

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

BY

ADEYANJU ADEOLA VICTORIA

HND/23/BFN/FT/0476

A PROJECT SUBMITTED TO THE KWARA STATE POLYTECHNIC, IN PARTIAL
FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF HIGHER NATIONAL
DIPLOMA IN BANKING AND FINANCE, DEPARTMENT OF BANKING AND
FINANCE INSTITUTE OF FINANCE AND MANAGEMENT STUDIES (I.F.M.S)
ILORIN, KWARA STATE, NIGERIA.

CERTIFICATION

This is to certify that this research study was conducted by ADEYANJU ADEOLA VICTORIA with Matric No. HND/23/BFN/FT/0476 and had been read and approved as meeting the requirement for the award of Higher National Diploma (HND) in the Department of Banking and Finance, Institute of Finance and Management Studies (I.F.M.S), Kwara State Polytechnic, Ilorin, for its contribution to knowledge and literacy presentation.

DR. OLOWONIYI A.O
(Project Supervisor)

DATE

MRS OTAYOKHE E.Y
(Project Coordinator)

DATE

MR. AJIBOYE W.T
(Head of Department (HOD))

DATE

(External Supervisor)

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. Olowoniyi A.O, for his guidance, mentorship and astuteness in making sure I come out with this incisive work.

I still remain grateful to my parents Mr. and Mrs. Adeyanju for creating the academic bedrock in me, on which I am still savouring. This work won't be complete without the mentioning of the HOD and lecturers in the institute of Finance and Management Studies (I.F.M.S), who have contributed directly or indirectly to my Academic capacity.

I equally appreciate my special friends and family wonderful contributions in the journey of my life. Lastly, I must thank authors all over the world, whose books have resurrected, may your pen remain uninterrupted.

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 impact of TSA on the liquidity position of Access Bank, to evaluate the effect of TSA on the profitability of Access Bank, to analyze how TSA has influenced Access Bank's credit and lending activities, To identify strategies adopted by Access Bank to mitigate the negative effects of TSA. 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 analyzed 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 on profitability, credit and Leading activities and strategies adopted by Access Bank to mitigate the negative effects of TSA. 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.

Table of Contents

CERTIFICATION	ii
DEDICATION	iii
ACKNOWLEDGMENTS.....	iv
ABSTRACT.....	v
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background to the Study	1
1.2 Statement of the Problem.....	3
1.3 Objectives of the Study	3
1.4 Research Questions	3
1.5 Research Hypotheses.....	4
1.6 Significance of the Study	4
1.7 Scope and Limitations of the Study	5
1.8 Definition of Key Terms.....	5
CHAPTER TWO	7
LITERATURE REVIEW.....	7
2.1 Introduction.....	7
2.2 Conceptual Framework	7
2.3 Theoretical Framework	11
2.4 Empirical Review	12
2.5 Summary of Literature Review	21
CHAPTER THREE	23
RESEARCH METHODOLOGY.....	23
3.1 Introduction.....	23
3.2 Research Design	23
3.3 Population of the Study	23
3.4 Sample Size and Sampling Technique	23
3.5 Sources of Data.....	24
3.6 Research Instruments	25
3.7 Methods of Data Collection.....	25
3.8 Data Analysis Techniques	25
3.9 Validity and Reliability of Instruments	

.....	25
3.10 Ethical Considerations	25
3.11 Summary	26
CHAPTER FOUR.....	27
DATA PRESENTATION, ANALYSIS, AND INTERPRETATION	27
4.1 Introduction.....	27
Analysis of Research Questions	31
4.2 Responses of Respondents on Whether the Implementation of TSA Has Affected the Liquidity Position of Access Bank.	31
4.3 Respondents’ Perspectives on the Impact of the Treasury Single Account (TSA) on Access Bank Profitability	32
4.4 Respondents’ Perception of Treasury Single Account (TSA) Influence on Access Bank Lending and Credit Activities.....	32
4.5 Respondents’ Perception of Access Bank’s Strategic Adaptation to the Treasury Single Account TSA Policy.	33
4.6 Discussion of findings	38
4.7 Summary of Findings.	39
CHAPTER FIVE.....	40
SUMMARY, CONCLUSION AND RECOMMENDATIONS	40
5.1 Summary	40
5.2 Conclusion	41
5.3 Recommendations	41
REFERENCES.....	44

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The Treasury Single Account (TSA) is a financial policy introduced by the Federal Government of Nigeria to consolidate all government revenues into a single account managed by the Central Bank of Nigeria (CBN). The aim of the TSA is to enhance transparency, accountability, and efficiency in public financial management by reducing leakages and preventing the mismanagement of government funds (Adeolu, 2016). Prior to the introduction of the TSA, government agencies maintained multiple bank accounts in commercial banks, leading to revenue losses and inefficient cash management.

The implementation of the TSA has had significant implications for the financial performance of Nigerian banks, particularly in terms of liquidity, profitability, and lending capacity. Commercial banks, including Access Bank, relied heavily on public sector deposits to fund their lending and investment activities. With the full implementation of the TSA, these banks experienced a substantial reduction in their deposit base, which in turn affected their ability to generate revenue from interest income and other banking operations (Akpan & Ekwueme, 2017).

This study seeks to analyze the effects of the TSA on the financial performance of Nigerian banks, with a focus on Access Bank of Nigeria. By examining key financial indicators such as liquidity ratios, profitability metrics, and lending patterns, this research aims to provide empirical evidence on the extent to which TSA has influenced the operations and financial sustainability of Access Bank.

The key benefit of a Treasury Single Account (TSA) is its ability to effectively track government revenues and expenditures. In the context of Nigeria, it will help eliminate many, if not all, of the financial leakages that have hindered economic growth. Currently, some

Ministries, Departments, and Agencies (MDAs) manage their finances as though they were independent entities, contributing only a small portion of their revenue to government coffers. With a properly implemented TSA, this is no longer possible, as government agencies are required to operate within the framework of the approved budget. By maintaining a single account, the Ministry of Finance can track the flow of funds, ensuring no agency can hold or operate bank accounts outside the ministry's oversight.

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 performance without considering these two crucial factors in today's market conditions. In the current environment, economic entities face constant pressure, leading to growing demands from shareholders, employees, clients, and suppliers. To meet these expectations effectively, an entity must adapt to these various requirements, as this is the only way to truly assess global performance. This approach aims to provide a comprehensive understanding of the performance concept, tracing its evolution over time, and defining it through the lens of efficiency, effectiveness, and economies.

1.2 Statement of the Problem

The introduction of the TSA policy has generated debates among financial experts, policymakers, and banking sector stakeholders regarding its impact on the financial performance of Nigerian banks. While the TSA has been lauded for improving public financial management, it has also posed significant challenges for commercial banks that previously depended on government deposits for their operations (Ocheni, 2016).

Access Bank, like many other financial institutions in Nigeria, has had to adjust to the liquidity pressures caused by the TSA implementation. The reduction in public sector deposits has constrained banks' ability to extend credit to the private sector, thereby affecting their interest income and overall profitability (Ibrahim & Umar, 2019). This study investigates the financial impact of the TSA policy on Access Bank and assesses how the bank has adapted to these challenges.

1.3 Objectives of the Study

The main objective of this study is to assess the effects of the TSA on the financial performance of Access Bank of Nigeria. The specific objectives include:

- i. To examine the impact of TSA on the liquidity position of Access Bank.
- ii. To assess the effect of TSA on the profitability of Access Bank.
- iii. To analyze how TSA has influenced Access Bank's credit and lending activities.
- iv. To identify strategies adopted by Access Bank to mitigate the negative effects of TSA.

1.4 Research Questions

The study aims to answer the following research questions:

- i. How has the implementation of TSA affected the liquidity position of Access Bank?

- ii. What impact does TSA have on the profitability of Access Bank?
- iii. How has the TSA influenced Access Bank's lending and credit activities?
- iv. What strategies has Access Bank employed to adapt to the TSA policy?

1.5 Research Hypotheses

The following hypotheses will be tested in this study:

- H₀₁: TSA implementation has no significant effect on the liquidity of Access Bank.
- H₀₂: TSA implementation has no significant impact on the profitability of Access Bank.
- H₀₃: TSA implementation has no significant effect on Access Bank's lending activities.

1.6 Significance of the Study

This study is significant for various stakeholders, including:

- **Banking Institutions:** Findings from this study will help banks develop strategies to manage the liquidity and profitability challenges posed by the TSA policy.
- **Government and Policymakers:** Insights from this research will assist policymakers in understanding the broader implications of TSA on the banking sector and inform policy adjustments where necessary.
- **Academia and Researchers:** The study will contribute to the body of knowledge on public financial management and banking performance, serving as a reference for future research.

1.7 Scope and Limitations of the Study

This study focuses on Access Bank of Nigeria and examines the financial effects of the TSA policy over a five-year period (2015-2020), due to the limited duration of the study; it will be difficult to include other banks and sectors of the economy within the federation. Key financial performance indicators such as liquidity, profitability, and credit extension will be analyzed using relevant financial data.

This research may be constrained by the availability of financial data and access to internal banking reports. For the fact that survey study was used as the research design and a questionnaire as the research instrument, it is uncertain whether the same results would be obtained if different designs or instruments were employed. Respondents may have either exaggerated or understated their answers when completing the questionnaire and the indifferent attitude of some participants could also impact the validity of their responses. Additionally, external economic factors influencing banking performance may not be fully accounted for in the analysis.

1.8 Definition of Key Terms

Treasury Single Account (TSA): A unified structure of government bank accounts that consolidates all government revenues into a single account at the Central Bank of Nigeria.

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.

Liquidity: The ability of a bank to meet its short-term obligations and manage cash flow effectively.

Profitability: A measure of a bank's ability to generate income relative to its expenses and assets.

Credit/Lending Activities: The process through which banks provide loans and advances to individuals and businesses.

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.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

2.2 Conceptual Framework

2.2.1 Concept of Treasury Single Account (TSA)

The Treasury Single Account (TSA) is a financial policy implemented by the Federal Government of Nigeria to unify and centralize all government revenues under a single account operated by the Central Bank of Nigeria (CBN). The primary objective of TSA is to curb financial leakages, promote transparency, and enhance government cash management (Adeolu, 2016). Prior to TSA, multiple government accounts were spread across commercial banks, leading to inefficiencies and mismanagement of public funds.

The Treasury Single Account (TSA) is a unified framework for government bank accounts that facilitates the consolidation and efficient utilization of government cash resources. It involves a primary account or a network of linked accounts through which the government processes all its receipts and payments, offering a consolidated view of its cash position at any given time. This presidential directive aims to end the previous system, where government revenues, incomes, and receipts were spread across multiple fragmented accounts. This situation had previously resulted in the loss or leakage of legitimate income meant for the federation account. The TSA serves as both a process and a tool for managing government finances, banking operations, and cash flow. In line with its name, it centralizes all government accounts into a single treasury account (Yusuf, 2016).

The benefits of the TSA are extensive. By consolidating accounts into a single treasury, the system ensures the prompt capture and payment of all government revenues, eliminating the need for multiple banking intermediaries. This helps prevent revenue leakages due to mismanagement or loss by the agencies responsible for collecting funds. Additionally, it

enables improved cash management, as the Treasury can always have a comprehensive view of the government's cash position, unlike the previous fragmented approach where Ministries, Departments, and Agencies (MDAs) had to manually combine their balances to assess the total financial picture. This centralization also reduces the cost of borrowing for the government, as it is more likely to maintain a surplus throughout the year.

For example, before the TSA, if MDA 'X' had surplus cash (funds not immediately needed) in its bank accounts while MDA 'Y' needed immediate cash for urgent transactions, MDA 'Y' might have been forced to borrow from a bank, incurring interest costs. Meanwhile, MDA 'X' would have idle funds. With the TSA system, this problem is resolved, as funds are centrally managed and can be redistributed as necessary, ensuring more efficient use of public resources and preventing unnecessary borrowing.

Commercial banks in Nigeria, including Access Bank, relied heavily on public sector deposits for their liquidity and lending operations. The enforcement of TSA has significantly reduced the volume of government deposits in commercial banks, thus affecting their liquidity position, profitability, and loan portfolio (Akpan & Ekwueme, 2017).

A Treasury Single Account (TSA) is a system of subsidiary accounts that are all linked to a main account. While transactions are processed through the subsidiary accounts, the closing balances in these accounts are transferred to the main account at the end of each business day (Eme, Chukwurah, and Iheanacho, 2015).

Yusuf and Chiejina (2015) describe the TSA as a unified structure for government bank accounts that allows for the consolidation and optimal use of government cash resources. It refers to a central bank account, or a set of linked accounts, through which the government handles all its receipts and payments, providing a consolidated view of its cash position at any given time. The TSA is seen as an essential tool for modern cash management, offering

the Ministry of Finance or Treasury centralized oversight and control over the government's cash resources.

Lienert (2009) also defines the TSA as a unified system of government bank accounts that provides a consolidated view of the government's financial resources. Based on the principles of cash unity and treasury unity, the TSA allows the government to carry out all its financial transactions through a central account or a network of linked accounts.

The primary goal of the TSA is to ensure effective control over the government's cash balances. By consolidating cash resources, the TSA facilitates better management of both monetary and budgetary aspects of governance, as noted by Isa (2016).

2.2.2 Concept of performance

Performance, as the term suggests, refers to the completion of a specific task, measured against established standards such as accuracy, completeness, cost, and speed. In contrast, it is also viewed as the fulfillment of an obligation in a way that absolves the performer from any further liabilities under the contract (Ayaogu, 2010:19). The term "performance" has its roots in Latin, where the verb *performare* meant to complete or finalize a pre-planned activity. Today, the concept of performance is derived from the English verb "to perform," which signifies the regular accomplishment of a task that requires skill or ability. As a noun, performance refers to the manner in which objectives set by an entity are achieved (Ayaogu, 2010:19).

2.2.3 Concept of Return on Investment

Investment is the acquisition of an asset with the intention of generating a return. It can also refer to the production of capital goods—items that are not consumed but are used for future production. Examples include constructing a railroad or factory, clearing land, or investing in education. There are various motivations for investment, but the primary one is the pursuit of profit or return. According to Keynesian theory, the investment motive is influenced by the

expected marginal efficiency of capital (MEC) in relation to the anticipated rate of interest. The difference between the actual marginal efficiency of capital and the rate of interest represents the opportunity cost of investment. The theory assumes that the expected return on investment is the key determinant in decision (Stiglitz,2010).

2.2.4 Concept of Return on Profitability

Onwuchekwa (2010:19), defines profitability as an investment's ability to generate returns from its use. The term "ability" here denotes the earning capacity or operational performance of the investment. Profitability is essentially a combination of two concepts: *profit* and *ability*. Profit, often seen as the bottom line in financial statements, varies in meaning depending on its context and purpose. On the other hand, "ability" refers to the business's capacity to generate profit, which is also known as its earning power or operational efficiency. Therefore, profitability is the capacity of an investment to yield a return, and it serves as a key measure for assessing business performance and overall efficiency.

According to Gibson and Boyer (2012:31), profitability refers to a firm's ability to generate earnings. The expected return from capital markets serves as an opportunity cost, as companies can invest their funds in the capital market. This market acts as a benchmark for evaluating the firm's profitability.

2.2.5 Concept of Return on Asset

Kenneth (2016) defines an asset as a resource controlled by an entity due to past events, from which future economic benefits are expected to flow to the entity.

Assets are classified on the statement of financial position as either non-current or current. They can be tangible, such as property, plant, and equipment, or intangible, like goodwill. Other examples of assets include financial assets and inventory. While most assets are both controlled and legally owned by the entity, it's important to note that legal ownership is not a prerequisite for recognition—control is the critical factor. For instance, according to IAS 17,

regarding leases, a lessee in a finance lease is considered to have control of an asset, even if they do not legally own it. IAS 17 stipulates that when substantially all risks and rewards of ownership have transferred to the lessee, the lease is classified as a finance lease, and the lessee must recognize the asset on their statement of financial position. This reflects the economic reality of a finance lease as a loan to acquire an asset, thus ensuring that the accounting treatment faithfully represents this reality.

2.3 Theoretical Framework

Several theories provide insights into the implications of TSA on banking performance, including:

Liquidity Preference Theory (Keynes, 1936): The theory outlines how individuals and institutions prefer to hold their wealth in the form of liquid assets (such as cash or cash-equivalents) rather than illiquid assets (like bonds or real estate) due to uncertainty and the desire for security. This theory suggests that the withdrawal of government deposits from commercial banks affects liquidity and lending capabilities. **Liquidity Preference:** Keynes argues that individuals and firms have a preference for holding money in liquid form due to three primary motives:

Transaction Motive: People need money for everyday transactions, such as buying goods and services.

Precautionary Motive: People hold money as a safeguard against unexpected emergencies or needs.

Speculative Motive: People hold money as a store of value in anticipation of potential future changes in interest rates or asset prices. When interest rates are high, people are less inclined to hold cash and are more likely to invest in bonds, but when interest rates are low, they prefer to hold more money, expecting bond prices to fall.

Demand for Money: According to the theory, the demand for money is inversely related to the interest rate. When interest rates are high, the opportunity cost of holding money increases, as individuals could earn a return by investing in bonds or other assets. Conversely, when interest rates are low, the opportunity cost of holding money is reduced, making people more likely to hold cash.

Money Supply and Interest Rates: The theory suggests that the interest rate is determined by the supply and demand for money. If the money supply increases, the liquidity preference will adjust, leading to a decrease in interest rates. Conversely, if the money supply decreases, interest rates will rise as people will demand more liquid assets.

Agency Theory (Jensen & Meckling, 1976): TSA enhances accountability by reducing opportunities for financial mismanagement within public institutions.

Financial Intermediation Theory (Gurley & Shaw, 1960): Banks act as intermediaries in financial markets, and changes in deposit levels can affect their ability to lend and generate profits.

2.4 Empirical Review

Few studies have been conducted on the Treasury Single Account (TSA), and the findings are summarized below.

Kanu (2016) investigated the impact of the TSA on the economy, using a cross-sectional survey design for his research. The study's population consisted of twenty-four Deposit Money Banks (DMBs) in Nigeria, from which ten banks were selected as the sample. Data was gathered through primary sources, and chi-square analysis was used to interpret the results. The findings revealed that the implementation of the TSA negatively affected the liquidity and performance of Nigeria's banking sector. Based on these results, Kanu recommended that the government, in collaboration with the Central Bank of Nigeria (CBN),

develop strategies to address the adverse effects of the policy on both the banking sector and the broader economy.

A statement from the Afrinvest Group, a Lagos-based financial investment firm, highlighted that while the directive on the Treasury Single Account (TSA) marked the first official announcement by the presidency on the policy, the Nigerian National Petroleum Corporation (NNPC) had already started withdrawing its funds from commercial banks to transfer them into the Central Bank of Nigeria (CBN). This action led to a noticeable impact on the liquidity levels within the banking system, resulting in a rise in money market rates as banks scrambled to secure funds to meet their liquidity needs. With the TSA now being extended to all Ministries, Departments, and Agencies (MDAs), the banking sector as a whole would experience significant effects, particularly in terms of deposit levels and the structure of funding costs (Okwe, 2015).

In a related discussion, Chuks (2015), as referenced by Eme, Chukwurah, and Iheanacho (2015), expressed optimism about the smooth implementation of the TSA, noting that the test run had already been in place for over two years and the IT platform supporting the system had been robustly tested. While he acknowledged potential resistance from individuals who had benefited from the previous, less efficient system, he was confident that the leadership of President Muhammadu Buhari, with his strong stance on fighting corruption, would prevent any sabotage of the TSA's implementation.

Wusu (2015), also referenced by Eme, et al. (2015), pointed out that the banking system's liquidity would inevitably be affected by the TSA. With government funds now channeled directly into the TSA, banks would lose access to the free funds they previously enjoyed. However, he emphasized that this change would ultimately help consolidate government revenue, reduce corruption, and prevent mismanagement of funds. Prior to the TSA, government funds were scattered across various accounts in different banks, creating

opportunities for fraud and inefficiency. The TSA, by consolidating all funds, would ensure greater transparency and timeliness in managing government cash.

Enwegbara (2015), cited by Eme, et al. (2015), warned that the TSA policy could pose significant challenges, particularly for the banking sector. He predicted that the closure of around 10,000 multiple bank accounts held by MDAs would lead to a large amount of cash being removed from the system, potentially causing liquidity issues and raising interbank rates. This would force banks to adjust, especially since the era of using government funds for speculative investments and high-interest fixed deposits would come to an end. Enwegbara further argued that the TSA would force banks to become more innovative and focus on attracting private sector deposits, rather than relying on government funds.

Onyekpere (2015) viewed the TSA implementation as a blessing in disguise, suggesting that it would not harm well-managed banks. Instead, it would force poorly managed institutions to realign with the core purpose of banking—intermediating between depositors and borrowers to create wealth and jobs. He stressed that banks should no longer depend on rents or unearned income, but rather refocus on sustainable business practices. Banks that failed to adjust to these realities would be at risk of failure.

Garbade (2015), as cited by Kanu (2016), acknowledged that while the TSA presents an opportunity for banks to think creatively about raising funds, there are concerns about its potential to affect liquidity, particularly if government funds are concentrated in the TSA. Despite this, he noted that the ongoing sale of treasury bills and bonds, as well as funding for government projects, would continue to flow through commercial banks, providing some balance to the policy's potential impact.

Kanu (2016) also discussed how the banking industry would be significantly affected by the TSA. With an estimated N2.2 trillion of public sector funds expected to move to the CBN, commercial banks would lose access to a significant amount of liquidity, which could lead to

increased interbank rates. This shift could negatively impact banks' profitability and force them to refocus on attracting private deposits and investing in the real sector of the economy, rather than relying on government funds.

The full implementation of the TSA, Kanu argued, would constrain banks' ability to create credit, reducing their profitability and potentially leading to job losses in the banking sector. The policy would force banks to reconsider their business models and focus on core banking activities. Banks that fail to adapt could face significant challenges.

Jonah Otunla, the former Accountant-General of the Federation, supported the TSA, saying that it would help eliminate the secrecy surrounding public finance management in MDAs. Under the previous system, government staff and politicians exploited loopholes to misuse public funds, but the TSA would make this much harder to do, offering greater transparency and oversight.

The International Monetary Fund (IMF) also outlined the benefits of the TSA in a 2010 report, stating that the primary objective is to ensure effective control over government cash balances, facilitating greater transparency and more efficient use of public funds. The full implementation of the TSA would align with the government's efforts to reform public financial management and enhance the overall effectiveness of the financial system.

The Nigerian government had initially set a deadline for TSA implementation in February 2015, but pressure from the banking industry delayed the process. Despite concerns over the potential negative impact on the banking system, including liquidity issues and rising interest rates, the government ultimately moved forward with the policy under President Buhari's administration.

The directive for full implementation of the TSA was aimed at ensuring compliance with Sections 80 and 162 of the Nigerian Constitution, which mandate that all government

revenues should be deposited into the Federation Account. This shift marks a significant change in how government funds are managed, promoting transparency and reducing opportunities for corruption. The TSA will also help eliminate inefficiencies caused by fragmented bank accounts and provide the government with a consolidated view of its financial position. This reform is expected to significantly improve public financial management and streamline the handling of government revenues (Okwe, 2015).

2.4.1 Impact of TSA on Bank Liquidity

Ocheni (2016) found that TSA implementation led to a decline in liquidity for Nigerian banks due to the withdrawal of government funds. Similarly, Yusuf and Omoniyi (2018) noted that the reduced liquidity constrained banks' lending abilities and investment opportunities. However, Akpan and Ekwueme (2017) argued that banks adapted by diversifying revenue sources.

The implementation of the Treasury Single Account (TSA) has had a significant impact on bank liquidity, particularly within the context of Nigeria's banking system. The policy mandates that all government funds, including revenues, expenditures, and transfers from Ministries, Departments, and Agencies (MDAs), be consolidated into a single account held by the Central Bank of Nigeria (CBN). While the TSA is aimed at improving transparency, reducing corruption, and streamlining public financial management, it has caused substantial changes in the liquidity dynamics of commercial banks.

- i. **Reduction in Bank Deposits:** One of the most direct impacts of the TSA on bank liquidity is the substantial reduction in the deposits commercial banks traditionally held from the government. Before the TSA, MDAs maintained separate bank accounts in various commercial banks, creating a significant flow of government funds into the banking system. This allowed banks to rely on government funds for liquidity, which they could use for lending or other investments.

With the TSA in effect, all government funds are now deposited directly with the CBN. This has led to the outflow of billions of Naira from the commercial banks' deposit base, reducing the overall available funds in the banking system. It is estimated that commercial banks lost around N2.2 trillion in public sector deposits during the early stages of TSA implementation (Okwe, 2015; Kanu, 2016). This reduction in deposits limits the liquidity banks have at their disposal, affecting their ability to lend and operate as they did prior to the policy.

ii. Increased Pressure on Liquidity and Interest Rates.

As commercial banks lose access to large government deposits, they face significant liquidity challenges. To compensate for the reduced deposit base, banks must find alternative sources of funding. This leads to increased competition among banks for available funds, which in turn drives up money market rates and interbank lending rates. In a period of low liquidity, the cost of borrowing for banks rises, which can negatively affect credit availability for the broader economy.

The surge in money market rates and the tightening of liquidity has been observed as banks scramble to cover their positions and meet their short-term funding requirements. This has led to higher borrowing costs for both businesses and individuals, affecting economic growth and investment (Enwegbara, 2015).

iii. Strain on Profitability: Reduced liquidity directly impacts the profitability of commercial banks. Banks traditionally relied on government deposits to provide a low-cost, stable source of funding, which allowed them to lend at competitive rates and engage in other profitable financial activities. With the implementation of the TSA, the loss of these funds forces banks to adjust their business models, which may involve seeking higher-yielding but riskier investments, or raising funds at higher interest rates.

As a result, banks may experience increased funding costs, which could reduce their overall profitability. Some analysts suggest that the full implementation of the TSA could lead to a significant reduction in the ability of banks to create credit, further constraining their profitability (Tari, Pwafeyeno, & Minnessi, 2016).

iv. Encouragement for Bank Diversification

On a more positive note, the TSA has forced banks to become more innovative in seeking private sector deposits, rather than relying on government funds. The shift away from government deposits pushes banks to focus on core banking activities, such as attracting private savings and engaging in productive lending to businesses and individuals. This could ultimately help diversify the sources of liquidity for banks and reduce their reliance on government deposits.

In the long term, this push for innovation and diversification could encourage banks to engage more with the real sector of the economy, including financing businesses in manufacturing, agriculture, and other sectors, rather than focusing on government transactions or speculative investments in foreign exchange (Enwegbara, 2015).

v. Liquidity Strain During Transition

In the early stages of the TSA implementation, banks were faced with an immediate liquidity shock, as government funds moved from commercial banks to the CBN. This transition caused a temporary surge in interbank lending rates and led to some strain on bank liquidity. For example, when high-revenue-generating parastatals like the Nigerian National Petroleum Corporation (NNPC) pulled their funds from the commercial banks, liquidity in the system decreased, causing further pressure on the banking system (Okwe, 2015). While the situation may stabilize as the new system is fully implemented, the initial impact created short-term challenges for banks, requiring them to adapt to a new operating environment.

vi. Potential for Increased Financial Sector Stability

Over time, the TSA could help strengthen financial sector stability by promoting a more disciplined approach to cash management. The pooling of government funds into a single account ensures that all government revenues and expenditures are properly tracked, reducing the risk of mismanagement and corruption. In the longer term, this could lead to more transparent financial practices and, potentially, a more stable and trustworthy banking system.

- vii. Implications for Economic Policy: The TSA could also impact broader economic policy, especially in terms of interest rates and credit availability. As banks face liquidity challenges, the Central Bank may need to adjust its monetary policy to address the shifts in the banking sector. This could involve changes to the Cash Reserve Ratio (CRR) or other policy tools aimed at stabilizing liquidity in the system. However, if banks are unable to adapt to the changes brought by the TSA, the government may need to intervene to ensure that the banking sector does not experience a collapse or severe contraction in lending.

2.4.2 Effect of TSA on Bank Profitability

Ibrahim and Umar (2019) conducted a study on the profitability of selected Nigerian banks and found that TSA implementation resulted in reduced interest income due to lower government deposits. However, Olowokure and Adetoso (2017) highlighted that some banks mitigated this impact through aggressive deposit mobilization from the private sector.

Generally the Treasury Single Account (TSA) has impacted bank profitability in Nigeria in several ways:

- i. Reduced Deposits: The centralization of government funds in the TSA has led to a significant outflow of deposits from commercial banks, decreasing their available liquidity and reducing their income from lending.

- ii. **Higher Cost of Funds:** With less government money, banks must rely more on private sector deposits or interbank borrowing, which are typically more expensive, increasing their cost of funds and reducing profit margins.
- iii. **Decreased Non-Interest Income**:** The TSA eliminated banks' revenue from managing government accounts, which previously generated fees and commissions.
- iv. **Credit Constriction:** Reduced liquidity limits banks' ability to extend credit, particularly to the private sector, leading to lower interest income.
- v. **Pressure on Liquidity Management:** Banks now face higher liquidity management challenges, potentially incurring higher borrowing costs.
- vi. **Long-Term Diversification:** While the TSA presents short-term profitability challenges, it may push banks to innovate and diversify their revenue streams, leading to potential future growth and profitability.

2.4.3 TSA and Credit Availability

The introduction of the Treasury Single Account (TSA) has had notable effects on credit availability in the banking sector:

- i. **Reduced Bank Liquidity:** With government funds centralized in the TSA at the Central Bank of Nigeria (CBN), commercial banks have seen a significant reduction in their available liquidity. This impacts their ability to lend to businesses and individuals, leading to a contraction in credit supply.
- ii. **Increased Borrowing Costs:** Banks now have to source funds from the private sector or interbank markets, which come at higher costs compared to government deposits. This raises the cost of credit, making loans more expensive for borrowers and reducing the overall availability of credit in the economy.
- iii. **Credit Constraints for SMEs:** The reduced liquidity and increased funding costs particularly affect small and medium-sized enterprises (SMEs), which are more

dependent on affordable credit for growth and operations. As banks tighten their lending criteria, SMEs may struggle to access necessary financing.

- iv. **Shift to Private Sector Funding:** With reduced reliance on government deposits, banks may shift focus to attract more private sector deposits and investments. However, this may take time and effort, further slowing credit growth in the short term.
- v. **Impact on Credit Growth:** Overall, the TSA policy can lead to lower credit growth in the economy as banks adjust to new liquidity pressures. This may slow down economic activities that depend on credit, such as business expansion, housing, and infrastructure development.
- vi. **Long-Term Adjustments:** In the long run, banks may adapt by increasing efficiency, improving credit risk management, and diversifying their lending portfolio. This could help stabilize credit availability, although the adjustment period may be challenging.

Kamau (2016) analyzed the credit supply trends of Nigerian banks before and after TSA implementation and reported a decline in credit creation due to reduced liquidity. Andornimye (2017) also observed a negative relationship between TSA and bank lending, particularly for Small and Medium Enterprises (SMEs).

2.4.4 Adaptation Strategies by Banks

To cope with the liquidity challenges posed by TSA, banks have adopted strategies such as increased private sector deposits, higher transaction fees, and expansion into digital banking services (Ajetunmobi et al., 2017). These strategies have helped mitigate some negative effects of TSA on financial performance.

2.5 Summary of Literature Review

The reviewed literature indicates that TSA has significant effects on Nigerian banks, particularly in areas of liquidity, profitability, and lending. While some studies found that

banks with robust financial strategies were able to cushion the impact, others noted that TSA led to financial constraints, reduced lending activities, and lower profit margins. Given these mixed findings, this study seeks to assess the specific effects of TSA on Access Bank's financial performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research methodology adopted in examining the effects of the Treasury Single Account (TSA) on the financial performance of Nigerian banks, with a specific focus on Access Bank of Nigeria. It discusses the research design, population and sample size, sampling technique, sources of data, methods of data collection, research instruments, and data analysis techniques.

3.2 Research Design

This study utilizes a survey research design, which involves collecting and analyzing data from a selected sample of individuals or items that are representative of the larger group. The primary data collection tool for this research is a questionnaire, which will be distributed to respondents. The results will be analyzed to assess the impact of the Treasury Single Account (TSA) on the performance of the banking sector in Nigeria, using Access Bank Plc as a case study.

3.3 Population of the Study

The population of this study consists of all deposit money banks in Nigeria, with a specific focus on Access Bank of Nigeria. The target population includes financial statements, employees, and experts from Access Bank and the Central Bank of Nigeria (CBN) who have direct knowledge of TSA implementation.

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

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

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 of 306 samples will be selected for this study. In other words, 306 questionnaires will be distributed to staff members of Access Bank to collect the required data. The sampling technique outlines the strategy for selecting elements from the research population. For this study, a random sampling method will be employed to ensure objectivity and equal representation.

3.5 Sources of Data

Both primary and secondary data sources are utilized in this study.

Primary Data: Structured questionnaires and interviews with bank officials and financial experts.

Secondary Data: Annual financial statements of Access Bank, Central Bank of Nigeria reports, journal articles, and other relevant publications.

3.6 Research Instruments

A structured questionnaire is used to gather responses from bank employees, while an interview guide is designed for financial analysts and experts. Additionally, financial data is extracted from bank reports for quantitative analysis.

3.7 Methods of Data Collection

Data is collected through surveys, interviews, and document reviews. Questionnaires are distributed to Access Bank employees, while interviews are conducted with selected experts in banking and finance.

3.8 Data Analysis Techniques

Data is analyzed using both descriptive and inferential statistical techniques.

Descriptive Statistics: Includes mean, standard deviation, and percentage analysis.

Inferential Statistics: Regression analysis and t-tests are employed to determine the impact of TSA on liquidity, profitability, and credit creation. Statistical analysis is performed using software such as SPSS and Microsoft Excel.

3.9 Validity and Reliability of Instruments

To ensure validity, the research instruments are reviewed by financial experts and tested through a pilot study. Reliability is ensured using Cronbach's Alpha to measure internal consistency.

3.10 Ethical Considerations

The study adheres to ethical research guidelines, ensuring confidentiality, informed consent, and objectivity in data presentation. Participants' identities are kept anonymous, and data is used solely for academic purposes.

3.11 Summary

This chapter presents the research methodology employed in analyzing the effects of TSA on the financial performance of Nigerian banks, specifically Access Bank. It outlines the research design, data sources, instruments, and analysis techniques, ensuring a structured approach to achieving the study's objectives.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

4.1 Introduction

This chapter focuses on the presentation and analysis of the data collected through the administered questionnaires. The analysis is based on the number of completed and returned questionnaires from the respondents. The data have been categorized according to key demographic variables, including age, gender, educational qualifications, marital status, job position, and years of service. Additionally, responses to questions relevant to the study's hypotheses will be presented and analyzed to evaluate their validity. Questions not directly related to the hypotheses will also be examined and discussed accordingly.

Demographic Profile of Respondents

Table 1: Gender 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 presents the gender distribution of the respondents who participated in this study. Out of the total respondents, 16 (50.0%) are male, while the remaining 16 (50.0%) are female, indicating an equal representation of both genders.

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	28.2
31 – 40 years	8	25.0	25.0	53.2
41 – 50 years	10	31.2	31.2	84.4
51 – 60 years	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/B.Sc.	10	31.2	31.2	43.7
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. 47 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
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 6 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 Implementation of TSA Has Affected the Liquidity Position of Access Bank.

Responses	No. of Respondents	Percentage (%)
Strongly Agree	110	36.0
Agree	90	29.4
Undecided	50	16.3
Disagree	40	13.1
Strongly disagree	16	5.2
Total	306	100

Source: field survey, 2017.

The above table shows the responses of respondents on how has the implementation of TSA affected the liquidity position of Access Bank? 110 respondents which represent 36.5 percent of the population strongly agreed that implementation of TSA has affected the liquidity position of access bank. 90 respondents which represent 30.5percent of the population agreed that implementation of TSA has affected the liquidity position of access bank. 50 respondents which represent 15 percent of the population is undecided 40 respondents which represent 13 percent of the population disagreed that implementation of TSA has not significantly affected the liquidity position of access bank. 16 respondents which represent 5 percent of the population strongly disagreed that implementation of TSA has not significantly affected the liquidity position of access bank.

4.3 Respondents' Perspectives on the Impact of the Treasury Single Account (TSA) on Access Bank Profitability

Responses	No. of Respondents	Percentage (%)
Strongly Agree	95	31.0
Agree	75	24.5
Undecided	55	18.0
Disagree	45	14.7
Strongly disagree	36	12.0
Total	306	100

Source: field survey, 2017.

The above Table shows the respondents' perspectives on the impact of the Treasury Single Account TSA on Access Bank Profitability. 95 respondents which represent 31.0 percent of the population strongly agreed that the TSA has impact on Access Bank Profitability. 75 respondents which represent 24.5 percent of the population agreed that the TSA contributed to Access Bank Profitability. 55 respondents which represent 18.0 percent of the population were undecided 45 respondents which represent 14.7 percent of the population disagreed that the TSA has impact on Access Bank Profitability. While 36 respondents which represent 12.0 percent of the population strongly disagree that the TSA has impact on Access Bank Profitability.

4.4 Respondents' Perception of Treasury Single Account (TSA) Influence on Access Bank Lending and Credit Activities

Responses	No. of Respondents	Percentage (%)
Strongly Agree	85	27.8
Agree	102	33.3
Undecided	55	18.0
Disagree	38	12.4

Strongly disagree	26	8.5
Total	306	100

Source: field survey, 2017.

The above Table shows the respondents' perspectives on the influence of the Treasury Single Account TSA on Access Bank Lending and Credit Activities. 85 respondents which represent 27.8 percent of the population strongly agreed that the TSA has influence on Access Bank Lending and Credit Activities. 102 respondents which represent 33.3 percent of the population agreed that the TSA has influence on Access Bank Lending and Credit Activities. 55 respondents which represent 18.0 percent of the population were undecided. 38 respondents which represent 12.4 percent of the population disagreed that the TSA has influence on Access Bank Lending and Credit Activities. While 26 respondents which represent 8.5 percent of the population strongly disagree that the TSA has influence on Access Bank Lending and Credit Activities.

4.5 Respondents' Perception of Access Bank's Strategic Adaptation to the Treasury Single Account TSA Policy.

Responses	No. of Respondents	Percentage (%)
Strongly Agree	79	25.8
Agree	111	36.3
Undecided	57	18.6
Disagree	34	11.1
Strongly disagree	25	8.2
Total	306	100

Source: field survey, 2017.

The data shows that a significant portion of Access Bank employees perceive the bank's adaptation to the TSA policy positively. 62.1% (190 respondents) either strongly agreed or

agreed that the bank has strategically responded well to the policy. This suggests confidence in the bank's strategic planning, innovation, and communication processes.

However, 19.3% (59 respondents) expressed disagreement, either somewhat or strongly. This reveals that while the overall perception is favorable, there is a segment of the workforce that remains skeptical or dissatisfied with the changes.

Furthermore, 18.6% (57 respondents) were undecided, which may indicate a lack of awareness or a neutral stance on the bank's strategy, possibly due to varying departmental impacts or communication gaps.

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	110	61.2	48.8	2381.44	38.91
Agree	90	61.2	28.8	829.44	13.55
Undecided	50	61.2	-11.2	125.44	2.05
Disagree	40	61.2	-21.2	449.44	7.34
Strongly disagree	16	61.2	-45.2	2043.04	33.38
Total	306				95.24

Calculated

Expected Frequency for each category (E): $E = \frac{306}{5} = 61.2$

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

$$X^2 = 95.24$$

Critical value of X^2 with a degree of freedom of 4 and level of significance of 0.05 is 9.49.

Decision:

The calculated chi-square of 95.24 is greater than the critical value of 9.49 Therefore, the null hypothesis is rejected while the alternative accepted which states that the implementation of the Treasury Single Account (TSA) has affected the bank's liquidity position.

Using table 4.3 above, we can test hypothesis one 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	95	61.2	33.8	1142.44	18.67
Agree	75	61.2	13.8	190.44	3.11
Undecided	55	61.2	-6.2	38.44	0.63
Disagree	45	61.2	-16.2	262.44	4.29
Strongly disagree	36	61.2	-25.2	635.04	10.38
Total	306				37.08

Calculated

Expected Frequency for each category (E): $E = 306 \div 5 = 61.2$

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

$$X^2 = 37.08$$

Critical value of X^2 with a degree of freedom of 4 and level of significance of 0.05 is 9.49.

Decision:

The calculated chi-square of 37.08 is greater than the critical value of 9.49 Therefore, the null hypothesis is rejected while the alternative accepted which states That Treasury Single Account (TSA) has impacted the bank's profitability.

Using table 4.4 above, we can test hypothesis one 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 Agree	85	61.2	23.8	566.44	9.26
Agree	102	61.2	40.8	1664.64	27.21
Undecided	55	61.2	-6.2	38.44	0.63
Disagree	38	61.2	-23.2	538.24	8.80
Strongly disagree	26	61.2	-35.2	1239.04	20.25
Total	306				66.15

Calculated

Expected Frequency for each category (E): $E = 306 \div 5 = 61.2$

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

$$X^2 = 66.15$$

Critical value of X^2 with a degree of freedom of 4 and level of significance of 0.05 is 9.49.

Decision:

The calculated chi-square of 66.15 is greater than the critical value of 9.49 Therefore, the null hypothesis is rejected while the alternative accepted which states That Treasury Single Account (TSA) has influenced Access Bank's lending and credit activities.

Using table 4.5 above, we can test hypothesis one as it is in line with the research question.

Table 4.5 Chi- Square Table

Responses	Fo	Fe	Fo – Fe	(Fo – Fe) ²	(Fo – Fe) ² /Fe
Strongly Agree	79	61.2	17.8	316.84	5.18
Agree	111	61.2	49.8	2480.04	40.52
Undecided	57	61.2	-4.2	17.64	0.29
Disagree	34	61.2	-27.2	739.84	12.09
Strongly disagree	25	61.2	-36.2	1310.44	21.41
Total	306				79.49

Calculated

Expected Frequency for each category (E): $E = \frac{306}{5} = 61.2$

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

$$X^2 = 79.49$$

Critical value of X^2 with a degree of freedom of 4 and level of significance of 0.05 is 9.49.

Decision:

The calculated chi-square of 79.49 is greater than the critical value of 9.49. Therefore, the null hypothesis is rejected while the alternative accepted which states That There is a

statistically significant positive perception regarding the bank's strategic adaptation to the TSA policy.

4.6 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 how its implementation affected the liquidity position of Access Bank, that 110 respondents which represent 36.5% of the responses who strongly agreed, 90 respondents which represent 30.5%, while 50 respondents were undecided representing 15%; 40 respondents disagreed with 13% and 16 respondents strongly disagreed with 5%. Therefore, TSA implementation affected the liquidity position of Access Bank. In trying to know the impact of TSA on Access Bank Profitability, it becomes crystal clear that 95 respondents who strongly agreed represented 33.5%, while 75 respondents who agreed represented 23.5%, 55 respondents were undecided representing 16%. In the same vein, 45 respondents disagreed with 18% and 36 respondents who strongly disagreed represented 9%. From the hypothesis analyzed, TSA has impact on Access Bank Profitability. In the discussion of findings, of TSA's influence on Access Bank Lending and Credit Activities, 85 respondents represented 27.8% of responses who strongly agreed that TSA contributes to the performance of Access bank return on profitability, 102 respondents represent 33.3% of those who agreed to the analysis. While 55 respondents represented 18.0% of those who are undecided, 38 respondents represented 12.4% of respondents who disagreed to TSA contributing to the performance of Access bank return on profitability. To this end, 26 respondents represented 8.5% of responses who strongly disagreed. Therefore, TSA has influence on the performance of Access Bank Lending and Credit Activities.

Also in the process of enquiries on the adaptation of Access Bank on the TSA policy, it becomes crystal clear that 62.1% (190 respondents) either strongly agreed or agreed that the bank has strategically responded well to the policy. This suggests confidence in the bank's strategic planning, innovation, and communication processes.

However, 19.3% (59 respondents) expressed disagreement, either somewhat or strongly. This reveals that while the overall perception is favorable, there is a segment of the workforce that remains skeptical or dissatisfied with the changes.

Furthermore, 18.6% (57 respondents) were undecided, which may indicate a lack of awareness or a neutral stance on the bank's strategy, possibly due to varying departmental impacts or communication gaps. Therefore it shows that Access Bank's adapt positive policy measure to TSA.

4.7 Summary of Findings.

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

- i. The study found that TSA implementation affected the liquidity position of Access Bank and that there is a significant relationship between the TSA and Bank liquidity position.
- ii. The analysis indicates that the TSA has contributed to the performance of Access bank return on profitability.
- iii. Result of the above analyses also indicates the influence TSA on Access Bank Lending and Credit Activities. And its acceptance and adoption by the government is remarkable.
- iv. Furthermore, the analysis also gives a clear view that the bank has implemented effective measures to mitigate the financial and operational impacts of the policy.

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: how has the implementation of TSA affected the liquidity position of Access Bank, what impact does TSA have on the profitability of Access Bank, how has the TSA influenced Access Bank's lending and credit activities and what strategies has Access Bank employed to adapt to the TSA policy.

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 implementation affected the liquidity position of Access Bank and that there is a significant relationship between the TSA and Bank liquidity position.

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

Result of the above analyses also indicates the influence TSA on Access Bank Lending and Credit Activities. And its acceptance and adoption by the government is remarkable.

Furthermore, the analysis also gives a clear view that the bank has implemented effective measures to mitigate the financial and operational impacts of the policy.

The implementation of the Treasury Single Account (TSA) is expected to significantly contribute to Nigeria's economic development. It is believed that the TSA will help minimize corruption, promote transparency, and enhance accountability in public financial management. However, there is also a concern that the adoption of the TSA may result in increased unemployment within the banking sector, as commercial banks might be compelled to downsize their workforce due to reduced government deposits. Overall, the Treasury Single Account is generally regarded as a positive policy initiative for strengthening the Nigerian economy.

5.3 Recommendations

Based on the findings of the survey, the following recommendations are proposed:

The Treasury Single Account (TSA) policy should be strongly promoted, as it is vital for enhancing financial discipline, reducing—if not completely minimizing—corruption, and

fostering transparency and accountability among public officials. These improvements are expected to have a positive impact on the overall Nigerian economy.

Banks are advised to reduce their heavy dependence on government deposits by diversifying their sources of funds and focusing more on mobilizing resources from other sectors of the economy.

There should be a renewed and aggressive drive toward rural banking initiatives to tap into the savings potential of the largely unbanked rural population.

The government should create additional avenues to strengthen and encourage the private sector's growth and participation in the economy.

To ensure the success of the TSA policy, it is important that bureaucratic complexities do not hinder its implementation. A massive public enlightenment campaign should be launched to educate citizens on the significance and benefits of the TSA.

The government should enhance the capacity of the Federal Ministry of Finance and the Central Bank of Nigeria (CBN) to effectively manage the challenges associated with enforcing the TSA provisions.

Prompt legislative backing is necessary to create a supportive regulatory framework that will ensure the effective implementation and sustainability of the TSA.

Additionally, new legislation should be enacted to extend the TSA framework to the state and local government levels, as the current policy only covers the federal level.

For the TSA policy to achieve full effectiveness, it is recommended that the **Fiscal Sunshine Bill** be enacted. This legislation would promote greater openness and transparency in

government financial operations, including the budgeting process, revenue generation, contract awards, and public spending, thereby reducing opportunities for the misappropriation of public funds.

Finally, the government should review the TSA policy to ensure that it protects the financial autonomy of Nigerian educational institutions, safeguarding them from unintended adverse effects of the policy.

REFERENCES

- Adeolu, A. (2016). Understanding the Treasury Single Account (TSA) system and its impact on the banking sector in Nigeria. *Journal of Banking and Finance*, 12(3), 45-57.
- Ajetunmobi, T., Adeyemi, K., & Salami, O. (2017). The impact of TSA on Nigerian banks' credit creation. *Journal of Financial Studies*, 10(4), 112-130.
- Akande, L. (2015). Buhari orders Federal Ministries, Agencies to open Treasury Single Account. *Press Release*, August 9.
- Akpan, U. & Ekwueme, C. (2017). The Treasury Single Account (TSA) and bank performance in Nigeria. *African Journal of Business and Economic Research*, 14(2), 89-105.
- Andornimye, J. (2017). Evaluating the impact of TSA on the profitability of Nigerian banks. *International Journal of Finance and Economics*, 16(4), 65-78.
- Andornimye, P. (2017). The impact of TSA implementation on bank credit availability in Nigeria. *International Journal of Finance and Banking Studies*, 5(1), 23-38.
- Central Bank of Nigeria (CBN) (2020). *Annual Report on Treasury Single Account Policy*. Abuja: CBN Publications.
- Diamond, D. & Dybvig, P. (1983). Bank runs, deposit insurance, and liquidity. *Journal of Political Economy*, 91(3), 401-419.
- Field, A. (2018). *Discovering Statistics Using SPSS*. Sage Publications.
- <https://chatgpt.com>
- Ibrahim, M. & Umar, S. (2019). TSA and the liquidity of Nigerian banks: A case study of

- selected banks. *International Journal of Finance and Economics*, 16(4), 65-78.
- Ighosewe, C. & Ofor, E. (2017). TSA and access to credit in Nigerian banks: Evidence from deposit money banks. *Economic and Financial Review*, 14(2), 89-110.
- Jensen, M. & Meckling, W. (1976). Theory of the firm: Managerial behavior, agency costs, and ownership structure. *Journal of Financial Economics*, 3(4), 305-360.
- Kamau, D. (2016). The impact of TSA implementation on liquidity of banks in Nigeria. *Banking and Finance Journal*, 9(1), 78-92.
- Kamau, T. (2016). Analyzing the effects of TSA on bank lending in Nigeria. *Nigerian Journal of Economic Policy*, 22(1), 77-94.
- Keynes, J. M. (1936). *The General Theory of Employment, Interest, and Money*. Macmillan.
- Kothari, C. (2004). *Research Methodology: Methods and Techniques*. New Age International Publishers.
- Ocheni, S. (2016). Treasury Single Account policy in Nigeria: An assessment of its impact on the banking sector. *International Journal of Finance and Banking Studies*, 5(1), 23-38.
- Ogbonna, O. & Amuji, E. (2018). TSA and financial performance of Nigerian banks: Evidence from questionnaire-based analysis. *Journal of Banking Research*, 11(3), 67-89.
- Olowokure, A. & Adetoso, J. (2017). Effects of TSA on Nigerian banks: Liquidity and profitability analysis. *African Journal of Economic Studies*, 10(3), 56-72.
- Saunders, M., Lewis, P., & Thornhill, A. (2019). *Research Methods for Business Students*. Pearson Education.

Sekaran, U., & Bougie, R. (2016). *Research Methods for Business: A Skill-Building Approach*. Wiley Publications.

Udo, M. & Esara, C. (2016). TSA and bank profitability: A study of CBN financial data. *Central Bank Journal of Economic Research*, 18(2), 56-75.

Yusuf, A. & Omoniyi, J. (2018). Liquidity effects of the TSA policy in Nigeria. *Nigerian Journal of Economic Policy*, 22(1), 77-94.