

**COMPUTERIZED ACCOUNTING SYSTEMS AND FINANCIAL PERFORMANCE  
OF COMMERCIAL BANKS A CASE OF EQUITY BANK MUKONO BRANCH**

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**J22B33/018**

**A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILLMENT  
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**UGANDA CHRISTIAN  
UNIVERSITY**

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**DECLARATION**

This undergraduate research report is the end result of my own work and that due acknowledgement has been given in the references to all sources of information be it printed ,electronic or personal

I declare that this research report is my original work and has not been submitted to any institution of learning.

Signature.....

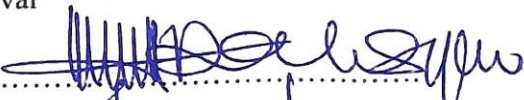
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**APPROVAL**

This research report has been done under my supervision and is ready for submission with my approval

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## **DEDICATION**

I dedicate this research to God Almighty my creator, my strong pillar, my source of inspiration, wisdom, knowledge and understanding. He has been the source of my strength throughout this program .

To the various respondents and participants who shared their insights and experiences I am grateful, for your trust and generosity throughout this.

I also dedicate this work to my family ,friends and colleagues thank you for your support and the words of encouragements ,your contributions towards this research I am forever grateful

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## **LIST OF ABBREVIATIONS**

CAS	Computerized Accounting Systems
(EBUL)	Equity Bank Uganda limited
(NGO	Non-Government Organization
BOU	Bank of Uganda
MIS	Management Information Systems
AIS	Accounting Information Systems
GAAP	Generally Accepted Accounting Principles
EDP	Electronic Data Processing

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## **ABSTRACT**

As the intensity of computer use in commercial institutions greatly improved over the years, this has helped them to improve on their overall financial positions by promoting transparency, accountability and efficiency through faster capturing, processing and communication in information. However, despite the high levels of computerization in place, banks are still unable to deliver real time services to customers which result from high costs of employee training and programming procedures and installation of computer systems.

The purpose of the study was to examine the effects of computerized accounting systems on the financial performance of commercial banks in Uganda. The study objectives were to identify the computerized accounting systems used by Equity bank Mukono Branch ,to examine the effect of computerized accounting systems on the financial performance of Equity bank as well as to establish the relationship between computerized accounting systems and the financial performance of Equity bank. The study used a cross-sectional research design which was often used in assessing respondents' views towards the effects of computerized accounting systems on financial performance of commercial banks. The case study was Equity bank

The study results revealed that in spite of the costs and system failures, computerization of accounting systems has a positive significance on the performance of Equity bank. These positive impacts include reliability and regularity of reports produced quality information and improved service delivery. Findings further revealed that computerized accounting systems lead to a considerable change in reduction of errors hence attaining accuracy, increased business capacity and improved efficiency in terms of service delivery

The researcher recommends that accounting systems should be more implementation and use of computerized accounting systems to a greater extent and there should be proper training of bank staff on modern basic skills in computers and management principles.

## **CHAPTER ONE**

### **1.0 INTRODUCTION**

This study was done with the purpose of measuring the relationship between computerized accounting systems and financial performance of commercial banks in Uganda with specific reference to Equity Bank. Computerized accounting systems were initially predetermined to be used as the independent variable and financial performance was to be considered as the dependent variable as diagrammatically expressed in figure 1. This chapter majorly expounded on the background roots of the study, the problem statement, the objectives of the study, which guided the development of the research questions and hypotheses. Further the conceptual framework was illustrated, along with the study scope, significance, justification and the operational definitions.

### **1.1 Background of the Study**

Equity Bank Uganda limited (EBUL) is a junior company of Equity Group Holdings Limited that was created in 2008 when it purchased a Uganda microfinance limited, a financial service conglomerate with headquarters in Uganda and subsidiaries in six countries of the African Great Lakes Region. Equity bank is a registered limited liability company and a Bank of Uganda (BOU) regulated financial institution. It is a Non-Government Organization (NGO) in Uganda whose head office is located at Kampala Janani Luwum Church house 34 Kampala Road in the central business district. Equity bank is also a member of the Equity building society and the Group operates through a network of 11 commercial Banks in Africa and has been in existence since 1982(nearly 43 branch networks). It was known as a provider of mortgage financing to the majority of customers. Equity's purpose is to financially empower and elevate communities at grassroots level throughout Africa

Management information system refers to the systems that provide managers with the relevant information they use to make informed decision about the company's operations. They objectives of MIS is to organize informed reports

Computerized accounting systems are defined as systems that use computers to process and store financial information, generating reports and facilitating financial information inflows, Meigs et al., 1998; Marivic, (2009). These systems consolidate information channels, automate tasks and provide timely and accurate financial information, McRae (1998). Accounting

information systems (AIS) are a critical component of management information systems (MIS), providing relevant information for decision-making Bocholt, (2021). Successful implementation of AIS requires a fit between the system, organization, and technology Markus& Pfeffer, (1983). Computerized accounting systems are not fully professionalized, but have limited independence and not yet realized as partners in conflict and proper management.

Accounting is an essential part of any business, regardless of the size. People with businesses together with stakeholders always want to know whether the businesses are profitable. Most financial institutions included these systems since they can manage to purchase them now days for example SPSS, STATA, IGOR, EXCEL and many other accounting systems. Basically, manual and computerized accounting systems do the same thing. The difference lies in the mechanics of the process—for instance, their speed, cost, backup of transactions, accuracy of operation—and perhaps most importantly, the ability to see the real-time state of a company's financial position. In that sense, stewardship accounting has been important for all financial institutions in maintaining, preparing, and presenting the accounts to the stakeholders through financial reports for efficiency and effectiveness. This is the value of an accurate and efficient accounting system demonstrated in its ability to aid all transaction activities, especially by contributing to service delivery improvement, reducing costs, and eliminating resource wastage; thus, computerized accounting systems have been adopted as the way to go.

Before the introduction of the computerized accounting system in Uganda, there were manual systems in use, when the businesses increased in size and got various operations, the manual methods for keeping and maintaining records were found quite tiresome and unmanageable. Changes in technology have drastically transformed the use of new technologies in computer - based professions like accounting , The increase spread up of computer based programs increased the emphasis in the fields of accounting information being the response to business change [Stron, et al 2006] whose development was accompanied by the high interest of numerous financial institutions to acquire and develop the latest computerized accounting systems - Equity bank not being left behind.

The financial institutions allover Uganda continued to experience enormous deviations associated to the changes in technologies with in various accounting periods . With a view to relooking at their service and delivery systems, Equity Bank would properly position themselves within the framework of these dynamics through computerization. The quest for

survival, global relevance, and sustainable development has made an explosion on the effect of computerized accounting systems through the use of automated devices in the industry.

According to the relative survey that Indira out in 2018, outcomes indicated the following, Financial Institutions significantly upgraded their financial performance and positions when they changed to Computerized Accounting Systems in their daily operations Computerized accounting systems are defined as systems that use computers to process and store financial information, generating reports and facilitating financial information inflows, Meigs et al., 1998; Marivic, (2009). **Fowzia&Nasrin, (2011)**, said that computerized accounting systems are always viewed from a significant point where firms portray a critical role to the efficiency in decision making and control in the organization, especially when information provided is used effectively in the process of coming up with a conclusion either by top managers or employees and other interested stake holder. Hussein (2004), came up with the clear meaning of accounting information systems and its process can be defined as the system that involves collected financial data coming with the increasing of speed to conduct daily operations , with in the set time to get a faster and convenient conclusion with a right report and meeting the reporting criteria. In relation to all benefits that are associated with the use and implementation of Computerized Accounting System, many commercial firms like Equity bank failed to stay in line and appreciate the benefits related to the use of the above systems ,they had constant issues in relation to Computerized Accounting Systems use like , lack of accuracy that came as a result of breakdown of machines and system failure which left pending and un answered queries in relation to computerization changes in question as per the European Union Audit of 6<sup>th</sup> March.

The goal of this study was necessitated by the constantly evolving business environment in commercial banks, but it also presents a challenge to computerized accounting systems. Professionalism needs to be developed for this, which may not be there yet. This is necessary to address fraud, environmental health, e-business, risk management, governance, and safety (ACFE, 2004). The theoretical portion of it suggests that these careers are limited in what they can effectively do as accountants, and as a result, there is limited use of implemented technological system advancements in general.

## **1.2 Statement of the Problem**

Computerized Accounting Systems are based on database technology and were essential for organizations to make informed economic decisions. These systems change financial communications and events in accordance with accounting standards (GAAP) to yield relevant financial reports for the interested stakeholders. Advanced technology increased the widespread use of audited computerized accounting systems in corporate reporting, enabling the production of accurate and reliable economic information for both internal management and all interested stakeholders. This resulted in improved financial reporting and enhanced business performance and growth.

Equity Bank has made good progress in using computerized accounting systems to improve its financial performance, making transactions faster and more accurate Kumar, (2021). The bank has also introduced innovative digital banking services like Loan management, cash deposits, withdrawals, and transfers Equity Bank, (2022). However, the recent fraud case involving a large amount of money (65 billion Ugandan shillings) shows that there are weaknesses in the bank's management, and financial reporting thus affecting its profitability levels for the financial year (a report authored by Brendan A (2023). The case shows to have been committed between 2021-2024. Some of the fraud committed included money laundering, false pretences. This highlights the challenge of using advanced technology effectively while also ensuring strong financial management and risk prevention in the banking industry. This incident underscores the challenge of effectively utilizing technology while ensuring strong financial management and risk prevention in the banking industry Deloitte, (2020) leaving a gap on how to implement the use electronic systems to improve the financial performance of Equity Bank amidst the crisis is still facing.

It is therefore against this background that the researcher decided to examine the impact of computerized accounting systems on the financial performance of Equity Bank Mukono branch so that we get areas of improvement

## **1.3 Objectives of the study**

### **1.3.1 Purpose of the study**

The purpose of this research was to examine the effect of computerised accounting systems on the financial performance of Equity bank Mukono branch

### 1.3.2 Specific Objectives

- i) To identify the computerized accounting systems used by Equity bank Mukono Branch
- ii) To analyse the effect of computerized accounting systems on the financial performance of Equity bank Mukono Branch
- iii) To find out the relationship between computerized accounting systems and the financial performance of Equity Bank Mukono branch

### 1.4 Research Questions

- i) What is the effect of computerized accounting systems on the financial performance of Equity bank?
- ii) What are the various computerized accounting systems used to improve the financial performance of Equity bank?
- iii) What is the relationship between computerized accounting systems and financial performance of equity bank?

### 1.5 Scope of the study

This study had its focus on Equity Bank Mukono Branch and covered the period from 2020 to 2023. The study examined the financial performance of the branch during this period, including financial statements, financial ratios, and other relevant financial data. The scope is in 3 categories as discussed below.

#### 1.5.1 Content Scope

The study aimed at examining the effects of computerized accounting systems on the financial performance of Equity Bank Mukono Branch. It was limited to various computerized accounting systems used by the bank, the impact of using these systems in relation to the financial performance as well as the interconnectedness that existed between computerized accounting systems and financial performance in Equity bank

#### 1.5.2 Geographical Scope

The study was conducted in Equity Bank Mukono branch located in Mukono along Kampala Jinja high way, central region in Uganda because it is one of the banks that adopted the use of computerized systems in its operations in the bid to speed up its financial accounting processes and improve financial performance.

### **1.5.3 Time Scope**

The study focused on the time frame of 2022-2024 because this was the period when the financial performance of equity Bank has been characterized by massive inefficiencies

### **1.6 Significance of the study**

This study contributed to the existing literature on computerized accounting systems and financial performance of commercial banks. The findings provided valuable insights for policymakers, management, and stakeholders of Equity Bank Mukono Branch. The study went ahead to serve as a reference for future research in the field of accounting and finance. The study further expected to benefit readers as far as the relationship between computerized accounting systems and the financial performance of Equity Bank was concerned;

i) To Equity Bank, the study helped in finding solutions risks associated with the use of advancing computer systems with in Equity bank since some of the sources of risks are exposed such as fraud

ii) To the central Bank, the study helped in modernizing its operations as far as integrating computerized accounting systems in financial institutions in Uganda is concerned.

iii) To the other academicians , the study helped them to increase their area of knowledge they will be focus on as they are conducting their research as they identify the gaps and see how they can be filled.

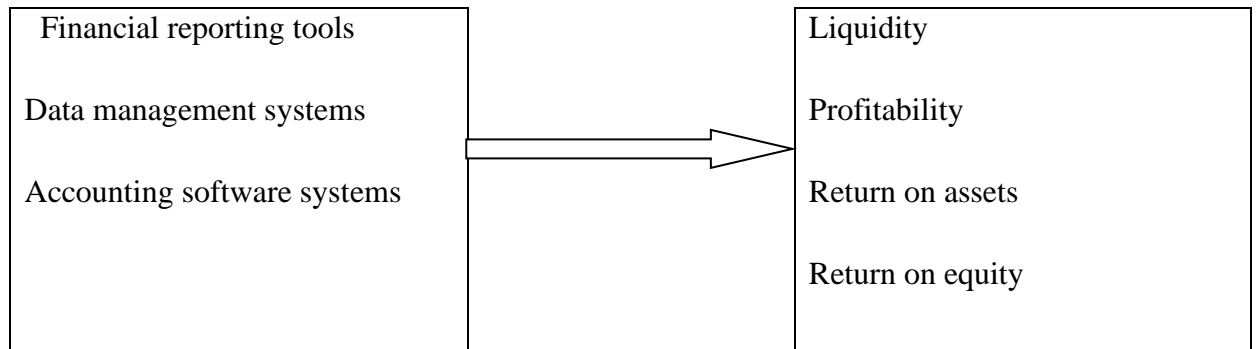
### **1.7 Justification of the study**

Prior studies (including Anguelov et.al, (2004) and Rogers (2009) had been done on computerized accounting systems and financial performance of commercial banks in Uganda. However, no study has been done on the aforementioned topic in Equity Bank considering the same dimensions of computerized accounting systems. Equity Bank was reported to have lost over UGX 64billion shillings from its very managers, who swindled customer money using false representations to borrow bank money for themselves as well as their relatives Equity Bank annual report, (2022). In addition, this gave a rightful rationale to act as a basis for undertaking this study in Equity bank Uganda

## 1.8 Conceptual framework

Computerized Accounting System ( DV)

Financial performance (IV)



*Figure 1: Showing the conceptual framework*

Source; Malden and Jayasen

Basing on the diagrammatic representation of study concepts above, it is clear that the assumption that computerized accounting systems have a relationship with financial performance of Equity bank which is well demonstrated. It is assumed that accounting software systems, data management systems and financial reporting tools have a directional relationship with financial performance of Equity bank in terms of its liquidity, profitability and return on equity.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter reviews the existing literature on computerized accounting systems and financial performance of commercial banks. The review aims to offer an all-inclusive understanding of the research that is conducted in this area and determine new and existing gaps in this literature review. The assessment was hypothesized under the objectives of the study and focuses primarily on computerized accounting systems and their interconnection with financial performance. These are considered the pillars of the study.

#### **2.1 Literature review on Computerized Accounting Systems**

Computerized accounting systems have revolutionized financial management by providing accurate, reliable, and timely financial information Chen et al., (2019). These systems automate financial transactions, reduce manual errors, and enhance financial reporting (Kumar et al., 2018). Computerized accounting systems offer actual and audited accounting results which helps managers to make up with right conclusions that relate to decision making Bodie et al., (2019). The thought of coming up with the first use of a computerized accounting system was at General Electric in. ranging in the years ranging from 1954 -1960s when they were still conducting an audit on the computer use. Coming up with the Accounting Information Systems one needs five major steps and these steps are planning, analysis design, implementation and support. The time period that is related these steps is variable that is it can be for a short time like few weeks or for a longtime more than five years but it depends on the objectives. Morris-Cotterill, 2002. Went ahead to support Cracknell, 2004, giving an opinion that Central Bank encouraged the use of smart cards at business places like banks which enables implantation of using a biometric system in form of ATM had a great impact on the security when one is to have in accessing tight areas like financial area across all commercial banks and this had an adjustment on who should be trusted or not. The smart cards stayed there to ease withdrawing of funds by responsible and authorized personnel. This process had a great impact in the organizations since it became convenient to have one present their accountability stakeholders having an improved financial performance of commercial banks. The researcher put her interest in establishing the current financial situation of Ugandan Commercial Bank Sector with an emphasis on using Equity bank Mukono branch

Most literature reviews were restricted to the external nations like Nigeria which were not part of the study. What was found out of the study further disclosed that Equity Bank had computerized its general services. Conclusively, there was an implication that the bank had endeavored to put in place e-cheque services, which have added on the convenience of banking; immediate access anywhere with an online connection; no need to physically pickup or deposit; no cheque book required. Other key informants by Bank of Uganda added security in terms that enabled unique identification and protection of data through that digital signing technology in a manner that prevented data altering. This was supported by George et al (2020) who had earlier indicated that e-Cheque details are captured digitally for complete accuracy and use of PIN-protected Security Device Mobile Security Key and SMS transaction alerts to provide safe and secure service. Further, IT staffs added that this had increased on the flexibility in the bank in terms of extended cheque deposit cut-off time, issuance, deposit and status enquiry can be performed anytime online and festive themed e-Cheque background designs available for selection George et al, (2020). The researcher was interested to establish what was particularly happening in Uganda Commercial Bank Sector while using Equity bank. This is evident that most of the literatures reviewed were limited to outside countries, other banks and outside the scope of this study. Lastly, the study findings had it that Equity bank has credit card system for its clients. This therefore meant that in its daily business operations, Equity Bank has adopted debit cards which are too essential in easy international business transaction.

The mean being above 3.5, this shows that Equity Bank puts debit cards in each of its clients, and Gourley & Pentecost (2020) still supporting the evidence argue that money is typically remitted through a computerized accounting system 'which permits 24hours a day banking or retail banking. A number of scholars indicate that the coming of a credit card had an impact on how Equity banks performs financially as it was seen the increased various transactions being carried out in a day. This caught the attention of researcher to get determined into knowing if Equity bank is in possession with what it takes to be with the up to date computerized accounting system software and the related impact on the Financial performance. Elliot (2019) defines financial performance as the act, process, or manner of doing things or execution of the financial duties. Any accounting system is effective in so far as the provision of basic services and meeting information needs of its customers.

To acquire the necessary financial performance of any institution one should look at the ability of the firm's efforts to give a reliable output and the costs incurred, there is also a need to help the entity's work force to have their periodical reports, done in a proper and standard time .

Armstrong (2020) acknowledged that financial management refers to helping financial institutions finances go in line with achieving with the set objectives. Financial performance management functions come through accepting to establish common thinking between employers and employees that becomes a center of achievement, and then creating people in a way which increases profitability that will be achieved in a short period hence improved financial performance which helps in making decisions. Similarly, Bodner (2019), states that the following indicators of financial performance are assets, liabilities, equity expenses, and revenue. Financial performance is the cornerstone for commercial bank success and sustainability. Financial performance is measured using financial ratios, including return on equity (ROE), return on assets (ROA), and financial leverage (FL). Such ratios offer insights into profits, efficiency, and solvency status of a bank. One can create the value of the firm through financial management, which is designed and implemented.

The main objective of financial management in every firm is to have an equality between liquidity and the net worth. This makes financial performance an intrinsic part of every, financial institution since it has an impact entire life of a successful bank whether it makes profits or not. If the entity is performing well, that means that the management is doing as per the set objective like proper utilization of resources. Omondi and Muturi (2020). The researcher defines organizational financial performance as the ways businesses ensure to generate revenues from its assets and other primary sources to be easily accountable and fit in the interests of shareholders and other stakeholders . The company's financial performance can be determined by tracking the proper audited results like the profit attained as at the end of every accounting period and others like the dividends to be given out . Some of the other measures that the financial analysts use to monitor the performance include sales turnover liquidity ratios and leverage ratios. For the case of this research, we are focused on understanding the financial performance of Equity bank Mukono branch.

### **2.3. Literature review related to the effect of computerized accounting systems on the financial performance of commercial banks**

According to McBriide {2016}, computerized accounting systems can instantly produce kinds of a report the management may desire; for example, the budget analysis and the variance analysis. Data is processed, analyzed and accurately measure to indeed satisfy the manager's intention for reliable and timely information to make decision. Frank woods {2016} agreed on how quickly the accounting is performed. Depending on the type of organization, performance may be treated as an end result of measuring an activity or a process. Organization performance addresses what type of human capital is required to achieve commercial banks' goals through to structure the computerized accounting systems team Cain {2004} stated that performance measurement is the mechanism by which fins inform themselves of their true Past performance can be a benchmark for continued achievement or the catalyst for change. Without objective performance measures, it is dreadfully difficult to make successful operational and strategic decisions "Computerized packages are capable of quickly generating all kinds of reports needed by management, for example, budget analysis and variance analysis. Data processing and analysis should, therefore be quicker and accurate, which meets the managers necessity to produce the required and timely information in making decisions." McBriide (2000). Frank wood agreed to the speed which accounting is worked on.

According to Indiira (2018), the upgrading of the way businesses perform is pronounced when because of computerization, the accounting systems become highly integrated applications that do not only change the business processes but also bring about application's performance-enhancing features covering the facets of accounting, inventory control, reporting as well as statutory processes.

He further asserts, which enables the firm to access information at an excellent pace and take faster decisions with the updated information. The accounting computerization factor into financial reporting has been associated with the advantages of using reporting computer gadgets. Scheduled reporting can be easily and automatically sustained, triggered, and simplified and prepared regularly at McRhae, {2011}.

In essence, the computerized accounting systems have had an impact on financial reporting, which is associated with advantages from the application of computer systems in the financial reports. Presentation of the scheduled reports can be triggered and prepared at allotted regular interval movements so easily.

McRhae, {2018}. With the implementation of computerized accounting system , production of accounting reports was made simple since records could be easily made meaningful to the users . The significant rise of accounting processes and growth of actual and simultaneous information, increased to 20 essentials. This was gained through computerized systems encouraging quality in the financial reporting. Carol (2019) went on to complement those computerizing businesses improved efficiency in the office due to increased invention of these systems . Computerized accounting systems also gave value to the increased speed in processing and large storage capacity. Computerized accounting systems ensured that balances brought forward and carried forward always gave up dates for managers on how to make reliable and relevant decision. Computerized accounting systems helped managers to save time while processing transactions; thus, coming up quality financial reports that helped them to get achieved through timely, accurate, and reliable information could be generated.

Effective accounting work and the increased financial performance of the banking area were improved through continuous training because the computerized accounting system used computers that allowed for assessment foe effective financial output hence enabled one to develop a bigger amount of analytical information in decision-making for the purposes of management .Pandrey {2020} adds that management is also in a better position to monitor the financial performance of all segments of the organization because a computerized accounting system can produce a broad range of detailed reports at short intervals. Such an attribute is particularly important for Equity bank, which has several branches being used for this study located in diverse places. Therefore, Computerized systems avert the time that would be used in correcting such most common errors. Computerized accounting system gives the administrators the much-needed account stable data after every entry of a transaction.

## **2.4 Review on the Computerized Accounting systems used in Equity bank**

Platt & Platt (2018) observe that to effectively run businesses or even by the business to know whether things are running right, business managers require computerized accounting software systems. These software systems enable business manager's ability to monitor how health financial the business is. Typically, it enables their ability to post the necessary entries to generate updated and current reports. The following are the accounting systems used in Equity bank

#### **2.4.1 Accounts Receivable Software**

A detail that is comprised of the clients and amount of cash billed to the company and other financial institutions by the customers was completed through naming as accounts receivable. Other information such as the date of incurring the debt, and other related details concerning the banks customers. Business enterprises that have an interest of having the accounts receivable management software with in their systems ,they have to carry out a detailed study of any other options that comes in line with the organizations' accuracy for a true and fair report . The right account receivable software installed has a positive impact on transactions since it has automatic updates detects errors and corrects them with ease like the ledger accounts with suitable transactions. The addition of the invoices and the deduction of customer expenses in regard to the pending invoices are also reduced. The package of the software checked whether the payments were linked to a detailed financial statement or economic transactions that would be settled at a later date. The reports were arranged and organized in such detail like the accounts receivables aging listing so that default customers would be spotted with ease. Jones, (2012)

#### **2.4.2 Accounts Payable Software**

Any financial institution that needed to use accounts payable software solution had to first analyze the capacity of the best and available software so that they provided a steady profit on what was invested. The financial statement billed was characterized by increased payback bearing in mind of early payment . This helped the various financial institutions to make use of discounts offered that were granted . Additionally, they have a possibility of issuing cheques for the suppliers whenever needed and the right debts and credits were applied towards easing the company's ability to balance the records. Siimon, (2019)

### **2.4.3 General Ledger Software**

A general ledger account is defined as an accountancy record that reviews all business dealings effecting each particular item such as Bank, Stock, Creditors, Vehicles or Capital." in this case, with so many customers, a bank can have numerous ledger accounts to manage. Without a computerized accounting system, it would be almost impossible to locate one ledger account out of numerous such accounts accurately and conveniently" {Siimon, 2019},

General ledger software is actually one of the most important software solutions because it provides the principal accounting record for any business. This is done by following budgetary and financial data in order to get an exact statement which gives an improved profit or loss statement, a statement of financial position and reports from the general ledger. Some other important components firms can aim at in a computerized software are the sample budget and financial data that help to come up with accepted reports and easily detect fraudulent activities. This is done by following up the budgetary and financial data with the production of an accurate key statement that may bring out better of financial reports . The recommended software should help in preparation of year-end reports and statements much faster and accurate. Subsidiary data based in subsidiary ledgers like for accounts payable and accounts receivable are automatically passed to the general ledger software for easy data entry and reliable reports as output.

### **2.4.4 Accounting Packages and Chart of Account**

Various accounting packages were invented to aid managers while doing their work in the related business environment. Various accounting packages include Wave, Xero ,intuits QuickBooks, Cash flow Manager. There are some software applications that were invented and developed for small businesses, others were specifically designed to do major accounting purposes in the commercial organizations such as banks and learning schools such as intuits quick books for easy salary processing and learning purposes by students. It works properly through customer's data is entered all the relevant details will be updated immediately whenever change is required, the participants information is easily done within the system updated for an excellent easy output . The relationship that occurs within the institution made the work manageable thus quick production of accurate reliable and efficient output. These accounting packages brought out an informed accounting records such as the general ledger accounts. Simmons, Hardy (2011) Furthermore, if some of the customers had the same names it would be tricky to verify the owner however this was solved by the proper use of Chart of

Accounts to arrange the above related information for clarity in their accounts records . A chart of accounts consists of all financial records you must include to have proper accounting results by detecting and arranging each ledger account systematically through transmission to different accounts. Simmons, {2011}

## **2.5 Relationship between Computerized Accounting Systems and Financial Performance**

Various scholars investigated the existing the relationship between computerized accounting systems and financial performance. Chen et al. (2019) found an existing correlation between computerized accounting systems and financial performance. Kumar et al. (2019) came up with his conclusion that computerized accounting systems improve financial performance in various ways but specifically by dropping and limiting financial errors as well as improving the way they present their financial accounting reports. Anderson (2021) conducted research on the Relationship between computerized accounting systems and financial performance, and concluded that there is a positive relationship between the two meaning that computerized accounting systems aid in the implementation of management activities such as proper making of decisions and right monitoring for effective results. The production of timely and reliable information was implemented thus calling for a specific action against any arising accounting error . This has a constructive effect on financial performance. Computerized accounting divisions in financial institutions call for assessment where every financial operation could be easily identified. Appropriate Financial accounting and recording of transactions helps to bring out satisfactory information to users in relation to effective presentation and financial position of the business as a whole Garbutt (2020),

Boston, (2019), mentioned that any one conducting business needed to be accompanied with appropriate accounting systems so that any essential instant of position to be worked onto increase combined efforts to all transactions. For any financial institution to participate in favorable competition and improve financial performance with other businesses such as banks, they decided to use computerized accounting system as the main emphasis for enhancing the package value. The coming up of electronic banking has extremely minimized the need for immediate linkage between the financial institutions and clients. It came as a result of internet, telephone and ATM banking networks working hand in hand with each other to gain customer retention with a related range of other economic service areas that can replace those provided by ancient financial tools. With computerized accounting services in financial institutions has helped the customers to gain pleasure and approval through

improving their skill of speed, correctness, user-friendliness and convenience which helped them to gain from the right provision.

## **2.6 Summary of Literature Review**

Most scholars carried out this research in different study areas with practical fact that is occurring in our contemporary society. They further went ahead to explore the relationship between computerized accounting systems and financial performance of financial institution banks in growing nations like Uganda. However, the need for this study aimed at adding on existing information as well as covering the available gap in the research literature. This chapter enlightened an academic provision that had the improved inventions and distributions in such study theory.

It was limited to explaining what exactly was existing in Equity Bank, this study attempted to establish and implement the results of the study findings. More so the literature review further talked about the study objectives which can also be known as the components of computerized accounting systems. The literature made on them lacked appropriate connection of the happenings and incidents of Equity Bank Mukono branch. Various reviews aimed at the concept in general. Therefore, this study recognized the invention and implementation of computerized accounting system came with an important influence on the financial performance of Equity Bank.

## **2.7 Conclusion**

To sum up, computerized accounting systems came with majorly a positive impact that resulted into timeliness, accurateness, and institutions were able to depend on them for day-to-day survival of various financial institution. The advanced systems have an improvement on the presentation of viable economic banks since they are a source of all the necessary information to be used financial institutions stakeholders. Frank Woods (2010) These components remain essential for enhancing banks' financial success. Information technology has taken a more all-encompassing approach to growth. As a result, through better service delivery channels, computerization increased the bank's financial performance's efficiency. Accounting systems played a vital role to the continuous growth of financial institutions through proper supervision that gives access to all types of information to various government and non-government agencies. Finally they reduce and improved ways people get access to different services within the shortest period of time which later calls for efficiency.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.0 Introduction

This chapter described the research methods used to conduct the study. The methodology included the research design, population, sample selection, data collection, and data analysis., established validity and reliability of the tools and analyzing of data that was collected

#### 3.1 Research Design

Descriptive research design was used to examine the impact of computerized accounting systems on the commercial banks financial performance. The researcher decided to use a case study of Equity bank Mukono branch to work as a basis for other commercial banks in Uganda Barratt & Kirwan,(2021). There was application of research methods like quantitative methods to quantify data with an aim of discussing the current financial state while understanding how the two variables related with each other . The researcher went ahead to use qualitative research to discover the detailed information concerning the study variables bearing in mind corresponding views and thoughts from various respondents Amin, (2020).

#### 3.2 Study Population

The study population included all employees and customers of Equity Bank Mukono Branch. The study population consisted of 38 respondents Equity Bank Mukono Branch, these consisted of 5 staff administrators, 3 lower bank officials, 19 Customers (Victims of banking fraud),1 bank operations manager 2 internal auditors, 2 credit office, 2 IT staff and 2 equity bank officials . Only 34 respondents were considered since they had relevant knowledge on the objectives of the study.

#### 3.3 Sample size

A sample refers to a single portion obtained from the population as a whole consisting of certain members that are carefully chosen and usually discussed to as elements. Sampling refers to the technique that involves picking a smaller sum of elements from the much bigger population which helped the researcher to easily acquire features the selected elements from the big population , According to Sekaran (2019)

The sample size used was determined by using Slovene`s formula, the sample size was attained using

$$n = \frac{N}{1 + Na^2}$$

Where  $n$  = sample size

$N$  = size of the population

$\alpha$  = level of significance which is  $(0.05)^2 = 0.0025$

Therefore

$$n = \frac{38}{1 + 38(0.05)^2}$$

$$n = 34$$

### **3.4 Sampling Techniques**

The major techniques employed were the simple random sampling technique where the researcher randomly selected a subset few of the chosen participants from a population

Other techniques like purposive sampling representing non-probability sampling were also identified and used to attain meaningful information. In this specific regard Simple random sampling was considered to be the suitable technique to give us reliable information for thus the reason for choosing it since the bank lower officials were easily considered in Equity bank.

This technique was chosen since there is a possibility of reducing bias. We considered purposive sampling to attain information that relates to administrative staff, Equity Bank officials with in the Management, IT staff and chosen clients. These techniques were vital in selecting respondents who had an idea the related topic of Computerized accounting systems and financial performance of Equity bank, (Sekaran, (2019).

### **3.5 Data sources**

While conducting the study the researcher was able to put into consideration of two different data sources to acquire data from the target population through physically reaching the field. The primary data source is firsthand information that the researcher obtained using questionnaire method and Secondary data source is information that was attained by other scholars using existing literature documents and other related reports

### **3.5.1 Primary source**

Data refers to raw facts that have less meaning to the user that still needs processing .Primary data stayed significant to users and other related areas of research since they consider them to be accurate information basing on what the researcher has observed observation before, during and after the study. The researcher attained Primary data after going to the field and had various interactions with them and administered questionnaires to the respondents who gave the researcher their consent to give them the questionnaires .This helped us to get their opinions. The researcher was able to gain a lot from the collected data for the specific purposes of their study. The researcher was able collect the data herself, using questionnaires.

### **3.5.2 Secondary data source**

Secondary data refers to the process of gathering, collecting and analyzing of existing information by various researchers other related researchers in question. Basing on the current study ,secondary sources in these cases include scholarly accepted literature ,articles like books, and others like journal .These help the researcher a right and resourceful work since it is generated from the right sources . Documentary resources have various classes that help researchers to collect the data and analyze it with ease, Mubazi (2008).

## **3.6 Data Collection methods**

Data was obtained through the use of a questionnaire and financial statements of Equity Bank Mukono Branch. The questionnaire sought information on the current state of computerized accounting systems, financial performance, and challenges faced by the branch.

The information was obtained using the two sources. The methods that were employed to collect the reliable data within the set and agreed time were Qualitative and quantitative methods. The researcher was able to gather original data(primary source) through giving out questionnaires to the selected respondents . When it came to secondary data the researcher was able to employ in use of existing literature ,journals, websites and other related approved existing literature .The researcher was able to obtain all the above information from Equity bank Mukono branch with the help of research assistants. This called for ease access to the needed information.

### **3.6.1 Questionnaire Survey method**

A questionnaire survey is defined as the technique that is used to obtain data while conduction face to face survey between the people that were involved in the research through administering the questionnaires to them .It is designed with related questions that are either

open or close ended questions which helps the researcher to obtain responses from the selected respondents who gave their consent to ask them questions Amin, (2005). This was used to obtain original data from the respondents in Equity bank. This included the use of close ended questionnaire eased the feedback from the respondents depending on the study variables Amin, (2005). More so the use of questionnaire permitted busy respondents to spare some time to answer the questions in their suitable hours Oso & Onen {2008}.

### **3.6.2 Interview method**

Interview method refers to one's ability to obtain data through questioning various respondents as well as giving them time to process questions and give right answers Ruane, (2015). The researcher managed to collect related information on the set topic with reference of Equity bank as a case study . the target in depth information was obtained properly which helped the researcher to have a proper analysis. The respondents were also given a room to ask the questions they had in mind ;this created a good relationship between the two and the respondent wen away with adequate information. This method targeted the customers best and other few bank officials like credit managers with in Equity bank.

### **3.6.3 Documentary Review method**

This method involves using secondary data with the guidance of the documentary review specification. After reviewing the documents, the researcher was able to acquire data that had a connection with what he was studying. The researcher had a focus to use this method so as to acquire data appropriate time of the study . the collected data was considerate since that respondents give attention to acquire them and this helped the researcher acquire data the way he desired Oso & Onen,(2008).

## **3.7 Data quality control**

This had a focus on the validity and reliability of instruments and tools . The researcher acknowledged the reliable tools she employed as she was collecting data to see whether , if it was valid or reliable

### **3.7.1 Validity**

A validity test was carried out prior to administration of the administration of the research tools. This was done in order to find out whether the questionnaire was able to capture the planned numbers. The validity was determined using the content validity index

Content validity index (CVI) = total number of items rated as relevant

### Total number of items judged

An introduction letter was got from the School of Business faculty by the researcher to gain consent for carrying out the study from different departments in Equity bank -Mukono Branch. When approved, the researcher secured the population of the respondents that accepted from the Bank dignitories and was able to use systematic random sampling to gain minimum sample size

### **3.7.2 Reliability**

Reliability is the degree of the measurement that helps the research instrument to yield consistent results after repeat. Cronbach's Alpha coefficient was used to determine the reliability of the instrument. Or higher is sufficient to show reliability.

### **3.8 Data Analysis**

Data was analyzed using descriptive statistics. Descriptive statistics were employed to give a summary of the data employed, test hypotheses and draw conclusion. The researcher obtained data and analyzed two weeks after the collection and the later processed . The researcher also employed the use of tables, and pie charts, frequency and percentages to gain improved results. The researcher also used analysis methods to analyze the collected data.

### **3.9 Ethical considerations**

This research was conducted following the rules and regulations that oversee research. Authority for carrying out this research was sought from the appropriate authorities.

It was significant that while conducting research ,the researcher told respondents that their participation was not forced and they were free to withdrawal their participation in answering any query at any time they were chosen. The research first sought the respondents consent before giving them questionnaires during the research process, he found out through an interactive discussion with the target respondents the various issues that may affect the respondents' responses . The researcher put in consideration of truth and trustworthiness of the research for academic purposes. A researcher was to treat this research with highest care and integrity, by avoiding mal practices like cheating and producing research results, since. It puts the original purpose of the research at a risk . Privacy was also crucial since the report was published to the public. For individuals who were used to provide information, it was crucial to consider their privacy to be respected. For private information that was accessed then confidentiality had to be maintained Steven, P. {2002}. The targeted population were informed in advance before being involved.

### **3.10. Limitations of the study**

There was limited time that restricted the researcher's collection of data due to class work and other normal university class work . This affected the data that was obtained.

There were delays in the study because gaining access to organizational departments required booking of an appointment in advance.

There was struggle in approaching some of the respondents as some failed to give genuine answers to set questions thus restricted the researcher's scope of material to be collected.

## CHAPTER FOUR

### PRESENTATION , ANALYSIS AND INTERPRETATION OF RESULTS

#### 4.0 Introduction

This chapter deals with presentation, analysis and interpretation of study findings. It provides information on the population, demographics. This research is targeted at understanding in a comparative analysis of the effect of computerized accounting system on the performance of commercial banks, data analyzed and derived by way of questionnaire administration are presented and analyze and so is done by statistical calculations / computations as tool for hypothesis is analysis of variance (ANOVA) and percentages.

#### 4.1 Presentation of data

Data presentation is defined as the different ways of conducting the different forms of data obtained through various data collecting techniques to enable the researcher perform analysis and extract new meaning from it. The study is the effect of computerized accounting system on the financial performance of commercial banks with primary focus on Equity bank Mukono branch. A cross-sectional design was used in the bank ,customers and staffs occupying various positions in the banks were covered. As can be seen below a total of 34 questionnaire were administered responded to and returned

*Table 1: Questionnaire distribution and retrieval table*

#### Questionnaire distribution and retrieval table

Department	Frequenc y	Percent	Valid Percent	Cumulative Percent
Accounts/Audi ts	7	20.6	20.6	20.6
Administrative	8	23.5	23.5	44.1
Marketing	4	11.8	11.8	55.9
Operations	2	5.9	5.9	61.8
Others	13	38.2	38.2	100.0
Total	34	100.0	100.0	

Source Primary data

The table above shows that a total number of 34 questionnaires was distributed and returned from the above sections.4 questionnaires representing 12% was distributed to staff of

accounting/audit sections and the same number were returned 3 questionnaires representing 9% was issued and the number was returned, 5 (15%) questionnaire was distributed and the same number was returned and also in administration sections 1 represent (3%) was distributed and the same number were returned from the operations section.2 questionnaires representing 6% were returned from the IT section and finally 17 questionnaires representing 50% that were returned from the customers

#### 4.1.1 Gender

*Table 2: Showing Gender*

Gender	Frequenc y	Percent	Valid Percent	Cumulative Percent
Male	15	44.0	44.0	50.0
Female	19	56.0	56.0	100.0
Total	34	100.0	100.0	

Source Primary data

According to the results for gender of the respondents in table above. The total numbers of the respondents were 34 that the researcher targeted. The majority of the respondents were female with the percentage of 56%, while the male was 44%. This therefore implied that the most dominant working group of employees with Equity bank were females which has an impact on the managerial decisions within the bank.

### 4.1.2 AGE

Table 3: Showing Age

Age	Frequency	Percent	Valid Percent	Cumulative Percent
Below 20 years	0	0	0	
21 - 30 years	10	29.4	29.4	29.4
31 - 45 years	15	44.1	44.1	73.5
Above 45	9	26.5	26.5	100.0
Total	34	100.0	100.0	

Source: Primary data

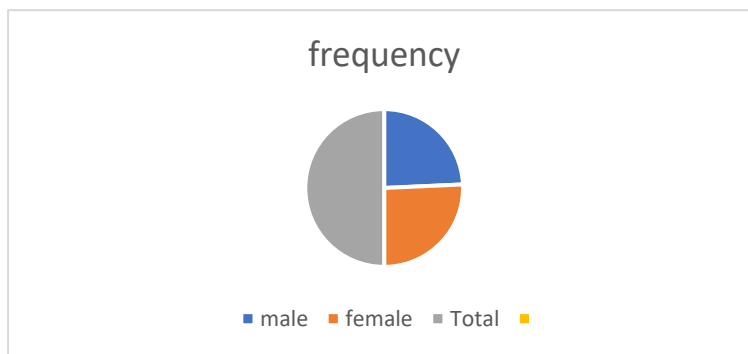


Figure 2: Showing Age

From the table above, the respondents were required to indicate their age and the study revealed that the largest numbers of respondents were in the age group of 31-45 years (44%), these were followed by those in the range of 20-30 years (29%) who were closely followed by those in the range of 31-45 years (15%), and the smallest number was those who were above 45 years with (9%). This age trend within Equity bank is an indication that the majority of the respondents working in this organization are able to work and improve efficiency in the bank.

### 4.1.3 Level of education

The researcher asked the respondents to tick their level of education to find out whether the respondents could be able to interpret the questionnaires given to them by the researcher. The findings indicated some of the targeted respondents for research had relevant knowledge to read, interpret and answer the questionnaires given to them by the researcher as presented in table below.

Table 4: Level of Education

Level of education	Frequency	Percent
Certificate	5	15%
Diploma	9	26%
Bachelors	17	50%
Others	3	9%
Total	34	100%.

Source: Primary data

Table 4 above shows that 15% representing 5 respondents have certificate , 26% representing 9 respondents have diploma , 50% representing 17 respondents have degree and 9% representing 3respondents for others. This shows that most of the respondents had attained up to university level of education which increased the financial performance levels of Equity bank.

#### 4.1.4 WORK EXPERIENCE

Table 5: Showing Work Experience

Years	Frequenc y	Percent	Valid Percent	Cumulative Percent
5 years and below	9	26.5	26.5	26.5
6 - 10 years	11	32.4	32.4	58.8
More than 10 years	14	41.2	41.2	100.0
Total	34	100.0	100.0	

Source: Primary source

The findings on table 5 above indicated that out of the 34 respondents who answered the questionnaires, majority had spent 3-4 years, with 26% representing 9 respondents have 5 years and below work experience, 29% representing 10 of the respondents have 6-10 years work experience, 44% representing 15 respondents have 10 years and above; experience with the bank Thus, implied that they had relevant experience and know about the effect of computerized accounting systems financial performance at Equity bank

#### 4.1.5 DEPARTMENTS / SECTIONS

Table 6: Showing Departments/ sections

Department	Frequenc y	Percent	Valid Percent	Cumulative Percent
Accounts/Audi ts	6	12.	20.6%	20.6
Administrative	8	23.5	23.5%	44.1
Marketing	4	11.8	11.8%	55.9
Operations	2	5.9	5.9%	61.8
Others	17	50	38%	100.0
Total	34	100.0	100%	

Source: Primary data

The above table shows that 12% representing 6 respondents are in account / audit section, 24% representing 8 respondents are in admin section 6% representing 2 respondents are in operations sections while 12% representing 4 represents are in marketing sections.50% representing 17 customers .This showed that there was effective distribution of employees to improve the financial output of Equity bank

## 4.2 Analysis and interpretation of collected data

### Section B 1) Computerized accounting systems

Table 7: Computerized accounting systems

S/No	Questions	SA	A	SD	D	UD
6	Are personal computers the major device used to do computerized accounting work?	21 64.8%	13 38.2%	0	0	00
7	Are all staff members involved in the computerization of accounting systems?	12 35.2%	21 61.8%	0	1 2.9%	0
8	Equity bank has computerized accounting systems and e-cheque services	17 50%	12 35.2%	5 14.7%	0	
9	Does your bank have a specific computer (data base) department?	24 71%	10 29.4%	00	00	
10	Does computerization aid quick customer service, decision making process and accountability in your bank?	23 67.6%	10 29.4%	4 11.8%	1 2.9%	2 5.9%
11	Are computerized accounting systems means of keeping proper accounting records?	28 82%	5 14.7%	1 2.9%	0	0
12	Do computerized accounting system help the bank to gain inherent advantage while	20	10	2	0	2

	minimizing risks involved in the daily banking operations?	<b>58.8%</b>	<b>29.4%</b>	<b>5.9%</b>		<b>5.9%</b>
<b>13</b>	Is there any relationship between the application of the computer and manual system in the banking Industry?	<b>19</b> <b>55.8%</b>	<b>10</b> <b>29.4%</b>	<b>4</b> <b>11.8%</b>	<b>1</b> <b>2.9%</b>	<b>0</b>
<b>14</b>	A customer can easily check his/her account balance using my phone in Equity bank	<b>10</b> <b>29.4%</b>	<b>12</b> <b>35.3%</b>	<b>1</b> <b>2.9%</b>	<b>9</b> <b>26.5%</b>	<b>2</b> <b>5.9%</b>

Source Primary data

The table showed the descriptive statistics on computerized accounting systems among the employees in equity bank. According to the above study findings revealed that 21 of the targeted study population represented by 56.8% strongly agreed that personal computers are the major devices used to do computerized accounting work with in Equity bank and 13 people with 35.1% agreed with the statement meaning that most employees in equity bank used their personal computers to do computerized accounting work in and outside equity bank

The study further noted that the majority, 61.8%, agreed that all employees are involved in the computerization of accounting processes to some degree, with 35.3% strongly agreeing or agreeing .More so we had 2.9% that disagreed with the statement that some employees did not involve themselves with the computerized accounting systems . This suggested that the employees of the Equity bank were highly engaged. The results indicated that majority of the employees participated in and communicated with computerized accounting systems, which indicated a high level of involvement and possibly improving the general effectiveness and accuracy of the company's accounting operations.

Furthermore, Equity Bank offers e-cheque services and computerized accounting systems, based on 50% respondents that strongly agreed with what was stated , and followed by 35.2% of the respondents who agreed that the bank offers e-cheques. Only 14.7% strongly disagreed. This showed that a sizeable number of respondents had access to the bank's resources and platforms. Thus, it was concluded that Equity Bank had several cutting-edge

technology instruments at its disposal, which probably improves its service delivery and operational effectiveness.

More so Equity Bank has a dedicated computer (database) department was indicated by a huge majority of respondents of 71% that strongly agreed with above statement , 29.4% that agreed with the statement. This shows that computer database management is a department that most banks represented in the survey have devoted to it. The existence of these departments served as a reminder of how essential it was to manage information properly, keep backup copies, and handle massive amounts of financial data securely and effectively. The findings further revealed that a significant majority (67.6% agreed + 29.4% strongly agreed) that computerization aids in quick customer service, decision-making processes, and accountability in the bank. This indicated a consensus among respondents that computerization positively impacts these aspects of banking operations.

Majority of the respondents 82% strongly agreed and agreed that computerized accounting systems were effective in maintaining proper accounting records. This suggested a high level of confidence in the reliability and effectiveness of computerized systems for record-keeping in banking. There was recognition of the relationship between computer and manual systems in the banking industry, indicating a blended approach to operations in many cases.

The majority of respondents (58.8% + 29.4%) thought that computerized accounting systems have built-in benefits and reduced risks associated with normal and routine banking activities. This suggests that respondents believed computerization will increase operational effectiveness and lower risks in the banking industry.

#### **4.3 Relationship between computerized accounting system and financial performance of Equity bank**

There is a correlation between the use of computerized accounting systems in the banking sector, according to the majority 55.8% agreed with the statement and 29.4% who either agree or strongly agree. It would seem from this that even with the widespread use of computers, manual systems are still relevant or are integrated in some way into banking operations.

The majority of respondents 64.7% agreed or strongly agreed that customers of Equity Bank can conveniently use their phones to check their account balances. Nonetheless, a sizable portion of respondents represented by 35.3% were undecided

II)The effect of computerized accounting Systems on the financial performance of commercial banks

Table 8: The effect of computerized accounting Systems on the financial performance of commercial banks

Statements	SA	A	SD	D	UD
The effect of computerized according system enhances higher turnover and profitability in banks	15 44.1%	12 35.2%	0	7 20.6%	0
There is an effect of using computer to keep accounting records.	19 55.9%	15 44.1%	0	0	0
Computerized accounting system aids in the examination of banks statements of financial positions to ensure agreement with source documents	20 58.8%	10 29.4%	0	4 11.8%	0

Source Field data 2024

The majority of respondents believed that computerized accounting systems significantly enhanced higher turnover and profitability in banks, while a smaller percentage agreed to a lesser extent and a minority did not see this effect.15 respondents, (44.1%) of the total surveyed, strongly believe that computerized accounting systems enhance higher turnover and profitability in banks.12 respondents represented by 35.2%agreed with the statement and 7(20.6%) disagreed that computerized accounting systems increased profitability in banks

Majority of the respondents represented by 44.1% agreed that There is an effect of using computer to keep accounting records. implying that there is an effect of using computers to keep accounting records within Equity, 19 respondents (55.9%) strongly believe that a computer was effective in keeping accounting records.

20 respondents (58.8%) agreed that computerized accounting systems aided in the examination of bank statements to ensure they agreed with source documents. 10 respondents (29.4%) disagreed with this statement. 4 respondents (11.8%) were undecided on this matter.

Majority (58.8%) agreed that computerized accounting systems helped to verify the accuracy of bank statements by ensuring they match source documents, highlighting the role of these systems in improving accounting trails. However, 29.4% disagreed, potentially due to concerns about the reliability of the software or the possibility of technical issues. The remaining 11.8% are undecided, possibly indicating a lack of direct experience with these systems.

### SECTION C: FINANCIAL PERFORMANCE OF COMMERCIAL BANKS.

Table 9: FINANCIAL PERFORMANCE OF COMMERCIAL BANKS.

Statement	SA(1)	A(2)	SD(3)	D(4)	UD(5)
1. The computerized accounting systems have impacted Equity banks profitability.	11 32.3%	13 38.2%	0	0	10 29.4%
2. How would you rate the overall financial performance of Equity bank for the past three years?	14 41.1%	20 58.8%	0	0	0
3. Have you noticed any significant change in the bank's financial performance since the implementation of computerized accounting systems?	12 35.2%	9 26.4%	0	10 29.4%	3 8.8%
4. The Default level in our bank has reduced for the past three years	9 26.4%	18 52.9%	0	0	7 20.1%
5. There are issues with data accuracy in relation to the use of computerized accounting systems	0	1 2.9%	12 35.3%	12 35.3%	9 26.4%

Source field data 2024

Majority (70.5%) of respondents believed that computerized accounting systems had positively impacted the bank's profitability, with 32.3% strongly agreeing and 38.2% agreeing. However, a significant minority (29.4%) disagreed. This implied that Equity bank had strongly benefited from the computerized accounting systems

To further ascertain whether the study established that all respondents rated the financial performance of Equity Bank positively over the past three years, the researcher found out that 41.1% of the respondents were rating it as excellent and 58.8% rating it as good indicator of how Equity bank was performing well.

To find out if there was any significant change in the bank's financial performance since the implementation of computerized accounting systems the researcher found out that there was a significant change it was proved through 35.2% strong agreement, 26.4% agreed to the statement, 29.4% disagreed since they have limited access to full detailed financial statements whereas 8.8% were not sure thus regarded as undecided. This was an indicator that the bank was performing well financially.

A majority (79.3%) strongly agreed and believed that the default level in Equity reduced, with 26.4% strongly agreeing and 52.9% agreed. However, 20.1% are undecided. One of managers during an interview also agreed that the bank has had its default level reducing. He said "one of the reasons why Equity bank has been growing and growing, it is that most of our clients have been compliant."

In findings whether there were issues with data accuracy in relation to the use of computerized accounting systems, the researcher found out there are limited issues with data accuracy evidenced by the follows 2.9% agreed, 35% strongly disagreed, 35.3% disagreed and 26.4% undecided meaning we need improvements in data accuracy with in Equity Bank

## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

#### 5.0 Introduction

This chapter five gives the summary, conclusion and recommendation related to the study topic of computerized accounting systems and financial performance of commercial banks with the use of Equity Bank being the point of focus . Conclusions were obtained what the researcher was able to attain after analyzing what he found out . the researcher concluded that computerized accounting systems had various effects that had various components which makes changing technology to be easily accessed and used .Various improved technological systems included ATMs, computers, money counting machines among others while the following were comprised of financial performance that is liquidity, return on equity, level of profits and the proper relationship that existed between employees and the employers.

#### 5.1 Summary of Key Findings

Major objectives that had a connection to the study were establishing the effects of computerized accounting systems on financial performance of commercial banks. What was found out on the effects came up as a result of computerized accounting systems being demonstrated as the foundation of improved financial performance in all financial institutions in various countries. When Equity bank adopted these advanced systems. It is evident that it has recorded best financial result except a few challenges that come up as a result of poor management as properly discussed in the previous chapters.

Following the findings of the conducted research , the researcher gave a conclusion that Equity banks financial performance had a steady growth evidenced by good liquidity levels ,increased profitability levels efficiency and many others like ROA ,ROE , whereas some costs in relation to paper work were put to a minimum level. With the use of Technological advancements in Equity bank there has been a positive indicator on the establishment and improvement on the provisions so as to get the clients gave the necessary feedback to such banks

##### 5.1.1 Costs incurred in computerization

Costs refer to prices attached to various products .The findings that were obtained from the costs incurred to have computerized systems in Equity clearly indicated there are various costs that were incurred in during the process, the costs were categorized into three costs that is fixed costs, variable costs and mixed costs

In the beginning the researcher concluded that costs were a little bit high in the sort run, as it was the first time to implement them, they needed expertise personnel who were supposed to

train to train the staff on the use of the systems . And when it came to the long run, the systems had limited costs since most of the staff had adopted and found them convenient to use whereas the manual systems came to a decline as they were associated with various expenses like loss of relevant data. Throughout this period that Equity bank employed computerized accounting systems, the report showed that there was a total reduction in costs incurred which has helped the bank to have good financial results as well as effective performance

### **5.1.2 Computerized accounting systems and financial performance**

The researcher went ahead and give a conclusion on computerized accounting systems and financial performance of Equity bank. There was an existence of a positive connection between the two variables. These two variables go hand in hand with an aim of achieving the sat objectives as per chapter one which left no room for repetitive discussion. Equity bank stood out among other financial institutions in relation to the use of computerized accounting systems and financial performance

### **5.2 Conclusion**

Advanced technology increased every day as the world came with more innovations and more human work accepted the use and other transformations that were employed by computers in the financial institutions such as banks, this called for acceptance of rapid transformations. Various stakeholders of developing financial institutions agreed to these new computers inventions so that they would achieve financial health of their banks ,this was done by accepting and adopting with the deviations that were implemented . the researcher found out the trend of cost as time went on based on introduction and maintenance was concerned . When it came to the continuous use of these systems in the bank, the following were witnessed

Improved profitability, good return on assets and equity , accessibility of computerized work , reduced expenses that called for a better output in terms of financial performance. This left a big room for confidence among banks that their financial performance levels were in line with the use agreed principles of financial institutions

### **5.3 Recommendations**

The researcher gave the various recommendations basing on the study findings with an aim of having a progressed financial output and presentation of related financial information of commercial banks having a focus on equity bank Mukono branch as the case study.

Commercial institutions ought to benefit economically from the implementation of accepted accounting advanced technological systems and policies, Equity bank will be able to gain a

competitive advantage over other banks in terms of quality financial performance of various computing activities

This forms the critical reason why banks need to channel part of their profits and other related minor incomes to offer genuine services like improving the quality of their staff and, this is termed as manpower development. This is done and implemented through on job training furthering their education, to have improved output with in the bank's daily activities. this called for improved statements of financial position that are presented in the right time, for physical and virtual users.

Based on the changing state of technology companies should embrace the new era usually known as the "Computer Age". Financial institutions that still work with manual system accounting, should embrace an advanced system called electronic data processing (EDP) accounting system which helps the bank to have an improved means of letting services reach customers with ease, as well as minimizing circulation of company data.(computerizing it )

It also is useful in collecting information, storing, and retrieving it; it aids in communication and in affording due safeguard to information so that the unauthorized do not avail it to fraudulent purposes. This helps the firms to perform with competence so that they can focus on better output basing on the set objectives. In order to have banks with effective implementation of computerized accounting systems, they should make it important to look at quality of the systems basing on GAAP which provided the overall guidance to the accounting information to the team.

While analyzing and , recording and interpreting accounting is being done in the accounting cycle. Companies should also opt for green computing which aids to reduce the effect of computers on human beings .The upcoming computer changes are increasing every day which means also problems wont cease to increase thus calling upon the continuous use of green computing strategies ,that reduce consumption of electricity and its related effects

. Some strategies and policies agree with the use of Green Computing, including recycling, since it minimizes the manufacturing process and gives meaning to the lifespan of a computer;

#### **5.4 Areas for further Study**

Because of scarce social and economic resources, there was a limitation of the researcher to do a complete and sufficient research thus opted to give a recommendation on various areas for further study, thus if properly done restrictions to full electronic system in the banking industry will be reduced and all the reliable information will be attained with ease.

The efficiency and flexibility of different computing processor packages and administrative trials among financial institutions.

The link that exists in the technological advancements and all its related evils of the cyberspace, from the Uganda's technological standpoint.

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## APPENDICES

### APPENDIX 1: QUESTIONNAIRE

Good morning/afternoon,

My name is Muhimbise comfort, a student at Uganda Christian University currently pursuing Bachelor's degree of Science in Accounting and Finance .This questionnaire is designed to study the effect of computerized accounting systems and the financial performance of commercial banks (A case study of Equity Bank -Mukono Branch)

I am requesting you to respond to the questionnaire frankly and honestly. I assure you that only the members of the research team will access the information you give. The summary of the results will be mailed to you after the data has been analyzed in case you are interested. The information you provide will help us understand better the effect of computerized accounting systems on the financial performance of commercial banks. I thank you very much for your time and cooperation.

Instruction,

Please read the question carefully and tick any answer you deem appropriate.

#### SECTION A: Back ground information

##### 1. Gender

(a) Male [ ]

(b) Female [ ]

##### 2. Age

(a) Below 18 years

(b) 18 – 29

(c) 30 – 39

(d) 40-49 [ ]

(e) 50 and above [ ]

3. Academic Qualifications

(a) Certificate [ ]

(b) Diploma [ ]

(c) Bachelors. [ ]

(d) Others specify .....

e) Job title.....

4. Work Experience

(a) 5 years and below [ ]

(b) 6 -10 years [ ]

(c) More than 10 years

(5) Department/Sections

(a) Account/Audit [ ]

(b) Marketing [ ]

(c) Administrative [ ]

(d) Operation. [ ]

**SECTIONS B 1) Computerized accounting systems**

**Note:** In these subsequent sections, use the scale provided to tick in the box of the relevant answer that describes your opinion. **NB: SA=Strongly Agree (1), A=Agree (2), SD= Strongly Disagree (3), D= Disagree (4) and UD=Un Decided (5)**

S/No	Questions	1	2	3	4	5
6	Equity bank has computerized accounting systems and e-cheque services					
7	Does your bank have a specific computer (data base) department?					
8	Does computerization aid quick customer service, decision making process and accountability in your bank?					
9	Are computerized accounting systems means of keeping proper accounting records?					
10	Do computerized accounting system help the bank to gain inherent advantage while minimizing risks involved in the daily banking operations?					
11	Is there any relationship between the application of the computer and manual system in the banking Industry?					
12	A customer can easily check his/her account balance using my phone in Equity bank					

**11); The effect of computerized accounting Systems on the financial performance of commercial banks**

	Statements	1	2	3	4	5
<b>12</b>	The effect of computerized according system enhances higher turnover and profitability in banks					
<b>13</b>	There is an effect of using computer to keep accounting records.					
<b>14</b>	Computerized accounting system aids in the examination of banks statements of financial positions to ensure agreement with source documents					

**SECTION C: FINANCIAL PERFORMANCE OF COMMERCIAL BANKS**

S/No	Statement	1	2	3	4	5
<b>15</b>	The computerized accounting systems have impacted Equity banks profitability.					
<b>16</b>	How would you rate the overall financial performance of Equity bank for the past three years?					
<b>17</b>	Have you noticed any significant change in the bank's financial performance since the implementation of computerized accounting systems?					
<b>18</b>	The Default level in our bank has reduced for the past three years					
<b>23</b>	There are issues with data accuracy in relation to the use of computerized accounting systems					

**Additional Comments**

1)Is there anything else you would like to share about your experiences with the use of computerized accounting systems at Equity Bank Mukono branch?

2)Do you have any suggestions for improving the financial performance of Equity bank?



**UGANDA CHRISTIAN  
UNIVERSITY**

A Centre of Excellence in the Heart of Africa

**SCHOOL OF BUSINESS**

15<sup>th</sup> July , 2024

**TO WHOM IT MAY CONCERN**

Name: **MUHIMBISE COMFORT**

Reg. No **JJ22B33/018**

A bachelor's student who is seeking permission from your office to collect data for her dissertation titled

**Computerized Accounting System and Financial Performance of Commercial Banks**

We shall be grateful if you could render assistance to her in collecting the necessary data for her dissertation

The Uganda Christian University School of Business thanks you in advance

.....  
Mukisa Simon Peter  
Research coordinator

THANK YOU.