



# SUCCESS STORIES

Armenia, Bosnia and Herzegovina, Croatia, Georgia, Moldova, Kazakhstan, Kyrgyz Republic, Türkiye, and Uzbekistan

## Effective Use of Treasury Single Account and Cash Balances

### Context

The treasury single account (TSA) helps to consolidate government cash. While TSA models vary across countries, consolidating general government cash yields important benefits including access to a greater range of investment and borrowing tools, reduced reconciliation and settlement time, and increased ability to manage cash in the public interest. The impact of cash consolidation also depends on the cash management instruments employed by the national treasuries to cover the temporary gaps between inflows and outflows and efficiently use idle, temporarily available cash balances to earn additional revenues.

### PEMPAL Impact

The extension of the TSA and the development of cash management instruments have been the focus

of the PEMPAL Treasury Community of Practice (TCOP) Cash Management and Forecasting Thematic Group since 2016. Discussions at in person and virtual meetings and thematic surveys provided useful insights to member countries that helped to design effective TSA models and improve coverage and to implement active cash management. To support peer-to-peer learning, TCOP produced two knowledge products, *Government Treasury Single Account and Cash Management in PEMPAL Countries (2021)* and *Optimal Coverage of the Treasury Single Account (2024)*.

As demonstrated by TCOP member surveys, the impact of PEMPAL on TSA design and coverage has been very high. **Eleven** countries have expanded the scope or upgraded the TSA. In nine countries (**Armenia, Bosnia and Herzegovina, Croatia, Georgia, Moldova, Kazakhstan, Kyrgyz Republic, Türkiye, and Uzbekistan**) these reforms are directly attributable to the knowledge gained through PEMPAL.

**Türkiye** presents the most impressive case of recent TSA extension. Since 2018, 277 institutions joined the TSA. Such cash consolidation resulted in a five-fold decrease in transaction costs (from 0.05% of total expenditure in 2018 to 0.01% in 2024). Some 70% of the extended TSA is used as a cash buffer that allows the country to reduce short-term borrowing costs. Furthermore, temporary investment of cash surpluses allows the Ministry of Treasury and Finance of Türkiye to secure additional revenues from investing public funds. In 2024, such interest revenues accounted for about US\$ 2.1 billion. Cash consolidation allowed the Ministry of Treasury and Finance of Türkiye to invest public funds at interest rates close to the market ones.

Since 2017, the Treasury of **Georgia** has conducted more than 500 auctions for the placement of TSA cash surpluses in commercial banks using the Bloomberg platform. 99% of deposits included collateral to minimize treasury risks. The interest revenue gained from the temporary investment of cash surpluses proved to be an important source of revenue: in 2023, it accounted for some 0.72% of the national budget.

**Uzbekistan** has also introduced auctions for placing idle TSA surpluses in commercial banks. Cash consolidation and competitive placement of temporarily available funds helped the Treasury

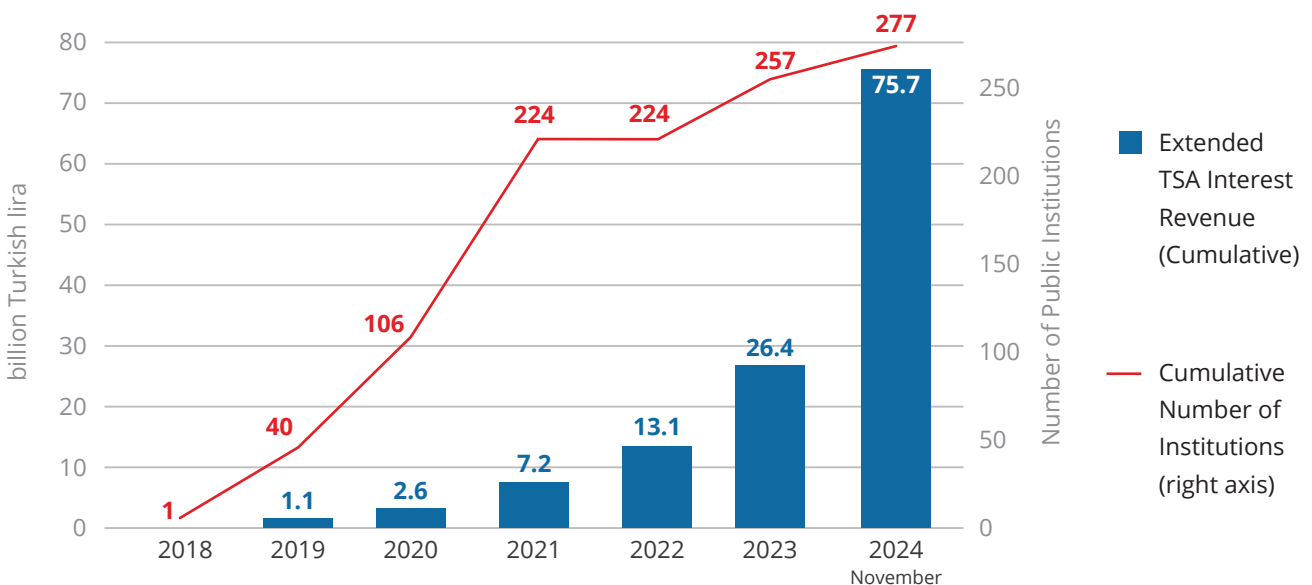
Service Committee to secure higher interest rates than those offered by the Central Bank. Overall, the additional revenue from the short-term investment of surplus cash accounted for US\$ 139 million. Improvements in the cash management area are also reported by **Kazakhstan** and **Kyrgyzstan**.

## Next Steps

Several PEMPAL countries are implementing or considering further cash management reforms. **Georgia** and **Serbia** are extending their treasury coverage. **Bosnia and Herzegovina, Hungary, North Macedonia,** and **Croatia** are considering further TSA extensions. **Albania, Azerbaijan, Kazakhstan, Serbia, Uzbekistan,** and **Tajikistan** are considering the introduction/upgrade of a cash buffer, expanding the range of active cash management instruments used, and enhancing the quality of cash forecasting.

Overall, strengthening cash management and cash forecasting practices and using the potential of emerging technologies, including artificial intelligence, in raising the quality of cash forecasting will remain relevant for the PEMPAL TCOP agenda in 2026-2030.

**Figure.** Increase of TSA Revenue as a Result of its Extension



Source: presentation by Mr. Can, Ministry of Treasury and Finance of Türkiye, at the TCOP VC on December 11, 2024.



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