

**Microeconomics**

Volodymyr FARION,
Tetiana FARION

**ROLE OF ACCOUNTING INFORMATION
IN THE SYSTEM OF BANKING MANAGEMENT****Abstract**

The essence of the concept «economic information» is considered; the role of accounting information in the management of economic information flows is proved. The classification features of accounting information are offered, the classification of users of accounting information depending on their information needs is schematically shown. The criteria of accounting information for the effective managerial decision-making are determined.

Key words:

Economic information, accounting information, information support, accounting, bank, management, users of accounting information.

JEL: M41; G21.

© Volodymyr Farion, Tetiana Farion, 2013.

Farion Volodymyr, Cand. of Economic Sciences, Assist. Prof., Ternopil National Economic University, Ukraine.

Farion Tetiana, Ternopil National Economic University, Ukraine.

Problem definition. In conditions of intensification of competitive struggle, rapid inflation, exacerbation of economic crisis, the riskiness of the banking activity is essentially increased. Therefore, at the modern stage of the banking system development, the search of the real ways of minimization of such risks is of the top-priority likewise the probable variants of profits earning, sufficient for the maintenance of the number and costs of depositors as well as support of the activity of the bank. The successful solution of this complex problem requires using of the variety of methods, approaches, means and systems and development of the new approaches to the commercial bank's management.

Within the last years, new conditions were formed by means of the rapid development of information communications and technologies. Nowadays, information, traditionally depicted in the financial accounting is not enough for the investors of the banking capital. It is necessary to adapt the accounting systems of the bank to the changes of information needs both external and internal information users. But the practice of banking activity sets more and more complicated tasks, the solution of which require permanently increasing volume of information.

The effectiveness of bank management depends on the accumulation, processing and distribution of information aimed at provision of the process of decision-making. In the other words, for the balanced and timely managerial decision-making the banking institutions should have sufficient, adequate, reliable information.

Analysis of the latest researches and publications. Such famous scholars as F. F. Butynets, V. V. Yevdokimov, L. M. Kindratska, V. C. Ponomarenko, M. S. Pushkar, and many others examined the role of accounting information in the management of economic entity's activity, including banks.

It should be mentioned that for the moment a wide range of theoretical and practical problems is not solved. Such state of business first of all is explained by the imperfection of information system, which is not aimed at the solution of the modern tasks which are set before the banking institutions.

The aim of the given research is the examination of the essence of concept "accounting information" and determination of its main criteria channeled on the effective managerial decision-making.

The concept «information» and «management» are interrelated and independent. The term «information» means «explanation», «statement», «message». It was frequently used in the end of XIX century, but firstly was used only with reference to means of communication. Along with science and technology development, information was considered depending on the specific content us-

ing its varieties concerning the different areas of human activity. The modern science explains management as an influence on the object (chosen on the basis of existed information), which improves the functioning and development of such object [1].

Information is one of the resources, which has the ability to be accumulated, realized and renewed. It is information that allows taking timely, grounded managerial solutions, formulating strategic goal and tasks of the bank and coordinating the activity of its structural subdivisions.

The Law of Ukraine «On information» defines that information is any news or data, which can be stored in permanent form or depicted in electronic form [2].

Modern information should completely satisfy the needs of managers of all levels of management concerning the decision-making. At that, the surplus of information and lack of information can negatively influence on the managerial processes.

Modern information systems allow collecting and storing information, promptly and accurately pass it for the purpose intended, process, and identify deviations from the targeted indicators, analyze data. On this basis, the possibility of effective planning of banking system appears likewise the possibility of the gradual systematic analysis, coordination, and timely correction of this activity, monitoring the alterations of the environment. Application of the developed information systems creates preconditions for the intensification of centralization and transference of the functions of the strategic planning of the bank's activity onto the higher level of management.

Information supply plays an exceptional role in the successful functioning of the bank. Nowadays, from the one hand, the development of information supply is an objective necessary precondition, and from the other hand, an essential condition for the establishment and improvement of the system of banking management.

The main kind of management of information supply is economic information. In the scientific researches the different approaches to the determination of its essence. In particular, M.S.Pushkar parallelly considers economic information as an instrument by means of which the managerial apparatus take decisions and define information as data aggregate (messages, interdependencies, news), which characterize the condition or show the vectors of changes of phenomena and processes of economic activity of enterprises, communities, branches of economy and economy of the country as an integral formation [3, 43].

V. S. Ponomarenko, R. K. Butova, I. V. Zhuravliova and other scholars considers economic information as one of the varieties of information, which depict the processes of production, distribution, exchange and consumption of material benefits and services [4, 13].

The authors' interpretation of the examined category is worth attention, on their opinion, economic information covers all information in the sphere of economics, which should be fixed, transferred or stored for the further usage in the process of planning, accounting, control and analysis [5, 89].

After examination and systematization of the views of individual scholars, we can make a conclusion that economic information is a continuous purposeful selection of corresponding information indicators, which are used in managerial decision-making.

The core of economic information is accounting information, which amounts nearly 90 % of its volume. Accounting information is information about economic operations of the banking institution, fixed in accounting information carriers. The value of accounting information is defined by the possibilities, which it renders for the effective decision-making, inasmuch as it plays a leading role in the economic information flow management.

Taking into consideration the above mentioned, the opinion of L. M. Kindratska is right and feasible. She supposes that correctly formed accounting information plays an important role in the protection of commercial banks from bankruptcy, inasmuch as it improves management quality and extensively influence on the change in the nature of administrative decision-making under conditions of competition, instability of financial markets, which negatively influence on the level of riskiness of banking activity [6, 50].

National provisions (standards) of accounting consider accounting information as information about condition, structure and movement of property and sources of its formation, economic processes and results of the financial and economic activity of organization [7].

Accounting information can be classified according to the range of features. In modern scientific literature economics consider different systems classification. We offer to classify information in accordance with such features (Table 1).

Specifics of accounting information consists in the fact that it is basic information which is received from the control object to its subject and its meaning consists in possibility of subject to conduct previous, current and further control on object.

Accounting system is an important instrument of management of the banking institution activity, which combines the objective preconditions of this activity with the subjective actions of public servants, who realize thus system in practice. Thus, the data on financial and economic activity of the bank is the entrance into the information system and necessary information for the persons, who make decisions and control the process of their adoption is the exit from the system [8, 29].

Table 1

Classification of accounting information

Classification feature	Kind of information
By the time of formation (emergence)	Initial, secondary,
By stability	Variable, constant (conditional and permanent) information
By the way of expression	Digital, alphabetic
By economic content	<i>By the objects of display:</i> economic means and their allocation, resources of economic means, statutory activity, financial results of statutory activity. <i>By the types of activity:</i> investment, operational, financial.
By the nature of processing	Systematized, non-systematized
By the composition, and way of consolidation	Single, accumulated, summary
By the place of origin	Internal, external
By the stages of formation	Input, output, intermediate information
By the period of origin	Immediate, current,
By the way of formation	Information which is formed manually, information, which is formed using computer-aided procedures
By the aim of formation, interrelations, and subsequence of formation	Initial, current, summary, archived

Having a wide range of accounting information, the management team of the bank has a possibility to substantiate the expediency of rational changes in the strategy and tactics of banking business dealing.

Formation of accounting information, which specifies the results of financial and economic activity of commercial banks on the basis of real indicators of assets, obligations, own capital, should be conducted considering the requirements of international standards of accounting and financial data reporting.

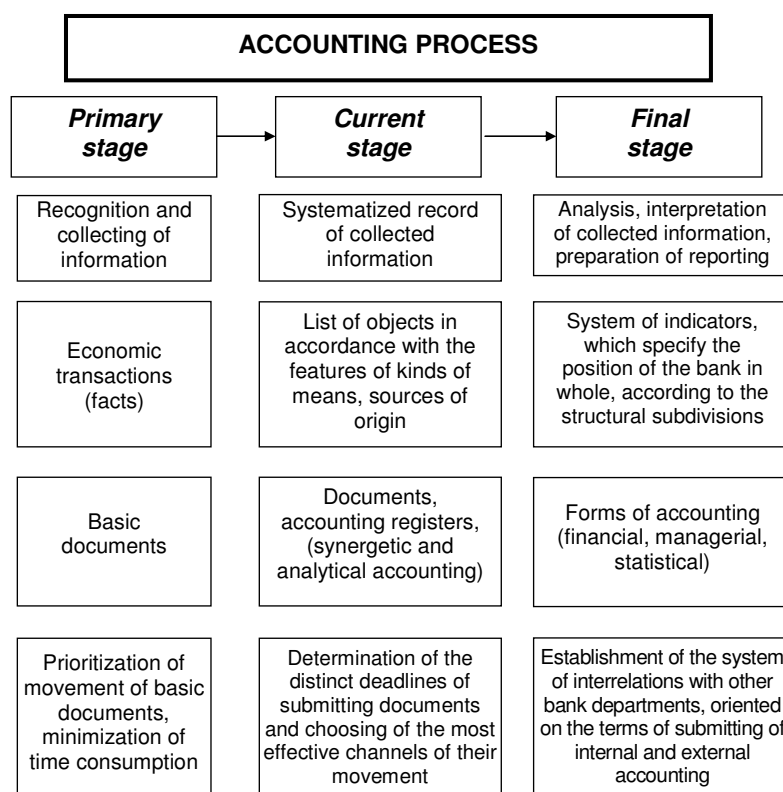
In the banking institutions, accounting information is elaborated using computer-aided procedures and modern information technologies. Duration of collecting and processing of accounting information is called a cycle, inasmuch as the process of collecting and processing of accounting banking information is repeated constantly with the emergence of the new data for each subsequent

accounting period. Several consecutive phases can be defined in the cycle: business transaction, the processing of information in the accounting system for the accounting period; preparation of financial statements in the final phase.

Unlike enterprises, banks make daily balance. The day for the banking institutions is the shortest accounting period, after which the accounting cycle repeats. Thus, for every next reporting period, the accounting system must accumulate and develop new information on all conducted banking transactions.

Figure 1

Stages of the accounting process of preparation of information for the managerial decision-making



The appropriate information necessary for the effective managerial decision-making is formed gradually within the accounting process (Fig. 1):

1) the primary stage – primary observation (perception of the fact of business transaction); display of information in the documents – accounting information carriers;

2) the current stage – the processing and recording of accounting information in the registers of accounting, as well as its grouping and regrouping aimed at creation of an array of information which is able to satisfy the needs of users, in other words, array of useful information.

3) the final stage – an ordered set of transactions aimed at formation of indicators, which generally could display information which contains the results of economic activity for the defined period.

The effectiveness of the accounting process is defined by the preciseness of the statement of operational, tactical and strategic managerial solutions, and the obtained information has a positive effect on the substantiation of the ways and variants of their solution.

Accounting information should contain maximum facts, which can be useful for the interested persons likewise explain everything which is needed. Interested users of information, which is formed in the process of accounting, are persons who require information about specific banking institution and have sufficient knowledge for understanding, estimation and usage of such information.

Classification of the accounting information users depending on their information needs is presented in the Figure 2.

Internal users of accounting information are stockholders of the bank, Council of the bank, management of the bank, internal auditors and employees of the bank.

Accounting information is used by the internal users to plan, evaluate and control the daily transactions of the bank. The bank management meets their information needs while assessing the financial condition of the bank, development of the strategy of the banking business and making ongoing managerial decisions concerning the necessity of conducting of certain banking transactions and the introduction of new banking products.

The external users of accounting information is National Bank of Ukraine, available and potential investors, banks-correspondents, clients, taxing and statistic entities. Generalized accounting information in the financial data reporting is used estimate the past events and to predict the future results of the banking activity.

The needs of users concerning accounting information on the banking activities, of course, are not homogeneous. The common thing that unites all users is the desire of potential customers to get the accurate information concerning

the reliability and financial stability of a particular bank to decide whether can you safe your own money in this bank, or no.

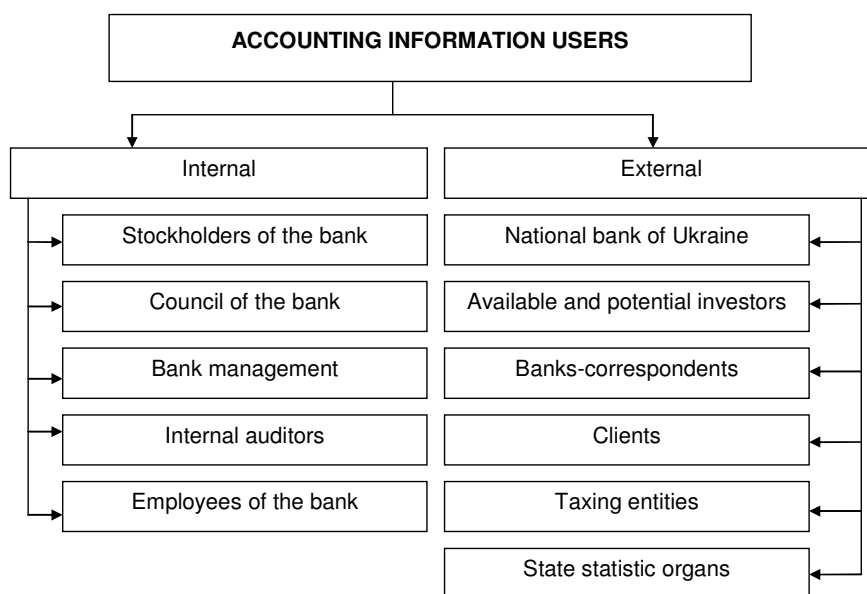
In recent years, due to the constantly increasing demands of the users of accounting information concerning the financial condition and results of the banking institutions transactions, in order to make efficient decisions, a special attention is paid to the qualitative characteristics of information, which acquires the characteristics of the strategic resource of management.

Qualitative formation of information resources provides [1]:

- revelation and continuous monitoring of the needs of different user groups of information which is formed in the accounting;
- sequence of the interests of different users groups of information;
- determination of the means of formation of accounting information for the system of management.

Figure 2

Classification of the accounting information users



At the present stage of economic development there is no a unique scholars' opinion concerning the criteria of accounting information which are aimed at the effective managerial decision-making.

Experts define some qualitative indicators, which can be the basis of accounting information. The basic properties of accounting information are its relevance and credibility [9, 145]. Relevance speaks about the fact that accounting information should have an ability to influence at decision-making. Credibility means that accounting information should be exact, impartial, subject to verification.

F. F. Bytunets says that accounting information is specified by the continuity, business cycle, (accounting information is processed identically for the same time periods, but its content and numeral filling is changed), massive involvement, (availability of homogeneous massive arithmetical operations while processing), essentiality (it is not needed to waste time on the accounting of tiny facts), complexity of calculations (the average number of arithmetic, logic and other actions that are brought to the one form of indicator, the more they are complicated, the more time is needed for the automatization of the given task or complex of tasks) [5, 94].

At the same time it is pointed out that for the unambiguous perception of information by those who participated in its preparation, and those who use it, the information has to meet the following requirements:

- Reliability – in other words, fully display the economic transactions and be easily checked;
- Significance – information should be useful, based on inverse link and delivered to the users at the correct time;
- Comparability and consistency – during the reporting period same accounting methods should be used, in another way, the possibility of the data comparison is lost;
- Essentiality – there is no need to spend time on the accounting of minor factors;
- Conservatism – it is necessary to choose an assessment that is less optimistic, in other words it should be taken into account the possible lack of profit and probable losses that will provide the proper circumspection regarding the valuation of assets, liabilities and in the determination of the profit value;
- completeness – information should contain maximum data, necessary for the users [5, 95].

Provisions (standards) of accounting 1 «General requirements to the financial data reporting» and Provisions «On organization of accounting and data reporting in the banks of Ukraine» define four principal qualitative characteristics of information: understandability, relevance, reliability and comparability [7, 10].

Understandability provides that information should be understandable and oriented on its synonymous interpretation by the users on conditions that they have sufficient knowledge of business, economic activity, and accounting and are interested in perception of this information.

Relevance describes the ability of information to influence on decisions which are made on its basis. In other words, information is relevant if it can influence on users' decision making and help them to estimate past, current and future events. The relevance of information is defined by its essentiality, timeliness and ability to be used for the forecasting. According to P (S) of accounting 1, information is considered to be essential, the lack of which can influence on the decisions of the users.

Comparability shows the possibility of users to compare information for the different periods in order to define the tendencies of changes in the financial statement and results of the activity of the bank.

Reliability of information means that information should not contain essential errors can affect on the decisions of the users.

V. V Yevdokimov considers such basic characteristics of information as accessibility, feasibility and reliability, the essence of which is the following [11, 46]:

- Accessibility – the feature of information which enables users to understand its meaning;
- Feasibility – the ability of information to influence on the decision-making and its change, provide the users' finding of the correct form of the current results forecasting and in future confirm or refute the previous expectations;
- Reliability – the feature of information, which provides confidence in the appropriateness of its assumptions concerning the errors, as well as the verity of intents to provide all data in authentic form.

Besides the above noted features, in the groups of feasibility and reliability of the author identifies the following features:

- Predictability – the information which allows users to increase the probability of accuracy of predicting of the outcome of events in the past or present;
- value of the inverse link – is the feature which allows users to confirm or correct the previous consumptions;
- timeliness – obtaining of the necessary information for the decision-making before it loses its ability to influence on them;
- ability to be checked – the ability to be sure that through the checking of the indicators of consumption the chosen method of evaluation is used without errors and distortions;

- reliability of display – correspondence between the indicator and real phenomena, which can be displayed by the indicator;
- neutrality – the lack of prejudicialness in the corresponding information channeled on the achievement of the definite result ahead of time or motivation to choose a certain mode of behavior.

V. M. Dobrovyskyi, L. V. Hnylytska, R. S. Korshykova summarizes the basic requirements of managers to the system of accounting concerning the nature and volume of the received information as follows: differentiation, timeliness, accessibility of form and content, compactness, variability [12, 10].

Ye. Kyrychenko defines the criteria of accounting information: significance, reliability, comparability, constancy, essentiality, conservatism, and completeness [13, 22].

V. V. Sopko separates the further requirements to the users of accounting information: reliability, completeness, value and topicality, clarity, understandability [14, 42–43].

On the opinion of Yu. A. Mishyn, we should consider such criteria while estimation of accounting information quality: reliability, objectivity, efficiency, credibility, understandability, balance [15, 41].

Some scholars consider such qualitative characteristics of accounting information as relevance and credibility [16, 90].

Relevance is a certain desirable characteristic of information, which can influence on the decisions of users, in other words define the managerial and investment decisions. Relevance means that information should have a direct bearing on actions, for which it was intended for in order to provide the obtainment of the desired result.

M. S. Pushkar speaks about the formation of not simple or complex system of accounting, but system which is appropriate in the managerial system. The main requirement to accounting information is the absence of entropy (uncertainty) in the system of management while decision-making [3, 32].

Conclusions. The conducted research allows confirming that the necessity of collecting, systematization and processing of the great extent of various information likewise the permanent monitoring of situation, correction on the basis of its results of the early developed financial plan, accounting of the great extent of additional information requires the development of the system of banking activity management. In other words, banking institution management promotes the necessity of development of integral conception, which will enable to make ultimate and actual decisions, which will provide the increase of the effectiveness of bank's functioning.

Bibliography

1. Афанас'єва І. І. Сутність поняття «облікова інформація» та її роль в системі управління підприємством [Електронний ресурс] / І. І. Афанас'єва // Режим доступу: http://www.nbu.gov.ua/portal/Soc_Gum/VSUNU/2011_8_1/
2. Про інформацію : Закон України від 02.10.1992 № 2657-XII [Електронний ресурс]. – Режим доступу : <http://zakon.rada.gov.ua>.
3. Пушкар М. С. Розробка систем обліку : навч. посібник / М. С. Пушкар. – Тернопіль : Карт-бланш, 2003. – 198 с.
4. Інформаційні системи і технології в економіці / [В. С. Пономаренко, Р. К. Бутова, І. В. Журавльова, Г. Н. Назарова, Л. А. Павленко, О. І. Пушкар]; за ред. В. С. Пономаренка. – К. : ВЦ «Академія», 2002. – 544 с.
5. Інформаційні системи і технології в обліку : підручник. / [Ф. Ф. Бутинець, Т. В. Давидюк, В. В. Євдокимов, С. В. Легенчук]; за ред. Ф. Ф. Бутинця [Вид. 2-е, перероб. і доп.]. – Житомир : ПП «Рута», 2002. – 544 с.
6. Кіндрацька Л. М. Бухгалтерський облік в управлінні банком [Текст] / Л. М. Кіндрацька // Вісник Національного банку України. – 2007. – № 7. – С. 49–51.
7. Положення (стандарт) бухгалтерського обліку 1 «Загальні вимоги до фінансової звітності», затверджене наказом Міністерства фінансів України від 31.03.1999р. №87.
8. Кіндрацька Л. М. Бухгалтерський облік у банках: методологія і практика [Текст] : моногр. / Л. М. Кіндрацька. – К. : КНЕУ, 2002. – 286 с.
9. Велш Глен А. Основи фінансового обліку [Текст] / Велш Глен А., Шорт Деніел Г. ; Пер. з англ. – К. : Основи, 1997. – 943 с.
10. Про організацію бухгалтерського обліку і звітності в банківських установах України [Електронний ресурс] : положення, затверджене постановою Правління НБУ від 30.12.98 № 566. – Режим доступу : <http://zakon1.rada.gov.ua/cgi-bin/laws/main.cgi?nreg=z0056-99>.
11. Євдокимов В. В. Надійність бухгалтерської інформації як передумова забезпечення економічної безпеки підприємства [Текст] / В. В. Євдокимов // Вісник ЖДТУ. – 2011. – № 3 (57). – С. 46–50.
12. Добровський В. М. Управлінський облік [Текст] : навч.-метод. посіб. / В. М. Добровський, Л. В. Гнилицька, Р. С. Коршикова. – К. : КНЕУ, 2003. – 191 с.

13. Кириченко Є. Теоретичні основи управлінського обліку [Текст] / Є. Кириченко // Аудитор України. – 2006. – № 15. – С. 16–23.
14. Сопко В. В. Бухгалтерський облік в управлінні підприємством [Текст] : навч. посіб. / В. В. Сопко. – К.: КНЕУ, 2006. – 526 с.
15. Мишин Ю. А. Управленческий учет: управление затратами и результатами производственной деятельности [Текст] : монографія / Ю. А. Мишин. – М. : Дело и Сервис, 2002. – 176 с.
16. Хендрексен Э. С. Теория бухгалтерского учета [Текст] / Хендрексен Э. С., Ван Бреда М. Ф. ; [пер. с англ]. – М. : Финансы и статистика, 1997. – 576 с.

The article was received on November 30, 2012.