

Implications of Treasury Single Account on Banks in Nigeria: A Study of First Bank Nigeria PLC.

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Abstract

The banking segment is the engine of any nation's economy. The economic status of any nation rest on how stable their banking industry is. In other words, any issue that affects banks also has an impact on the economy of the nation. This study assess the implication of treasury single account on banks in Nigeria; a study of first bank of Nigeria PLC. A sample of 200 participants were randomly selected across 50 branches of first banks in Plateau, Ondo, Bayelsa, Bauchi, Kaduna and Enugu state. Primary and secondary data were used for this study. Descriptive statistics such as percentage was used to analyse the socio-demographic variable of the respondents in this study and inferential statistics such as regression and correlation analysis were used to analyze the data to test the three hypotheses in this study with the aid of SPSS version 25 software. The results revealed that TSA policy which seeks to reduce FG Deposit in the commercial banks has significantly reduce the level of banks liquidity. TSA policy which seeks to reduce FG Deposit in the commercial banks has significantly reduce Commercial Banks Deposit Mobilization TSA policy which seeks to reduce FG Deposit in the commercial banks has significantly reduce Loans and Advances. The study recommends that government should secure as soon as possible the appropriate legislative support to facilitate the relevant regulatory environment which will drive the effective implementation of the TSA in the states and local governments in order to promote accountability and transparency at all levels of government and the banks should avoid over-reliance of government funds and source for funds from other sectors of the economy among other recommendations were made.

**Keywords: TSA, Banks, FG deposit, Loans and Advances, Commercial Banks
Deposit Mobilization**

Introduction

The banking sector is the main stay of any nation's economy. The stability of any nation economy rest on the stability of the nation's banking sector. Similarly, most issues that affect the banking sector also have relationship with the economy of that nation (Allison, & Ndukwe,2021;Kanu, 2016). In Nigeria, for the past decades Money deposit banks have been the custodians of government funds. Recently, the banking sector in Nigeria has experienced several reforms and policies, some favourable, others unfavourable. Numerous banks did not survive these reforms. Before the introduction of TSA, government Ministries, Departments and Agencies (MDA's) operated a multiplicity of accounts in the Money deposit banks. The practice then was that MDA's use part of the funds they generated to fund their operation and remitted the residual to the federation account.

This gave rise to leakages, embezzlement of funds and inadequate budgetary and financial planning. Yet the highest beneficiaries of this condition were the banks who relied on deposits from government agencies and lent back to the government at high interest rates. The banks were operating "arm chair banking" as they no longer mobilized funds from other sectors of the economy.

In is in connection to these, the federal government directed all MDA's to close their accounts with deposit money banks and transmit the balances into the federation account with the apex Bank of Nigeria which was contained in the CBN circular no BPS/CSO/CON/DIR/01/079; dated, February 25,2015 and addressed to all commercial banks. The circular has the title "Commencement of Federal Government's Independent Revenue Collection Scheme under the Single Treasury Account (TSA) Initiative".

The provision of law for single account began in 1954 with the introduction of Oliver Lyttleton constitution; the document discussed the status of federation on Nigeria, which states that the apex bank has the authority to operate a single revenue account for the country. But, the constitution was in operation until 1967, when the Nigerian civil war economy headed by General Yakubu Gowon which necessitated the need for multiple accounts to meet its obligations. This practice continued endlessly without regard for the section 80(1) and section 162(1) of the 1999 constitution of the federal republic of Nigeria as amended (Mayowaak,2015).The policy was re-introduced in 2004 under Olusegun Obasanjo regime by the federal government economic reform and governance programme. As a result of the immense pressure from the banking industry, on the probable adverse effects of the policy on the effectiveness and efficiency of their operation, this led to the discarding of the policy in 2005 (Pronto, 2016; Babatunde, Olanike, & Oladunmomi, 2021). It was however re-debuted in 2012 under Goodluck Jonathan regime, after a pilot scheme for single account was ran using 217 ministries, departments, agencies as a test case. The pilot

scheme saved the country about 500 billion naira in frivolous spending, but was partially implemented. The operation of treasury single account was officially implemented on Monday, 17th of September, 2015 under the administration of President Muhammadu Buhari (The Stalwart Report, 2015).

The implementation of the policy came with its challenges as the banks struggled, though it is an approach adopted by most developed and developing nations of the world as a control measure to deliver on some macro-economic objectives programmed. Sailendra Pattanyuk and Israel Fainboim (2010), Onodi, Eyisi, & Akujor, (2020) posit that idle cash of MDAs in deposit money banks often flop to earn market-related remuneration and by this reason, government is not in full control. Government in turn borrow from the pool of their own money (Robert,2021). This unnecessary contradiction is what the TSA stands to correct. In an article ThisDay newspaper of 17th August, 2016 titled “Counting the gains of Treasury Single Account”, Adeosun pointed out the fact that, as at December 2015, ₦ 2 trillion had been remitted to the coffers of the federal government, and as at first quarter of 2016 the figure had moved to N3 trillion. She said, “These achievements are a huge strategic significance in our national economic recovery efforts”

First Bank of Nigeria Limited (“FirstBank”), established in 1894, is the premier Bank in West Africa, Nigeria’s number one bank brand and the leading financial services solutions provider in Nigeria. The Bank was founded by Sir Alfred Jones, a shipping magnate from Liverpool, England. With its head office originally in Liverpool, the Bank commenced business on a modest scale in Lagos, Nigeria under the name, Bank of British West Africa (BBWA).

In 1912, the Bank acquired its first competitor, the Bank of Nigeria (previously called Anglo-African Bank) which was established in 1899 by the Royal Niger Company. In 1957, the Bank changed its name from Bank of British West Africa (BBWA) to Bank of West Africa (BWA). In 1966, following its merger with Standard Bank, UK, the Bank adopted the name Standard Bank of West Africa Limited and in 1969 it was incorporated locally as the Standard Bank of Nigeria Limited in line with the Companies Decree of 1968.

Changes in the name of the Bank also occurred in 1979 and 1991 to First Bank of Nigeria Limited and First Bank of Nigeria Plc, respectively. In 2012, the Bank changed its name again to First Bank of Nigeria Limited as part of a restructuring resulting in FBN Holdings Plc (“FBN Holdings”), having detached its commercial business from other businesses in the First Bank Group, in compliance with new regulation by the Central Bank of Nigeria (CBN). First Bank had 1.3 million shareholders globally, was quoted on The Nigerian Stock Exchange (NSE), where it was one of the most capitalised companies and also had an unlisted Global Depository Receipt (GDR) programme, all of which were transferred to its Holding Company, FBN Holdings, in December 2012.

As the global operating environment evolves, First Bank has kept pace, responding to the dynamic needs of its customers, investors, regulators, host communities, employees and other stakeholders. Through a balanced approach to plan execution, First Bank has consolidated its industry leadership by maintaining trans-generational appeal. Thus, the Bank has continuously boosted its customer-base, which cuts across all segments in terms of size, structure and sectors. Previous scholars have written extensively on treasury single account in Nigeria (Gwaison, Maimako, & Maimako 2018; Ojong, Agba, Eteng, Maruf, Akintola, & Usung, 2021). However, this study is an extension of the past studies which did not cover the individual firm to assess the implication of single treasury account such as first bank of Nigeria plc. It is against this background that this study examined the implication of treasury single account on the performance first bank of Nigeria plc.

Objectives of the Study

The general objective of this study is to assess the implication of treasury single account on the performance of first bank of Nigeria plc. More specifically, the objective include:

1. To assess to what extent is the implication of treasury single account on bank liquidity in Nigeria
2. To assess to what extent is the implication of treasury single account on commercial bank deposit in Nigeria
3. To identify why treasury single account have implication on loan and advance of banks in Nigeria.

Research Questions

This study in addition to the issues raised above, will address the following questions:

1. what is the implication of treasury single account on bank liquidity in Nigeria?
2. What is the implication treasury single account on bank lending in Nigeria?
3. Why does treasury single account have implication on loan and advances of bank in Nigeria?

Hypotheses of the Study

The following null hypothesis were tested at 0.05 level of significance.

HO₁: There is no significant effect of treasury single account on bank liquidity in Nigeria.

HO₂: There is no significant effect of treasury single account on treasury single account on commercial bank deposit in Nigeria.

HO₃: There is no significant effect of treasury single account on loan and advance of banks in Nigeria.

Conceptual Framework

Concept Treasury Single Account (TSA)

In the work of Premchand (1994), TSA has covered a large part of the world's public sector accounting and finance in the past three decades. TSA is further describe as the system of budget that is executed to carry out to take into account a number of fundamental principles, which traditionally include, general principles of the organization and building of a budget system, namely: budget transparency, the principle of separation of revenue, expenditure and sources of financing the deficit budget and other principles. The basic principles are reflected in the legislation of the majority of both federal and unitary state in the world. A treasury single account is 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.

According to Adeolu (2015) OTSE, (2021). Treasury single account is a public sector accounting system by which all revenue, receipts and payment of the government are collected into a single account, which is usually maintained by the apex bank of a country and payments are done through the same account. It is also a tool used for the effective management of government finances, banking and cash position. The main aim is to ensure accountability of government revenue, enhance transparency and avoid misapplication of public funds. Onyekpere, (2015) Quarm, Sam-Quarm, & Sam-Quarm, (2020).Pointed 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. Nelson, Adeoye, & 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 debt and credit transactions. Thus, the total amount will be reflected eventually on the treasury single account at the end of the day.It is a financial policy introduced by the federal government to consolidate all inflows from the country's ministries, departments and agencies (MDA) that is traceable to a single account. It unifies all governments account through a single treasury account

Treasury Single Account (TSA) is one of the financial policies implemented by the federal government of Nigeria to consolidate all the revenue from all MDA's in the country by way of deposit into commercial banks traceable into a single account at the Central Bank of Nigeria (Kanu, 2016). Section 80 (1) of the 1999 Constitution as

amended states that "all revenue or other money raised or received by the Federation (not being revenue or other money payable under this Constitution or any Act of the 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". IMF, (2010) highlighted three essential features of TSA: First, the government banking arrangement should be unified, to enable the ministry of Finance (MoF) (or treasury) to have an oversight responsibility for, over government cash flows in and out of these bank accounts. Second, no other government agency operates bank accounts outside the treasury single account arrangement. Third, the consolidation of resources should be comprehensive, and encompass all funds both budgetary and extra-budgetary.

Therefore, the TSA is a payment system in which all revenues due to the government are paid into a unified account domiciled with the CBN. Its objective is to ensure fiscal discipline and transparent management of the nation's finances (Kanu, 2016).

According to (Yusuf, 2016), 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. This 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 TSA is a process and tool for effective management of government's finances, banking and cash position. In accordance with the name, it pools and unifies all government accounts through a single treasury account.

Theoretical Review

Innovation diffusion theory.

Innovation diffusion theory (IDT) is a seminal theory in the communications literature that explains how innovations are adopted within a population of potential adopters. The concept was first studied by French sociologist Gabriel Tarde, but the theory was developed by Everett Rogers in 1962 based on observations of 508 diffusion studies. The four key elements in this theory are: innovation, communication channels, time, and social system. Innovations may include new technologies, new practices, or new ideas, and adopters may be individuals or organizations. At the macro (population) level, IDT views innovation diffusion as a process of communication where people in a social system learn about a new innovation and its potential benefits through communication channels (such as mass media or prior adopters) and are persuaded to adopt it. Diffusion is a temporal process; the diffusion process starts off slow among a few early adopters, then picks up speed as the innovation is adopted by the mainstream population, and finally slows down as the adopter population reaches saturation.

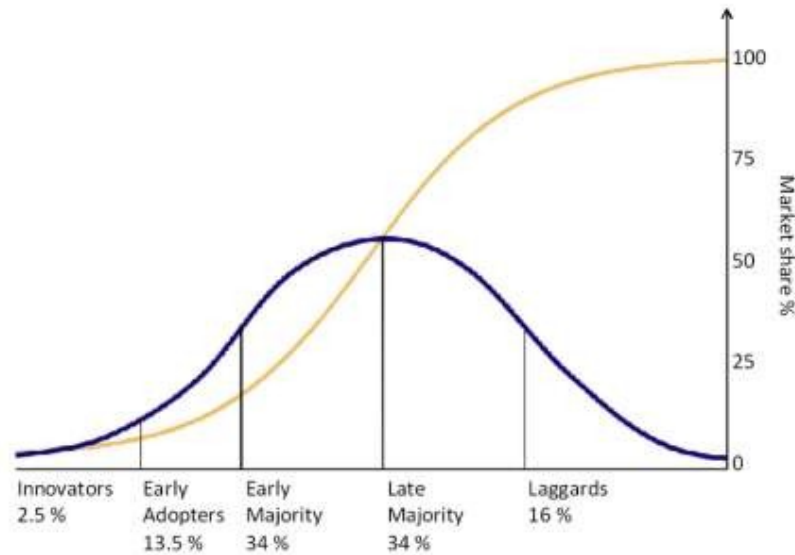


Figure 1 S-shaped diffusion curve

The cumulative adoption pattern therefore an S-shaped curve, as shown in Figure 1.1, and the adopter distribution represents a normal distribution. All adopters are not identical, and adopters can be classified into innovators, early adopters, early majority, late majority, and laggards based on their time of their adoption. The rate of diffusion also depends on characteristics of the social system such as the presence of opinion leaders (experts whose opinions are valued by others) and change agents (people who influence others' behaviors). At the micro (adopter) level, Rogers (1995) suggests that innovation adoption is a process consisting of five stages: Namely; knowledge , persuasion Decision, implementation and confirmation. This theory is related to the study as it presents the process of newness, implementation and consequences of the innovation as regards the Treasury Single Account (TSA) policy.

Stakeholder's Theory

"A stakeholder is any group or individual who can affect or is affected by the achievement of the organization objectives."(Freeman, 1984). Stakeholders are people who have classifiable relationships with the organization. The purpose of an organization is to manage the interest, needs and viewpoints of its stakeholder. Stakeholder management is a major thought to be fulfilled in an organization (Friedman & Miles, 2006). The implementation of treasury single account could be likened to stakeholders 'theory; this is because the adoption of treasury single account was as a result of the pressure from stakeholders/citizen who are majorly against corruption. The stakeholders theory suggests that government should take

into consideration the interest, needs and viewpoints of the stakeholders/citizens, and some response should be informed of strategic opinions. It also provides insight to factors that motivate the federal government to implement treasury single account (Ekubiat & Ime, 2016).

Public Finance Management Theory

This theory deals with matters relevant to the financing of public sector. The theory presumes that all aspects of resource mobilization and expenditure management should be properly considered by governments for the benefits of the citizen. Public finance management are laws, rules and processes that are used by sovereign nations for revenue mobilization, allocation of public funds, undertaking of public spending, accounting for such funds and auditing of the results. It plays an important role in governance process The collection of sufficient resources from the economy in an appropriate manner, and the efficient use of collected resources constitute a good public financial management. The major aim for the implementation of treasury single account is to avoid misappropriation of public funds (Ekubiat & Ime, 2016).

Modern Money Theory (MMT)

This is a macroeconomic theory that analyses and describes the modern economies as the economy in which the national currency is fiat money, that is a currency established and created as money by the government. The modern money theory, majorly contributed in the study of the relationship between the treasury and the central bank. The central bank is the treasury's bank; it receives payments on behalf of the treasury. The central bank stands between the treasury and the spending unit, as well as the treasury and tax payers making payments to the government (Randall, 1998). The modern monetary theory gives insights on how monetarily sovereign governments operate and their impact on the economy. The modern monetary theory claims that a sovereign government's finances are nothing compared to those of households and firms. The sovereign government cannot be insolvent in its own currency. Thus, it can always make payments when due in its own currency. Governments don't need to borrow their own currency in order to spend(Randall, 2012). This theory shows the relevance of aggregating the central bank and the treasury into a government sector that finances itself through the creation of money, in order to ensure the smooth running of the monetary and fiscal policy (Ekubiat & Ime, 2016).

Empirical Review

Udo and Esara, (2016) carried out a research on the “adoption of treasury single account (TSA) by state governments of Nigeria: benefits, challenges and prospects.” The descriptive cross-sectional survey was used and the representative sample of 133 respondents were administered questionnaire. The findings reveal that, TSA adoption and full implementation by the state governments will be of greatest benefit as showed in the weighted mean score of 4.20 and tcalof 24.87; there will be challenges

in the short-run but the benefits in the long-run will outweigh the challenges. They concluded that the state government should adopt and fully implement TSA for successful control and accountability of public funds, so as to avoid bailout funds always from any source.

Kanu, (2016) assessed the positive effect of implementation of treasury single account and economy, the public accounting system and the undesired consequences on the liquidity base and performance of banking sector in Nigeria. The study was done by questionnaire targeted to the management staff of ten banks and chisquare statistical tool was used to analyze the data. The findings revealed that the implementation of treasury single account in the public accounting system impacted negatively on the liquidity base and the performance of banking sector in Nigeria.

Oti, Igbeng and Obim, (2016) examined the “appraisal of policy impact of treasury single account in Nigeria”. The objective of this research was to appraisethe policy impact with a view to proffering solution to the identified gaps. Questionnaires were administered to gather views of individuals and institutions. The data were analyzed using survey and exploratory research design. The study revealed various sheds of opinion: while bankers decry the distortion of their liquidity management plan, the federal government on the other hand claims a huge success because it can now comment on its aggregate cash holding without the drudgery hitherto associated with getting to all money deposit banks or MDAs with multiple accounts.

Chukwudi, Ogbonna, Harrison and Amuji (2018) developed multivariate model for the study of the impact of treasury single account (TSA) on the performance of banks in Nigeria. From the study, we discovered that there was no significant difference between the period before and after the introduction of the TSA policy on the performance of banks in Nigeria. In Diamond Bank Nigeria Plc, we observed that there were negative relationships between liquidity ratio and capital adequacy with correlation coefficient of -0.093 ; liquidity ratio and credit to customers with correlation coefficient of -0.312 ; capital adequacy and credit to customers with correlation coefficient of -0.176 . On the other hand, from the analysis on first bank, we observed that there were both positive and fairly strong relationships between the liquidity ratio and capital adequacy with correlation coefficient of 0.626 ; negative relationship between liquidity ratio and credit to customers with correlation coefficient of -0.880 and finally, negative relationship between capital adequacy and credit to customers with correlation coefficient of -0.165 .

Ndubuaka, Oheagbu, and Nsimoh (2017) examined the impact of TSA on the performance of the banking system in Nigeria. This research study sought to determine the impact of TSA on Credit to the Private Sector, Deposit mobilization and Loans and Advances respectively. Secondary and time series data were obtained from the CBN statistical bulletin 2015. The data were analysed using regression and correlation analysis. The results from the research analysis confirmed that the TSA

had a significant impact on Credit to the Private Sector, Deposit Mobilization and Loans and Advances.

Methodology

This research, will adopt ex post facto research design to show the influence of independent variables on the dependent variable and test the claim using statistical hypothesis testing techniques. Ex post facto research then is a method of teasing out possible antecedents of events that have happened but cannot, be manipulated by the investigator. The treasury single account was already implemented since 2015. Hence, this study assess the implications of treasury single account on banks in Nigeria: a study First bank plc. This study will used questionnaire to generate responses from the bank employee and customers of First bank plc title Treasury Single Account Effectiveness Questionnaire (TSAEQ). Secondary sources such as the Central Bank of Nigeria Statistical Bulletin and First Annual Reports. This in include federal government deposit which was used as proxy for TSA, First bank liquidity, First bank lending and first bank loans and advances. The study covered data from the period of TSA implementation 2012-2018. The population of the study is made up of all the 2516 employees in the 77 branches of first bank in Plateau State, Bauchi state, Ondo state, Enugu State, Kaduna State and Bayelsa State Nigeria. The sample of the study will consist of 255 participants mainly employee from 50 first bank branches selected from one state in each geopolitical zone namely; Plateau state, Bauchi State, Kaduna State , Enugu State Ondo and Bayelsa State respectively. According to Mugenda and Mugenda (2003), a sample size of 10% of the sample size is considered adequate for survey study. The 255 participant is more than 10% of the total population of employees of firstbank in the 6 states in Nigeria, hence the choice of this sample is Justified. This study will adopt simple random sampling techniques. Descriptive and inferential statistics was used to analyse the data to be collected. Descriptive statistics such as percentage was used to analyse the socio-demographic variable of the respondents in this study. However, inferential statistics such as regression and correlation analysis were used to analyze the data to test the three hypothesis in this study with the aid of SPSS version 25 software.

Model Specification

Conceptual Model

1. $BL=f(FG Dp)$
2. $BD=f(FG Dp)$
3. $LAD=f(FG Dp)$

Where

BL = Bank Liquidity

BD = Commercial Bank Deposit Mobilisation

LAD =Loans and Advances

FG Dp= Federal Government Deposit

Analytical Model

1. $BL = \beta_0 + \beta_1 (FG Dp) + \varepsilon$

2. $BD = \beta_0 + \beta_1 (FG Dp) + \varepsilon$

3. $LAD = \beta_0 + \beta_1 (FG Dp) + \varepsilon$

Where

β_0 = Intercept

β_1 = Coefficient of the explanatory variable (slope)

ε =Represents the error term in the model

Results Presentations an Interpretations

TABLE 1: Analysis of Responses from the Questionnaire

Items	No. of Respondents	Percent age (%)
Questionnaire distributed	255	100
Questionnaire	211	82.74

retrieved		
Un-retrieved	39	15.29
Questionnaire		
Questionnaire used in	200	78.43
analysis		
Unable questionnaires	11	4.4

Source: Field survey, 2019

In all, 255 questionnaires were administered on the respondents of from selected first bank branches in Plateau state, Bauchi State, Kaduna State , Enugu State Ondo and Bayelsa State respectively. From the total questionnaires distributed, 211 (82.74%) were retrieved while 39 (15.29%) were not retrieved because every effort to collect them from the respondents failed.11 (4.4%) of the retrieved questionnaires were unable because they were not scored properly by the respondents. Therefore, 200 (78.43%) of the total questionnaire were used in the analysis of this study.

Table 2: Socio-Demographic Variables of the Respondents.

Statement of Items	Frequency	Percentage (%)	
Age Range	Below 25years	41	20.5
	26-35years	54	27.0
	36-45years	77	38.5
	46-55years	21	10.5
	56years and above	7	3.5
	Total	200	100.0
Gender:	Male	80	40.0
	Female	120	60.0
	Total	200	100.0
Marital Status	Single	86	43.0
	Married	89	44.5
	Divorced	12	6.0
	Total	200	100.0
Years of Experience	1-10years	62	31.0
	11-20years	82	41.0
	21-30years	50	25.0
	31years and above	6	3.0
	Total	200	100.0
Academic qualification	ND/NCE	82	41.0
	B.Sc/HND	88	44.0
	M/Sc/PhD	20	10.0
	Others	10	5.0
	Total	200	100.0
Position/Level	Junior Staff	62	31.0
	Senior Staff	82	41.0
	Management Staff	56	28.0
	Total	200	100.0

Source: Author's Computations SPSS version 25

Table 2 revealed that 40% of the respondents were male, while 60% were female. This implies that majority of the respondents were female who dominate their male counterparts in selected first bank branches. The findings revealed that 20.5% were aged below 25 years, 27.0% were 26-35 years, 38.5% were 36-45 years, 10.0% were 46-55 years and 3.5% were 56 years and above. This means majority of the respondents were 36-45 years. More so, 43.0% of the respondents are single, 44.5% are married and 6% are divorce. This means majority of the respondents were married. The findings further revealed that 41.0% of the respondents had ND/NCE, 44.0% had HND/B.Sc, 10% had M.Sc /Ph.D and 5% had others not specify qualifications. This implies that most of the respondents have HND/B.Sc level of education. Hence, they can be more objective in their response. The years of experience shows that 31.0% had 1-10 years experience in first bank, 41.0% had 11-20 years experience, 25.0% had 21-30 years of experience and 3.0% had 31 years and above years of experience. This implies that most of the respondents have 11-20 years experience. Hence, they can be more reliable in their response. Lastly, 31.0% of the respondents are junior staff, 41.0 were senior staff and 28% were management staff. This implies that most of the respondents were senior staff. Therefore they will be more reliable in their response since they are enlightened.

Test of Hypothesis

Hypothesis 1: There is no significant effect of treasury single account on bank liquidity in Nigeria.

Table 1: Showing Regression, Correlation analysis between TSA (FG Deposits) and banks liquidity in Nigeria.

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	p-value
1	(Constant)	-.566	.085		-6.685	.002
	The implication of treasury single account on bank liquidity in Nigeria	.373	.027	.703	13.928	.002

Source: Author's Computations SPSS version 25

Regression Model

$$BL = -0.566 + 0.373(FG Dp)$$

The regression model explains that Federal Government Deposit (FG Dp) has a positive relationship with Bank Liquidity (BL). An increase in One Naira of FG Dp would lead to a proportionate increase of 0.373Naira and vice versa. The correlation coefficient of 70.3 percent indicates a strong positive relationship between Federal Government Deposit and Bank Liquidity. The P value was 0.002 which was less 0.05 means that the P value is statistically significant at 5% level. Since t_{cal} (-6.685) is outside our acceptance region (± 1.96), we therefore reject the null hypothesis and uphold the alternative hypothesis. That is, there is a significant impact of FG Deposit on Bank Liquidity. Therefore the TSA policy which seeks to reduce FG Deposit in the Commercial banks would significantly reduce Bank Liquidity.

Hypothesis 2: There is no significant effect of treasury single account on treasury single account on commercial bank deposit in Nigeria.

Table 2: Showing Regression, Correlation analysis between TSA (FG Deposits) and commercial bank deposit in Nigeria.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	p-value.
1	(Constant)	-.666	.080		-8.318	.001
	The implication of treasury single account on commercial bank deposit in Nigeria	.326	.020	.751	16.001	.001

Source: Author's Computations SPSS version 25

Regression Model

$$BD = -0.666 + 0.326(FG Dp)$$

The regression model explains that Federal Government Deposit (FG Dp) has a positive relationship with Commercial Bank Deposit (BD). An increase in One Naira of FG Dp would lead to a proportionate increase of 0.326 Naira in Commercial Bank Deposit and vice versa. The correlation coefficient of 75.1 percent indicates a strong positive relationship between Federal Government Deposit and Commercial Bank Deposit. The P value was 0.001 which was less 0.05 means that the P value is statistically significant at 5% level. Since t_{cal} (-8.318) is outside our acceptance region (+/- 1.96), we therefore reject the null hypothesis and uphold the alternative hypothesis. That is, there is a significant impact of FG Deposit on Commercial Bank Deposit. Therefore the TSA policy which seeks to reduce FG Deposit in the Commercial banks would significantly reduce Commercial Bank Deposit.

Hypothesis 3: There is no significant effect of treasury single account on loan and advance of banks in Nigeria.

Table 3: Showing Regression, Correlation analysis between TSA (FG Deposits) and Loans and Advances

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	p-value.
1	(Constant)	-.928	.081		-11.412	.000
	The implication of treasury single account on loans and advances of banks in Nigeria.	.382	.020	.803	18.940	.000

Source: Author's Computations SPSS version 25

Regression Model

$$LAD = -0.928 + 0.382 (FG Dp)$$

The regression model explains that Federal Government Deposit (FG Dp) has a positive relationship with loans and advances of banks in Nigeria (LAD). An increase in One Naira of FG Dp would lead to a proportionate increase of 0.382 Naira and vice versa. The correlation coefficient of 80.3 percent indicates a strong positive relationship between Federal Government Deposit and loans and advances of banks in Nigeria. The P value was 0.000 which was less 0.05 means that the P value is statistically significant at 5% level. Since *t*cal (18.940) is outside our acceptance region (+/- 1.96), we therefore reject the null hypothesis and uphold the alternative hypothesis. That is, there is a significant impact of FG Deposit on loans and advances of banks in Nigeria. Therefore the TSA policy which seeks to reduce

FG Deposit in the Commercial banks would significantly reduce loans and advances of banks in Nigeria.

Discussion of Findings

The regression model explains that Federal Government Deposit (FG Dp) has a positive relationship with Bank Liquidity (BL). An increase in One Naira of FG Dp would lead to a proportionate increase of 0.373Naira and vice versa. This agreed with the findings of Kanu (2016), Chukwudi, Ogbonna, Harrison and Amuji (2018) and Adetunmobi, Adesina, Faboyeda and Adejana(2017) that also confirmed that the implementation of Treasury Single Account impacted negatively on the liquidity base of banks in Nigeria. It was recommended that if the policy is executed it will lead to the prompt payment of all income going into the nation's purse without the intermediation of multiple banking arrangements.

The regression model explains that Federal Government Deposit (FG Dp) has a positive relationship with Commercial Bank Deposit (BD). An increase in One Naira of FG Dp would lead to a proportionate increase of 0.326 Naira in Commercial Bank Deposit and vice versa. This agreed with the findings of Olowokure and Adetoso (2017) and Ndubuaka, Oheagbu,and Nsimoh (2017) that also confirms that the implementation of Treasury Single Account impacted on the deposit of banks in Nigeria.

The regression model explains that Federal Government Deposit (FG Dp) has a positive relationship with loans and advances of banks in Nigeria (LAD). An increase in One Naira of FG Dp would lead to a proportionate increase of 0.382 Naira and vice versa. This agreed with the findings of Ndubuaka, Oheagbu,and Nsimoh (2017) and Olowokure and Adetoso (2017) that also confirms that the

implementation of Treasury Single Account impacted on the loans and advances of banks in Nigeria.

CONCLUSIONS/RECOMMENDATIONS

The policy has greatly improve the management of government revenue. It implementation has pave way for the timely payment and capturing of all revenues going into the government treasury, without the intermediation of multiple banking arrangements. Besides, the system has reduce the mismanagement of public funds by revenue-generating agencies. It is also expected to help check excess liquidity, inflation, high interest rates, round-tripping of government deposits, and the sliding value of the naira. In view of these benefits, we call for strict compliance with the directive on TSA by the relevant government organizations. The implementation of the order will, however, require the cooperation of the National Assembly with the Executive arm to ensure strict compliance by the MDAs. The fears that have been raised about the implications of the new measure are hardly necessary.

Based on the findings of the study, the followings recommendations are made:

1. Considering the benefit of maintaining single account, the federal government should secure as soon as possible the appropriate legislative support to facilitate the relevant regulatory environment which will drive the effective implementation of the TSA in the states and local governments in order to promote accountability and transparency at all levels of government.
2. Government should make effort to develop a sustainable budgetary control mechanism considering the fact that it has been established within the scope of this

study that maintenance of TSA does not affect budgetary control and this is a core area that is used as a yardstick for performance measurement in the public sector.

3. To cushion the liquidity impact on the financial system, an orderly migration of cash balances from the commercial bank accounts to the TSA should be considered, and complemented with monetary policy measures.

4. The banks should avoid over-reliance of government funds and source for funds from other sectors of the economy. Rural banking should be aggressively undertaken to mobilise funds from the un-banked among rural dwellers.

5. The government should find other avenues to encourage the private sector. The policy however should not be killed by policy intricacies.

6. The choice of the TSA should be informed and guided by the availability of clear operational basis technology infrastructure that supports the implementation of the model of their choice. CBN should go beyond the guidelines and put in place measures to correct any lapses or negative impact of the policy both on the banking sector and the economy at large.

7. Banks should source funds from other sectors of the economy; more than 50% of the population of Nigeria does not have access to financial services. Savings and investment should be encouraged instead of people keeping their money under their pillow. It entails that unwavering commitment and sincerity of purpose are needed for the system to work effectively.

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