previous retirement accounts:** Previous retirement accounts should be cleared in order to eliminate ambiguity from the retirement accounts. Couples should not bring their 15% retirement investment home to avoid being misappropriated.
- **Regular update of beneficiaries:** After getting married, couples should update their next of kin on all their financial accounts. Most sponsored retirement plans automatically name one's spouse as the beneficiary immediately after marriage.
- **Life insurance:** Married couples should also endeavour they protect their loved ones with life insurance. Life insurance provides financial protection for family members who depend on one's income in case of unexpected events like job loss, accidents, or death. Having life insurance offers peace of mind to both spouses and their households.
- **Investment professional:** Couples should work with investment professionals to minimize losses. Assembling a team of financial experts is crucial for managing financial issues effectively. Individual spending patterns can jeopardize a couple's financial well-being. Excess funds should be directed into savings, and when both partners are working, expenses should be shared. Financial planning in most cases is not considered especially where couples are newly married. Financial planning

and investing successfully help married couples to plan their lives early in life. Many married couples do set aside certain amount as savings, but they fail to instill a culture of regular savings. Even small monthly contributions to mutual funds through an organised investment strategy can accumulate into a substantial sum in a few years. Securities investments typically offer the highest returns in the long run, and investing in mutual funds can also be profitable (Generali, 2022).

Marriage is more about complementing each other, especially in times of difficulty, which is why it's important to marry your best friend (Berrospi, 2022). As the chief executive officer (CEO) of a movement in Spain that provides financial education to the Latino community, Berrospi (2022) outlined three insights that the equities market has taught her about marriage:

- **Discipline:** Just as one has to be mindful of stock market fluctuations and stay committed while trading on securities, one must also remain consistent in their strategic plans. Similarly, in marriage, it is essential to understand one's spouse's emotions, connect during special moments, and remain committed to cultivating within the matrimonial home.
- **Compromise:** When trading on equities in the short-term and losses occur, the investor must accept the losses and plan ahead without letting emotions ruin the investment plan. The ability to manage risk in finances is a pointer that compromise is both expected and accepted in marriage. The key is to remain focused while planning ahead. These skills are necessary to achieve success both in marriage and in trading in the stock market.
- **Patience:** In the stock market, when long-term investments temporarily decline, there is often a temptation to exit. However, as an investor, one must be patient and stick to their long-term plans to witness high returns on investment (ROI). Similarly, being patient is key to achieving high returns in marriage and long-term investments (Berrospi, 2022).

Once individuals understand what they are dealing with, they can make decisions on how finances

should be handled in marriage. It's common for one partner to have more assets or means of livelihood than the other, so a prenuptial agreement may be advisable to protect premarital assets while accommodating the interests of children from previous marriages. Responsibilities for debts acquired must be established before marriage, as well as prearranged spousal maintenance in case of divorce (Fontinelle, 2021).

An International Monetary Fund (IMF) working paper used new data on 156 social unrest events from 2011 to 2020 to examine the impact of events like mass protests and riots on the stock market. Their findings showed that social unrest events have a negligible effect on stock market returns in countries with more open democratic institutions. However, the study also discovered that social unrest events have great negative consequences in countries with high levels of authoritarian governance, where stock market returns fell by an average of two percent within three days. These findings are consistent with ideal situations in France, a country that has very strong democratic and open institutions. During and after the yellow vest protests in late 2018, the stock markets in France were greatly not affected. This finding implies that social unrest influences securities market returns indirectly via information channels rather than through direct distortion of economic activities. Also, the finding has shown that social unrest does not lead to further discrepancy and ambiguity about future financial performance in countries that have high standards of governance. Conversely, in more authoritarian governments, this flexibility may not be feasible. Their institutions may be unable to adapt to social problems, leading to fears and uncertainty that can deter investors (Barrett and Chen, 2021).

Impact of Social Corporate Responsibility (CSR)

Empirical evidence from the Chinese stock market has shown that corporate social responsibility (CSR) has a negative impact on stock market crashes. The negative correlation is evident in family firms. The study emphasizes the important role of CSR in stabilizing stock market activities (Yang, Wang, Bai and Maresova, 2023).

Investor confidence in the stock market was undermined as the retail aspect of the market disintegration. Domestic investors were seen as

the real investors that could build the market as foreign investors who engage in speculative trading and profit taking could not improve the course of the market. Government regulators such as the Central Bank of Nigeria (CBN), Securities and Exchange Commission (SEC), and Nigerian Exchange Group (NGX) were enacting policies that were detrimental to the smooth operations of the stock market. These obnoxious policies have immensely frustrated domestic investors in post stock market crisis investment. This investment frustration has equally affected life savings meant to service domestic obligations like school fees and house rent payments, among others. Regulators were interested in attracting foreign investors to the Nigerian stock market, often at the detriment of domestic investors. Even the so-called investors' protection fund remained a dream as domestic investors were left alone to suffer during the crisis (Ademola and Chukwu, 2015).

The Securities and Exchange Commission's inability to improve its operational guidelines using modern information technology facilities to monitor daily market operations, especially the trading platform, continues to demoralize efforts to restore confidence in the market. Nigerian domestic investors have witnessed untold hardship following various crises affecting the nation's capital market, including poor regulatory roles, mismanagement in the affairs of the listed companies, and government neglect of the stock market, among others (Okezie, 2017). Ojo (2017) focused on the stock market fraud, the underlying factors of victimization, and the influence of inadequate knowledge of stock market operations on investors' victimization. This study painstakingly recommended practical measures to minimize fraud and investors' victimization. However, it did not address domestic investors' involvement in post-stock market crisis investment or suggest practicable ways to re-engage domestic investors who exited the market as a result of the victimization they experienced during the 2017 stock market crisis.

The performance of stock markets worldwide is linked to both global and domestic economic fortunes. Nigeria's waning macroeconomic fundamentals were largely the cause of 2017 stock market crisis. Dwindling oil prices and disruptions in oil output resulted to three consecutive quarters of negative economic growth. Additionally, high

unemployment rates and the inability of some state governments to pay workers' salaries contributed to low demand for securities on the trading floor of the Nigerian Exchange (NGX). The Central Bank of Nigeria's tight monetary policy and the sudden implementation of the Treasury Single Account (TSA) jeopardised the challenge of non-performing loans and hindered domestic investors' participation in the stock market (Uwaleke, 2016).

Stock market crises and investors' beliefs

Current empirical evidence on stock market experiences has shown long-lasting effects on investors' beliefs about their investment (Malmendier, Puzo and Vanasco, 2020). In Nigeria, domestic investors are still influenced by the aftermath of the 2008 and 2017 stock market crises, contributing to the current investor apathy experienced on the Nigerian Exchange. Abimbola and Olusegun (2017) observed a positive relationship between exchange rates and stock price movements in their studies. A breakdown of the stock market performance showed that the market lost N1.732 trillion in market capitalization on May 27, 2016, closing at N9.926 trillion.

Stock market crises have been a global phenomenon over the years. They often occur as aftermaths of great social upheavals, leading to economic crises and collapses in speculative trading. Additionally, stock market crashes can also occur as a result of mere rumours about stock market crisis, hence the panic selling of shares which further depreciates financial markets value (Chen, 2022). Chen (2022) listed major stock market crises as follows:

- The 1929 Great Depression: The 1929 Great Depression was an economic downturn that affected most countries worldwide. It was the deepest and the most widespread recessions in the 20th century. The crisis began with a great decline in the price of shares in the US, leading investors to engage in panic selling of shares.
- Black Monday: The Black Monday stock market crisis of 2001 was caused by investors' panic due to the bursting of the dotcom bubble. It was a global economic recession that could be compared to that of Great Depression. The estimated global loss of investments stood at US\$1.71 trillion. Investors were afraid that share prices were

overvalued and that the stock market might soon experience a correction, leading to a great decline in share prices in line with the decline value of dollar.

- Global financial markets crisis of 2008: The 2008 financial markets crisis started in the US and had a widespread impact on the global economy. The crisis was caused by unrestricted growth in mortgage lending, leading to the collapse of mortgage homes and the creation of toxic assets.
- COVID-19 pandemic of 2020: The outbreak of Covid-19 pandemic also contributed to another round of global financial market crisis. Many countries implemented lockdowns for several months to curb the spread of the virus. This had a multiplier effect on the global economy, leading to another phase of financial market crisis. In Nigeria, the effects were felt as many companies shifted to remote operations, providing services online, a trend that continues to date.

Theoretical framework

The theory of planned behaviour was propounded by Ajzen in 1985 and later developed in 1991 as an extension of the theory of reasoned action (LaMorte, 2022). This theory is a model that predicts human behaviour based on three factors: subjective norms, personal attitudes and perceived behavioural control (Cornell, 2024). It further shows that attitudes and norms toward behaviour are direct determinants of performing that behaviour (Kagee and Freeman, 2023). Attitude towards behaviour represents an individual's strength or weakness towards their perceived outstanding beliefs about the results of performing the behaviour. The theory of planned behaviour provides a predictive approach to understanding human behaviour, explaining the interrelationship between attitude and behaviour (Aregbeyen and Mbadiugha, 2012).

As intentions have determinants, the attitude, subjective norms, and perceived behavioural control mechanisms also have determinants. Behavioural intent is the major element that influences attitude towards the likelihood that the behaviour will exhibit the expected outcome, in line with subjective evaluations of the risks and benefits of such outcomes (LaMorte, 2022; Kagee

and Freeman, 2023; Cornell, 2024). The attitude module is a function of a person's outstanding behavioural beliefs, which represent perceived likely effects of the behaviour following the expectancy-value conceptualization (Peak, 1955; Kagee and Freeman, 2023). The method portrays consequences as being composed of numerous combinations of the accepted likelihood that the performance of the behaviour will pilot to a particular result and the assessment of that result. Planned behaviour is a theory that associates one's beliefs and behaviour. It argued that attitude towards behaviour, subjective norms, and perceived behavioural control collectively form an individual's behavioural intentions and behaviour (Weber and Camerer, 1998).

Studies have shown that previous experiences with regard to demand for shares are important predictors of investors' decision-making in stock market transactions (Easthick, 1996; Klein, 1998; Laing and Huang, 1998; Weber and Camerer, 1998; Aregbeyen and Mbadiugha, 2012). Darden and Dorsch (1990) maintained that the process of investment is a behaviour influenced by human beliefs toward perceived results. As MTN Nigeria Plc listed its shares on the trading floor of the Nigerian Exchange Ltd (NGX) through introduction, many domestic investors strongly believe in investing in the company following MTN's history of paying good dividends to investors twice a year. This belief has led to a high increase in demand for MTN shares on the trading floor. Similarly, shares of companies like Consolidated Breweries Plc, Nigerian Breweries Plc, Nestle foods Plc, and Guinness Nigeria Plc are in high demand among domestic investors, who believe that these companies will always post good results at the end of their respective accounting years. The theory of planned behaviour is empirically in line with the intention to perform various behaviours, which can be predicted with high accuracy from attitude toward the behaviour (Aregbeyen and Mbadiugha, 2012).

The theory of planned behaviour is an extension of the theory of reasoned action. (Ajzen and Fishbein, 2005). Both theories uphold the premise that individuals make logical, reasoned decisions to engage in specific behaviours by evaluating the information available to them. Investors in the stock market evaluate stock

market data while making investment decisions, and they strongly believe in the possible outcomes of their investment decisions based on the available stock market data and previous experiences, which help immensely in predicting stock market performance (Ajzen, 1991). The theory highlights how a person's belief system influences his decision to go after a particular behaviour (LaMorte, 2022). The belief system and the influence of stock market fundamentals on domestic investors determine investors' investment decision model.

Methodology

The methodology outlines the various methods adopted in the course of carrying out the study. A descriptive design was utilised, and it aided the collection of qualitative data and detailed explanations on domestic investors and the 2017 stock market crisis. The study employed qualitative methods and instruments. Forty in-depth interviews, nine key informant interviews, and six case study interviews were conducted. Qualitative data were content analysed. Moreover, ethical rules were strictly adhered to in order to protect the rights of participants.

Lagos State was adopted as the location for the study. It was created on the 27th of May, 1967 and is situated in the South West geo-political zone of Nigeria. Lagos is widely recognised as the commercial nerve centre of economic activities in Nigeria. It has sea ports, local and international airports, and serves as the corporate headquarters of many commercial banks and business organisations. With a population of 17.5 million (based on the 2006 population census), Lagos is divided into twenty local government areas. The

state shares boundaries with Ogun State, the Republic of Benin, and the Atlantic Ocean with lagoons and creeks.

Study population

The study population consisted of individual domestic investors, stockbrokers, and regulators in Lagos. The choice of this population became necessary due to their in-depth knowledge and personal experiences in stock market operations. The domestic investors that constituted the population of the study were active individual local investors who have been trading securities on the trading floor of the Nigerian Exchange Ltd (NGX) in the last five years.

Stockbrokers that constituted part of this study population were the licensed and authorized dealers who are members of Chartered Institute of Stockbrokers. These dealers trade securities on behalf of their clients for brokerage commissions. The staff of the Nigerian Exchange Ltd (NGX) who formed part of this study population were stock market regulators and operations managers who have been at the managerial level in the last five years. They formulate rules and guidelines guarding the smooth operations of trading activities. Additionally, the staff of the Securities and Exchange Commission (SEC) who formed part of this study population were operations managers who have been in such positions and above in the last five years. They constituted the major regulators of the Nigerian stock market.

The sample size of fifty-five (55) interviewees consisted of 40 In-Depth Interviews (IDI), 9 Key Informant Interviews (KII), and 6 Case Studies. The breakdown of the population was as follows:

A matrix of method of data collection and sample size

Participants	Data collection method	Sample size
Domestic investors	IDI	40
	Case Study	6
NGX Officers	KII	3
SEC Officers	KII	3
Stockbrokers	KII	3

The study adopted purposive and snowball techniques for selecting interviewees. Three fully recapitalized stock broking firms were purposively

selected. The choice of these three firms hinges on their job functions, which require huge capital base and a large clientele network.

Selected stock broking firms

S/N	Name of selected Firms	Job functions
1.	Cowry Assets Mgt Ltd (14 IDI, 2 Case Study)	Venture Capital Managers, Issuing House Broker / Dealer
2.	Futureview Financial Services Ltd (13 IDI, 2 Case Study)	Broker / Dealer, Market Maker Issuing House
3.	Greenwich Trust Ltd (13 IDI, 2 Case Study)	Issuing House Broker / Dealer, Market Maker

Snowballing approach was adopted while interviewing domestic investors from the selected firms. Key Informants (KII) were purposively selected from their various offices. Researchers chose only domestic investors, Authorized Dealing Clerks who trade securities, and operations managers of NGX and SEC. as they constituted the population that met the criteria for the purpose of the study.

Inclusion criteria

- The interviewees consisted of domestic investors who have been active in the Nigerian stock market in the last five years.
- Stockbrokers selected for the study were members of the Chartered Institute of Stockbrokers (dealing clerks) who have been trading on shares in the last five years.
- Regulators consisted of operational managers of NGX and SEC who have been in service in the last five years.

Data collection

In-depth interviews (IDI) were conducted to obtain qualitative data from forty (40) domestic investors who invested in the Nigerian stock market, using

saturation principles. An IDI interview guide was developed for this purpose, aiding data collection on domestic investors’ stock market crisis experiences. Six (6) case studies were conducted to elicit in-depth and multifaceted information from domestic investors based on their personal and direct experiences. Case studies were of great value in elucidating domestic investors’ personal experiences as they affected their social lives and domestic obligations in their various homes. Additionally, case studies strengthened data collected from IDI and KII.

Three (3) categories of key informants were selected under this method. The first category comprised the Authorized Dealing Clerks of the selected Stock broking firms, who, by virtue of their positions as dealing members are involved in daily trading of securities on the floor of NGX. The second category of key informants interviewed was the operations managers of The Nigerian Exchange Ltd (NGX), who offer and preserve the trading platform. The third category was operations managers of SEC who enact rules and regulations guiding the smooth activities of the stock market. In all, nine (9) Key informants (KIIs) were interviewed.

Matrix of research objective and data collection/analysis approaches

S/N	Objective	Indicators	How indicators were examined	Instrument used	Method of Analysis
1.	Investors’ socio-economic experiences in 2017 stock market crisis	<ul style="list-style-type: none"> • Family • Private placements • Socio-economic experiences 	<ul style="list-style-type: none"> • Implications on family and households. • Effects of private placements. • Effects on savings, domestic bills and social life. 	<ul style="list-style-type: none"> • IDI • KII • Case Study 	Thematic and content analyses

Secondary data were obtained from the NGX electronic library on Custom Street, Lagos, as well as university libraries within South-West Nigeria.

Other sources included official data from NGX and the CBN, online journals, and relevant archival materials.

Data were obtained using advanced digital recording gadgets, which were later transcribed by researchers for the purpose of data analysis. Data obtained from the field were content analysed. Qualitative data collected were later transcribed thematically alongside verbatim quotations. In-depth interviews were also analysed thematically with the aid of Nvivo software. The study adhered to the ideology governing international ethical standards to protect the rights and integrity of interviewees. Ethical approval was obtained from the Social Sciences and Humanities Ethics Review Committee (SSHRC), University of Ibadan. The principles of confidentiality, beneficence, non-maleficence, voluntary and informed consent were strictly observed in the course of the study.

This study was initially designed to be a mixed-method, but the after effects of the 2017 stock market crisis, during which domestic investors exited the stock market in large numbers, made researchers to settle for qualitative method of data collection. Domestic investors were difficult to find in the stock market due to its current deserted state, compounded by the effects of Covid-19 protocols. Many offices were operating with minimal staff, with the majority working from home. It was also observed that most stock broking firms had closed down their branch offices outside their corporate headquarters in Lagos in their bid to cut costs. Also, with the introduction of "My Trade Book" software, which permits domestic investors to trade from the comfort of their homes, domestic investors hardly visit stock broking firms these days.

Data presentation

Data were presented and analysed thematically in accordance with how stock market indicators were examined. The presentation of findings and their analysis were carried out in line with the objectives that guided the study. Also, discussion of findings was done in corroboration with related literature, while the theory adopted for the study was used to deepen the discussion.

Implementations on family and households

The 2017 stock market crisis had a devastating effect on families and households. Many parents who had sent their children abroad for studies were unable to pay their school fees within the

period. Bills and other domestic obligations went unpaid for several months. Many homes were broken, as one of the interviewees stated. Businesses and economic activities were grounded as most breadwinners lost their means of livelihood. Some domestic investors were not exposed to margin facilities, so they did not feel the impact of the stock market crisis as much. This group of domestic investors did not trade their shares for capital gains; they invested merely for long-term purposes. A businessman who belongs to this category stated as follows:

From day one, I did not see stock market investments as short-term investments where one can invest today and cash out the next few weeks. I started investing in the stock market from my days at school as a student. I do not trade my shares; I only invest for the long term as store of wealth. The crisis did not affect me much, I am still living my normal life, and I regularly foot my domestic bills without hindrance. *(IDI/40yrs/Businessman/Lagos, 2021)*

Another domestic investor has a contrary view as he opined how heavily he was affected by the 2017 stock market crisis:

I lost so much money during the stock market crisis. The situation was so bad to the extent that I had to withdraw my children from private schools and enrolled them in public schools. I am finding it very difficult to pay my children's school fees now. I have adjusted my spending patterns as I struggle to feed my family these days. *(IDI/38yrs/Businessman/Lagos, 2021)*

A female domestic investor incurred as follows:

"My husband and I made reasonable profits in the stock market during the bullish era. The amount of profits we made lured us to inject more funds into the stock market, and in less than one year, we bought a house and numerous brands of cars. We were able to send two of our sons to the United Kingdom for

further studies. But when the stock market crashed, we were unable to cope. Our standard of living has dropped drastically as we are unable to service our domestic obligations”. (IDI/35yrs/Female/Civil Servant/Lagos, 2021)

Influences on private placements

Private placements also greatly influenced domestic investors. Many promoters of these private placements stated in their various prospectuses that the shares would be listed for trading within six months of the offer. In line with these promises, domestic investors sold off most of their shares in blue-chip companies and reinvested the proceeds in private placements, hoping to cash out within six months with high returns on investment as stated by the promoters. However, some domestic investors were not affected by private placement investments and the 2017 stock market crisis, as demonstrated below:

On the issue of private placement, I did not invest in it, so I did not lose money. Instead, I only invested in the secondary market for safekeeping and not for speculations. I was not affected by the stock market crisis, as my shares are still intact. (IDI/40yrs/Businessman/Lagos, 2021)

The above views contradict the views of another businessman who heavily invested in the Nigerian stock market for speculative trading. He also invested heavily in the private placement of Investment and Allied Assurance (IAA), and he lost everything when the company was liquidated. His assertion below corroborates the works of Okezie (2017), who revealed that over N700 billion was trapped in private placements, which shortly caused great social disorder in the lives and families of those who invested in them.

A female domestic investor incurred as follows:

I lost heavily during the stock market crisis; my funds are trapped in private placements till this moment. I have vowed not to invest in private placements again. Following the trapped funds in

private placements, my domestic responsibilities were greatly hindered. I invested heavily in Investment and Allied Assurance (IAA), and today as we speak, the company has wound up and I lost everything”. (IDI/38yrs/Businessman/Lagos, 2021)

Another domestic investor expressed:

Some of the private placements we bought could not be listed as promised. Most of the companies are no longer in existence. Companies like Investment and Allied Assurance Company Plc, Value Capital Plc, Geofluid Plc, and Tetrizzini Foods Plc were among companies I bought private placements from, with the hope of reaping bountifully when they were listed for trading on the Nigerian Exchange (NGX). (IDI/35yrs/Female/Civil servant/Lagos, 2021)

Influences on savings, social life and lifestyle

The 2017 stock market crisis drastically reduced domestic investors’ investment portfolios, creating illiquidity in the Nigerian stock market. Some domestic investors used stock market investment as a store of wealth. Investors in this category hardly save money in banks due to low interest rates and obnoxious charges on deposits. Instead, they invested all their savings in the stock market and sold their shares to fulfil their domestic obligations when needed. However, as the stock market crashed, their lifetime savings were heavily affected as most of these shares lost great values. Lifestyles were heavily affected as a consequence of the 2017 stock market crisis. However, some domestic investors were not affected by the crisis, and their lifestyles were not affected in any way. A businessman in this category expressed: ‘*The crisis did not affect my social life; I am still living my normal life and regularly go to parties and other social events*’ (IDI/40yrs/Businessman/Lagos, 2021).

The above views contradicted the views of another businessman who invested heavily in the Nigerian stock market, and his lifestyle was greatly affected. His assertion below corroborates

Aluko's (2018) inaugural lecture, where he lamented that working and retirement lives were no longer attractive. Social welfare packages and quality of working life have been reduced to nothing. Workers are always on the lookout for other means of getting additional income due to the inadequacy of salaries. Over the years, workers have struggled to afford qualitative education for their children, acquire decent homes, and enjoy quality social welfare and infrastructures

The funds I lost during the stock market crisis affected my social life a lot. Before, I used to organise parties, visit clubs with friends, and even take my family out on weekends for fun. But now, I cannot afford these luxuries any longer. *(IDI/38yrs/Businessman/Lagos, 2021)*

A female civil servant interviewed maintained that she does not attend social functions anymore due to the losses she incurred during the stock market crisis. She submitted as follows:

My social life was greatly affected as a result of the stock market crisis. I do not attend social functions anymore due to the losses I incurred. *(IDI/35yrs/Female/Civil Servant/Lagos, 2021)*

One of the key informants interviewed opined that domestic investors lost immensely in the 2017 stock market crisis. Their investments in private placements before the crisis contributed significantly to the stock market upheaval, as funds that investors withdrew from the secondary market while investing in private placements were trapped. Companies that sold private placements were unable to list their shares for trading as stated in their prospectuses. Below is an excerpt from the data:

Domestic investors sold their shares in the secondary market in order to invest in private placements. Unfortunately, those funds were trapped, thereby creating illiquidity in the secondary market. Domestic investors' funds were eroded in the stock market crisis, this made so many of them to adjust their spending habits. Their life styles were highly

moderated as a result of the stock market crisis. Most of them were depressed as their children were sent out of schools. Some also lost their marriages due to their inability to provide for their families. *(KII/39yrs/Male/Stockbroker/Lagos,2021)*

A key informant from Nigerian Exchange Ltd (NGX) maintained that some domestic investors lost much money in the stock market crisis, which led to their untimely deaths. She stated that some invested with their children's school fees and domestic allowances, as demonstrated below:

The 2017 stock market crisis affected most of the domestic investors to the extent that they exited the stock market. Some of them had invested with their children's school fees and domestic allowances. Some investors committed suicide as a result of borrowed funds they lost in private placements. A stockbroker from Mayfield Investments Limited even collapsed and died during trading session. Those who collected margin loans are still paying till date, as all these added much pressure on their families, thereby distorting their social lives. *(KII/36yrs/Female/NGXStaff/Lagos,2021)*

A staff of Securities and Exchange Commission (SEC) highlighted how some companies defrauded domestic investors through sale of private placements. They diverted the proceeds into private use and allowed the companies to go into extinction, as illustrated below:

Some companies sold private placements not for expansion but for the sole aim of accessing free funds and defrauding investors. Most of these companies diverted the proceeds into private use and purposefully ran their companies down. The decline in domestic investors' net worth affected them socially. Many of them reduced their level of entertainment and travel. Funds trapped in private placements ruined the stock market as the affected domestic investors remained frustrated and stayed out of the stock

market. Economic activities were also affected, as investors used to patronize eateries, night clubs, and event centres. Some of these business outfits have closed shops due to the crash of the Nigerian stock market. (KII/32yrs/Female/SEC Staff/Lagos, 2021)

A domestic investor maintained that he has learned serious lessons from the stock market and that he could not afford to risk his life savings again in speculative trading after losing a large sum of money. His social life was badly affected as he underwent through three divorce cases within the period due to his inability to provide for his family. He stated as follows:

Case study 1: A male civil servant as a domestic investor

A 46-year-old civil servant who married four wives said that he learned bitter lessons from the stock market. He stated that he could not afford to risk his lifesavings again after losing a large sum of money in the stock market. He opined that companies that sold private placements and public offers to them gave them lots of fake promises and doctored results. He maintained that a good number of them were yet to list their shares for trading as promised. He also stated that the 2017 stock market crisis affected his marriage greatly. He stressed that out of the four wives he married, he went through three divorces due to his inability to maintain them. He stated that he withdrew his children from private schools and enrolled them in public schools because of funds. According to him, this greatly affected his social life.

The above case study corroborated the views of most of the domestic investors during the In-depth interview sections. Funds that domestic investors lost in the 2017 stock market crisis affected their social life to the extent that many investors were unable to fulfil their domestic responsibilities, which resulted in divorce cases as stated above. Fontinelle (2021) observed that marriage changes

financial life and comes with many responsibilities. Couples must discuss their financial planning to avoid marital problems. To achieve a rancour-free marital life, couples must state their financial obligations to members of their immediate and extended families. Studies by Ramsey (2023) revealed that couples must work together to achieve common goals. Also, studies by Berrospi (2022) showed that patience is required to achieve huge returns in marriage and investment.

Case study 2: A female self-employed as a domestic investor

A 37-year-old self-employed woman, married with three children, opined that she sold her shares before the 2017 stock market crisis and reinvested the proceeds in money market instruments based on the advice of her husband. She maintained that she made good returns on her investment in the stock market. She also stated that her business received a boost through the huge returns she made from the stock market. She maintained that she was fortunate enough to have invested in a few companies that sold private placements. The woman stated that she bought International Energy Insurance Plc shares at 70k per share, and she sold them at N4.20k per share. She said that she was not affected by the 2017 stock market crisis; rather, she bought a new car within the period. She stated that her children’s school fees were paid on time, and her social life and social status improved considerably as a result of the new car she acquired, which also boosted her business frontiers.

From the above case study, the female self-employed had a contrary view about 2017 stock market crisis, having taken her husband’s professional advice as a banker. The advice paid off as she recorded high returns on her investment, which positively changed her lifestyle. However, most domestic investors were not as fortunate as her; a good number of them were caught unawares during the stock market crisis.

From the foregoing, one can objectively deduce that domestic investors had horrible experiences during the 2017 stock market crisis. Social order and social life were distorted as most domestic investors were unable to fulfil their domestic obligations. Stockbrokers were not left out; the Stockbroker of Mayfield Investments Limited slumped and died while trading on the floor of the Nigerian Exchange Ltd (NGX). This finding corroborates studies by Okezie (2017), Ojo (2017), Aluko (2018), Fontinelle (2021), Berrospi (2022), Ramsey (2023) and Yang *et al.* (2023).

Discussion

Domestic investors' lifestyles and means of livelihood were greatly disrupted during the stock market crisis. However, the aftermath of the stock market crisis also negatively affected domestic investors following the winding up of some businesses. The crisis depleted their investment funds, thereby hindering their domestic responsibilities. Most families that used to visit eateries, night clubs, restaurants, and other social areas of fun-seeking have retraced their footsteps and adjusted their budgets. During the bullish era, there were proliferations of night clubs and event centres, but they have all gone into extinction. Many families were broken due to breadwinners' inability to cater for them. One of the interviewees stated that he had four wives, and he underwent through three divorce cases as a result of his inability to provide for his family during the stock market crisis. Another key informant maintained that some people committed suicide during the stock market crisis due to their inability to pay for the margin facilities they borrowed.

During the bullish era, many domestic investors sold their shares in the secondary market and channeled the proceeds into the acquisition of private placements. Some investors also sold their assets like houses and landed properties in the course of investing in private placements having observed that investors made huge profits from the initial private placements offered. This belief of making fortunes from private placements fell through following the inability of the companies to get listed for trading in line with the aftermaths of the stock market crisis occasioned by downward price movement. This finding is in tandem with that of Okezie (2017) who estimated that over N700 billion was trapped in private placement

investments, which later caused great social upheaval in the lives and families of those who invested in it with the hope of reaping bountifully when listed for trading.

Some of the interviewees viewed private placement investments as fraud perpetrated by company directors, who unlawfully diverted the proceeds for personal gain by purposefully liquidating the companies. This finding also corroborates the works of Ojo (2017), which highlighted stock market frauds and the victimization of investors due to their limited knowledge of stock market operations and information irregularities. Additionally, this finding affirms the studies of Fontinelle (2021), who emphasised the financial impact of marriage and the importance of discussing financial planning to prevent marital issues. To achieve a rancour free marital life, couples should openly communicate their financial obligations to both immediate and extended family members. Ramsey (2023) stressed the necessity for couples to collaborate in achieving mutual goals. Moreover, this study corroborates studies by Berrospi (2022), who revealed that endurance is required to achieve huge returns in marriage and investments. Similarly, Aluko (2018) lamented in his inaugural lecture that the attractiveness of both working and retirement lives had declined, with social welfare packages and the quality of working life diminishing.

This finding is consistent with the principles of the Theory of Planned Behavior, which is a predictive model for understanding human behavior (Aregbeyen and Mbadiugha, 2012). Investment decisions of domestic investors are influenced by their attitudes and belief systems. The aftermath of the 2017 stock market crisis has resulted in the current investment apathy, driven by their socio-economic experiences.

From the above submissions, it's evident that domestic investors faced bitter experiences during the stock market crisis. Marriages were dissolved, relationships and friendships were strained, and social order and life were disrupted as many domestic investors struggled to fulfill their domestic obligations.

Conclusion and recommendations

Stock market investment is the hallmark of the nation's economy as it provides both long and

short term funds needed to run the affairs of listed companies on the trading floor of the Nigerian Exchange Ltd (NGX). Some domestic investors invested in these companies for the long term basis, using it as a store of wealth, while others invested on short term basis through capital appreciation. However, the aftermaths of the 2017 stock market crisis, where many domestic investors lost heavily contributed to the present investment apathy in the Nigerian stock market. Social order and social life were distorted as a result of the stock market crisis. The study discovered that many domestic investors faced bitter experiences during this period. Lives and friendship were lost, marriages were broken, social life and social order were all disrupted following investors' loss of investments and means livelihood.

The study suggests the following recommendations:

Transparency and restoration of investors' confidence: Transparency and restoring investors' confidence are crucial for achieving efficiency and sustainability in the stock market. To revitalize the Nigerian stock market, efforts should focus on regaining the trust of domestic investors who exited the market due to bitter experiences they had during the 2017 stock market crisis. Given that the stock market heavily relies on psychology and confidence, regulatory agencies should implement adequate measures to ensure transparency in the Nigerian stock market. This will help to restore domestic investors' confidence and, consequently, contribute to the restoration of social order.

References

- Abimbola, A. B. and Olusegun, A. J. (2017). Appraising the Exchange Rate Volatility, Stock Market Performance and Aggregate output Nexus in Nigeria. *Business and Economics Journal. BUS ECO J. B.*, 8(1), 1000290.
- Ademola, F. and Chukwu, J. (Feb. 8, 2015). Nigerians' investment in stock drops by N2.4 trillion. *The Punch*. Retrieved Nov. 20, 2017 from www.punchng.com.
- Ajzen, I. (1991). The theory of planned behavior. *Organization behavior, human decision process*. 50: 179-211.
- Ajzen, L. and Fishbein, M. (2005). *The influence of attitudes on behavior*. In Albarracin, D., Johnson, B.T. & Zanna, M. P. (eds.). *The handbook of attitudes*. Mahwah, NJ: Lawrence Erlbaum Associates, (1): 173-221.
- Aluko, M. A. O. (2018). Managing organizations and workers in Nigeria: Reflections of a Sociologist. An inaugural lecture delivered at Oduduwa Hall, Obafemi Awolowo University, Ile-Ife. Tuesday, 27 February, 2018. *Inaugural Lecture Series*, pp 314.
- Aregbeyen, O. and Mbadugha, S. O. (2012). Factors influencing investors decisions in shares of quoted companies in Nigeria. *Pakistan Journal of Applied Economics*, 22(1&2), 53-63.
- Barrett, P. and Chen, S. (2021). How stock markets respond to social unrest. International Monetary Fund. Retrieved Sept. 7, 2023 from <https://www.imf.org/en/Blogs/Articles/>.
- Berrosopi, G. (2022). Three stock market essentials that can help you in marriage, too. *Forbes Financial Council*. Retrieved August 28, 2023 from www.forbesfinancialcouncil.com.
- Brunnermeier, M. K. and Pederson, L. H. (2009). *Market liquidity and funding liquidity*. Review of financial studies, 22: 2201-2238. Retrieved Dec. 8, 2017, from www.jstor.org.
- Chen, F., Hsu, C., Lin, J. and Li, H. (2020). Holding risky financial assets and subjective wellbeing. Empirical evidence from China. *The North American Journal of Economics and Finance*, pp. 54.
- Chen, J. (2022). Guide to stock market crashes. Retrieved June 20, 2023 from www.investopedia.com.
- Cornell, D. (2024). Theory of planned behaviour: 15 examples, pros and cons. Retrieved April 13, 2024 from <https://helpfulprofessor.com>.
- Darden, W. R. and Dorsch, M. J. (1990). An action strategy approach to examining investment behavior. *Journal of business research*, 21: 289-308.
- Dirk, W. V. (2018). *Africa 10 years after the global financial crisis: What we've learned*. Online publication. Retrieved Dec. 7, 2018 from www.odi.org.
- Eastlick, M. A. (1996). Consumer intention to adopt interactive tele-shopping. Marketing science institute. Working paper report. *Cambridge, M. A. marketing science institute*, pp 96-113.
- Fontinelle, A. (2021). What you need to know about marriage and money. Retrieved August 26, 2023 from www.investopedia.com.
- Fudenberg, D. and Levine, D. K. (2006). A dual-self modal of impulse control. *American Economic Review*, 96: 1449-1476.

- Fujimoto, A. (2003). *Macroeconomic sources of systematic liquidity*. Working paper. Yale University.
- Genarali, F. (2022). How does marriage affect your tax and investment decisions? Retrieved August 26, 2023 from www.life.futuregenerali.in/lifeinsurance.
- Glenn, P. A. (Dec. 26, 2016). Difficult year for Nigeria's capital market. *Premium Times*. Retrieved May 3, 2019 from www.premiumtimesng.com.
- Ilesanmi, O. A., Adaramola, A. O., Kayode, P. A. and Ogiyamien, O. F. (2022). Investors' behaviour in Nigerian stock market: Effects of greed and aversion. *Uniosun Journal of Banking and Financial Issues*, 1(1).
- Kagee, A. and Freeman, M. (2023). Mental health and physical health: Theory of planned behaviour. Retrieved April 13, 2024 from <https://www.science-direct.com>.
- Klein, L. R. (1998). Evaluating the potential of interactive media through a new lens: Search versus expensive goods. *Journal of business research*, 14: 195-203.
- LaMorte, W. W. (2022). Behavioural change models. Boston University School of Public Health. Retrieved April 11, 2024 from <https://sphweb.bumc.bu.edu/otlt/mph>.
- Lee, Y. and Han, K. (2012). Foreigner's stock investment and financial markets instability in East Asia during 2007-2009 global financial crisis. *Journal of International and Area Studies*, 19(1), 1-25. Retrieved Dec. 11, 2018 from www.jstor.org.
- Liang, T. P. and Huang, J. P. (1998). *An empirical study on consumer acceptance of products in electronic markets: A transaction cost model, decision support system*. 24: 29.
- Malmendier, U., Puozo, D. and Vanasco, V. (2020). Investor experiences and financial market dynamics. *Journal of financial economics*, 136(3), 597-622.
- Mishkin, F. S. (2007). *Globalization and financial development*. A paper delivered at the International Monetary Fund in Washington DC on April 26, 2007. Retrieved Dec. 12, 2018 from www.gsb.columbia.edu.
- Nwafor, P. (May 29, 2017). *Capital market: Stock market investments crashed by N1.93trillion*. *Vanguard*. Retrieved April 20, 2019, from www.vanguardngr.com.
- Nwude, E. C. (2012). The crash of the Nigerian stock market: what went wrong, the consequences and the panacea. *International knowledge sharing platform*, 2: 9.
- Ojo, O. A. (2017). *Stock market frauds and victimization of investors in Oyo and Lagos States, Nigeria*. PhD thesis, University of Ibadan, Ibadan.
- Okezie, B. (Nov. 20, 2017). Nigerian retail investors still count losses ten years after meltdown. *The Guardian*. Retrieved April 4, 2018 from www.guardian.ng/news/nigeria.
- Peak, H. (1955). Attitude and motivation. In Jones, M. R. (ed.). *Nebraska symposium on motivation*. University of Nebraska Press.
- Polkovnichenco, V. (2005). *Household portfolio diversification*. Review of financial studies. 1467-1502. Retrieved March 2, 2018, from www.jstor.org.
- Ramsey, S. (2023). Marriage and investment: what you should know. Retrieved August 26, 2023 from www.ramseysolutions.com/retirement/marriage-investing.
- Schneider, E. (2022). Understanding why sustainable investing is important. Retrieved August 17, 2023, from www.blog.se.com/sustainability.
- Soderberg, J. (2008). *Do macroeconomic variables forecast changes in liquidity? An out-of-sample study on the order driven stock markets in Scandinavia*. Working paper 10/2009, University of Vaxjo.
- Stiglitz, J. E. (2010). Lessons from the global financial crisis of 2008. *Journal of economics*, (23)3.
- Uwaleke, U. (Dec. 26, 2016). Difficult year for Nigeria's capital market. *Premium Times*. Retrieved May 3, 2019 from www.premiumtimesng.com.
- Vishwanathan, B. and Kavajeez, K. A. (2010). *What does equity sector order flow tell us about the economy?* Working paper, University of Amsterdam.
- Weber, M. and Camerer, C. (1998). The disposition effect in securities trading: An experimental analysis. *Journal of economic behavior and organization*, 33: 167-184.
- Yang, M., Wang, Y., Bao, L. and Maresova, P. (2023). Corporate social responsibility, family involvement in stock price crash risk. *Corporate social responsibility and environmental management*, 30(3), 1204-1225.