OLD SHOREHAM RESEARCH

Attitudes to risk in Nigeria

A behavioural research report

What Nigerians say and think about risk and the missing market instruments

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Seven parts to an argument

The return is usually shown first. The range of outcomes rarely is.

Most Nigerians meet an investment product through a forecast rate of return. A money market fund quotes a yield, a bank quotes a deposit rate, the treasury bill auction publishes a stop rate and an equity fund publishes what it returned last year, and the decision the customer is then asked to make is how much to put in. Where a conversation about risk happens at all, it comes afterwards and usually takes the form of a short questionnaire that places the customer in a band, and the products those bands lead to are, for the most part, money market funds and equity funds. The customer is left to work out where between cash and shares they belong, with a headline rate as the main piece of information to go on.

This study set out to establish whether that is where Nigerian retail investors actually belong, and it did so by measuring attitudes to risk in two ways on the same people. The first instrument was the Grable and Lytton scale, a thirteen-item risk tolerance questionnaire in common use among advisers internationally, which records what people say about their own appetite for risk. The second was FREBO, Old Shoreham's behavioural profiling engine, which places people inside a sequence of investment situations and scores their conduct across five dimensions. Because every respondent completed both, the stated and the revealed readings can be compared person by person rather than in aggregate. The study is continuing and this edition reports the position at 2 September 2026.

The questionnaire behaved as questionnaires tend to, placing almost the entire population in three moderate bands with nobody at either extreme. The engine produced a more useful picture. Nigerian retail investors want their capital protected and, at the same time, want a route to a better return than a deposit rate, and they will express both preferences within a single sitting. More than half chose the most defensive portfolio mix on offer, almost three quarters preferred a chance at a larger prize to cash in hand, and more than a third did both. On the engine's scores, half of respondents rank high on protection, half rank high on appetite for upside and a quarter rank high on both.

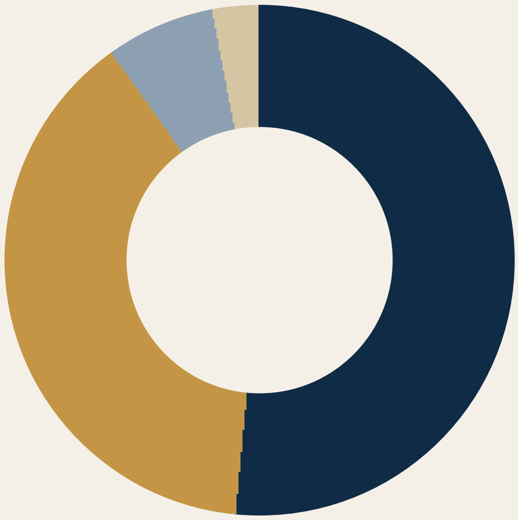
It is worth noting at the outset which word respondents chose when asked what risk brings to mind. Half chose uncertainty and only three in a hundred chose loss, which is consistent with the behaviour recorded throughout the study and with a market in which the rate of return is forecast to the customer while the range of outcomes around it rarely is. A customer who fears loss needs protection, whereas a customer who cannot see the range of outcomes needs that range set out before committing, and a shelf with cash at one end and shares at the other serves the second customer poorly.

The report proceeds in seven parts. Part One sets out what respondents say about themselves, Part Two sets out what their behaviour reveals and tests whether the engine's scores predict real choices, Part Three describes the shape of the demand and Part Four describes who carries it. Part Five sets that demand against the products currently available, including the government's own retail bond, Part Six reviews five markets that faced the same gap and what each built in response, and Part Seven specifies the instrument that is missing and closes with what follows from the findings.

What do Nigerians think risk means?

Before asking how much risk people will tolerate, it helps to ask what they think risk is. The answer matters because investment products are sold using words such as "safe", "risky", "protected" and "growth", yet those words do not carry the same meaning for every investor.

In this study, the first association with risk was not loss. It was **uncertainty**. More than half of respondents chose it. Another 38.6% chose opportunity. Three in a hundred said loss.



51.5%
Uncertainty

38.6%
Opportunity

6.9%
Thrill

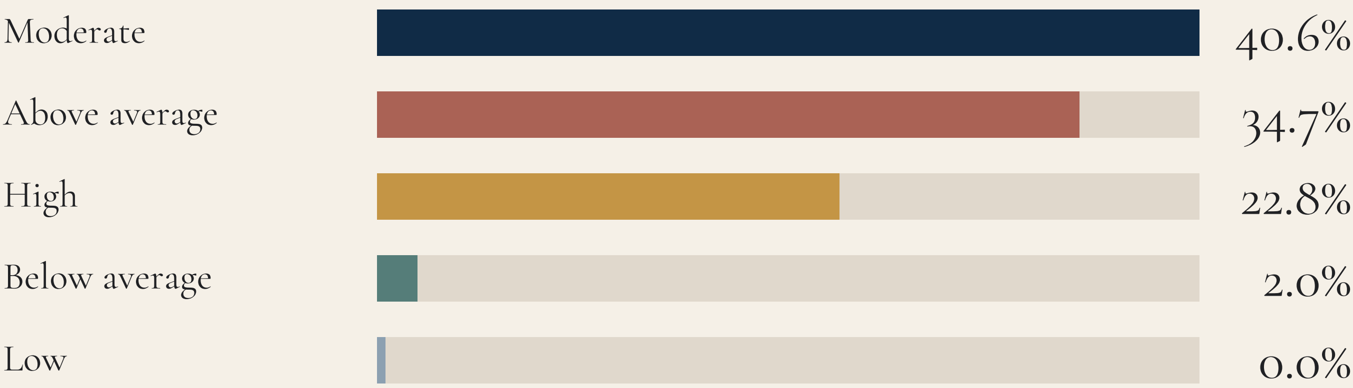
3.0%
Loss

> *The first problem to solve is not simply loss.*
> *It is not knowing what will happen.*

Asked how much investment risk they will take, Nigerians give a moderate answer, and they give it so uniformly that ninety-eight in a hundred fall into one of three adjacent bands. This part sets out what the standard questionnaire records and how little of the population it can tell apart.

What Grable & Lytton is trying to tell us.

The Grable & Lytton scale is a conventional stated-preference instrument. It asks respondents to imagine financial choices and describe their own willingness to bear risk. The resulting score is useful because it gives advisers a common language: low, below-average, moderate, above-average or high risk tolerance. But it must compress different motives into one ranking.



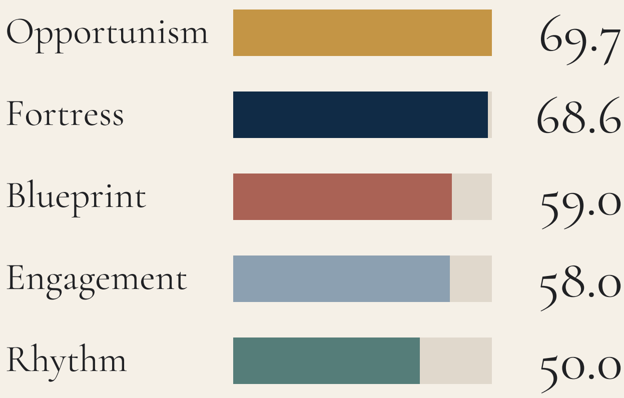
98.0% of respondents fall into only three adjacent bands. The form sorts, but in this sample it does not separate very much.

> FREBO places people inside a series of investment situations and scores five tendencies from the choices they make. Two of the five dominate this population and both of them predict how respondents behave when a real sum is at stake, which is the test any behavioural score has to pass before it is worth reading.

Protection and upside are the two strongest signals.

FREBO records decisions rather than asking for a single risk label. Its five dimensions are Fortress, Rhythm, Engagement, Blueprint and Opportunism. Scores run from 0 to 100; in this report 70 and above is treated as high.

Fortress	protect what is already owned	68.6 median
Rhythm	prefer regular outcomes	50.0
Engagement	monitor and intervene	58.0
Blueprint	follow plans and named goals	59.0
Opportunism	seek and seize upside	69.7 median



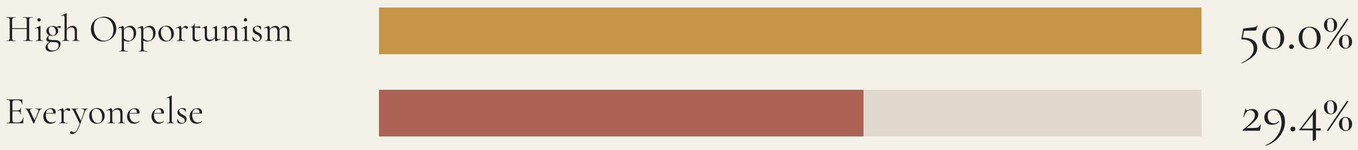
> Fortress and Opportunism sit together at the top, with medians close to 70 and exactly half of respondents scoring 70 or above on each. Blueprint and Engagement follow near 60. Rhythm sits at the 50 midpoint.

They predict choices we have ignored.

A behavioural score is useful only if it connects to economically relevant choices outside the score itself. High Fortress respondents are materially more likely to choose the most defensive portfolio. High Opportunism respondents are 1.7 times as likely as everyone else to take the gain-domain gamble.

HIGH FORTRESS → DEFENSIVE PORTFOLIO

HIGH OPPORTUNISM → GAIN-DOMAIN GAMBLE



> This is directional evidence of predictive validity, not a deployed scoring claim. The study remains in field and the assessment arms still require calibration.

PART THREE

The shape of demand.

Nigerian retail investors want their capital protected and want a route to something better than a deposit rate, and a third of them insist on both within a single sitting. This part sets out each preference in turn and then follows the combined demand into three harder situations: a loss already incurred, a better offer elsewhere and a salary that limits what can be staked.

The “floor” is not one answer. It is a repeated signal.

No respondent was asked, “Do you want a structured product with a capital floor?” “Floor” is our product-design translation of several independent protection choices that all point in the same direction.

55.4%
choose the most defensive of three portfolio mixes.

60.4%
take the certain gain rather than gamble for more.

68.6
median Fortress score.

89.1%
would move at least part of a bond holding toward hard assets when better opportunities appear.

The repeated message is preservation.
The product question is how to provide it.

WHAT THIS ASKS OF THE PRODUCT

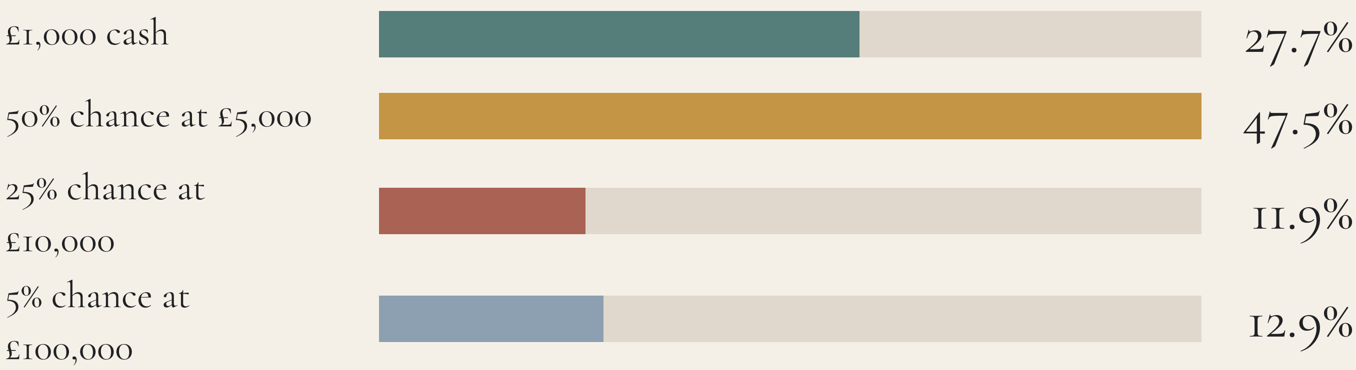
A capital floor the customer can see before buying.

Protection does not mean giving up the chance of more.

The same population that shows strong protection demand is not shy about upside. Nearly half would put a windfall into shares or share funds. Almost three-quarters choose a chance at a larger prize rather than cash in hand.

72.3%
choose a chance at a larger prize over £1,000 cash.

47.5%
would put a windfall into shares or share funds.



WHAT THIS ASKS OF THE PRODUCT

A defined share of something better than the deposit rate, stated in plain terms.

THE CENTRAL FINDING

The Nigerian investor wants a floor beneath capital and a door to upside.

36.6%

choose both the most defensive portfolio and the prize.

25.7%

choose the defensive portfolio and still choose shares for a windfall.

WHAT THIS ASKS OF THE PRODUCT

The floor and the door within a single instrument, since a customer offered them separately buys the floor and gambles for the door.

The decision rule changes when the frame changes.

With identical odds and stakes, respondents behave differently when the outcome is framed as a gain rather than a loss. In gains, the majority prefer certainty. In losses, the majority prefer the gamble rather than lock in the loss.

GAIN DOMAIN

60.4%

take the certain gain.

LOSS DOMAIN

66.3%

gamble rather than crystallise the certain loss.

The most common joint pattern is certainty in gains and gambling in losses: 34.7% show it, ahead of 31.7% who gamble in both domains. It does not prove funded trading behaviour, but it matters for product design.

WHAT THIS ASKS OF THE PRODUCT

A worst case that is bounded and visible in advance, because an open-ended loss is what invites the gamble.

In Nigeria, “safe” does not simply mean cash.

A stable-currency framework can misclassify preservation behaviour. Moving from a government bond into dollars, gold or land may look like “taking more risk” on a conventional asset-class map. For a Nigerian household, it can mean the opposite: defending purchasing power.

92.0%

of high-Fortress respondents would move at least half of a government-bond position into hard assets when better returns appear elsewhere; only 8.0% would simply hold the bonds.

Gold

Familiar store-of-value signal.

Dollars

Currency preservation rather than speculation.

Land / real assets

Assets expected to retain real-world value.

WHAT THIS ASKS OF THE PRODUCT

A return that visibly tracks better opportunities, or a term short enough that the customer is never asked to hold through one.

Wanting upside is not the same as wanting to bet the household.

Growth appetite is visible, but the willingness to commit a large share of household wealth is much more limited. More than half would stake one month's salary or nothing on a speculative venture; fewer than one in ten would stake six months' salary.

53.5%
would stake one month's salary or nothing.

8.9%
would stake six months' salary.

That is why minimum ticket size belongs inside the product design discussion. A product can be attractive in payoff terms and still be unusable if it requires too much of the household balance sheet in one position.

WHAT THIS ASKS OF THE PRODUCT

A ticket the size of one month's salary.

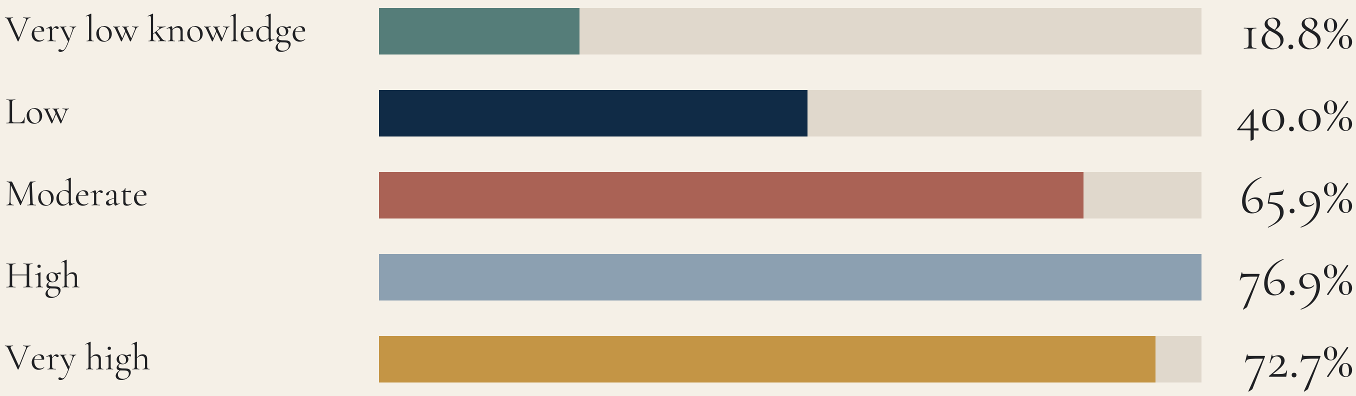
PART FOUR

Who carries the demand.

The demand described in Part Three runs well beyond current investors. It is present among people who have never bought a fund, its protection side is strongest among women, who also participate least, and it takes a recognisably different form in each of three age groups.

The non-investor does not obviously lack appetite.

High Opportunism is about as common among non-investors as among current investors in this pull: 48.9% versus 50.0%. Knowledge produces a much clearer gradient: ownership rises from 18.8% among those who describe their knowledge as very low to above 70% among those who describe it as high or very high.



WHAT THIS ASKS OF THE PRODUCT

Buyable without prior investment knowledge, since the appetite is already present.

Women are not a cash segment.

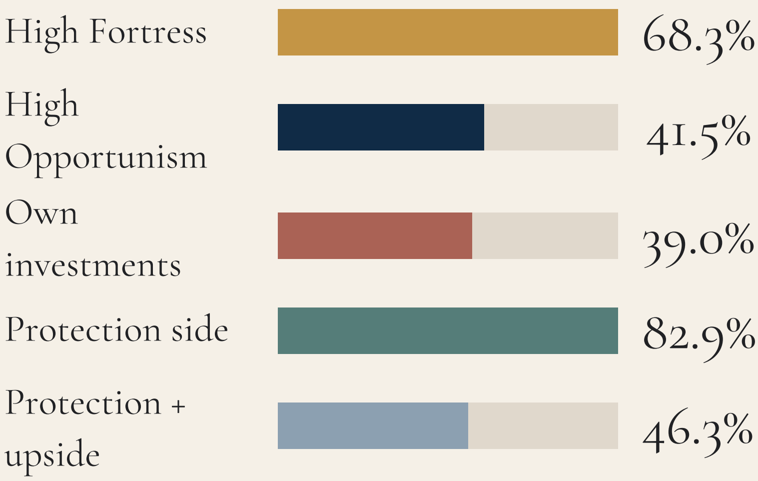
Women have the strongest protection scores in the study and much lower investment ownership than men. The easy conclusion would be to sell women more conservative products. The rest of the data says that would be a mistake.

72.5
women's median Fortress score versus 50.0 for men.

39.0%
of women own investments versus 68.4% of men.

61.0%
are still on the upside side of the Opportunism midpoint.

THE FEMALE BEHAVIOURAL PROFILE



Protection rises much more than upside appetite falls.

WHAT THIS ASKS OF THE PRODUCT

A floor that stands on its own terms, sold to the half of the population that scores highest on protection and participates least.

AGE AND LIFE STAGE

The same shelf cannot do the same job for everyone.

18–24	**41.8%** own investments. Upside appetite is already present, but comprehension and trust remain plausible gates.
25–34	**72.0%** own investments, the highest of any age group. This is the commercial core: already in the market, strongly represented in the protection-plus-upside shape, and dissatisfied with what it finds.
35+	**71.4%** own investments, yet **76.2%** choose the gamble rather than crystallise the certain loss in the loss-domain task, the highest rate of any age group. Their product should not rely on calm intervention during drawdowns.

Age changes the design job, not simply the risk band.

WHAT THIS ASKS OF THE PRODUCT

A structure that carries the customer through a drawdown without relying on the customer to stay calm.

PART FIVE

The shelf.

This part sets the measured demand against the products on offer. The fund shelf is built of cash and equity, the government's own retail bond pays a fixed coupon, and the instrument described in the previous two parts, priced here as a worked example, is available from neither.

Nigeria's fund shelf is overwhelmingly about liquidity and yield.

As of July 2026, registered mutual-fund assets were dominated by money-market funds. The segment held about ₦6.27 trillion and 66.74% of total mutual-fund assets across 48 funds. Equity funds held only 2.32%.

66.74%
Money-market funds
The dominant retail fund proposition.

2.32%
Equity funds
A tiny share of the registered fund shelf.

It is tempting to read this as proof that Nigerians are naturally conservative. This study cannot establish that. Rates, liquidity, regulation, familiarity, distribution and supply all matter. The more useful conclusion is narrower: **the composition of the shelf should not be mistaken for a complete map of demand.**

The current shelf solves one problem at a time.

WHAT THE RESEARCH FINDS	WHAT THE COMMON SHELF OFFERS	WHAT REMAINS UNRESOLVED
Protection demand	Cash and money-market funds	Nominal safety, not necessarily real store-of-value protection
Upside appetite	Long-only equity funds	Participation without an explicit floor
Uncertainty aversion	Asset-class labels and NAV volatility	No simple statement of best case, worst case and path
Limited balance-sheet capacity	Standard fund minimums and open-ended commitment	Small-ticket defined exposure
Loss-domain asymmetry	Investor decides when to exit or hold	No contract carrying the discipline

The problem is not a missing asset class.
It is a missing payoff architecture.

The FGN Savings Bond is a useful place to test the argument.

Launched in 2017, the FGN Savings Bond is the Debt Management Office's retail instrument: two- and three-year fixed-coupon bonds, ₦1,000 units, a ₦5,000 minimum, quarterly coupons, tax exemption, five-day monthly offer windows and purchase through appointed stockbrokers into a CSCS account.

₦116.21bn

total FGN Savings Bonds outstanding in the current report.

4,177

subscriptions recorded for the August 2026 offer.

The bond solves a real problem: sovereign-backed fixed income in a small ticket. But it remains a conventional coupon product. It does not attempt to combine capital security with an upside mechanism, nor does it solve the local store-of-value question.

What NS&I does differently.

National Savings and Investments is the United Kingdom's state savings franchise, backed 100% by HM Treasury. Its flagship Premium Bond changes the return shape rather than merely changing the coupon. Capital does not fall; there is no coupon; instead, each bond enters a monthly prize draw.

22m+
Premium Bond holders.

£134.6bn
held in Premium Bonds in the report's source material.

£25
minimum purchase.

Instant
access, with direct web/app/phone purchase.

The point is not that Nigeria should copy Premium Bonds feature for feature. The point is that the product makes a behavioural trade explicit: **preserve the principal, keep the possibility of an exciting upside, make the worst case easy to understand.**

Map the findings onto the product design.

FINDING IN THIS STUDY	WHAT THE PREMIUM BOND DESIGN ANSWERS
Risk experienced as uncertainty — 51.5%	The worst case is simple: the capital remains intact.
Certainty preferred in gains — 60.4%	There is no principal-loss domain in the product itself.
Chance preferred over cash — 72.3%	The prize draw preserves the upside/chance instinct inside a savings wrapper.
Limited commitment capacity	Very low minimum and instant access keep the position small and reversible.
Trust is a major frustration	State guarantee and fixed rules carry part of the burden that persuasion otherwise would.

There is one major Nigerian translation problem: currency. NS&I never has to answer for sterling in the way a naira retail product must answer for purchasing-power erosion. A Nigerian version therefore needs a store-of-value leg — inflation linkage, currency reference or another transparent preservation mechanism.

Protection and excitement can coexist in one simple retail contract.

> Nigeria has arrived late to a problem that other markets have already worked through. Five of them, on four continents, built either the instrument or the route by which retail investors reach it, and each chose a different channel to do so.

Five markets.
Five design lessons.

Sweden	**Capital-guarantee products.** The instrument itself supplied a visible floor while preserving market participation.
United States	**Defined-outcome and buffer funds.** Listed wrappers turned bounded downside and specified participation into a repeatable retail shelf.
Brazil	**Tesouro Direto.** Government paper was organised around household financial jobs, with small minimums and direct digital access.
South Africa	**Retail savings bonds.** Fixed, inflation-linked and Top-Up variants show that a sovereign retail programme can use product architecture, not only a coupon.
Kenya	**M-Akiba.** Mobile distribution demonstrated the power of access and the limit of access when product comprehension is weak.

The answer is not one foreign product. It is a combination of design choices from others.

From Sweden

Make the floor visible in the instrument itself.

From the United States

Make the outcome shape repeatable and shelf-ready.

From Brazil

Sell directly, digitally and in tickets sized for ordinary salaries.

From South Africa

Let the sovereign retail programme offer more than one return shape.

From Kenya

Do not confuse access with comprehension. A mobile rail only works if the payoff can be explained on the same screen.

Nigeria already has the issuer, the capital and the mobile customer.
What is missing is the joined-up instrument.

The findings resolve into a single product, which this part specifies before setting out what follows from the study and describing how the evidence was gathered and where it remains thin.

The product that is missing.

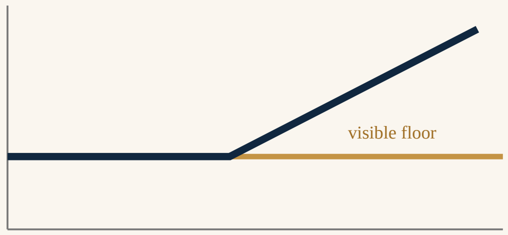
EVIDENCE	PRODUCT SPECIFICATION
Protection	A capital floor the customer can see before buying.
Upside	A defined share of something better than the deposit rate, stated in plain terms.
Floor + door	Both in a single instrument.
Losses	A worst case bounded and visible in advance.
Store of value	A return that tracks better opportunities, or a short enough term.
Capacity	A ticket the size of one month's salary.
Participation	Buyable without prior investment knowledge.
Gender	A floor that stands on its own terms.
Age / drawdown behaviour	A structure that carries the customer through a drawdown.

A floor the customer can see.
A door to upside.
A ticket they can afford.

Not one missing product. A missing shelf.

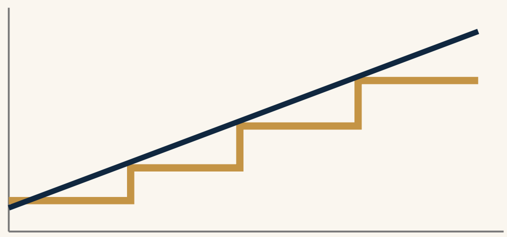
Protected participation

A visible floor with meaningful participation in positive performance.



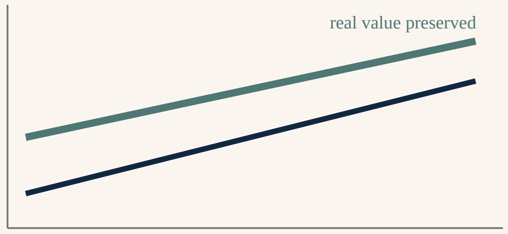
Ratchet / lock-in

Let gains progressively raise the protected level.



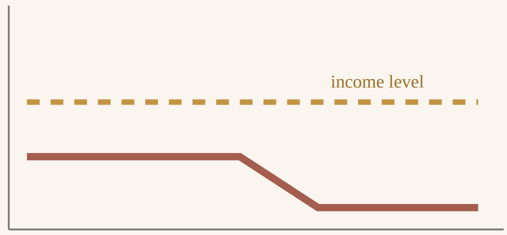
Store-of-value protection

FX, inflation or hard-asset references where nominal naira protection is not enough.



Income with bounded downside

Regular outcomes without hiding an unbounded barrier risk.



Smarter versions of basic things, not a shelf of opaque exotica.

WHAT THIS MEANS FOR THE MARKET

Different actors. Different jobs.

If the central finding is right, the response cannot sit with product manufacturers alone. The market architecture has to make simple outcome design possible, understandable and distributable.

FOR REGULATORS

Permit simple innovation. Raise the burden on hidden complexity.

Outcome disclosure: require floor, upside mechanism, tenor, liquidity and counterparty risk in one-page language.

Product governance: define when buffers, floors and non-linear payoffs remain appropriate for retail distribution.

Direct rails: enable small-ticket digital purchase and redemption for approved products.

Evidence: ask whether target-market claims are supported by behaviour and comprehension, not only by a questionnaire score.

FOR MARKET PARTICIPANTS

Stop treating “risk level” as the product specification.

Asset managers: design payoff shapes around jobs: preservation, participation, income and store of value.

Advisers: separate protection demand from upside appetite instead of averaging both into “moderate”.

Banks and issuers: compete on clarity of outcome, not headline coupon complexity.

Platforms: make payoff diagrams, scenario ladders and behavioural fit visible at the point of choice.

The opportunity is not to sell more risk.
It is to manufacture risk people can actually use.

The missing product is the missing middle.

The study began by asking respondents what the word risk brings to mind, and the answer set the tone for everything that followed: half said uncertainty and only three in a hundred said loss. Read alongside the behavioural results, the Nigerian retail investor comes across as someone who is prepared to commit money but who is rarely shown the range of outcomes that commitment carries, and who arranges their affairs to cope with that. It explains why the same respondent selects the most defensive portfolio mix and then prefers a chance at a prize to cash in hand, why nine in ten of those with high protection scores would leave a government bond for hard assets as soon as a better return appears elsewhere, and why two thirds would gamble when confronted with a certain loss. In the absence of an instrument that states both the floor and the upside in advance, uncertainty is being managed with the two tools the market provides, which are a money market fund for safety and a punt for growth.

The questionnaire captures none of this. It places the population in three moderate bands and passes it to a shelf built of cash and equity, and the shelf then appears to confirm the questionnaire, since around two thirds of fund assets sit in money market funds and the industry reads that as evidence of a cautious customer. The behaviour points to a different explanation, which is that the money sits in cash because there is nothing between cash and shares to move it into.

The components of a solution already exist elsewhere. Sweden and the United States built the instrument itself, a capital floor the customer can see together with a defined share of the upside, one distributed through the banks and the other through listed funds. Brazil, South Africa and Kenya built the access route, selling government paper directly to the public in tickets sized for a salary, and in Kenya's case from a mobile phone. The British Premium Bond shows what a prize element does for take-up among savers who would otherwise leave money in a current account. Nigeria has a sovereign issuer with an established retail programme, a fund industry holding the capital, a population that transacts on its phones and a measured prize instinct of 72.3%, and it has yet to combine them.

The instrument specified in Part Seven is the answer to the question this study set out to ask. Nigerian retail investors are ready to invest, and have been for some time; what has been missing is a product that shows them the range of outcomes before they commit and holds its floor when the market turns.

> *Show the range of outcomes before the customer commits.*
> *Hold the floor when the market turns.*

How to read the study.

The study remains in field. Figures are directional percentages of responding participants. We reached 200 participants.

The sample skews young, mobile and Lagos-centred. It is informative about a digital distribution population, not nationally representative of Nigerian adults.

Some cuts are small. Gender, 35+ and thin risk-band comparisons should be read directionally.

No funded-portfolio behaviour was observed. Choice tasks do not prove actual selling or holding behaviour.

Assessment arms require calibration. Video and games modules do not produce identical dimension distributions.

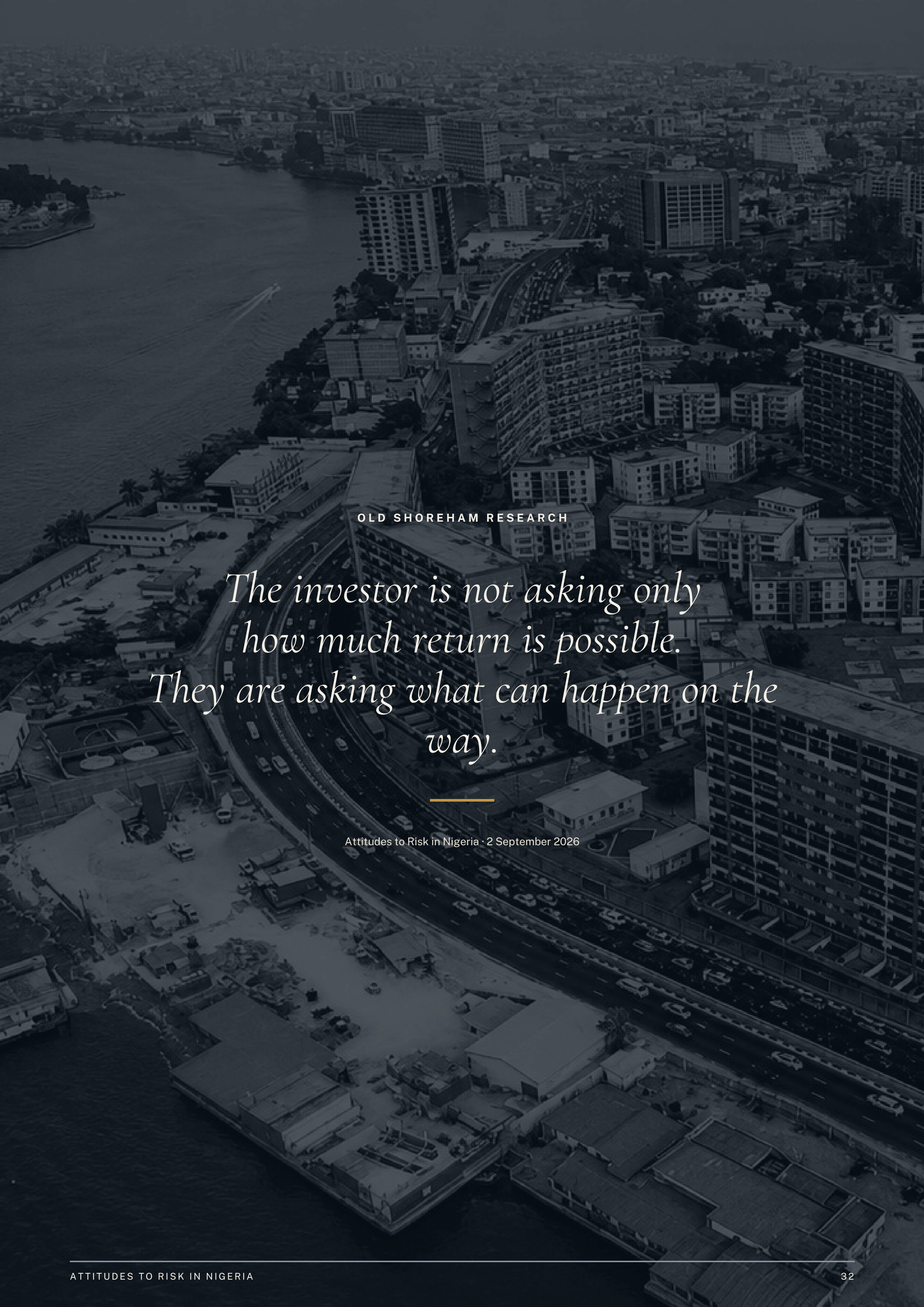
Out-of-sample discrimination is moderate. The cross-test is evidence of direction.

No test-retest estimate exists yet.

The analysis is cross-sectional and observational. Associations are not causal estimates.

> Fortress and Opportunism scores cluster at the ends of the scale. Medians on those two dials move when a few respondents are added; the share scoring 70 or above is the more stable summary.

Data vintage: All figures are computed on the 2 September 2026.



OLD SHOREHAM RESEARCH

The investor is not asking only how much return is possible. They are asking what can happen on the way.

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