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The Impact of the Accounting Information System on Performance of Jordanian Commercial Banks

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Abstract: *The objective of the study is to study the impact of accounting information systems on the effective financial performance of banks. The problem is the study of the impact of accounting information systems on the efficiency and effectiveness of financial performance and effectiveness in improving the financial performance of commercial banks in Jordan. In this study we will clarify the relationship between the existence of sufficient information to assess financial performance and the existence of accounting systems that are scientifically and practically qualified, also important to clarify the financial management of the circumstances surrounding its performance and overcome the difficulties it faces the relationship between the existence of sufficient information to assess financial performance and the development of accounting information systems to deal with banking requirements.*

Keywords: *Accounting Information Systems, financial performance, Commercial Banks, Jordan.*

I. INTRODUCTION

Accounting is one of the oldest information systems known to enterprises, and for accounting information, the importance of determining the economic and financial reality is important to determine the organization and financial relations of the organization with the surrounding environment.

Accounting information plays an important role in the management of business organizations and organizations in general. One of the main reasons for the continued existence and development of accounting is to provide appropriate information for decision-making both for the management of the organization and for external parties involved in such information. The accounting system is one of the most important accounting information systems that contribute to the rationalization and support of economic decisions that affect the resources and wealth of societies and thus the welfare of its members.

The ability of the manager to use available resources efficiently and effectively depends on the quality of the accounting information at the management's disposal.

Thus, the role of accounting information cannot be emphasized in the success of any business. In order for the Organization to function properly, appropriate and timely accounting information is required that is reliable, accurate and relevant. It is important to note that poor record keeping and accounting information have in the past led to the failure of many business organizations (Romney et al., 2003).

"Accounting information combines the study and practice of accounting with the design, implementation and monitoring of information systems. Information in conjunction with traditional accounting controls and methods to provide users with the information needed to manage the organization (Etim, 2011)."

The accounting system is among the most effective decision-making tools at the disposal of the Department as it provides an organized way to collect and organize data and information about various financial transactions of business so that it can be used as a management tool in business management. (Copeland and Dasher, 1978)."

Accurate, reliable and relevant accounting information will also help managers understand their tasks more clearly and reduce the uncertainty that surrounds business decision making (Chong, 1996)."

Accounting information is vital for all organizations, and perhaps every profitable or non-profit organization is required to maintain the accounting information system. It is important to note here that accounting information derives from accounting data. The accounting information systems produce results that enhance decision-making. Therefore, It is safe to emphasize that reliable, relevant and sufficient accounting information is not an end in itself but rather a means to achieve the objective, that is, decision making to improve the performance of companies and reduce fraud. This study examines the effect of accounting information on financial performance in Jordanian commercial banks.

II. STUDY METHODOLOGY

The study uses the descriptive approach and analytical approach to present and analyze the various dimensions of the subject and reach the desired results

A. Research Importance

The importance of this study stems from the importance of the Jordanian banks sector. Through its essential role in support the Jordanian national economy, and how use (AIS) to continue the development program. Using accounting information systems in these banks make a significant impact on rationalization of Administrative decisions, and therefore this study derives its importance from scientific and practical considerations as following: (1) Highlighting the importance of accounting information systems in the Jordanian banks and their role in developing administrative efficiency, which raises the level of these facilities and contributes to increase the level of employment Job, which in turn its contribution to the GDP of Jordan. (2) Contribute the development of banks and maintain their continuity. (3) This study contributes to opening up prospects for further research's on the design of Accounting information systems and how increases their efficiency to provide the accurate information needed to meet administrative needs. (4) Benefiting users of accounting information (internal and external users) and improve their abilities in decision making process, as well as any other groups interested in these banks through using efficient accounting information systems, and banks provide recommendations that increasing the contribution level for different users to secure achieved precious information to take suitable decisions, through the use of information Accounting systems. Depending on above, the current study attempts to examine this issue regarding (AIS) using data by Jordanian banks. Therefore, it is expected that the study will shed light on the main role of (AIS) in improving the decision making process according to users opinion in Banks. It is also hoped that this study will help different users of accounting information. In addition try to come up with some recommendations that may help to develop decision making process in Jordanian banks, and this research is considered an important source and reference for researchers and those interested in the using the financial reports, in particular banks managers.

B. Review Of Literature

- 1) *Nazir, T. (2010)*. Analysing Financial Performance of Commercial Banks in India: Application of CAMEL Mode Sound financial health of a bank is the guarantee not only to its depositors but is equally significant for the shareholders, employees and whole economy as well. As a sequel to this maxim, efforts have been made from time to time, to measure the financial position of each bank and manage it efficiently and effectively. In this paper, an effort has been made to evaluate the financial performance of the two major banks operating in northern India .This evaluation has been done by using CAMEL Parameters, the latest model of financial analysis. Through this model, it is highlighted that the position of the banks under study is sound and satisfactory so far as their capital adequacy, asset quality, Management capability and liquidity is concerned
- 2) *Choe, J. M. (1996)*. The relationships among performance of accounting information systems, influence factors, and evolution level of information systems. The results of the empirical test suggested that there are significant positive correlations between the performance of an AIS and the influence factors such as user involvement, capability of IS personnel and organization size. It was also proved that the relationships between performance of AIS and influence factors are significantly influenced by the evolution level of IS. Hence, for the success of AIS, each influence factor should be considered differently in the degree of importance according to the level of IS evolution.
- 3) *Urquía Grande, etl (2011)*. The impact of Accounting Information Systems (AIS) on performance measures: empirical evidence in Spanish SMEs1 This empirical study is based on a survey carried out among small and medium-sized firms to ascertain the extent to which development and implementation of accounting information systems had taken place, and subsequently an analysis was made as to how much this introduction may impact on improvement in outcome indicators and productivity. As interesting results we have found that there is a positive relationship among the SMEs that use AIS for fiscal and bank management and better performance measures. This research provides value added in accounting literature given the scarcity of works dealing with the relationship between the application and use of AIS and performance and productivity indicators in SMEs in Spain.
- 4) *Etim, E. O. (2011)*. Enhancing the efficiency of accounting information system in organizations. This study instigates the means of achieving efficient accounting information system. It identified three types of organizations: service, merchandising and manufacturing, which may vary in size, nature and purpose, but all requiring information for continuous survival. Proper documentation, controls, communication and monitoring were identified as factors that will make for efficient accounting

- information system. The study recommends Ethical orientation for staff, effective communication, prompt capturing/recording of transactions and regular review of internal controls.
- 5) *Ahmad 2011* The Effect of Using Computerized Accounting Information System on the Financial Performance (Applied Study on the Industrial Jordanian Companies) The statistical analysis results showed that there were no statistically significant differences between the averages of the three financial performance measures which were used in the study (ROA, ROE and EPS) before and after using the computerized accounting information system. These results indicated that there is no effect for the computerized accounting information systems on the financial performance of the companies. The results of the study was different from the results of many previous studies, as a consequence, the researchers recommends to conduct further studies on the same subject and using other variables to measure the financial performance and for longer test windows.
 - 6) *Awosejo, (2013)*. The effect of accounting information systems in accounting. The study have achieved the level of accounting information systems usage, and the perceptions of TAM factors such perceived ease of use, perceived usefulness, attitudes towards use, and behaviours intention were determine. The usage of AIS performance of organization factors and social factors was also used to determined computerized accounting information systems in different financial institutions in South Africa. To attain this objective, a total of 104 were participated by survey questionnaires, usage of accounting information systems were majorities' staffs mainly. Hypothesis was tested; using paired sampled T-test and multiple regression analysis. Authors have found that all four TAM factors have significant influence in using computerized Accounting Information Systems in South Africa context.
 - 7) *Ironkwe 2013* Accounting Information and Financial Performance of Banks in Nigeria From the analyses conducted, the findings showed that relevance of accounting information was statistically significant in determining the profitability and quality of service delivery of banks in Nigeria. On the basis of the findings, it was concluded that: The quality of accounting information in terms of relevance to users contributes significantly to the performance of bank. Given the above findings and conclusions, the following recommendations were made: More effort should be directed towards the production of good quality accounting information in all the commercial banks in Nigeria in order to improve financial performance. To improve the quality of accounting information, commercial banks in Nigeria must employ highly skilled competent professional accountants to generate the right quality of financial information, amongst others.
 - 8) *Almbaidin (2014)*. The Effectiveness of Accounting Information System in Jordanian Banks: From the Management Perspective
The study used many statistical methods. After analysing the study hypotheses,
The study reached to several conclusions; the most important ones were as follows:
 - a) The accounting information system in Jordanian banks is effective in applying the needs of the planning operations.
 - b) The accounting information system in Jordanian banks is effective in applying the needs of the observation operations too.
 - c) The accounting information system in Jordanian banks is effective in regard of applying the needs of the decision making operations as well.
 - 9) *Kanakriyah, R. (2016)*. The Effect of Using Accounting Information Systems on the Quality of Accounting Information According to Users Perspective In Jordan The results of the study have significant implications regarding users of financial statements. In particular, mangers and investors, the research validates that the importance of AIS in rationalizing the decision making. Originality/value – It is believed that there is no Jordanian study to date examining the impact of accounting information system on the quality of accounting information. Therefore, this study significantly contributes to the limited literature on the perceived the effect of accounting information system on quality of accounting information. Research limitations: The difficulty of using such studies depending on questionnaire in developing countries, such as Jordan, because they do not care about the results of the study.
 - 10) *Kanakriyah, R. (2017)*. The Impact of Accounting Information Systems on the Banks Success: Evidence from Jordan The findings showed that accounting information systems, has a significantly effects on banks success. The researcher generate the following variables for measuring the accounting information systems as follow: inputs, processes, outputs, control, feedback, flexibility Simplicity of use and reliability that could be classified in three groups as follow: information quality, involves (inputs, control and outputs) system quality, involves (Processes, Control and reliability) and system usage that involves (Flexibility, Simplicity of use) and how these variables effect on the banks success, Furthermore, the study suggested a number of recommendations to help bank managers in decision making process successfully which reflected on banks success.



C. The Most Important Findings Are

- 1) There is a relationship between the presence of adequate information to assess financial performance and consistency of information extracted from the accounting information systems.
- 2) There is a relationship between the presence of information managed to improve financial performance and provide information that will help to rationalize financial decisions.
- 3) There is a relationship between the presence of information managed to improve financial performance and effective accounting information systems used within the Bank.

D. Recommendations

- 1) Use of information provided by accounting information systems in the process of rationalization of financial decisions.
- 2) Pay attention to the importance of timing of financial and administrative decision-making.
- 3) Attention to activate control procedures by the Bank for its impact on financial performance.



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