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Negotiable instruments and the Nigeria Financial System

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Abstract: This study focused on the Perception of negotiable instruments in the Nigeria Financial System. It seeks to provide insight into the perceived perception on the use of negotiable instruments. A total of 210 bank customers participated in this study. The descriptive survey research method was adopted. Simple percentage was used to analyze the questionnaire responses while t-test statistical technique was used to test the formulated null hypotheses. Findings revealed that literacy affected the use of negotiable instruments, though; negotiable instruments are widely used, but the acceptance level is however very low. It was also revealed from the findings that there is peace and security in the use of negotiable instruments. Findings also revealed that there is risk reduction on the use of negotiable instrument on businesses when compared to cash payment system. Significant difference existed between the use of cash and promissory notes in the Nigeria financial system. The lack of trust and acceptance of negotiable instruments, made the use of cash as basis for settling payments most acceptable because it creates liquidity though at very high risk. Finally, the researcher recommended among others that the government should discourage the use of cash as source of settling payments in the Nigeria financial system while effort should be made to promote the cashless policy in lieu of cash payments.

Keywords: Bills of exchange, Cash, Cheques, Perception, Feitsyan, Mercantile. Options, Prima Facie, Promissory notes, Share warrants, Statute, Vicariously

I. Introduction

Financial system according to Onuorah (2011) is a primary mover of economic growth. This is achieved through the financial intermediation process. In the process many business transactions take place though the exchange of goods and services. However, the way the payments for the goods and services are undertaken differs. The consumers of both the goods and services may opt to pay for them in cash or otherwise on credit. This is where the term negotiable instruments come into play. A negotiable instrument is defined as a document guaranteeing the payment of a specific amount of money, either on demand, or at a set time. It is a special kind of "choose in action" because the holder has the right to sue for any defect in the bill and it is transferable. Negotiable instruments are often defined in legislation. For example, according to the Section 13 of the Negotiable Instruments Act, of 1881 in India, a negotiable instrument is a promissory note, bill, of exchange or cheque payable either to order or to bearer. In Nigeria the Bills of Exchange Act 35, 1990 is defined as an Act to codify the law relating to bills of exchange, cheques and Promissory note. In the Act, 'acceptance" means an acceptance completely; action" includes a counter-claim and set-off.

More precisely, it is a document contemplated by a contract, which (1) warrants the payment of money, the promise of or conveyance of which is unconditional; (2) specifies or describes the payee, who is designated on and memorialized by the instrument; and (3) is capable of change through transfer by valid negotiation of the instrument. Negotiability and transferability are closely related. Transferability is a subset of negotiability as far as negotiable instruments is concerned.

Though these have been the standard means of negotiation over the years, it is not void of its attendant problems like improper designation, integrity of the person issuing the bill of negotiation, trust and high risk of uncertainty in instance(s) failure of the bill of payment. As the Nigeria Economy is cash oriented in nature, many still prefer to settle their transactions in cash which is responsible for the volume of cash circulating outside the banking system and reducing the use of negotiable instruments as a means of settling payments. In Nigeria today, cash is the most popular form of payment by customers. But cash is the most costly and least profitable payment instrument with high risk.

Excess use of cash leads to multiplicity of robbery attack that has resulted to loss of lives. In March 6, 2015, as reported by Premium times, dare devil armed robbers invaded a commercial bank inside Rivers State University of Science and Technology Port-Harcourt, killed 2 persons, and snatched huge cash from the victim.

Another incidence of cash snatching occurred on July 15, 2015; a young man of about 30years withdrew money in one of the old generation banks in Petroleum Training Institute road Effurun, was attack by arm robbers, his cash stolen and was shot dead. Apart from cash usage why are the negotiable instruments not well patronized in the in the Nigeria Financial System? For example, the use of cheques as a payment instrument is not widely practiced because of lack of trust and dishonesty on the part of, the issuer of the cheques and the non-enforcement of the Dud Cheque Act, passed in May 20th 1997 to curb the issuance of dishonoured cheques in Nigeria, which criminalize the issuance of cheques on unfunded accounts. This research focused on the Perception of Bank customers on the use of negotiable instruments in the Nigeria financial system.

Present Act has actually transgressed a long period in history. Holden (1955) was affirmed by the 11th Law Report (1958) on the origin of negotiable instruments. He notes that England had ever been meticulous about the history and development of negotiable instrument, hence the gap he tried to fill with his renowned work "The History of Negotiable Instruments in English Law" published in 1955. Hence, the Law writers aver that only a sketchy patch was made about the historical development of negotiable instrument in England.

Arguably, the development and use of negotiable instruments became a step ahead of the traditional exchange system of Barter. The expansion away from a system of exchange of goods and services (Barter) that was built primarily on primitive subsistence agriculture towards an economy where the members of the community can enjoy the advantages of division of labour and specialization in production.

Therefore, the use of negotiable instrument became the immediate solution to the encumbered nature of Barter trade as posited by Singh (2016). Similarly, Meghana (2017) lends his support to the challenges experienced with barter trade system. He enumerated lack of coincidence of wants, common measure of values and standard of deferred payment were some of the bottle-necks. Based on the persistent problems encountered in this system, the use of negotiable instrument became the choicest means of settling bills and effecting payments for goods and services that were otherwise not readily possible in Barter system of trade.

Hence, the research is undertaken to ascertain the perception of the populace over the use of negotiable instrument in Nigeria Financial System.

II. Literature Review

2.1 Characteristics of Negotiable Instrument

Negotiable instruments has elicited so much variations as there are scholars in the field. This phenomenon is premised on the perception of the general public on what constitutes an acceptable character. Teacher (2003) identified two essential qualities. He sees statue and mercantile acceptability as being fundamental. Balbir (2012) goes further to identify three other qualities in addition to Teacher's two qualities. The addition include property, title and right.

However, Malhotra (2016) from a more recent research motioned nine essential features. They are: writing and signature, money, notice, presumptions, special procedure, popularity and evidence. Thus, negotiable instrument is said to be volatile yet widely acceptable in nature with a good range of qualities. Since it bears the ambivalent nature, scholars have argued that negotiable instrument cannot be limited in character. It has nothing to do with its significance.

Emerson (2001) sees the concept of negotiability purely from progressive perspective as an offspring of commercial necessity that was developed principally in response to the need of merchants who were budged with the task of travelling with huge sum of money considering the risk involved in handling physical cash. James (1991) affirms that the rationale behind negotiability should not be devoid from its simplicity personified that accords the recognition power to ordinary piece of paper to possess serve as a legal tender with authority on a fixed date and time.

The qualities of negotiability as posited by Toh See Kiat (1992) includes: transferability, full and legal title, ascertainability, formal promise, independent transaction and tangibility. Similarly, Law Teacher (2013) lists some of the salient qualities of negotiability as required in modern legal understanding. It notes the significance in the present day law that has its origin in the eighteenth century. Hence, the importance it bears even in contemporary commercial transactions. However, the general public and the government differ in opinion.

According to Law Teacher (2013), the attitude of government, organisations, unions, institutions and establishment does not encourage the use of negotiable instruments in business transactions. This attitude more than anything else heightens the problems in the use of negotiable instruments for transactions. Parents for example in some cases are not allowed to use personal cheques to pay for their children school fees no matter the reputation of such a parent. Cash payment in most cases is usually preferred to cheques in Nigeria.

2.2 Types of Negotiable Instrument

Section 13 of the Negotiable Instruments Act states that a negotiable instrument is a promissory note, bill of exchange or a cheque payable either to order or to bearer. Negotiable instruments recognized by statute are: (i) Promissory notes (ii) Bills of exchange (iii) Cheques. Negotiable instruments recognised by usage or custom are: (i) Hundis (ii) Share warrants (iii) Dividend warrants (iv) Bankers draft (v) Circular notes (vi) Bearer debentures (vii) Debentures of Bombay Port Trust (viii) Railway receipts (ix) Delivery orders. This list of negotiable instrument is not a closed chapter. With the growth of commerce, new kinds of securities may claim recognition as negotiable instruments. The courts in India usually follow the practice of English courts in according the character of negotiability to other instruments.

2.3 Bills of Exchange

Commonwealth Consolidated Act (nd) definition of a Bill of Exchange as contained in Esezobor (2010) is in line with section 3(1) of the Act defines it as an unconditional order in writing, addressed by one person to another, signed by the person giving it, requiring the person to whom it is addressed to pay on demand or at a fixed or determinable future time a sum certain in money to or to the order of a specified person or to bearer. (http://www.austlii.edu.au/au/legis/cth/consol_act/boea1909148/s8.html).

It can also be term as 'draft' in some parts of the world as a negotiable instrument that is payable to the seller and drawn on the issuing bank or the buyer. This sort of document is prepared by the seller and it has an equivalent effect with a cheque written from the buyer to the seller. According to Law Teacher (2013), we have taxonomy of instruments. They are classified as negotiable or non-negotiable. While a negotiable instrument is by statute or mercantile, its usage may be transfer by delivery and endorsement to a bona fide purchaser for a value in such circumstances that he takes free from defects in the title of prior parties. There are different classes of negotiable and non-negotiable instruments, but they all fall under two categories, they are, an undertaking to pay a sum of money and an order to another to pay a sum of money, whether to the person giving the order or to a third party. The instruments which are taking an express or implied form are cheques, bills of exchange, promissory notes, bank notes, treasury bills, bearer bonds, share warrants, bearer debentures, bearer script certificates and negotiable certificates of deposit all these are negotiable instruments.

These drafts can be either 'sight drafts' where the bank pays the full amount of the sellers presentations or the 'time draft' here the bank has the obligation at the time of presentation is merely to accept the draft for payment at a later date, for example 60 days or more after the sellers presentation. Time drafts provide the buyers with short term financing. Due to this factor, bank often purchase their accepted time drafts at a discounted rate. A bill of exchange drawn on me, when accepted for value in the correct way using the Bills of Exchange Act, will become the security for money required to set-off the account.

Hence, Parikh (2010) strongly contends that every bill must possess some special features that are unique. This implies a command even though the command may be couched in polite terms. A request will however not be an order; hence it will not be a bill of exchange. A document reading grateful, if you consider it fit to pay x N25' is not for Example, a bill of exchange. But a document couched please pay x the sum of N25 will be an exchange because the word please only indicates politeness and nothing more. The order must be unconditional, that is without any condition.

It has to be signed by the person giving it for example by drawer or his duly authorized agent. A bill is not valid if the signature on it is forged or placed there on without the authority of the drawer. The case seem to be suggesting that signature by rubber stamp suffices (Bannet Vs. Brunfit 1967, Goodman Vs, Ebona 1934). It is submitted that the courts should take different position today because rubber stamps are very easy to forge. According to Osiegbu (2005). A bill is payable on demand: If it is expressed to the payable on demand or at sight or on presentation; or if no time is fixed for payment.

2.4 Types of Bills of Exchange

Inland Bill: This is a bill either drawn and payable within Nigeria, or drawn within Nigeria upon some person resident therein-S. (4) Foreign bill. Any other than inland bill will be a foreign bill.

The importance of distinguishing between an inland and a foreign bill is that a foreign bill unlike an inland bill must be protected for non-acceptance or nonpayment otherwise the drawer and endorser will be Discharged "Nothing" and "Protesting" involves the delivery of the bill to a Notary Public who will then represent the bill of acceptance or payment as the case may be. If it is again dishonoured the Notary on the dishonoured base on the answer he received (if any) the date his charge and his initials on the bill. This constitutes nothing' and it must be done on the day of dishounour. A formal certificate of the dishonor, based upon the nothing is then issued to the holder and this is called "protest"

Inchoate Bill: This is a bill lacking in some materials particular, for example where the space for amount payable is left blank or where the space for payee is left blank. There is a prima facie authority to the holder of such a bill to fill in the omission within a reasonable time.

Accommodation Bill: This is a bill signed by an accommodation part a person who has not received value for the bill but merely signs the bill for the purpose of lending name either as acceptor, drawer or some other person. For example if " A" is indebted to "B" and cannot raise money on his own, he may arrange with "Z" a credit worthy person that he "A" will draw a bill of exchange on "Z" a credit in favour of himself payable in 3 months' time. He may then endorse the accepted bill to "B", "Z" in such an arrangement will be liable on the bill to "B" at 3 months' time plus the statutory 3 days grace which is the maturity date. But "A" is expected to pay the money to "Z" or "B" before the maturity date.

Singh (nd) however notes that, when a bill has certain anomalies, it can be discharged. He adds that an instrument is discharged when all the rights under it are extinguished so that the instrument ceases to be negotiable. For example, when the party primarily liable on the instrument, the maker or the acceptor is discharged, the instrument is also discharged. After an instrument is discharged all the parties are also discharged from their liabilities even holder in due course cannot claim the amount of the instrument from any party to the instrument.

A bill is discharged if the orders contained thereon have been carried out and this may happen under the following circumstances:

i. By payment in due course by the drawer or acceptor in the good faith and without notice of any defect in the title of the holder. The endorsement of "C" and obtain payment from "B", "B" could have paid in due course, because he will be discharged.

ii. When an acceptor of a bill becomes the holder of the bill at or after maturity in his own right for example, if the bill was endorsed to him for value.

iii. By waiver or renunciation off the holder or other party entitled to the proceeds of the bill. Renunciation must however be made by the drawee. A holder in due course who takes bill before its maturity and is not AWARE of the renunciation will however not be affected by the renunciation.

iv. By cancellation of the bill or the party's signature. Here it is important to note the distinction between intentional and unintentional cancellation. Unlike intentional cancellation, unintentional cancellation or a mistaken cancellation does not discharge a bill .Onus however, is on the person who asserts mistakes or lack of intention to prove same, cancellation by a holder of a bill or his agent discharges any party liable on the bill if the cancellation is of that person signature so also will any endorser who would have had a right of recourse against the party whose signature is cancelled be discharged.

v. By material alteration of a bill .Where the order on the bill or its acceptance is materially altered without the assent of the parties liable on the bill, the bill is discharged except as against a party who has himself made, authorized or assented to the alteration and subsequent himself made , authorized or assented to the alteration and subsequent endorser for example where "E" draws a bill on "F" payable to "C" for N100, suppose "C" endorses the bill to "G" who alters the sum on the bill to N1000 and endorses to :Y" who finally endorses to "Z", "Z" may not be able to sue "E", "F" and "C" on the bill .But he will have a cause of action against "G" and "Y" because "G" made the alteration and "Y" is a subsequent endorser of the bill. Other characteristics that may warrant disqualification includes: the date, sum payable, time of payment, and place of payment.

vi. By acceptance of honour. This is the acceptance of a bill which has been dishonoured by a person with original liable on the bill, usually to save face or to protect the honour of any party liable on the bill. A payment of honour may however discharge the bill.

vii. When a bill is lost and replaced by another, the finder of the lost bill obtains no right to sue drawee or acceptor or drawer on the bill. But a transferee of such a lost bill that is, one who takes it from the finder who takes it honestly and for value may retain the bill and enforce payment. Upon the loss of a bill the holder may ask the drawer of another bill for the same amount. In such a case the holder must indemnify the drawer if the bill is found and his proceeds obtained by another person.

2.5 Advantage of Negotiable Instruments

i. Negotiable Instruments plays a major role in the trade world

ii. Negotiable Instruments are also used in the international trade

iii. Negotiable Instruments plays a major role in different part of the world in raising the economy

iv. It is easier and more convenient for making payment of large sum of money.

2.6 Disadvantage of Negotiable Instruments

i. Negotiable Instruments are not legal tenders but only a legal document and so no one is compelled to accept

ii. It brings about emotional and psychological discomfort to the creditor or payee.

III. Methodology

The researcher used semi-experimental design through field work in collecting primary data. This is to ensure that the researcher has personal contact with the respondents and also to retrieve a good number of the questionnaire distributed to respondents.

Questionnaire was constructed and distributed to target respondents. To know how people respond on the use of negotiable instrument, the simple percentage method was used to answer the research questions and t-test statistical tools were used to analyse the data.

The target population for this study is banks and its customers, randomly selected 10 banks branches located in Warri and Asaba metropolis. A sample size of 210 bank customers was selected randomly. The respondents are businessmen found within the bank premises, and credit analyst of the banks. The researcher is optimistic that the above sample and areas covered gave reasonable opinion of the information required in this study.

The sample size of this study is Two hundred and fifty (250) bank workers and its customers in ten selected banks with branches in Warri and Asaba Metropolis. The random sampling techniques were used in selecting the sample for the study. In essence; the researcher selects a sampling technique which simply satisfies specific needs.

The questionnaire was structured using Negotiable Instruments as Independent variable and settling payments in the Nigeria financial system as dependent variable. The questionnaire was administered to ten Banks within Asaba and Warri metropolis. The researcher personally distributed the questionnaire and retrieved same through the help of a research assistant.

The researcher distributed two hundred and fifty questionnaires, but retrieved two hundred and ten (210) questionnaires. Some of the respondents left the bank with the questionnaires without the notice of the researcher.

The data collected from the questionnaire was analyzed using simple percentage to answer the research questions. The t-test statistical technique was used to test the hypotheses. The hypothesis was tested at 0.05 level of significance.

The percentage formula is stated below

$$\frac{NR}{TNR} \times \frac{100}{1}$$

Where

NR = Number of Respondents

TNR = Total Number of Respondents

1 = Constant

The formula for the T-test analysis is represented by:

$$t = \frac{\overline{X_1} - \overline{X_2}}{\sqrt{\dfrac{\sum X_1^2 - \dfrac{(\sum X_1)^2}{N} + \sum X_2^2 - \dfrac{(\sum X_2)^2}{N}}{N(N-1)}}}$$

Where:

X = mean of the first group

X = mean of the second group

N = Number of cases in the first group

N = Number of cases in the second group

The questionnaire is structured in a form that contains dichotomous, Multiple choice. The structure of the question is shown in the appendix.

IV. Results and Discussion

In trying to achieve the result, the researcher presented some questions:

(1) Does dishonesty affect the use of negotiable instruments?

The data in Table 4.1 are used to answer this question.

Table 4.1: The use of cheques affects our business in regards to dishonesty.

S/N	STATEMENTS	A	SA	D	SD
1	There are various means of settling payments.	63 30.00%	82 39.05%	38 18.09%	27 12.86%
2	Cheques, promissory notes, share warrant and Bills of Exchange are means of settling debts.	44 20.95%	80 38.10%	42 20.00%	44 20.95%
3	I use these instruments stated on no.2 often as means of settling my debts/payments.	41 19.52%	95 45.24%	34 16.19%	40 19.05%
4	Cheques, promissory notes, share warrant and Bills of Exchange are all accepted as means of settling payments.	85 40.48%	32 15.24%	51 24.28%	42 20.00%
5	There is dishonesty on the use of Cheques, promissory notes, share warrant and Bills of Exchange as means of payment/ settlement of debts.	92 43.81%	66 31.43%	31 14.76%	21 10.00%

Source: Author's Computation, 2017

Table 4.1 shows that 145 (69.05%) agrees that there are various means of settling payments while 65 (30.95%) says there are no other means of settling payments. A group of 124 (59.05%) believes that Cheques, Promissory note, Share warrants and Bills of Exchange are means of settling payments while 86(40.95%) disagree with this believe. Another of 236 (64.76%) says they use the instruments stated in no.2 often to settle payments while 74 (35.24%) says they don't use the instruments often. A group of 117 (55.72%) is of the view that Cheques, Promissory note, Share warrants and Bills of Exchange are accepted as means of settling debts, but 93 (44.28%) did not agree with that view. While another group of 166 (75.24%) agree that there is dishonesty on the use of Cheques, Promissory, Share warrants and Bills of Exchange while 52 (24.76%) disagree with this view. One of the objectives of this study is to determine the effects of dishonesty and the use of negotiable instruments in the Nigeria financial system. Table 4.1 reveals that the respondents pinpoint dishonesty in the use of negotiable instruments and majority of them often use it as a source of settling payment because all are acceptable.

(2) Are negotiable instruments as means of settling payments widely used?

The data in Table 4.2 are used to answer this question.

Table 4.2: Is Promissory note widely used?

S/N	STATEMENTS	A	SA	D	SD
1	You enjoy some level of peace in the usage of cheques, promissory note, share warrant and Bills of Exchange as means of payment	79 37.62%	53 25.24%	34 16.19%	44 20.95%
2	Cheques, promissory note, share warrant and Bills of Exchange are publicly patronized for settling payments	51 24.29%	84 40.00%	16 7.62%	59 28.09%
3	The negotiable instruments stated above can easily be stolen	11 5.24%	23 10.95%	78 37.14%	98 46.67%
4	The use of cheque, promissory note, share warrant and Bills of Exchange for settling payments is widely used	64 30.48%	91 43.33%	29 13.81%	26 12.38%
5	Cheques, promissory note, share warrants and Bills of Exchange are more secured than cash.	45 21.43%	89 42.38%	32 15.24%	44 20.95%

Source: Author's Computation, 2017

As shown in table 4.2 above, 132(62.86%) agreed that they enjoy some level of peace in the usage of Cheques, Promissory note, Share warrant and Bills of Exchange while 78(37.14%) says they don't enjoy some level of peace in using the above negotiable instruments. A group of 135(64.29%) says Cheques, Promissory note, Share warrant and Bills of Exchange are publicly patronized for settling payments, but 75(35.71%) do not agree with this statement. Another group of 34(16.19%) believes that the negotiable instruments stated above can easily be stolen while 176(83.81%) disagree with this view. A group of 155(73.81%) says the use Cheques, Promissory note, Share warrant, and Bills of Exchange for settling payments are widely used but 55(26.19%) disagree with the statement.

On the other hand, 134(63.81%) believe that cheques, promissory, share warrant and Bills of Exchange is more secured than cash but 76(36.19%) disagree with this belief. Another objective of this study is to determine why negotiable instruments are not widely used in settling payments in the Nigeria financial system. From table 4.2 it was discovered from the majority of the respondent that the level of peace they enjoy and the security of the instruments informed their choice of using it.

(3) Do users have trust in accepting negotiable instruments for settling payments in the Nigeria financial system?

The data in Table 4.3 are used to answer this research question.

Table 4.3: Level of trust and acceptance of negotiable instrument

S/N	STATEMENTS	A	SA	D	SD
1	I prefer the use of cash payment to the use of Cheques, Promissory Notes, Share Warrant or Bills of Exchange as means of payment.	61 29.05%	88 41.90%	29 13.81%	32 15.24%
2	I don't trust the use of Cheques, Promissory Notes, Share Warrant and Bills of Exchange as means of payments.	54 25.71%	77 36.67%	32 15.24%	47 22.38%
3	There is dishonesty in the usage of Cheques, Promissory Notes, Share Warrant and Bills of Exchange.	81 38.57%	93 44.28%	14 6.67%	22 10.48%
4	Cheques, promissory notes, share warrant and Bills of Exchange are widely accepted as means of payment/settling debts.	73 34.76%	87 41.43%	24 11.43%	26 12.38%
5	Cheques, promissory notes, share warrant and Bills of Exchange are better used for settling payments of huge transactions.	49 23.33%	102 48.57%	18 8.57%	41 19.52%

Source: Author's Computation, 2017

It can be seen from table 4.3 that 149 (70.95%) prefer the use of cash payment to the use of Cheques, Promissory note, Share warrant or Bills of Exchange as means of Exchange while 61 (29.05) disagree with this view. A group of 131 (62.38%) say they don't trust the use of Cheques, Promissory note, Share warrant, and Bills of Exchange but 79

(37.62%) said they have trust in the instrument stated above. Also 174(82.85%) is of the view that people show high level of dishonesty in the usage of Cheques, Promissory note, Share warrant and Bills of Exchange but 36(17.15%) disagree with this view. On the other hand 160(76.19%) agreed that Cheques, Promissory note, Share warrant and Bills of Exchange is widely accepted as a means of settling payments while 50(23.82%) do not agree to this statement. Again 151(71.9%) says it is better to use Cheques, Promissory note Share warrant and Bills of Exchange for settling huge transactions while 59(28.o9) disagree with this statement.

The third objective of this study is to determine trust and acceptance of negotiable instruments as a means of settling payment in the Nigeria financial system. From the findings, though majority of the respondents say they do not have trust in the use of the instruments because of dishonesty of some of the users they however believe that it is better to use Cheques, Promissory note, Share warrant and Bills of Exchange for the payment of huge transactions.

(4) Does the use of negotiable instruments associated with risk? The data in Table 4.4 are used to answer this research question.

Table 4.4: The level of risk in negotiable instruments on businesses

S/N	STATEMENTS	A	SA	D	SD
1	Businessmen prefer using Cheques, Promissory notes, Share warrants and Bills of Exchange in their transactions	60 28.57%	85 40.48%	28 13.33%	37 17.62%
2	Corporate bodies abuse the use of negotiable instruments stated in no 1	35 16.67%	80 38.10%	41 19.52%	54 25.17%
3	Cheques, Promissory notes, Share warrants and Bills of Exchange help to promote businesses	40 19.05%	81 38.57%	39 18.57%	50 23.81%
4	The use of negotiable instruments stated in no 3 reduce the risk of corporate bodies in carrying cash	87 41.43%	30 14.29%	57 27.14%	36 17.14%
5	The use of Cheques, Promissory notes, Share warrants, and Bills of Exchange have effect on corporate profit	95 45.24%	63 30%	31 14.76%	21 10%

Source: Author's Computation, 2017

Table 4.4 shows that 145(69.05%) believe that business men prefer using cheques, promissory notes, share warrants and Bills of Exchange in their transactions while 65 (30.95%) disagree with this belief. A group of 115 (54.77%) say corporate bodies abuse the use of negotiable instruments, while 95(45.23%) disagree with this view. Another group of 121 (57.62%) agrees that cheques, promissory notes, share warrants and Bills of Exchange promote businesses, while 89 (42.38%) say no. Another group of 117 (55.72%) is of the view that the use of negotiable instruments has reduce the risk of corporate bodies carrying cash, while 93 (44.28%) disagree with this view. Also 158 (75.24%) says the use of cheques, promissory notes, share warrants and Bills of Exchange have effect on the profit of corporate organisations, but 52 (24.76%) says no. One of the objectives of this study is to determine the level of risk in the use of negotiable instruments as a source of payments. Table 4.4 reveals that the respondents pinpoint the reduction of risk of negotiable instruments on businesses when compared to cash.

Test of Hypotheses

Hypothesis One

There is no significant relationship between use of cheques and dishonesty.

The data on Table 4.5 are used to test this hypothesis

Table 4.5: T-test Summary of analysis for hypothesis one

Variables	Mean	D.F	t-cal. Value	t-tab. Value	Remark
X_1 (A & SA)	136	8	5.996	2.306	Rejected
X_2 (D & SD)	74				

Source: **Author's Computation, 2017**

From the data obtained from the analysis as indicated in table 4.5 above, the t-calculated value of 5.996 is higher than the t-table value of 2.306. Taking cognizance of the research rule, which says that: accept null hypothesis when the t-table value is higher than the t-calculated value and reject hypothesis when the t-table value is less than the t-calculated value. As such, the null hypothesis one formulated for this study is rejected, and the alternative hypothesis be accepted thus: There is significant relationship between level of dishonesty and use of negotiable instruments. These findings are in line with the case of BEWAC Ltd Vs. ACB Ltd where a cheque by Bewac was stolen by the employees of ACB who opened an account in the name Bewac in a nearby branch of the bank.

Hypothesis Two

There is no significant difference between the use of cash and promissory notes widely used as means of payment.
The data on Table 4.6 are used to test this hypothesis.

Table 4.6: T-test Summary of analysis for hypothesis two

Variables	Mean	D.F	t-cal. Value	t-tab. Value	Remark
X_1 (A & SA)	118	8	0.859	2.306	*Accepted*
X_2 (D & SD)	92				

Source: **Author's Computation, 2017**

Table 4.6 above shows that the t-table value of 2.306 is greater than the t-calculated value of 0.859. By virtue of the research rule, the null hypothesis is accepted as indicated in the table above thus: There is no significant difference between the use of cash and promissory notes widely used as means of payment. This finding is in line with Asuzu (1996) who described negotiable instrument as "documents in commercial and financial transactions to secure the payment of money.

Hypothesis Three

There is no significant relationship between the level of trust and acceptance of negotiable instrument among users?

The data on Table 4.7 are used to test this hypothesis.

Table 4.7: Summary of Analysis for Hypothesis Three

Variables	Mean	D.F	t-cal. Value	t-tab. Value	Remark
X_1 (A & SA)	155	8	9.629	2.306	*Rejected*
X_2 (D & SD)	57				

Source: **Author's Computation, 2017**

Table 4.7 above is a summary of the analysed data obtained in respect to null hypothesis three. The figures as indicated, shows that the null hypothesis three was rejected taking cognizance of fact that the t-calculated value of 9.629 is far higher than the t-table value of 2.306. Therefore the null hypothesis is rejected and accept the alternative hypothesis which states thus: There is significant relationship between trust and acceptance of negotiable instrument among users. This result is in agreement with Osiegbu (2005) 3C'S. The first C's, confidence refers to the people's confidence in the bank's product and activities.

Hypothesis Four

There is no significant relationship between risk and the use of negotiable instruments.
The data on table 4.8 are used to test this hypothesis.

Table 4.8: Summary of Analysis for Hypothesis four

Variables	Mean	D.F	t-cal. Value	t-tab. Value	Remark
X1 (A7SA)	131	8	4.273	2.306	Rejected
X2 (D&SD)	79				

Source: Author's Computation 2017

Table 4.8 above is a summary of the analyzed data obtained in respect to null hypothesis four. The figures as indicated, shows that the null hypothesis four was rejected taking cognizance of the fact that the t-calculated value of 4.273 is far higher than the t-table value of 2.306. Again the null hypothesis is rejected and accepted the alternative hypothesis which states thus: There is significant relationship between risk and the use of negotiable instruments. These findings are in line with Esezobor (2010) view, when he said, how would one for example, pay for the purchase of a developed landed property up for sale?

V. Discussion of Findings

The researcher observed that the instruments are not widely patronized in settling payments, because of the level of dishonesty and trust, hence the research hypothesis deals on negative relationship of the use of cash and positive relationship of the use of negotiable instruments in the Nigeria financial systems. The class of instruments includes Bills of Exchange, promissory notes, share warrants and cheques.

The research was designed to obtain primarily data through questionnaire addressed to Ten Banks within Warri and Asaba Metropolis. The population target is ten banks and its customer and a sample size of 250 banks, customer and its workers. The random sampling techniques were used in selecting the sample for the study. Out of the 250 questionnaire distributed, the researcher retrieved 210. The data collected were analyzed using simple percentage to answer question and the t-test statistical techniques was used to test the hypothesis. The hypotheses were tested at 0.05 level of significance. The analyzed data are tabulated and presented according to the research questions and hypothesis.

It was revealed from the analysis that there is dishonesty in the use of negotiable instruments in line with the case of BEWAC Ltd Vs. ACB Ltd where a cheque by BEWAC was stolen by the employee of ACB who opened an account in the name of BEWAC Ltd in a nearby branch of the bank. It was also revealed from the analysis that risk is reduced when negotiable instruments is used in businesses when compared to cash. This findings is in line with Eseobor (2010) view, when said, how would one for example pay for the purchase of a developed landed property up for sale? May be he will fill up a trailer with raw cash and line up the route for the movement with armed policemen under serious security risk. It is therefore advisable to use Cheques, Promissory notes, Share warrants and Bills of Exchange for settlement of huge transactions because they are more secured and convenient to carry than other instruments like cash.

VI. Conclusion

This research work focused on the perception of respondents on negotiable instruments in the Nigeria financial system. This was examined by the researcher from different perspectives so as to achieve a valid conclusion. As a result of the findings, the following conclusions are hereby drawn:

i. Banks and its customers accepts negotiable instruments as a source of settling payments in the Nigeria financial system
ii. Cheques, Promissory note, Share warrant and Bills of Exchange are more secured and peaceful to use as a source of settling payment in the Nigeria financial system
iii. Cash usage is not the best option for huge financial transactions

Recommendations

Based on the above findings, the researcher wishes to make the following recommendations on the use of negotiable instruments as a source of settling payment in Nigeria financial system.

The banks as well as customers should collaborate in ensuring that the use of negotiable instrument are better secured to promote their usage.

Since the level of distrust as well as dishonesty is quite high, the government should evolved a measure of check to punish offenders that will serve as deterrent to others.

In line with the present government cashless policy, there is the need for mass literacy and orientation of the populace on the need to patronize the alternative means of business transactions.

There is the need for the utilization of modern technology in banking operations as a way of boosting customers' confidence especially in the confirmation of bank transactions theft, robbery and loss of business through fraudsters.

The dishonoured Cheques (Offences) Act, 1990 need to be strictly applied for the populace to have confidence on the instruments mentioned above.

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