FINANCIAL INTELLIGENCE AND CRIME REDUCTION IN TARKA LOCAL GOVERNMENT AREA OF BENUE STATE, NIGERIA

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Abstract

Financial intelligence enhances individuals' capacity to analyze financial situations and manage resources effectively, thereby reducing the likelihood of economic distress that may lead to poverty, excessive debt, bankruptcy, and involvement in criminal activities. This study examines the relationship between financial intelligence and crime reduction in Tarka Local Government Area of Benue State, Nigeria. It specifically investigated the effects of financial literacy and investment knowledge on crime reduction in Tarka Local Government Area. The study was guided by the financial literacy theory. A total of 388 respondents participated in the research. Data were collected using a structured questionnaire and in-depth interview. Descriptive statistics and narrative statements were used to present the data, while Linear Regression was employed to test the hypotheses. Findings revealed mixed perceptions regarding the availability of opportunities to gain financial literacy skills in the study area. Results further showed that adequate financial knowledge reduces the probability of resorting to illegal activities such as theft, scams, human trafficking, money laundering, and drug abuse, while investment knowledge helps individuals avoid situations that could expose them to crime victimization. The study recommends the implementation of community-based financial literacy workshops and outreach campaigns aimed at educating residents on personal finance, investment opportunities, and fraud prevention in order to promote safer and economically resilient communities.

Keywords: Crime reduction, Financial intelligence, Financial literacy, Investment knowledge

Introduction

Crime remains a global challenge, with rising cases of homicide, rape, corruption, cybercrime, drug trafficking, and other forms of violence reported across continents. North America faces persistent challenges such as gun violence, organized drug crimes, and cyber-attacks, while parts of Latin America continue to struggle with high homicide rates driven by gang activity and drug trafficking (UNODC, 2022). Europe, despite strong financial intelligence systems, experiences organized crime in regions with low financial literacy, such as Ukraine and Russia (Klapper et al., 2021; World Economic Forum, 2023). Asia's financial literacy landscape is uneven, with advanced economies like Japan and South Korea demonstrating strong financial behaviors, while South Asian nations experience terrorism, corruption, and political instability (Global Organized Crime Index, 2023).

Africa records some of the highest levels of crime globally, due largely to poor financial intelligence, weak regulatory frameworks, and underdeveloped financial systems that enable fraud, money laundering, and other criminal activities (FATF, 2022). These problems are especially acute in Sub-Saharan Africa, where crimes such as armed robbery, cybercrime, kidnapping, and banditry persist (Okpuvwie, 2021). Nigeria faces similar challenges, with burglary, bribery, terrorism, money laundering, and cybercrime linked to low financial intelligence, unemployment, and economic inequality (Okafor, 2023).

Financial intelligence can play a transformative role in addressing these issues. It enables individuals to understand budgeting, savings, investments, and financial risk management, helping them avoid financial desperation that often leads to criminal behavior. Lusardi and Mitchell (2014) argue that financial knowledge reduces the likelihood of individuals engaging in or becoming victims of theft, fraud, or other crimes. Investment literacy empowers individuals to build wealth legitimately, reducing the appeal of criminal alternatives.

Governments worldwide have adopted reforms aimed at strengthening financial inclusion to reduce poverty, unemployment, and crime (Jahan et al., 2019). Financial intelligence helps individuals make informed decisions about budgeting, insurance, investments, and retirement planning, protecting them from exploitative financial products (Drotárová et al., 2021; Bernanke, 2016). In recent times, the people of Tarka have reportedly been victims of criminal activities where their resources are carted away by criminals parading as investment specialists. The continuous increase in financial crimes in the study location necessitates this study, so that the residents can be better equipped on how to manage their finances.However, obstacles such as unequal access to financial education, behavioral constraints, and rapid technological changes limit the impact of financial intelligence (Hastings et al., 2019). These limitations are evident in Benue State, where crime persists despite efforts by law enforcement agencies. Against this backdrop, this study investigates financial intelligence and crime reduction in Tarka Local Government Area. Specifically, the study seeks to determine the effect of financial literacy on crime reduction, and investigate the effect of investment knowledge on crime reduction in Tarka Local Government Area of Benue State. The study also tests the following null hypotheses: (i) There is no significant relationship between financial literacy and crime reduction in Tarka Local Government Area, and (ii) Investment knowledge does not significantly affect crime reduction in Tarka Local Government Area of Benue State.

Social Structure for Financial Literacy and Investment Knowledge in Rural Nigeria

The concept of financial intelligence emerged during the 1989 G7 Paris Summit, initially aimed at combating money laundering and drug trafficking (Silveira, 2020). Over time, the scope of financial intelligence expanded to include individual-level financial competencies necessary for economic stability and crime prevention. At the organizational level, financial intelligence involves the ability to interpret financial information for effective decision-making (McKinsey & Company, 2022), while at the personal level it refers to the capacity to manage income, savings, investments, and debt to enhance financial wellbeing (Saxena & Kadam, 2020). In rural Nigeria, however, the acquisition and application of these competencies are strongly conditioned by social structure, including patterns of livelihood, education, communal relations, and access to formal financial institutions.

Rural Nigerian communities are predominantly agrarian and characterised by informal economic activities, seasonal incomes, and limited financial diversification. These structural conditions shape how financial knowledge is acquired, transmitted, and utilised. Adegbite and Machethe (2020) observe that rural households rely heavily on informal financial arrangements such as *ajo, esusu,* rotating savings groups, and cooperative societies. While these mechanisms are socially embedded and promote mutual trust, they often operate outside formal regulatory frameworks, which limit financial protection and increase vulnerability to fraud and mismanagement among memvbers. Thus, the social structure of rural Nigeria constrains financial literacy development and exposes residents to financial risks.

Financial literacy, defined as the awareness, knowledge, skills, attitudes, and behaviours required to make informed financial decisions (OECD/INFE, 2020), remains relatively low in rural Nigeria due to structural barriers such as limited educational opportunities, poor access to banking services, and inadequate financial education programmes. Demirgüç-Kunt et al. (2018) and Klapper et al. (2012) note that rural populations in developing countries are significantly less financially literate than urban residents. Odeleye and Olusoji (2021) found that rural dwellers in Nigeria with low financial literacy were more likely to patronise unregulated lenders, fall victim to fraudulent cooperative schemes, and incur high-interest debts. These outcomes increase an individual's economic vulnerability and propensity to criminal conduct. The social structure of rural Nigeria also shapes exposure to financial crime and the ability to detect fraudulent activities. Nguyen (2019) argues that individuals with higher financial understanding are better equipped to recognise fraud, while Engels et al. (2020) demonstrate that financially illiterate populations are more susceptible to scams and deceptive financial practices. In rural Nigerian communities, this vulnerability is evident in the proliferation of fake agricultural investment schemes and informal credit arrangements that promise unrealistic returns. Muhammad (2018) further contends that financial literacy enhances individuals' capacity to assess financial risks, reducing their reliance on predatory financial services and minimizing the likelihood of financial victimization.

Empirical studies indicate that poor financial decision-making, particularly the acceptance of high-interest loans, is prevalent among financially illiterate populations (Motolla, 2013; Utkus & Young, 2018). In rural Nigeria, similar patterns have been documented, where farmers and petty traders resort to exploitative borrowing during periods of economic stress, such as planting seasons or poor harvests (Akinwale, 2019). These financial pressures can escalate into asset loss, household conflict, and, in some cases, engagement in survival-driven criminal activities. Drotárová et al. (2021) show that low financial literacy among marginalised groups is associated with petty crime and desperate economic behavior, a finding that resonates strongly with rural Nigerian realities.

Investment knowledge constitutes another critical component of financial intelligence shaped by rural social structure. Investment in agriculture, small-scale enterprises, housing, and community infrastructure plays a central role in livelihood sustainability and economic development in rural Nigeria. Levine and Renelt (2018) and Nnanna (2016) established the link between savings, investment, and growth, while Nigerian studies have demonstrated that rural investment contributes significantly to employment generation and poverty reduction (Ijirshar et al., 2019; Ahmad, 2018). However, limited access to reliable financial information and advisory services restricts rural residents' ability to make informed investment decisions. The absence of adequate investment knowledge has increased rural dwellers' susceptibility to fraudulent investment schemes, particularly those disguised as agricultural or cooperative ventures. Individuals posing as investment specialists exploit trust-based social networks common in rural communities, leading to financial losses that can undermine household stability. Conversely, Goyal and Kumar (2021) argue that individuals with sound investment knowledge are more likely to allocate resources efficiently, build productive assets, and maintain long-term financial stability. Klapper et al. (2015) further note that such individuals are better prepared to absorb economic shocks and less likely to engage in criminal behaviour.

Theoretical Framework

Financial literacy theory is adopted for this study. This theory is traced to the scholarly works of Gary Becker (Human Capital Theory) and Herbert Simon (Bounded Rationality). Though not directly addressing financial literacy, their work on human capital and decision-making set the stage for the establishment of the theory at its earliest stage from the 1960-1970s. In the 1990s, research works by Lusardi and Mitchell (2017) helped to formalize financial literacy as a theoretical field, focusing on its relationship with financial behaviour (Becker, 1964). Today, Annamaria Lusardi and Olivia Mitchell are widely regarded as the modern proponents of financial literacy theory.

Financial literacy theory is built on several key assumptions that guide its framework for understanding how financial knowledge and skills affect individual behaviour and outcomes. These assumptions are shaped by both economic and behavioural perspectives. According to Lusardi and Mitchell (2011), the theory assumes that individuals who possess financial knowledge and skills are more likely to make informed financial decisions. This includes understanding the costs and benefits of financial products, managing credit, saving for retirement, and investing wisely. Another assumption of the theory is that providing individuals with financial education will improve their financial literacy, which in turn will lead to better financial behavior and outcomes. Education helps people develop a better understanding of key financial concepts such as budgeting, saving, and debt management. The theory also assumes that financial systems—comprising banks, credit markets, insurance, and investment vehicles—are increasingly complex. Therefore, specialized knowledge is required to fully understand and navigate these systems effectively. Another key assumption of the theory is that financial literacy has the potential to reduce economic inequality by equipping individuals, especially those from disadvantaged backgrounds—with the knowledge they need to make informed financial choices (Lusardi & Mitchell, 2014).

Financial intelligence involves a deep understanding of financial concepts, such as inflation, compound interest, risk diversification, and the time value of money. Financial literacy is grounded in the idea that those with better financial knowledge are better equipped to make sound financial decisions. It explores the relationship between financial attitudes and behaviour. Individuals' mindset towards saving, spending, investing, and risk-taking influences how they manage their money.

In relation to this study, financial intelligence can indeed serve to mitigate diverse crime forms in Tarka Local Government Area of Benue State. For instance, financially educated individuals can be able to make informed decisions thereby reducing the likelihood of engaging in financially motivated crimes like theft or fraud. More so, financial literacy empowers vulnerable populations. As such, it will offer such people's alternatives to illegal activities by fostering long-term financial stability. In addition to this, good debt management practices and saving culture could help people to navigate complex financial systems and avoid scams. Imperatively, financial literacy will help in reducing criminal victimization and associated risks of financial crimes. Overall, promoting financial intelligence in the study area can encourage responsible financial behaviour, which is critical to the promotion of economic stability and reduction of crime in Tarka Local Government Area of Benue State.

Research Methodology

The study was carried out in Tarka Local Government Area of Benue State – Nigeria.Tarka local government is selected for the study because residents in the local government area are predominantly farmers who cultivate crops like tomatoes, soybeans, and pepper in commercial quantities. In fact, these activities form a major source of livelihood in the area. The huge farm produce and other resources generated from socioeconomic activities are not properly managed.

Mixed method research design was adopted for the study. The design enabled the collection of data from a relatively large and diverse population at the same time. It also enabled the researcher to use a variety of data collection techniques to gather data. The sample size for the population of this study was 400 respondents taken for quantitative study while 12 respondents were used for qualitative study, making a total of 412 respondents from six council wards in Tarka Local Government Area using Yamane (1967) formula. Multi-stage sampling technique was used in the study to arrive at the respondents from which data were collected using a structured questionnaire and interview guide.

Results

The socio-demographic features of the respondents are presented and analyzed in this section.

Table 1: Distribution of respondents by socio-demographic characteristics

Variable	Categories	Frequency (N=388)	Percent (100)	($\bar{x}$)
Age (years)	18-24	169	43.6	
	25-31	84	21.6	
	32-38	55	14.2	29.1
	39-45	52	13.4	
	46 and above	28	7.2	
	Total	**388**	**100**	
	Male	188	48.5	
Sex				
	Female	200	51.5	
	Total	**388**	**100**	
	Farming	180	46.4	
Occupation				
	Trading	78	20.1	
	Artisan	80	20.6	
	Civil servant	35	9.0	
	Student	15	3.9	
	Total	**388**	**100**	
	No formal education	33	8.5	
Educational attainment				
	Primary education	66	17.0	
	Secondary education	123	31.7	
	Tertiary education	166	42.8	
	Total	**388**	**100**	
	Single	189	48.7	
Marital status				
	Married	129	33.2	
	Divorced	46	11.9	
	Separated	18	4.6	
	Widowed	6	1.5	
	Total	**388**	**100**	
	<15000	81	20.9	
Monthly Income				
	15001-30000	105	27.1	
	30001-45000	30	7.7	51,742.3
	45001-60000	60	15.5	
	60001>	112	28.9	
	Total	**388**	**100**	
	Employed	189	48.7	
Employment status				
	Unemployed	199	51.3	
	Total	**388**	**100**	

Source: Fieldwork, 2025.

The socio-demographic profile of the respondents revealed different attributes among the respondents. Table 4.1 revealed that the majority of respondents (43.6%, n=169) fall within the age group of 18–24 years, followed by respondents whose age fall within the category of 25–31 years

(21.6%, n=84). The implication of the statistics to the study is that the majority of the youths who have all the capability of engaging in crime due to lack of financial intelligence were involved in the study. The sex of the respondents revealed that more (51.5%) females than males participated in the study. This was a representative sample as the population of Tarka Local Government shows there are more females than males (NPC, 2023).

Data on the occupational status of the respondents indicated that farming is the dominant occupation among respondents (55.4%). This further underscores the nature of Tarka LGA as an agrarian area. The educational attainment of respondents revealed that about 43% of the respondents have tertiary education, about 32% have secondary education, less than 18% have primary education while about 9% have no formal education. The implication of the statistics to the study is that the majority of the respondents have formal education. Thus, they can provide some information on financial intelligence and crime reduction.

More so, data on the marital status of the respondents indicated that the majority of respondents are singles (48.7%), 33.2% were married. Respondents who have divorced, separated from their previous marriages and are widowed constitute 18.0%. The income of respondents revealed that 20.9% earns less than ₦15,000 per month, 27.1% earns between ₦15,001 and ₦30,000. Only 28.9% earn above ₦60,001. The implication of the statistics is that respondents may find it difficult to save and invest considering their meager income level. Data on the employment status of the respondents revealed a near even split between the employed (48.7%) and unemployed (51.3%) respondents. This data underline the fact that addressing unemployment is critical to crime reduction in the study area.

Table 2: Rating of responses on financial literacy and crime reduction in Tarka LGA

S/N	Items	Yes	NS	No	$\bar{x}$	Std.
1.	Are there opportunities to understand what financial literacy is in this community?	184(47.4%)	137(35.3%)	67(17.3%)	2.12	.903
2.	Can having adequate knowledge about finances reduce the likelihood to resort to illegal activities to repay loans?	271(69.8%)	32(8.2%)	85(21.9%)	2.62	.634
3.	Can adequate knowledge about finances provide individuals with knowledge to create legitimate income sources?	284(73.2%)	64(16.5%)	40(10.3%)	2.57	.760
4.	Can knowledge about finances enable individuals to make informed choices about investment to avoid becoming victims of fraud?	276(71.1%)	75(19.3%)	37(9.5%)	2.52	.799
5.	Can sufficient information about finances help individuals to avoid risky behaviours that can promote crime?	233(60.1%)	54(13.9%)	101(26.0%)	2.46	.727
6.	Can adequate information about finances protect individuals against scams?	249(64.2%)	81(20.9%)	58(14.9%)	2.43	.815
7.	Can sufficient knowledge about finances protect individuals against fraud?	302(77.8%)	68(17.5%)	18(4.6%)	2.60	.769
8.	Will adequate information about finances enable people to invest and prevent their involvement in crime?	319(82.2%)	45(11.6%)	24(6.2%)	2.71	.664

Source: Fieldwork, 2025

The rating on table 2 revealed that participants had divergent views about the availability of opportunities to understand what financial literacy is in the study area. Data revealed that over 47% of the respondents agreed that the opportunities to understand what financial literacy entails are available in the study area, while less than 36% indicated that they were not sure whether such opportunities exist within their community. However, 17.3% indicated that the opportunities are not available in the study area. This aligns with Marlowe and Atiles (2005), who found that marginalized populations often lack adequate financial literacy programmes, making them vulnerable to economic victimization. Similarly, Muhammad (2018) emphasized that accessible financial education is important for reducing fraud and predatory practices among vulnerable groups. These mixed perceptions highlight the need for more deliberate, visible, and accessible financial literacy programmes in Tarka Local Government Area.

The ratings showed that having adequate knowledge about finances reduce the likelihood to resort to illegal activities to repay loans ($\overline{x}$=2.62, STD=0.634). This is consistent with Motolla (2017) as well as Utkus and Young (2011), who reported that financially illiterate individuals tend to make poor financial decisions that may lead to criminal behaviour. Jin, Liu, and Nainar (2022) further demonstrated a negative correlation between financial literacy and property crimes, reinforcing the respondents' views that financial literacy reduces financial desperation and crime.

Findings from the study further showed that adequate knowledge about finances provide individuals with knowledge to create legitimate income sources ($\overline{x}$=2.57, STD=0.760), enables individuals to make informed choices about investment to avoid becoming victims of fraud ($\overline{x}$=2.52, STD=0.799), and help individuals to avoid risky behaviours that can promote crime ($\overline{x}$=2.46, STD=0.727). This is in line with James et al. (2021), who found that individuals with higher financial literacy were less likely to experience fraud. Muhammad (2018) similarly highlighted the protective function of financial literacy, emphasizing its role in helping individuals identify risky situations and make informed decisions to avoid fraud.

The data indicated that adequate information about finances protect individuals against scams ($\overline{x}$=2.43, STD=0.815), fraud ($\overline{x}$=2.60, STD=0.769), and enables people to invest and prevent their involvement in crime ($\overline{x}$=2.71, STD=0.664). The findings are consistent with Goyal and Kumar (2021), who argued that financially literate individuals are better positioned to accumulate wealth and manage debt. Klapper et al. (2015) similarly observed that financial education enhances savings culture and reduces vulnerability to economic shocks, which often drive individuals into illegal activities. These findings also support the work of Jin et al. (2022), who concluded that individuals with adequate savings are less likely to commit property crimes.

The findings on the first objective of the study align with financial literacy theory, which posits that access to financial knowledge enhances decision-making and reduces vulnerability to economic risks (Lusardi & Mitchell, 2011). They also support Routine Activity Theory, which suggests that educated individuals are less likely to be suitable targets for crime.

The quantitative data presented above was supported by qualitative data generated through the in-depth interview with a trader who said:

> Because I have proper knowledge of how to manage my finances, I have been able to save and invest wisely. And as a result of my carefulness, I have reduced the level at which I depended on loans that often led me into problems (IDI/Trader/38 years/Mbaigba/2025).

Challenges such as over-indebtedness are propellers of crime. Wise savings and investment can minimize debts and reduce the level a person can consider criminal behaviour. Another respondent, a farmer, had this to say:

> I have survived fraudsters simply because I have good knowledge about investment and loans. Having such knowledge has protected me and several other members of this community from criminals who prey on people's lack of financial knowledge (IDI/Farmer/48 years/Shitile/2025).

Criminals often capitalize on financial illiteracy to execute fraudulent schemes. Financial literacy serves to protect individuals from such financial predators/criminals. In the same vein, a bank official said:

> Within the banking sector, we ensure that individuals have the right knowledge about their finances. But I have noticed that the majority of our clients who are educated rarely fall for scams or high-risk schemes which are perpetrated online by criminals (IDI/Banker/35 years/Tongov/2025).

Financial literacy offers individuals greater shield from fraudsters compared to individuals without such knowledge. Financial literacy is relevant in the control of crime in the society and financial institutions are implementing strategies to minimize financial scams.

Table 3: Rating of responses on investment knowledge and crime reduction in Tarka

S/N	Items	Yes	NS	No	x̅	Std.
1.	Can information about investment opportunities be acquired in this community?	306(58.9%)	58(14.9%)	24(6.2%)	2.64	.729
2.	Does good planning on where to invest lower the risk of becoming a victim of crime?	312(80.4%)	44(11.3%)	32(8.2%)	2.69	.665
3.	Does awareness of financial risks discourage involvement in illegal financial activities?	332(85.6%)	44(11.3%)	12(3.1%)	2.74	.647
4.	Will proper investment reduce financial crimes?	302(77.8%)	35(9.0%)	51(13.1%)	2.69	.629
5.	Can availability of investment opportunities help to reduce crime in your community?	332(85.6%)	20(5.2%)	36(9.0%)	2.80	.511
6.	Does putting money in the right place reduce crime?	329(84.8%)	32(8.2%)	27(7.0%)	2.77	.588
7.	Does investing in the rural community reduce crime rate?	314(80.9%)	24(6.2%)	50(12.9%)	2.75	.560
8.	Can encouraging people to invest help to reduce crime?	325(83.8%)	48(12.4%)	15(3.9%)	2.71	.673

Source: Fieldwork, 2025

Table 3 revealed the effect of investment knowledge on crime reduction in Tarka Local Government Area of Benue State. Data showed that information about investment opportunities can be acquired in the study area ($\bar{x}$=2.64, STD=0.729). Also, the ratings indicated agreement in the opinions of respondents that good planning on where to invest lower the risk of becoming a victim of crime ($\bar{x}$=2.69, STD=0.665). This is consistent with Suprapto and Saleh (2022), who found that investment fosters economic growth, providing legitimate income sources that reduce financial pressures leading to crime. Nguyen and Nguyen (2021) similarly highlighted the long-term benefits of domestic and foreign investments in reducing factors associated with financial desperation.

Data also showed that awareness of financial risks discourages involvement in illegal financial activities ($\bar{x}$=2.74, STD=0.647). This is consistent with Okorie et al. (2015), who emphasized the importance of understanding investment mechanisms to avoid failures that may lead to socioeconomic crises and criminal behaviour. Also, Ahmad (2018) found that domestic investment contributes significantly to economic growth and income stability. Results from the study further revealed that proper investment reduce financial crimes ($\bar{x}$=2.69, STD=0.629). This supports the work of Cozens et al. (2019) and Newman (2016), who argued that built-environment improvements reduce crime by eliminating opportunities for offending. Walter et al. (2023) also noted that physical property investments enhance safety by removing criminogenic conditions.

The respondents agreed that availability of investment opportunities help to reduce crime in community ($\overline{x}$=2.80, STD=0.511), investing in rural community reduces crime rate ($\overline{x}$=2.75, STD=0.560) and encouraging people to invest help to reduce crime ($\overline{x}$=2.71, STD=0.673). These findings are consistent with Bakari (2017), who reported that domestic investments have long-term positive effects on economic growth and employment. The study's findings also correspond with Schmidt-Hebbel et al. (2021), who emphasized that proper savings and investment stabilize economic conditions and reduce financial vulnerability.

The quantitative data presented above was supported by qualitative data generated via interview. A farmer boasted that:

> I have invested so much in agriculture; I cultivate yam and groundnuts in commercial quantities. I also engage in the storage of soyabyeans and rice. Doing these things has helped me to build my wealth in a legal way. I do not even think about engaging in criminal activities like armed robbery at all (IDI/Farmer/37 years/Mbaayo/2025).

Proper investment in agriculture can help individuals to establish their wealth legally, and it could reduce the temptation for criminal behaviour. Another respondent added that:

> I know that if I make poor investments, it can put me in a very difficult financial position and I may be tempted to engage in things like theft or robbery. So, anytime I want to invest, I do not hurry about it; I take my time to research before committing my money. So far, it has proven to be a good strategy to make money (IDI/Trader/28 years/Mbakwakem/2025).

Apparently, a clear understanding of the risks of poor investments can prevent people from making hasty decisions that could push them into further debts and motivate them into illegal activities. Another respondent said that:

> I deal in real estate. Basically, I buy landed properties. I always make good profit anytime I sell these properties. I do not have to indulge in fraudulent activities like 4-1-9 or yahoo plus like many youths do these days (IDI/Trader/35 years/Mbachaverikyondo/2025).

Good investments offer people legal ways to build wealth, and it reduces the need to resort to crime as a means of survival.

Test of Hypotheses

Ho$_1$: There is no significant relationship between financial literacy and crime reduction in Tarka Local Government Area.

Table 4: Regression analysis of financial literacy and crime reduction in Tarka LGA

Model	R	R Square	Adjusted R	Std. Error	Change statistics	
					R^2 change	F change
1	.828[a]	.685	.680	.375	.685	138.188
		Sum of squares	Df	Mean square	F	
2	Regression	116.823	6	19.470	138.188	.000[b]
	Residual	53.682	381	.141		
	Total	170.505	387			

Independent variables	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.977	.179		5.465	.000
Can Financial literacy reduce the likelihood to resort to illegal activities to repay loans?	.007	.085	.008	.086	.932
Can financial literacy provide individuals with knowledge to create legitimate income sources?	.021	.171	.027	.126	.900
Can financial literacy enable individuals to make informed choices about investment to avoid becoming victims of fraud?	.038	.149	.049	.254	.800
Can financial literacy help individuals to avoid risky behaviours that can promote crime?	-.120	.084	-.142	-1.424	.155
Can financial literacy protect individuals against scams?	.055	.055	.072	.994	.321
Can financial literacy protect individuals against fraud?	-.020	.064	-.024	-.303	.762
Will financial literacy enable people to invest and prevent their involvement in crime?	.136	.084	.147	1.624	.105

a. **Dependent Variable:** Financial intelligence reduces crime in Tarka Local Government Area

The data on Table 4 shows that a strong positive relationship exists between aspects of financial literacy and crime reduction in Tarka Local Government Area of Benue State. This is indicated by the calculated value of R square = 0.685 (68.5%), and the R value of 0.828. This means that the variables are significantly related. Moreover, since the overall model is statistically significant ($p < 0.05$) and the majority of the predictors show significant contributions, the null hypothesis which states that "There is no significant relationship between financial literacy and crime reduction" is rejected. The implication is that financial literacy has a significant relationship with crime reduction in Tarka Local Government Area. The quantitative data above was buttressed by data from the in-depth interviews. One of the interviewees stated that:

> I have learnt how to budget and manage finances and loans effectively, so I do not need to resort to illegal activities when my business is slow. Moreover, I have the skills to identify scams and avoid risky investments and this has helped me to not engage in nor fall into fraudulent schemes (IDI/Trader/Shitile/2025).

Financial literacy teaches people in the community proper budgeting and financial management strategies. This helps them to identify scams and avoid risky investments, while also avoiding illegal activities even while business may not be going well. Another respondent added:

> Due to the fact that I am financially literate, I have the skills to manage my debts and prioritize investments. This has lowered the chances of me engaging in crime to pay back loans. Besides, as a farmer it can be risky to rely on informal moneylenders to cultivate my crops because their interests are way too high (IDI/Farmer/47 years/Tongov/2025).

Financial literacy empowers individuals to manage their debts and prioritize investments, lowering the chances of them engaging in crime to pay back the money they owe.

Ho_2: Investment knowledge does not significantly affect crime reduction in Tarka Local Government Area of Benue State

Table 5: Regression analysis on investment knowledge and crime reduction in Tarka LGA

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change statistics		
					R square change	F change	
1	.828[a]	.686	.681	.365	.686	138.936	
		Sum of squares	Df	Mean square	F		
2	Regression	111.340	6	18.557	138.936		.000[b]
	Residual	50.887	381	.134			
	Total	162.227	387				

Independent variables	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.286	.248		5.177	.000
Does good financial planning lower the sense of financial desperation which leads to crime?	-.057	.085	-.061	-.669	.504
Does awareness of financial risks discourage involvement in illegal money making activities?	.068	.087	.072	.785	.433
Will proper investment provide a legal means to build wealth and minimize the chances of criminal engagement?	.001	.108	.001	.007	.994
Can good investments improve local infrastructure and limit environmental factors that promote crime?	-.023	.099	-.019	-.236	.814
Investment can prevent bad debts that may contribute to involvement in crime	.004	.074	.004	.057	.954
Can youth investors become successful entrepreneurs?	.050	.079	.046	.635	.526
Can investment minimize the chances of criminal engagement?	-.038	.059	-.042	-.650	.516

b. **Dependent Variable:** Financial intelligence reduces crime in Tarka Local Government Area

The data in Table 5 above shows that a strong positive relationship exists between investment knowledge and crime reduction in Tarka Local Government Area of Benue State. This is indicated by the calculated value of 0.828 (82.8%) and the R square value (0.686). Furthermore, the p-value (0.000) is less than 0.05, denoting a significant relationship between both variables. Consequently, the null hypothesis which states that "investment knowledge does not significantly affect crime reduction in Tarka Local Government Area" is rejected. The quantitative data above was further stressed by data from the in-depth interviews. A respondent said:

> Knowing how to invest has helped me to plan better and to avoid financial desperation. Because I have my investments, I do not go moving aimlessly around town. In fact, because I have knowledge of what I want to do with my money, people who would naturally have

> negatively influenced me stay away from me (IDI/Community member/39 years/Mbaayo/2025).

Investment knowledge helps people to plan better and avoid financial desperation, which keeps them away from bad influences. Another interviewee said:

> Even acts such as investment in roads by the government have a strong effect on crime reduction. In this community, for example, the current governor has improved the quality of the roads and it has become very hard for criminals to succeed (IDI/Community leader/48 years/Mbakwakem/2025).

When local roads and facilities improve through investments, it becomes harder for crime to thrive in communities. The view on positive impact of investment knowledge on crime reduction is supported by another respondent who stated that:

> I have observed that successful entrepreneurs are less likely to engage in crime because they have outstanding knowledge about investment. And because of that knowledge, they create opportunities for others can contribute positively to society. Overall, knowledge about investment helps people make sound decisions (IDI/Trader/33 years/Mbakwakem/2025).

Investment knowledge helps people make sound decisions which discourage them from engaging in illegal money-making ventures.

Conclusion and Recommendations

The study establishes that financial intelligence significantly contributes to crime reduction. Financial literacy reduces individuals' vulnerability to fraud, economic distress, and illegal activities. Investment knowledge provides legitimate income opportunities, enhances community infrastructure, and reduces environmental conditions that promote crime. Good savings habits and proper debt management practices also reduce financial stress that often fuels criminal behavior. Strengthening financial intelligence in Tarka Local Government Area is therefore essential for sustainable crime reduction.

The paper recommends that Tarka Local government authority, in collaboration with financial institutions, cooperative societies, and NGOs, should organise community-based financial literacy workshops focusing on personal finance, investment opportunities, and fraud prevention. Programmes should target farmers, traders, youths, and the elderly and take place at community centers, schools, and places of worship. Furthermore, financial institutions such as banks, cooperatives, and financial education NGOs should implement targeted investment education programmes in Tarka LGA. These education should cover risk management, investment planning, and debt servicing. Additionally, the Benue State Government and development partners should provide grants, low-interest loans, and capacity-building initiatives to promote youth entrepreneurship and investment in agriculture, real estate, and small-scale enterprises to reduce unemployment and crime in Tarka LGA of Benue State.

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