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EFFECT OF TREASURY SINGLE ACCOUNT ON ECONOMIC GROWTH OF NIGERIA.

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Abstract

The research employed a descriptive methodology to investigate the impact of the independent variable on the response variable through the implementation of multiple regression analysis utilizing the IBM SPSS 21 statistical software specifically designed for social science applications. The Centralized Account [Independent Variable] and the Inflation Rate [Dependent Variable] will be incorporated into the analytical model. Statistical Test of Significance. The coefficients of multiple determinations (R^2) were utilized to assess the quality of fit; t-statistics were employed to evaluate the significance of each regression coefficient in isolation; and F-statistics were applied to ascertain the overall significance of the entire regression equation. Test for Goodness of Fit In this context, the multiple determinations coefficient R^2 quantifies the explanatory capacity of the independent variable in relation to the dependent variable, as well as the degree to which the sample regression line approximates the observed data (goodness of fit). The value of R-squared, or R^2, spans from 0 to 1 [$0 > R^2 < 1$]. An increased proportion of variance results in R^2 approaching unity. Test of Significance It is imperative to conduct the t-test to evaluate the statistical significance of each regression coefficient. A descriptive statistical test with n–k degrees of freedom is performed. It is essential to test the alternative hypothesis (H_1) in opposition to the null hypothesis (H_0).

Keywords: *TSA, Treasury Single Account: GDP, Gross Domestic Product: GRDP, Growth rate of the Domestic Product CBN, Central Bank of Nigeria*

1. INTRODUCTION

Despite the theoretical advantages associated with the implementation of the Treasury Single Account (TSA), there exists a pressing requirement for empirical validation to evaluate the extent to which this policy has concretely influenced the economic growth of Nigeria. While certain analysts contend that the TSA has facilitated enhanced resource allocation and fiscal consolidation, others assert that it has inhibited liquidity within the banking sector, thereby adversely affecting credit availability to the private sector and, consequently, economic growth.

This research endeavor aims to investigate the impact of the Treasury Single Account on the growth rate of Gross Domestic Product (GDP) in Nigeria, thereby providing a comprehensive analysis of whether the policy has fulfilled its intended economic objectives and how it aligns with the overarching goal of national economic development.

1.1 Statement of the Problem

Nigeria has historically encountered significant challenges in the proficient management of public finances, characterized by pervasive issues such as financial leakages, pervasive corruption, and inefficiencies regarding the allocation and utilization of governmental resources. Prior to the enactment of the Treasury Single Account (TSA), ministries, departments, and agencies (MDAs) maintained a multitude of bank accounts across various commercial banks, resulting in a fragmented approach to public finance management, unmonitored cash balances, and a deficiency in accountability. In a bid to rectify these challenges, the Federal Government of Nigeria implemented the TSA in 2015 as a comprehensive financial reform initiative aimed at centralizing government revenues and enhancing fiscal discipline. Although the TSA was designed to augment transparency, mitigate mismanagement of funds, and ensure effective resource allocation, there exists an increasing apprehension regarding its tangible impact on macroeconomic indicators, notably the growth rate of the Gross Domestic Product (GDP).

Notwithstanding the policy's intended goals, divergent viewpoints persist regarding its outcomes. Some proponents argue that the TSA has significantly improved governmental revenue monitoring and fiscal planning, potentially facilitating economic growth. Conversely, others assert that it has imposed constraints on liquidity within the banking sector, diminished credit accessibility for the private sector, and adversely affected economic activity. These contrasting perspectives engender a critical inquiry: Has the implementation of the Treasury Single Account exerted a positive or negative influence on Nigeria's GDP growth?

This study, therefore, endeavors to bridge the empirical evidence gap by rigorously investigating the impact of the Treasury Single Account on the growth rate of Nigeria's GDP. Comprehending this relationship is essential for assessing the efficacy of public financial reforms and for guiding future policy formulations.

1.2 Objective of the Study.

The main objective of this research is to evaluate the effect of Treasury Single Account on Economic Growth in Nigeria.

But specifically, the objective of this Study is to:

i Evaluate the effect of Treasury Single Account on Growth Rate of GDP of Nigeria.

1.3 Research Questions

For the purpose of this study, the following research question is asked:

i. What is the effect of Treasury Single Account on Growth Rate of the GDP?

1.4 Statement of Hypothesis

The following Hypothesis serve as a guide in carrying out this work;

i Treasury Single Account has no significant effect on Growth Rate of the GDP

2. REVIEW OF RELATED LITERATURE

2.1 Conceptual Review

2.1.1Treasury Single Account

The Treasury Single Account (TSA) constitutes a financial governance framework aimed at the integration and consolidation of all governmental revenues and receipts into a singular account, which is customarily administered by the central banking authority. This policy is intended to enhance transparency, accountability, and the effective management of governmental cash resources (International Monetary Fund [IMF], 2011). The TSA serves to obviate the proliferation of governmental bank accounts managed by ministries, departments, and agencies (MDAs), which has historically resulted in a disjointed approach to cash holdings and fiscal imprudence. As articulated by Pattanayak and Fainboim (2011), a TSA is characterized as "a unified structure of government bank accounts that facilitates the consolidation and optimal utilization of government cash resources." The policy is regarded as a critical reform imperative for the proficient management of cash within the public sector. By aggregating all governmental funds within a centralized account, the TSA aids in diminishing borrowing expenditures, curtailing idle balances, and ensuring the prompt and effective disbursement of public financial resources.

In Nigeria, the implementation of the TSA was officially initiated in 2015 under the auspices of the Buhari administration, although its foundational principles were established by preceding administrations (Yusuf, 2016). This policy stipulates that all revenues generated by MDAs are to be deposited into a singular account housed at the Central Bank of Nigeria (CBN), thus eradicating the existence of multiple accounts in commercial banking institutions which frequently facilitated financial leakages and corruption.

The principal aims of the Treasury Single Account (TSA) encompass:

Augmenting accountability and transparency within the management of public funds. Enhancing fiscal discipline and financial oversight. Minimizing the expenses associated with governmental borrowing by leveraging idle cash reserves (Adeolu, 2016). Facilitating the efficient distribution of financial resources to critical sectors within the economy.

Nevertheless, despite the TSA being commended for its contributions to revenue monitoring and the discipline of public finance, apprehensions have emerged regarding its effects on liquidity within the banking sector. As noted by Eme and Chukwurah (2015), the withdrawal of public sector deposits from commercial banking institutions, consequent to the implementation

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of the TSA, has limited banks' lending capabilities, thereby potentially impeding private sector investment and economic advancement.

In summation, the TSA is broadly acknowledged as an essential element of reform in public financial management. When executed effectively, it can bolster macroeconomic stability and foster growth by ensuring the judicious utilization of governmental resources (Olowookere & Olayiwola, 2016). However, the efficacy of the TSA is also contingent upon political commitment, institutional capacity, and supplementary reforms in budgeting, procurement, and auditing.

Adeolu (2015) articulated that a unified financial system constitutes an economic policy that ensures the collection of all governmental taxes and revenues into a singular source, termed the reserves, which fall under the auspices of the apex Bank. Although this approach was previously operational in numerous countries globally, it was adopted and predominantly implemented in Nigeria during the administration of President Goodluck Jonathan in 2012. Shortly after the inauguration of President Muhammadu Buhari in 2015, the policy was further pronounced and operationalized.

Adams (2015) observed that the primary benefits of the Treasury Single Account include the amplification of government revenue generation and the assurance of transparency and accountability in governmental expenditure. Furthermore, it may assist in mitigating revenue leakages, which have historically posed substantial impediments to the growth and enhancement of national wealth.

Iroegbu (2015) posited that the execution of the Treasury Single Account (TSA) policy represents a pivotal measure in curtailing financial mismanagement within the public sector and fostering accountability. The management of public finances is conducted with transparency. Section 80(1) of Nigeria's 1999 Constitution (as amended) articulates that "All income and other funds obtained or collected by the Federation (excluding those designated for other general funds of the Federation established for specific purposes pursuant to this law or an Act of the Legislative Assembly) must be remitted to the National account," which delineates the objective of the TSA to amalgamate all government revenues and expenditures, thereby establishing a singular Consolidated Federal Revenue Fund. By maintaining a singular account, the government will enhance its capacity to regulate substantial cash transactions, reconcile revenue accounts, and mitigate the surplus funds that government business entities frequently leave unutilized.

Eme, Emmanuel, and Chukwurah (2015) noted that President Goodluck Jonathan articulated in October 2012 that the implementation of the Treasury Single Account by his administration has augmented the predictability of public expenditure while concurrently diminishing the fiscal deficit. Federal government ministries, departments, and agencies (MDAs) are mandated to promptly adopt the Treasury Single Account (TSA) in alignment with the directive issued by President Muhammadu Buhari in August 2015, as noted by Akande (2015). The TSA has been characterized as a systematic approach and mechanism that consolidates all government accounts into a singular entity to effectively manage the nation's fiscal resources, banking operations, and cash position, thereby streamlining the government's financial oversight.

2.1.2 The Nature of Receipts paid into The Single Treasury Account

The Treasury Single Account (TSA) in Nigeria represents a significant financial reform initiative aimed at the consolidation of all governmental revenues and receipts into a singular account overseen by the Central Bank of Nigeria (CBN). This policy is formulated to promote transparency, accountability, and the efficient management of public finances through the eradication of previously fragmented banking systems maintained by Ministries, Departments, and Agencies (MDAs) (Pattanayak & Fainboim, 2011).

The receipts deposited into the TSA encompass diverse categories of government-generated financial resources. These categories include:

1. **Statutory Revenues**

Statutory revenues are derived from oil exports, taxation, customs duties, and other forms of income collected at the federal level. Such revenues are predominantly gathered by agencies such as the Federal Inland Revenue Service (FIRS), Nigerian Customs Service (NCS), and the Department of Petroleum Resources (DPR). All statutory revenues accruing to the federal government are mandated to be deposited into the TSA in accordance with the stipulations of the 1999 Constitution and the Financial Regulations (Federal Government of Nigeria, 2009).

2. **Internally Generated Revenue (IGR)**

MDAs are obligated to remit their internally generated revenues, which include service charges, fees, levies, and fines, into designated sub-accounts that are interconnected with the TSA. These funds encompass payments for passports, licenses, tuition fees for federal tertiary institutions, and hospital service charges. The CBN systematically consolidates these receipts into the TSA on a daily basis (Adeolu, 2016).

3. **Donor and Grant Funds**

Grants and donations received from international partners or agencies, particularly those that facilitate development projects, are also deposited into accounts linked to the TSA when such funds are administered by governmental entities. This mechanism ensures accountability and facilitates the effective monitoring of foreign assistance (Eme & Chukwurah, 2015).

4. **Capital Receipts**

Capital receipts consist of funds generated from the sale of government assets, proceeds from privatization, and refunds from contractors. Such receipts, being funds owned by the government, are channeled through the TSA to uphold fiscal discipline and ensure accurate reporting (Yusuf, 2016).

5. **Loan Proceeds and Budget Support Funds**

Financial resources obtained from both domestic and international loans, including budget support provided by multilateral institutions such as the World Bank and the African Development Bank, are remitted into accounts designated by the TSA for subsequent disbursement and project execution (Olowookere & Olayiwola, 2016).

6. **Value Added Tax (VAT)**

Zone and Asmare (2020) elucidate that Value-Added Tax (VAT) is an indirect tax levied on the enhancement of value attributed to goods throughout the various phases of production and distribution. This tax is remitted as a predetermined percentage of the ultimate retail price of a good and is calculated based on the disparity between the acquisition cost of an asset and its prevailing market valuation. According to Albishi & Alshabanah (2020),

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VAT is a consumption-based tax that is applied to all products and services rendered within Nigeria or imported into the nation. It is incumbent upon individuals, enterprises, and governmental entities to fulfill their VAT obligations, which are currently set at a rate of 7.5%. Specific categories of goods are exempt from this taxation, including essential food products, educational resources, exports, medical and pharmaceutical items, as well as healthcare services. The Federal Inland Revenue Service (FIRS) is endowed with the authority to oversee the administration of VAT collection.

The characteristics and variety of revenues deposited into the Treasury Single Account (TSA) highlight its significance in fostering holistic cash management. By ensuring that all monetary inflows are monitored from a centralized perspective, the TSA plays a pivotal role in mitigating idle cash balances, curtailing borrowing expenditures, and enhancing fiscal planning and oversight (IMF, 2011). Moreover, this policy bolsters the governmental initiative against corruption by constraining the avenues available for the misappropriation of funds through unauthorized accounts.

2.1.3 Growth Rate of the Gross Domestic Product

The Gross Domestic Product Growth Rate, frequently designated as the Economic Growth Rate, evaluates the variation in a nation's Gross Domestic Product over distinct time intervals. The aggregate variation is expressed as a percentage (%), which serves to reflect the state of the economy and prospective future advancement. The final valuations of all goods and services generated within the economy during a fiscal year are incorporated into the Gross Domestic Product. When comparing the GDP of one time frame to that of another, the following equation may be formulated:

Economic Growth = (GDP 2 - GDP 1) / GDP 1

The resultant is conveyed as a percentage. Positive outcomes signify that the economy is experiencing expansion at the designated rate. Should there be a 2% increase in economic activity from the prior period to the current one, such an increase may be attributed to augmented government expenditure, heightened retail consumption, or increased levels of imports and exports. The economic growth rate of a nation is defined as the differential in value, articulated as a percentage, between all goods and services generated during a specific timeframe and those produced in the equivalent timeframe previously. The comparative vitality of an economy over time is appraised through its growth rate. The requisite data is generally amassed and disseminated on a quarterly and annual basis. The economic growth rate typically monitors fluctuations in a nation's Gross Domestic Product (GDP). In scenarios where a nation's economy is significantly dependent on foreign earnings, Gross National Product (GNP) may be employed. In such instances, net earnings from international investments are factored in.

The economic growth rate offers a comprehensive indication of a nation's economic trajectory and magnitude of expansion (or contraction) over time. Furthermore, it may serve as a tool for forecasting the rate of economic growth for the forthcoming quarter or year.

Basic information about the GDP Growth Rate

The fluctuation in a nation's gross domestic product, akin to that observed in the United States and the majority of other nations, signifies the rate of economic growth. The economic growth rate of a nation is systematically tracked over time as a primary indicator of the overarching trajectory of the economy. Generally speaking, an increase in demand leads to greater output and an accelerated rate of economic growth. An upsurge in economic growth is frequently regarded as advantageous. A nation is officially classified as experiencing a recession if it exhibits negative growth rates over two successive quarters. In simpler terms, if an economy contracts by 2% relative to the preceding year, the overall population has diminished, and income has also declined by 2% within that year.

Contemporary market-oriented economies are predominantly centered on perpetual expansion. An economic system is characterized as a collection of interconnected production and consumption activities that govern the distribution of finite resources. In market-oriented economies, these finite resources are allocated through a market mechanism, wherein the dynamics of supply and demand dictate the distribution of resources. A market-oriented economy flourishes by possessing the capability to produce an increasing quantity of goods and services over time, culminating in enhanced material wealth, both monetarily and in other tangible forms. Theoretical frameworks posit that all participants in a market economy stand to gain.

Gross Domestic Product (GDP) constitutes a vital economic indicator employed to evaluate the condition of a nation's economy. GDP is computed for the economy of each individual nation. For example, each nation has the capacity to measure its GDP on either a quarterly or annual basis. The rate of GDP growth can be assessed by monitoring GDP over time. To comprehend the current economic landscape and its prospective trajectory, governmental entities, economists, corporations, and investors consistently monitor economic indicators such as GDP growth. An annual GDP growth rate ranging from 2% to 3% is deemed normal for a developed economy. Consequently, any GDP growth surpassing this threshold serves as a definitive indication that an economy is flourishing and expanding.

A prosperous economy generates increased financial resources, which incentivizes consumers to augment their spending. Businesses experience heightened revenues, prompting the hiring of additional personnel, who subsequently contribute to an increase in consumer expenditure. Conversely, should GDP growth fall below 2% or even enter negative territory, it may serve as a harbinger of an impending recession. A recession is characterized by prolonged periods of GDP contraction. Such a downturn is often detrimental to market economies, as it signifies a reduction in wealth, thereby deterring consumption as individuals become increasingly focused on financial conservation. A detrimental cycle ensues when consumption wanes, leading to diminished corporate revenues, which may compel these businesses to implement layoffs, further resulting in decreased consumer spending.

2.1.4 Determinants of the Real Gross Domestic Product

Research conducted by Okoye, Modebe, Adedayo, and Evbuomwan (2017), Sulaiman and Azeez (2012), Ayadi and Ayadi (2008), Ajayi and Oke (2012), and Zaman and Arslan (2014) elucidates a robust correlation between external debt and economic development. A salient metric of economic performance that has been adjusted for price variations (inflationary and deflationary pressures) within a nation is its real Gross Domestic Product (real GDP). This encompasses the aggregate of governmental expenditures, business investments, net exports (exports minus imports), and consumer expenditures. Despite the GDP experiencing an uptick in scenarios where a country is afflicted by persistent inflation, it does not invariably reflect the authentic

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growth trajectory of the economy. In fact, to ascertain the real growth rate, also referred to as the actual GDP, one must subtract the inflation rate from the nominal GDP. Real GDP delineates the discrepancy between the market value of all final goods produced within a jurisdiction, typically a nation, and the nominal GDP, which is susceptible to potential price alterations induced by inflationary trends. The nominal GDP would exhibit variability if the prices of commodities fluctuate between periods while the real output remains constant. Real GDP is calculated using prices from a designated year (the base year) in contrast to the year of analysis to account for price fluctuations, thus enabling real GDP to accurately evaluate changes in output. The imperative to identify various determinants that significantly contribute to the real GDP in order to formulate informed forecasts arises from the critical role that the GDP of any nation plays in comparing its economic activities with those of other sovereign states.

Consequently, it is essential to evaluate the aggregated influence of pivotal economic variables on the Nigerian GDP in real terms. Nations incur debt with the objective of enhancing their economic performance and mitigating poverty levels to avert macroeconomic instability. The debt predicament faced by Nigeria is a multifaceted and interrelated phenomenon, and attempts to mitigate it through measures such as debt rescheduling, debt cancellation, or debt forgiveness have yielded minimal to no tangible outcomes. Nigeria's debt challenges can be traced back to the early 1980s, and over the decades, a substantial fraction of the nation's foreign revenue has been allocated to debt servicing. This trajectory has resulted in certain impediments to the nation's progress. The administration is presently grappling with numerous concerns regarding the magnitude of the debt and its deleterious consequences, such as the inability to remunerate public sector employees.

2.2 Theoretical Frame Work

2.2.1Modern Monetary Theory

Modern Monetary Theory (MMT) constitutes an economic framework that emphasizes the significance of government expenditures and taxation within the economic landscape. It posits that governments possess the capacity and obligation to employ fiscal policy mechanisms, such as taxation and expenditures, to effectively regulate their economies. MMT is predicated on the assertion that governments ought to be permitted to allocate resources and impose taxes as necessary to fulfill their economic objectives. This perspective stands in stark contrast to conventional fiscal policy, which is anchored in the belief that governments should only engage in spending and taxation when it is essential to maintain budgetary equilibrium. MMT asserts that governments should strategically utilize fiscal policy to attain full employment and price stability. Moreover, it contends that governments can generate currency to finance expenditures without precipitating inflation, provided that they judiciously manage the money supply and maintain a low inflation rate. In addition, MMT advocates that taxation should be employed as a mechanism for income redistribution and to guarantee that the government acquires sufficient revenue to meet its fiscal responsibilities. MMT further posits that government deficits should not inherently be regarded as detrimental, as they can serve as instruments to invigorate the economy and foster growth.

It also proposes that government deficits ought not to be perceived as a liability for future generations, given that the funds can be utilized to deliver services and create employment opportunities. In summary, MMT represents an economic theory that concentrates on the methodologies by which governments can leverage fiscal policy to regulate economic activity.

2.3 Empirical Review of Related Literature

Insufficient consideration has been afforded to the implications of the Treasury Single Account policy and its potential impact on Nigeria's economic development. Nigeria has effectively implemented the Treasury Single Account. In light of the lack of sufficient quality and quantity of scholarly literature in this domain, particularly when juxtaposed with other research areas that investigate the relationship between banks' liquidity and the comprehensive enactment of the TSA policy, federal government deposits, and various other factors, it is evident that this field has not sustained a presence for seven years.

2.3.1 Effect of Unified Account on Economic Growth

The influence of a Comprehensive Fiscal Control Framework on Economic Development: An Examination of the Situation in Ghana was conducted by Aminatu (2016). This scholarly investigation employed both qualitative and quantitative methodologies to assess the ramifications of the Integrated Financial System. Utilizing regression analysis as the statistical approach, the Ministry of Finance and Economic Planning scrutinized data accumulated over the preceding decade. This research endeavors to explore the implications of the GIFMIS on Ghana's economic development by analyzing indicators such as GDP, economic growth, and the allocation of resources to pivotal economic sectors. The findings indicate that certain economic sectors contribute significantly to GDP enhancement, whereas other sectors are experiencing detrimental impacts. Furthermore, the analysis results suggest that the economic augmentation is not directly correlated with GDP growth.

Effiong and Obun (2020) conducted an evaluation of the post-TSA period, specifically examining the extent to which TSA implementation influences revenue collection, employment generation, and enhancements in living standards in their study on the interrelationship between the Treasury Single Finance and commercial growth — Asymptomatic Evaluation, to determine the scope of both concealed and indirect effects exerted by the functioning of the Treasury Single Account on economic expansion, an asymptomatic analysis was undertaken. Data sourced from an expo-facto research design were utilized for the investigation, deriving from the UN data portal and the Federal Inland Revenue tax statistics report. The study employed both descriptive statistical techniques and the ordinary least squares regression method to analyze the available data. The results and conclusions of this research indicated that while the operation of the Treasury Single Account (TSA) exerted adverse effects on per capita income and government revenue, it simultaneously exhibited a substantial scientific impact on economic expansion in terms of real GDP. The descriptive analysis revealed that non-oil revenue surpassed customs and excise duty revenue as well as other ministerial-based revenue streams. The findings of the study culminated in the conclusion that the TSA has both positive and negative implications for economic growth. Among various recommendations, the research urged the government to promptly enact appropriate legislation to stimulate industrial expansion and enhance sufficient income production to mitigate persistent government expenditure.

The Treasury Single Account (TSA) and Economic Development in Nigeria: Accounting & Ethical Issues was investigated by Obara

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et al. This comprehensive analysis uncovered that (i) the impetus for increased funding through a synthesis of monetary and fiscal policies is driven by both rural and urban developmental needs. (ii) Intentional monetary policy encompasses: Governmental policy actions designed to achieve a specific set of economic objectives were executed through the appropriate institutional framework, such as monetary authorities. (iii) The outcomes of the study revealed that the TSA's monetary and fiscal policies for economic growth epitomize a global best practice. As a result, the foremost financial institution in Nigeria acts as the focal point or institutional foundation for the TSA (iv). Consequently, it is recommended that the TSA policy be sustained and that relevant stakeholders address the associated challenges.

Adekunle et al. (2017) conducted an investigation into the ramifications of the financial policy by employing Ordinary Least Squares methodology to assess the implications of financial strategies on the Nigerian economy. The dataset utilized for this analysis was derived from the CBN statistics bulletin spanning the years 1999 to 2015. The findings revealed that the implementation of the Treasury Single Account (TSA) exerted a favorable and statistically significant influence on economic growth.

Ofurum et al. (2018) applied the conventional regression methodology to explore the degree to which the TSA has enhanced revenue collection by the federal government and its subsequent effect on Nigeria's GDP growth. The analysis indicated that the introduction of the TSA in Nigeria led to a systematic augmentation of GDP, as articulated in the report.

The economic repercussions of the Treasury Single Account on Nigeria were assessed by Oguntodu et al. (2016). The research explicitly delineated the advantages of TSA-related federal expenditures and revenue on GDP, as well as the impacts of TSA government spending on GDP. Furthermore, the study explored the influence of TSA merchant banks in Nigeria on GDP. A chronological dataset covering more than 17 years was utilized to derive economic indicators. Employing the Ordinary Least Squares estimator, regression analysis was conducted to scrutinize the collected data. The outcomes of the study indicated that the TSA exerts a positive and statistically significant effect on the economic development of the nation. Advances in Social Sciences Research Journal (ASSRJ) Vol.4, Issue 24 Dec-2017

Jat (2016) engaged in a study regarding the influence of Treasury Single Accounts on the economic growth of Nigeria. The primary objective of the research was to investigate the impact of Treasury Single Accounts on economic growth within Nigeria. The research methodology adopted was exploratory in nature. Secondary data were sourced from both online platforms and library resources. The findings of the research suggest that TSA policies, which encompass standardization of record-keeping and bank accounts, consolidation of governmental accounts, optimal utilization of state-provided funds, and mitigation of fraud and corruption within the financial system, among other factors, are perceived to facilitate economic growth. Additionally, it was found that the implementation of Treasury Single Account financial policies and principles is likely to influence the indicators of economic growth, which are definitive markers of economic advancement. Consequently, the study recommends that the government ensure the effective implementation and sustained adherence to TSA regulations and principles over time.

The impact of the TSA system on Nigeria's fiscal operations and economic growth was analyzed by Oloba et al. (2017). The financial statements (balance sheets and profit and loss accounts) from five (5) major deposit money banks (DMBs) in Nigeria served as the secondary data source for the raw information employed in the study. The authors conducted a descriptive statistical analysis of the data. In light of the investigation, the study concluded that the TSA has a minimal impact on Nigerian financial institutions, which remain largely stable and financially robust. However, several deposit money institutions are facing financial distress due to factors external to the TSA policy considerations.

The Treasury Single Account's contribution to the cost of governance was investigated by Fatile and

Ndubuaku et al. (2017) conducted an empirical analysis of the implications of Nigeria's Treasury Single Account (TSA) on private sector lending, deposit mobilization, and the provision of loans and advances by deposit money banks, utilizing time-series data extracted from the Central Bank of Nigeria's statistical fact book. The investigation employed both correlation and regression analyses as methodological tools. The findings revealed that the implementation of the TSA exerts a significant influence on private sector credit, deposit mobilization, as well as loans and advances.

Chukwudi and Harrison (2018) further investigated the implications of the TSA on the performance metrics of banks, employing a multivariate dataset obtained from two commercial banking institutions in Nigeria. The results indicated that the introduction of the TSA did not have a discernible effect on the liquidity, capital adequacy, or credit ratings of the banks analyzed; however, it facilitated the government in the collection of surplus and idle cash that could potentially detrimentally affect the banking sector.

Ofurum et al. (2018) explored the correlation between the growth of Nigeria's Gross Domestic Product (GDP) and enhancements in the federal government's revenue collection, employing the standard regression analysis framework. According to the study, the implementation of the TSA in Nigeria has led to a systematic increase in GDP. In a related inquiry, Ahmed (2016) scrutinized the Unified Account as a mechanism for financial management and prudence. This study evaluated various account types maintained by the government under the TSA, the legal framework underpinning the establishment of the TSA, prospective achievements, and possible operational challenges associated with the policy in Nigeria. The research uncovered a significant deficiency in both moral and political commitment from the government to address the myriad issues surrounding public financial management.

Yusuf and Muhammed (2016) examined the Unitary Account (TSA) as a valuable instrument for the management of finances and fiscal prudence in Nigeria. In alignment with their findings, the effective implementation of the TSA substantially impacts Nigeria's financial management landscape. The study employed a survey design, which entailed the collection of data regarding the effects of the Treasury Single Account on Nigeria's financial management processes. Sixty questionnaires were distributed to key accounting departments and organizations within Damaturu, and the data utilized in the study was sourced from primary materials. The results underscored that a comprehensive implementation of the TSA by all relevant stakeholders would

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significantly contribute to the reduction of corruption, misappropriation of public funds, and the prevention of financial leakages and other irregularities at both state and national levels.

Adejuwon (2017) specifically examines the Buhari civilian administration in Nigeria. The investigation employed a qualitative methodology and was grounded in secondary data sources. It was informed by stakeholder theory. The research revealed that the escalation in governance expenditures is not predominantly attributable to a surfeit of bureaucracy.

As articulated by Ocheni (2016), a significant driver of public financial management reforms in Nigeria is the Treasury Single Account. A study utilizing the least squares method of analysis on time series data from 2012 to 2016 concluded that the implementation of the TSA has not produced any significant impact on the operational performance of Nigeria's commercial banking institutions. The author posits that the comprehensive execution of the TSA is unlikely to influence banking operations.

3. METHODOLOGY

3.1 Research Design

The research design employed is *ex post - facto*. This design is adopted because the facts used in this study are free from bias, prejudice and without the interference of the researcher because the investigation starts after the facts have occurred.

3.2 Area of Study

This study evaluates the effect of Treasury Single Account on the Nigerian Economic Growth

3.3 Source of Data

The Study made use of Secondary Data. These records cover the periods 2008 to first quarter of 2025. Secondary Data were collected on Treasury Single Account, Growth Rate of GDP in Nigeria from CBN statistical bulletin.

3.4 Population of Study

The Population of the study is the Nigeria economy before Treasury single account was introduced and after it was adopted when 62 revenue-yielding agencies were listed as MDAs that make remittances to TSA, which includes the Central Bank of Nigeria (CBN), Nigeria National Petroleum Corporation, (NNPC), Federal Inland Revenue Services (FIRS), Nigeria Ports Authorities, (NPA), Economic and Financial Crimes Commission (EFCC), Nigeria Shippers Council (NSC), Nigeria Communications Commission (NCC), Nigerian Immigration Services (NIS), Federal Airport Authority of Nigeria (FAAN), Joint Admission and Matriculation Board (JAMB), National Agency For Foods Drug Administration and Control (NAFDAC), etc.

3.5 Sample Size

The sample Size covered the quarterly statistical records of the Economy 9 years before introduction of TSA and 7 years after the policy was adopted in 2015 i.e. from 2008 to the First quarter of 2025.

3.6 Model Specification

In this study, Single Treasury Account Independent variable, while Growth Rate of GDP is the dependent variable.

GRGDP = f [TSA]

From the above the Model is specified as Follows;

$GRGDP = X_0 + X_1TSA+\mu$

Where:

GRGDP = Growth Rate of GDP

X_0 = Constant or Intercept

$X_{1,}$ is the Parameter to be estimated

X_1 = Growth Rate of GDP

μ = Stochastic Error Term

Hypothesis One

HO: $X_1 = 0$

3.7 Method of Data Analysis

The study made use of descriptive approach using Multiple-Regression Analysis Run on statistical package for social sciences [IBM- SPSS 21] in determining the effect of the independent variable on the response variable. The model will make use of statistics covering Treasury Single Account [Independent Variable], Growth Rate of GDP [dependent variable]

3.7.1 Statistical Test of Significance

We tested for the goodness of fit using the coefficients of multiple determinations $R_{2,}$ the individual significance of the regression coefficients n using t – statistics and finally, the overall significance of the entire Regression plane using F – statistics

3.7.2 Test for Goodness of Fit

Here the coefficient of multiple determinations R_2 is used to find out how well the sample regression line fits the data [goodness of fit] and also the explanatory power of the independent variable on the dependent variable. R –squared [$R_{2]}$ lies between zero and one [$0>R_2<1$] The closer R_2 is to one, the greater the portion of the variation

3.7.3 Test of Significance

The test for the statistical significance of individual regression coefficient t- statistics is to be used. Descriptive statistical test is conducted at n- k degree of freedom .The null hypothesis (H0) is to be tested against the Alternative hypothesis (H1)

3.7.4 Decision Rule:

The computed t – value (t^*) will be compared with the critical t – value (t 0.05)

if $t^* > 0.05$, H0 will be rejected and H1 accepted, but if otherwise, H0 will be accepted and H1 rejected.

4. DATA PRESENTATION AND ANALYSIS

4.1 DATAPRESENTATION

From appendices i-iii which show the distribution of Data collected from the Nigeria economy from the period 2007-20222, the following Descriptive Statistics is presented:

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Table4.1.1 Descriptive Statistics –Pre Tsa

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std.Error	Statistic	Std.Error
Pre-TSA	7	4844592341800.00	11302530315802.50	8511157077778.7920	2178379257605.31710	-.541	.794	-.014	1.587
GRGDP	7	3.40	6.77	4.9414	1.25696	.240	.794	-1.291	1.587
ValidN(listwise)	7								

Source: output from IBMSPSS

Table4.1.2 Descriptive Statistics– PostTsa

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std.Error	Statistic	Std.Error
Post–tsa	8	4320900000000.00	11560667786615.00	7547546339796.6200	2293447957777.63570	.274	.752	.158	1.481
GRGDP	8	-.36	3.98	2.5050	1.42133	-1.090	.752	1.646	1.481
ValidN(listwise)	8								

Source: output from IBMSPSS

4.2 DATAANALYSIS

Table4.1.4 Correlations

	Pre-TSA	GRGDP
Pearson Correlation	1	.056
Pre-TSA Sig.(2-tailed)		.906
N	7	7
Pearson Correlation	.056	1
GRGDP Sig.(2-tailed)	.906	
N	7	7

*.Correlation is significant at the 0.05level (2-tailed).

Table4.1.5 Correlations

		Post –tsar	GRGDP
	Pearson Correlation	1	.503
Post-tsar	Sig.(2-tailed)		.204
	N	8	8
	Pearson Correlation	.503	1
GRGDP	Sig.(2-tailed)	.204	
	N	8	8

*.Correlation is significant at the 0.05 level (2-tailed).

From table 4.1.4 the correllation analysis showed that in the period before the adoption of TSA, the independent variable maintained a correlation of 0.906 with growth rate of GDP, which is 90.60% .This is greater than0.05 or 5% threshold established for significant correlation. Based on this threshold ,TSAR have very weak relationship with the response variable GRTGDP growth rate of GDP, while in the period after the mandatory compliance with

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TSA, the independent variable Treasury single account also maintained a weak relationship of0.204 which is about 20%,with the dependent variable Growth rate of GDP as indicated in table in table 4.1.5.

1.1 Test of Hypotheses

In testing the hypothesis a single tailed test will be conducted at 5% level of significance and n-k degree of freedom the null hypothesis [H0] will be tested against the alternative hypothesis [H1]

Decision Rule: The computed t – value [t 0.05]. If t* > 0.05, H0 will be rejected andH1acceptedbutifotherwise, H0 will be accepted and H1rejected.

Test of Hypothesis

In chapter one, ie[1.5], we formulated Five testable hypotheses to evaluate the effect of Treasury Single Account on Economic Growth in Nigeria, which is the focus of this study. These Hypotheses are subject to empirical testing drawing from the result of descriptive statistical analyses**.** The decision rule is based on the Significances of the t^*-statistics which are represented by the p–values.

Decision Rule: The computed t – value [t 0.05]. If t* > 0.05, H0 will be rejectedandH1acceptedbutifotherwise, H0 will be accepted and H1rejected.

A statistically significant test result (P ≤ 0.05) means that the test hypothesis is false or should be rejected. AP-value greater than 0.05 means that no effect was observed. A p-value less than 0.05 is typically considered to be statistically significant, in which case the null hypothesis should be rejected. A p-value greater than 0.05 means that deviation from the null hypothesis is not statistically significant, and the null hypothesis is not rejected.

Hypothesis One

Step1: restatement of the hypothesis in null and alternate formH0: Treasury Single Account has no significant effect on Growth Rate of the GDP.H1: Treasury Single Account has significant effect on Growth Rate of the GDP.

Step 2: Statement of Decision Rule The computed t – value [t 0.05].If t* > 0.05, H0 will be rejected and H1 accepted but if otherwise, H0willbeacceptedandH1rejected.

Step3: Presentation of Test Results

Anova[a] Discriptive Statistics Table 4.1.6

Model		Sumof Squares	Df	MeanSquare	F	Sig.
	Regression	16.315	1	16.315	10.873	.016[b]
1	Residual	9.003	6	1.501		
	Total	25.318	7			

a. Dependent Variable: GRTGDP
b. Predictors:(Constant),Pre-Treasury Single Account
Source: Author'scomputation2023

Anova[a] Descriptive Statistics Table 4.1.7

Model		Sumof Squares	Df	MeanSquare	F	Sig.
	Regression	3.577	1	3.577	2.032	.204[b]
1	Residual	10.564	6	1.761		
	Total	14.141	7			

a. Dependent Variable: GRTGDP
b. Predictors:(Constant),Post–tsa
Source: Author'scomputation2023

The result of test of significance from Anova*statistics in table 4.1.6, revealed a computed t* -value of 0.016 in the pre-tsa period which is lower than the predicted t* -value of 0.05, while the test result in in table 4.1.7, showed a computed t* value of 0.204 during the post-tsa era which is greater than the predicted t* - value of 0.05. Based on the result of statistics and established decision rule, which states that the computed t – value [t0.05]. If t* > 0.05, H0 will be rejected and H1 accepted but if otherwise, H0 will be accepted and H1rejected, the substantive hypothesis which states that TSA has no significant effect on Growth Rate of the GDP is accepted and the alternate Hypothesis rejected.

4.3 Discussion of Findings

In Hypothesis One, Anova* descriptive statistics was used to test the the significance effect of the independent variable on the dependent variable. Result from Anov[a] statistics in table 4.1.6, revealed a computed p-value of 0.016 during pre-tsa period, which is less than the predicted t^*-value of 0.05, while **t**he test ofsignificanceintableintble4.1.7showed a computed value of 0.204, which is greater than the predicted t* value of 0.05. Based on the result of statistics and established decision rule which states that the computed t–value [t 0.05]. If t* > 0.05, H0 will be rejected and H1 accepted but if otherwise, H0 will be accepted and H1 rejected, the the substantive hypothesis which states that TSA has no significant effect on growth rate of GDP is accepted and the alternate Hypothesis rejected. This is in agreement with the findings of Ogbonna andAmuji (2018), which used *ex-postfacto* research design to evaluate Impacts of TSA on the performance of banks in Nigeria, but disagrees with Igbekoyi and Agbaje (2017), whose findings showed that TSA implementation lead to economic development in Nigeria

The correlation statistics in table 4.1.4 showed a sig (2-tailed) statistical value of 0.96, while the value of the correlation in the period after tsa is 0.204. This is greater than 0.05established

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threshold for test of significant correlation. This implied that the Independent variable, treasury single account before and after its enforced compliance, have negative and weak relationship with the dependent variable (Growth Rate of the GDP).

Furthermore, the result from descriptive statistics in table 4.1.1 also shows a computed mean value of 4.9414 before the adoption of tsa policy, while in table 4.1.2, the computed mean is 2.5050 during post-tsa, which is lower than the pre-tsa regime. The implication of this is that the response variable growth rate of the GDP, showed weak relationship with the predictor TSA when it was fully adopted. The standard deviation during pre-tsa is 1.25696, while it is 1.42133 in post-tsa era as shown in tables 4.1.1 and 4.1.2 respectively. The implication of this that a lower standard deviation indicates a movement towards the arithmetic mean or the central tendency. Therefore, a higher standard deviation during post-tsa gives room to conclude that the Independent variable TSA has no significant effect on the dependent variable (growth rate of GDP).

5. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

From the tested hypotheses and the results obtained, it as found out that:[I].TSA have no significant effect on growth rate of GDP in Nigeria

5.2 Conclusion

Based on the result of the tests which were carried through analysis from Anova* which was run on IBM SPSS 21 and the results that were obtained, which showed that variables used for this study, Treasury Single Account maintains no significant effect on Growth rate of the GDP. The implication of this is that the variable used for this study does not justify the pool of fund injected into the economy through TSA

5.3 Recommendations

i. Deregulation refers to the systematic relaxation of rules and regulations that are imposed on an industry or business sector. This phenomenon emerged as a fundamental aspect of economic policy in Nigeria during the administration of President Obasanjo approximately two decades prior, when the federal government initiated the deregulation of several key industries, particularly within the financial sector. Numerous economists attribute the substantial economic growth observed during this period to the government's deregulation efforts. Advocates of deregulation contend that stringent regulations inhibit business expansion and prevent enterprises from operating at their optimal potential.

ii. Tax reductions and tax rebates: Tax reductions and tax rebates are instituted with the objective of reallocating financial resources back into the hands of consumers. Ideally, these consumers would allocate a portion of their increased disposable income towards various businesses, thereby augmenting those businesses' revenues, cash flows, and overall profitability. An increase in available cash enables companies to secure capital, enhance technological capabilities, and pursue growth and expansion initiatives. Each of these actions contributes to heightened productivity, which, in turn, fosters economic growth. Proponents of tax reductions and rebates assert that these measures empower consumers to independently stimulate the economy through the infusion of additional financial resources.

iii. Consumer expenditure and business investment: In the context of the United States and most capitalist economies, economic growth is frequently propelled by consumer expenditure and business investment. For instance, when consumers engage in the purchase of homes, it generates economic growth for home builders, contractors, and construction laborers. Furthermore, businesses contribute to economic vitality by employing workers, increasing wages, and investing in business expansion. A corporation that acquires a new manufacturing facility or invests in innovative technologies generates job creation and expenditure, which consequently fosters growth within the economy.

iv. Technological advancement: Technological advancement significantly influences economic growth by enhancing productivity levels. This phenomenon represents one of the most profound effects of technology on economic development. Investments in technology and innovation empower businesses to generate a greater volume of goods and services utilizing the same resources.

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