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Centralized Account and Economic Growth in Nigeria

Alex Ezeibe, Ph.D [1]; Dr. Madubuike, Kenneth Okoro, Ph.D [2]; Ikeh, Matthew Nzubechukwu [3]; Ike, Frank Chidiebere [4]

[1, 3, & 4] *Department of Accounting, Federal Polytechnic Isuochi, Nigeria*
[2] *Department of Economics, Evangel University, Akaeze, Nigeria*

[1] *a.ezeibe@fpi.edu.ng, 09035947835, 09028595474*
[2] *kenneth@evangeluniversity.edu.ng, 08037027855*
[3] *mn.ikeh@fpi.edu.ng, 08065698319*
[4] *fc.ike@fpi.edu.ng, 08033561052*

Abstract

Research Objective: This study seeks to evaluate the Centralized Account on Economic Growth in Nigeria from 2008 to first quarter of 2024 The variables selected for this study are Centralized Account [Independent Variable], Inflation Rate dependent variable].

Methodology: An *ex-post facto* research design was employed in carrying out the research. Secondary data were collected on Centralized Account [Independent Variable], Inflation Rate, dependent variable. Population of the study is the 62 revenue-yielding agencies listed as MDAs that make remittances to Unified Account. The study made use of descriptive approach using [Anova*] which is run on IBM Statistical Package for Social Sciences [SPSS], in determining the effect of the independent variable on the response variable. The sources of data were secondary data, collected from National Bureau of Statistics, CBN quarterly and annual statistical bulletin.

Findings: Unitary Account have significant effect on Inflation Rate. The implication of this is that CA as an economic policy of the Government has been properly channeled into the economy in such a way that it increased the productive base of the economy.

Conclusion: The Centralized Account, after its mandatory compliance has significant effect on economic growth in Nigeria.

Recommendations: To combat inflation, a policy framework should be put in place that Limits discretionary Spending, reduces consumption oriented spending, and shrinks allocation and bail-outs to states. To further temper demand, policymakers should limit the size of the appropriation act.

***Key words**: Centralized Account (CA); Ministries, departments and agencies (MDAs); Central Bank of Nigeria (CBN).*

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1.0 INTRODUCTION

Nigerian Premium Times Reporter, Sani Tukur, on June 23, 2015, articulated that President Muhammadu Buhari had previously conveyed assurances to state governors during the inaugural meeting of the National Economic Council (NEC) in June of that same year, affirming that all revenues earmarked for deposit into the federation account would be duly recognized as such, and that he would rigorously enforce all pertinent statutes governing accounting, allocation, and disbursement. Subsequently, this policy directive has been formulated by the presidency in concert with relevant federal agencies. Both fully funded government entities, such as Ministries, Departments, Agencies, and Foreign Missions, and partially funded entities, including Teaching Hospitals, Medical Centers, and Federal Tertiary Institutions, among others, are mandated to comply with this directive. The organizations implicated include the Central Bank of Nigeria (CBN), Securities and Exchange Commission (SEC), Corporate Affairs Commission (CAC), Nigerian Communications Commission (NCC), Federal Airports Authority of Nigeria (FAAN), Nigerian Civil Aviation Authority (NCAA), Nigerian Maritime Administration and Safety Agency (NIMASA), and Nigeria Deposit Insurance Corporation (NDIC).

In alignment with the Treasury Single Account (TSA) framework, all governmental disbursements and receipts are processed through a singular account or a series of interconnected accounts that function as a cohesive entity. A consolidated account serves as an essential mechanism for the systematic organization and management of governmental financial resources, thereby mitigating borrowing expenses. The establishment of an integrated system should be prioritized in nations characterized by fragmented governmental banking structures concerning public financial management reforms. A banking infrastructure known as a "treasury single account" has been instituted to oversee multiple accounts maintained by ministries, departments, and agencies (MDAs). The primary objective of a TSA is to facilitate efficient comprehensive oversight of government cash reserves. By centralizing financial resources through a singular account framework, the consolidation enhances governmental cash management by reducing borrowing costs. In the absence of a cohesive policy, idle balances are retained across multiple bank accounts. Prior to the advent of a centralized account system in Nigeria, MDAs generating revenue maintained a plethora of accounts with commercial banks. These entities allocated a portion of their income for operational support while transferring the surplus to the federation account. Consequently, agencies deposited funds into the government account as required. This situation culminated in financial leakages, misappropriation of public funds, and the challenges faced by the government in ascertaining the exact balances within its accounts. All of these elements contributed to a deceleration in economic growth. In contrast to the stipulation embedded in the Nigerian Constitution, which mandates that all governmental funds be consolidated into a singular account, this was not actualized. According to section 80 (1) of the 1999 Federal

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Republic of Nigeria Constitution, all government revenues must be deposited into a singular Consolidated Revenue Fund (CRF) account.

The Federal Government had been perpetuating a disjointed banking system characterized by numerous bank accounts dispersed across various institutions, thereby failing to comply with the constitutional stipulations.

1.2 Statement of the problem

The challenges associated with the implementation of centralized accounting have illuminated the intrinsic inefficiencies embedded within governmental enterprises over the years, marking a significant advancement for the economy.

Based on the report dated November 4, 2019, authored by Chijioke Nelson, Assistant Editor for Finance/Economy at The Nigerian Guardian, entitled 'Little Forward, Plenty Stops mark single national Account operations in Four years,' it was revealed that prior to the establishment of a Centralized Account, the existence of over 17,000 accounts operated by various Ministries went unrecognized, resulting in a lack of oversight regarding Nigeria's assets, specifically its monetary reserves. These funds, which remain unallocated, were distributed across various accounts, thereby obscuring the government's awareness of their aggregate total. According to the aforementioned report by Chijioke Nelson of The Nigerian Guardian on November 4, 2019, it was confirmed that 1,678 institutions, encompassing Ministries, Departments, and Agencies (MDAs), have enrolled, notwithstanding the persistently low levels of compliance. This alarming trend signifies a notable regression in the accountability framework.

In order to fully leverage the benefits derived from the implementation of a singular account system in Nigeria, banks are required to comply with all directives and standards associated with the Unified Account by routing statutory funds into a consolidated Account. Furthermore, any requests for exemptions or waivers pertaining to any MDA funds or accounts must conform to the established regulations and protocols governing the implementation of the Centralized Account.

In accordance with the provisions outlined in the Constitution and Cash Regulations, stringent measures, including the postponement of cash disbursements and the imposition of sanctions on Chief Executives, should be enforced against delinquent agencies that fail to submit their accounts in a timely manner. On both federal and sub-national tiers, a greater number of MDAs ought to transition to the Single Account framework. It is imperative to conduct a comprehensive examination and linkage of additional Federal Account functionalities to budgeting, budgetary oversight, financial transparency, supplier and vendor management, as well as transaction monitoring. This inquiry aims to assess the relationship between the Centralized Account and Economic Growth in Nigeria, while concurrently evaluating the impact of the Centralized Account on the inflation rate.

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1.3 Statement of Hypotheses

The following Hypotheses serve as a guide in carrying out this research;

i. Centralized Account does not have significant effect on Inflation rate

ii. Centralized Account has significant effect on Inflation rate

2.0 LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Centralized Account

The Centralized Account (CA) represents a financial policy maintained by the central bank that consolidates all governmental revenues and expenditures. In the year 2012, Nigeria instituted the single account initiative with the objective of enhancing public sector transparency, accountability, and cash management, as noted by Adeleke and Abiola (2019). The previously fragmented system comprising multiple governmental accounts was beset by inefficiencies, corruption, and revenue leaks, thereby necessitating the implementation of this policy. Indeed, the Nigerian economy, when viewed on an aggregate level, would be influenced with respect to deposit structures and the cost of funding (FAAC Sub-committee, 2012). Notably, Obinna (2015) articulated that the single account engendered considerable anxiety within the banking sector even prior to its actual execution. He argued that the realization of this policy would likely be detrimental to banking institutions. Regardless of the adverse impact this policy may impose upon banks, it may ultimately necessitate that these institutions redirect their focus toward financing the real sectors of the economy, rather than disproportionately allocating resources to Federal Government projects, Oil & Gas transactions, foreign exchange dealings, and the like. Any commercial banking entity that neglects to operate in accordance with the fundamental banking functions for which they were duly licensed will inevitably face the prospect of closure. Such a development would precipitate significant staff reductions, thereby exacerbating the unemployment rate within the nation.

2.1.2 TSA Framework In Nigeria.

Eme and Chukwurah (2015) reported that former President Goodluck Jonathan stated in October 2012 that the introduction of a unified account by his administration has enhanced the predictability of public expenditures while concurrently mitigating the fiscal deficit. Akande, L. (2015) asserts that federal ministries, departments, and agencies (MDAs) are mandated to promptly adopt this policy, as per the directive issued by the Government in August 2015. To effectively manage governmental finances, bank accounts, and cash positions, the single account has been delineated as a procedure and tool that amalgamates all governmental accounts into a singular entity.

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Consequently, MDAs that have not adhered to this mandate must terminate any revenue accounts they maintain across various banks or branches and subsequently transfer the associated funds to the centralized account administered by the Central Bank of Nigeria (CBN). In accordance with this directive, MDAs are permitted to access only those funds that have received prior approval within their budget, as delineated by the unified account. It is noteworthy that the directive derives its authority from sections 80 and 162 of the 1999 Constitution (as amended). These provisions posit that all expenditures must be encapsulated within the national budget and sanctioned by the National Assembly. Furthermore, it aligns with a directive to the National Economic Council to ensure that MDAs comply with all relevant accounting, funding allocation, and disbursement regulations. Therefore, MDAs are compelled to consolidate their revenue streams from all revenue accounts maintained at various banking institutions into the centralized account held by the CBN.

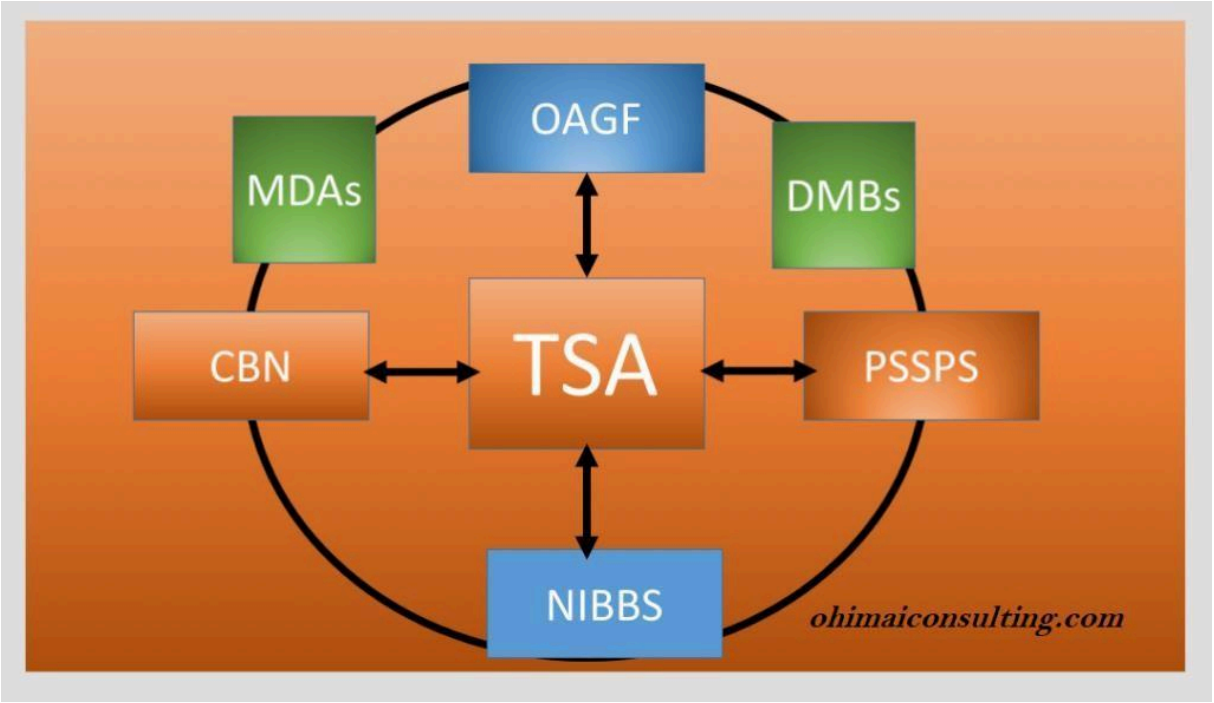

Fig.1. The Nigerian framework

Source: ohimaiconsulting.com

2.1.3 Inflation Rate

A general escalation in the expenditure of goods and services is denoted as inflation, which can be interpreted as the gradual erosion of purchasing power. In other terms, inflation can also be defined as the velocity at which the prices of goods and services ascend, commonly referred to as inflation. Classifications such as demand-pull inflation, cost-push inflation, and built-in inflation are frequently employed for categorization purposes. The mean increase in prices of a curated assortment of products and services over a designated period can act as an

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indicator for the rate at which purchasing power diminishes. The purchasing capability of a unit of currency effectively decreases due to the rise in prices, which is often expressed in percentage terms. In contrast, deflation, which occurs when prices decline and purchasing power amplifiers, can be juxtaposed with inflation. According to various conceptualizations of inflation, it transpires when the volume of currency in circulation escalates at a pace that surpasses the production of new goods and services within the same economic framework (Hamilton, 2001).

Vaish (1999) articulated inflation as a sustained augmentation in the comprehensive price level instigated by a swift proliferation of the overall money supply. Inflation arises from an increase in the aggregate demand for goods and services that cannot be accommodated at the prevailing prices by the total available supply of goods and services within the economy, particularly when specific sectors witness an elevation in their monetary income devoid of a corresponding enhancement in productivity.

2.1.4 Monetary Policy and Inflation

Sean Ross (2021) posited that strictly from an economic standpoint, inflation represents the overarching escalation in prices engendered by an increase in the money supply; the money stock expands at a rate that exceeds economic production. Much of the economic discourse revolves around the precise characteristics of price escalations, but for the purposes of this discussion, inflation is exclusively regarded as a monetary phenomenon. When productivity outpaces the money stock growth, this condition is characterized as deflation according to these specific criteria. Consequently, costs and prices typically diminish in living standards, which, paradoxically, is perceived negatively by numerous economists. The thrift paradox articulated by John Maynard Keynes is the foundation of the contentions against deflation. In light of this perspective, to mitigate the risks associated with deflation, the majority of central banks adopt a marginally inflationary monetary policy.

2.2 Theoretical Framework

Thomas M. Humphrey's Keynes Theory of Inflation (1981) observed that one of the least examined repercussions of inflation pertains to its impact on the reputations of certain notable economists. A salient illustration of this phenomenon is the alteration in the perception of John Maynard Keynes (1883-1946). Although he was once held in high regard for his pioneering analysis of the determinants of mass unemployment during the Great Depression of the 1930s, he is presently subjected to criticism regarding his stance on inflation. It is widely perceived that he initially exhibited minimal apprehension towards inflation, subsequently concentrating exclusively on unemployment, which led to a complete neglect of inflationary considerations. Consequently, it is believed that he endorsed expansionary policies to address unemployment without taking into account their potential repercussions on inflation.

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Since his demise in 1946, the nomenclature (or at the very least, the designation “Keynesian”) has been intimately correlated with ideologies encapsulated by phrases such as “money is inconsequential” and “full employment at any expense,” both of which represent inflationary principles. Additionally, a correlation has been established with the discredited notion of a stable, long-term trade-off between unemployment and inflation, alongside the equally discredited belief that governmental entities can wield policy instruments to dictate interest rates and real economic activity at any desired level.

In terms of policy implications, his name is presently frequently linked to excessive governmental expenditure, escalating budget deficits, inflationary monetary expansion, and, particularly in the British context, the concept that wage-price controls and income policies could effectively regulate inflation. His perspectives are depicted in academic literature as diametrically opposed to the monetarist anti-inflationary perspective, creating a dichotomous portrayal of "Keynes versus the monetarists."

2.3 Empirical Review of Related Literature

2.3.1 Inflation and Economic Growth

Wai (1959) posited that there exists no correlation between inflation and economic growth, noting that in certain countries, growth has been attainable without inflation, whereas in other contexts, inflation has manifested in the absence of growth. In a similar vein, Johanson (1967) maintains that there is a lack of robust evidence supporting any association between the inflation rate and the rate of economic growth, whether in a positive or negative framework. He argues that economic growth is delineated by the enhancement of human capabilities and the application of knowledge through advancements in technology and management, rather than being influenced by inflation. A study concerning Nigeria conducted by Chimobi (2010) investigates the potential relationship between inflation and economic growth using annual data spanning from 1970 to 2005. The analysis reveals no co-integrating relationship between the two variables; however, it does expose a unidirectional causal connection between inflation and economic growth through the application of the Granger causality test.

Research examining the nonlinear relationship between inflation and economic growth posits that while there may be no correlation or a positive relationship at lower levels of inflation, the association becomes significantly negative at heightened inflation levels. Fischer (1993) was among the initial scholars to identify such a relationship, and since that time, numerous researchers have endeavored to ascertain the threshold at which inflation begins to adversely impact growth. For example, Ghosh and Philips (1998) identify a lower threshold of 2.5% using a comprehensive sample of countries, while Sarel and Philips (1996) estimate a threshold of 8% in their cross-national analysis.

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Focusing on studies that concentrate on a single nation, Mubarik (2005) investigates the relationship between inflation and growth in Pakistan utilizing annual data covering the years 1973 to 2000. He identifies a threshold of 9% and concludes that inflation rates exceeding this specified limit will considerably diminish the nation's output. Furthermore, Hussain and Malik (2011) employ the error correction model to scrutinize the nature of the relationship between the variables, along with the Granger causality test to ascertain the direction of causation between inflation and economic growth development in Pakistan has been examined using annual data spanning from 1960 to 2006, revealing that economic growth does not precipitate inflation; rather, it is inversely correlated. Furthermore, their findings indicate a positive association between economic expansion and inflation rates. Their analytical model identifies a critical threshold of 9%, beyond which inflation begins to hinder growth, aligning with the conclusions drawn by Mubarik (2005). Utilizing quarterly data,

Mohanty et al. (2011) explore a potential nonlinear relationship between inflation and economic growth in India, concluding that an inflation threshold ranging from 4% to 5.5% may be applicable. They contend that an inflation rate maintained below 5.5% exerts a beneficial impact on the growth of the Indian economy; however, the dynamics alter once the 5.5% threshold is surpassed, notwithstanding the absence of robust empirical evidence supporting the existence of such an inflation threshold in their analysis.

Salami and Kelikume (2010) establish an inflation threshold for Nigeria by analyzing annual data from 1970 to 2008. They identify an inflation threshold of 8% for the entire period while designating a minor threshold of 7% for the years 1980 to 2008. Parallel investigations were conducted for Nigeria utilizing annual data from 1970 to 2006.

Bassey and Onwioduokit (2011) scrutinize the relationship between inflation and economic growth, determining an appropriate threshold through the methodology proposed by Li (2005). Following the demonstration of a negative correlation, the authors select a statistically insignificant threshold level of 18%, illustrating that inflation rates falling below this threshold promote economic growth.

Moreover, Bawa and Abdullahi (2012) derive a higher inflation threshold of 13% in comparison to the estimates posited by Salami and Kelikume, employing the threshold regression model developed by Khan and Senhadji (2001) with a blend of quasi and real quarterly data from 1981 to 2009. In their study, "Inflation and Economic Growth in Nigeria," they identify the threshold level as Doguwa, albeit a lower threshold relative to the point estimate suggested by Bassey and Onwioduokit. While the 8% inflation threshold proposed by Salami and Kelikume may not be robustly substantiated by the employed data due to an inadequacy in the dummy variable specification, the 18% threshold advanced by Bassey and Onwioduokit lacks conclusiveness as traditional tests for the existence of such a threshold at 18% were rejected.

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2.3.2 The relationship between inflation and economic growth

Nigeria's economy experienced significant expansion, characterized by over 8% growth in the final two quarters of 2005. This remarkable increase in output can be attributed to the successful implementation of the National Economic and Development Strategy's (NEEDS) economic reform program. Key contributors to production growth during this period included agriculture, general commerce, and services (CBN 2005). Notwithstanding inflationary pressures throughout the initial three quarters of the year, the impressive growth rate witnessed in Q4 2005 coincided with a pronounced decline in inflation, decreasing from approximately 24.3% in Q3 2005 to about 11.3% in the concluding quarter of the year.

The initial phase of inflation for the year was precipitated by escalating food prices. The Central Bank of Nigeria (CBN) alongside the National Bureau of Statistics (NBS) commenced the quarterly compilation of Gross Domestic Product (GDP) data in the first quarter of 2004. This initiative was necessitated by the domestic food supply shortfall, as documented in the CBN Journal of Applied Statistics.

Paul et al. (1997) conducted an analysis regarding the correlation between inflation and economic growth utilizing annual data spanning from 1960 to 1989 across a sample of 48 developing nations and 22 developed countries. Their findings revealed inconsistent results, with a negative correlation observed in some countries and a positive correlation in others. In a study conducted by CBN (1974), which assessed the relationship between inflation and output growth within eleven African economies, it was noted that in six of these nations (namely Egypt, Gabon, Ghana, Ivory Coast, Kenya, and Sudan), the sign of the price coefficient in the growth regressions was negative. Conversely, the price coefficient exhibited a positive correlation between inflation and growth in the remaining five countries (specifically, Morocco, Nigeria, Tunisia, Uganda, and Zambia). The regression coefficients for both group estimates and individual country estimates lacked statistical significance, thus precluding the derivation of definitive conclusions. Nonetheless, their analysis was fundamentally flawed as it presupposed that price was the sole influential variable affecting production, thereby overlooking other critical control variables.

Barro (1995) explored the ramifications of inflation on economic performance utilizing data from 100 nations from 1960 to 1990, employing an instrumental variable estimation methodology. He determined that a 10 percentage point increase in average annual inflation corresponded with a decline in the growth rate of real per capita GDP by approximately 0.2 to 0.3 percentage points. In his investigation into identifying the threshold level, Doguwa posited that the statistical integrity of the growth regressions improved with the inclusion of high inflation occurrences. He established a causal relationship between diminished growth and heightened inflation.

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Malla (1997) investigated the nexus between inflation and economic growth by aggregating time series data from a cross-section of 11 OECD countries. He concluded that the adverse effects of inflation on economic growth significantly outweigh any potential positive impacts.

In a context characterized by elevated and persistent inflation, Faria and Carneiro (2001) scrutinized the relationship between inflation and growth. Their examination of the Brazilian economy yielded empirical evidence indicating that inflation exerts a short-term detrimental effect on output.

Moreover, Smyth (1992) identified a correlation between inflation and growth within the United States and quantified that a 1% increase in inflation results in a reduction of the nation's annual growth rate by 0.223%. In a subsequent study, Smyth (1994) reaffirmed that elevated inflation negatively impacts growth in the United States, estimating that each percentage point increase in inflation leads to a 0.158% decrease in production growth. According to Smyth (1995), a 10% rise in inflation diminishes the growth rate of total factor productivity by 0.025% in Germany.

Umaru and Zubairu (2012) conducted an investigation into the ramifications of inflation on economic development and growth in Nigeria during the period from 1970 to 2010, revealing that inflation exerted a beneficial influence on economic growth by fostering production and productivity levels, in addition to advancing total factor productivity development.

Utilizing cross-country data, Bruno and Easterly (1998) examined a potential correlation between inflation and economic growth. Their findings indicated that inflation adversely affects medium- to long-term economic growth and elucidated how nations exhibiting extreme inflationary values (either exceptionally high or exceedingly low) influence this relationship. They subsequently focused exclusively on instances of discrete high inflation crises (defined as 40 percent and above), concluding that inflation rates surpassing a critical threshold of 40% are harmful to growth. This resulted in a robust empirical conclusion demonstrating that growth experiences a significant decline during periods of high inflation, followed by a rapid recovery when inflation normalizes.

Bullard (1995) additionally provided compelling evidence to support the notion that the negative correlation between inflation and growth becomes discernible only when inflation rates surpass specific thresholds. CBN Journal of Applied Statistics 3. 2, 107.

Burdekin et al. (2000) investigated the nonlinear relationship between inflation and economic expansion, revealing that the effects of inflation on growth substantially reverse as the inflation rate escalates. They concluded that the threshold at which inflation begins to exert a negative influence on growth is approximately 8 percent for industrialized economies and 3 percent or lower for developing nations. Furthermore, Mallik and Chowdhury (2001) empirically analyzed the relationship between inflation and GDP growth for four South Asian countries (Bangladesh, India, Pakistan, and Sri Lanka) employing co-integration and error

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correction models. Their findings indicated a long-term positive relationship between GDP growth and inflation. They also identified significant feedback loops between inflation and economic growth, concluding that growth is more responsive to fluctuations in inflation rates than inflation is to variations in growth rates. Drawing on data from 140 countries over a span of approximately 40 years, Khan and Senhadji (2001) employed panel regression analysis to explore the nonlinear connection between inflation and economic expansion. They established a threshold range of 1-3% for industrial economies and 11–12% for emerging economies after confirming the presence of nonlinearity. The computed correlations were found to be robust against various estimation techniques, alternative specifications, adjustments to threshold levels, and different data frequencies.

Drukker et al. (2005) conducted an investigation into the threshold effects pertaining to the relationship between inflation and economic development, employing data derived from a sample encompassing 138 countries over the period spanning from 1950 to 2000. According to the findings obtained from panel regression analyses, a singular threshold was identified, with an estimated value of 19.16 percent, which accurately characterizes the entire sample. The results further revealed the presence of two distinct thresholds at 2.57 percent and 12.61 percent specifically for the industrialized subset. Li (2005) unearthed evidence supporting a nonlinear association between inflation and economic development, utilizing data from 90 developing nations alongside 28 affluent countries during the timeframe from 1961 to 2004. Additionally, he illustrated that the inflation-growth relationships in industrialized nations manifest nonlinearity in a manner that diverges from that exhibited by emerging economies, while the analysis identified two criteria for the 108-nation sample.

Doguwa identified a singular threshold within the context of Inflation and Economic Growth in Nigeria: Detecting the Threshold Level for the initial investigation. He further examined the nonlinear transmission mechanisms through which inflation exerts influence on economic growth. Drawing upon both theoretical frameworks and empirical evidence, he delineated two primary transmission pathways: the capital accumulation channel and the total factor productivity channel. He asserted that the evidence indicates that inflation can influence economic growth either directly or indirectly through the actions of financial intermediaries. He posited that unstable and elevated price levels adversely affect financial markets and their subsequent developments, thereby impacting the volume and efficacy of investment and ultimately, the growth of production. Through his empirical analyses, he arrived at the conclusion that total factor productivity serves as the conduit through which inflation negatively and nonlinearly impacts economic growth in both developing and developed nations.

Espinoza et al. (2010) employed the smooth transition model to scrutinize the extent to which inflation levels surpassing the threshold constrain economic growth. This inquiry was spurred by the global inflation crisis of 2007–2008 and apprehensions that elevated inflammation

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levels could undermine growth. Utilizing data from the years 1960 to 2007 across a panel of 165 nations, they discerned an inflation threshold of 10% and advocated for the necessity of immediate policy responses upon inflation reaching or exceeding this threshold. However, the threshold identified for advanced economies was found to be considerably lower. The non-linear relationship between inflation and GDP has been documented by various scholars, including Sarel (1996), Khan and Senhadji (2001), Li (2005), Drukker et al. (2005), and Mohanty et al. (2011).

2.3.3 Money Supply and Inflation

In the academic discourse surrounding economics, there exists extensive deliberation regarding the interrelationship between the money supply and inflationary trends. Over an extended period, numerous economists have scrutinized the correlation between these variables. Chhibber et al. (1998) employed a finely disaggregated econometric model pertaining to Zimbabwe within the framework of a comprehensive global analysis. Their findings indicated that the predominant determinants of inflation within that country include monetary expansion, international price levels, exchange and interest rates, unit labor costs, and real production output. Kilindo (1997) endeavored to enhance the understanding of inflation through a study commissioned by the African Economic Research Consortium (AERC), wherein he explored the interdependencies between monetary policy, fiscal activities, and established a discernible relationship among demand, supply, and inflation; he subsequently advocated for the implementation of a restrictive monetary policy, wherein the money supply should be incrementally constrained in accordance with the growth rate of real production.

In a separate investigation for the AERC, Barungi (1997) analyzed the various determinants influencing inflation. The study meticulously assessed the relative significance of monetary, cost-push, and supply-side factors contributing to inflationary pressures. He ultimately posited that inflation represents a persistent monetary phenomenon.

Laryea and Sumaila (2001) investigated the determinants of inflation and concluded that, in the short term, production and monetary factors predominantly drive inflation in Tanzania. Furthermore, they underscored the influence of parallel exchange rates on inflationary outcomes over the long term. Their conclusions emphasized that the prevailing inflationary conditions are primarily attributable to monetary issues. A multitude of studies has explored the nexus between inflation and the money supply within the Nigerian context, including works by Oyejide (1972), Itua (2000), and Iyoha (2002). While the majority of economists identified positive correlations, some uncovered negative associations. An error-correction model (ECM) was utilized by Ajisafe (1996) to dissect the underlying causes of inflation in Nigeria. He asserted that the real gross domestic product, the money supply, the exchange rate, and the prior inflation rate are critical factors influencing inflation. Unlike fiscal considerations, Ajisafe's analysis was predominantly focused on monetary variables that

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could instigate inflation. Nonetheless, in a nation such as Nigeria, where deficit spending has become a relatively constant element of the financial landscape, fiscal factors cannot be overlooked.

In 2000, Folorunso and Abiola conducted research. Utilizing quarterly data, Osakwe (1983) sought to validate the extent to which government expenditure impacted the money supply during the decade spanning 1970 to 1980. The investigation yielded statistically significant results, revealing robust correlations between increments in net current spending and the growth of the money supply. Additionally, it identified supply, inflation, and the expansion of the money supply as pivotal factors influencing price movements during this period, with further increases in the money wage rate and the money supply (exhibiting a lagged effect) emerging as the two most salient variables affecting price dynamics. The Nigerian Institute of Social and Economic Research (NISER) convened a significant symposium addressing the Nigerian inflationary process in Ibadan in 1974.

Onitiri and Awosika (1982) posited that neither monetary nor structural determinants could adequately elucidate the phenomenon of inflation in Nigeria. A particularly remarkable revelation from their analysis was that the interplay of both factors engenders the inflationary process.

The investigation conducted by Egwaikhide et al. (1994), which utilized time series econometric methodologies of co-integration and the Error Correction Mechanism (ECM), further elucidates the quantitative impact of monetary expansion alongside exchange rate depreciation on price inflation in Nigeria. Their findings indicated that both monetary and structural variables may exert influence on Nigeria's inflation, acknowledging the roles of both the official market and the informal (black) market in this context.

3.0 METHODOLOGY

3.1 Research design

The research employs an ex post facto research design. This particular approach has been selected due to the nature of the inquiry commencing subsequent to the occurrence of the events, thereby ensuring that the data utilized in the study remains devoid of bias and researcher intervention. This investigation evaluates the impact of the Centralized Account on the Economic Growth of Nigeria. Secondary data were extracted from the Central Bank of Nigeria (CBN) statistics bulletin as well as the National Bureau of Statistics (NBS) for the analysis. The data encompasses the period from 2008 to the first quarter of 2024. Information pertaining to the Treasury Single Account, GDP Growth Rate, Inflation Rate, Unemployment Rate, Interest Rate, and Industrial Output were compiled.

The study's population consists of the 62 revenue-generating agencies designated as MDAs that contribute funds to the treasury account (TSA). These agencies include the Central Bank of Nigeria (CBN), the Nigerian National Petroleum Corporation (NNPC), the Federal Inland

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Revenue Services (FIRS), the Nigerian Ports Authorities (NPA), the Economic and Financial Crimes Commission (EFCC), the Nigeria Shippers Council (NSC), the Nigeria Communications Commission (NCC), the Nigerian Immigration Services (NIS), the Federal Airport Authority of Nigeria (FAAN), the Joint Admission and Matriculation Board (JAMB), the National Agency for Foods Drug Administration and Control (NAFDAC), among others. Given that the entire population has been analyzed, there exists no need for a sample size.

3.2 Model Specification

In this research, the independent variable is identified as the Centralized Account, while the dependent variables encompass inflation rate.

IFRT = f [CA]

From the above the Model is specified as Follows; IFRT = $X_0 + X_1CA+\mu$ Where:
IFRT=Inflation Rate

X_0 = Constant or Intercept, X_1, is parameter to be estimated, X_1 = Inflation Rate,

μ = Stochastic Error Term

Hypothesis One

HO: $X_1 = 0$

3.3 Method of Data Analysis

The research employed a descriptive methodological framework to evaluate the impact of the independent variable on the response variable through the implementation of multiple regression analysis utilizing the IBM SPSS 21 statistical software designed for social sciences. Statistical data regarding the Centralized Account [Independent Variable] and the Inflation Rate [Dependent Variable] will be integrated into the analytical model.

3.4 Statistical Test of Significance

The coefficients of multiple determinations (R^2) were utilized to assess the goodness of fit; t-statistics were employed to ascertain the significance of each regression coefficient in isolation; and F-statistics were leveraged to evaluate the overall significance of the entire regression model.

Test for Goodness of Fit

In this context, the coefficient of multiple determinations R^2 quantifies the explanatory capacity of the independent variable with respect to the dependent variable, as well as the degree to which the sample regression line aligns with the empirical data (goodness of fit). The R-squared value, or R^2, is confined within the interval from 0 to 1 [$0 > R^2 < 1$]. An increased proportion of variance results in R^2 approaching unity.

Test of Significance

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It is imperative to conduct the t-test to ascertain the statistical significance of each regression coefficient. A descriptive statistical analysis with n–k degrees of freedom is performed. It is essential to evaluate the alternative hypothesis (H_1) in opposition to the null hypothesis (H_0).

Decision Rule:

The computed t – value (t^*) will be compared with the critical t – value (t 0.05)

if t* > 0.05 , H0 will be rejected and H1 accepted, but if otherwise, H0 will be accepted and H1 rejected.

4.0 DATA ANALYSIS

4.1 DATA PRESENTATION

Table 1: Descriptive Statistics–Pre Ca

	N	Minimum	Maximum	Mean	Std. dev.	Skewness		Kurtosis	
	Statistics	Statistics	Statistics	Statistics	Statistics	Std. error	Statistic	Std. error	Statistic
Pre.ca	7	4844592341 800.00	1130253031 5802.50	851115707777 8.7920	2178379257605.31710	-.541	.794	-.014	1.587
INFLRT	7	8.00	13.70	11.0429	2.10623	-.526	.794	-1.042	1.587
ValidN(listwise)	7								

Source: Output from IBM SPSS

Table 2: Descriptive Statistics– Post Ca

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std.Error	Statistic	Std.Error
Post–ca	8	4320900000000.00	11560667786615.00	7547546339796.6200	2293447957777.63570	.274	.752	.158	1.481
INFLRT	8	9.55	21.26	15.3125	4.07369	-.018	.752	-1.254	1.481

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ValidN(list wise)	8								

Source: Output from IBM SPSS

Minimum Statistics also known as the low outlier limit is the minimum value in a set of values, excluding any outliers. On the other hand, the **statistical maximum,** also known as the high outlier limit, is the maximum value in a set of values, excluding any outliers.

From table 1 above, it is shown that the minimum statistics for a Centralized account before its adoption is 4844592341800.00, while its maximum value is11302530315802.50. The minimum statistics for inflation rate is 8% while the maximum statistics is 13.70%.

From table 2 above, it is shown that the minimum statistics for centralized account after its adoption is 4320900000000.00, while its maximum value is 11560667786615.00 , while the maximum statistics for inflation rate is 21.26, and the minimum statistics is 9.55%,

Mean statistic: The mean is the average or the most common value in a collection of numbers. In statistics, it is a measure of the central tendency of a probability distribution along median and mode. It is also referred to as an expected value. From table 1, the following mean statistics is revealed: Pre-ca is 8511157077778.7920; while Inflation Rate is 11.0429.

Standard deviation is a metric that is used to measure how dispersed the data is in relation to the mean. Low standard deviation means data are clustered around the mean, and high standard deviation indicates data are more spread out and are widely dispersed from the central tendency.

Table 1 above revealed that the response variable, Inflation Rate, had a standard deviation of 2.10623 before the introduction of a centralized account. While it is 4.07369 after centralized account was introduced as indicated in table 2 above.

Skew: Skew is a measurement of the distortion of symmetrical distribution or asymmetry in a data set. Skew can be quantified as a representation of the extent to which a given distribution varies from a normal distribution. A normal distribution has a zero skew, while a lognormal distribution, for example, would exhibit some right skew. There are types of distributions and skews, Positive and negative skews. Negative skew refers to a longer or fatter tail on the left side of the distribution, while positive skew refers to a longer or fatter tail on the right. Since the magnitude of fat tails are so difficult to predict, left tail events can have devastating effects on portfolio returns. These two skews refer to the direction or weight of the distribution. In addition, a distribution can have a zero skew. Zero skew occurs when a data graph is symmetrical. Regardless of how long or fat the distribution tails are, a zero skew indicates a normal distribution of data. A data set can also have an undefined skew should the data not provide sufficient information about its distribution.(*Nasdaq market activity news November 02, 2015,11:20amEST)*

From the descriptive statistics presented in table1, the Dependent variable showed Skew of -0.526 which shows a long tail movement towards the left of the bell curve during pre-ca. The

implication of this is that the distribution of the data set cannot be predicted at a defined range and is very risky in using it to tackle the phenomenon. Conversely, skew of-0.018 was recorded in the period after introducing the financial policy as shown in table 2. This shows a long tail movement towards the left of the bell curve. The implication of this is that the distribution of the data set cannot be predicted at a defined range and very risky in using it to tackle the problem

4.2 DATA ANALYSIS

Table 3. Correlations

		Pre-CA	INFLRT
Pre-ca	Pearson Correlation	1	-.415
	Sig.(2-tailed)		.355
	N	7	7
INFLRT	Pearson Correlation	-.415	1
	Sig.(2-tailed)	.355	
	N	7	7

*.Correlation is significant at the 0.05level (2-tailed).

Source: Output from IBM SPSS

Table 4 Correlations

		Post –ca	INFLRT
Post-ca	Pearson Correlation	1	-.798*
	Sig.(2-tailed)		.018
	N	8	8
INFLRT	Pearson Correlation	.503	-.163
	Sig.(2-tailed)	.018	
	N	8	8
	Pearson Correlation	-.586	.494

*.Correlation is significant at the 0.05 level (2-tailed)

Source: Output from IBM SPSS

From table 3 the correlation analysis showed that in the period before its adoption CA (centralized Account) had a computed correlation value of 0.355 (35.5%) with the dependent

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variable (inflation rate), This is greater than 0.05 or 5% threshold established for significant correlation. In the post-ca era, the correlation analysis in table 4 revealed that CA has a positive and strong significant relationship of 0.018 (1.8%) with inflation rate.

4.3 Test of Hypotheses

In testing the hypothesis a single tailed test will be conducted at 5% level of significance and n-k degree of freedom the null hypothesis [H0] will be tested against the alternative hypothesis [H1]

Decision Rule: **T**he computed t – value [t 0.05]. If t* > 0.05, H0 will be rejected andH1acceptedbutifotherwise, H0 will be accepted and H1 Rejected.

Test of Hypothesis

In chapter one, we formulated One testable hypothesis to evaluate the effect of Treasury Single Account on Economic Growth in Nigeria, which is the focus of this study. These Hypotheses are subject to empirical testing drawing from the result of descriptive statistical analyses. The decision rule is based on the Significances of the t^*-statistics which are represented by the p–values.

Decision Rule: The computed t–value [t0.05]. If t* > 0.05, H0 will be rejected and Accepted but if otherwise, H0 will be accepted and H1 Rejected.

A statistically significant test result (P ≤ 0.05) means that the test hypothesis is false or should be rejected. AP-value greater than 0.05 means that no effect was observed. A p-value less than 0.05 is typically considered to be statistically significant, in which case the null hypothesis should be rejected. A p-value greater than 0.05 means that deviation from the null hypothesis is not statistically significant, and the null hypothesis is not rejected.

Hypothesis One

Step 1*: restatement of the hypothesis in null and alternate form*

H0: Centralized Account has no significant effect on Inflation Rate

H1: Centralized Account has significant effect on Inflation Rate.

Step 2*: Statement of Decision Rule*

The computed t – value [0.05]. If t* > 0.05, H0 will be rejected and H1 accepted but if otherwise, H0 will be accepted and H1 Rejected.

Step 3*: Presentation of Test Results*

Anova Descriptive Statistics Table 5.

Model	Sum of	Df	Mean Square	F	Sig.

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		Squares				
	Regression	38.306	1	38.306	3.968	.093[b]
1	Residual	57.919	6	9.653		
	Total	96.225	7			

a. Dependent Variable: INFLRT

b. Predictor (Constant),Pre-Centralized Account

Source: Author's computation 2024

Anova Descriptive Statistics Table 6.

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	74.000	1	74.000	10.530	.018[b]
1	Residual	42.165	6	7.027		
	Total	116.165	7			

a.

Dependent Variable: INFLRT

b. Predictor:(Constant),Post–ca

Source: Author's computation 2024

The test of significance result from Anova* statistics in table 5, indicated a computed t*-value of 0.093[b] in the pre-ca period which is greater than the predicted t*-value of0.05 The test result of Anova* test of significance in table 6, shows a computed t*value of 0.018[b] during the post-ca era which is lower than the predicted t*-value of 0.05. Based on the result of statistics and predetermined decision rule which states that, the computed t – value [0.05]. If t* > 0.05, H0 will be rejected and H1 accepted but if otherwise, H0 will be accepted and H1 rejected, the substantive hypothesis which states that Centralized Account has no significant effect on Inflation Rate is rejected and the alternate Hypothesis is accepted. The implication of this is that the Centralized account or Treasury Single Account as a Government policy, has been channeled into production of more goods and services that made it possible to have a general decrease in prices of goods and services.

4.4 Discussion of Findings

In Hypothesis One, Anova* Descriptive statistics was used to test the significance effect of the independent variable on the dependent variable. It is shown that result from Anov[a] descriptive statistics in table 5, revealed a computed p-value of 0.093[b] during pre-ca period, which is greater than the predicted t* - value of 0.05, while the test of significance in table in table 6 showed a computed value of 0.018[b], which is less than the predicted t* value of 0.05.

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Based on the result of statistics and predetermined decision criteria which states that If t* > 0.05, H0 will be rejected and Accepted but if otherwise, H0 will be accepted and H1 Rejected, the substantive hypothesis which states that CA has no significant effect on Inflation rate is rejected and the alternate Hypothesis accepted. This is compatible with the findings of Jat (2016), which indicated that TSA have positive effects on economic development of Nigeria, but disagrees with Kanu (2016), who used a panel survey to investigate Effect of implementation of Centralized Account on the Economy.

5.0 SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Findings

From the tested hypotheses and the results obtained, it was found out that Centralized Account have significant effect on Inflation Rate. This is proven by the computed p-value of 0.018 which is less than 0.05 benchmark level of significance.

5.2 Conclusion

The Centralized Account maintains a significant effect on economic growth in Nigeria, based on statistical results.

5.3 Recommendations

In order to combat inflation there should be a policy framework put in place that Limits discretionary Spending, reduces consumption oriented spending, and shrinks allocation and bail-outs to states. To further temper demand, policymakers should limit the size of the appropriation act.

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