International Journal of Management and Commerce Innovations ISSN 2348-7585 (Online)
Vol. 9, Issue 1, pp: (626-638), Month: April 2021 - September 2021, Available at: www.researchpublish.com

THE NEXUS BETWEEN TREASURY SINGLE ACCOUNT AND THE PERFORMANCE OF DEPOSIT MONEY BANKS IN NIGERIA: A PRE AND POST ANALYSIS (2009-2019)

[1]OKOH, Macdonald Osarhemen, [2]Professor Nwankwo Odi

[1]Department of Banking and Finance, Kogi State University, Anyigba, Kogi State.
[2]Department of Banking and Finance, Kogi State University, Anyigba, Kogi State.
Correspondence: Okoh Macdonald, Tel: +2348028176512, Email: macky714@yahoo.com

Abstract: **This study is on the nexus between treasury single account policy and the performance of deposit money banks in Nigeria from 2009–2019. The introduction of treasury single account moped up the liquidity in the banking sector. This might have an effect on banks since their primary function is to pool funds from the surplus sector in the form of savings and extend these funds to the deficit sector for investment purposes.The general objective of this study was to ascertain the impact of treasury single account policy on the performance of deposit money banks in Nigeria from 2009-2019; while the specific objectives were to examine if there exist any significant difference in non-performing loans ratios, capital adequacy ratios, average liquidity ratios and the profit before tax of deposit money banks for the period before and after the implementation of treasury single account policy Nigeria. The study made use of the quantitative research design. The sample size was equal to the population which comprised of 24 deposit money banks operating in Nigeria in 2009 and 27 deposit money banks in 2019. The sampling technique was purposive in order for the findings to be generalized. Secondary data were used for the study and it was sourced from the Nigerian Deposit Insurance Corporation and the Central Bank of Nigeria Statistical Bulletin. The data were analyzed using the paired sample t-test. The result revealed that the deposit money banks performance indicators had no significant difference between the periods before and after the implementation of tresury single account policy The study therefore concluded that treasury single account policy had no significant impact on the performance of deposit money bank for the period under review.It was therefore recommended that the Central Bank of Nigeria should use its monetary policy rate to influence the ction of the interest rate on bank lending in order for borrowers to gain access to loans and advances and also enhance the timely repayment of these loans.Deposit money banks should invest in risk weighted asset which ensures higher returns at the same time putting internal control meassures on ground to reduce the risk of loss to the bearest minimum.This would increase the operating income of deposit money banks..**

Keywords: **Treasury single account, liquidity ratio, capital adequacy ratio, non-performing loans, profitability, profit before tax.**

1. INTRODUCTION

The economy of any nation depend to a very large extent on the stability of the banking system. A distress in the banking system has an adverse effect on the economy. Financial reform must begin by stopping the hemorrhaging of state enterprises that lies at the root of fiscal deficit and the problem of the banking system. State enterprises account for a good part of the assets of public sector dominated banking system in low income countries and many of these loans are nonperforming (World Bank, 1995). In order to remedy this setback, a major effort is needed to strengthen prudential regulation and supervision, enhance information flow and strengthen accounting and auditing standards. It is in this light that the federal government of Nigeria, in its fight against corruption and for accountability and transparency, introduced and implemented the Treasury Single Account (TSA). The treasury single account is a consolidated account owned by the federal government and kept with the Central Bank of Nigeria, which shows all monies received by the ministries, departments and agencies of government (CBN,2016).

According to Pattanayak and Fainboim (2010), the reasons for the introduction of the treasury single account are to enhance the efficient management and control of government cash resources; to minimize the cost of government borrowing and maximize the opportunity cost of government cash resources; to ensure an effective payment system which is timely; to minimize transaction cost during budget execution by controlling the delay in the remittance of government revenue (both tax and nontax) by collecting banks, and making rapid payments of government expenses; to facilitate reconciliation between banking and accounting data; to enhance the efficient control and monitoring of funds allocated to various government agencies; and to facilitate a better coordination with the monetary policy implementation.

In 2012, the Nigerian government introduced the first phase of a single account policy with 217 ministries, departments and agencies as a case study and about #500 billion was saved from the reckless spending by the Ministries, Department and Agencies (MDAs). Government was motivated with the achievement of this policy and also urged all banks to employ the technological platform that will help to accommodate the treasury single account policy (Okure, Chijioke, Temilulowa & David, 2015).

Onasanya (as in Chijioke, 2015) added that liquidity in the financial sector shrank as a result of adopting TSA. This is so due to the fact that the money been kept by government ministries, departments and agencies with the commercial banks have now been taken to central bank. This has led to a stiff competition within the banking industry. Banks now have to go the extra length in order to increase their liquidity level.

The central banks of most countries are in-charge of the treasury single account since it acts as a fiscal and monetary agent to the government. In contrast to the above and in theory, commercial banks could also hold the main account of a treasury single account (TSA). This is the case in Latin America countries where a large publicly owned commercial bank is in charge of the treasury single account. In practice, commercial bank could hold several accounts on behalf of the government, but these accounts should be cleared everyday and all government cash balances should be consolidated in one central account.

Pattanayak and Fainboim (2010) in a working paper published with the International Monetary Fund(IMF), stated several advantages of locating the treasury single account at the central bank. Firstly, it provides a safe haven for government cash deposit which minimizes credit risk exposure. Secondly it aids the efficient management of government liquidity and facilitate the central bank's coordination of its monetary policy operations in managing liquidity in the economy with government's cash and debt management function. Thirdly, it can facilitate cost effective banking arrangement and speedy settlement (it might be possible to negotiate with the central bank to act as the clearing house for government operations, which may speed operations). Lastly, it allows for clarity of banking arrangements and remuneration policies between the treasury and the central bank (a service level agreement is normally negotiated to clarify obligations and responsibilities when the central bank acts as clearing house for the government).

Statement of Problem

Banks by their nature play a very great role in any economy. They perform financial intermediation role by pooling funds from the surplus sector in the form of deposits and give out these funds to the deficit sector in the form of loans and advances for investment purposes, thereby enhancing economic growth and development.

In Nigeria, the ministry of finance lacks a view and centralized control over government cash resources (Oguntodu, Alalade, Adekunle & Adegbie, 2016). This resulted to leakages and corruption which were seen in the past. As a result, this cash lies idle for extended periods in numerous bank accounts held by spending agencies while the government continues to borrow to execute its budget (Udobi, Kalu, & Elekwachi, 2016; Oni & Adebayo, 2012)

As a result of economic challenges, Central Bank of Nigeria was directed to open a consolidated revenue account where all government revenue, income and inflows are collected into one single account maintained by the Central Bank of Nigeria (CBN, 2014). This cash outflow of federal government deposit from the banking sector could affect their liquidity position and distort their intermediary function of converting savings into investment.If this is the case, the introduction of the treasury single account policy would spell doom for the banking system and the overall economy.It is in the light of the above that this study is carried out in order to ascertain the nexus between treasury single account and the performance of deposit money banks in Nigeria.

Research Questions

i. Is there any significant difference in the non performing loan ratios of deposit money banks for the period before and after the treasury single account implementation in Nigeria?

ii. Is there any significant difference in the capital adequacy ratios of deposit money banks for the period before and after the treasury single account implementation in Nigeria?

iii. Is there any significant difference in the liquidity ratios of deposit money banks for the period before and after the treasury single account implementation in Nigeria?

iv. Is there any significant difference in the profit before tax of deposit money banks for the period before and after the treasury single account implementation in Nigeria?

Objectives of the Study

The main objective of the study is to ascertain the implications of treasury single account policy on the performance of deposit money banks in Nigeria for the periods before (2009-2014) and after (2015-2019) the implementation, while the specific objectives are;

i. To examine if there exist any significant difference in the non performing loan ratios of deposit money banks for the period before and after the treasury single account implementation in Nigeria.

ii. To determine if there exist any significant difference in the capital adequacy ratios of deposit money banks for the period before and after the treasury single account implementation in Nigeria.

iii. To ascertain if there exist any significant difference in the liquidity ratios of deposit money banks for the period before and after the treasury single account implementation in Nigeria.

iv. To find out if there exist any significant difference in the profit before tax of deposit money banks for the period before and after the treasury single account implementation in Nigeria.

Research Hypotheses

Ho1:There is no significant difference in the non performing loan ratios of deposit money banks for the period before and after the treasury single account implementation in Nigeria.

Ho2:There is no significant difference in the capital adequacy ratios of deposit money banks for the period before and after the treasury single account implementation in Nigeria.

Ho3:There is no significant difference in the liquidity ratios of deposit money banks for the period before and after the treasury single account implementation in Nigeria.

Ho4:There is no significant difference in the profit before tax of deposit money banks for the period before and after the treasury single account implementation in Nigeria.

2. REVIEW OF RELATED LITERATURE

Conceptual Review

Treasury Single Account (TSA) has been in operation in developed countries such as the United States, UK, France, India. In Nigeria, the policy was first recommended by the Federal Government economic reform and governance programme in 2004, but however dumped in 2005, following intense pressure from the banking industry (Igbokwe-Ibeto, Nkomah, Osakede & Kinge, 2016). TSA forms a part of the public financial management reform which comes under the national strategy for public service reform towards vision 2020 (Igbokwe-I beto et al). These reforms were made to limit the setbacks on effective and efficien t management.

Adeolu, (2015), defined treasury single account as a public accounting system under which all government revenue, receipts and income are collected into one single account, usually maintained by the countries central bank and all payment is done through this account as well. The major aim of this policy is to ensure transparency in government transactions and enhance public accountability. To Khan and Pessoa (2010), treasury single account is seen as a unified structure of government bank accounts enabling consolidation and optimum utilization of government cash resource.

Oyodele, (2015), also defined a treasury single account as a unified structure of government bank account that gives a consolidated view of government cash resources. Chukwu, (2015) stated that a treasury single account is a network of subsidiary accounts all linked to a main account so that transactions are effected in the subsidiary accounts but closing balance on the subsidiary accounts are transferred to the main accounts at the end of each business day. To Eze, (2015), treasury single account is a process and tool for effective management of government's finances, banking and cash position.

Mixed feelings arose from several scholars. Some are of the view that the policy is good in that it would enhance public accountability and ensure transparency while others were of the view that it would create a stiff competition within the banking industry since it is a cash drain to the system. Chukwu (2015) is of the view that the policy would give government an opportunity to have one-hand information about its accounts. Obinna (2015) is of the feeling that withdrawing the funds from commercial banks will further deplete the accounts of such banks as well as not offering the Ministries, Departments and Agencies (MDAs), the privilege and opportunity to monitor their own accounts where it is domiciled.

Balogun, Yusuf & Chiejina, (2015) also believes that the single account policy will create problem especially where it will be difficult for the federal government to be able to know at a glance the revenue accruing to each ministry or amount debited, as all accounts would have been lumped together. Adefemi (2015), argued that the implementation of the policy has the capacity of creeping Ministries, Departments and Agencies (MDAs) when the need arises.

In 2012, the federal government of Nigeria under the Jonathan's administration proposed its use and it became fully implemented under the Buhari administration with the objective of consolidating all cash inflows from all ministries, departments and agencies of government into a single account at the Central Bank of Nigeria. The treasury single account allows complete and timely information on government revenue in countries with advanced payment and settlement systems and an Integrated Financial and Management Information System (IFMIS) with adequate interfaces with the banking system, this information will be available in real time. Also required and updated cash balances would be available on a daily basis (IMF, 2010).

In 2012, the Nigerian government implemented the first phase of the treasury single account policy with 217 ministries and government agencies as a case study, which saved about #500 billion naira from the reckless spending of the MDA's. Government was motivated from the achievement of this policy and also urged all banks to employ the technological platform that will help to accommodate the treasury single account policy (Okure, Chijioke, Tmilulowa, & David, 2015). As a result of economic challenges, Central Bank of Nigeria was directed to open a consolidated revenue account where all government revenue, incomes and inflows are collected into one single account and maintained by the Central Bank of Nigeria (CBN, 2014). The different accounts types include the main account, subsidiary or sub-accounts, transaction account, imprest account, transit and correspondence accounts for different transaction purposes (Udo, 2016).

The federal government of Nigeria commenced the operation of TSA on Monday 17th of September, 2015. This effectively moved about #1.2 trillion from Nigerian banks to the central bank of Nigeria. The introduction of TSA arose mixed feelings about its effects from several scholars. Onasanya (as in Chidioke,2015) in his view added that liquidity in the financial sector shrank as a result of adopting TSA. This is because public accounts previously domiciled in commercial banks have now been moved to the central bank.

This has created a fierce competition in the money market whereby bank tussle for funds in order to increase their liquidity position. Ekubiat and Ime (2016) claimed that Nigerian public funds at all levels have not been adequately accounted for by previous regimes. Pattanayak and Fainboim, (2010), stated that the primary objective of treasury single account is to ensure effective aggregate control over government cash balances.

Deposit Money Banks

A deposit money bank is a financial institution licensed by the regulatory authorities to mobilize deposits from the surplus sector of the economy and allocate these funds to the deficit or needy sectors of the economy through the granting of loans and advances; and also to provide other financial services stipulated by the regulatory authorities.

Bank Performance

Bank performance is a measure of the way in which the resources of a bank are used in the form which enables it to achieve its stated objectives. Bank performance is a summary of the financial health condition of a bank.

The CAMEL framework is often used by scholars to proxy the bank specific factors (Dang, 2011). CAMEL stands for Capital Adequacy, Asset Quality, Management Efficiency, Earnings Ability and Liquidity. Each of these indicators tend to have impact on the level of profitability of the bank. This study will make use of profit before tax of banks, non performing loan ratio, capital adequacy ratio and the liquidity ratio of deposit banks in Nigeria as a performance measure for the period under review.

Non Performing Loans Ratio

A non performing loan is one in which the borrower has defaulted in payment. This default could be either in the interest, capital or both. In banking, a loan can be termed as not performing if either its interest or capital or both has not been repaid within ninety (90) days. It is derived by dividing the total non performing loans by the total outstanding loans. Thus, nonperforming loan ratios are the best proxies for asset quality.

Different types of financial ratios are used to study the performances of banks by different scholars. It is the major concern of all commercial banks to keep the amount of non performing loans to low level. This is so because high nonperforming loan affects the profitability of the bank. Thus, low nonperforming loans to total loans shows that the good health of the portfolio a bank.

Certain macro economic variables account for non performing loans such as in adequate credit analysis of the customer, inflation, unemployment, high interest rate, gross domestic product etc. In no doubt, it would have negative implications on the financial system and the economy as a whole.

The total loans and advances of deposit money banks in Nigeria as at the second quarter of 2019 stood at #13.33 trillion as against #15.29 trillion in 2018. The Central Bank of Nigeria(CBN) directed that all deposit money banks(DMBs) should maintain a loan to deposit ratio of 60% by September, 2019.

Capital Adequacy Ratio

Capital is the cornerstone of a banks' financial strength. It supports banks operation by providing a buffer to absorb unanticipated losses from its activities and, in the event of problems, enables the bank to continue operating in a sound manner while trying to resolve the problems. The maintenance of adequate capital reserve by a bank enhances confidence of the public, on the financial health and stability of the bank by providing continued assurance that it will honour its obligations to depositors and creditors as at when due (Okoh & Nwomonoh,2018).

Capital is one of the bank specific factors that influence the level of bank profitability. Capital is the amount of own fund available to support the bank's business and act as a buffer in case of adverse situation (Athanasoglou, Brissimis, & Delis, 2005). Banks capital creates liquidity for the banks due to the fact that deposits are most fragile and prone to bank runs. Moreover, greater bank capital reduces the chance of distress (Diamond, and Raghuma, 2000).. According to Dang (2011), the adequacy of capital is judged on the basis of capital adequacy ratio (CAR). Capital adequacy ratio shows the internal strength of the bank to withstand losses during crisis. Capital adequacy ratio is directly proportional to the resilience of the bank to crisis situations.

The capital adequacy ratio is a standard measure of the capital strength of a bank. It is the ratio of a banks regulatory capital to its risk weighted assets. Prudential guidelines on capital adequacy set out three main elements that determines a bank's capital adequacy. They are;

i. Credit risk associated with exposure

ii. Market risk arising from banking activities, and

iii. The form and quality of capital held to support these exposures.

Traditional approaches to bank regulation stress on the view that capital adequacy is important to the long-term financing and solvency of banks, especially in preventing bankruptcies and its negative externalities on the financial system (Okoh & Nwaomonoh,2018). Capital act as a shield against liquidity crises and hence failure.

The banking industry's capital adequacy ratio(CAR) declined slightly from 15.55% in Q1 2019 to 15.26% in Q2 2019. The decrease was attributable to to the increase in total risk weighted assets from #21.19 trillion in Q1 2019 to #21.50 in Q2 2019 and a decrease in total qualifying capital feom #3.30 trillion in Q1 2019 to #3.28 trillion in Q2 2019(NDIC,2019). The capital shortfalls of four(4) banks translated to a recapitalization requirement of #680.25 billion in Q1 2019 and, #728.80 billion in Q2 2019.

Liquidity Ratio

For any business to survive, the organization or firm should have the desired degree of liquidity, which should be in excess(Obim, Takon & Mgbado,2020).When the liquidity is in excessive, it means that there is accumulation of ideal funds and this may lead to lower market performance of security and profitability, whereas adequate liquidity may result in interruptions of the business operations. For business to operate efficiently, there must be a trade-off between profitability and liquidity. The liquidity level required by banks varies from one to another. Nzotta (2004), is of the view that the liquidity required by a firm depends on various factors such as the nature of business or industry, operating efficiency, size of business or scale of operations, business cycle, manufacturing cycle and rapidity of turnover, profit margin, profit appropriation and depreciation policy, growth prospects, taxation policies, dividend policy and government regulations. No business can survive without liquidity and as such it is always important for management to keep a very close watch on it. In order to avoid liquidity crises, management in particular needs to have a well-defined policy and established procedures for measuring, monitoring and managing liquidity (Ibe,2013).

The control and the management of liquid resources in a bank is more concern than the generation of profit. While liquidity is the heart of the business, profitability is the measure of the operating performance of the business (Omoye & Ilaboya, 2005).Liquidity crises could arise in a bank which can be caused by certain factors such as capital inadequacy, overtrading, capital mismatch, inefficient and ineffective management, aaeconomic policies, government physical policies.

In Nigeria, the average liquidity ratio for deposit money banks as at the second quarter of 2019 stood at 75.8% as against 51.87% in 2018.In Q1 2019, the average liquidity ratio (ALR) of the banking industry was 77.85%(NDIC,2019). The ratio decreased to 77.80% in Q2 2019. All except three (3) banks in Q1 2019 and two(2) banks in Q2 2019 respectively, met the minimum liquidity requirements in Q1 and Q2 2019 respectively.

Bank Profitability

A commonly used measure of bank performance is the level of bank profit, which is also known as operating income. It represents the rate of return a bank has been able to generate from the effective and efficient use of the resources at its disposal. Bank profitability is used to measure the returns on a bank's asset (ROA), which is a ratio of a bank's profit to its total assets. The return on asset (ROA) can also be used as a measure of banks performance since it is a ratio of net income produced by total assets during a period of time. It measures how efficient a bank can manage assets to produce profits. Another measure of bank performance is the ratio of net income to shareholders equity, which is also known as return on equity (ROE).It is the ratio of how effectively a bank is generating profit from the money investors (shareholders) have put into the business..

The internal factors are bank specific variables which influence the profitability of specific bank. These factors are within the scope of the bank to manipulate them and that they differ from bank to bank. These include capital size, size of deposit liabilities, size and composition of credit portfolio, interest rate policy, labour productivity, and state of information technology, risk level, management quality, bank size, ownership and the like.

The banking industry recorded a profit before tax(PBT) of #211.99 billion in Q2 2019, a decrease from the Q1 2019 figure of #219.22 billion (NDIC,2019). This could be attributed to 76.98% decrease in trading income and 7.82% increase in operating expenses amongst other factors.

Theoretical Framework

Public Finance Management Theory

This theory was proposed by (Musgrave, 1959). It has to do with the effective use of funds collected and spent by government. It encompasses all government activities to include its sources and uses of funds. The purpose of treasury single account primarily is to avoid misapplication of public fund (Grubber, 2005).

This theory assumes that all aspect of financial resources, mobilization and expenditure should be well managed in government for the benefit of the citizens. It includes resources mobilization, prioritization of programmes, the budgetary process, efficient management of resources and exercising control to guide against threat.

Modern Monetary Theory (MMT)

Modern Monetary Theory (MMT) or modern money theory, was proposed by Georg Fredrick Knapp (1924). It is a macro-economic theory which describes and analyze modern economies in which the national currency is flat money, established and created by the government. (Zayol, 2017). The major feet of MMT is that it can issue any currency of any denomination in both physical and non physical forms. As such the government has an unlimited capacity to pay for the things it wishes to purchase and to fulfill future payments, and has an unlimited ability to provide funds to other sectors, thus insolvency and bankruptcy of government is not possible. (Zayol, 2017).

Modern Money Theory stipulates that a sovereign government typically has an operating account with the Countries Central Bank. From this account, the government can spend and also receive taxes and other inflows (Scott, 2006). MMT is based on a detailed empirical account of the "operational realities" of interactions between the government, its central bank and the deposit money banking sector (Zayol, 2017). This theory is relevant to the study in that the major reason behind Treasury Single Account (TSA), was to harmonize the national treasury and the central bank.

It is a theory that aggregates the central bank and the treasury into a government sector that finances itself through monetary creation such that financial stand of the treasury and the Central bank are so interdependent that both of them are constantly in contact in order to make fiscal and monetary policy run smoothly (Ekabiat and Ime, 2016).

Stakeholders Theory

Stakeholders' theory provides rich insights into the factors that encouraged government in relation to the adoption and implementation of Treasury Single Account (Ekubiat and Ime, 2016). The theory was propounded by freeman in 1984. He opined that the stakeholder view is an alternative way of getting to know how companies and people create value and trade with each other. He is also of the view that the idea of stakeholders, stakeholder management, or a stakeholder approach to strategic management, ensures managers to formulate and implement processes which satisfied all and only those groups who have a stake in the business. That implementing this theory at the public sector level, ensures that the policies and processes formulated should satisfy public servants, taxpayers, other government, international bodies etc. (Freeman, 1984).

It assumes that the adoption of Single Treasury 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.

This study will adopt the stakeholders' theory. The reason for this is the fact that the government introduced the treasury single account policy as a strategy to fight corruption. This is due to the fact that before the advent of the treasury single account policy in Nigeria, government ministries, departments and agencies had multiple accounts with deposit money banks. Most of those accounts were not rendered to the federal government which resulted to corruption been the order of the day due to lack of transparency. The introduction of treasury single account policy by the federal government of Nigeria in no doubt wiped out the excess liquidity from the banking system. It is for this reason that this study is set out to examine the implications of treasury single account policy on the performance of deposit money banks in Nigeria for the period under review.

Empirical Review

Most studies have not been carried out on this field as it is a new area of study. Echekoba, Obi-Nwosu, Ubesie and Mbanefo (2020) investigated the effect of treasury single account on Nigerian bank performance. The objective of the study was to examine if federal government deposit on credit to the private sector improved after the implementation of treasury single account in Nigeria. Data was sourced from the central bank of Nigeria statistical bulletin from 2011-2018.The study adopted the expost facto research design. Regression analysis with the aid of E-view was used to test the hypothesis. The study concluded that the federal government deposit has been improved on credit to the private sector after the implementation of treasury single account in Nigeria. It therefore recommended that the central bank should maintain a flexible monitory policy rate (MPR) at minimum level in order to assist banks in taking alternative measures of meeting the emergency of cash withdrawal and lending demands of the customers. Olaoye and Talabi (2019) investigated the impact of treasury single account (TSA) on the performance of money deposit bank in Nigeria: A pre-post analysis. The objective of the study was to examine the impact of treasury single account on the profitability of deposit money banks in Nigeria. The study adopted the expost facto design. Data was collected from the annual report of the banks. The study made use of purposive sampling to select all the six systematically important banks (SIBs) and data were collected on four indicators of profitability of banks such as earnings per share (EPS), profit after tax (PAT), return on equity (ROE) and return on asset (ROA) for the period of six years divided into Pre- TSA (2012-2014) and Post TSA (2015-2017). It was discovered that through the analysis carried out via sampled t-test that TSA exerts a positive insignificant impact on all the indicators of profitability covered by the study except profit after tax (PAT) that has a negative insignificant impact. The study recommended that managers of deposit money banks should work out modalities that will foster the embracement of the core values of the banking system to collect depositors' fund, keep them safe and engage in intermediation to create wealth and jobs for the economy. Also that the overdependence on government fund for operational activities should be discouraged. Ajetunmobi, Adesina, Faboyode, & Adejana (2017) investigated the impact of treasury single account on the liquidity of banks in Nigeria. The objective of the study was to determine the impact of treasury single account implementation on the liquidity base of banks in Nigeria. Data was sourced from the annual report of banks. Descriptive statistics and paired sample t-test was used to analyze the data. The result showed that the implementation of treasury single account policy impacted negatively on the liquidity base of banks in Nigeria. Also there exist a significant difference in the profit after tax of banks in Nigeria before and after treasury single account adoption.The study recommended that if the policy is executed , it will lead to the prompt payment of all income going into the nation's purse without the intermediation of multiple banking arrangements. In another study carried out by Ndubuaku, Ohaegbu & Nina, (2017), on the impact of treasury single account on the performance of the banking sector in Nigeria, using secondary and time series data. The objective of the study was to examine the impact of treasury single account on credit to private sector, deposit mobilization and loans and advances. The study employed the descriptive and expost design. The population of the study was made up of twenty four (24) commercial banks in Nigeria. The data was sourced from the central bank statistical bulletin. The data were analyzed using regression and correlation analysis. The result revealed that treasury single account policy has a significant impact on the credit to the private sector, deposit mobilization and loans and advances. The study recommends that banks should avoid over reliance of government fund and source for fund from other sectors of the economy. Mboto, Offiong & Ibor (2017), carried out a study on public perception of the treasury single account in Nigeria. The objective of the study was to ascertain the perceptipon pf Nigerians towards the treasury single account policy.A sample of one hundred and ninety respondents, drawn from management staffs of MDAs, in the federal and state services as well as money deposit banks in Calabar, Cross river state was studied to gauge their perception on the treasury single account (TSA) been implemented by the federal government of Nigeria. The data were analyzed using the chi-square statistical technique. The result reveals a significant acceptance of the TSA policy itself but a non significant positive perceptions of its operations. It argues that TSA has operated presently has negatively affected the socio-economic life of the people and the operations of government Ministries, Departments and Agencies (MDAs), as a result of delays experienced in releases due to bureaucratic bottlenecks. The study recommends, amongst others, that government should ensure timely releases of operational funds to encourage ministries, departments and agencies to support the treasury single account policy. This can be achieved through the use of treasury bills or other short --term borrowing instrument aimed at offsetting the impact of treasry single account implementation on government cash flow. Kanu (2016), carried out a research on the impact of treasury single account on the liquidity. The objective of the study was to ascertain the influence of treasury single account on the liquidity base and performance of the banking sector in Nigeria. Primary data was used for the study. The research made use of the survey design. Questionnaires were administered to ten banks selected for the study. Chi-square statistical tool was used for the analysis. The result revealed that the implementation of the treasury single account in the public accounting system impacted negatively on the liquidity base and the performance of the banking sector in Nigeria. The study therefore recommended that the central bank of Nigeria and the government should come up with an arrangement to address the issue of TSA considering the impact of its activities as the important factor for efficient management, control of government cash resources as well as sustainability of banks. Also, that central bank of Nigeria should go beyond the guidelines and put in place measures to correct any lapses or negative impact of the policy both in the banking sector and the economy at large.

Research Gap in Literature

The research gap this study intends to cover is the fact that its sample size was equal to the population for a period of ten years. Other studies made use of some banks as their sample size while this study made use of all the deposit money banks available from 2009-2019, which was sourced from the annual report of the Nigerian Deposit Insurance

Corporation and the Central Bank of Nigeria statistical bulletin. The difference between this study and other studies is mainly on its methodology.

3. METHODOLOGY

This section focuses on the techniques and procedures used for the research. Based on the theoretical framework and the review of related literature, the study made use of the quantitative research design. The data applied in this study were mainly secondary. They were collected from Central Bank of Nigeria Statistical Bulletin and the Nigerian Deposit Insurance Corporation.The population of the study consist of deposit money banks that operated in Nigeria as at 2009-2019. In 2009, there were twenty four (24) deposit money banks in Nigeria while as at 2019, there were twenty seven (27) deposit money banks in Nigeria (NDIC,2019). The sample size of the study was the same as the population. The study made use of purposive sampling techniques. This was done in order to ensure proper generalization of the findings. Based on the theoretical framework earlier raised, the study presupposes that deposit money banks performance depends on treasury single account policy. The paired sample t-test was used to analyze the data. The variables used as proxy for deposit money bank performance were non performing loan ratios, capital adequacy ratios, liquidity ratios and profit before tax .The model of this study was as follows;

Y= f(X)

Y= Y1,Y2,Y3, Y4

Where;

Y1= Non Performing Loan Ratios

Y2= Capital Adequacy Ratios

Y3= Liquidity Ratios

Y4= Profit Before Tax

X= Treasury Single Account (Independent Variable)

Hence;

(Y1, Y2, Y3, Y4)= f (X)

4. DATA PRESENTATION AND ANALYSIS

The data used for this study were on bank profitability, non performing loan ratios, capital adequacy ratios and liquidity ratios of deposit money banks in Nigeria for the period of 2009-2019. Bank profitability, non performing loan ratios, capital adequacy ratios and liquidity ratios were the dependent variables and served as proxies for bank performance while treasury single account policy was the independent variable. The data were sourced from the annual report of the Nigerian deposit insurance corporation and the Central Bank of Nigeria statistical bulletin.

YEAR	NPLR(%)	CAR(%)	ALR(%)	PBT(#'B)
2009	32.8	10.24	44.45	-1,377.33
2010	15.4	4.32	51.77	607.34
2011	4.95	17.71	69.29	-6.71
2012	3.51	18.07	68.01	525.34
2013	3.23	17.18	50.63	540
2014	2.81	15.92	53.65	600
2015	4.88	17.66	48.63	630
2016	12.8	14.78	43.96	440
2017	14.8	10.23	45.56	150
2018	11.7	15.26	51.87	310
2019	9.35	15.26	75.80	211.99

Source: NBS, NDIC and CBN (2009-2019)

Data Analysis

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	PRECAR	14.6400	5	5.82628	2.60559
	POSCAR	14.6380	5	2.70910	1.21155
Pair 2	PREALR	58.6700	5	9.18521	4.10775
	POSALR	53.1640	5	13.01110	5.81874
Pair 3	PRENPL	.0598	5	.05327	.02382
	POSNPL	.0840	5	.05381	.02407
Pair 4	PREPBT	453.1940	5	259.59825	116.09587
	POSPBT	348.3980	5	191.79020	85.77119

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	PRECAR & POSCAR	5	-.689	.198
Pair 2	PREALR & POSALR	5	-.504	.387
Pair 3	PRENPL & POSNPL	5	-.468	.426
Pair 4	PREPBT & POSPBT	5	-.183	.769

Paired Samples Test

		Paired Differences					T	Df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	PRECAR – POSCAR	.00200	7.93927	3.55055	-9.85591	9.85991	.001	4	1.000
Pair 2	PREALR – POSALR	5.50600	19.33941	8.64885	-18.50705	29.51905	.637	4	.559
Pair 3	PRENPL – POSNPL	-.02422	.09176	.04104	-.13815	.08971	-.590	4	.587
Pair 4	PREPBT – POSPBT	104.79600	349.81573	156.44235	-329.55759	539.14959	.670	4	.540

5. DISCUSSION OF FINDINGS

From the table above, it would be seen that the capital adequacy ratios for the pre and post treasury single account periods were insignificant and negatively correlated ($r = -0.689$, $p = 0.198 > 0.05$). The mean points of the pre treasury single account period for capital adequacy ratios was 14.6400, while it stood at 14.6380 for the post treasury single account period. The mean which represent the average difference between two variables showed that on average, the pre treasury single account capital adequacy ratios were 0.002 points higher than the post treasury single account capital adequacy ratios (95% CI[-9.856, 9.860]).The capital adequacy ratios for the pre and post treasury single account periods had a t-value of 0.001 and a p-value of 1.00, which is greater than 0.05. There is evidence to conclude that the difference between the population mean of both periods is statistically insignificant. We therefore accept the null hypothesis which states that there is no significant difference between the capital adequacy ratios of the pre and post treasury single account periods. This may be due to the fact that the capital adequacy ratios is a statutory requirements and as such no matter the level of deposit money banks investments, they must always try to maintain the capital adequacy ratio to avoid penalties from the Central Bank of Nigeria.

From the table above, it would be observed that the average liquidity ratios for the pre and post treasury single account periods had a negative and insignificant correlation ($r = -0.504$, $p = 0.387 > 0.05$). The mean points of the pre and post treasury single account periods for the average liquidity ratios were 58.67 and 53.16.The mean which represent the average difference between two variables showed that on average, the pre treasury single account average liquidity ratios were 5.506 points higher than the post treasury single account average liquidity adequacy ratios (95% CI[-18.507, 29.519]). The average liquidity ratios for the pre and post treasury single account periods had a t-value of 0.637 and a p-value of 0.559, which is greater than 0.05. There is evidence to conclude that the difference between the population mean of both periods is statistically insignificant. We therefore accept the null hypothesis which states that there is no significant difference between the average liquidity ratios of the pre and post treasury single account periods. The same evidence goes to the average liquidity ratios of banks. This ratio also, is statutory determined by the regulatory authorities. They are money held either in cash or in near money form like government securities (treasury bills) which can easily be converted into cash in order for deposit money banks to meet up with their short term cash obligations or liabilities as they fall due e.g customers deposit withdrawers. sanctions await those deposit money banks that do not meet up with the liquidity ratio.

From the above table, it would be observed that the non performing loan ratios for the pre and post treasury single account periods had a negatively insignificant correlation (r = -0.468, p= 0.426 > 0.05). The mean points of the pre and post treasury single account periods for the non performing loan ratios were 0.0598 and 0.0840.The mean which represent the average difference between two variables showed that on average, the pre treasury single account non performing loan ratios were -0.024 points higher than the post treasury single account non performing loan ratios (95% CI[-0.138, 0.089]). The non performing loan ratios for the pre and post treasury single account periods had a t-value of -0.590 and a p-value of 0.587, which is greater than 0.05. There is evidence to conclude that the difference between the population mean of both periods is not statistically significant. We therefore accept the null hypothesis which states that there is no significant difference between the non performing loan ratios of the pre and post treasury single account periods. This could be attributed to certain macroeconomic variables other than the treasury single account policy which may include inadequate credit analysis of the customer, inflation, unemployment, high interest rate, gross domestic product amongst other factors. This has forced the Central Bank of Nigeria to peg the non performing loan ratio at 5% for deposit money banks.

From the table above, we would find out that the profit before tax for the pre and post treasury single account periods had an insignificant negative correlation (r = -0.183, p= 0.769 > 0.05). The mean points of the pre and post treasury single account periods for the profit before tax were 453.19 and 348.40. The mean which represent the average difference between two variables showed that on average, the pre treasury single account profit before tax was 104.80 points higher than the post treasury single account profit before tax (95% CI[-329.56, 539.15]). The profit before tax for the pre and post treasury single account periods had a t-value of 0.670 and a p-value of 0.540, which is greater than 0.05. There is evidence to conclude that the difference between the population mean of both periods is statistically insignificant. We therefore accept the null hypothesis which states that there is no significant difference between the profit before tax of the pre and post treasury single account periods. This could be as a result of a decline in trading income, increase in nonperforming loans, and an increase in operating expense amongst other factors. According to NDIC (2019), the industry recorded a profit before tax of #219.22 billion. This could be attributed to 76.98% decrease in trading income and 7.82% increase in operating expense, amongst other factors.

6. CONCLUSION

The study was on the impact of treasury single account policy on the performance of deposit money banks' in Nigeria for the period of 2009-2019. Based on the problem statement and the research findings, it was concluded that the implementation of treasury single account policy has no significant impact on the performance of deposit money banks in Nigeria using non performing loan ratios, capital adequacy ratios, average liquidity ratios and profit before tax as proxies for deposit money banks performance. This was evident from the fact that there exist no significant difference between the pre and post treasury single account periods for non performing loans, capital adequacy ratios, average liquidity ratios and the profit before tax of deposit money banks in Nigeria for the period under study (2009-2019). .

7. RECOMMENDATION

Based on the objective earlier raised and the findings thereof, the following are hereby recommended;

i. That Central Bank of Nigeria should influence the reduction of the interest rate on bank lending by reducing the current monetary policy rate of 11.5%. This would go a very long way in encouraging borrowers to access loans and advances, and also enhance timely repayment of these loans.

ii. Deposit money banks should ensure that while trying to maintain the statutory capital adequacy ratio, they should invest in risk weighted assets which guarantees higher returns while implementing internal control measures to minimize the risk of loss This would boost up the operating income of deposit money banks.

iii. Deposit money banks should increase their interest rate on savings and time deposit and ensure prompt payment as at when due. This would enhance their liquidity position.

iv. Deposit money banks should reduce the level of its operating expense and debt in their capital structure. This would increase the profit before tax by preventing a certain percentage of it from been eroded by the interest on debt. .

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