

Treasury Single Account and Nigeria's Economy Between 1999 and 2015: An Assessment

Oguntodu, J. A. & Alalade, Y. S. A.

Department of Banking and Finance,
School of Management Sciences,
Babcock University

Adekunle, Y. A.

Department of Computer Science,
Babcock University

Adegbie, F. F.

Department of Accounting,
School of Management Sciences,
Babcock University

Corresponding Author: samyimka@gmail.com

Abstract

This research work was carried out with the expectation to establish the impact of treasury single account on Nigeria's Economy. A treasury single account is a pool in which all government revenue is collected and controlled by the Central Bank of Nigeria, with the view to boost the economy and reduce corruption. CBN statistical bulletin (1999-2015) was analyzed using the OLS estimator. To this effect, an empirical analysis of the relationship between Treasury Single Account and economic performance in Nigeria was carried out. The result shows that the Treasury Single Account has a positive significant impact on the country's economic growth but this impact is limited by various factors, one of them being the recent implementation of the policy in Nigeria which made the discovery of historical data difficult. The recommendation of this study is that the federal government of Nigeria should initiate policies and various means to make sure that there are proper accountings of the funds entering into the Treasury Single Account, and that such fund should follow due process. Also that any subsequent foul play by any agencies, or even the CBN is duly prosecuted.

Keywords: *Treasury Single Account, Economic Growth, Banking System, Proper Accounting*

INTRODUCTION

Government banking arrangements are important factor for efficient management and control of government's cash resources. Such banking arrangements should be designed to minimize the cost of governmental operations, borrowings and maximize the opportunity cost of cash resources. This requires ensuring all cash received is available for carrying out government's expenditure programs and making payments in a timely fashion. It is obvious that emerging markets and low-income countries such as Nigeria have dis-jointed systems of handling governmental receipts and payments. In Nigeria, the Ministry of Finance lacks a unified view and centralized control over government's cash resources. This was evidenced in various reports of leakages and corruption recorded in recent past. As a result, this cash lies idle for

extended periods in numerous bank accounts held by spending agencies while the government continues to borrow to execute its budget (Udobi, Kalu, & Elekwachi, 2016; Oni & Adebayo, 2012).

Section 80 (1) of the 1999 Constitution as amended states “All revenues, or other money raised or received by the federation (not being revenues or other money payable under this Constitution or any Act of National Assembly into any other public fund of the Federation established for a specific purpose) shall be paid into and form one Consolidated Revenue Fund of the Federation”; successive governments have continued to operate multiple accounts for the collection and spending of government revenue in deliberate disregard to the provision of the constitution, which requires all government revenues be remitted into a single account.

CBN Bulletin (2015) revealed that in year 2012, government ran a pilot scheme for a single account using 217 ministries, departments and agencies as a test case. The result of the pilot scheme saved Nigeria about 500 billion in frivolous spending which motivated the government to implement TSA. This brought about the directives to banks to implement TSA and the technology platform that will help accommodate the TSA scheme. The recent directives by President Mohammed Buhari that all government revenues should be remitted to a Treasury Single Account is in consonance with the program and in compliance with the provisions of the 1999 constitution.

Adeolu (2015) defined Treasury Single Account as a public accounting system under which all government revenue, receipts and income are collected into one single account, usually maintained by the country’s Central Bank and all payments done through this account as well. The purpose is primarily to ensure accountability of government revenue, enhance transparency and avoid misapplication of public funds. The maintenance of a Treasury Single Account will help to ensure proper cash management by eliminating idle funds usually left with commercial banks and in a way enhance reconciliation of revenue collection and payment.

Oyedele (2015) also defined a Treasury Single Account as a unified structure of government bank accounts that gives a consolidated view of government cash resources. Based on the principle of unity of cash and the unity of treasury, a Treasury Single Account is a bank account or a set of linked accounts through which the government transacts all its receipts and payments. The principle of unity follows from the fusion of all cash irrespective of its end use. While it is necessary to distinguish individual cash transactions for control and reporting purposes, this purpose is achieved through the accounting system and not by holding or depositing cash in transaction specific bank accounts. This enables the treasury to delink management of cash from control at a transaction level.

A government like Nigeria lacking effective control over its cash resources has over the years paid for institutional deficiencies in multiple ways. First, idle cash balances in bank accounts often fail to earn market-related remuneration. Second, the government, being unaware of its resources incurs unnecessary borrowing cost on raising funds to cover a perceived cash shortage. Third, idle government cash balances in the commercial banking sector are not idle for the banks themselves, and can be used to extend credit. Draining this extra liquidity through open market operations also imposes costs on the central bank.

This research work is hereby carried out to determine whether the establishment of a unified structure of government bank accounts via a Treasury Single Account (TSA) will solve the problem of frivolous and unscrupulous spending of Government fund and hence eradicate loss and enhance cash management and control.

The Problem

The study is set out to proffer solution to the state of decadence in fund management in Nigeria with effect to its fund misappropriation. This shall be done by carrying out objective mainly to determine the effect of TSA on the Nigerian Economy under specific objectives as stated below:

- 1.) To identify the benefits of the (TSA) Government Revenue on GDP.
- 2.) To identify the benefits of the (TSA) Government Expenditure on GDP.
- 3.) To examine the effects of the (TSA) Commercial banks in Nigeria on GDP.

It is expected that the study will confirm the following hypothetical situations:

- a.) (TSA) Government Revenue in Nigeria does not have a significant effect on GDP.
- b.) (TSA) Government Expenditure in Nigeria does not have a significant effect on the GDP.
- c.) (TSA) Performance of commercial banks in Nigeria does not have a significant effect on the GDP.

REVIEW OF RELATED LITERATURE

Treasury Single Account can be defined as unified structure of government bank account that gives a consolidated view of cash resources. Pattanayak and Fainborn (2010) emphasized that a full-fledged TSA shares three essential features; first, the government banking arrangement should be unified, to enable Ministry of Finance (MOF) (or treasury) oversight of government cash flows in and out of these bank accounts. A unified structure of government bank accounts allows complete control of all cash resources, including on a real-time basis if electronic banking is in place. The TSA structure can accommodate external zero-balance accounts (ZBAs) in a number of commercial banks. Secondly, no other government agency operates bank accounts outside the oversight of the treasury. Options for accessing and operating the TSA are mainly dependent upon institutional structures and payment settlement systems. Thirdly, the consolidation of government cash resources should be comprehensive and encompass all government cash resources, both budgetary and extra-budgetary. This means that all public monies irrespective of whether the corresponding cash flows are subject to budgetary control or not (e.g., in the case of reserve funds, earmarked funds and other off-budget and/or extra budgetary funds) should be brought under the control of the TSA (Shah, 2007). The cash balance in the TSA main account is maintained at a level sufficient to meet the operational requirements of the government (sometimes together with an optional contingency or buffer reserve to meet unexpected fiscal volatility).

Nelson, Adeoye and Ogah (2015) are of the opinion that Treasury Single Account is an account that all ministries and government departments' account balances are collated by the Central Bank, whereas there is an intermediate account for every ministry and department that shows the total of all debt and credit transactions. Thus, the total amount will be reflected eventually on the treasury single account at the end of the day. Onyekpere (2015) stated that the Treasury Single Account is a unified structure of government bank accounts enabling consolidation and optimal utilization of government cash resources. It is a bank account or a set of linked bank accounts through which the government transacts all its receipts and payments and gets a consolidated view of its cash position at any given time. The study stated further that the treasury single account is a process and tool for effective management of government finances, banking and cash position.

In accordance with the name, it pools and unifies all government accounts through a single treasury account. The advantages and benefits of the Treasury Single Account are numerous. The consolidation into a Treasury Single Account paves way for timely capture and payment of all due revenues into government coffers without the intermediation of multiple banking arrangements. Thus, prevents revenue leakages that bring about revenue loss and mismanagement of fund by operators of all revenue-generating agencies. According to Pattanayak and Fainboim (2010), the primary objective of a TSA is to ensure effective aggregate control over Government cash balances. Other objectives for setting up a TSA are as follows:

- 1) Minimizing transaction costs during budget execution, notably by
- 2) Controlling the delay in the remittance of government revenues by collecting banks, in both tax and non-tax;
- 3) Making rapid payments of government expenses;
- 4) Facilitating reconciliation between banking and accounting data;
- 5) Efficient control and monitoring of funds allocated to various government agencies; and
- 6) Facilitating better coordination with the monetary policy implementation

The benefits thus accrued to the system are:

- 1) Allows complete and timely information on government cash resources;
- 2) Improves appropriation control;
- 3) Improves operational control during budget execution;
- 4) Enables efficient cash management;
- 5) Reduces bank fees and transaction costs;
- 6) Facilitates efficient payment mechanisms;
- 7) Improves bank reconciliation and quality of fiscal data; and
- 8) Lowers liquidity reserve needs (Pattanayak & Fainboim, 2010).

Chukwu (2015) stated that a Treasury Single Account is a network of subsidiary accounts all linked to a main account such that, transactions are effected in the subsidiary accounts but closing balances on these subsidiary accounts are transferred to the main account at the end of each business day. With the implementation of the Treasury Single Account, Ministries, Agencies and Departments of government at all levels will maintain their individual accounts with the commercial banks, but daily funding of their disbursements are made from the central or main account, which is resident with the Central Bank, just as their closing balances at the end of day are transferred to the main account.

A Treasury Single Account is therefore a prerequisite for modern cash management and is an effective tool for the ministry of finance (treasury) to establish oversight and centralized control over government's cash resources. Establishing a TSA usually requires a legal basis to ensure its robustness and stability. Being legally recognized is thus a prerequisite that is particularly important in those countries where the 'presumed' autonomy of some institutions is an obstacle to the implementation of a Treasury Single account.

Based on the work of Pattanayak and Fainborn (2010), there are several variants of the Treasury Single Account structure but they can be broadly categorized into two categories: centralized and distributed TSA architectures. The TSA systems established in most countries falls somewhere in between these two models; namely, a purely centralized arrangement is one which all revenue and expenditure transactions of the government pass through a single account generally maintained with the central bank. At the other extreme, a TSA could be virtually

operational even though line agencies-down to the lowest level in the organizational hierarchy-are allowed to retain separate transactions accounts in the banking system. However, in the latter case, balances in all transactions accounts should be swept in the TSA account main account at end of each day.

According to Oyedele (2015), for TSA to work effectively there must be daily clearing of, and consolidation of cash balances into the central account even the MDAs account are already held at the CBN such as the Federal Inland Revenue Service (FIRS). Some may be argue that it is necessary to separate the cash transactions of each MDA for control and reporting purposes; however this objective can be achieved through proper accounting rather than holding cash in separate accounts. In any case, the various bank accounts held by MDAs in commercial banks do not necessarily have to be closed, but they must be operated as Zero-Balance Accounts where any closing balance must be swept to TSA at the Central Bank of Nigeria (CBN) on a daily basis to give government a consolidated cash position.

Treasury Single Account can therefore cover all funds including earmark and extra-budgetary accounts or even funds held in trust by government. To make this work, accounting systems must be robust and capable of accurately distinguishing trust assets in the TSA. This is not different from what a private company operating in many states or even internationally will do to consolidate its funds rather than fragment them by divisions or sub-entities. Hence, a company will only borrow externally if and only if its overall cash position is negative rather than when a division has a deficit even though other may have surpluses. It should be quickly be pointed out that TSA is not a new concept; it has been adopted for decades in many countries both by the developed world such as the United States of America, United Kingdom, France and developing economies like India and Indonesia.

There have been mixed feelings about the effects and consequences of the newly introduced Treasury Single Account by the Federal Government on banks, ministries, departments and agencies as well as government business operators. While Chukwu (2015) believes that the policy will give government an opportunity to have one-hand information about its accounts, Obinna (2015) feels that withdrawing the funds from commercial banks will further deplete the account of such banks as well as not offering the MDAs the privilege and the opportunity to monitor their own accounts where it is domiciled. Balogun, Yusuf and Chiejina, (2015) also believes that the single account policy will create problems especially where it will be difficult for the federal government to be able to know at a glance the revenue accruing to each ministry or amount debited, as all accounts would have been lumped together.

Pattanayak and Fainborn (2010) argued that important financial information may be lost if budget agencies' bank accounts are closed as part of the implementation of the TSA. In a country like Nigeria the implementation of a TSA will necessitate the addition of codes providing required geographical and organizational information. Pattanayak and Fainborn paper further stated that the implementation of a TSA might require changes to accounting systems and processes, including the redistribution of accounting roles and responsibilities between the central treasury unit, ministries, spending agencies etc. Depending on the structure of the TSA, either the treasury or line ministries/agencies, or both, would maintain the initial accounting records such as cash books and have bank reconciliation responsibilities. The action of the federal government will assist it with firsthand view of what it has in its account and know how to spend it, unlike when the accounts were scattered in various bank accounts that are not relatively linked.

Economic experts such as Nelson, Adeoye and Ogah (2015), believes the government's Treasury Single Account (TSA) project, which seeks to establish a unified structure of government bank accounts could be the single most effective mechanism for dealing with corruption in cash management in ministries and agencies. In addition, Pattanayak and Fainborn (2011) identified that an effective TSA system must have three (3) fundamental principles:

- (a. The government banking arrangement should be integrated, to enable ministry of finance oversight of government cash flows in and out of these bank accounts and allow complete fungibility of all cash resources, including on a real-time basis if electronic banking is in place.
- (b. No other government agency should operate bank accounts outside the oversight of the Treasury.
- (c. The TSA should have comprehensive coverage.

Theories Adopted for the Study

According to Pattanayak & Fainborn (2010) the Centralized Model and the Decentralized-Distributed Model are relevant theory for TSA.

Centralized Model of TSA: The Centralized Model implies a concentration of authority at the treasury to process transactions, access and operates the TSA from a single unit. In this case, the treasury (supplemented in France by a network of regional treasuries) provides payment services for spending agencies and has the exclusive authority to operate the TSA, including its regional treasury sub-accounts.

Decentralized Model of TSA: The Decentralized model or Distributed payment and accounting system is a system under which each budget institution processes its own transactions during budget execution, and directly operates the respective bank account under the TSA system.

Pattanayak and Fainboim (2010) affirmed that a treasury single account (TSA) is an essential tool for consolidating and managing governments' cash resources, through the minimization borrowing costs. The study opined that countries with fragmented government banking arrangements, TSA should receive priority in their public financial management reform agenda. Drawing on the lessons of the Fund's work in several countries in establishing a TSA, the paper explains its concept, essential features, and potential benefits and equally presents alternative models and approaches for designing a TSA that take into account specific country contexts as well as the preconditions and desirable sequencing for its successful implementation. Finally, the paper includes country examples from different regions in support of the analysis and recommendations.

Ogunleye (2001) emphasized the need for a strong administrative framework in the banking industry and the economy at large, not only as a justifiable function but also essential. The author believes that the critical role the banks play in the enlargement of the economy calls for this. In identification of these challenges, the study was to highlight the necessity for the full implementation of the Treasury Single Account and the subsequent positive effects on the Nigerian Economy.

Eme and Chukwurah (2015) carried out a study to discuss the objectives, pros and cons of a Treasury Single Account recently introduced by the Buhari administration. The study opined that the adoption of a Treasury Single Account (TSA) by the federal and some state governments is seen by many as aimed at plugging loopholes in the Nigerian Financial System. The study disclosed that TSA is a unified structure of government bank accounts enabling consolidation

and optimal utilization of government cash resources. It is a bank account or a set of linked bank accounts through which the government transacts all its receipts and payments and gets a consolidated view of its cash position at any given time. The study positioned that the presidential directive would end the previous public accounting situation of several fragmented accounts for government revenues, incomes and receipts, which in the recent past has meant the loss or leakages of legitimate income meant for the federation account.

The study recalled that President Muhammadu Buhari had earlier promised state governors at the inaugural meeting of the National Economic Council, NEC, in June, that all revenues prescribed for lodgment into the federation account will be treated as such under his watch and that he will ensure strict compliance with all relevant laws on accounting, allocation and disbursement. The paper explores the various gamut of TSA and concluded by positioning that for an administration that has unwritten social contract signed with Nigerians in terms of service delivery; it has the obligation to aggregate states' resources to provide services and amenities promised to the people. Any step taking in the direction aimed at plugging leakages in revenue generating agencies should be seen as a step in the right direction.

Nelson, Adeoye and Ogah (2015) substantiated that the government's funds sent directly to the TSA and the free funds banks used to enjoy would no longer be there. He further emphasized that the enforcement of the TSA would help to ensure the consolidation of government revenue. He also believes that this will trim down corruption through the elimination of avenues in form of scattered banks accounts.

Abazieva, Goncharova, Maslennikova and Stratan (2015) revealed that December 2012 marked 20 years since the formation of the Federal Treasury and that throughout the period, the Treasury of Russia has always been at the forefront of innovation processes. The article stated that the use of tools aimed to improve the Federal budget execution in terms of management of liquidity of Unified account of the federal budget (Treasury Single Account) is studied. The existing mechanism of liquidity management proves its effectiveness and, consequently, the ways of its development and improvement are in existence.

The liquidity of the Single Treasury Account is the ability of the relevant Treasury single account in a certain period of time to make timely payments of public administration sector. Ensuring the liquidity of the Single Treasury account have developed some areas, such as: the functioning of the Single Treasury account, forecasting and cash planning of funds from the Federal budget and management of funds of the Federal budget. The implementation of these directions will set a new standard in the process of formation of system of liquidity management of Single Treasury account, will allow in time to assess the liquidity of the Treasury and to make informed decisions on its regulation, and will simplify many business processes in the management of public financial resources (Abazieva, Goncharova, Maslennikova & Stratan, 2015).

Balogun, Yusuf and Chiejina (2015) stated that earnings from natural resources are supposed to be for capital expenditure. Taxation should be used to run government; it is what happens in South Africa, Kenya, The United Kingdom (UK) and Germany. Tax earnings, including excise tax and import duties, are used to pay salaries and run government; pay members of the National Assembly. Earnings from natural resources are supposed to be used for building roads, hospitals, parks, expanding schools, and other infrastructural development options.

According to Obinna (2015), the cardinal objective of TSA is to facilitate accomplishment of the Federal Government's Cash Management Policy, and to greater

accountability for public expenditure. While Chukwu (2015) believes that the policy will give government an opportunity to have one-hand information about its accounts. Adeolu (2015) feels that withdrawing the funds from commercial banks will further deplete the account of such banks as well as not offering the Ministries, Departments and Government Agencies the privilege and the opportunity to monitor their own accounts where it is domiciled.

Financial policies, according to Ebong (2006), are deliberate policy response to correct perceived or impending financial crises and subsequent failure. Reforms in the financial industry are aimed at addressing issues such as governance, risk management and operational inefficiencies. Specifically, financial reforms are primarily driven by the need to achieve the objective of consolidation, competition, and convergence in the financial structural design. According to Chukwu (2015), unemployment is going to be on the increase as banks have started to lay off workers as it cannot afford to pay all their staff as ministries and agencies of government have commenced withdrawal of deposits in commercial banks, in agreement with the federal government command. The implementation of this program therefore is a critical step towards reducing corruption in public finance. This is in line with the pledge of the current administration to combat corrupt practices, eliminate indiscipline in public finance and ensure adequate fund flow that will be channeled to critical sectors of the economy to catalyze development (Oyedele, 2015).

METHODOLOGY

The researchers engaged time series data to obtain information because the use of set of economic variables over 17 years. The population of the study was determined based on the available Unified data in the Central Bank of Nigeria (CBN) Statistical Bulletin for year 2015 on Gross Domestic Product (GDP), Money Supply (MS), Credit with CBN (CR) and Deposit to CBN (DP); where GDP depends on MS, CR and DP. Due to the nature of this study secondary data was used. Necessary data were collected between the years 1999-2015 for all the variables.

CBN bulletin was selected for this work because it contains the verifications of experts which make it valid for study. The technique adopted to analyze the work is basically regression by finding the effect of MS, CR and DP on GDP over the available years. E-views 7 statistical package was use to carry out the relevant analysis in order to determine the relationship between the dependent and the independent variables. Regression was used because it will show the extent or degree of relationship between the independent and the dependent variables. In this study the structure of the GDP which is use to represent Nigeria economy is the dependent while TSA which is represented by Money Supply (MS), Credit with CBN (CR) and Deposit to CBN (DP) represent the independent variables. Therefore, GDP depends on MS, CR & DP where this is done to examine the Impact of Treasury Single Account on Nigeria's Economy. To achieve this, we consider these indicators. The linear relationship between the independent and dependent variable in this study is functionally expressed thus:

$$Y = f(X)$$

Y= Nigerian economy (Dependent Variables)

X= Treasury Single Account (Independent Variables)

F= functional relationship

Substituting Y and X

$$Y = f(X)$$

Y= Nigerian Economy.

X= Treasury Single Account.

Hence:

$$Y = f(x_1, x_2, x_3).$$

Where:

y= GDP.

And

x₁= commercial banks (Supply of money)

x₂= government expenditure (credit from CBN)

x₃=government revenue (Deposit to CBN)

y = f (x₁, x₂, x₃)..... Functional Relationship

$$y = \alpha + \beta_1x_1+ \mu \text{-----model 1}$$

$$y = \alpha + \beta_2x_2+ \mu \text{-----model 2}$$

$$y = \alpha + \beta_3x_3+ \mu \text{-----model 3}$$

$$y = \alpha + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \mu \text{---- Aggregate model.}$$

y= Gross Domestic Product.

x₁= Money Supply

x₂= Credit with the Central Bank

x₃= Deposits into Central Bank

α= Intercept

β₁₋₃ = Slope of the linear equation.

μ = Error Term.

The a-prior expectation on this study is that there should be positive relationship between GDP and TSA.

RESULTS AND DISCUSSIONS

This section deals with the presentation, analysis, interpretation of data and discussion of findings with the detailed analysis of the relationship between the GDP and TSA on Nigeria's Economy between 1999 and 2015. The model will be evaluated for statistical significance, and relationship association through the use of the F-statistics test and the coefficient of determination respectively.

$$Y = -926376.6 + 2.302673x_1 + 53549.49x_2 + 4.600647x_3 + \mu$$

Table 1: Regression Data of Relationship between Variables

VARIABLE	PROBABILITY	COEFFICIENT	STD. ERROR	t-statistics
C	0.3841	-926376.6	1028379	-0.900812
SM	0.0000	2.302673	0.131497	17.51123
CR	0.3282	53549.49	52705.78	1.016008
DP	0.0116	4.600647	1.567414	2.935182

R-squared: 0.991158

Adjusted R-squared:

0.989118

F-statistic: 485.7756

Durbin Watson:

1.587917

Source: E-views Regression Output.

Interpretation of Estimated Regression Model

Testing For Hypothesis One (1)

Objective 1: To identify the benefits of the (TSA) Government Revenue on GDP.

Question 1: What are the benefits of the (TSA) Government Revenue in Nigeria on GDP?

Hypothesis 1: (TSA) Government Revenue in Nigeria does not have a significant effect on GDP. This data output revealed that there is positive relationship between (TSA) Government Revenue at 4.600647 and the GDP, that is, a ₦1 increase or change in Government Revenue will bring about almost ₦4.600647m increase in the Gross Domestic Product (GDP). The analysis connotes that there is significant effect hence, the H_0 is rejected and H_1 is accepted. It implies that Government Revenue through deposit into CBN (TSA) influences the position of GDP in Nigeria.

Testing For Hypothesis Two (2)

Objective 2: To identify the benefits of the (TSA) Government Expenditure on GDP.

Question 2: What are the benefits of the (TSA) Government Expenditure in Nigeria on the GDP?

Hypothesis 2: H_0 : (TSA) Government Expenditure in Nigeria does not have a significant effect on the GDP.

This result shows that there is positive relationship between (TSA) Government Expenditure at 53549.49 and the GDP, that is, a ₦1 increase or change in Government Expenditure will bring about almost ₦53,549.49m increase in the Gross Domestic Product (GDP). This means there is significant effect hence, the H_0 is rejected and H_1 is accepted. It implies that Government Expenditure through its credits with CBN (TSA) influences the position of GDP in Nigeria.

Testing For Hypothesis Three (3)

Objective 3: To examine the effects of the (TSA) commercial banks in Nigeria on GDP.

Question 3: To what extent will the (TSA) Commercial Banks in Nigeria have effect on GDP?

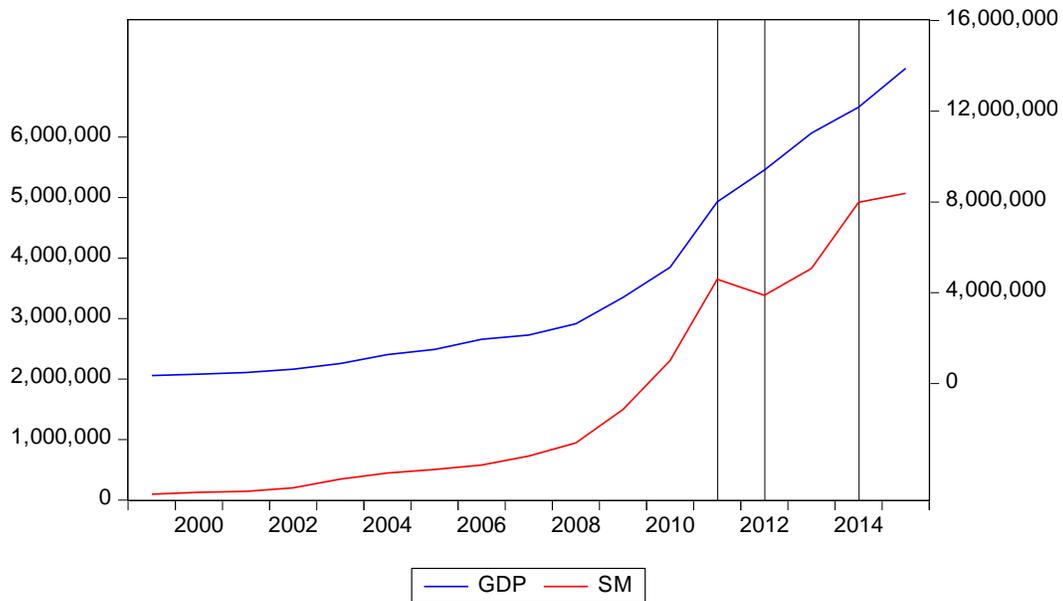
Hypothesis 3: (TSA) performance of commercial banks in Nigeria does not have any significant effect on GDP.

This finding shows that there is positive relationship between (TSA) commercial banks at 2.302673 and the GDP, that is, a ₦1 increase or change in Money Supply will bring about almost ₦2.302673m increase in the Gross Domestic Product (GDP). The data interpretation revealed that there is significant effect hence, the H_0 is rejected and H_1 is accepted. It implies that Commercial banks through its money supply (TSA) influence the position of GDP in Nigeria.

Discussion of Findings

GRAPH 1

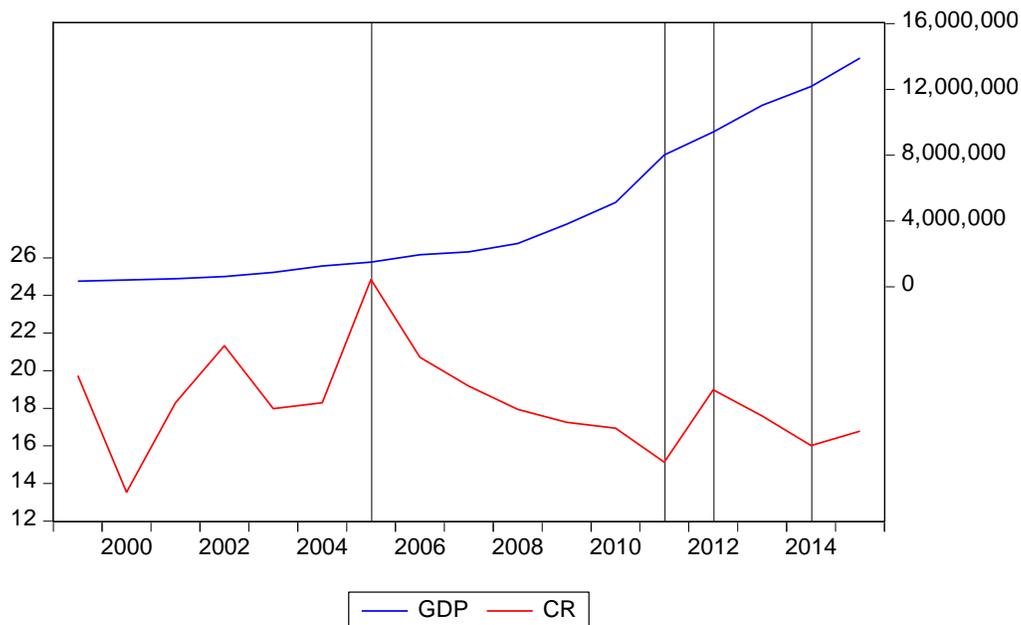
GDP AND SM



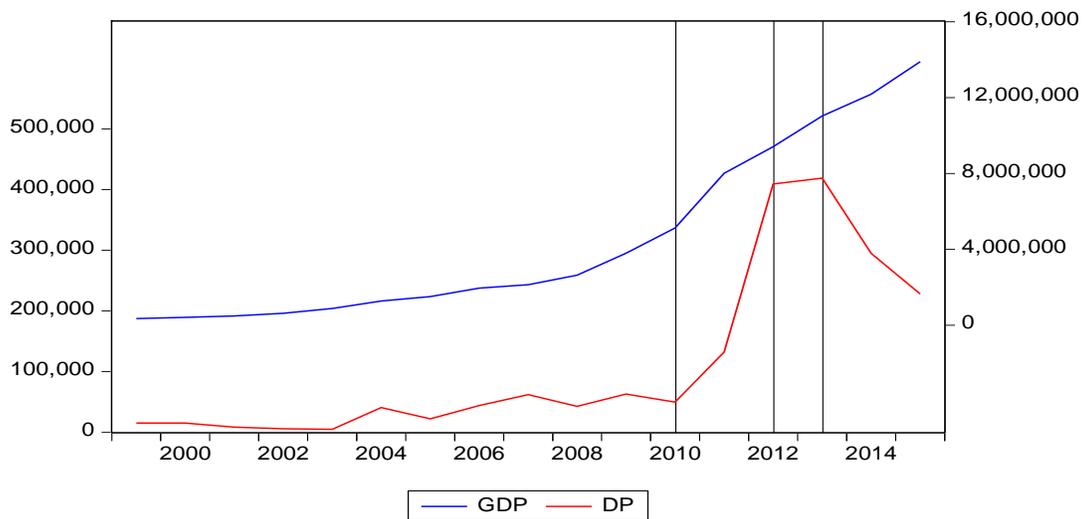
From question, objective and hypothesis one which is tailored towards the determination the effect of money supply on the economy; that is on GDP, positive relationship is been established, but the graph above has revealed that the positive situation was not absolutely parallel. This implies that there are periods where the supply of money differ from the normal trend expected, for instance in year 2012 the situation was inversed even though it normalized in 2013 to follow same trend. Also, in 2014 the trend was not absolutely positive because the graph indicates that trend was equally inversed. This implies that as the GDP was increasing the SM reduced.

From the graph below, which is use to affirm the relationship between GDP and credit form CBN, the relationship shows adverse disparity, as it is not consistent with in its trending sharply downwards in 2005 to 2011, even though there is positive correlation, the flow of Credit to CBN fluctuate over the years such that the direction of flow does not really correlate. For instance, year 2005 shows a sharp decline as against the upward movement of GDP. Between 2011 and 2012 both GDP and Cr from CBN were positively correlated but became inversed between 2012 and 2014.

GRAPH 2
GDP AND CR



GRAPH 3
GDP and DP



GDP and DP to CBN flow in the same direction from year 1999 to 2012 while DP started to show level of disparity in year 2013. In 2014, there is a sharp inverse between the two variables. This implies that as the GDP was growing the Deposit to CBN was reducing.

Summary of Findings

The Findings in this study (research) are stated below:

- 1) The study affirms that about 99.12% of total variations in the Nigerian Economy are explained by the TSA indicators, and only 0.88% that is unexplained variations can be ascribed to other factors outside model specified.

- 2) This research work states that a ₦1 increase change in Money Supply, Deposits with CBN, Credit from CBN in the country brings about ₦2.26833m, ₦4.600647m and ₦53,549.49m in the Gross Domestic Product within the stated time frame (1999 – 2015).
- 3) This study discovered that Money Supply and Deposits to CBN, individually has statistical significance on the Gross Domestic Product.
- 4) This research work also discovered that due to probability results that only Money Supply, Deposits to CBN are statistical significantly to the GDP. This can be further confirmed from graph 2 above as there are sharp differences in the movement of CR against GDP.

Conclusions

Nigeria is a country with great potential and to achieve this, a vibrant, accountable and working Treasury Single Account is required to drive economic growth and development of the nation. Two main areas that would drive this are the Government and the Banking Sector. A developing country like Nigeria, banks play their traditional roles in addition to being used as vehicles for achieving developmental and social goals. Government agencies will need to work with the CBN in actualizing the proper disbursement of the huge resources allotted to the development funds created by Treasury Single Account on infrastructure, aviation, manufacturing and power. The peculiar nature of the environment requires a holistic approach to tackle the fundamental and inter-related and necessitates that several agencies work in a cohesive manner in the interest of the country. The study affirms that about 99.12% of total variations in the Nigerian Economy are explained by the TSA indicators, and only 0.88% unexplained variations can be attributed to other factors outside our model.

Therefore in this study, an attempt has been made to bring into focus the importance and the need for effective supervision and regulation of the CBN in order to provide confidence and stability in the Banking Sector, thus encouraging enhanced banks' credibility. Generally, the adoption of TSA should be positive for the economy in universal and also the tax system in particular. The appropriate authorities will have to now embrace transparency and accountability more than ever before. This research work states, a ₦1 increase change in Money Supply, Deposits with CBN, Credit from CBN in the country, ₦2.26833m, ₦4.600647m and ₦53,549.49m in the Gross Domestic Product within the stated time frame (1999 – 2015).

TSA should facilitate transparent reporting of tax revenue and pave way for tax offsetting and faster payment of refunds. It should be possible for tax payers to use excess payments or refunds in one tax area (say withholding tax or VAT) to pay other taxes such as corporate income tax, and so on as this is merely an accounting issue which can be dealt with within TSA configuration. This study concluded that the Treasury Single Account has a positive impact on the Nigerian Economy.

Recommendations

In order for the Nigerian economy to be stabilized and enhanced through the impact of the Treasury Single Account, the following recommendations are made thereof;

- (i. The Treasury Single Account should fight against bad corporate governance, inefficient risks management practices, inadequate control framework and less ethical practices
- (ii. There must be enhanced surveillance of the financial system to ensure strict observance of the recommendations of the Financial Action Task Force (FATF) by banks and other financial institutions in Nigeria.

- (iii. Timely data are required under a regime of indirect monetary control so that the CBN can intervene to stabilize the financial market as desirable.
- (iv. Manpower training and re-training is a must for the apex bank and other banks. Investment in information technology acquisition, deployment and training to reflect a commitment to leverage new technologies for the benefit of every sophisticated client that are getting wiser on daily basis in Nigeria need not be over-emphasized. Available high level IT apparatus should be deployed to fashion out more customer support services in order to improve customer patronage.
- (v. There is the need for greater harmonization of fiscal and monetary policies.
- (vi. Government, Banks and members of the business community should be further educated on the positivity of the operation of the Treasury Single Account.
- (vii. The federal government should initiate policies and various means to make sure that proper accounting of the funds into the Treasury Single Account follows due process and any subsequent foul play by any agencies, or even the CBN is duly prosecuted.

REFERENCES

- Abazieva, K. G., Goncharova, S. N., Maslennikova, L. P. & Stratan, D. I. (2015). Methods of Management of Public Financial Resources. *MCSER Publishing, Mediterranean Journal of Social Sciences*, 6(3).
- Adeolu, I. A. (2015). *Business and Economy; Market Development - Understanding the Treasury Single Account (TSA) System*. Ibadan, Oyo State, Nigeria: John Archers Publishers.
- Balogun, M., Yusuf, I. A., & Chiejina, N. (2015). Anti-Graft War: One Economy, One Account,' *Sunday Nation Newspaper*, August 16, Pp 9-10 & 71.
- CBN (2015). Revised Guidelines for compliance with Treasury Single Account by Banks in Nigeria.
- Chukwu, I. (2015). Can Treasury Single Account (TSA) Work in Nigeria? *Vanguard Editorial Newspaper*, August 16; 33-35.
- Ebong, B. B. (2006). Banking Sector Reforms: Opportunities and Challenges. *Union Digest*, 10: 12.
- Eme, O. I. & Chukwurah, D. C. (2015). An Analysis of Pros and Cons - Treasury Single Account Policy in Nigeria. *Arabian Journal of Business and Management Review (OMAN Chapter)* 5(4).
- Obinna, C. (2015). Banks face Liquidity Strain as FG fully enforces TSA. *This Day Newspaper*, August, P52.
- Ogunleye, G. A. (2001). The Regulatory Imperatives of Implementing Universal Banking Concept. *NDIC Quarterly*, 11 (05) p.21.
- Nelson, C., Adeoye, T. & Ogah, D. (2015). Treasury Single Account; Giving Life to Jonathan's Dead Policy Directives. *Sunday Guardian Newspaper*, p. 52-58.
- Oni, A. O. & Adebayo, M. A. (2012). Challenges facing sustainable real estate marketing and practice in emerging economy: A case study of Nigeria. *International Journal of Marketing Studies*, 4(1), 58-65.
- Onyekpere, N. N. (2015) Public Policy: Effects of Treasury Single Account on Nigerian banks. *Vanguard Newspaper Editorial*, August 14 p. 15.
- Oyedele, T. (2015). Treasury Single Account and Taxation" PWC Nigeria. Retrieved from <http://pwcnigeria.typepad.com/files/tsa-and-tax---part-1-bizday.pdf>

- Pattanayak, S. & Fainboim, I. (2010). Treasury Single Account: Concept, Design and Implementation Issues. *International Monetary Fund Working Paper #10/143*
- Pattanayak, S. & Fainboim, I. (2011). Treasury Single Account: An Essential Tool for Government Cash Management. *International Monetary Fund - Technical Notes and Manuals*.
- Shah, A. (2007). *Local Public Financial Management: Public Sector Governance and Accountability Series*. The World Bank Working Paper. Retrieved from <http://siteresources.worldbank.org/PSGLP/Resources/LocalPublicFinancialManagement.pdf>
- Udobi, A. N., Kalu, I. U. & Elekwachi, C. M. (2016). Challenges of International Real Estate Investment in an Emerging Economy: The Nigerian Experience. *Civil and Environmental Research Journal*, Vol.8, No.3.