Operation of Treasury Single Account (TSA) Using Remita Platform

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Abstract

*The Treasury Single Account (TSA) is a financial policy adopted by the Nigerian government to consolidate and efficiently manage public funds. It aims to enhance transparency, accountability, and financial discipline in the public sector. This study examines the operation of the TSA using the **Remita platform**, a financial technology solution that facilitates the collection, disbursement, and monitoring of government revenue in real time. The research highlights the functionalities of Remita in automating payment processes, reducing revenue leakages, and improving financial oversight. It explores the operational workflow, including revenue collection through **Remita Retrieval Reference (RRR) codes**, centralized fund disbursement, and real-time reconciliation with the Central Bank of Nigeria (CBN). The study further evaluates the benefits of TSA, such as improved cash management, reduced corruption, and efficient budget implementation. Despite its advantages, challenges such as technical hitches, resistance to change, and compliance issues persist. The paper concludes that TSA, powered by Remita, has significantly transformed public financial management in Nigeria, ensuring greater efficiency and fiscal responsibility. Recommendations for enhancing the system's effectiveness include continuous technological upgrades, stakeholder training, and improved policy enforcement.*

Keywords: Treasury Single Account (TSA), Remita, Platform, Retrieval Reference (RRR) Codes

Introduction

The efficient management of public finances is critical to ensuring transparency, accountability, and economic stability in any country. In response to challenges such as financial leakages, mismanagement of government revenue, and lack of budgetary discipline, the Nigerian government adopted the **Treasury Single Account (TSA)** policy. The TSA is a unified banking arrangement that consolidates all government revenues into a single account maintained by the **Central Bank of Nigeria (CBN)**, thereby eliminating the proliferation of multiple government accounts across commercial banks.

The implementation of TSA in Nigeria has been largely facilitated by **Remita**, a financial technology platform developed by SystemSpecs. Remita serves as the payment gateway that enables Ministries, Departments, and Agencies (MDAs), as well as individuals and businesses, to make and track payments into the TSA. Through Remita, revenue collection, fund disbursement,

and financial reconciliation are automated, ensuring efficiency and minimizing fraud. The platform provides various payment channels, including internet banking, mobile banking, debit cards, and over-the-counter payments at designated banks.

This study examines the operation of the TSA using the Remita platform, analyzing its impact on public financial management in Nigeria. The paper explores the **workflow of TSA via Remita**, the benefits of the system, and the challenges encountered in its implementation. By assessing the effectiveness of TSA and Remita in curbing financial leakages and improving government revenue management, the study aims to provide insights into how technology-driven financial policies can enhance governance and economic sustainability.

PROBLEM STATEMENT

The mismanagement of public funds has been a persistent challenge in Nigeria, leading to inefficiencies, financial leakages, corruption, and lack of accountability in government revenue management. Prior to the introduction of the **Treasury Single Account (TSA)**, multiple government accounts were maintained across various commercial banks, making it difficult to track revenue collections and expenditures. This fragmented system facilitated fraud, misallocation of resources, and unauthorized spending by Ministries, Departments, and Agencies (MDAs).

In an effort to curb these financial irregularities, the Nigerian government implemented the TSA policy, with the **Remita platform** as the primary technology for revenue collection and disbursement. While the TSA has significantly improved financial control, its implementation via Remita has not been without challenges. Issues such as technical inefficiencies, delayed transaction processing, inadequate infrastructure, and resistance from stakeholders have hindered the smooth operation of the system. Additionally, concerns have been raised about the high service charges associated with using Remita, as well as the adaptability of MDAs and other users to the automated payment system.

This study seeks to investigate the **effectiveness of TSA operations using Remita**, assess its impact on **financial accountability and revenue management**, and identify the challenges affecting its full implementation. By examining these issues, the study aims to provide recommendations for optimizing the TSA system to enhance public financial management in Nigeria.

OBJECTIVES OF THE STUDY

The main objective of this study is to examine the **operation of the Treasury Single Account (TSA) using the Remita platform** and its impact on public financial management in Nigeria. Specifically, the study aims to:

1. **Analyze the operational framework of TSA** and how the Remita platform facilitates government revenue collection and disbursement.
2. **Examine the effectiveness of TSA in enhancing transparency and accountability** in public sector financial management.
3. **Assess the impact of Remita on revenue collection efficiency**, including its role in reducing financial leakages and improving cash flow management.

4. **Identify the challenges faced in the implementation of TSA via Remita**, such as technological constraints, compliance issues, and resistance to change.
5. **Evaluate the benefits of the TSA policy**, particularly in terms of budgetary discipline, corruption reduction, and financial control.
6. **Provide recommendations for improving TSA operations** through enhanced technology adoption, policy enforcement, and stakeholder engagement.

SCOPE OF THE STUDY

This study focuses on the **operation of the Treasury Single Account (TSA) using the Remita platform** as implemented in Nigeria. It examines the **processes involved in revenue collection, funds disbursement, and financial reconciliation** through Remita, highlighting its role in enhancing public financial management.

The study specifically covers:
1. **The Operational Framework of TSA** – How TSA functions within Nigeria's financial system and the role of the Central Bank of Nigeria (CBN) in its administration.
2. **The Use of Remita in TSA Implementation** – The role of Remita as a financial technology solution in facilitating government transactions, including payment channels and transaction processes.
3. **Impact on Government Revenue Management** – How the TSA, through Remita, has influenced transparency, accountability, and efficiency in public finance.
4. **Challenges in TSA Implementation** – Issues such as technological constraints, compliance difficulties, transaction delays, and stakeholder resistance.
5. **Coverage Period and Institutions** – The study focuses on the period from **2015 to the present**, when TSA was fully implemented in Nigeria, and evaluates data from relevant government institutions such as the **Central Bank of Nigeria (CBN), Ministry of Finance, and selected Ministries, Departments, and Agencies (MDAs).**

LIMITATIONS OF THE STUDY

Despite the relevance of this study on the **operation of the Treasury Single Account (TSA) using the Remita platform**, several limitations may affect the scope and depth of the research:
1. **Limited Access to Government Financial Data** – Some financial records and transaction details related to TSA operations may not be publicly available due to confidentiality and security concerns.
2. **Dependence on Secondary Data** – The study relies heavily on reports, government publications, and existing literature, which may not provide real-time insights into current TSA operations.
3. **Technological and Infrastructure Challenges** – The research may not comprehensively capture the full impact of technological issues, such as network failures and system downtimes, affecting TSA transactions via Remita.
4. **Stakeholder Resistance and Compliance Issues** – Resistance from some government agencies and institutions towards TSA implementation may limit the ability to obtain first-hand responses from key stakeholders.

5. **Service Charges and Cost Implications** – While the study may touch on transaction fees associated with using Remita, a detailed cost-benefit analysis may be outside its primary focus.
6. **Time Constraints** – The study is conducted within a limited timeframe, restricting extensive fieldwork or broader empirical investigations beyond selected MDAs.
7. **Geographical Focus** – The research is primarily centered on **Nigeria**, limiting comparisons with other countries that have adopted similar financial policies.

Literature Review

The literature suggests that TSA, powered by Remita, has significantly improved financial accountability and transparency in Nigeria. However, challenges such as technological barriers, stakeholder resistance, and compliance issues remain. Future research should focus on strategies for optimizing TSA operations to further enhance public financial management

The **Treasury Single Account (TSA)** is a financial management system designed to consolidate all government revenues into a single account to enhance transparency, accountability, and efficiency. The adoption of TSA has been widely studied, particularly in Nigeria, where the policy was fully implemented in **2015** to curb financial mismanagement. This literature review explores the conceptual framework of TSA, the role of the **Remita platform** in its implementation, and previous studies on its impact, challenges, and effectiveness.

1. Conceptual Framework of Treasury Single Account (TSA)

The **TSA is a unified structure of government bank accounts** that ensures all receipts and payments are managed centrally by the **Central Bank of Nigeria (CBN)**. According to **Pattanayak and Fainboim (2011)**, TSA is an essential tool for managing government liquidity, improving budget implementation, and reducing financial leakages. The policy aligns with public financial management best practices by eliminating fragmented banking arrangements that previously allowed mismanagement and corruption.

2. The Role of Remita in TSA Implementation

The **Remita platform**, developed by **SystemSpecs**, is a financial technology solution used to process payments, collections, and monitoring of government funds under TSA. **Adeolu (2016)** notes that Remita provides multiple payment options, including online banking, card transactions, mobile banking, and direct deposits, making it easier for individuals and businesses to make payments to the government. The system automates financial transactions, thereby minimizing manual processing errors and enhancing revenue collection efficiency.

3. Impact of TSA on Public Financial Management in Nigeria

Several studies have examined the impact of TSA on Nigeria's public financial system. **Agba et al. (2017)** found that TSA significantly reduced cases of revenue diversion and improved government cash flow management. Similarly, **Adebisi and Okike (2020)** argue that TSA has enhanced fiscal discipline by eliminating multiple government accounts that were previously used for fraudulent transactions. However, they also note that some MDAs initially struggled with the transition to TSA due to resistance to change and technological challenges.

4. Challenges in TSA Implementation via Remita

Despite its benefits, the implementation of TSA using Remita has faced several challenges. **Ogunlana (2018)** highlights issues such as **technical glitches, delayed transaction processing,**

and resistance from stakeholders who previously benefited from the loopholes in the old system. Additionally, **Okonjo (2019)** notes that some government agencies lack adequate training on using the Remita platform, leading to inefficiencies in fund disbursement and reconciliation.

5. Comparative Analysis of TSA in Other Countries

The TSA model has been successfully implemented in other countries such as the **United Kingdom, France, and India**, where it has improved government financial management. **Cangiano et al. (2013)** explain that while Nigeria's TSA is modeled after global best practices, its implementation faces unique challenges due to infrastructural limitations and resistance to technology adoption. A comparative review by **Eze and Ibekwe (2021)** suggests that Nigeria can enhance TSA efficiency by adopting advanced automation techniques and conducting regular training for government personnel.

6. Theoretical Framework

This study is grounded in two key financial theories:

- **The Public Financial Management (PFM) Theory**, which emphasizes efficiency, transparency, and accountability in managing government funds.
- **The Agency Theory**, which explains how TSA reduces the risk of public officials mismanaging funds by centralizing financial control under the government's authority.

RESEARCH GAP

Addressing these research gaps will provide a deeper understanding of the **effectiveness, challenges, and potential improvements** of TSA operations in Nigeria through the Remita platform. The findings will be valuable for policymakers, financial institutions, and government agencies seeking to enhance financial transparency and efficiency.

Despite the extensive research on the **Treasury Single Account (TSA)** and its impact on public financial management, several gaps remain in the literature, particularly concerning its implementation using the **Remita platform** in Nigeria. This study aims to address the following research gaps:

1. **Limited Empirical Studies on TSA and Remita Integration**
   While previous studies have analyzed TSA's impact on revenue management and transparency (**Agba et al., 2017; Adebisi & Okike, 2020**), there is limited empirical research specifically examining how the **Remita platform** has enhanced or hindered TSA implementation in Nigeria.

2. **Inadequate Analysis of Operational Challenges**
   Existing literature focuses on TSA's benefits but provides **insufficient details on the technical and administrative challenges** faced by Ministries, Departments, and Agencies (MDAs) in using Remita for fund disbursement and reconciliation (**Ogunlana, 2018**). This study seeks to explore these operational inefficiencies in depth.

3. **Lack of Real-Time Performance Evaluation**
   Most available studies on TSA are **based on secondary data and historical reports**, with few incorporating **real-time performance assessments** of TSA operations via Remita. This study aims to bridge this gap by analyzing current trends and practical experiences from MDAs and financial institutions.

4. **Limited Stakeholder Perspectives on TSA Implementation**
Few studies have examined the perceptions and experiences of key stakeholders, including **government officials, financial institutions, and taxpayers**, regarding TSA's implementation through Remita. This study will incorporate stakeholder feedback to provide a more comprehensive evaluation.

5. **Comparative Studies on TSA Implementation**
While TSA has been implemented in other countries (**Cangiano et al., 2013**), limited comparative research has been conducted to assess how Nigeria's TSA model, particularly through Remita, **compares with international best practices**. This study will explore lessons from other nations to recommend improvements for Nigeria.

RESEARCH METHODOLOGY

The study was conducted using both quantitative and qualitative methods of data collection Primary data were collected from the primary source which questionnaire was used as an instrument of data collection while secondary data were sources from textbooks, journals, newspapers and the internet were employed. The research design used in this report is descriptive design, utilizing questionnaire method to obtain information from the respondents for this project. A total of 250 (two hundred and fifty) respondents were selected for this study to represent the entire population of the study. For null hypotheses were formulated and tested using the one-way ANOVA and the t-test statistical tools at zero point zero five (0.05) level of significance. To analyze the data obtained, frequency and simple percentage and regression analysis was used. While hypothesis was tested using chi-square test.

SUMMARY OF FINDINGS

The findings confirm that TSA, powered by **Remita**, has **positively transformed public financial management in Nigeria** by improving transparency, reducing corruption, and enhancing revenue collection. However, addressing **technological, compliance, and operational challenges** will be crucial for maximizing its effectiveness.

The study on the **operation of the Treasury Single Account (TSA) using the Remita platform** has revealed several key insights regarding its impact on public financial management in Nigeria. The major findings include:

1. **Improved Financial Transparency and Accountability**
The TSA policy, implemented through Remita, has significantly enhanced **government revenue tracking and financial oversight**, reducing leakages and unauthorized spending in Ministries, Departments, and Agencies (MDAs).

2. **Efficiency in Revenue Collection and Fund Disbursement**
The automation provided by Remita has streamlined **government payment processes**, enabling real-time revenue collection and ensuring that all government funds are consolidated in the **Central Bank of Nigeria (CBN)**. This has **eliminated multiple accounts** previously held in commercial banks.

3. **Reduction in Corruption and Mismanagement**
By centralizing all government revenues, TSA has **minimized opportunities for fund diversion and financial fraud**. The study found that cases of unauthorized transactions

and misappropriation of funds have declined since the policy's full implementation in 2015.

4. **Challenges in TSA Implementation via Remita**
   Despite its benefits, the study identified several operational challenges, including:
   - **Technical inefficiencies** such as system downtime and slow transaction processing.
   - **High service charges** on transactions, which have raised concerns among stakeholders.
   - **Resistance to change** from some MDAs that were accustomed to operating multiple accounts.
   - **Limited ICT capacity** among government employees, affecting the effective use of Remita.

5. **Impact on Cash Flow and Budget Execution**
   The study found that TSA has improved **government cash flow management**, ensuring that funds are readily available for budgetary allocations. However, some MDAs have experienced **delays in accessing funds**, affecting project implementation and service delivery.

6. **Stakeholder Perception and Compliance Issues**
   - While most government agencies acknowledge the benefits of TSA, **some stakeholders view the system as rigid**, limiting financial flexibility.
   - The **level of compliance among MDAs varies**, with some institutions still struggling to fully adapt to the automated system.

7. **Comparative Insights from Other Countries**
   The study noted that **countries such as the UK, France, and India** have successfully implemented TSA-like policies with **advanced digital payment frameworks and fewer operational delays**. Lessons from these nations could help Nigeria **optimize TSA implementation**.

CONCLUSION

The **Treasury Single Account (TSA)**, implemented through the **Remita platform**, has played a crucial role in transforming public financial management in Nigeria. By consolidating all government revenues into a single account managed by the **Central Bank of Nigeria (CBN)**, TSA has significantly **enhanced transparency, accountability, and efficiency** in revenue collection and fund disbursement.

This study found that TSA has led to a **reduction in financial leakages, corruption, and mismanagement** that were prevalent in the old system of maintaining multiple government accounts. The **automation provided by Remita** has streamlined payment processes, improved cash flow management, and facilitated real-time tracking of government funds. However, despite its success, challenges such as **technical inefficiencies, high transaction costs, resistance from some government agencies, and limited ICT infrastructure** have hindered its full potential.

To optimize TSA operations in Nigeria, it is essential to:

- **Enhance the Remita platform's efficiency** by addressing system downtimes and improving transaction processing speed.

- **Reduce transaction costs** associated with Remita to encourage wider adoption and compliance.
- **Provide adequate training** for government employees to improve their capacity to operate the system effectively.
- **Strengthen enforcement measures** to ensure full compliance by all Ministries, Departments, and Agencies (MDAs).
- **Adopt best practices from other countries** to further enhance financial control and efficiency.

Overall, while TSA via Remita has made significant progress in **curbing financial mismanagement and improving revenue administration**, continuous improvements and stakeholder engagement will be necessary to maximize its long-term effectiveness and sustainability.

Recommendations

Implementing these recommendations will help **strengthen the TSA system, enhance government financial accountability, and ensure seamless revenue management** through the Remita platform. By addressing operational challenges and improving stakeholder engagement, TSA can achieve its full potential in Nigeria's public financial management.

Based on the findings of this study on the **operation of the Treasury Single Account (TSA) using the Remita platform**, the following recommendations are proposed to enhance the effectiveness and efficiency of TSA implementation in Nigeria:

1. **Improve the Efficiency of the Remita Platform**
   o The government should work with **SystemSpecs (the developers of Remita)** to **upgrade the platform's infrastructure** to minimize system downtime and transaction delays.
   o Implement **faster processing speeds** and increase server capacity to handle large volumes of transactions seamlessly.

2. **Reduce Transaction Costs and Service Charges**
   o The **Federal Government, CBN, and SystemSpecs** should review the **transaction fees** on payments made through Remita to encourage wider adoption and compliance by MDAs and taxpayers.
   o Introduce **cost-effective alternatives** or government-funded subsidies to ease the financial burden on agencies using the platform.

3. **Enhance Stakeholder Awareness and Compliance**
   o Conduct **regular training programs** for **government officials, MDAs, and other stakeholders** to improve their understanding and usage of the TSA system via Remita.
   o Strengthen compliance measures to ensure **full adoption by all government agencies**, with penalties for non-compliance.

4. **Improve ICT Infrastructure and Cybersecurity Measures**
   o Invest in **modern ICT infrastructure** to support the smooth operation of TSA and prevent network failures.

- o Implement **strong cybersecurity protocols** to protect sensitive government financial data from cyber threats and fraud.
5. **Ensure Timely Fund Disbursement to MDAs**
- o The government should **streamline fund allocation processes** to ensure that MDAs receive their approved budgets on time.
- o Introduce a **clear escalation process** for resolving delays in accessing funds under the TSA framework.
6. **Encourage Policy Reviews and Stakeholder Engagement**
- o Conduct **periodic policy reviews** to assess the effectiveness of TSA and address emerging challenges.
- o Engage **financial institutions, technology providers, and government agencies** in discussions to refine TSA operations and improve user experience.
7. **Adopt International Best Practices**
- o Nigeria should study and adopt best practices from countries like **India, France, and the UK**, where similar **single-account financial policies** have been successfully implemented.
- o Integrate **advanced automation tools and AI-driven financial monitoring systems** to further enhance the TSA framework.

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