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ANALYSIS OF THE PERSPECTIVES OF BANKERS WITH REGARDS TO COMPUTERISED ACCOUNTING SYSTEM

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ABSTRACT

This paper presently show banks computerization has helped eradicate many problems in the banking field, comparing and giving insights into differences between computerized accounting systems and manual accounting/banking systems. The study is carried out to show the importance banks confers on computerized accounting systems and how this will give an edge among such intense competitive scenario. The banks examined in the study are the branches of NSE 50 banks in Ahmedabad City, as these banks use computerised accounting system for day to day transactions through the TCS Bancs Software. The study is conducted through primary data collection where questionnaires were designed and distributed to bank employees at the bank. The paper attempts to answer whether banks operating with computerized accounting/banking systems offer much improved, efficient and fast services to their customers, thereby making them much more competitive on the basis of the opinions given by the bank employees of NSE 50 Banks in Ahmedabad City.

Key Words – NSE 50 Banks, Perceptions, Computerised Accounting Systems, TCS Bancs Software

INTRODUCTION

An accounting system can be defined as the series of tasks in an entity by which transactions are processed as a means of maintaining financial records. Such a system recognizes, calculates, classifies, posts, analyses, summarizes and reports transactions. The auditor of a bank needs to obtain a thorough understanding of the accounting system of the bank to assess the relevance and reliability of the accounting records and other source data underlying the financial statements. He should gain an understanding of the books of account and other related records maintained by the auditee. He should also understand the flow of various kinds of transactions. The auditor can gain such understanding through enquiries of appropriate personnel, by making reference to documents such as accounting manual, procedures manual and flow charts, and by observing the actual conduct of operations. It may be stated here that even in a fully computerised branch, some work is presently carried out manually, e.g., preparation of vouchers, preparation of letters of credit and guarantees, preparation of some returns and statements, etc. In partly computerised branches, generally the back-office work (i.e. the internal processing of transactions of the branch) is carried out on computers whereas the customer's transactions (i.e. the front-

office work) are processed manually. Many of the banks in the private sector have networked all or most of their branches in the country; this has given them the capability of handling most of the transactions of their customers at any of the branches.

Banks, like most other large-sized institutions, follow the mercantile system of accounting. Thus, the system of recording, classifying and summarizing the transactions in a bank is in substance no different from that followed in other entities having similar volume of operations. However, in the case of banks, the need for the ledger accounts, especially those of customers, being accurate and up-to-date is much stronger than in most other types of enterprises. A bank cannot afford to ignore its ledgers particularly those containing the accounts of its customers and has to enter into the ledgers every transaction as soon as it takes place. In the case of banks, relatively lesser emphasis is placed on books of prime entry such as cash books or journals. This is unlike most other types of enterprises where books of prime entry are generally kept up-to-date while ledgers, including the general ledger and subsidiary ledgers for debtors, creditors, etc., are written up afterwards. Banks follow the accounting procedure of voucher posting under which the vouchers are straightaway posted to the individual accounts in the subsidiary ledgers. At the end of each day, the debit and credit vouchers relating to a particular type of transactions (e.g. savings bank accounts, current accounts, demand loans, cash credit accounts, etc.) are entered on separate voucher summary sheets and the total thereof is posted to the respective control account in the General Ledger. The general ledger trial balance is prepared every day.

BANK AUTOMATION & TCS BANCS

BANCS automates every aspect of a bank's operation - uniting front, middle and back office processes in real time. The latest branch automation and Internet banking solutions extend this functionality 24/7 to entire international branch networks and customer-facing interfaces. BANCS has open architecture, which provides an unequalled level of integration, flexibility and scalability across all platforms. It has a proven core retail banking system and state-of-the-art front end delivery channels, with the added option of a full wholesale banking solution incorporating Treasury, Trade Finance and International Payments. Other modules include Accounting (General Ledger) and Executive Information System (EIS) components which leverage the completely integrated nature of the core solution and its automatic data capture characteristics. BANCS has been designed in a modular fashion around a common base which is both platform and database independent. This means financial institutions can convert to BANCS and add increased functionality in manageable increments without the hardware and systems limitations of typical legacy systems and many contemporary offerings. The solution is virtually future-proof, being able to accommodate the latest technological innovations through application program interfaces (APIs) which are isolated from the core architecture and do not require the main application code to be re-written. The BANCS application has been developed around six basic key foundation concepts. These are:

1. Customer relationship management
2. Modular, parameter-controlled

3. Scalable and high performance
4. System Independence
5. Ability to co-exist with other systems through APIs
6. Multilingual and multi-currency

BANCS Base is the core of the overall BANCS suite. It provides the architectural components of the application comprising: Delivery channel management including message input and file input (trickle feed) for accepting in-clearing and similar transactions via tape, electronic and other means, Provision of the common APIs, Multi institution support, Multi branch support, Multilingual support (both single and double byte operations for language control), Multi-currency support, Database support for choice of: DB2; Oracle; or SQL/Server, Platform support for choice of MVS, UNIX or Windows, General Ledger Interface (GLIF) and Central Accounting functions, System management controls, including provision for 24/7 processing, Security services which establish the basis for authority and access. Other functions provided within BANCS Base include the following applications: Customer management facility, Parameter maintenance, Fees and charges, Cash accounting, Contingent accounts, Remittance reconciliation, Debt collection system, Collateral management, Limits and exposures, Brokerage, User messaging and diary system, Correspondence and Base report set

LITERATURE REVIEW

A literature review discusses published information in a particular subject area, and sometimes information in a particular subject area within a certain time period.

Waburoko, (2001) define computer as a general purpose machine, which can receive, store, manipulate and output information. It is therefore agreeable that a computer is an electronic device that operates and runs under the control of instructions or commands stored in its own memory unit, accepts data through input, stores it, processes the data and produces output.

Alan & Frankwood (2005) states that Computerized accounting is defined by as a total suit of components that together comprises all inputs, storage, transactions, processing, collecting and reporting of financial transaction data. Individuals and companies both big and small manage their money and assets one way or another. They hire accountants to help them carry out the mathematical requirements of accounting and balancing their books. Before the introduction of information technology into accounting, these accounting protocols were performed manually. Today many accountants and non-accountants like to use computer software to perform these duties. The banks have begun to change its manual banking system to a computerized accounting system and with this system, all information about customers can instantly be made available to the cashier once his/her data is keyed into the computer for the necessary transactions to be effected. Besides, any customer who wishes to have his or her hand on information about his/her account can just come into the bank, provide his data to the staff at the counter and immediately the necessary checks are made all the required information is made available to him/her.

Magdalene M, (2010) stated that computerized accounting is not only speedy but also accurate. With a computer being used to collect data and change it into meaningful information that is used by management to make timely and

effective decisions, the computer carries out the entire data processing through classifying, sorting, calculating, summarizing the data and production of reports, as stated by Birungi (2000). This entire process helps to minimize the risk of miscalculations and other human errors that could have emerged as a result of manual data processing.

Weber (2011) opined that Whether manual or computerized, accounting in itself is known to have a cycle that includes the following steps: journalizing the transactions, posting them to ledger accounts, preparing trial balance, making adjustment entries, preparing adjusted to end-of-period trial balance, preparing financial statements and appropriate disclosures, journalizing and posting the closing entries, and preparing after-closing trial balance at last

According to Osmond (2011) Manual accounting uses several paper ledgers and journals where accountants record financial information. The general ledger includes miscellaneous transactions and the aggregate balance of all subsidiary ledgers and journals. Whereas Manual accounting is very detailed, since accountants must carefully enter information into physical books, Computerized accounting uses software programs designed from traditional manual accounting systems and involves the use of computers, spreadsheets and programs designed to record and report financial information electronically.

RESEARCH OBJECTIVE

To know whether banks will embrace the technological revolution and will be operating with computerized accounting/banking systems in order to deliver much improved, efficient and fast services to their customers, thereby making them much more competitive.

RESEARCH METHODOLOGY

The researcher has considered Top 4 Banks among NSE 50 (S & P CNX Nifty) companies which have average market capitalization of 5 billion rupees or more during last six months. These banks are State Bank of India, Axis Bank, ICICI Bank Ltd. and HDFC Bank Ltd and the respondents are the bankers who use the TCS Bancs Software for their daily accounting transactions. Their opinions are collected for measuring the effectiveness of the computerised accounting systems installed in the banks. The survey for measuring the perspectives of bank employees with regards to computerised accounting system of 200 bankers across Ahmedabad city was carried out by the researcher on the basis of convenience sampling. A self-administered questionnaire was devised by the researcher. The researcher had asked the questions relating to the pros and cons of the computerised accounting systems installed in the banks covered under study. The target questions were based on the pros such as Easy Communication (Fund Transfer), Easy Balancing of Daily Transactions, Effective Auditing, User Friendly System, Speed, Time Saving and cons of the computerised accounting systems such as Complexities in Software, Computer Virus Threats and Data Loss, Chances of System Failure, Eye Strains, High Installation Cost, Long Training Period. The questions asked in the research are based on the 5 point Likert Scale of (-1) = Completely Disagree, 0= Disagree, 1 = Neutral, 2= Agree, 3= Completely Agree. Final scores for each Criterion's are calculated by multiplying the number of response by the weights of the corresponding response. All measures were

adapted and modified from Vacantesh (2000) and Wang et al., (2003). Out of the 200 questionnaires served 140 who responded were male and 60 were female respondents.

RESEARCH ANALYSIS

It describes the calculation of the respondent's perception's through ideal and least scores.Ideal scores are calculated by multiplying the number of respondents in each category with (+3) and product with total number of criteria's. Least scores calculated by multiplying the number of respondents in each category with (-1) and the product with number of criterias in the questionnaires.

Table 1

Ideal Score and Least Scores of Respondents for Pros Responses

Category	Equation	Ideal Score	Equation	Least Score
NSE 50 Bank Employees	6 × 3 × 200	3600	6 × -1 × 200	-1200

Table 2

Ideal Score and Least Scores of Respondents for Cons Responses

Category	Equation	Ideal Score	Equation	Least Score
NSE 50 Bank Employees	6 × 3 × 200	3600	6 × -1 × 200	-1200

RESULTS AND ITS INTERPRETATION

The results of the study are as under. The tables are formed on the basis of the questions contained in the questionnaire.

Table 3

Responses of the Respondents

No	**Criterias**	**Completely Agree**	**Agree**	**Neutral**	**Disagree**	**Completely Disagree**	**Score**
		+3	+2	+1	0	-1	
Response (Pros)							
1	Easy Communication (Funds Transfer)	0	112	100	0	(12)	200
2	Easy Balancing of Daily Transactions	60	240	48	0	0	348
3	Effective Auditing	30	84	110	0	(10)	214
4	User Friendly System	0	32	40	0	(54)	18
5	Speed	354	84	36	0	0	474
6	Time Saving	342	96	38	0	0	476
Response (Cons)							
7	Complexities in Software	0	60	120	0	(8)	172
8	Computer Virus Threats & Data Loss	144	228	18	0	0	390
9	Chances of System Failure	234	134	30	0	0	398
10	Eye Strains	48	48	136	0	0	232
11	High installation Cost	0	48	84	0	0	132
12	Long Training Period	204	192	36	0	0	432

Source: Field Survey

Table 4
Aggregate Score

No	Criterias	Score
	Response (Pros)	
1	Easy Communication (Funds Transfer)	200
2	Easy Balancing of Daily Transactions	348
3	Effective Auditing	214
4	User Friendly	18
5	Speed	474
6	Time Saving	476
Total Score for Responses (Pros)		**1730**
Ideal Score		3600
Least Score		(1200)
	Response (Cons)	
7	Complexities in Software	172
8	Computer Virus Threats & Data Loss	390
9	Chances of System Failure	398
10	Eye Strains	232
11	High installation Cost	132
12	Long Training Period	432
Total Score		**1756**
Ideal Score		3600
Least Score		(1200)

Source: Field Survey

INTERPRETATION WITH RESPECT TO RESPONSES STATING THE ADVANTAGES OF COMPUTERIZED ACCOUNTING SYSTEM IN BANKS

In the present case the total score of the respondents is 1730. The ideal score for the same is 3600. The percentages of ideal score generated from the responses given by respondents is 48.05%. However, in no case the total score comes near to the least score. This reflects that the NSE 50 Banks which undertakes the transactions with the help of computerised accounting system has taken the move in right direction and will take time to deliver fast and efficient results. However survey also indicates that 3 most important advantages of Computerised Accounting Systems in Banks are that it is speedy, it saves time and helps in easy balancing of the daily transactions.

INTERPRETATION WITH RESPECT TO RESPONSES STATING THE DISADVANTAGES OF COMPUTERIZED ACCOUNTING SYSTEM IN BANKS

In the present case the total score of the respondents is 1756. The ideal score for the same is 3600. The percentages of ideal score generated from the responses given by respondents is 48.77%. However, in no case the total score comes near to the least score. This reflects that the NSE 50 Banks which undertakes the transactions with the help of computerised accounting system has taken the move in right direction, but will have to try to reduce the effect of disadvantages such as Computer Virus Threats and Data Loss, Chances of System Failures and Long Training Periods.

CONCLUSION

Thus on the basis of the above study the researcher concludes that technology has made tremendous impact in banking sector. Computerised Accounting Systems in the Banks will replace the Manual Accounting systems of recording the day to day transactions. The fundamentals of accounting may remain the same, but the manner in which accounts will be written through the softwares will change from time to time. Currently it can be said that banks have undergone technology integration effort and the Computerised Accounting Systems has become the ultimate choice of the tech savvy modern banks.

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