

## MAINTENANCE OF ACCOUNTING INFORMATION SYSTEM AT PRIVATE BANKING SECTORS IN BANGLADESH

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### Abstract

The study has represented the various terms that's associated with the AIS and also the detail state of affairs of the various personal banking performances. The study has been conducted into 2 steps. Within the beginning, the construct, use, principles etc. of AIS on personal Banking Sector are studied. Within the second half the opinion of the interior users has been collected. This is often a qualitative and descriptive analysis. Totally different folks from furor and IT department and branch of selected personal banks were asked for his or her opinion regarding code, structure and a few additional data regarding the AIS system. We have a tendency to used totally different methodology for gathering primary knowledge like observation methodology, face to face discussion methodology and form survey. Sample size was seventeen wherever non-probability convenience methodology was used with no structured sampling frame.

**Keywords:** Accounting Information System, Private Banking Sector, Bangladesh, Computer based Transactions, Web based Transaction, Financial Administration Division (FAD) etc.

### Introduction

An Accounting information system (AIS) could be a system that collects records, stores and method information to supply info for call makes by Romney (1). Associate degree accounting data system is mostly a computer-based technique for chase accounting activity in conjunction with info technology resources. The ensuing applied mathematics reports may be used internally by management or outwardly by different interested parties as well as investors, creditors and tax authorities(1). AIS may be an awfully easy paper-and-pencil manual system a really complicated system exploitation the very latest in computers and informational technology or somewhere these 2 extremes. Notwithstanding the approach taken, the method is that the same.

### Component of Accounting Information Systems

Component of accounting data systems square measure composed of six main components:

1. **People:** users UN agency operate the systems and perform numerous functions
2. **Procedures and instructions:** each manual and automatic, processes concerned in aggregation, processing, managing and storing the info concerning the organizations activate
3. **Data:** data that's associated with the organization and its business processes
4. **Software:** application that processes the organization's knowledge
5. **data technology infrastructure:** the particular physical device (computer, peripheral devices, and network communication devices) and systems that enables the AIS to control and perform its functions (to collect store, process, and transmit knowledge and data
6. **Internal controls and security measures:** That safeguards or secures the info within the AIS(2)

### How AIS can add value to an Organization

As a support activity, the AIS adds price by providing correct and timely info therefore the 5 primary price chain activities will be perform additional effectively and with efficiency. Well-designed AIS will do that by:

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### **Improving the standard and reducing the price of merchandise or services**

Improving potency well-designed AIS will build operations additional with efficiency by providing additional timely info.

### **Sharing data**

Handy AIS will build it easier to share data and experience, maybe thereby up operation and even providing a competitive advantage.

### **Improving the inner management structure**

Security, management and privacy area unit vital issue in today's world. AIS with the right control structure will shield systems from issues like fraud, errors, instrumentation and software system failures and political disasters.

### **Concepts of AIS among private banks in Bangladesh**

A proper structural Accounting data system (AIS) is thus necessary a part of a corporation. All non-public banks maintain separate department for accounting data system (AIS). The name of their department is money Administration Division (FAD). For performing arts their activities they have the assistance of data Technology department (IT). IT department facilitate them by providing processed and technological support(4). They maintain a distributed data system. Each branch maintain separate server for change data. Fashion collects that via completely different package and manually generates data as they have. but5 data is collected through Fax, hand someday a branch collects some data from fashion by an equivalent approach however there are some restrictions for providing data to the user.(4)

After assembling the data they manually generate data. That data is in written copy. They ready to copy 0 knowledge then one copy of information is send to the audit committee are preserved for proof. Once auditing the data the audit committee create information themselves and once more sends it to the fashion division. Then they analysis the data and Publish or give the data to the user. By this the fabulous works and maintains all accounting rules & regulation with facilitate of data technology. within the read of that its straightforward to mention that Accounting data system is completely mixed with their system and exhausting to hurry up their system for achieving the success(5). Thus it is often that they maintain their AIS during a correct structural approach at intervals a separate department. Some data concerning fashion department is given below-

### **Name of the Department**

Financial Administration Division (FAD)

### **Activities of the Department**

A) Data assortment b) Data maintenance c) Data management d) Information generation

### **Strength of the Department**

A) Experienced worker b) Stable structure c) Good internal dominant system d) Maintain aggregation e) Internal law audit committee

### **Limitation of the Department**

It maintains distributed organization that inflated the danger of information hacking and data lost. It maintains each manually (printed) and computers system that why it's too expensive for them. Some knowledge area unit collected manually through mail, traveler etc. thus false news will build error to report. They method knowledge manually (on hand) hard processional that's why it desires a lot of time for making ready report for user (4).

### **Operational system of AIS in Private Banking Sector**

In gift days all the non-public business banks create their operation through combination of manual and computerized system. Here some operational activities of furor, that however they collect the information area unit given below.

#### **Manual**

- Payment order (PO)'s information assortment.
- Damaged Draft (DD)'s information assortment.
- VISA card's information assortment.
- L/C Opening's information assortment.
- Monthly equipment's information assortment
- Investment application information assortment etc.(3)

#### **Computerized**

- Local remittent transfer 's information assortment
- Foreign remittent transfer's information assortment
- Primary share request entry's information assortment.
- Performance report's information assortment etc. (3)

#### **Combination of Both**

- Account openings information assortment.
- Deposit theme open's information assortment.
- Cash receiver's information assortment.
- Cash Payment's information assortment.
- Cleaning of Cheque's assortment etc.(3)

## Maintenance of pc based mostly transactions in camera Banks

1. **Technology:** Technology is vital for each organization. The technology used includes a vital influence on operating relationship. The good advantage of technology is that it permits individuals to try and do additional and higher works.

2. **Environment:** All organization operators among an indoor and external setting. One organization doesn't exist alone. It's a locality of larger that contains several different components.

Transaction process system could be a part of accounting system. In the main 2 sorts of dealings is a unit command in camera banking? Dealings varies department to department as there would like. Therefore dealings process system depends on the user's activities because it demanded. Here we tend to describe them in below.

### Software Base

They have some activities that are maintain through package. Those are given below.

- Entry of account gap info
- Profit distribution
- Collection of Deposit
- Payment of pay
- Internal Expenses listing
- Investment activities listing (3)

**Example:** In banking pay structure are predefined, once pay of worker are occurred than package send those salaries from pay Account to all or any workers Individual account. Like this manner package dealings happens.

### Web Base

They have some activities that are maintain through net. Those are given below.

- Online money Transfer.
- Payment of money.
- Collection of money.
- Clearing Of Cheque.
- SWIFT.
- Letter of Credit authentication.
- Currency merchandising and buying.
- Branch to Branch internal dealings.(3)

**Example:** Payment of money could be a net based mostly dealings. As a result of a consumer will draw his/her cash from any branch in our country. For that reason, worker of money counter got to verify client's signature and photos as on demand. Therefore he entered on net and collect information from the server by querying his/her account range.

## Types of package utilized in non-public Banking Sector

A company will use many alternative ways to get new AIS. They'll purchase package (local and foreign) or they'll use their system departments to develop their necessities square measure distinctive or they'll rent an impressive company to handle processing actives. In our countries only a few companies' software's square measure developed by native and foreign companies (4). Several package square measure utilized in each banks, that square measure classes in below.

**V Self:** Most of Banks build their self-software for maintaining their dealings and knowledge transfer method at intervals their organization. Names of self-build package square measure given below.

- Made-to-order package (PC Bank, Flora, Ultimate, Banking professional etc.)
- Made-to-order Clearing Edition package.

**Foreign:** They conjointly use some foreign package for making ready report or document and for preserved it in server. Names of foreign package square measure given below.

- Microsoft Office2003/2007 Business Edition
- Windows Server Edition
- Adobe Reader workplace Essential Edition [PDF]

**Local:** Some native package is employed for serving to the daily activities. Names of native package square measure given below.

- Canon Printer Installer
- Epson Scanner final

## Main package used for maintaining AIS in camera Banking Sector

Software is one among the foremost vital components of AIS. They use 2 varieties of package. First off they use successful package. And on different facet they use Microsoft workplace for playacting other activities. Here in below I describe regarding made-to-order package.

### Activities

- Banking dealings area unit control through it like money payment, money receives etc.
- It helps to input the purchasers info in server
- It method financial statement of purchasers
- It helps the licensed user to send or receive information from another user.

### Advantages

- It may be a localized or Distributed System that's why information area unit singly saved in many servers.

- It may be a distributed system that helps to attenuate the chance of knowledge loss
- The options of this package area unit therefore changed that's why it's quite simple dealings method during a short time.
- It uses real time process system that's simple for change information (4).

### Problems

- The main downside is that the information are in decentralized, if one server is disable then information ware lost from the server and if connecting server are disable than the full system can disable.
- It desires abundant time to gather info from outside of the town, as a result of information transfer speed depends on distance between information sender and receiver.
- It has no structured machine process chance in order that it must do manually (like voucher processing, profit distribution on FDS).
- Low Security for information hacking, error and deception of information.
- It cannot collect all info as user (of investment and foreign division) wants owing to lack of some feature of information assortment.

Now a day's web is swollen its dimension everywhere the planet and connected folks over the planet. Thus web or websites are an important a part of a company. They maintain web site for his or her user and that they conjointly maintain internet base group action altogether over the country. This web site maintain through info Technology (IT) department (5).

### Web-base group action

When the information square measure entered in laptop computer code then the information square measure uploaded over a network. They need each computer network and extranet network. In below the activities of these networks square measure explained with example.

### Intranet

In each branch of Bank's have many server. Many branches have completely different code for them and for server. Once associate degree worker got to fathom specific info a few shoppers then he access the server and notice the knowledge. Therefore it's clear that bespoke computer code is that the media that may connect each server to every different and store the information in server (5).

**Example:** once a money group action happens then few activities square measure happened with computer code. 1st of all the shoppers account variety square measure entered within the computer code, then a signature verification command square

measure ironed then computer code collect the information mechanically and show it to the worker. Then his needed quantity square measure subtracted from his balance and once more computer code saved it to sever with correct info (like time of the group action, worker code and etc.)

### Extranet

Extranet square measure maintained for external user. They manage their extranet although a web site. It provides tons info for external user. Information's square measure updaters although the worker of IT department and information's square measure created and attested with facilitate of the workers of craze department (3). Some information's regarding the extranet given in below.

### Updating procedures

Information & news uploaded by IT department. Committal to writing & structure modified by many made-to-order software packages.

### Period of update: As on demand

#### Activities of network

- Keep alive and create relation between the server and web site.
- Connect every sever with each sever for transferring dates.
- It helps cult to gather daily data from many severs.
- It helps to supply data to internal & external users.

### Relation cult with network

Network connects all servers at intervals a family. They maintain a distributed networking system wherever each server is connected one another. cult maintains a server that they use for collection information from many servers as they have for generating data or making ready report for external or internal user(3).

### Client's processing procedures privately banking sector

By the employment of made-to-order software package the client's information area unit processed in 2 ways in which such as:

#### Batch processing system

Batch processing is refers to sporadically sound system of information. Execution is entries the client's information at intervals an exact amount because the demand of procedures.

- L/C gap and shutting wants an exact amount of your time for that it's beneath rate,

- Short or future loan facilities area unit periodic system so is that the reason for taking it beneath the rate,
- After an exact amount profit can generated and distribution that's why it's beneath BPS(3).

### Real-Time Processing System

Real Time process is refers the straightaway recording of information. Here they method information that comes on their hand initial.

- Cash deposit,
- Withdraw of deposit,
- Opening of latest account,
- Statement of account,
- Cheque Book requisition and assortment, etc.

### Internal control techniques of Private Banking Sector

Information system will offer inaccurate data if the inputs square measure incorrect or incomplete or if the inputs square measure utterly processed or square measure processed inaccurately. Similarity, the distribution to approved receives ought to even be controlled. Numerous management measures square measure utilized inside procedures and in managing knowledge to attain desired management objectives. In furor and additionally different department of banks maintain 2 sorts of dominant system for finding any quite error, fraud and falsehood of data (5).

### Segregation of Duties (S/D)

Separation of duties is that the construct of getting quite one person needed to finish a task. In business the separation by sharing of quite one individual in one single task shall stop from fraud and error. The construct is instead known as segregation of duties or, within the data technology, separation of powers (4).

FAD is centrally controlled for the answer of all quite drawbacks however in furor- they maintain S/D dominant technique for finding differing types of drawback.

### Documentation management (D/C)

Document management may be a regulative demand inside accounting procedures, work directions, policy statements, etc. provides proof of documents in check. Failing to obey may cause fines, the loss of business, or injury to your business name .so that is that the main reasons for maintain D/C dominant system all department over the country (3).

### Review of Literature

1. Md. Abdul Hakim (2015) Bank is one among the rising sectors of world business wherever

accounting info systems is employed considerably during this sector for the aim of maintaining and observance the daily bank's activities. This study is descriptive in nature and done on the premise by the first information wherever secondary information is additionally used. This study investigates and examines the role of AIS concerning the bank business. The study additionally reveals the cogent forces of AIS that powerfully contributed towards the bank sector.

2. Dr. Neogy (2014) the study evaluates the potency of accounting info Systems of the chosen mobile telecommunication firms. the prevailing Accounting info Systems which offer necessary sources of accounting info is viewed within the elect mobile telecommunication firms, additional because the system for recording reportage the business operations than as an system for management higher cognitive process.
3. Coe. Martin J. (2005) The aim of this paper is to judge the impact of Accounting system within the Jordanian Muslim banks. the foremost necessary results that banks think about accounting systems, by connecting all the banking services of banks every department severally and linking between all departments at an equivalent time, dependence on accounting info systems to satisfy the purchasers through the implementation of banking purchasers as quickly and with least effort. So as to understand the analysis objectives, a form was designed and distributed to the monetary managers, accountants, interior auditors and heads of accounting departments in Muslim banks of Jordan.

### Objectives of the study

- The prime objective of this study is to investigate the maintenance of Accounting data system at personal Banking Sectors in Asian nation
- To understand the system principally personal banking sectors follow within the operation of AIS.
- To determine the pc based mostly and web-base transactions square measure mistreatment by and additionally the interior dominant techniques of personal banking sectors

### Methodology of the study

Methods followed to perform employment or conducting activities to complete a task is named methodology. In conducting this study the subsequent methodology was adopted in aggregation information and data, preparation of

article etc. The methodology of report is given below:

### Research sort

This is a qualitative and descriptive research; that concisely justify the accounting data system privately banking sector in East Pakistan.

### Sources of knowledge

To prepare this text, all the mandatory data collected from each primary and secondary sources of knowledge.

#### 1. Primary sources of knowledge

Data was collected from completely different primary sources. Completely different queries asked to that officer and furor officer to gather the specified information. That information area unit collected through face to speech communication and observation.

#### 2. Secondary sources of knowledge

Secondary sources of knowledge area unit 2 kinds:

##### (A). Internal

Annual reports of all personal banks, different printed document of the bank, banks web site.

##### (B). External

Books, articles and web site.

### Data assortment procedure

Data assortment procedures area unit conducted into 2 classes. Here in below we tend to represented all of these procedures of knowledge assortment.

#### a) Primary information assortment procedure:

Primary information area unit collected from the AIS and IT department. We tend to collect that information through an off-the-cuff form. Completely different individuals from furor and IT department and branch were asked for his or her opinion concerning package, structure and a few additional data concerning the system. We tend to used completely different methodology for gathering primary information like observation methodology, face to face discussion methodology and form survey.

#### b) Secondary information assortment Procedure:

Secondary information is found within the corporate, on the web, any printed book for external user. For this study, we tend to collect secondary information from web, book and Journals.

Sampling Plan:

- I. Target Population: For the form target population was the inner user of AIS in native branch and for observation and face to face discussion target population was the worker of furor & IT departments
- II. Sample Size: seventeen.
- III. Sampling Method: Non-probability convenience methodology.
- IV. Sample Frame: No structured sampling frame was used.

### Reporting system in camera Banking Sector

Accounting to associate degree recent saying-measurement affects behavior. This implies that workers tend to focus their effort totally on those takes that are measured and evaluated. Budgets are monetary coming up with tools wherever performance reports ought to be developed on the premise of responsibility accounting(5) .We know that completely different corporations used different techniques for his or her internal or external news. Most of them used quite one technique. In below we tend to describe some activities of news system craze use for them.

#### Internal news

**Daily:** Most of the activities are performed as usual. (Like money dealing, on a daily basis expanse, amusement of shopper, fuel for generator, on-line dealing.

**Monthly:** regular payment sheet, instrumentality requisition.

**Quarterly:** They prepare quarterly monetary report for internal audit body.

**Yearly:** They prepare yearly budget report, monetary report.

**Performance report:** In each 1/2 the yr worker of the banks sure to offer their performance report back to time unit department. And each department of SJIBL prepares [\*fr1] yearly performance report concerning their activities and provides it to governing body (5).

#### External news

**Daily:** Clearing of cheque, dealing of remission.

**Yearly:** They prepare tax report.

**Others:** a while they prepare differing types of report as on demand of shopper and government (4).

**This part of study has been prepared by interviewing 17 internal users of AIS of Private Banks at the branch level.**

### Opinion of internal users

**Effectiveness of AIS for providing Information**

The respondents were asked about the effectiveness of AIS for providing information in their organization.

### Satisfaction Level of A

	Satisfied	Neutral	Dissatisfied
<b>Using software in Reporting</b>	17.6% (3)	35.3% (6)	<b>47.1% (8)</b>
<b>GAAP</b>	<b>64.7% (11)</b>	23.5% (4)	11.8% (2)
<b>Internal Controlling System</b>	17.6% (3)	<b>58.8% (10)</b>	23.5% (4)
<b>Transaction Cycle (Period)</b>	<b>58.8% (10)</b>	23.5% (4)	17.6% (3)

**Table – 01: Satisfaction level of AIS.**

### Comments

From the observation it's found that, 23.5%(4) respondents were disagree and twenty three.5%(4) of respondents were neutral, 35.3%(6) respondents were agree and remainder of seventeen.6%(3) respondents were powerfully agree concerning the effectiveness of accounting system for providing info to internal users.

In Case of victimisation computer code in coverage seventeen.6% respondent's square measure glad, 35.3% respondent's square measure neutral .1% respondent square measure disgruntled. just in case of maintaining aggregation, 64.7% respondents square measure glad, 23.5% respondents square measure neutral .8% respondents square measure disgruntled. just in case of maintaining internal dominant System, 17.6% respondents square measure glad, 58.8% respondents square measure neutral .5% respondents square measure disgruntled. just in case of maintaining dealings cycle, 58.8% respondents square measure glad, 23.5% respondents square measure neutral .6% respondents square measure disgruntled.

### Major Findings

1. This study has centered on the processed accounting system privately banking sector. The most findings regarding non-public Banks of the Study area unit given in below.
2. They maintain separate department for accounting system (AIS).The name of their department is furor. Furor has some drawback like, distributed date structure, manual date process and risk of security. However it's additionally some strength like, smart internal dominant system, internal audit committee and stable structure.

3. The Banks maintain each manual and processed system for playacting the daily operations of AIS.
4. The processed dealings process systems are categorized into software system and net based mostly system.
5. Privately Banking, they use self-developed software system for playacting dealings and that they additionally use native and foreign software system for getting ready report and it additionally helps to playacting different activities.
6. They use many alternative main software system that use to playacting transactional activities and transferring knowledge .It has some advantage like decentralized system minimum risk of information lost and speedy dealings system .And the negative facet is it desires abundant time to gather data risk of information hacking and it's no motor vehicle processing system.
7. They maintain web site for his or her internal and external use for playacting dealings and providing several data to them.
8. The client's knowledge area unit processed in each batch and real time process system.
9. Privately banking, segregation of duties and documentation management techniques area unit used for playacting control system.
10. Daily, monthly, quarterly, yearly and performance report area unit ready for internal and external news.
11. Each the banks maintain a stable structure an advanced manual and processed file structure simple knowledge recovery system expensive knowledge documentation & storing system. Their AIS may also give relevant and reliable data's.

### Recommendations

1. All the non-public banks maintain a hard and fast structure and arrangement which might produce drawback for brand spanking new worker to cope up with the prevailing system.
2. They use localized net primarily based dealing and arrangement which might produce drawback for money administration division (FAD) for collection knowledge, so that they ought to use centralized system for increasing the effectiveness of AIS.
3. The most software package totally different customized operative software package that isn't effective enough for generating report or info, so that they ought to developed new software package for higher performance.
4. They ought to offer a lot of emphasize on their manual (mail &fax) knowledge transferring system.

5. they ought to increase a lot of safety for shielding knowledge hacking error and misuse of information

After resolution all the issues of higher than it will say non-public banks maintain a correct structure banking industry with the assistance of AIS.

### Conclusion

The accounting system of personal banking sector is within the primitive stage. They need separate AIS department. From then on top of analysis and discussions, it's going to conclude that the banks created their banking operation through combination of each manual and computerized system. They use computerized system usually for operative, information transferring and storing. However the impact of computerized AIS isn't vital. Thought they maintain a web-site, however all the transactions isn't internet based mostly. They frequently prepare monetary statements for analysis of performance and for external reportage and performance analysis they ready monetary statements and revealed annually. The users of AIS were glad concerning their AIS and control system. They record and picked up their supply document through pc. They suppose their AIS square measure value useful and versatile. They use real time for change their data. However their AIS weren't therefore effective to supply data.

They should provide additional stress on control system, safeguarding assets and knowledge generation or reportage system. Just in case of external reportage and internal reportage their actives have uncountable gap. In comparison with the developed foreign banking sector some banks

ought to place additional stress on internet based mostly group action and individual on-line industry.

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