

Treasury Single Account and Economic Development in Nigeria

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Abstract

The paper examined Treasury Single Account (TSA) and economic development in Nigeria. With the TSA, the government expects to block all loopholes and leakages of financial resources and ensure a robust financial management system. The paper, therefore, provides the conceptual meaning of TSA and gives its expected benefits to the economy of financial management and control, unification of various accounts of governments, reduction of the cost of government borrowing, and optimum utilization of government financial resources. The paper analyzed the objectives of the TSA system and its various accounts, such as the TSA main account. The paper finally discussed the prospects of the TSA system and its challenges and concluded that the system required political will, honesty, and determination to overcome the various challenges identified in the paper to achieve the expected benefits of the system.

Keywords: *Treasury account, Finance and Economic development*

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Background to the Study

A Treasury Single Account (TSA) is an essential tool for consolidating and managing governments' cash resources, thus minimizing borrowing costs. In countries with fragmented government banking arrangements, the establishment of a TSA should receive priority on the public financial management reform agenda (IMF, 2021). Government banking arrangements are an important factor in the efficient management and control of the government's cash resources. Such banking arrangements should be designed to minimize the cost of government borrowing and maximize the opportunity cost of cash resources. This requires ensuring that all cash received is available for carrying out the government's expenditure programs and making payments in a timely fashion. Many emerging markets and developing countries have fragmented systems for handling government receipts and payments (Adeolu, 2015). In these countries, the Ministry of Finance and Treasury lacks a unified view and centralized control over the government's cash resources. 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. A government lacking effective control over its cash resources can pay for its 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 these resources, incurs unnecessary borrowing costs when 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.

Establishing a unified structure of government bank accounts via a Treasury Single Account (TSA) will solve these problems, improving cash management and control. It should, therefore, receive priority on any public financial management reform agenda. A TSA is a unified structure of government bank accounts that gives a consolidated view of government cash resources. Based on the principles of unity of cash and unity of treasury, a TSA 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 fungibility of all cash, irrespective of its end use. This enables the Treasury to delink the management of cash from control at the transaction level. Recently, in 2015, the newly elected president of Nigeria, Mohammad Buhari, introduced and enforced compliance with the Treasury single account in the country with the use of REMITA. Nigeria is of divergent opinion, as some have hailed the development while others have continued to criticize it. However, this study examines the prospects and challenges of the Treasury Single Account in Nigeria, (Sulaiman, 2022).

Statement of the Problem

Treasury Single Account TSA has a lot of prospects and challenges for developing economies. In practice, the government's banking arrangements may consist of several bank accounts, which can be at both the central bank and commercial banks (2021). However, the balances in commercial banks should be cleared every day, and all government cash balances should be consolidated in one central account, the TSA main account of the treasury at the central bank. However, issues related to cash management should not be confused with issues related to the distribution of responsibilities for accounting control and administration of the payment

system. A TSA can operate with both centralized and decentralized (or deconcentrated) transaction processing and accounting control systems.

Objectives of TSA

The primary objective of a TSA is to ensure effective aggregate control over government cash balances (Ajiteru, 2021). The consolidation of cash resources through TSA aggregate control of cash is also a key element in monetary and budget management (Abalaka, 2020). There are other objectives for setting up a TSA. They include: minimizing transaction costs during budget execution, notably by controlling the delay in the remittance of government revenues (both tax and nontax) by collecting banks and making rapid payments of government expenses; facilitating reconciliation between banking and accounting data; efficient control and monitoring of funds allocated to various government agencies; and facilitating better coordination with monetary policy implementation. Lastly, the specific objectives are as follows:

1. To provide greater transparency in public financial management (PFM),
2. To gain greater clarity on national financing needs and the management of the public debt,
3. To increase fiscal savings (less transaction charges, more revenues);
4. To improve financial markets;
5. To provide more accurate accounting and improved reporting.

Research Questions

1. What are the prospects of a Treasury Single Account in a developing economy?
2. What are the challenges of a Treasury Single Account in a developing economy?
3. What is the effectiveness of the Treasury Single Account in Nigeria?

Significance of the study

The following are the significance of this study:

The outcome of this study will educate the Nigerian populace on the prospects and challenges of Treasury Single Account TSA on Nigerian economic growth and development.

This research will be a contribution to the body of literature in the area of the effect of personality traits on students' academic performance, thereby constituting the empirical literature for future research in the subject area.

Conceptual Review

The Concept of Treasury Single Account

The structure of the Treasury Single Account serves as a requirement for contemporary cash management, which tends to bring into one account all revenue collected by the government to provide a consolidated and clear picture of the management of public funds. Pattanayak and Fainborn (2020), hold that a complete TSA should shoulder three critical structures, which include: an integrated banking procedure by the government that enables the Ministry of Finance to embark on their oversight functions of cash management and supervision of its movement in and out of the treasury; disabling several bank accounts operated by the government; and ensuring that access to the TSA is based on the institutional arrangement and

combining of government cash resources should be inclusive and comprehend all cash resources in both budgetary and extra-budgetary policies. Shah (2007) viewed this arrangement as implying that all government funds, regardless of whether the correspondent cash flows are subject to budgetary control or not, ought to have been brought under the purview of the TSA.

Nelson, Adeoye, and Ogah (2015), see TSA as an account where MDAs' account balances are held and controlled by the Central Bank. According to them, it is an intermediary account for every MDA that shows the total of all debit and credit transactions at the CBN. In his view, Onyekpere (2015) defines TSA as a consolidated structure of government bank accounts to aggregate and manage government cash resources more effectively. With the TSA, all government transaction receipts and payments can be viewed at any time. TSA ties subordinate accounts to a central account so that transactions are carried out on the subordinate accounts (Ajiteru, 2021). Moreover, at the close of each business operation, the closing balance of those subordinate accounts is transferred to the central account in Sulaiman (2022). Through the enactment of the TSA, MDAs now maintain a separate deposit money bank account, but the day-to-day collection of revenue and disbursements made are transferred to the central account with the CBN at the close of all business activities (Chukwu, 2015).

Gross Domestic Products (GDP) and Per Capital Income (PCI)

In every country of the world, people and corporate institutions engage in different economic activities aimed toward the actualization of economic goals. The production activities at different levels necessitated industrial growth and further increased government revenue generation for households and the government (Abalaka, 2020). A greater proportion of the product produced is locally consumed, while the rest is exported to earn capital inflow and boost foreign exchange activities, depending on the economic approach involved. However, not all economic transactions and production output are recorded and recognized (Ajiteru, 2021). The parts recognized are those with the capacity to stimulate financial inflow and the economic fortune of the government given the peasant manner of production in some local areas. According to the OECD (2017), GDP is defined as the amount of gross value added for all people or entities engaged in production and is considered to be at the aggregate output level. Ofurum, Oyibo, and Ahuche (2018) view GDP as a monetary measure of the market value of all the end goods and products produced over time. Abdulkadir, Sheikh, and Dalmar (2018) also see GDP as a calculation of the monetary value of the final goods and services purchased by the end-user over a given period of time. It counts all production generated within the boundaries of a country (Ajiteru, 2021). Such goods include both private and public consumption, government spending, production, and exports with fewer imports within a country's borders. In like manner, per capita income seems to measure the average income earned per person in a given area within a particular year.

Custom and Excise Duties

Customs duties are taxes payable on the importation of goods from outside the country (Ajiteru, 2021). It tends to reduce the inflow of foreign products into the country and

encourage the production of such goods or similar goods locally (Abalaka, 2020). They also represent taxes on documents and not on persons or transactions. Bassey (2018) maintained that it is quite possible for a transaction to be affected without using a document, and as a result, there is no document to stamp and no duty to pay. Customs duties are collected by the federal government if such instruments are executed by corporate bodies and residents of the federal capital territory in Nigeria. Such instruments are also collected by the state government at a rate imposed as may be agreed upon by the federal government.

Non-oil Revenue

The fall in world oil prices and the ensuing decrease in oil revenue provided the nation with a painful but essential opportunity to look inward to stimulate economic growth. The country is pursuing an increasingly growing economy with diverse growth sources and expanded opportunities for its people (Abalaka, 2020). In doing this, the government has put up several economic recovery policies that focus on agriculture, entrepreneurial skills development, and manufacturing sectors (small and medium enterprises), the revival of critical components that will eventually drive needed revenues for the government through taxes in the long run (Akpan, Effiong, & Ele, 2017). Hence, the government encouraged the consumption of locally manufactured goods such as fabrics, rice, wheat, etc. that would make local industries thrive (Ajiteru, 2021). Non-oil revenues are revenues generated by the government from agriculture and manufacturing activities other than oil production.

Ministry-Based Revenue

Apart from oil and non-oil revenue, the government had intensified efforts to remodel the revenue remittances of government ministries, departments, and extra-ministerial agencies, most especially for those charged with constitutional mandates of revenue generation such as courts, licensing offices, recreational parks, tenders for contracts, etc. in Nigeria. In a bid to improve revenue generation, it was directed that all payments in favor of MDAs for the use, hire, and leasing of government facilities, including court fines and charges, be paid to the bank. In compliance with the TSA policy, banks serve as intermediaries between the users of government facilities and the reporting government (Abalaka, 2020). Through the banks' intermediary role, revenues collected are remitted to the CBN central account unit of the government.

What is TSA?

A Treasury Single Account (TSA) is a unified structure of government bank accounts that gives a consolidated view of government cash resources (Sulaiman, 2022). Based on the principles of unity of cash and unity of treasury, a TSA 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 fungibility 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 the management of cash from control at the transaction level. The three basic essential traits of TSA are:

First, the government banking arrangement should be unified to enable the 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 fungibility of all cash resources, including on a real-time basis if electronic banking is in place. The TSA structure can contain ledger sub-accounts in a single banking institution (not necessarily a central bank) and can accommodate external zero-balance accounts (ZBAs) in a number of commercial banks (2021). Second, 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 (Abalaka, 2020). Third, the consolidation of government cash resources should be comprehensive and encompass all government cash resources, whether budgetary and corresponding cash flows are subject to budgetary control or not.

Modern Monetary Theory (MMT)

This theory discusses the actions and acts of the sovereign government in financial management and their effect on the economy. agree that all government revenues should be collected and pulled into a single account. The theory supports the co-existence of both the Single Treasury Account (TSA) and Nigeria's Central Bank, with the CBN playing the regulatory function over the TSA. According to Éric and Wray (2018), modern monetary theory takes into account any other transaction of government to a non-government sector and classifies the same as vertical transactions. The government sector is considered to include the Treasury and the Central Bank, while private individuals, businesses (including private banks), and the external sector, which is international buyers and sellers, are included in the non-government sector.

Accounts under the TSA System

TSA Main Account

This is the Treasury's account with the central bank, which consolidates the government's cash position. It is the main TSA account when the TSA arrangement in a particular country consists of a set of linked accounts. Cash balances in all other linked accounts are swept into this account. In other words, all government receipts finally flow into, and all disbursements are met from, the central TSA account.

TSA Subsidiary Accounts or Sub-Accounts

These are not separate bank accounts per se (in the sense of holding individual cash balances) but are special subaccounts within the main TSA account. This is basically an accounting arrangement to group together a set of transactions and allows the government to maintain the distinct accounting identity or ledger of its budget organizations (line ministries or agencies) effectively. A cash disbursement ceiling for each entity can be enforced against these ledgers. Balances in these accounts are netted off with the TSA main account for cash management purposes.

Transaction Accounts

Sometimes government bank accounts that are justified for retail transaction banking

operations are opened separately and structured as transaction accounts. These separate transaction accounts could be opened for government entities that need transaction banking services but do not have direct access to the TSA main account, a subsidiary account, or a specific category of operations (e.g., special funds). A transaction account could take the form of a zero-balance account or an impress account.

Zero-balance accounts (ZBAs)

Where transactional accounts are necessary, these are generally opened on a zero-balance basis, i.e., end-of-the-day cash balances in these accounts are swept back into the TSA main account periodically (preferably daily). Such accounts opened in commercial banks are used for disbursements or the collection of government revenues (particularly nontax revenues). At the end of the day, all revenues collected would be deposited in the TSA. The commercial bank would honor payments from the respective agency and would be reimbursed by the TSA overnight. ZBAs have many similarities with special credit line arrangements, where budget agencies are provided spending credits towards the amount of payments they can make within a specified period, to be reimbursed by the TSA in the central bank. A ZBA also has the benefit that it bypasses the normal interbank settlement process for each individual transaction, which is often time-consuming in developing countries, and ensures same-day settlement on a net basis for all receipts and payments passing through the accounts.

Imprest Accounts

These transaction accounts can hold cash up to a maximum authorized amount and are recouped from time to time. Such accounts might be necessary in some cases, particularly when there is only limited availability of interbank settlement facilities. However, the number of imprest accounts should be kept to a minimum, and the strategy should be to progressively transform these accounts into zero-interest.

The Framework for the Establishment of TSA

Establishing a TSA usually requires a legal basis to ensure its robustness and stability. To be legally recognized, the following are some of the requirements that need to be put in place (Simon, 1997).

Preparing an Inventory of Existing Bank Accounts

In countries with a fragmented government banking arrangement, the process of establishing a TSA should start with a census of all the existing bank accounts of the government, which should be prepared (including their nature, type, and cash balances). This would facilitate identifying bank accounts for eventual closure or merger with the TSA.

Political Support

Establishing a TSA can require hard decisions, such as closing the existing bank accounts of budget organizations (outside treasury control), that can provoke powerful opposition. For success, the highest levels of government must explicitly and strongly support TSA reform. Cabinet decisions to initiate and reinforce the reforms are helpful.

Legal and Regulatory Requirements

The legal framework should be amended, as necessary, to allow for the establishment of the TSA. The establishment of a TSA must be accompanied by the closure of irregular bank accounts of ministries and budget units, and legal authority for opening government accounts should be vested in the MoF.

Technological Requirements

The technological feasibility and capacity of the banking system to participate in the operation of a TSA and to report on TSA transactions should be established. In fact, a decision on TSA could trigger the acquisition of necessary technology by the banking system, as the banking services will be remuneration-based.

The Existence of an Interbank Settlement System

This includes the development of a small payments clearing system, an RTGS at the central bank, and the connection of major commercial banks to the RTGS. This requirement is especially important in the case of a decentralized TSA architecture. The Treasury could also be connected to the RTGS.

Future Success or Prospects of TSA

Garbade, Kenneth, Partlan, and Paul (2016) stated the following as some of the benefits of TSA:

It allows complete and timely information on government cash resources.

In countries with advanced payment and settlement systems and an Integrated Financial Management Information System (IFMIS) with adequate interfaces with the banking system, this information will be available in real-time. A complete, updated balance should be available daily.

Improves Appropriation Control

The TSA ensures that the MoF has full control over budget allocations and strengthens the authority of budget appropriation. When separate bank accounts are maintained, the result is often a fragmented system where additional cash resources become available through various creative, often extra-budgetary, measures augment funds provided for budgetary appropriations.

Improves Operational Control During Budget Execution

When the Treasury has full information about cash resources, it can plan and implement budget execution in an efficient, transparent, and reliable manner. The existence of uncertainty regarding whether the Treasury will have sufficient funds to finance programmed expenditures may lead to suboptimal behavior by budget entities, such as exaggerating their estimates for cash needs or channeling expenditures through off-budget arrangements.

Enables Efficient Cash Management

A TSA facilitates regular monitoring of government cash balances. It also enables higher-quality cash outturn analysis to be undertaken (e.g., identifying causal factors for variances and distinguishing causal factors from random variations in cash balances).

Reduces Bank Fees and Transaction Costs

Reducing the number of bank accounts results in lower administrative costs for the government for maintaining these accounts, including the cost associated with bank reconciliation and reduced banking fees.

Challenges and Problems of TSA

The TSA provides a number of other problems, and despite the fact that it enhances the overall effectiveness of a financial management system. The establishment of a TSA should, therefore, receive priority on any government reform agenda. According to the directive, this measure is specifically intended to promote transparency and facilitate compliance with Sections 80 and 162 of the 1999 Constitution.

In a statement by Laolu Akande (2015), former Senior Special Assistant to the Vice President on Media and Publicity, all receipts due to the Federal Government or any of its agencies must be paid into TSA or designated accounts maintained and operated in the Central Bank of Nigeria (CBN), except otherwise expressly approved. In the view of analysts, 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 (Ajiteru, 2021). President 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 would be treated as such under his watch and that he would ensure strict compliance with all relevant laws on accounting, allocation, and disbursement.

Since then, the presidency has worked with relevant agencies of the federal government to evolve this policy directive. This directive applies to fully funded organs of government like ministries, departments, agencies, and foreign missions, as well as partially funded ones like teaching hospitals, medical centers, federal tertiary institutions, etc. Agencies like the Central Bank of Nigeria, Securities and Exchange Commission, Corporate Affairs Commission, Nigeria Ports Authority, Nigeria Communications Commission, Federal Airports Authority of Nigeria, Nigeria Civil Aviation Authority, Nigerian Maritime Administration and Safety Agency,

Nigeria Deposit Insurance Corporation, Nigeria Shippers Council, Nigeria National Petroleum Corporation, Federal Inland Revenue Service, Nigeria Customs Service, Mining, Minerals, and Sustainable Development, and the Department of Petroleum Resources are also affected. For any agency that is fully, or partially self-funded, sub-accounts linked to TSA are to be maintained at CBN, and the accounting system will be configured to allow them access to funds based on their approved budgetary provisions.

Recently, the Office of the Accountant-General of the Federation (OAGF) directed all Ministries, Departments, and Agencies (MDAs) of the Federal Government yet to comply with the Treasury Single Account (TSA) regime domiciled at the Central Bank of Nigeria (CBN) to embrace the policy not later than September 15, 2015. By implication, the MDAs

were directed to close all the revenue accounts they maintain in different banks in the country and transfer the proceeds to the TSA. This was no doubt a move to actualize the promise made by the then federal government through the former Coordinating Minister of the Economy and Minister of Finance, Dr. Okonjo-Iweala, in October 2015 to block avenues of revenue leakages to shore up government revenue in the face of dwindling earnings due to falling oil prices (Abalaka, 2020).

Methodology

The research design adopted for this study was an ex post facto design because there exist empirical variables that cannot be manipulated in the process of evaluating the effect of the implementation of the Treasury Single Account on economic growth. Data used for the study were obtained from secondary sources and extracted from the websites of the International Monetary Fund (IMF), Economic Outlook, Nigerian Bureau of Statistics, Federal Ministry of Finance open data, Office of the Accountant General Consolidated Financial Statements, and United Nations info data (UN info data). Data were equally collected from the Nigerian Central Bank Savers on the income transfer of Ministries, Departments, and Agencies (MDAs). Data also includes revenue generated from public universities, polytechnics, and colleges of education in Nigeria between 2013 and 2018, both years inclusive. This gives a total of eighteen observations.

Economic growth, as a dependent variable, was represented by gross domestic product (GDP) and per capita income (PCI), while the Treasury Single Account (TSA), as an independent variable, was mirrored by non-oil revenue (NOR), ministries-based revenue (MBR), and revenues from customs and excise duties (CED). The multiple regression model that aided in the analysis of the relationships among the variables is as stated below:

EGTH = (GDP, PCI)

TSA = (NOR, MBR, CED)

GDP, PCI = f(TSA) -----General equation

$GDP = \beta_0 + \beta_1NOR + \beta_2CED + \beta_3MBR + \mu$ ----- (1)

$PCI = \beta_0 + \beta_1NOR + \beta_2CED + \beta_3MBR + \mu$ ----- (2)

Where;

EGTH = Economic growth

GDP = Real Gross Domestic Product

PCI = Per Capital Income

NOR = Non-oil revenue

CED = Custom and excise duty revenue MBR = Ministry-based revenue

β_0 = Constant term

β_1 - β_3 = regression coefficients

μ = Error term

Results

Table 1: Effect of TSA on Real term GDP Model Summary^b

Model	R	R Squared	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin Watson
					R Squared Change	F Change	df1	df2	Sig. F Change	
1	.728 ^a	.531	-.878	40.55226	.531	2.513	20	4	.0002	2.43

Table 2: ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1858.410	20	619.470	2.513	.0002 ^b
1 Residual	1644.486	4	1644.486		
Total	3502.896	24			

Table 3: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-43.887	278.151		-.158	.900
NOREV	.030	.114	.365	.267	.834
1 CED	.009	.219	.115	.041	.974
MREV	.147	.307	1.035	.481	.715

a. Dependent Variable: GDP

b. Predictors: MREV, NOREV, CED

The model descriptions revealed the statistical measures used to measure the coefficient of variance of the study results. To assess the efficacy of this strategy, the market value of all the country's finished goods and services (GDP) in a given time period is important. The model

description showed the interactive relationship between the variables. The model showed the R-square to be .53 and the adjusted R-square to be -.878. These imply that the implementation of TSA explains a 53.1% variation in the gross domestic product, while 46.9% of what influences GDP is captured by other variables not included in the model. The regression line was able to capture up to 88% of the volatility in government revenues in the absence of other variables not captured in the model. The Durbin-Watson statistical value of 2.43 indicates the absence of a serial correlation between the variables studied. The F-ratio statistic shows a p-value of 0.0002, indicating that there is a significant predictive relationship between the independent variables (treasury single account) and the dependent variable (gross domestic product). The unstandardized coefficient of the models significantly highlights the specific relationship between the independent variables and the dependent variable. The unstandardized regression coefficients show that a percentage change in non-oil revenue results in a 3% change in GDP; a percentage change in customs and excise duty revenue results in a 0.9% change in GDP; and a percentage change in ministry-based revenue results in a 14.7% change in GDP. The increase in government revenue within the initial years of TSA policy implementation was seen to have a shockingly negative impact on economic growth by 43.9%. This policy mandated deposit money banks as collection agents of government revenue to transmit, within 24 hours, all revenue deposits to the federation account, leaving private sector deposits that are not large enough to drive economic activity and hence plunge the country into recession.

The F-statistic of the estimated value was observed to be statistically significant at 2.513 on a two-tailed 5 percent level of significance. Given that the calculated value of 2.513 is significant at 0.0002, the null hypothesis is rejected, and the alternative is accepted. Hence, the study concluded that there exists a significant predictive relationship between the Treasury Single Account (TSA) and economic growth, mirrored by GDP.

Table 4: Effect of TSA on PCI.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.928 ^a	.860	.441	883.35905	.860	123.12	204		.0000	2.943

Table 5: ANOVA^a

Model	Sum Squares	df	Mean Square	F	Sig.
Regression	4804225.595	20	1601408.532	123.1	.0000
1 Residual	780323.205	4	780323.205		
Total	5584548.800	24			

Table 6: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	9839.850	6059.094		1.624	.351
NOREV	-3.063	2.479	-.921	-1.235	.433
CED	-1.666	4.776	-.529	-.349	.786
MREV	-3.771	6.680	-.663	-.565	.673

a. Dependent Variable: PCI

b. Predictors: MREV, NOREV, CED

The model summary showed the statistical indices used for the interpretation of the results of the coefficients. The summary revealed the correlation results of the interactive relationship amongst the variables, which show R square as .86 and adjusted R square as .441. These results imply that the implementation of the TSA explains up to 86% of the variation in per capita income, leaving only 14% unexplained by the model or explained by other variables not considered in the model. The Durbin-Watson statistic indicates the non-existence of serial correlation among the variables of the study. The F-ratio statistic has a p-value of .0000 for a 95% level of confidence. This result reveals that there is an aggregate significant predictive relationship between NOREV, CED, and MREV and per capita income for the years studied. The unstandardized coefficients highlight the specific relationship between the independent variables and the dependent variable. The regression coefficients of TSA on per capita income show that a percentage change in NOREV reduces PCI by 306.3%; a percentage change in CED reduces PCI by 166.6%; and a percentage change in MREV reduces 377.1%. The decreases in government revenues during the TSA's initial years of implementation were seen to affect the per capita income of individuals and household expenditures, discourage banks from borrowing, and reduce production capacity in the economy. The F-statistic of the estimated value was observed to be 123.12 at a two-tailed 5 percent level of significance. Given that the calculated value of 123.12 is significant at .0000, the null hypothesis is rejected and the alternative accepted. Hence, the study concluded that there exists a significant relationship between the Treasury Single Account (TSA) and economic growth, as reflected by the average income earned per person between 2013 and 2018 in Nigeria.

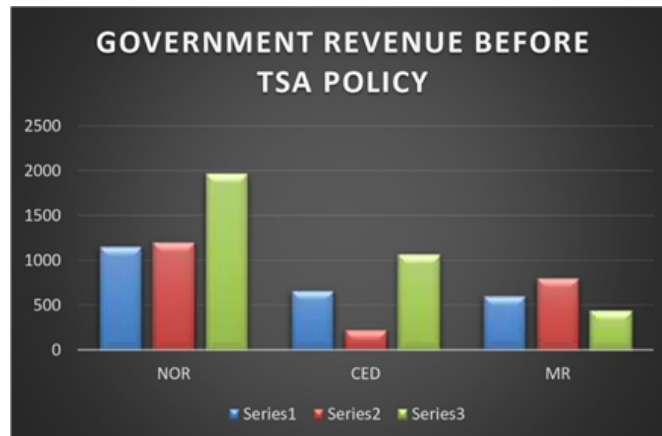


Figure 1: Pictorial Presentation of Government Revenue before TSA implementation.

Figure 1 shows the total revenue to the government from 2012 to 2014, the three years before the implementation of TSA in Nigeria. Series one represents non-oil revenues (NOREV), series two represents revenue from customs and excise duties (CED), and series three represents ministry-based revenue (MREV). From the chart, the NOREV of the government for the three years before the proper implementation of the Treasury Single Account had a constant increase in the first and second years of 50% and a geometric increase of 200% in the third year. Revenue from customs and excise duties showed an increase of 60% in the first year, a sharp reduction to 2% in year two, and a geometric increase of 105% in year three. Series three indicates ministry-based revenue. The chart indicates an increase of 51% in the first year, a 70% increase in the second year, and a sharp 40% drop in revenue in the third year.

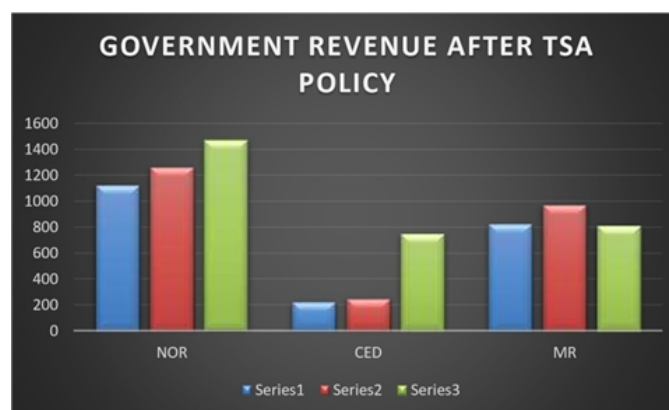


Figure 2: Pictorial Presentation of Government Revenue after TSA policy implementation.

Figure 2 shows the total revenue to the government from 2015 to 2018, after the implementation of TSA in Nigeria. From the chart, series one represents non-oil revenues (NOREV), series two represents revenue from customs and excise duties (CED), and series three represents ministry-based revenue (MREV). The result of the NOREV of the

government for the three years after the proper implementation of the Treasury Single Account shows a gradual increase of 115% in the first year, 120% in the second year, and 140% in the third year. Revenue from customs and excise duties showed a constant increase of 20% in the first and second years and a sharp increase of 70% in the third year. Series three showed that ministry-based revenue generated by the government increased by 80% in the first and third years and increased by 90% in the second year.

Discussion of Findings

The degree of association and relevant interaction between the explanatory variables (MREV, NOREV, and CED) and the dependent variables (GDP and CPI) were calculated from the data collected for the study and evaluated using econometric statistical indicators. The F-statistic was used to check the extent of the relationship between the dependent and independent variables of the first hypothesis. The result shows that the implementation of TSA in Nigeria has impacted economic growth in terms of the total quantity of goods and services produced over the period studied. The full implementation of TSA has had beneficial effects on the government's economic planning, rapid and total budgetary execution, elimination of leakages and other financial irregularities in MDAs, as well as encouraging the proper preparation and collection, data processing, and prompt aggregation of government revenues. It was discovered that the implementation of TSA in Nigeria affects economic growth in terms of the total amount of goods and services produced during the studied period. This finding is in agreement with the findings of Oguntodu and Alalade (2016), Adekunle and Adegbie (2017) that TSA has an affirmative and substantial influence on the country's economic growth. The result agrees with that of Ofurum, Oyibo, and Ahuche (2016), who found that the GDP of Nigeria significantly increased after the implantation of TSA.

Hypothesis two was also tested using the F-statistic, and the result shows that TSA implementation decreased the average income earned per person in the country, and the relationship existing between the variables was weak and negatively correlated. The results of Yusuf (2016) do not agree with the fact that the adoption of the Treasury Single Account (TSA) was able to close financial gaps, encourage transparency, and improve public financial system accountability. The findings did not agree that the TSA has a major positive impact on financial leakages, accountability, and curbing financial misappropriations (Igbekoyi & Agbaje, 2017). The result is equally in agreement with the findings of Effiong, Oro, and Ogar (2017) that "fraud management before the introduction of TSA, IPPIS, and IFMIS was poor.

However, the results in Figures 1 and 2 showed individual revenue contributions from non-oil revenue, customs, and excise duties, and ministerial revenue to the government. It is clear that non-oil revenues contributed higher revenues to the government than revenue from ministerial agencies, customs, and excise duties before and after the introduction of TSA in Nigeria. The result corresponds with the finding of Ayuba (2014) that there is a significant influence of non-oil revenue on economic growth in Nigeria.

Conclusion and Recommendations

The primary purpose of the Treasury Single Account is to centralize the government purse, manage government revenues, effectively monitor government expenditures, and ensure transparency in the administration of public funds. This study used data obtained from MDAs, the Nigerian Bureau of Statistics, and economic indicators to examine the impact of the Treasury Single Account on the growth of the Nigerian economy. Specifically, the study examined the asymptomatic impact of the full implementation of TSA on revenue generation, employment generation, and improvements in living standards in Nigeria. Based on the results of the study, we conclude that the implementation of TSA has significantly affected government economic planning, rapid budget implementation, and the reduction of revenue leakages in Nigeria, though asymptotically.

However, the average income earned by individuals during the implementation periods of TSA was adversely affected. Based on the findings of this study, the researchers recommend as follows: Government should ensure the provision of the required legislative support, as early as possible, to promote the applicable regulatory framework that will enable successful TSA implementation; Government should secure suitable legislations to promote business growth, to boost the generation of adequate revenues to balance the endless expenses of government; Government should increase efforts in addressing the challenges of enforcing the provisions of TSA by the Federal Ministry of Finance and CBN; Government should review the TSA policy to specifically safeguard the financial autonomy of the Nigerian educational institutions.

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