

This study is on effect of treasury single account on the performance of Nigeria banks. The total population for the study is 200 staff of Zenith bank in Akwa Ibom state. The researcher used questionnaires as the instrument for the data collection. Descriptive Survey research design was adopted for this study. A total of 133 respondents made human resource managers, accountants, customer care officers and junior staffs were used for the study. The data collected were presented in tables and analyzed using simple percentages and frequencies

CHAPTER ONE

INTRODUCTION

Background of the study

The activities of treasury single account are mostly seen among the commercial banks in banking sector in Nigeria. The banking sector is the engine of any nation's economy. The economic status of any nation depends on how stable their banking industry is. In other words, any issue that affects banks also has an impact on the economy of the nation (Kanu, 2016). In Nigeria, commercial banks have been the custodians of government funds. The banking system in Nigeria has experienced several reforms and policies, some favourable, others unfavourable. Many banks did not survive these reforms. Until the introduction of TSA, government Ministries, Departments and Agencies (MDA's) operated a multiplicity of accounts in the commercial banks. The MDA's use part of the funds they generated to fund their operation and remitted the residual to the federation account. This resulted in leakages, embezzlement of funds and inadequate budgetary and financial planning. However the highest beneficiaries of this situation were the banks who relied on deposits from government agencies and lent back to the government at high interest rates. The banks however, operated "arm chair banking" as they no longer mobilized funds from other sectors of the economy. In light of these, the federal government directed all MDA's to close their accounts with commercial banks and transfer the

balances into the federation account with the Central Bank of Nigeria which was conveyed in a CBN circular no BPS/CSO/CON/DIR/01/079; dated, February 25, 2015 and addressed to all Deposit Money Banks (DMB). The circular was titled “Commencement of Federal Government’s Independent Revenue Collection Scheme under the Single Treasury Account (TSA) Initiative”. The TSA is a Unified structure of government bank accounts enabling consolidation and optimal utilization of government cash resources. Through this bank account or set of linked bank accounts, the government transacts all its receipts and payments and gets a consolidated view of its cash position at any given time (Yusuf, 2016). Prior to the introduction to TSA, Nigeria had fragmented banking arrangement for revenue and payment transactions. These were more than 10,000 bank accounts in multiple banks which made it impossible to establish government consolidated cash position at any point in time. It led to pockets of idle cash balances held in MDA’s account when government was out borrowing money (Obinna, 2015). (Yusuf, 2016) added that “the maintenance of Treasury Single Account will help ensure proper cash management by eliminating idle funds usually left with different commercial banks and in a way enhance reconciliation of revenue collection and payment. It is to this regards that the study wishes to consider the impact of treasury single account on the performance using Zenith bank as a case study

STATEMENT OF THE PROBLEM

A great challenge facing most parts of the world and, particularly, the developing countries like Nigeria is how to achieve efficient allocation of resources as well as stabilization of the business cycles. An important factor for efficient management and control of government’s cash resources is a unified structure of government banking. Such unified banking arrangements should be designed to minimize the cost of government borrowing and maximize the opportunity cost of cash resources. This requires that cash received is available for carrying out government’s expenditure programmes and making payments in a timely manner. Many emerging markets and

low-income countries have fragmented systems for handling government receipts and payments. In these countries, the ministry of finance/treasury lacks a unified view and centralised control over government's cash resources. 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. It is based on these reasons that the current global revolution in government accounting became paramount following which Nigeria has initiated and implemented the Treasury Single Account (TSA) and other series of economic policies to assist in the better management of her economy.

OBJECTIVE OF THE STUDY

The main objective of the research work is to determine the impact of treasury single account on the performance of commercial banks in Nigeria; other specific aims of the research work are stated below as follows:

To determine the extent to which treasury single account (TSA) has improved the financial records in commercial banks

To examine the effect of treasury single account on bank liquidity

To examine the effect of government treasury account on the performance of commercial banks in Nigeria

To investigate on the factors affecting the implementation of the treasury single account in Nigeria

To proffer solution to the above stated problems

RESEARCH HYPOTHESES

Hypothesis 1

H0: treasury single account does not enhance the performance of commercial banks in Nigeria

H1: treasury single account does enhance the performance of commercial banks in Nigeria

Hypothesis 11

H0: the implementation of treasury single account has no significant effect on fraud detection and prevention in commercial banks in Nigeria

H1: the implementation of treasury single account has significant effect on fraud detection and prevention in commercial banks in Nigeria

1.5 SIGNIFICANCE OF STUDY

The study the impact of treasury single account on the performance of commercial banks in Nigeria will be of immense benefit to the federal government of Nigeria, the Zenith bank of Nigeria, the commercial banks in the Nigeria, the ministries and other government agencies in Nigeria, the study will also be of great benefit to the citizens of Nigeria as proper budget and fund allocation to both the state and local government of Nigeria will be done appropriately. Finally the study will also benefit students and other research that wishes to carry out similar research on the above topic

SCOPE AND LIMITATION OF THE STUDY

The study the impact of treasury single account on the performance of commercial banks in Nigeria will be limited to Zenith bank in Nigeria, from the time of implementation to date. The researcher encounters some constrain which limited the scope of the study;

a) AVAILABILITY OF RESEARCH MATERIAL: The research material available to the researcher is insufficient, thereby limiting the study

b) TIME: The time frame allocated to the study does not enhance wider coverage as the researcher has to combine other academic activities and examinations with the study.

1.7 DEFINITION OF TERMS

FINANCIAL LEAKAGES: refers to outflow from a circular flow of income model.

TSA: Treasury single account is a financial policy introduced by the federal government of Nigeria in 2012 to consolidate all inflows from the country's ministries, departments and agencies (MDAs) by way of deposit into commercial banks, traceable into a single account at the Central Bank of Nigeria.

TRANSPARENCY: a positive and clear financial statement of Nigeria

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