

E- GOVERNMENT AND CORRUPTION IN NIGERIA:THE CASE OF TREASURY SINGLE ACCOUNT(TSA)

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ABSTRACT

The implementation of TSA(Treasury Single Account) policy following the order for full compliance of all MDAs by the present government since September 2015 is laudable and timely given the current economic challenges as a result of the dwindling oil revenues and constrained public spending. The TSA can help to eliminate leakages and wastages, instill fiscal discipline and prudence, enhance accountability, transparency and effective budget execution and reduce corruption in the Nigerian public sector. However, to ensure successful and sustainable TSA policy that would make the benefits visible, the federal government must demonstrate the political will to ensure the sustainability of the TSA policy implementation. The government must also cooperate with the legislature and solicit the support of the commercial banks and heads of MDAs for the success of the programme. The treasury, OAGF and CBN must issue circulars to address challenges and problems associated with the implementation by the MDAs, improve the technology, environment and staffs for TSA implementation. In addition, the institutions of governance- including the police, judiciary, the media and anti-graft agencies must be strengthened to tackle the issues of corruption and ensure transparency, probity and accountability in public finance and expenditure management. There should be re-orientation of the ethical virtues of integrity, honesty and selfless service anchored on high moral values, ethical principles and social change. The head of government and political leadership must also transparently walk the talk, be accountable and corruption-free.

Key words: Treasury single account, e-government, corruption, Nigeria, treasury circular.

INTRODUCTION

Basically, e-government refers to the use of information and communication technology (ICT) to promote more efficient and cost effective government, facilitate more convenient government services, allow greater government access to information, and make government more accountable to the citizens. E-government is the use of ICT by government agencies to transform relations with citizens (G2C), businesses (G2B), government organizations (G2G) and employees (G2E). ICTs have a lot of advantages of improving service delivery to citizens, interacting with business and industry, increasing public accessibility to information, fostering more efficient government management, increasing transparency and accountability and eventually reducing corruption and costs of governance. ICT can reduce corruption by promoting good governance, strengthening reform initiatives, reducing the potential for corrupt behaviour, strengthening relations between government employees and citizens, allowing tracking activities, monitoring and controlling behaviour of government employees by the citizens, enhancing the effectiveness of internal control and management of corrupt behaviour by promoting government transparency and accountability (Bhatnagar,2003; Shim & Eom,2008; Anderson, 2009;Mauro, 1997). In fact, Lupu and Lazar (2015) found that a 1% increase in the use of e-government reduces corruption by over 6.7% in the EU/non EU countries.

Corruption has been a major issue in Nigeria because of the negative impact on the people, government and drawbacks on economic development and national progress (Emechele,2009; Ajie & Wokekoro,2012).It pervades all facets of the country's public and private sector (Inokoba & Ibegu,2011) with devastating consequences of poverty, decaying infrastructures, unemployment, poor budget implementation and performance, low standard of living (Odo,2015).Corruption has seriously affected every sector of the economy and hampered sustainable development in education, health, employment, power and electricity generation, transportation, legislature, judiciary, civil service, politics, electoral process and other major sectors of the economy(Ezigbo,2006).It has hindered economic growth and development(Cookey,2005),foreign direct investment (Cooker,Ugwu & Adams,2012) and resulted in poor human development indices and massive poverty of Nigerians (Action Aid,2015).Corruption increases the rate of injustice, disregards rule of law and destabilizes

society by creating social tensions, increases the crime rate, violence and terrorism. It also acts as a barrier to advancing any innovations (OECD, 2010). Ribadu (2007) argued that corruption is Nigeria's worst problem responsible for its woes, instability in the Niger Delta, debt overhang, barrier to democratic elections and impediment to flow of foreign direct investment (FDI). In fact, the misfortune and woes of Nigeria has been linked to the pervasive, endemic corruption. Nigeria has been ranked among the most corrupt countries in the world by the Transparency International (TI) since late 1990s (Ribadu, 2003; ActionAid, 2014). The World Bank studies showed that nearly \$1 trillion USD was paid in bribes annually and in some countries such as Nigeria, Kenya and Venezuela the bribe paid was up to 12% of gross domestic product (Nwabuzor, 2005).

The formulation of the new national ICT policy in 2001 began with the establishment of the National Information Technology Development Agency (NITDA). This was expected to promote e-governance initiatives. However, there were problems due to the unavailability and poor telecommunication facilities and other enabling infrastructure for e-government activity. No wonder, the e-governance activity in Nigeria is poor and ranklow (Yusuf, 2006; Adeyemo, 2011; Oye, 2013). Nevertheless some of e-government initiatives in the recent times include: registration of teachers, police diary-a public radio phone in programme where citizens can interact with police laying complaints or reporting on rights abuse or crime, e-passport and visa application, voters registration, tax payment, land registration and e-payment, online registration of Joint Admission Matriculation Board (JAMB) by candidates and recently computer-based examination has reduced incidences of examination malpractices and impersonation to the barest minimum and the monthly publishing of the allocation to States and local governments by the Ministry of Finance to enable citizens and civil societies engage their governments on their use of public funds. The use of card reader and e-voting in the last general elections has brought some measure of credibility and sanity into Nigerian elections, e-wallet in the distribution of fertilizers to farmers and the cashless policy introduced by the Central Bank of Nigeria. The introduction of Integrated Payroll and Personnel Information System (IPPIS) and the cashless policy in the banking have helped to checkmate the activities of ghost workers in Nigeria and also save billions of Naira for the government (Danfulani, 2013; Enofe, Ogbaisi & Mboto, 2015).

The newly democratic government of the All Progressive Congress (APC) led by President Buhari has vowed to fight corruption in Nigeria as part of her changed agenda and electioneering campaign promises. One bold step was his support to the introduction of the Treasury Single Account (TSA) by the Central Bank of Nigeria (CBN) circular directing all deposit money banks to implement the Remita e-collection platform by ordering all 900 fully and partially funded Federal Government ministries, departments and agencies (MDAs) to comply with the new policy by 15th September, 2015. The TSA is a unified structure of government bank accounts enabling consolidation and optimum utilization of government cash resources (Pattanayak & Fainboim, 2011; Okogu, 2014). It is a bank account or a set of linked bank accounts through which the government transacts all its receipts and payments and gets a consolidated view of its cash position at the end of each day. The remita e-collection is a technology platform deployed by the Federal Government to support the collection and remittance of all government revenue to a consolidated account domiciled with the CBN. Over N2.2 trillion idle cash has been returned by the MDAs into the consolidated revenue funds (CRF). According to Eme, Chukwurah and Iheanacho (2015), the adoption of the TSA by the Federal and State governments would plug loopholes in the Nigerian financial system and block leakages in revenue generating agencies as well as ensure optimal utilization of government cash resources.

The rest of the chapter is sub-divided into five sections as follows: the immediate section dwells on the origin and components of the TSA; the third section considers some of the economic reform and governance (ERG) projects, particularly the GIFMIS which prepares the way for the TSA. Section four looks at implementation issues, benefits and challenges of the TSA. Section five exposes how corruption could be fought and won through the TSA in the Nigerian public sectors. The last section is the conclusion and recommendations.

2.0. Origin of the Treasury Single Account (TSA) in Nigeria

The provisions of the Financial Regulation, 1999 Constitution and Financial Control and Management Acts require that MDAs that collect government revenues such as VAT, withholding taxes, fees, fines and interests to remit same to the consolidated revenue fund (CRF). Similarly, all unexpended recurrent votes for a financial year elapse at the expiration of

that year and all unspent balances in the recurrent expenditure cash book are to be paid back into the CRF account with the CBN. Sections 80 and 162 of Nigeria's 1999 Constitution direct all federally collected revenues to be paid into the federation account. All MDAs including universities, polytechnics, federal medical centres, teaching hospitals, research institutes, River Basin Development Authorities etc were expected to adhere strictly to the law. But many of the MDAs have flagrantly disobeyed the order by not remitting their collections and surpluses to the CRF according to the provision of the Fiscal Responsibility Act of 2007 or by engaging in acts that results in loss of government revenue.

The TSA policy was first recommended by the Federal Government's Economic Reform and Governance (ERG) Programme in 2004 as a major component of the GIFMIS. Also, the TSA is a part of the public financial management (PFM) reforms which falls under Pillar 3 of the National Strategy for Public Service Reforms towards Vision 20:20:20 to address impediments to effective and efficient cash management. The government embraced electronic payment (e-payment) system for all its financial transaction in 2008. Consequently, the AGF issued a treasury circular for its take-off on January, 1st 2009 in all MDAs.

According to Zubairu (nd), the TSA formally became operational on 2nd April, 2012 following the go-live Government Integrated Financial Management Information System (GIFMIS). This was after the Cash Management Policy including the TSA as a strategy was approved for implementation by the Minister of Finance in 2011. The treasury circular for the take off of TSA from January 2012 was issued by the AGF on 30th December 2011. In October 2012, President Goodluck Jonathan stated that by introducing the TSA and other reforms like e-government, the Integrated Payroll and Personnel Information System (IPPIS) and GIFMIS, his administration greatly improved the nation's financial management system and accountability (Yusuf & Chiejina, 2015). At the end of 2012, 93 out of 837 MDAs (over 10%) were already on TSA. This increased to 217 MDAs by 31st December, 2013. Moreover, the TSA implementation took the Federal Government from an overdraft of ₦102 billion in 2011, to an average credit balance of ₦4.6 billion in 2013 (Okogu, 2014; FGN, 2013).

The Central Bank of Nigeria (CBN) at the end of its 235th Monetary Policy Committee Meeting in 2014 called for an urgent implementation of the TSA in order to properly manage the country's revenue. This was because of the worsening exchange rate volatility and falling oil prices the country was facing that resulted in declining external reserves and constrained. Therefore, the budget for 2014 focused on the completion of the deployment of TSA, GIFMIS and IPPIS, and the extension of IPPIS to more MDAs. Former President Goodluck Jonathan's government sets a February 2015 deadline for the implementation of the initiative; but due to pressures from bankers on the negative effect on liquidity and the economy, the government had to soft pedal. However, in the wake of continuous oil price decline and vulnerability of the Nigerian economy to external shocks, the federal government had adopted a fiscal contingency plan by stepping up efforts to improve the efficiency of public expenditure and service delivery; contain leakages and rationalize capital-investment programme to yield value for money.

On 25th February, 2015, the CBN's director of banking and payment department issued a reminder to the circular of 28th January, 2015 to all Deposit Money Banks (DMBs) to ensure full compliance with the Federal Government e-collection scheme to close up all accounts of MDAs with them and transfer all available funds to the consolidated revenue fund (CRF) not later than 28th February, 2015. Another federal treasury circular was issued by the Accountant-General of the Federation (AGF), Mr. Otunla, on 19th March, 2015 giving additional instructions on the e-government collection and guidelines on the TSA. It also required all MDAs to pay all their receipts due to the federal government into the CRF through the DMBs or electronic channels using the CBN gateway payment with effect from 1st April, 2015. Consequently, all MDAs were directed to close all existing revenues, projects, revolving funds and other collection accounts in DMBs not later than 31st March, 2015. Evidence of closure of accounts and transfer to the CRF was to be forwarded to the AGF not later than 13th April, 2015

After the presidential election in May, 2015, President Buhari announced he was going to ensure full compliance by MDAs to the implementation of the TSA. In fact, the directive of the President with a follow up Circular issued on 7th August 2015 by the Head of the Civil Service of the

Federation to the MDAs for full compliance to the TSA policy latest 15th September, 2015 has been adjudged the highest political commitment and support that further strengthens and facilitates the TSA implementation since 2012 (Zubairu,nd).

3.0.The Economic Reform and Governance (ERG) Projects and TSA

In line with the FGN's determination to strengthen governance and accountability, reduce corruption and ensure more effective service delivery particularly through the layout of National Economic Empowerment and Development Strategy (NEEDS),the World Bank approved the ERG projects in December 2004. The NEEDS (2003 to 2007) which was based on the Nigeria's Constitution, the Kuru Declaration of 2001, Vision 2010 was primarily aimed at restructuring the government to make it smaller, stronger, better skilled, and more efficient at delivering essential services, promote private enterprises and empower the people.Its goals were wealth creation, employment generation, poverty reduction, elimination of corruption and value re-orientation.Apart from helping to address the defective macro-economic frameworks through key strategies and policy thrusts the NEEDS also lay down reforms in fiscal operation and policies-budget, tax reforms and public expenditure management (NPC, 2004).

The objectives of the ERGP include: (1) to improve the federal government's economic and financial management systems and processes; and (2) firmly establish a reform process of the federal civil service to improve professionalism and the government's ability to deliver services.The ERGP has four areas of support which are: public resource management and targeted anti-corruption initiatives; pilot civil service administrative reform; pension reforms; and statistics and statistical capacity. The reform encompasses the installation of an ICT solution or GIFMIS.The GIFMIS and IPPIS were to help deal with inefficiencies in government expenditures through reduction of corruption in the public service; reduce the increasing cost of governance and business, and accelerate plugging of all leakages and wastages in expenditures.

The limited resources budgeted and released for infrastructural development are either outrightly siphoned, embezzled, misappropriated or otherwise severely depleted through kickbacks and over-invoicing and sub-standard white elephant projects by government officials. Since the

public expenditure management through the implementation of the budget was a key factor in the issue of corruption, mismanagement and inefficiencies in governance, the FGN has since July 2003 taken bold steps to implementing policies and programmes in order to strengthen economic management, weak governance and corruption. She has also strengthened the budgetary processes and budget office by: (i) building an integrated budget based on programmes that are clearly linked to key development objectives; (ii) ensuring greater accountability and transparency from budget holders; (iii) allowing greater emphasis on budget outcomes and impact; and (iv) identifying and addressing sources of leakage in budget execution in order to strengthen efficiency of public expenditures.

3.1. The Government Integrated Financial Management Information System (GIFMIS)

GIFMIS is a sub-component of the ERGP which supports the public resource management and targets anti-corruption initiatives area through modernizing fiscal processes using better methods, techniques and information technology (FGN, nd). It was introduced in 2012. GIFMIS was to help improve the acquisition, allocation, utilization and conservation of public financial resources by using automated and integrated, effective, efficient and economic information systems. This was to facilitate the strategic management of public financial resources for enhanced accountability, transparency, cost effective public delivery, economic growth and poverty reduction efforts.

The overall objective of the GIFMIS is to implement a computerized financial management information system for the FGN which is efficient, effective and user friendly and to increase:

1. FGN's ability to undertake central control and monitor expenditure and receipts in the MDAs
2. The access information on financial and operational performance.
3. Internal controls to prevent and detect potential and actual fraud.
4. The ability to access information on government's cash position and economic performance.
5. Medium term planning through a medium term expenditure framework (MTEF).
6. The ability to understand the costs of groups of activities and tasks.
7. The ability to demonstrate accountability and transparency to the public and cooperating partners

Basically, the purpose of the GIFMIS is to assist the FGN to improve the management, performance and outcomes of public financial management (PFM). The financial management functions (scope) of the GIFMIS cover the entire financial management cycle including budget preparation, budget execution and financial reporting. The GIFMIS was to be used to support the government in all aspects of budget preparation, execution and management of government financial resources. About 58.8% of the budget of the MDAs amounting to N2.967 trillion was executed based on the GIFMIS by 2013. Together with some voluntary additions of 8 MDAs brought the TSA implementation of the 217 MDAs through the GIFMIS to about 59.18% of total budgets by 2013. Moreover, the GIFMIS facilitates revenue collection through: integrating all processes of independent revenue, building electronic interfaces with systems of revenue collecting agencies like Nigerian National Petroleum Corporation (NNPC), Customs, Federal Inland Revenue Service (FIRS) etc, plugging loopholes in the collection and remittance of revenue deductions by MDAs and improving effective transfer of collections to the treasury through implementation of the TSA and enabling automatic computation of tax deductions (PAYE, VAT and withholding tax) and automatic real-time remittance to designated accounts of tax authorities or Treasuries.

GIFMIS Implementation framework and strategy

The GIFMIS was structured as follows:

1. Between June 2009 and March 2012- The GIFMIS Solution Selection, Project Office & organization and Data Centre set-up
2. April 2012 to March 2013- TSA Implementation Phase 1
3. April 2013 to December 2013 - TSA Implementation Phase 2 & Full GIFMIS in OAGF
4. January 2014 and Beyond- GIFMIS rollout and vision

TSA implementation phase 1 and 2 make up the GIFMIS pilot implementation and operational acceptance of the GIFMIS was between May and December, 2013. The GIFMIS implementation strategy was to involve an accelerated deployment of GIFMIS e-payment functionality to MDAs to enable them to handle both revenue collection and payments management in line with the CBN e-payment directives. Besides, a continue incremental approach (functionality and

coverage) was to be adopted in phases 1 and 2 between 2012 and 2015 (see table 1 below). To ensure the success and sustainability of the GIFMIS, there were to be: (1) A sustainable end-user support structures are to be established across the country to ensure that all issues that arise can be addressed in time. (2) Appropriate and extensive training programme for staff-end users and trainers (3) Continuous system improvement (4) Extensive change management and communication (5) Build strong coalition for change among OAGF, budget office (BOF), CBN, FIRS and Debt Management Office (DMO). The CBN to provide and ensure reliability of the payment gateway, quality of the bank statements, and to enforce the e-payment efficiency guidelines against DMBs (6) ensure funding stability

Table 1. Incremental Approach to GIFMIS Implementation

PFM PROCESSES	Number of MDAS in Phase and Year			
	PHASE I	PHASE II		
	2012	2013	2014	2015
Budget Preparation	0	1 ¹	679	141
Budget Warranting	821	0	0	0
Procurement and Commitment Management	00	0	217	604
E-payment (TSA functionality)	93	124	403	141
Revenue Management	0	0	680	141
Financial and Budget Reporting (real-time)	93	124	403	141
Fixed Assets management	0	0	217	604
Store management	0	0	217	604
Interface with IPPIS	0	0	1	0
Interface with CBN/RTGS/REMITA	1	0	1	0
Interface with Revenue collecting Agencies (NNPC, IFRS, Customs, DPR)	0	0	1	3

Source: Federal Ministry of Finance (nd)

3.3. The Treasury Single Accounts (TSA)

The adoption and implementation of TSA is a strategic move by the Federal Government of Nigeria to improve efficiency, transparency and accountability in the management of the nation's financial resources. It was a key component of the GIFMIS's second phase from April 2012 to December, 2013. Before the introduction of TSA in 2012, Nigeria was faced with various challenges with cash management such as loss of control over the numbers of MDAs' accounts that it became very difficult for the office of the accountant general of the federation (OAGF) to monitor. There were non-synchronization of government borrowings with cash management and growing domestic debts servicing burden. Moreover, there was maintenance of several extra budgetary funds by MDAs which were not linked to CRF. If the extra budgetary funds were linked to CRF, they would have reduced or eliminated the ways and means charge and be a source of short-term borrowing instead of the issue of treasury bills and certificates. There were also idle cash in MDAs' accounts while the CRF was overdrawn by the government at a cost through ways and means granted by the CBN.

Again the continued delay in implanting the TSA and return MDAs' accounts with the DMBs to the CBN added to the huge cost of government due to poor, unsustainable cash flow management practices and rising ways and means. For instance, the level of ways and means was N58.89bn in 2010, N147.96bn in 2011, N132.81bn in 2012, N130.85bn in 2013 and N342bn in 2014. Moreover, there was non-remittance of revenues into the CRF by majority of the MDAs such that the revenues collected were less than the amount budgeted amounting to average revenue performance of 53.62% between 2009 and 2014 (OAGF, 2014). This was partly due to MDAs spending their collected revenues without appropriation. The implications were excess government and bank liquidity, excess lending or borrowing by the CBN and short-term volatility in money market.

An effective TSA system is founded on three key principles: it should have a unified banking structure to enable oversight of government cash flows and fungibility of all cash resources; only the treasury, as the chief financial agent of the government, should manage and have oversight over the government's cash resources and the TSA should have comprehensive coverage- which

cash balances of all government entities, both budgetary and extra- budgetary, to ensure full consolidation of government's cash resources.

Design and Implementation issues withTSA

The key design issues for TSA include:(i) Comprehensive coverage and full integration of all government cash flows; (ii) Government bank accounts structure should be a well centralized, distributed or both;(iii) Transaction processing arrangements and associated cash flows of revenue collection and payment disbursement. This could be centralized at MOF/OAGF like Brazil and France or distributed through MDAs like the UK; decentralized- where each MDA processes its own transactions and directly operates the respective bank account under the TSA system or hybrid system. In order to maintain the autonomy of MDAs in the annual budget execution, a centralized TSA domiciled at the CBN with decentralized transactions processing system was approved in 2011. In this arrangement there is flexibility for sub-accounts to be maintained if account or several accounts linked to main account through which government transacts all its receipts and payments.

(iv).Roles of the central and commercial banks in managing the TSA and provision of banking services.The TSA main account should be held at the CBN.

3.3.1.Successful implementation of the TSA

Successful implementation of a TSA requires sound treasury systems and processes.For successful TSA there should be: a complete inventory of existing bank accounts, political support for reform of government banking arrangements, flexible banking network and technology including the existence of an interbank settlement system, a small payments clearing system and a real time gross settlements system (RTGSS) at the CBN, and review of legal/regulatory framework on TSA to make it a stable feature of treasury managementand fundamental feature a country's PFM system(Pattanayak & Fainboim 2011).

For effective implementation of the TSA policy, the AGF issued operational guidelines through the treasury circular "Guidelines on the Implementation of Treasury Single Account (TSA)/e-Collection" on 23rdOctober, 2015 which categorized MDAs into eight (8) groups (See table 2)

Table 2:MDA Categorisation and TSA Implementation Strategy

S/no	Category	Examples	ImplementationStrategy
1	MDAs fully funded through the Federal Government (FG) Budget	All Ministries, Departments, Agencies and Foreign Missions etc	i. All Collections from these Agencies to be paid directly into the CRF/TSA ii. Expenditure to be drawn from CRF/TSA based on Annual Budget
2	MDAs partially funded through the FG Budget but generates additional revenues	Teaching Hospitals, Medical Centres, Federal Tertiary Institutions, Colleges of Education etc	i. All Collections from these Agencies to be paid directly into the CRF/TSA, except for Extra budgetary receipts which are paid into Sub-Accounts at CBN, which are linked to TSA ii. Platform will be configured to allow access to funds based on approved budget
3	MDAs not funded through the Federal Budget but expected to pay operating surplus/25% of Gross Earnings to the CRF	CBN, SEC, CAC, NPA, NCC, FAAN, NCAA, NIMASA, NDIC, NSC etc.	i. All Collection from these Agencies to be paid into Sub-Accounts at CBN, which are linked to TSA ii. Platform will be configured to allow access to funds in the Sub-Account(s) based on approved budget
4	MDAs that are funded from the Federation Account	NNPC, FIRS, NCS, MMSD, DPR	i. All Federation revenues generated by these Agencies to be paid into the Federation Account at CBN ii. All Independent Revenue generated by these Agencies to be paid to CRF/TSA iii. FG Share of Federation Account to be paid into CRF/TSA iv. Statutorily approved cost of Collection to be deducted from Federation Account and paid into Sub-Accounts at CBN which are linked to TSA v. Platform will be configured to allow access to funds in the Sub Account(s) based on approved budget
5	Agencies funded through the Special Accounts (Levies)	NSC, RMRDC, PTDF, NITDA	i. Sub-Accounts linked to TSA to be maintained at CBN. ii. All IGR collected to be directly into the CRF/TSA iii. Platform will be configured to allow access to funds in the Sub Account(s) based on approved budget
6	Profit oriented Public Corporations/ Business Enterprises	BOI, NEXIM, BOA, Transcorp Hilton etc.	i. Sub-Accounts linked to TSA to be maintained at CBN. ii. Platform will be configured to allow access to funds in the Sub Accounts(s) based on approved budget iii. Dividends from these agencies to be paid into the CRF/TSA
7	Revenue generated under Public Private Partnership (PPP)	All Incomes from PPP arrangement e.g. Production of International Passports, Seaport, Concession Arrangement etc.	i. TSA Sub-Accounts to be maintained at CBN ii. FG portion of the collection to be paid
8	MDAs with Revolving Funds and Project Accounts	Drug Revolving Funds, (Teaching Hospitals, Universities) Fertilizer Revolving Fund, Roll-Back Malaria, SURE-P, etc.	i. Project Account (Revolving Funds) to be maintained at CBN ii. Collection (IGR) from these Agencies to be paid to CRF/TSA iii. Platform will be configured to allow access to funds in the Sub Account(s) based on approved budget

Source: OAGF Circular of 35th October, 2015 on Guidelines on the Implementation of TSA/e-Collection

3.3.1. Benefits of the TSA

According to Pattanayak and Fainboim (2010), the TSA has been implemented with various degree of success in France, United Kingdom, United States, Australia, Sweden, New Zealand, Brazil, Peru, Columbia, Russia and some African countries like Democratic Republic of

Congo. The TSA helps to enhance the overall effectiveness of a public financial management (PFM) system. It enables government cash balances to be optimally managed to reduce borrowing costs (or to maximize returns on surplus cash). A TSA system can help consolidate government cash balances, gives the Ministry of Finance (MOF) oversight of all government cash flows, and brings improvements to budget control and monitoring. It enables regular and effective monitoring of government cash resources by providing complete and timely information. Also, TSA facilitates better fiscal, debt management and monetary policy coordination as well as better reconciliation of fiscal and banking data, which in turn improves the quality of fiscal information. Similarly, the establishment of a TSA significantly reduces the government debt servicing costs, lowers liquidity reserve needs, and helps maximize the return on investments of surplus cash (Pattanayak & Fainboim, 2010 & 2011).

Pattanayak and Fainboim (2010 & 2011) outline the benefits of operating a TSA to include:

1. The TSA allows complete and timely information on government cash resources. In countries with advanced payment and settlement systems and GIFMIS with adequate interfaces with the banking system, this information will be available in real time. As a minimum, complete updated balances should be available daily.
2. Improves appropriation control. The TSA ensures that the Ministry of Finance (MOF) has full control over budget allocations and strengthens the authority of the budget appropriation. When separate bank accounts are maintained, the result is often a fragmented system where funds provided for budgetary appropriations are augmented by additional cash resources that become available through various creative, often extra-budgetary, measures.
3. Improves operational control during budget execution. When the treasury has full information about cash resources, it can plan and implement budget execution in an efficient, transparent, and reliable manner. The existence of uncertainty regarding whether the treasury will have sufficient funds to finance programmed expenditures may lead to sub-optimal behavior by budget entities, such as exaggerating their estimates for cash needs or channeling expenditures through off-budget arrangements.
4. Enables efficient cash management. A TSA facilitates regular monitoring of government cash balances. It also enables higher quality cash outturn analysis to be undertaken (e.g. identifying

causal factors of variances and distinguishing causal factors from random variations in cash balances).

5.Reduces bank fees and transaction costs.Reducing the number of bank accounts results in lower administrative cost for the government for maintaining these accounts, including the cost associated with bank reconciliation, and reduced banking fees.

6. Facilitates efficient payment mechanisms.A TSA ensures that there is no ambiguity regarding the volume or the location of the government funds, and makes it possible to monitor payment mechanisms precisely. It can result in substantially lower transaction costs because of economies of scale in processing payments. The establishment of a TSA is usually combined with elimination of the “float” in the banking and the payment systems, and the introduction- of transparent fee and penalty structures for payment services. Many governments have achieved substantial reductions in their real cost of banking services by introducing a TSA.

7. Improves bank reconciliation and quality of fiscal data. A TSA allows for effective reconciliation between the government accounting systems and cash flow statements from the banking system.This reduces the risk of errors in reconciliation processes, and improves the timeliness and quality of the fiscal accounts.

8.Lowers liquidity reserve needs.A TSA reduces the volatility of cash flows through the treasury, thus allowing it to maintain a lower cash reserve/buffer to meet unexpected fiscal volatility.

According to Zubairu (nd),the benefits of TSA to the stakeholders (government, citizens,suppliers etc) in Nigeria include:enhances transparency and accountability in the , provides complete and timely information on cash flows and cash position of government, strengthens budget execution since government has full information about available cash; enables efficient cash management due to ease of having regular cash position and higher quality cash analysis; eliminates idle balances in MDAs accounts; minimizes borrowing requirements and reduce the consequences of high debts vulnerability to sudden stop, lack of policy flexibility, crowding out the private investments, debt overhang, restructuring, minimizes bank fees and transaction costs;facilitates efficient payment mechanism (e-payment); and eliminates floats and introduction of transparent fee and penalty regime.The benefits realized so far from the implementation of the TSA include: information on cash availability to government, fiscal discipline by MDAs, preparation of the Annual Cash Plan by the AGF in line with Section 25 of

the Fiscal Responsibility Acts of 2007. It has created a current understanding among heads of MDAs and their accounting departments that public funds in their custody is not to be diverted into personal use or wasted but there should be transparency and proper accountability of all expenditures and receipts.

3.3.2. Challenges of the TSA

Bussell (2011) finds that the adoption of e-government technologies depends on initial corruption levels and politicians in countries with established high corruption are more likely to resist to the introduction of e-government services. Adeyemo (2011) concludes that the main challenge of e-government implementation in any developing country is whether the intended objective of reaching the citizens is actually achieved. According to Ifinedo (2005), Nigeria has an e-governance development index of 1.02, which is below the UN's benchmark measure of development at an index of 1.62. Some of the challenges of e-governance in Nigeria include: poor organizational skills, inadequate infrastructural support and poor or limited human capital resources, government institutions ineptitude for e-governance PPP contracts, low ICT literacy rate, lack of necessary regulatory/legal framework, corruption, lack of committed leadership, epileptic power supply and bureaucratic bottlenecks, uncoordinated activities and lack of cooperation among federal, state and local governments and the MDAs, negative political mindsets and culture and managing the changes from traditional to digital systems (Ifinedo, 2005; Ifinedo & Uwadia, 2005; Fatile, 2012; Omeire & Omeire, 2014).

Some of the challenges that have plagued the TSA include: One, the skepticism by States and opposition party to TSA: The TSA coverage is still limited and has not yet been extended to most States and local governments. This would certainly limit the effectiveness of the TSA. Again, the National Assembly has also exempted itself from TSA compliance. Two, the ailing economy and hard times owing to the dwindling revenues available for public spending by the various tiers of government present a daunting challenge. Most of the State governments are beginning to realize the need to cut down on waste and restless spending. Three, the negative attitude and complete lack of support by the MDAs for the TSA policy through instilling fiscal discipline, clearing and prudent spending. Four, there are fears by some MDAs resisted to key-in adducing reasons of

their peculiarities that in their calculations can only be met by operating their accounts with DMBs. Such peculiarities according to them include easy access to their account, receipts of donor funds, payments and receipts in foreign currency, security concerns. Except these concerns are addressed by the CBN, there are fears that the MDAs and DMBs might connive to play around TSA scheme by diverting revenues meant for the federation to personal purse except there are effective policy implementation and severe sanctions. Five, the full implementation of the TSA has reduced bank deposits mobilization and affected liquidity and lending as a result of the withdrawal of over N2.2 trillion from the DMBs to the CBN. This has affected the activities of commercial banks which have depended majorly on doing business with government free money. The spiral effect on the entire Nigerian banking industry is believed to result in massive downsize and layoff of staffs, adversely affect liquidity in the banking system and end up putting pressure on interest rates and availability of credits to the economy.

TSA and the war on corruption in Nigeria

Corruption refers to the abuse of public power for the benefit(s) of private individuals (Rose-Ackerman, 1999, Azelewa, 2002). Chigbo (2010) defines corruption as anything that does not come in its pure form and it manifests in two ways. First, it can take administrative form such as favouritism, nepotism, tribalism, opportunism, sexual harassment, influence peddling etc. Second corruption takes financial form e.g. bribery, extortion and fraud. It includes both monetary and non-monetary benefits. All forms of corruption are prevalent, ranging from small-scale bribery required for normal bureaucratic procedures to large-scale payment of considerable sums of money in return for preferential treatment or access, dishonesty in business transactions in both public and private sectors.

Despite concerted efforts at international and regional levels to fight corruption, most countries have begun to develop a community protocol on corruption and have called for international assistance in the recovery of national wealth that had been stolen and deposited abroad, money launderings (Udombana, 2003). Corruption has almost become a way of life and second nature in Nigeria because of the crass materialism, with leaders famous for financial excesses and restlessness while the public service has become a symbol of graft. There are unabated stories of

looted monies stashed in foreign banks and countries, properties acquired through corrupt proceeds in choice places in Nigeria and overseas and abuse of office. Corruption exists in all facets of the society- public and private and exists in the political, educational, economic, social, religious and cultural spheres. For instance, Mr. Vincent Azie's (the then acting Auditor-General) audit report of 2001 indicted the executive, legislative and judiciary branch of government and other MDAs for 'improper accounting practices and high-level corruption. The government of Obasanjo instead of acting on the report dismissed the auditor- general.

Extensive government's control of the economy and regulation of public life has worsened the situation, creating the opportunities for corrupt practices. Moreover, the lack and/or weak institutions, corrupt government and greedy political leadership have aggravated the menace such that the transition from military dictatorships and command economies to political pluralism, market economies and democratic governments have not stem the tides of corruption. And as Karl Maier puts it, "despite the transition from military to civilian, democratic rule in May 1999, corruption (remains) still the fastest way to getting anything done in Nigeria".

There are arguments that governance in Nigeria is characterized by corruption, debt overhanging, unemployment, low productivity, unfocussed policies, insensitivity and bad leadership (Gowon, 2006; Nwabueze, 2003). Garcia-Murillo and Vinod (2005) identify the main drivers of corruption to be economic, political and cultural factors. Kaufmann, Kraay and Mastruzzi (2003 & 2005) and Lambsdorff (2001) have identified the drivers of corruption as: (i) monopoly of power; (ii) discretion; and (iii) lack of accountability and transparency. The high level of corruption has been identified to be responsible for the high degree of misrule, insecurity, hunger, poverty and politically motivated massacre in Africa (Iyayi, 2004). Ajie and Wokekoro (2012) find weak institutions of government, dysfunctional legal system, lack of transparency, high poverty, unemployment rate and political interference on the operations of anti-corruption agencies as the major causes of systemic corruption in Nigeria.

For instance, the KPMG audit of NNPC in 2011 revealed subsidy payment on petroleum products not consumed by end users due to losses from oil theft and those not supplied for use in Nigeria amounted to NGN11.8 billion or USD76.13 million between 2007 and 2009 (Agbo, 2012:56-

58).In 2012, the Senate discovered that the Federal Government of Nigeria (FGN) spent NGN5 billion or USD32.26 million as month pension instead of N1 billion or USD6.5 million (Onwukwe, 2012:19).The squandering of \$16 billion invested on national integrated power project just between 2006 and 2007,the purchased two BWM Armoured cars for N255million by former aviation minister,the Faruok Lawan's gate and over N3trillion oil subsidy scandal, the recent revelations of the misuse of over \$2.1.billion for the purchase of arms to fight the BokoHaram in Nigeria's north-east by Colonel Dasuki,National Security Adviser to former President Goodluck Jonathan attest to the heights of corruption and impunity in Nigeria.Brima Karl Samura (nd) has remarked that more than \$400 billion was stolen from the treasury by Nigeria's leaders between 1960 and1999.The EFCC report of 2012 shows that embezzlement through diversion of public funds between 1999 and 2012 amounted to N1.4 trillion.The elite corruption has brought Nigeria to where it is today. Many Nigerian leaders like the General Babangida, Abacha, Obasanjo and President Jonathan's government as well as most of the State governments since the democratic dispensation in 1999 practically see positions of leadership as opportunities for personal aggrandizement and enrichment through looting,money laundering, diversion of state resources to personal purse or by employing the state machinery to accumulate illicit wealth. They are self-centred, emperors and lords and'instrument of exploitation and suppression of the popular classes and a tool for primitive accumulation and class consolidation forthe hegemonic groups'(Achebe,1983,Ojukwu & Shopeju,2010)

The fights against corruption by the government's agencies such as Economic and Financial Crime Commission (EFCC), Independent Corrupt Practices Commission (ICPC),Code of Conduct Bureau and Tribunal (CCBT), Budget Monitoring and Price Intelligence Unit (BMPIU) etc and through other strategic reforms in the public financial management and budgetary process reforms, fiscal responsibility and public procurement Actsof 2007,introduction of e-payment system,IPPISetc (Omolehinwa & Naiyeju,2015) have recorded mixed results.Unfortunately, these anti-corruption institutions, measures crusades and reforms have not worked effectively to eradicate corruption in Nigeria because they were built on manipulation ofbehaviours within inefficient rules(Odo,2015), politicize, selective in implementation and abused. The lack of political will and corrupt-free leadership, weak institutions, lack of capacity

of anti-graft agencies and insincerity of purpose to the Nigeria's projects made the agencies to perform below expectations and made the reforms to fail. Nevertheless, Obayelu (2007) found a significant negative reduction in corruption due to government anti-corruption measures.

Eme, Chukwurah and Iheanacho (2015) argue that TSA will reduce the mismanagement of public funds by revenue-generating agencies, help check excess liquidity, inflation, high interest rates, round-tripping of government deposits, and the sliding value of the naira, facilitates easier and better tracking of funds, thereby enthroning a better regime of accountability in line with global best practice. While the recent efforts to fight corruption in Nigeria through the TSA have been applauded considering the present exchange-rate volatility and falling global oil prices that has critically impacted public-sector spending, the TSA is a part of the on-going economic reforms of the FGN aimed at fostering transparency and accountability in the revenues and expenditures of MDAs. It is seen as one of the very good measures adopted by the current administration in its fight against corruption in Nigeria. The scattering of government (MDAs) funds in over 10,000 accounts of different commercial banks serves as a conduit for the perpetration of fraud and corruption by government officials in the MDAs. It is expected that with the TSA the leakages would be blocked and openness and accountability enhanced in the running of government businesses.

Before now, all agencies were allowed to generate revenue, use part of it to fund their operations and then remit the operating surplus to the Federation Account. But, this act is a further confirmation of the federal government's resolve that the provisions of the 1999 constitution must be adhered to. And, with all revenues going into a TSA, government would have an overview of the money in its account and better plan her expenditure. Moreover, the leakages and lapses in cash management system where people used public money as they want and decided the amount to return to government's coffer would also be eliminated. The implementation of TSA would also redirect DMBs to join government in the fight against corruption in the country. Banks would have to wake up from their slumber and engage in serious banking business instead of their managers and top executives carrying out vigils at Government Houses trailing federal allocations going to States and offering dirty deals to snatch these funds which

are either lent back to government, invested in forex speculations or in collaboration of heads of the MDAs, place such public money in high-interest-yielding fixed deposit accounts. With the TSA policy, government can easily quarantine its revenues, with intended consequences including forcing interest rates to naturally nose-dive since no serious business should be ready to borrow at such double digit rates when the economy is struggling at between 4 and 5%.

7.0. Conclusion and Recommendations

The revival and full implementation of the aborted TSA policy following the order for all MDAs by the present government since September, 2015 is laudable and timely given the current economic challenges as a result of the dwindling oil revenues and constrained public spending. While TSA has the potentials to eliminate leakages and wastages, instill fiscal discipline and prudence, enhances accountability, transparency and effective budget execution and reduce corruption in the Nigerian public sector. However, to ensure the success of the TSA policy, the federal government must demonstrate the political will to ensure the sustainability of the TSA policy and also tenaciously pursue the implementation of TSA by state and local governments. The government must also win the support and cooperation of the legislators, commercial banks and heads of MDAs for the success of the programme. The treasury, OAGF and CBN must issue circulars to address challenges and problems associated with implementation by the MDAs, improve the technology, environment and staffs for TSA implementation. In addition, the institutions of governance- including the police, judiciary, the media and anti-graft agencies must be strengthened to tackle the issues of corruption and ensure transparency, probity and accountability in public finance and expenditure management. There should be re-orientation of the ethical virtues of integrity, honesty and selfless service anchored on high moral values, ethical principles and social change (Odo, 2015). The head of government and political leadership must also walk the talk in addressing like the current administration is trying to do, and be corruption-free

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