EFFECT OF TREASURY SINGLE ACCOUNT ON THE PERFORMANCE OF BANKING SECTOR IN NIGERIA (A CASE STUDY OF ACCESS BANK PLC).

BY:

ULOMA, IFEANYI HIPPOLITE JOSEPH

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DEPARTMENT OF BUSINESS ADMINISTRATION

FACULTY OF ADMINISTRATION

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NIGERIA.

DECLARATION

I hereby declare that this project has been written by me and it is a report of my research work. It has not been presented in any previous application for state Diploma or Degree. All quotations are indicated and sources of information

Specifically acknowledged by means of references.

ULOMA, IFEANYI HIPPOLITE JOSEPH

NSU/MBA/FIN/0058/16/17

CERTIFICATION

This project entitled Effect of Treasury Single Account on the performance of banking sector in Nigeria, with Access Bank Plc. as a case study, meets the requirements governing the award of Masters in Business Administration (MBA), of the school of Postgraduate Studies of Nasarawa State University,Keffi for its contribution to knowledge and literacy presentation.

……. ……

Dr.Ruth A. Andah

Supervisor Date

……. ……

Barr. Dr. James Abbah

Head of Department Date

…… ……

Internal/External Examiner Date

…….. ……

Prof. SAS Aruwa

Dean, School of Postgraduate Studies Date

DEDICATION

This project work is dedicated to God almighty and lovers of the service to humanity.

ACKNOWLEDGMENTS

My utmost appreciation goes to God almighty for seeing me through this programme. My gratitude remains unseasonal.

I wish to thank my thorough bred supervisor in the person of Dr. (Mrs). Ruth A.Andah, for her guidance, mentorship and astuteness in making sure I come out with this incisive work.

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ABSTRACT

This study examined the effect of treasury single account on the performance of banking sector in Nigeria using Access bank Plc. as a case study. This study was guided by the following objectives; to examine the effect of TSA on the performance of Access bank return on investment, to evaluate the effect of TSA on the performance of Access bank return on assets, to examine the effect of TSA on the performance of Access bank return on profitability. The study employed the survey design; questionnaires in addition to library research were applied in order to collect data. Primary and Secondary data sources were used and data was analysed using the chi-square statistical tool at 5% level of significance which was presented in frequency tables and percentage. The respondents under the sample study were 306 employees of Access bank Plc. The study majorly focuses on the effect of TSA on the performance of banking sector in Nigeria. The findings revealed that the TSA has contributed to the performance of Access bank return on profitability, investment and assets. The following recommendations were made: That treasury single account should be encouraged as this would help improve financial prudence, reduce if not minimize corruption, enthrone transparency and accountability from our leaders which would in turn have a positive effect on the economy of Nigeria as a whole. Effort should be made by the Nigerian government and stakeholders in promoting the TSA.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Treasury single account it's a sole account that seeks to accommodate all revenues, and receipt of government to enshrine accountability, transparency and efficient utilization in providing public goods and for the government to meet up its constitutional responsibilities.

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. The maintenance of a Treasury Single Account will help to ensure proper cash management by eliminating idle funds usually left with different commercial banks and in a way enhance reconciliation of revenue collection and payment (Adeolu, 2015).

The primary benefit of a Treasury Single Account is the mechanism it provides for proper monitoring of government receipts and expenditure. In the Nigerian case, it will help to block most if not all the leakages that have been the bane of the growth of the economy. We have a situation where some Ministries, Departments and Agencies manage their finances like independent empire and remit limited revenue to government treasuries. Under a properly run Treasury Single Account, this is not possible as agencies of government are meant to spend in line with duly approved

budget provisions. The maintenance of a single account for government will enable the Ministry of Finance monitor fund flow as no agency of government is allowed to maintain any operational bank account outside the oversight of the ministry of finance.

Performance as the name implies is the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost and speed. In a contrast, performance is deemed to be the fulfillment of an obligation, in a manner that releases the performer from all liabilities under the contract (Ayaogu: 2010:19).

The term performance has a Latin origin, where the verb performare had the meaning of finalizing a predetermined activity. Nowadays, the significance of performance comes from the English language, from the verb to perform, which signifies the regular accomplishment of a thing that requires ability or a certain skill. The noun performance denotes the manner of achieving the objectives predetermined by an entity (Ayaogu: 2010:19).

We cannot discuss about performance without taking into account these two essential factors in current market conditions. Nowadays, the economic entities are under permanent pressure, thus we have higher and higher demands from shareholders, from employees, from clients, from suppliers and in order to be able to cope with all these requirements in optimal conditions, the entity must adapt to all these demands, this being the only way to discuss about global performance. This approach has attempted to present a synthesis of the concept of performance, the evolution of it in time, a definition of this concept using efficiency, efficacy and economies.

1.2 **Statement of the Problem**

The gap in knowledge that this project tries to fill is that various scholars have written on Treasury single account and cost of governance in Nigera.Some scholars like Yusuf, Abdulahi, Emmanuel & Emmanuel (2015);Adebisi & Okike (2016); Adeolu (2015).Eme & Chukwurah (2015) etc. have written extensively on Treasury single account in Nigeria. While Abdurrahman (2016); Adeolu & Osabuohuen (2007). Agu (2013), Gberevbie & Iyoha (2007), Odewole (2016) etc. have also written on cost of governance in Nigeria. It is important therefore, to note that few scholars have written on Treasury single account and cost of governance in Nigeria.

According to Eze Onyekpere (2014) in his work ‘’effect of treasury single account on public finance management in Nigeria,’’ the Lead Director of Centre for Social Justice, a civil society group based in Abuja, “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. The advantages and benefits of the TSA are legion. The consolidation into a TSA paves way for the timely capture and payment of all due revenues into government coffers without the intermediation of multiple banking arrangements.”

A development economist, Odilim Enweghara (2015) who commended the efforts of Buhari, said: “with TSA leading to the closure of about 10,000 multiple bank accounts operated by MDAs in commercial banks, banks will have to wake up from their slumber. This is because the era when government’s money is either lent back to government or invested in forex speculations is over. It also means that no longer at

Bankers' Committee meetings should member banks demand that the CBN pursues their self-serving high interest rates to their benefits and those of heads of MDAs who placed public money in their high-interest-yielding fixed deposit accounts.

According to the Accountant General of Federation, (AGF), "out of the 900 MDAs, about 600 of them have so far fully complied with the directive on TSA, while others are still at different stages of compliance. He said contrary to media reports that some MDAs were exempted from the exercise, no agency had been excluded from complying with the directive by the FG". (Jegede, 2015).

Most of these scholars have failed to link effect of treasury single account and its performance to the banking sector in Access Bank. This is the gap that this work tries to fill.

1.3 **Research Questions**

In order to effectively investigate the problem of this research, the researcher formulated the following research questions:

i. To what extent has the TSA contributed to the performance of Access bank return on investment?
ii. How does the TSA contributed to the performance of Access bank return on assets?
iii. To what extent has the TSA contributed to the performance of Access bank return on profitability?

1.4 Objectives of the Study

The central objective of the study is to examine the effect of TSA on the performance of banking sector in Nigeria. The specific objectives are:

i. To examine the effect of TSA on the performance of Access bank return on investment.
ii. To evaluate the effect of TSA on the performance of Access bank return on assets.
iii. To examine the effect of TSA on the performance of Access bank return on profitability.

1.5 Research Hypothesis

In order to ascertain the effect of TSA on the performance of banking sector in Nigeria and fully appreciate their respective relevant significance, the following hypotheses are postulated:

i. H_{o1}: TSA has not contributed to the performance of Access bank return on investment.
ii. H_{o2}: There is no significant effect of TSA to the performance of Access bank return on Assets.
iii. H_{o3}: TSA has not contributed to the performance of Access bank return on profitability.

1.6 Significance of the Study

The following are the significance of this study:

The results from this study will educate the general public on the benefits of TSA to the economy of the country. It will also educate on its temporary effect on the banking industry as huge sum of money will be leaving the sector suddenly.

This research will also serve as a resource base to other scholars and researchers interested in carrying out further research in this field subsequently, if applied will go to an extent to provide new explanation to the topic.

The study will be beneficial to the banking sector on the effect and implications on over reliance on government accounts.

1.7 **Scope and Limitations of the Study**

This study will cover the effect of TSA on the performance of Access bank Plc. in Nigeria.

The study also covers a time frame from 2008 to 2018, as it will be difficult to cover other banks and sectors of the economy within the federation due to the duration of the study.

For the fact that a survey study was used as the research design as well as the questionnaire as the research instrument, is not certain if the same result would be obtained if other designs and instruments were used.

The respondents could have either over exaggerated or understate their responses while scoring the items in the questionnaire.

The nonchalant attitude of some of the respondents could affect the validity of their response to the questionnaire. The limitation should be taking cognizance of other researchers conducting similar studies.

1.8 **Definition of Terms**

TSA: Treasury single Account

Treasury: The funds or revenue of a State, institution, or society.

Single: Designed for the use of only one.

Account: A sum of money deposited at a bank and subject to withdrawal.

Performance: Performance as the name implies is the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost and speed.

Investment: This is a placement of capital in expectation of deriving income or profit from its use.

Asset: This is something of any value; any portion of one's property or effects so considered.

Profitability: This is the capacity to make a profit.

Economic development: This is the process by which a nation improves the economic, political and social wellbeing of its people.

MDAs: Ministries, Departments and Agencies**.**

Corruption: The act of corrupting or of impairing integrity,virtue,or moral principles; the state of being corrupted or debased; loss of purity or integrity;depravity;wickedness; impurity and bribery.

Banking: The business, occupation of managing or working in a bank.

Parastatal: A company, agency, or intergovernmental organization, that possesses political clout and is separate from the government, but whose activities serve the state either directly or indirectly.

Consolidated Revenue Account: An account where all monies for government are paid into subject to distribution to the tiers of government.

CBN: Central bank of Nigeria.

Revenue: All income generated for some political entity's treasury by taxation and other means.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

2.2 Conceptual Framework

2.2.1 Concept of Treasury Single Account

The TSA is a single pool for harvesting revenue inflows of Ministries, Department and Agencies (MDAs).It remained a mere policy on paper due to lack of political will on the part of past administration to enforce it. But with Buhari on board as President, the enforcement has become a compulsory policy that all the revenue generating MDAs must comply with. They have been mandated to channel their earnings into a single account to be domiciled with the Central Bank of Nigeria (CBN).

Yusuf (2016) sees TSA as 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.

Chukwurah, & Iheanacho, (2015),see TSA as a network of subsidiary accounts all linked to a main account such that, transactions are effected in the subsidiary accounts but closing balances on these subsidiary accounts are transferred to the main account, at the end of each business day.

Onyekpere (2015) sees TSA as 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.

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

It is the opinion of the researcher that treasury single account is a sole account that seeks to accommodate all revenues, and receipt of government to enshrine accountability, transparency and efficient utilization in providing public goods and for the government to meet up its constitutional responsibilities.

2.2.2 **Concept of Performance**

Performance as the name implies is the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost and speed. In a contrast, performance is deemed to be the fulfillment of an obligation, in a manner that releases the performer from all liabilities under the contract (Ayaogu: 2010:19).

The term performance has a Latin origin, where the verb performare had the meaning of finalizing a predetermined activity. Nowadays, the significance of performance comes from the English language, from the verb to perform, which signifies the regular accomplishment of a thing that requires ability or a certain skill. The noun performance denotes the manner of achieving the objectives predetermined by an entity (Ayaogu: 2010:19).

2.2.3 **Concept of Return on Investment**

Stiglitz (2010:51), sees Investment as the acquisition of an asset with the aim of recording a return .It could also mean the production of capital goods; goods which are not consumed but instead used in future production. Examples include building a rail road, or a factory, clearing land, or putting oneself through college. There are several motives for investment, as has been referred to above; the basic motive is profit/return. According to Keynes theory, the motive depends on the expected marginal efficiency of capital (MEC) in relation to the expected rate of interest. The difference between the realized marginal efficiency of capital and the rate of interest is the opportunity cost of investment. The theory assumes that the expected return on

investment is intrinsically volatile in view of the uncertainty that accompanies the main determinants of investment returns.

Bhalla V.K (2009), defined investment as the action of practicing with cash or capital or capital in an attempt with some expectations of deriving profit out of it.Investment can also be said as a sacrifice of immediate desires for unsure benefits in the future. Investment sometimes involves pumping of cash into an asset not essentially marketable within the short run but however, the investment is done so as to earn from the investment in close to future. Investments are sometimes created with the expectation that a definite stream of income or a definite value that has existed at the time of buying won't be modified at the expected future.

2.2 4 **Concept of Return on Profitability**

Profitability according to (Onwuchekwa 2010:19), is the ability of the investment to earn as the return from its use. The word ability means the earning power or operating performance of the concern on its investment.

The word profitability is a modulation of two words profit and ability. Profit is the bottom line of the financial statement the meaning of profit derives according to the purpose and usage of figures. While the term ability indicates the power of the business organization to generate profits. Ability is also referred to as earning power or operating performance of the concerned investment.

Profitability is the ability of a given investment to earn a return from its use. It can be remarked that 'profitability' is helpful in providing a useful basis for measuring business performance and overall efficiency.

B.B. Howod and M. Upton (2009:17), observed that the word profitability may be defined as the ability of an investment to earn to earn to return on its use. Thus profitability is the ability of an organization to earn profits in other words; profitability is a composite concept relating to the efficiency of an organization to earn profit.

Gibson and Boyer (2012:31), profitability is the ability of the firm to generate earning. The expected return from the capital markets represents an opportunity cost since incremental companies can employ their funds in the capital market. That market provides the appropriate reference point against which to measure profitability.

2.2.5 **Concept of Return on Assets**

Kenneth (2016) defined an asset as a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.

Assets are presented on the statement of financial position as being non-current or current. They can be tangible, that is without physical presence for example, good will. Example of assets includes property, plant and equipment, financial assets and inventory. While most assets will be both controlled and legally owned by the entity, it should be noted that legal ownership is not a pre-requisite for recognition; rather it is control that is the key issue. For example 1AS 17, leases with regard to a lessee with a finance lease, is consistent with the framework's definition of an asset.1As 17 requires that where substantially all the risks and rewards of ownership have passed to the lessee, it is regarded as a finance lease and the lessee should recognize an asset on the statement of financial position in respect of the benefits that it controls, even

though the asset subject to the lease is not the legally owned by the lesses.So this reflects that the

economic reality of a finance lease is a loan to buy an asset and so the accounting is a faithful presentation.

2.3 **Empirical Review**

Few studies have been carried out on treasury single account and the reviews are seen below.

Kanu (2016), examined the impact of treasury single account, in the economy, he employed a cross sectional survey design for his study. The population of the study was made up of twenty four DMBs in Nigeria, out of which ten were selected as sample for the study. Data was collected through primary source, while chi-square was employed as a statistical tool for analysis of the data. The result obtained confirmed that the implementation of TSA in the public accounting system impacted negatively in the liquidity base and performance of banking sector in Nigeria. He therefore, recommended that, the government through the CBN should come up with an arrangement to addressing the negative impact of the policy both in the banking sector and the economy at large.

In a statement issued by the Afrinvest Group, a Lagos based financial investment house, said ‘whilst the directive issued came as the first official statement by the presidency on the TSA,the Nigerian National Petroleum Corporation (NNPC) had earlier began withdrawing its funds from banks for retirement into CBN’.

According to the group, this had an impact in liquidity level in the banking system,

resulting in a surge in money market rates during the period as banks scrambled for funds to cover their liquidity positions. Within the TSA implementation now extended to all MDAs, the Nigerian banking industry on an aggregate basis would be affected in terms of deposits and funding cost structure (Okwe, 2015).

In a related development, Chuks (2015), in Eme, Chukwurah and Iheanacho (2015) posits that he do not envisage any major challenge in the full implementation of TSA, given that the test run has been on for more than two years and the I.T platform on which it rides on has been tested and found to be robust. The challenge would have come from those who were benefiting from the previous sub-optional system, but with the new Sheriff President Muhammadu Buhari, on the saddle and his no nonsense approach to corruption; I cannot imagine any civil servant trying to sabotage the implementation of TSA.

Wusu (2015) in Eme, et al (2015) adds that the liquidity in the banking system will definitely be affected. This is because once the banks collect government funds, it will be sent directly to the TSA.The free funds some banks used to enjoy will no longer be there, nonetheless, he stressed that the decision to fully enforce the policy would help to ensure the consolidation of government revenue. He pushed further that, prior to the initiative government funds deposited in DMBs were fragmented, a system that gave room for corruption but now that the TSA is to be fully implemented, it will help to block leakages and uncover idle cash, it will also allow complete and timely information about government cash.

According to Enwegbara (2015) in Eme, et al (2015), the policy of TSA posed serious threat with TSA leading to the closure of about ten thousand multiple bank accounts

operated by MDAs in deposit money banks, these will eject a lot of cash from the system hence raising liquidity issues for DMBs as such banks will have to wake up from their slumber. This is because the era when government money is either lent back to government or invested in forex speculations is over. It also means that no longer at bankers committee meetings should member banks demand that the CBN pursue self-serving high interest rates to their benefits and those of heads of MDAs,who placed public money on their high interest yielding fixed deposit accounts. With TSA, government can easily quarantine its revenue, with intended consequences including forcing interest rates to naturally nose-dive since no serious business should be ready to borrow at such double digit rate when the economy is struggling at between four and five percent.TSA is forcing banks to leave their comfort zone caused by dependence on government money to now become as creative and inventive as it is the case in modern economies around the world, which is to seek private deposits through investing in the real sector of the economy. In fact, with economic financialization soon over, banks will discover that their survival is dependent on their embracement of fractional reserve banking, which is leaving leaving a fraction of private depositors' funds in reserve while using the main deposits to chase high profit –yielding investments. This means that the era of economic diversification through industrialization will soon begin. What this also means is that at the next bankers committee meeting, banks will insist that the CBN revisits its current cash reserve ratio (CRR) on private deposits from thirty one per cent to possibly zero per cent so that they can begin to attract more private deposits (Okwe, 2015).

Onyekpere (2015) sees the implementation as a blessing in disguise stating that, the

implementation of the TSA cannot hurt banks, properly so called. It will only hurt establishments that purport and pretend to be banks but have failed, refused and neglected to understand banking and do what bankers do elsewhere. It is an opportunity for banks to refocus on the original purposes for which they were set up to collect depositors' funds (not necessary government funds) keeps them safe, engage in intermediation to create wealth and jobs for the economy and in the process earn profit for themselves. Yes, the idea of sitting idly and expecting rents and unearned income should be gone and gone for good. Good and well managed banks will have no problem with this development.

Garbade (2015),in Kanu (2016), posited that through the implementation of the TSA presents an opportunity for banks to creatively think of their means of raising money, there are fears that the concentration of government funds in the

TSA may affect the liquidity of some banks leading to collapse, and an increase in unemployment, however, while the influence of banks to maintain government revenues is reduced under a full implementation of TSA, it should be remembered that the funding of projects by the government as well as the sale of treasury bills and bonds approved by the CBN still pass through deposit money banks.

In Nigeria, commercial banks have been the custodians of government funds (Kanu, 2016). Therefore, with the maintenance of a single account, banks will be deprived of the free flow of funds from ministries. Indeed, it is estimated that commercial banks hold about N2.2 trillion public sector funds at the beginning of the first quarter of 2015. When such amount of money leaves the system is obvious. When one considers the fact that each time the monthly federal allocation

is released, the banking system is usually awash with liquidity, and as soon as this public sector fund dries up, the result is liquidity problem with an increase in interbank rates. The banks must be affected, when such high revenue generating parastatals like the NNPC moves out of commercial banks (Kanu, 2016).

Commercial banks will be tremendously affected by the Treasury Single Account policy. This would cause insufficiency of available cash in the banking system, resulting in a surge in money market rates during the period as banks source for funds to cover their poor liquidity positions. Indeed, the Nigerian banking industry, on an aggregate basis, would be affected regarding deposits and funding cost structure (Kanu, 2016). As a matter of fact, TSA generated much fear in the banking industry even before its implementation. The fear is that with the high Monetary Policy Rate at 13%, Cash Reserve Ratio (CRR) at 20% and 75% available for private and public sector deposits respectively, its implementation would not be favourable to banks. Irrespective of how tough his policy will be on banks, it will perhaps compel the banks to focus on the funds of the real sector of the economy, rather than spending much on Federal Government projects, Oil & Gas Transactions , Forex dealings , etc. Any commercial bank that fails to operate based on the core banking' functions for which they were licensed must definitely close shop. This will cause heavy downsizing of staff, thereby increasing the unemployment rate in the country. Managements of banks should understand the aim of establishing banks. The Government is not only customer banks have. The issue of banks chasing government money at the expense of other clients especially in the sector of the economy is a questionable commentary on the performance of the banks (Kanu, 2016).

The full implementation of the TSA will certainly reduce the banks' net liquidity position and hence constrain their ability to create credits and this will invariably affect their profitability (Tari, Pwafeyeno, & Minnessi, 2016).

The former Accountant General of the Federation (A.G.F), Jonah Otunla, backed the implementation of the TSA and said it would remove the ambient secrecy in the management of public finance in MDA's. Under the guise of non-descript official secrecy, government staff and politicians have been known to employ all sorts of administrative devices and illegal liaisons to engage in business ventures for private gains using government money and thereby frustrating proper execution of projects as well as causing salary delays. Furthermore, agencies defraud government by siphoning government funds through multiple bank accounts unknown to the authorities. The implementation of the TSA would make it difficult for this monumental fraud to continue undetected. It also affords the government an oversight of funds pooled into the TSA by generating agencies.

The IMF in a 2010 paper titled "Treasury Single Account: Concept, Design, and Implementation Issues", outlined the benefits of operating a Treasury Single Account. It started by explaining that the primary objective of a TSA is to ensure effective aggregate control over government cash balances. Here are the benefits: Federal Government's seriousness about enforcing TSA was conveyed in a circular entitled, "Re: Introduction of Treasury Single Account (TSA) (e-Collection of Government Receipts)" by the Head of the Civil Service of the Federation, Danladi I. Kifasi. The circular dated August 7, 2015 made it known that President Buhari:has approved the establishment and operation of Treasury Single Account

for collection of Government Receipts for all Federal MDAs with effect from the date of this circular. Specifically, the circular was to aid transparency and facilitates compliance with sections 80 and162 of the Constitution of the Federal Republic of Nigeria 1999 (as amended).

Consequently, he said all receipts due to the Federal Government or any of her agencies shall be "paid into the TSA as follows: Account Name: Accountant General (Federal Sub-Treasury), Account No. 3000002095maintained in the Central Bank of Nigeria (CBN), except otherwise expressly approved. Kifasi said that the government had put in place effective monitoring mechanisms to ensure strict compliance. "All Accounting Officers, Directors of Finance and Accounts, Directors of Internal Audit, Heads of Accounts and Heads of Internal Audit Units of MDAs and other arms of government are enjoined to give this circular the widest circulation and ensure strict compliance to avoid sanctions. He said that further enquiries on the issue should be directed to the Accountant-General of the Federation.

The order on TSA, which came into effect on accounts operated by MDAs in commercial banks, as obtained under the n August 11, marks the beginning of MDAs' retirement of revenues due to the Federal Government into a unified account maintained by the Central Bank of Nigeria (CBN). The payment of government revenue into multiple bank old order was clearly against the Nigerian Constitution which, in Sections 80 and 162, directed that all federally-collected revenues should be paid into the Federation Account. It was a flagrant breach of the constitution that underscores the rot in the management of the country's finances. It is heartening that this will now be history, going by the efforts of the new administration to implement

the TSA policy that was reportedly first recommended by the Federal Government's Economic Reform and Governance Programme in 2004, but dumped in 2005, following intense pressure from the banking industry. TSA also is part of the Public Financial Management reforms which falls under Pillar 3 of the National Strategy for Public Service Reforms towards Vision 20:2020. The public financial management reforms were designed to address impediments to effective and efficient cash management.

The former President Good luck Jonathan administration had set a February 2015 deadline for the implementation of the initiative, but did not go ahead with it. Bankers had pressurized the former government of Good luck Jonathan, which had initiated the policy in December 2014, to soft pedal on the implementation which was originally scheduled for February 2015, on the reasons of a likely negative impact on the economy. Recently, bank treasurers told *Vanguard* that the implementation would adversely affect liquidity in the banking system and end up putting pressure on interest rates and availability of credit to the economy. According to Vanguard, The nation's banks would be losing about N2 trillion deposits to the Central Bank of Nigeria, CBN, with the implementation of the Treasury Single Account, TSA, as ordered by President Muhammadu Buhari. The report on accounts of banks with CBN shows that as at beginning of this current quarter, banks' total public sector deposits was N1.3 trillion but additional net flows from Federation Accounts Allocation Committee, FACC, as at end of last month (about N240 billion) as well as expected inflows by end of this month may push the figure close to N2.2 trillion by the time the pull out begins next month (Okwe, et.al, 2015:53).

According to the directive, this measure is specifically to promote transparency and facilitate compliance with sections 80 and 162 of the 1999 Constitution. Henceforth, according to a statement by Laolu Akande, the Senior Special Assistant to the Vice President on Media and Publicity, all receipts due to the Federal Government or any of its agencies must be paid into TSA or designated accounts maintained and operated in the Central Bank of Nigeria (CBN), except otherwise expressly approved.

According to Onyekpere (2015) a 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. The advantages and benefits of the TSA are legion. The consolidation into a TSA paves way for the timely capture and payment of all due revenues into government coffers without the intermediation of multiple banking arrangements. This prevents revenue leakages in terms of revenue loss and mismanagement by operators of all revenue-generating agencies.

With this comes better cash management practices since the Treasury can at all times have an overall view of government's cash position, as against the fragmented

positions of different Ministries, Department and Agencies (MDAs), which need to be laboriously pooled together to get the overall picture. This will reduce the cost of borrowing by government and its agencies, as the government will likely be in the surplus at most times of the year. Take the example of the practice before the TSA, MDA 'A', based on budgetary releases could have surplus cash (meaning cash that is not immediately required) in its bank accounts whilst, MDA 'B', which needs immediate cash for urgent transactions is cash starved and has little or nothing in its account. Although, MDA 'B' has approvals in the budget for transaction, it has no immediate cash. MDA 'B' is likely to borrow from a bank at an interest to carry out the urgent assignment, thereby incurring costs to Treasury, whilst treasury finances lie idle in MDA 'A'. This would no longer happen.

The TSA is principally a cash management tool for efficient management of the Government's cash position. Prior to the implementation of the TSA, government was incurring finance cost on debit balances in some MDA's accounts while it was earning close to nothing on the credit balances of other MDAs. With the TSA, the net balances on all the MDA accounts will now reside with the Central Bank; hence, the government will avoid incurring interest costs when it has positive net position.

According to A Treasury Single Account is a unified structure of government bank account 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.

A TSA therefore is considered a prerequisite for modern cash management and is an effective tool for the ministry of finance/treasury to establish oversight and centralized control over government's cash resources. The TSA provides a number of other benefits and thereby enhances the overall effectiveness of a public financial management (PFM) system. The establishment of a TSA should, therefore, receive priority in any PFM reform agenda.

2.4 **Theoretical Framework**

2.4.1 **Diffusion of Innovations Theory:**

Diffusion of innovations is a theory that seeks to explain how, why, and at what rate new ideas and technology spread through cultures (Richard, Florence, & Zenon, 2015). (Rogers, 1962) explained diffusion as the process by which an innovation is communicated through certain channels over time among the participants in a social system. The origins of the diffusion of innovations theory are varied and span multiple disciplines. This is one of the oldest social science theories, it originated in communication to explain how, over time, an idea or product gains momentum and diffuses (or spreads) through a specific population or social sytem.The end result of this diffusion is that people, as part of a social system, adopt a new idea, behaviour or product. Adoption means that a person does something differently than what they had previously (i.e., purchase or use a new product, acquire and perform a new behaviour, etc.).The key to adoption is that the person must perceive the idea, behaviour, or product as new or innovative. It is through this that diffusion is possible.

The four main elements of diffusion are the innovation, communication channels,

time, and the social system. Diffusion is a special type of communication, in which the messages are concerned with a new idea. It is this newness of the idea in the message content of communication that gives diffusion its special character. This process consists of a series of actions and choices over time through which an individual or an organization evaluates a new idea and decides whether or not to incorporate the new idea into on-going practice. This behaviour consists essentially of dealing with the uncertainty that is inherently involved in deciding about a new alternative to those previously in existence. It is the perceived newness of the innovation, and the uncertainty associated with this newness, that is a distinctive aspect of innovation decision making (Rogers, 1962). 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.

2.4.2 **Incremental Theory**:

In public policy, incrementalism refers to the method of change by which many small policy changes are enacted over time in order to create a larger broad based policy change.

This was the theoretical policy of rationality developed by Lindblom to be seen as a middle way between the rational actor model and bounded rationality, as both long term goal driven policy rationality and satisfying were not seen as adequate.

Put differently, incrementalism is a theory developed out of the realization that truly rational decision making is practically impossible given the complexity of the policy environment. That is not to say that policy actors do not have the intent to be rational: their decisions are goal orientated and there are processes followed to achieve those

goals. But there are many factors that work against scientific rationalism (Heys, 2009).

Herbet Simon, while discussing about rationality in administrative organizations, identified three reasons for departures from complete rationality in decision making. First, rationality requires that all alternatives are known beforehand; yet in reality, only a few alternatives can ever be specified. Second, rationality requires a complete knowledge of the consequences resulting from each alternative; yet the complexity of most policy problems make this impossibility. Third, imagining future consequences implies some level of value judgment in the decision; yet values can never be anticipated or completely defined (Simon, 1997:93).

Simon introduced the idea of "bounded rationality" in decision making: humans desire true rationality, but due to cognitive limitations and the incompleteness of knowledge our decision making behavior is "satisfying" rather than maximizing benefits over costs.

Charles Lindblom adopted Simon's ideas about decision making and applied them to the policy process. He claimed that policy makers "muddle through" by making incremental adjustments to policies rather than engaging in a comprehensive and rational process and articulating clearly defined policy goals. Instead, successive comparisons are made to already existing policies and policy makers seek agreement where they can or where they have specific knowledge. Political agreement is emphasized as a strategy, rather than clearly defining policy goals, policy instruments and criteria to measure success. Incrementalism is a result of several issues (Lindblom & Woodhouse, 1993). Incrementalism is commonly employed in politics, engineering,

software design, planning and industry. Whereas it is often criticized as "firefighting", the progressive improvement of product designs characteristic, e.g., of Japanese engineering can create steadily improving product performance, which in certain circumstances outperforms more orthodox planning systems (Wikipedia, 2015). The advantages of incrementalism over other formal systems is that no time is wasted planning for outcomes which may not occur.

First, while democratic political systems provide much opportunity for political exchange, ensure significant liberty and wide participation in policy-making, they are cumbersome and troublesome in a number of respects: elections are inefficient and lack dynamic feedback for real-time public input; the public vote on superficial characteristics; political leaders have little accountability; partisan concerns result “safe” policy areas that maximize re-election possibilities; and the system allows more opportunity to delay policy rather than advance it. These issues reduce policy responsiveness, that is, the ability of apolitical system to translate citizen need into policy action.

Second, human cognitive ability cannot fathom the very large number of variables and interrelationships that constitute policy decisions: Cause and effect relationships are not apparent; consequences of actions are not predictable; irrational preferences, selfishness, fears, desires and values are not apt to ‘modeling’ or analysis; regardless of analytical power, conflicting beliefs negate the possibility of a single solution (one person’s problem is another person’s solution); expertise and absolute truth are subjective and value orientated; and while analytical methods are possible

(supercomputer social simulations) they lack responsiveness and require high level agreement in problem definition.

Third, many policy tasks are essentially delegated to administrative agencies, interest groups, and businesses, especially in technically complex policy areas. Certain interest groups and businesses bring significant organizing ability, financial resources and technical expertise, thus exerting significant influence over policy making decision makers in the executive and legislative branches rely heavily upon the advice of these experts. On the other hand, bureaucrats may bring technical expertise, but tend to favor continuation of existing practice, stability and policies that favor the organization. From a theoretical perspective, there are several issues with incrementalism as a policy theory. Disadvantages are that time may be wasted dealing with the immediate problems and no overall strategy is developed.

Heys (2009)identified them as follows: First, while it predicts the type of policy change based on certain assumptions about the system and the individual, it falls short of the policy theory criteria specified by Blomquist (2007): incrementalism lacks a detailed description of collective action, institutions, and the boundaries and scope of the theory. In fact, there is justification for labeling incrementalism as more descriptive metaphor rather than scientific theory. The idea seems conceptually intuitive, yet it cannot predict the degree of incrementalism in any policy area (Smith & Larimer, 2009), and there is little agreement over how to operationalize the "increment" other than by examining budget change.

Assuming that an increment can be operationalized, there is no objective standard to determine a value for what counts as an increment and what does not. (See Howlett and Ramesh page 147 on policy change types).

Second, incrementalism relies upon a relatively stable policy landscape, rather than situations where significant new information, problem redefinition or crisis is introduced (Howlett & Ramesh, 2003). Therefore, it cannot account for agenda change as exhibit sharp discontinuous changes in crises, elections, and when new technologies emerge (Kingdon, 1995). In the same sense, incrementalism cannot predict the end of policies.

Third, empirical evidence suggests that policies are subject to relatively frequent punctuations, as expressed in the punctuated equilibrium model developed by Baumgartner and Jones (1993). Finally, as Lindblom advanced the idea of incrementalism as a normative solution, there are several normative critiques identified. Incrementalism does not incorporate ambitious policy goals, but instead encourages “aiming low.” It promotes short-sighted decision making that may have adverse long term consequences (Howlett & Ramesh, 2003), for example, Scott (2010) uses incremental policy making to explain the unfortunate decisions made in Vietnam, Afghanistan and Iraq, which prolonged both exit and victory.

A good example would be in small changes that make way for a bigger overall change to get past unnoticed. A series of small steps toward an agenda would be less likely to be questioned than a large and swift change. An example could be the new TSA policy.

Muhammad Sanusi, Emir of Kano and other accounting experts have called on President Muhammadu Buhari to, as a matter of urgency, review the entire budget process and deploy strategic approach to block revenue leakages in the country if he hopes to deliver on his election promises within the given period.

In line with his determination to ensure discipline and greater transparency in the management of the nation's finances, President Muhammadu Buhari has directed all Ministries, Departments and Agencies (MDAs) of government to henceforth pay their earnings into a unified bank account known as Treasury Single Account (TSA). The directive applies to the MDAs that are funded from the Federation Account such as Nigerian National Petroleum Corporation (NNPC), the Central Bank of Nigeria (CBN), the Securities and Exchange Commission (SEC), the Nigerian Ports Authority (NPA), The Customs Service (NCS), Nigeria Immigration Service (NIS), Federal Inland Revenue Service (FIRS) and a host of others. The MDAs are to pay all their revenues to a sub-account linked to the TSA at CBN. To promote quick compliance with this directive, the Head of Service of the Federation, Danladi Kifasi, has given the name and number of the TSA as Accountant General (Federal sub-Treasury) Account No. 3000002095. The order on TSA, which came into effect on August 11, marks the beginning of MDAs' retirement of revenues due to the Federal Government into a unified account maintained by the Central Bank of Nigeria (CBN).

The payment of government revenue into multiple bank accounts operated by MDAs in commercial banks, as obtained under the old order, was clearly against the Nigerian Constitution which, in Sections 80 and 162, directed that all federally-collected revenues should be paid into the Federation Account. It was a flagrant breach of the constitution that underscores the rot in the management of the country's finances. It is

heartening that this will now be history, going by the efforts of the new administration to implement the TSA policy that was reportedly first recommended by the Federal Government's Economic Reform and Governance Programme in 2004, but dumped in 2005, following intense pressure from the banking industry. The former President Good luck Jonathan administration had also set a February 2015 deadline for the implementation of the initiative, but did not go ahead with it.

Sanusi observed that the issue of review of budgetary process was something that had been talked about in the last five years without any feasible approach to tackle it.

2.4.3 **Stakeholders Theory**

This theory was propounded by Edward Freeman, when he first published his book about stakeholders' theory in 1984; it raised awareness of the relationships and the ripple effect of a company and its many stakeholders.

The stakeholders' theory is a theory of organizational management and business ethics that addresses morals and values in managing an organization. It was originally detailed by Ian Mitroff in his book 'stakeholders of the organizational mind', published in 1983 in San Francisco.

This is assumed that adoption of treasury single account by the federal government is as a result of the pressure from stakeholders/citizens majorly against corruption. It suggested that the government will respond to the concerns and expectations of powerful stakeholders/citizens and some of the responses will be in the form of strategic opinions. Stakeholders' theory provides rich insights into the factors that

motivate government in relation to the adoption and implementation of treasury single account.

Stakeholders' theory states that the citizens of Nigeria are stakeholders in the Treasury single account policy initiated by the federal government in protecting our common patrimony and resources. Nigerians should ensure and safeguard how the monies generated by the different MDAs of government are utilized for the good of all.

Stakeholders' theory suggests that the purpose of a business is to create as much value as possible for stakeholders. In order to succeed and be sustainable over time, executives must keep the interests of customers, suppliers, employees, communities and shareholders aligned and going in the same direction

2.4.4 **Public Finance management Theory**

Public finance is the study of the role of the government in the economy. It is the branch of economics which assesses the government revenue and government expenditure of the public authorities and the adjustment of one or the other to achieve desirable effects and avoid undesirable ones.

This theory assumes that all aspects of financial resources, mobilization and expenditure should be well managed in government for the benefits of the citizenry. It includes resource mobilization, prioritization of programmes, the budgetary process, efficient management of resources and exercising control to guide against threats. Treasury single account (TSA) primarily is to avoid misapplication of public funds.

Public finance management emphasizes on allocation function in making sure we attain allocative sufficiency and efficiency.

Distribution function which emphasizes on equitable distribution of wealth. The effect of government spending is brought to bear on how resources could be distributed equitably to avoid economic problem. The treasury single account helps the government to bridge the gap between the rich and poor through provision of public goods such as roads, security, infrastructures, railways, hospitals, schools and security etc.

Public finance management theory as it concerns the treasury single account ensures stabilization function to maintain stability on every spending to avoid unstable exchange rate, poverty, unemployment and inflation. It also comes public financial authorities which gives every spending a backing for transparency and accountability. The constitution of the federal republic of Nigeria 1999 as amended gave legal framework to every spending and they include the appropriation procedure, operation of funds and auditing and investigation.

This theory is more suitable and supportive among other theories for the purpose of the research topic on treasury single account.

2.4.5 **Modern Money Theory (MMT)**

It is a theory that theorized how monetarily sovereign governments operate and their impacts on the economy. It shows that it is relevant to aggregate the central bank and the treasury into a government sector that finances itself through monetary creation such that financial position of the treasury and the central bank are so intertwined that both of them are constantly in contact in order to make fiscal and monetary policy run smoothly.

Modern money or monetary theory is a macroeconomic theory that describes and analyses modern economies in which the national currency is fiat money, established and created by a sovereign governments that are the sole supplier of national currency can issue currency of any denomination and in physical or non –physical forms.Consequently,these governments have an unlimited ability to pay for the things they wish to purchase and to fulfill promised future payments.MMT claims that these governments also have an unlimited ability to provide funds to other sectors. Because of this, it is not possible for a government that issues its own currency to be bankrupt.

MMT is seen as an evolution of chartalism and is sometimes referred to as Neo-Chartalism.In sovereign financial systems, banks can create money but these horizontal transactions do not increase net financial assets as assets are offsets by liabilities. The balance sheet of the government does not include any domestic monetary instrument on its asset side; it owns no money. All monetary instruments issued by the government are on its liability side and are created and destroyed with spending and taxing/bond offerings respectively.

2.4.6 **Agency Theory**

This theory was propounded by Jenson and Meckling (1976), the theory emphasized that a relationship between one person (the principal) and the other (an agent) whereby the latter engage the former to perform some decision making authority to the agent. The said relationship should be based on trust; this is also known as fiduciary duties. Fiduciary duty is a duty imposed upon certain persons because of the position of trust and confidence in which they stand in relation to another.

Emanating from agency theory is the issue of accountability which arises right from the moment someone has been appointed or elected to exercise a mandate as an agent or trustee on behalf of another to oversee the affairs relating to the office. The relationship between the agent (office holder) and the principal automatically creates a social contrast between them.

The former Accountant General of the Federation (A.G.F), Jonah Otunla, backed the implementation of the TSA and said it would remove the ambient secrecy in the management of public finance in MDA's. Under the guise of non-descript official secrecy, government staff and politicians have been known to employ all sorts of administrative devices and illegal liaisons to engage in business ventures for private gains using government money and thereby frustrating proper execution of projects as well as causing salary delays. Furthermore, agencies defraud government by siphoning government funds through multiple bank accounts unknown to the authorities. The implementation of the TSA would make it difficult for this monumental fraud to continue undetected. It also affords the government an oversight of funds pooled into the TSA by generating agencies.

The IMF in a 2010 paper titled "Treasury Single Account: Concept, Design, and Implementation Issues", outlined the benefits of operating a Treasury Single Account. It started by explaining that the primary objective of a TSA is to ensure effective aggregate control over government cash balances. Here are the benefits:

i. Allows complete and timely information on government revenue in countries with advanced payment and settlement systems and an Integrated

Financial management Information System (IFMIS) with adequate interfaces with the banking system, this information will be available in real time. As a minimum, required and updated balances should be available daily.

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

iii. Improves operational control during budget execution. When the

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

iv.It Enables efficient fund management. TSA facilitates regular monitoring of government cash balances. It also enables higher quality inflow and out flow analysis to be undertaken (e.g., identifying causal factors of variances and distinguishing causal factors from random variations in cash balances.

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

banking fees.

vi. Facilitates efficient payment mechanisms. TSA ensures that there is no ambiguity regarding the volume or the location of the government funds, and makes it possible to monitor payment mechanisms precisely. It can result in substantially lower transaction costs because of economies of scale in processing settlements. In establishment of a TSA, it is combined with the elimination of the "float" in the banking and the payment systems, and the introduction of transparent fee and penalty structures for payment services. Many governments have achieved substantial reductions in their real cost of banking services by introducing a TSA system.

vii. Improves bank reconciliation and quality of fiscal accounting system. TSA allows for effective reconciliation between the government accounting systems and cash flow statements from the banking system. TSA also eliminates the risk of errors in reconciliation of financial statements and improves the timeliness and quality of the fiscal accounts.

viii. Lowers liquidity reserve needs. TSA reduces the speedy depletion of cash flows through the treasury, thus allowing it to maintain a lower cash reserve/buffer to meet unexpected fiscal volatility.

The TSA provides a number of other benefits and thereby enhances the overall effectiveness of a public financial management (PFM) system. The establishment of a TSA should, therefore, receive priority in any PFM reform agenda. According to the directive, this measure is specifically to promote transparency and facilitate compliance with sections 80and 162 of the 1999 Constitution.

This no doubt was a move to actualize the promise by the then federal government through the Coordinating Minister of the Economy and Minister of Finance, Dr. Okonjo-Iweala in December, 2014 to block avenues of revenue leakages to shore up government revenue in the face of dwindling earnings due to falling oil prices.

The advantages and benefits of the TSA are legion. The consolidation into a TSA paves way for the timely capture and payment of all due revenues into government coffers without the intermediation of multiple banking arrangements. This prevents revenue leakages in terms of revenue loss and mismanagement by operators of all revenue-generating agencies. With this comes better cash management practices since the Treasury can at all times have an overall view of government's cash position, as against the fragmented positions of different Ministries, Department and Agencies (MDAs), which need to be laboriously pooled together to get the overall picture. This will reduce the cost of borrowing by government and its agencies, as the government will likely be in the surplus at most times of the year. Take the example of the practice before the TSA, MDA 'A', based on budgetary releases could have surplus cash (meaning cash that is not immediately required) in its bank accounts whilst, MDA 'B', which needs immediate cash for urgent transactions is cash starved and has little or nothing in its account. Although, MDA 'B' has approvals in the budget for transaction, it has no immediate cash. MDA 'B' is likely to borrow from a bank at an interest to carry out the urgent assignment, thereby incurring costs to Treasury, whilst treasury finances lie idle in MDA 'A'. This would no longer happen.

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. The advantages and benefits of the TSA are legion. The consolidation into a TSA paves way for the timely capture and payment of all due revenues into government coffers without the intermediation of multiple banking arrangements. This prevents revenue leakages in terms of revenue loss and mismanagement by operators of all revenue-generating agencies.

2.5 **Summary**

This chapter has been able to look at the literature review and its sub titles, such as the introduction, conceptual framework, empirical review, theoretical framework and the needed literatures have guided the chapter thoroughly.

CHAPTER THREE

RESEARCH METHODLOGY

3.1 Introduction

This chapter provides description of sample and data collection procedures. It provides guidelines which direct the researcher towards solving the research problem. Data will be collected by use of questionnaire, while the secondary data will be from website, academic research journals and other literature related to the study. The operational measures of variables used in the study, as well as the statistical tests used to evaluate the hypothesis are also presented in this chapter.

This chapter equally treats subject areas such as the research methodology, research design, population and sampling technique, the methods of data collection, procedure for data analysis and model specification, justification of methods and the summary. This will be seen accordingly to aid the researcher in his findings.

3.2 Research Design

This study employs the survey research design which studies a group of people or items by collecting and analyzing data from a few people and items considered to be representative of the entire group. The research gathering instrument used for this study is the questionnaire. Questionnaire will be administered and the result analyzed to determine Effect of Treasury Single Account on the performance of banking sector in Nigeria with Access Bank Plc.as a case study.

3.3 **Population and Sampling Technique**

A research population refers to all members of the study target or the total number of common characteristics that may lead to obtaining the relevant information for the purpose of the research. The target population of 1300 staff of Access bank was considered for this study.

Sample is a representative subset of the population.

Applying the **Yamane formula** we have

$$S = \frac{N}{1 + N(e)^2}$$

Where N = Total population

S = Sample size

e = Margin of error

When population size is 1300

N = 1300

e = 0.05

$$S = \frac{1300}{1+ 1300(0.05)^2}$$

$$S = \frac{1300}{}$$

1+ 1300(0.0025)

$$S = \frac{1300}{4.25} = 306$$

$$S = 306$$

A total number of 306 samples will be selected for this study. In other words, 306 questionnaires will be administered to Access bank, staff to elicit the needed data.

Sampling technique is a plan specifying how the elements will be drawn from the research population. In this study random sampling will be used.

3.4 **Methods of Data Collection**

Questionnaire was the instrument used in data collection and the distribution was by self (by hand). Out of the 306 questionnaire administered only250 were returned and used as the sample size. The study also made use of primary and secondary data. The five (5) linkert scale method was also used for designing the questionnaire.

3.5 **Procedure for Data Analysis and Model Specification**

To derive useful meaning from the data generated, the following statistical techniques and procedure was used.

Chi-square: This was adopted in testing the hypothesis formulated. The chi-square formula is stated below:

$$X^2 = \frac{\sum(0-E)^2}{E}$$

Where:

O = Observed frequencies

E = Expected frequencies

X^2 = Chi-square

$\sum$ = Summation

Decision Rule

If the calculated chi-square is less than the critical value, the null hypothesis will be accepted while the alternative hypothesis will be rejected. Therefore: the null hypothesis is accepted because it is less than the critical value.

3.6 Justification of Methods

The study made use of questionnaire with the aid of well-structured questions to enrich the study. The survey method was justified by the nature and distribution of the population and also to encourage high degree of representation, thereby reducing the sampling error (Anyanwu, 2000).

The chi-square statistics was then applied to the effect of TSA on the performance of banking sector in Nigeria using Access Bank Plc., as a case study. The method is to make and draw inference about the research population relying on the content of the information in the sample and it seems to be the most appropriate for study of this nature because it will facilitate the successive conclusion and useful recommendations that will be useful and beneficial to all.

3.7 Summary

The researcher has been able to look at the chapter three and justified the method which will be suitable for the research being the “effect of TSA on the performance of banking sector in Nigeria with reference to Access bank Plc.”

Therefore, under the research methodology, sub titles were discussed such as introduction, research design, population and sampling technique, methods of data collection, procedure for data analysis and model specification, justification of methods and summary.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter is devoted to the presentation and analysis of data obtained from the questionnaire. The data are based on the number of copies of the questionnaire completed and returned by the respondents. The data were grouped into basic characteristics of age, sex, educational qualifications, marital status, and position of respondents and years of service of respondents. The questions relevant to the hypotheses would be presented and analyzed for the purpose of confirming them; the questions not directly related to the hypothesis would also be presented and analyzed accordingly.

Bio Data of Respondents

Table 1: sex of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	16	50.0	50.0	50.0
	female	16	50.0	50.0	100.0
	Total	32	100.0	100.0	

Source: field survey, 2017.

Table 1 above shows the gender distribution of the respondents used for this study.

16 respondents which represent 50.0percent of the population are male.

16 respondents which represent 50.0percent of the population are female.

Table 2: Age Grade of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below 20 years	3	9.4	9.4	9.4
	21-30 years	6	18.8	18.8	28.1
	31-40 years	8	25.0	25.0	53.1
	41-50 years	10	31.2	31.2	84.4
	51-60years	5	15.6	15.6	100.0
	Total	32	100.0	100.0	

Source: field survey, 2017.

Table 2 above shows the age grade of the respondents used for this study.

3 respondents which represent 9.4 percent of the population are below 20yrs.

6 respondents which represent 18.8percent of the population are between 21-30yrs. 8 respondents which represent 25.0 percent of the population are between 31-40yrs**.** 10 respondents which represent 31.2 percent of the population are between 41-50yrs. 5 respondents which represent 15.6 percent of the population are between 50-60yrs.

Table 3:Educational qualification of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	WASSCE/SSCE	4	12.5	12.5	12.5
	OND/HND/BSC	10	31.2	31.2	43.8
	PGD/MSC/PHD	10	31.2	31.2	75.0
	OTHERS	8	25.0	25.0	100.0
	Total	32	100.0	100.0	

Source: field survey, 2017.

Table 3 above shows the educational background of the respondents used for this study.

Out of the total number of 32 respondents, 4 respondents which represent 12.5 percent of the population are FSLC holders. 10 respondents which represent 31.2percent of the population are SSCE/WASSCE holders.10 respondents which represent 31.2percent of the population are OND/HND/BSC holders.

8 respondents which represent 21.0 percent of the population are MSC/PGD/PhD holders

Table 4: Marital status of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	single	10	31.2	31.2	31.2
	married	20	62.5	62.5	93.8
	divorced	1	3.1	3.1	96.9
	widowed	1	3.1	3.1	100.0
	Total	32	100.0	100.0	

Source: field survey, 2017.

Table 4 above shows the marital status of the respondents used for this study.
Out of the total number of 32 respondents, 10 respondents which represent 31.2 percent of the population are single. 20 respondents which represent 62.5 percent of the population are married.1 respondent which represent 3.1 percent of the population is divorced.1 respondent which represent 3.1 percent of the population is widowed.

Table 5: Position of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	junior staff	20	62.5	62.5	62.5
	senior staff	12	37.5	37.5	100.0

Table 5: Position of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	junior staff	20	62.5	62.5	62.5
	senior staff	12	37.5	37.5	100.0
	Total	32	100.0	100.0	

Source: field survey, 2017.

Table 5 above shows the level or position of respondents used for this study.

Out of the 32 respondents, 20 which represent 62.5 percent of the population are junior staff. 12 which represent 37.5 percent of the population are senior staff.

Table 6: years of service of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-2 years	8	25.0	25.0	25.0
	3-5 years	11	34.4	34.4	59.4
	6-11 years	10	31.2	31.2	90.6
	above 12 years	3	9.4	9.4	100.0
	Total	32	100.0	100.0	

Source: field survey, 2017.

Table 5 above shows the years of experience of the respondents used for this study.

Out of the 32 respondents, 8 which represent 25.0percent of the population have had 0-2yrs experience at work. 11 which represent 34.4 percent of the population have had 3-5yrs experience. 10 which represent 31.2percent of the population have had 6-11yrs experience. 3 which represent 9.4 percent of the population have had more than 12yrs experience.

Analysis of Research Questions

4.2 Responses of respondents on whether the TSA has contributed to the performance of Access Bank return on Investment?

Responses	No. of Respondents	Percentage (%)
Strongly Agree	100	35.5
Agree	80	25.5
Undecided	60	20
Disagree	40	13
Strongly disagree	26	6
Total	306	100

Source: field survey, 2017.

From the first research question Table above, it shows the responses of respondents that TSA has contributed to the performance of Access bank return on investment.

100 respondents which represent 35.5 percent of the respondents strongly agreed that TSA has contributed to the performance of Access Bank return on investment.

While 80 respondents which represent 25.5 percent of the population agreed that TSA has contributed to the performance of Access bank return on investment.

60 respondents which represent 20 percent of the population were undecided

40 respondents which represent 13 percent of the population disagreed that TSA has not contributed to the performance of Access Bank return on investment.

And 26 respondents which represent 6 percent of the population strongly disagree that TSA has not contributed to the performance of Access bank return on investment.

4.3 Responses of Respondents on whether the TSA has contributed to the performance of Access Bank return on Assets?

Responses	No. of Respondents	Percentage (%)
Strongly Agree	110	36.5
Agree	90	30.5
Undecided	50	15
Disagree	40	13
Strongly disagree	16	5
Total	306	100

Source: field survey, 2017.

The above table shows the responses of respondents on how does the TSA contribute to the performance of Access bank return on Assets?

110 respondents which represent 36.5 percent of the population strongly agreed that TSA has contributed to the performance of Access bank return on Assets.

90 respondents which represent 30.5percent of the population agreed that TSA has contributed to the performance of Access bank return on Assets.

50 respondents which represent 15 percent of the population is undecided

40 respondents which represent 13 percent of the population disagreed that TSA has not significantly contributed to the performance of Access bank return on Assets.

16 respondents which represent 5 percent of the population strongly disagreed that TSA has not contributed to the performance of Access bank return on Asset.

4.4 **Responses of respondents on the extent the TSA has contributed to the performance of Access Bank return on profitability**

Responses	No. of Respondents	Percentage (%)
Strongly Agree	95	33.5
Agree	75	25.5
Undecided	55	16
Disagree	45	18
Strongly disagree	36	9
Total	306	100

Source: field survey, 2017.

The above Table shows the responses of respondents the extent the TSA has contributed to the performance of Access Bank return on profitability.

95 respondents which represent 33.5 percent of the population strongly agreed that the TSA has contributed to the performance of Access Bank return on profitability.

75 respondents which represent 23.5percent of the population agreed that the TSA contributed to the performance of Access Bank return on profitability.

55 respondents which represent 16 percent of the population were undecided

45 respondents which represent 18 percent of the population disagreed that the TSA has contributed to the performance of Access Bank return on profitability.

While 36 respondents which represent 9 percent of the population strongly disagree that the TSA has contributed to the performance of Access bank return on profitability.

Using table 4.2 above, we can test hypothesis one as it is in line with the research question.

Table 4.2 Chi- Square Table

Responses	Fo	Fe	Fo-Fe	$(Fo-Fe)^2$	$(Fo\ Fe)^2/Fe$
Strongly Agree	100	50	50	2500	50
Agreed	80	50	30	900	18
Undecided	60	50	10	100	2
Disagree	40	50	-10	-100	-2
Strongly disagree	26	50	-24	-576	-11.52
Total	306				56.48

Calculated

$X^2 = 56.48$

Expected frequency is gotten as follows: $\frac{306}{4} = 76.5$

Critical value of X^2 with a degree of freedom of 3 and level of significance of 0.05 is 7.815

Decision:

The calculated chi-square of 56.48 is greater than the critical value of 7.81. Therefore, the null hypothesis is rejected while the alternative accepted which states that TSA contributes to the performance of Access Bank

Using table 4.3 above, we can test hypothesis two as it is in line with the research question.

Table 4.3 Chi- Square Table

Responses	**Fo**	**Fe**	**Fo-Fe**	**$(Fo-Fe)^2$**	**$(Fo\ Fe)^2/Fe$**
Strongly Agree	110	50	60	3600	72
Agree	90	50	40	1600	32
Undecided	50	50	0	0	0
Disagree	40	50	-10	-100	-2
Strongly disagree	16	50	-34	-1156	-23.12
Total	306				78.88

Calculated

$X^{2 =}$ 78.88

Expected frequency is gotten as follows: $\frac{306}{4} = 76.5$

Critical value of X^2 with a degree of freedom of 3 and level of significance of 0.05 is 7.815.

DECISION:

The calculated Chi-square of 78.88 is greater than the critical value of 7.81.Therefore; the null hypothesis is rejected while the alternative accepted which states that TSA has contributed to the performance of Access bank return on Asset.

Using table 4.4 above, we can test hypothesis three (3) as it is in line with the research question.

Table 4.4 Chi- Square Table

Responses	**Fo**	**Fe**	**Fo-Fe**	**$(Fo-Fe)^2$**	**$(Fo\ Fe)^2/Fe$**
Strongly Agreed	95	50	45	2025	40.5
Agreed	75	50	25	625	12.5
Undecided	55	50	5	25	0.5
Disagreed	45	50	-5	-25	-0.5
Strongly disagreed	36	50	-14	-196	-3.92
Total	306				49.08

Calculated:

X^2 -49.08

Expected frequency = $\frac{306}{4}$

Critical value of X^2 with a degree of freedom of 3 and level of significance of 0.005 is 7.815.

DECISION:

The calculated Chi-square of 49.08 is greater than the critical value of 7.81. Therefore, the null hypothesis is rejected while the alternative is accepted which states that TSA contributed to the performance of Access Bank return on profitability.

4.5 **Discussion of findings**

In this chapter, data from the field (Completed questionnaire) on the effect of TSA on the performance of banking sector in Nigeria with Access Bank Plc.as a case study were presented, analyzed, and the findings are outlined as follows:

It was found in the analysis of TSA and its contributions to the performance of Access bank return on investment, that 100 respondents represent 35.5% of the responses who strongly agreed, 80 respondents agreed with 25.5%, while 60 respondents were undecided representing 20%; 40 respondents disagreed with 13% and 26 respondents strongly disagreed with 6%.Therefore, TSA has contributed to the performance of Access bank return on investment.

In trying to know how the TSA has contributed to the performance of Access bank return on Assets, it becomes crystal clear that 110 respondents who strongly agreed represented 36.5%, while 90 respondents who agreed represented 30.5%, 50 respondents were undecided representing 15%. In the same vein, 40 respondents disagreed with 13% and 16 respondents who strongly disagreed represented 5%. From the hypothesis analyzed, TSA has contributed to the performance of Access bank return on Access.

In the discussion of findings, of TSA's contributions to the performance of Access bank return on profitability, 95 respondents represented 33.5% of responses who strongly agreed that TSA contributes to the performance of Access bank return on profitability, 75 respondents represent 23.5% of those who agreed to the analysis. While 55 respondents represented 16% of those who are undecided, 45 respondents represented 18% of respondents who disagreed to TSA contributing to the performance of Access bank return on profitability. To this end, 36 respondents represented 9% of responses

who strongly disagreed. Therefore, TSA has contributed to the performance of Access bank return on profitability.

4.6 **Summary of Findings**

The summary of the findings from this research work is as follows:

i. The study found that TSA has contributed to the performance of Access bank return on investment and that there is a significant relationship between the TSA and return on investment.

ii. Result of the above analyses also indicates that the TSA has contributed to the performance of Access bank return on Assets. And its acceptance and adoption by the government is remarkable.

iii. Furthermore, the analysis indicates that the TSA has contributed to the performance of Access bank return on profitability.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

This study examined the effect of TSA on the performance of banking sector, in Nigeria, with Access bank Plc. as a case study.

The general summary of the entire research work so far is as follows:

Chapter one contain the background to the study, wherein an overview of the meaning of TSA is seen, its importance to the economy, statement of the problem was looked at in knowing what necessitated the researcher in writing on the topic. Research questions, objectives of the study, research hypothesis, significance of the study, scope and limitations of the study and definitions of key ambiguous terms were looked at under the chapter one.

Chapter two dealt with Theoretical Framework and the Empirical review of previous work in the area of study. The review touched on related areas of the topic which other scholars and researchers have written or said something about. Also theoretical framework and summary of the chapter two was looked into.

The Chapter three, been the research methodology has introduction, research design, where the design of the study was discussed and survey research was adopted. Population and sampling technique, methods of data collection, procedure for data analysis and model specification, justification of methods and summary were looked at.

Chapter four dealt with data presentation and analysis. This include: introduction, titles of research questions from one to three and they include: to what extent has the TSA

contributed to the performance of Access bank return on investment, how does the TSA contribute to the performance of Access bank return on Assets and to what extent has the TSA contributed to the performance of Access bank return on profitability.

Lastly, the chapter five, been summary, conclusion and recommendation and suggestions for further study.

5.2 **Conclusion**

Based on the findings outlined above, this study concludes as follows:

The study found that TSA has contributed to the performance of Access bank return on investment and that there is a significant relationship between the TSA and return on investment.

Result of the above analyses also indicates that the TSA has contributed to the performance of Access bank return on Assets. And its acceptance and adoption by the government is remarkable.

Furthermore, the analysis indicates that the TSA has contributed to the performance of Access bank return on profitability.

The application of treasury single account would enhance economic development in Nigeria.

That treasury single account will help minimize corruption, enthrone transparency and accountability.

That application of treasury single account may lead to unemployment in the banking sector as most banks may downsize their workforce.

That treasury single account is generally good for the economy of Nigeria.

5.3 **Recommendations**

As a result of the findings from the survey, the following recommendations are made:

That treasury single account should be encouraged as this would help improve financial prudence, reduce if not minimize corruption, enthrone transparency and accountability from our leaders which would in turn have a positive effect on the economy of Nigeria as a whole.

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 mobilize funds from the un-banked among rural dwellers. The government should find other avenues to encourage the private sector. The policy however should not be killed by policy intricacies.

For the success of this policy, government should engage in massive public enlightenment about the importance of the policy.

Government should overhaul the capacity of the Federal Ministry of Finance and the CBN to cope with challenges associated with enforcement of the provisions of the TSA.

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.

Another suggestion is that, there is need for more legislation to cover the states and local government level since the policy in question only covered the federal level.

For TSA policy to be effective the Fiscal Sunshine Bill needs to be put in place, which if enacted will open up the financial activities of government in a way that there will be no more hiding place for those who divert or loot government money. For instance, with Fiscal Sunshine Act in place, budgeting process and implementation, including contract awards, should be in the open for Nigerians to see both how revenues are generated and how public money is being spent by those in government, and why.

Government should review the TSA policy to specifically safeguard the financial autonomy of the Nigerian educational institutions.

5.4 **Suggestions for further study**

Having gone so far in this research work, the researcher wishes to state that those who might wish to research further on the subject under study should focus their attention on the following areas as to give the topic an overall and encompassing appraisal:

1. Effect of TSA on public finance management in Nigeria.
2. Impact of TSA in curbing corruption in an emerging economy.
3. TSA: Concept, design and implementation issues in Nigeria.

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APPENDIX 1

Department of Business Administration

Faculty of Administration

Nasarawa State University, Keffi

10th September, 2018

Dear Sir/Madam,

LETTER OF INTRODUCTION

I am a student of the above named department, conducting a research on the topic 'effect of TSA on the performance of banking sector, in Nigeria. A case study of Access bank Plc.'

This is in partial fulfillment for the award of Masters in Business Administration (MBA). I will be glad if you help fill the attached questionnaires to enable me carry out this research successfully.

I assure that your responses will be treated in confidence and use solely for this research.

Thanks in anticipation of your cooperation.

Yours faithfully,

Uloma Ifeanyi Hippolite J.

APPENDIX II

QUESTIONNAIRE

Instruction: Please endeavor to complete the questionnaire by ticking the correct answer (s) from the options or supply the information required where necessary.

SECTION A: Personal Information/Data

1. Gender
    a. Male ( )
    b. Female ( )
2. Age grade
    a. Below 20yrs ( )
    b. 21-30yrs ( )
    c. 31-40yrs ( )
    d. 41-50yrs ( )
    e. 51-60yrs ( )
    f. Above 60yrs ( )
3. Educational qualification
    a. WASCE/SSCE ( )
    b. OND/HND/BSC ( )
    c. MSC/PGD/PHD ( )
    d. Others ( )
4. Marital status

a. Single ( )

b. Married ( )

c. Divorced ( )

d. Widowed ( )

5. Experience/years of service

   a. 0-2yrs ( )

   b. 3-5yrs ( )

   c. 6-11yrs ( )

   d. Above 12yrs ( )

6. Level/position ( )

   a. Junior staff ( )

   b. Senior staff ( )

SECTION B:

Questions on the effect of treasury single account on the performance of banking sector in Nigeria, with Access bank Plc. as a case study.

7. Has the TSA contributed to the performance of Access bank return on investment?

   a. Strongly agreed ( )

   b. Agreed ( )

   c. Undecided ( )

   d. Disagreed ( )

   e. Strongly disagreed ( )

8. How has the TSA contributed to unemployment in the banking sector in Nigeria?

   a. Strongly agreed ( )

   b. Agreed ( )

   c. Undecided ( )

   d. Disagreed ( )

   e. Strongly disagreed ( )

9. Has the TSA help minimize corruption, enthrone transparency and accountability in the government?

   a. Strongly agreed ( )

   b. Agreed ( )

   c. Undecided ( )

   d. Disagreed ( )

   e. Strongly disagreed ( )

10. Has the TSA help enhance economic development in Nigeria?

    a. Strongly agreed ( )

    b. Agreed ( )

    c. Undecided ( )

    d. Disagreed ( )

    e. Strongly disagreed ( )

11. Has the TSA any effect on public finance management in Nigeria?

    a. Strongly agreed ( )

b. Agreed ( )

c. Undecided ( )

d. Disagreed ( )

e. Strongly disagreed ( )

12. Does the TSA have any implications on the banking sector in Nigeria?

a. Strongly agreed ( )

b. Agreed ( )

c. Undecided ( )

d. Disagreed ( )

e. Strongly disagreed ( )

13. How does the TSA contribute to the performance of Access bank return on Assets?

a. Strongly agreed ( )

b. Agreed ( )

c. Undecided ( )

d. Disagreed ( )

e. Strongly disagreed ( )

14. To what extent has the TSA contributed to the performance of Access bank return on assets?

a. Strongly agreed ( )

b. Agreed ( )

c. Undecided ( )

d. Disagreed ( )

e. Strongly disagreed ( )

15. Has the Access bank assets improved since its implementation?

a. Strongly agreed ( )

b. Agreed ( )

c. Undecided ( )

d. Disagreed ( )

e. Strongly disagreed ( )

16. Has the TSA contributed to the performance of Access bank return on profitability?

a. Strongly agreed ( )

b. Agreed ( )

c. Undecided ( )

d. Disagreed ( )

e. Strongly disagreed ( )

17. Can the performance of Access bank Assets return on profitability be measured?

a. Strongly agreed ( )

b. Agreed ( )

c. Undecided ( )

d. Disagreed ( )

e. Strongly disagreed ( )

18. Has the performance of the TSA led to improved infrastructure in Nigeria?

a. Strongly agreed ( )

b. Agreed ( )

c. Undecided ( )

d. Disagreed ( )

e. Strongly disagreed ( )

19. Has the introduction of the TSA reduced productivity of civil servants in the discharge of their duties?

a. Strongly agreed ( )

b. Agreed ( )

c. Undecided ( )

d. Disagreed ( )

e. Strongly disagreed ( )