ASSESSMENT OF ACCOUNTING INFORMATION SYSTEM IN BANK MANAGEMENT ACTIVITIES (IN CASE OF COMMMERCIAL BANK OF ETHIOPIA GUBRE BRANCH)

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WOLKITE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

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A SENIOR ESSAY SUBMITTED TO THE DEPARTMENT OF ACCOUNTING IN PARTIAL FULFILMENT OF THE BACHLER OF ART (BA) DEGREE IN ACCOUNTING AND FINANCE

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This is to certify that the research on the topic of **"Assessment of accounting information system in bank management activities (in case of commercial bank of Ethiopia Gubre branch)"** submitted Partial Fulfillment of the Requirements for the BA Degree in Accounting and Finance; the undergraduate program has been carried out by **EFRATA TEKA**, under my supervision. Therefore, I recommend that the student has fulfilled the requirements and hence hereby can submit the thesis.

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We, the undersigned, members of the Board of Examiners of the final open defense by EFRATA TEKA have read and her thesis entitled **"Assessment accounting information system in bank management activities (in case of commmercial bank of ethiopia gubre branch)"**and examined the candidate. This is, therefore, to certify that the thesis has been accepted in partial fulfillment of the requirements for the BA degree in Accounting and Finance.

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Final approval and acceptance of the thesis is contingent upon the submission of the final copy of the thesis to the department of Accounting and Finance.

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Acronyms and Abbreviations

AIS - Accounting Information System

CBE - Commercial Bank of Ethiopia

IT - Information Technology

SPSS - Statistical Package for Social Sciences

TAM - Technology Acceptance Model

AISQ - Accounting Information System Questionnaire

AISIM - Accounting Information System Interview Manual

Abstract

This study assessed the management and utilization of the Accounting Information System (AIS) within the Commercial Bank of Ethiopia, Gubre Branch. The research employed a descriptive research design, utilizing primary data sources. The primary data was collected through structured questionnaires and personal interviews with the bank's employees, including the Operational Manager. The study focuses on the Gubre Branch of the Commercial Bank of Ethiopia, exploring the role of the AIS in supporting the bank's financial management practices, the factors influencing its use and adoption, the challenges and barriers faced in its management, and the opportunities for improvement. The findings of this study are expected to contribute to the existing body of knowledge on the management and utilization of Accounting Information Systems within the banking sector, while also providing practical insights to the Commercial Bank of Ethiopia, Gubre Branch, to enhance the effectiveness of its AIS.

Keywords: *Accounting Information System, Commercial Bank of Ethiopia, Financial Management, AIS Management, AIS Utilization*

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

Banks expanded their work and their functions to the new aspects emerged from the diversity of business and banking services in the world. The changing strategies of banks in attracting and maintaining clients and the use of accounting information systems, modern and sophisticated to keep clients' funds and provide the expected return and, thus, increase the profit rate of return earned by the banks (Elena et al, 2010). Accounting is a process which with the help of accounting records produces financial statements. The accounting information system is considered to be one of the most important systems of any organization. Its objective is to provide necessary information to the managers at different levels. This information helps them in discharging their responsibilities in an effective and efficient manner in the areas of planning, resource control, performance evaluation and decision making (Saeidi, 2014). Information communication technology has become a majorly tools for rendering or providing a competitive advantage for companies, most especially banking industries, financial institutions and the accounting professions, in terms of the number of computers in use and the level of information technology infrastructure (Odubanjo, 2009).

Appropriate for the purposes of planning, controlling and decision-making and to achieve an integrated vision of the potential of commercial banks and optimize the use of available resources (Saeidi, 2014). It will take time and effort for the financial analyst, offering programs of modern information and rates may help to keep up with events and changes, and take appropriate decisions in time (Wedyan, 2012). As scholars indicated accounting information system has an effect on the decision making and assists organization administrative co-ordination in the organization (Gerdin and Greve, 2004). It is thus founded that effective decision making is important to organizational performance (Boulianne, 2007). This basically shows that the link in between the utilization of accounting information system and organizational performance. Taking into consideration the situation in Ethiopian banking sector, current issue is the adaptable investment trend as well as the adopting of electronic technologies in the banking sector (Elena et al, 2010). Elena et al, (2010) reported that the modern trend of

electronic banking application advancement has called for research related to the antecedent factors to the utilization of the Accounting information system and its upcoming effect on the organizational performance. The critical success factors that impact the utilization have become a modern research issue.

It is consequently proposed that Ethiopian banking industry is now taking the issue on electronic technologies adoption more very seriously (Tesfaye, 2015). The issue of accounting information system adoption and its influence on the organizational implementation of the Ethiopian banking industry commonly can be safely classified as components of the contemporary issues to Ethiopian banking industry.

Thus it is essential to conduct an assessment on accounting information system practices on bank management activities of selected commercial bank of Ethiopia: in the case of Gubre Branch. By considering the above invest on the details of (accounting information system), we will conduct the study in Gubre Branch

Therefore this study aimed at assessing on Accounting Information System on bank management activities in the Case of Commercial Bank of Ethiopia Gubre Branch

1.2. Statement of the Problem

Accounting speaks the language of business as it records all transactions of an individual firm or other bodies that can be expressed in monetary terms. Predicated on the going concept, accounting is the scheme and art of collecting, classifying, summarizing and communicating data of financial nature required to make economic decisions (Arneld & Hope, 1990).

Banks are key players in financial market systems and play an important in keeping a country's economy running efficiently. In today's highly competitive environment, the accounting system of any organization is responsible for providing qualitative information to assist managements in their decision making process (Arneld et al., 1990).

The success or failure of business depends largely on the quality of decision made by management and the quality of decision made depends on the availability of up-to-date data concerning the business (Joseph, 2013). As a result, accounting information systems (are

considered as important organizational mechanisms that are critical for effectiveness of decision management and control in organizations (Sajady et al., 2008).

Accounting information system is a system used to record the financial transactions of a business or organization. This system combines the methodologies, controls and accounting techniques with the technology of the IT industry to track transactions provide internal reporting data, external reporting data, financial statements, and trend analysis capabilities to effect on organizational performance (Elena et al, 2010).

Traditional way of recording, summarizing and reporting company financial reports led to less optimal decisions and poor accounting information endanger organizational performance, which makes managers inefficient administratively that affects the financial performance, non-financial performance of operating in select private and government commercial banks.

As far as previously done local researchers' knowledge were concerned, those who have done studies on banking sector, were mainly concerned on the factors that affect financial performance of banks particularly the profitability aspects only (Eden, 2014; Tesfaye, 2015 & Shibiru, 2014). In spite of the above achievements, in the above research works, the methods used to examine bank performance is return on equity (ROE). However, the ROE disregards the higher risk that is associated with a high leverage (Bikker & Bos, 2008).

Despite all the achievements, the above research works have shown the following gaps and limitations. Firstly, the practice of Accounting Information System on performance of banks are measure through the perspectives of bank performance at large. Thus, the above studies only focused on evaluating the general level of banking performance without further segregating and evaluating the practice of Accounting Information System management for bank activities.

The instruments and data collection methods employed to investigate Accounting Information System management in bank activities is based on document analysis. Primary information's from bank administrative managers, higher officials' and respective officers were not included as an informant and thus, the above research works were limited to comprehensively understood the practice of Accounting Information System on performance from primary data sources.

Thus, the existence of the above gaps and limitations, have led the researchers profound to examine the Accounting Information System management in bank activities for commercial bank of Ethiopia in case of Gubre Branch

Therefore, in response to the above research problems and so far studied and indicated research gaps, this study is conduct to assess Accounting Information System management in bank activities for commercial bank of Ethiopia in case Gubre Branch

1.3. Research questions

By accounting information system or considering the following basic research questions in order to maintain the service quality.

1. What is the service quality of Accounting Information System practiced by Commercial bank of Ethiopia in Gubre Branch?
2. What is the role of accounting information system management for bank activities of Gubre Branch?
3. What are the factors that determine commercial bank of Ethiopia in a use Accounting Information System?
4. What are the challenges and barriers that the bank faces in managing and implementing the AIS?

1.4. Objective of the Study

1.4.1 General objective

The main objective of the study will be to assess Accounting Information System management in bank activities for commercial bank of Ethiopia in case of Gubre Branch

1.4.2 Specific objective

- ✓ To assess the service quality of Accounting Information System practiced by Commercial bank of Ethiopia in Gubre Branch
- ✓ To identify the role of accounting information system management for bank activities of Gubre Branch?

- ✓ To identify the factors that determines commercial bank of Ethiopia in a use Accounting Information System?
- ✓ To Identify the challenges and barriers that the bank faces in managing and implementing the AIS.

1.5 Significance of the Study

The findings of this study are expected to have both theoretical and practical significance. From a theoretical perspective, the study aimed to contribute to the existing body of knowledge on the role of Accounting Information Systems (AIS) in the banking sector. By exploring the management and utilization of the AIS within the Commercial Bank of Ethiopia, Gubre Branch, the study will provide empirical evidence that can inform and enhance the understanding of AIS-related theories and frameworks.

Moreover, the study's focused on the challenges and barriers associated with AIS management can offer valuable insights for researchers and academics interested in investigating the factors that influence the effective implementation and adoption of information systems within the banking industry. These insights can serve as a foundation for future studies and discussions on AIS-related topics.

1.6 Scope of the Study

The study was conducted within the Commercial Bank of Ethiopia, specifically at the Gubre Branch. The researchers chose to focus on the Gubre Branch due to its strategic importance and the availability of the necessary data and information required for the investigation.

The study primarily focused on the management and utilization of the Accounting Information System (AIS) within the Commercial Bank of Ethiopia, Gubre Branch. The researchers explored various aspects of the AIS, including its role in supporting the bank's financial management practices, the factors influencing its use and adoption, the challenges and barriers faced in its management, and the opportunities for improvement. The study did not extend its investigation to other information systems or technology-related aspects of the bank's operations beyond the specific focus on the AIS.

1.7 Limitations of the Study

While the researchers have made every effort to ensure the quality and reliability of this study, there are several limitations that should be considered:

Scope Limitation: The study was confined to the Commercial Bank of Ethiopia, Gubre Branch, and did not include other branches or subsidiaries of the bank. This may limit the generalizability of the findings to the entire banking network of the Commercial Bank of Ethiopia.

Data Availability Limitation: The researchers relied on the data and information made available by the Commercial Bank of Ethiopia, Gubre Branch. The availability and quality of the data provided by the bank may have influenced the depth and accuracy of the analysis.

Time Constraint: The study was conducted within a specific timeframe, which may have restricted the researchers' ability to gather additional data or explore certain aspects of the AIS management in more depth. The findings, therefore, represent a snapshot in time and may not fully capture the evolving nature of the bank's AIS-related practices and challenges.

Respondent Bias: The data collected through the questionnaires and interviews may have been subject to respondent bias, as the participants' perceptions, experiences, and willingness to share information may have influenced the responses.

Researcher Bias: The researchers' own perspectives, assumptions, and interpretations may have introduced some level of bias in the analysis and presentation of the findings. The researchers have made every effort to minimize this bias, but it is an inherent limitation of qualitative research.

Despite these limitations, the researchers believe that the findings of this study provide valuable insights and contribute to the understanding of Accounting Information System management within the Commercial Bank of Ethiopia, Gubre Branch. The limitations identified above should be considered when interpreting and generalizing the study's results.

1.8 Organization of the Paper

The study is organized into five chapters. Chapter 1 introduces the research topic, including the background, statement of the problem, research objectives, and the significance of the study. Chapter 2 presents the theoretical and empirical review of the relevant literature, as well as the research gap. Chapter 3 outlines the research design and methodology used in this study. Chapter 4 reports the findings and analysis of the data collected. Finally, Chapter 5 provides the conclusions, recommendations, and suggestions for future research.

CHAPTER TWO

2. RELATED LITERATURE REVIEW

2.1. Introduction

2.1.1 The concept of accounting information systems (AIS)

Accounting information systems is a tool, which incorporated into the field of information and technology systems, are designed to help in the management and control of topics related to organization's economic-financial area. But the stunning advance in technology has opened up the possibility of generating and using accounting information from a strategic viewpoint (El Louadi, 1998). Accounting information system is vital to all organizations (Borthick & Clark, 1990; Curtis, 1995; Rahman et al.,1988; Wilkinson,1993 and Wilkinson et al.,2000) and perhaps, each organization either profit or nonprofit-oriented need to maintain the Accounting Information Systems (Wilkinson, 2000).

On the other hand, an Accounting Information System is the whole of the related components that are put together to collect information, raw data or ordinary data and transform them into financial data for the purpose of reporting them to decision makers (LI, 1999). To better understand the term 'Accounting Information System', the three words constitute Accounting Information System would be elaborated separately. Firstly, literature documented that accounting could be identified into three components, namely information system, "language of business" and source of financial information (Wilkinson, 1993). Secondly, information is a valuable data processing that provides a basis for making decisions, taking action and fulfilling legal obligation. Finally, system is an integrated entity, where the framework is focused on a set of objectives (Watts, 1999).

Accounting literature argues that strategic success is considered an outcome of Accounting Information Systems design (Langfield, 1997). Several, studies have analyzed the impact of Accounting Information System in strategic management, examining the attributes of Accounting Information System under different strategic priorities (Ittner & Larcker, 1997); (Bouwens and Abernethy, 2000). It has also been analyzing the effect on performance of the interaction between certain types of strategies and different design of Accounting Information

System (e.g. different techniques and information). The appropriate design of Accounting Information System supports business strategies in ways that increasing the organizational performance (Chenhall, 2003). Increasing Accounting Information System investment will be the leverage for achieving a stronger, more flexible corporate culture to face persistent changes in the environment. Accounting Information System combines the methodologies, controls and accounting techniques with the technology of the IT industry to track transactions, provide internal reporting data, external reporting data, financial statements, and trend analysis capabilities affecting on organizational performance (GUL, 1991). Benefits of accounting information system can be evaluated by its impacts on improvement of decision-making process, quality of accounting information, performance evaluation, internal controls and facilitating company's transactions (Bolon, 1998).

2.1.2 The practices of accounting information system

The practice of accounting information systems was summaries according (Sealehi, 2011) is a system that operate functions of data gathering, processing, categorizing, and reporting financial events with the aims of providing relevant information for the purpose of storing information keeping inventories records and decision making, and also provides financial report on a daily and weekly basis. This study has shown that successful implementation of accounting information systems has benefits, improvement in work qualities, improved flow of product, improved flexibility, multifunctional ability, motivation of using software application, problem solving capability of employees, increased productivity and performance in terms of production cost, and finally increased emphasis on supplier's integration. All these mentions make accounting information systems so unique and advantageous in use.

In the past, technology acceptance model (TAM) represents an important theoretical contribution towards the understanding of Accounting Information System (Davis, 1989). The focus on the theory based model of TAM by (Davis, 1989) explains computer usage behavior towards the of accounting information systems. The goals of TAM also provided an explanation of the determinants of computer acceptance that are generally capable of explaining user behavior across a broad range of end- user computer technology and user populations. (Davis, 1993) predicting human behavior and suggests how users come to accept and use a technology and proposes that when a person is adopting a new technology, a number of factors such as the

perceived usefulness, perceived ease of use, attitude towards u se and behavior intention can influence their decision about how and when he or she will use it.

2.1.3 The Need for Accounting Information System

Effective Accounting Information System is essential to any organizations for long run success it is a means of maintaining the event that occur there would be no way to determine how well the organization performing (ISMAIL, N., A. 2009). The need for Accounting Information System about a business comes from people outside the business usually want to summarized information presented in standardized forms and reported at annually and quarterly intervals. In contrast, people inside the business want detailed information to the need of specific decisions and reported at frequent intervals- often weekly or monthly (Robert K and Eschew, 1996).

2.1.4. Importance of Accounting Information in Bank industry

Accounting information allows commercial bank to speculate up on opportunity of attractive business and in the resource placements the role of accounting information of bank management towards successful strategies, by exercising the main functions consecrated by law; banks generate extremely useful accounting information for both customers and bank management Abdelhak, D., & Dalen, H. (2009).The classification of bank operations in to active and passive operations underlines the importance of accounting information the whole bank activity regarding the international financial market fight ferociously for supremacy accounting information and transparency of their accounting system of the bank lead to success Hall, J. A. (2010).The role and importance of accounting information in the bank activity is derived from the role and function of commercial bank generate themselves extremely useful accounting information, both for the bank management and for the client. These functions or operations traditional for the banks conformed by law generators of accounting information refers mainly to accepts deposit from clients, management of payment and credit payment, fund transfers transaction in the client account and mandate operating Abdelhak, D., & Dalen, H. (2009).The classification of bank operation in active bank operations generate accounting information regarding the placement of bank credits, placement on the interbank market; passive bank operation operates accounting information regarding the attraction of resource by the bank own capital, deposit for clients depending on the balance sheet and importance of accounting information in the whole bank activity Hall, J. A. (2010).Bank accounting information allows

the commercial bank to speculate up on some attractive business opportunities connected to give credit guaranties, other facilities in favor of performing clients help banks in attracting resource in the volume structure and maturities (term) meant to satisfy the opportunities offered by clients Harangues Daniela (1995).

2.1.5. Banking and Information System Information

System is an academic study of systems with a specific reference to information and the complementary networks of hardware and software that people and organizations use to collect, filter, process, create and distribute data to support the stewardship function of management, management decision making and in the banking sector day-to-day operations. Banking information system is an appropriate to enhance effectiveness and efficiency by improving service delivery, reduce costs, and manage their account deposit and withdrawals information via automatic teller machine (ATM) that client can now receive information as system over the phone and through home computer Harangues Daniela (1995)

2.2 Theoretical Review

The theoretical foundation of this study is primarily rooted in the concepts and principles of Accounting Information Systems (AIS) and their role in supporting financial management within the banking sector. The AIS can be defined as a system that collects, records, stores, and processes financial and accounting data to provide relevant information for decision-making and control purposes (Romney & Steinbart, 2018).

One of the key theoretical perspectives underpinning this study is the Systems Theory, which emphasizes the interconnected nature of various components within an organization (Bertalanffy, 1968). In the context of AIS, the Systems Theory suggests that the effective management and utilization of the AIS requires a holistic understanding of the system's integration with other organizational functions, such as financial management, risk management, and operational processes (Gelinas & Dull, 2012).

Another relevant theoretical framework is the Contingency Theory, which posits that the optimal course of action is contingent upon the internal and external factors facing an organization (Otley, 1980). In the banking industry, the Contingency Theory suggests that the management and utilization of the AIS should be aligned with the bank's strategic objectives,

organizational structure, and the broader environmental factors, such as regulatory requirements and technological advancements (Lucey, 2005).

Additionally, the Technology Acceptance Model (TAM) provides insights into the factors that influence the adoption and use of information systems, such as the perceived usefulness and ease of use (Davis, 1989). This theoretical perspective is particularly relevant in understanding the challenges and barriers that banks may face in effectively implementing and utilizing the AIS, as well as the strategies required to foster user acceptance and engagement (Xu, 2009).

2.3 Empirical Review

The existing empirical literature on the role of Accounting Information Systems in the banking sector offers valuable insights that inform the current study. Several studies have examined the impact of AIS on the financial management practices and performance of banks.

A study conducted by Malinić and Todorović (2012) in the context of Serbian banks found that the effective implementation and utilization of the AIS contributed to improved financial reporting, enhanced decision-making, and better risk management. The researchers emphasized the importance of aligning the AIS with the bank's strategic goals and ensuring user adoption through comprehensive training and support programs.

Similarly, a study by Badara and Saidin (2014) in the Nigerian banking sector highlighted the critical role of the AIS in strengthening internal control mechanisms, improving operational efficiency, and enhancing the reliability of financial information. The researchers also identified several challenges, such as inadequate user expertise, resistance to change, and insufficient financial resources, that hindered the effective management and utilization of the AIS.

In the Ethiopian banking context, a study by Eshetu and Debela (2019) examined the factors influencing the adoption and use of the AIS in commercial banks. The researchers found that technological, organizational, and environmental factors, such as top management support, perceived usefulness, and regulatory requirements, significantly impacted the bank's decision to implement and utilize the AIS.

Furthermore, a study by Getahun and Alemu (2020) on the AIS practices of the Commercial Bank of Ethiopia revealed that the system played a crucial role in streamlining financial

reporting, supporting decision-making, and enhancing the bank's overall financial management. However, the researchers also identified challenges related to data quality, system integration, and user training that hindered the full realization of the AIS's benefits.

2.4 Research Gap

The existing empirical literature on the role of Accounting Information Systems in the banking sector provides valuable insights and a solid foundation for the current study. However, there are several gaps and areas that warrant further investigation.

Firstly, the majority of the existing studies have focused on the general impact of AIS on the overall performance and financial management practices of banks, with limited attention to the specific challenges and barriers encountered in the management and utilization of the AIS. While some studies have identified various challenges, a more comprehensive and in-depth exploration of these issues is necessary to enable banks to develop targeted strategies for overcoming them.

Secondly, the existing literature has primarily explored the factors influencing the adoption and use of the AIS, but there is a need for a deeper understanding of the role of AIS management in supporting the bank's day-to-day activities and operations. The current study aims to address this gap by examining the contributions of AIS management to the various functions and processes within the bank.

Furthermore, the existing studies have primarily been conducted in the context of other developing countries, such as Nigeria, Serbia, and Ethiopia. While these findings provide relevant insights, the unique characteristics and operational environment of the Commercial Bank of Ethiopia, Gubre Branch, warrant a localized investigation to capture the nuances and specific challenges faced by this institution.

Finally, the majority of the existing studies have employed quantitative research methods, relying primarily on survey data. While these approaches provide valuable statistical insights, qualitative perspectives from key stakeholders, such as the bank's management, can offer a more comprehensive understanding of the challenges, barriers, and opportunities associated with the management and utilization of the AIS.

By addressing these gaps, the current study aims to contribute to the existing body of knowledge on the role of Accounting Information Systems in the banking sector, with a particular focus on the Commercial Bank of Ethiopia, Gubre Branch. The integration of both quantitative and qualitative data, as well as the in-depth exploration of the management and utilization of the AIS, will provide a more holistic understanding of the bank's experiences and challenges, ultimately informing the development of targeted strategies for enhancing the effectiveness of the AIS.

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1 Research Design

For this study, the researcher applied a descriptive research method. Descriptive research is well-suited for studies that aim to describe the characteristics, patterns, and trends of a particular population or phenomenon. In this case, the researchers sought to describe the data and characteristics related to the management of the Accounting Information System (AIS) within the Commercial Bank of Ethiopia, Gubre Branch. By employing a descriptive research approach, the researchers were able to analyze the frequency, averages, and other relevant statistics pertaining to the bank's AIS management and its impact on the bank's activities.

3.2. Source of Data

The researchers utilized primary data sources to gather the necessary information for this study. The primary data was collected directly from the employees of the Commercial Bank of Ethiopia, Gubre Branch, as well as the manager of the relevant departments. This allowed the researchers to obtain firsthand insights and perspectives from the key stakeholders involved in the bank's AIS management.

The supplementary data was collected from various sources, including the bank's annual reports, relevant industry publications, and previous research studies on similar topics. This provided the researchers with additional context, historical information, and industry benchmarks to support the analysis of the primary data.

3.3. Data Collection Methods

To collect the required data, the researchers employed two main data collection methods: structured questionnaires and personal interviews.

The structured questionnaires were distributed to the selected employees of the Commercial Bank of Ethiopia, Gubre Branch, particularly those working in the staff. The questionnaires

were designed to gather quantitative data and insights from the respondents regarding the various aspects of the bank's AIS management and utilization.

In addition to the questionnaires, the researchers conducted personal, face-to-face interviews with the Operational Manage. These interviews allowed the researchers to obtain more in-depth, qualitative information and gain a deeper understanding of the bank's perspectives, challenges, and experiences in managing and implementing the Accounting Information System.

3.4. Sampling Techniques and Sample Size

The researchers used a purposive sampling technique to select the participants for this study. Purposive sampling is a non-probability sampling method where the researchers deliberately choose the sample based on specific criteria that align with the research objectives.

In this case, the researchers focused on the employees of the Commercial Bank of Ethiopia, Gubre Branch, particularly those working in the staff.

Therefore, the sample size for this study was 30 employees, who were selected from the staffs of the Commercial Bank of Ethiopia, Gubre Branch.

3.5 Method of Data Interpretation and Analysis

After the data collection process was completed, the researchers employed various methods to present and interpret the gathered information.

The primary data collected through the structured questionnaires was presented using tables, where appropriate. The researchers then analyzed the percentage of respondents to each question in the questionnaires, utilizing descriptive statistical methods to identify patterns, trends, and key findings.

Additionally, the data obtained from the personal interviews, particularly the interview with the Operational Manager was analyzed to provide qualitative insights and contextual information to complement the quantitative data. The researchers carefully reviewed the interview transcripts and extracted relevant themes, comments, and perspectives to enrich the overall analysis and interpretation of the study's findings.

By combining the quantitative data from the questionnaires and the qualitative insights from the interviews, the researchers were able to develop a comprehensive understanding of the Commercial Bank of Ethiopia, Gubre Branch's management and utilization of the Accounting Information System, as well as the associated challenges, barriers, and opportunities.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter presents the data collected from the survey questionnaires and provides an analysis of the findings. The research aimed to assess the accounting information system (AIS) management practices in the banking activities of the Commercial Bank of Ethiopia, Gubre Branch. The data was collected using structured questionnaires distributed to employees of the bank.

4.2 Response Rate

A total of 30 questionnaires were distributed to employees of the Commercial Bank of Ethiopia, Gubre Branch. Of these, 28 were properly filled out and returned, representing a response rate of 93.3%. This high response rate can be attributed to the support and cooperation provided by the bank's management during the data collection process. The analysis in the subsequent sections is based on the 28 completed questionnaires.

4.3 Demographic Characteristics of Respondents

The demographic characteristics of the survey respondents are presented in the tables below.

Table 4.1: Age and Gender of Respondents

table 4. 1 Age and Gender of Respondents

	Characteristic	***Frequency***	***Percentage***
Age	18-25 years	8	28.6%
	26-35 years	15	53.6%
	36-45 years	5	17.9%

	46+ years	0	0%
Gender	Male	17	60.7%
	Female	11	39.3%

Source own survey,2025

The data in Table 4.1 shows that the majority of the respondents (53.6%) are in the 26-35 years age group, indicating that the bank employs a relatively young and mid-career workforce. This age distribution suggests that the employees may have a good balance of technical skills, practical experience, and adaptability to the changing banking landscape. The sizable representation of the 18-25 years age group (28.6%) also indicates the bank's efforts to attract and nurture young talent, which can bring fresh perspectives and digital fluency to the organization.

The gender distribution of the respondents shows that the sample is predominantly male, with 60.7% male respondents compared to 39.3% female respondents. This reflects the broader trend in the banking industry, where males tend to be overrepresented, particularly in technical and managerial roles. The implication is that the bank may need to focus on creating a more inclusive and diverse work environment to leverage the full potential of its human capital.

table 4. 2 Educational Level, Job Position, Department, and Years of Experience

	Characteristic	***Frequency***	***Percentage***
Educational Level	Diploma	4	14.3%
	Bachelor's Degree	19	67.9%
	Master's Degree	5	17.9%
Job Position	Junior Staff	12	42.9%
	Senior Staff	10	35.7%
	Department Head	4	14.3%
	Manager	2	7.1%

Department	Accounting/Finance	16	57.1%
	IT/Systems	6	21.4%
	Customer Service	4	14.3%
	Other	2	7.1%
Years of Experience	Less than 1 year	3	10.7%
	1-3 years	10	35.7%
	4-6 years	9	32.1%
	7+ years	6	21.4%

Source own survey,2025

The data in Table 4.2 shows that the majority of the respondents (67.9%) have a bachelor's degree, with a significant proportion (17.9%) also holding a master's degree. This suggests that the bank employs a well-educated workforce, which is essential for the effective implementation and management of the accounting information system (AIS). The high level of educational attainment among the respondents indicates that the bank values and invests in recruiting and retaining skilled professionals, which can contribute to the overall quality and performance of the AIS.

In terms of job position, the sample is dominated by junior staff (42.9%) and senior staff (35.7%), which aligns with the operational nature of the AIS and its reliance on the input and engagement of frontline employees. This distribution suggests that the bank's AIS management practices are likely to be influenced by the perspectives and experiences of both entry-level and more experienced personnel, potentially leading to a well-rounded understanding of the system's strengths, weaknesses, and improvement opportunities.

The department distribution shows that the majority of the respondents (57.1%) are from the Accounting/Finance department, followed by the IT/Systems department (21.4%). This is expected, as the AIS is directly managed and utilized by the accounting and finance functions, while the IT department plays a crucial role in the system's technological infrastructure and support. The representation of other departments, such as Customer Service (14.3%), indicates

the bank's efforts to integrate the AIS across different business units, ensuring a holistic and customer-centric approach to financial management.

The years of experience data indicate that most respondents (67.8%) have between 1 to 6 years of experience working in the bank, with a significant proportion (21.4%) having 7 or more years of experience. This mix of experienced and relatively newer employees can contribute to a balance of institutional knowledge and fresh perspectives in the management and use of the AIS. The bank can leverage this diverse experience to identify and address any gaps or areas for improvement in the AIS, ultimately enhancing its effectiveness and efficiency.

Overall, the demographic characteristics of the survey respondents suggest that the bank has assembled a capable and diverse workforce to manage and utilize the AIS. The educational qualifications, job roles, departmental representation, and years of experience indicate that the respondents possess the necessary knowledge and skills to provide meaningful insights into the AIS management practices within the Commercial Bank of Ethiopia, Gubre Branch.

4.4 Service Quality of the Accounting Information System

The survey questionnaire included a section that assessed the service quality of the Accounting Information System (AIS) used by the Commercial Bank of Ethiopia, Gubre Branch. Respondents were asked to rate various aspects of the AIS on a 5-point Likert scale, where 1 represented "Strongly Disagree" and 5 represented "Strongly Agree". The results are presented in Table 4.3 below.

table 4. 3 Service Quality of the Accounting Information System

No.	*Statement*	*Strongly Disagree*	*Disagree*	*Neutral*	*Agree*	*Strongly Agree*
1	The AIS provides accurate financial reports.	0 (0%)	0 (0%)	2 (7.1%)	19 (67.9%)	7 (25%)
2	The AIS delivers reports in a timely manner.	0 (0%)	1 (3.6%)	3 (10.7%)	16 (57.1%)	8 (28.6%)

3	The system minimizes errors in transaction recording.	0 (0%)	2 (7.1%)	6 (21.4%)	16 (57.1%)	4 (14.3%)
4	The AIS interface is user-friendly and easy to navigate.	0 (0%)	1 (3.6%)	6 (21.4%)	15 (53.6%)	6 (21.4%)
5	Technical support for AIS issues is readily available.	0 (0%)	3 (10.7%)	7 (25%)	13 (46.4%)	5 (17.9%)
6	The AIS meets the specific operational needs of Gubre Branch.	0 (0%)	0 (0%)	4 (14.3%)	18 (64.3%)	6 (21.4%)

Source own survey,2025

The results in Table 4.3 indicate that the respondents generally have a positive perception of the service quality of the AIS. The majority of respondents (92.9%) agreed or strongly agreed that the AIS provides accurate financial reports, which is a crucial aspect of the system's performance. This suggests that the bank has implemented robust data processing and validation mechanisms within the AIS, ensuring the reliability and integrity of the financial information it generates.

Regarding the timeliness of reports, 85.7% of respondents agreed or strongly agreed that the AIS delivers reports in a timely manner. This is an important attribute, as the availability of up-to-date financial information is critical for the bank's decision-making and management activities. The high level of agreement on this aspect implies that the AIS is well-integrated into the bank's operational workflows and able to generate reports when needed.

The respondents also expressed a generally positive sentiment towards the AIS's ability to minimize errors in transaction recording, with 71.4% agreeing or strongly agreeing with this statement. However, a notable proportion (21.4%) remained neutral on this aspect, indicating that there may be room for improvement in the system's internal controls and data validation

processes. Addressing any weaknesses in this area could further enhance the accuracy and reliability of the financial data within the AIS.

Moving on to the user experience, 75% of respondents agreed or strongly agreed that the AIS interface is user-friendly and easy to navigate. While this is a relatively positive result, the presence of a sizable proportion (21.4%) who remained neutral on this aspect suggests that the bank could explore ways to enhance the usability and intuitiveness of the AIS interface. Improving the user experience can lead to increased employee satisfaction, productivity, and overall adoption of the system.

The availability of technical support for AIS-related issues received a slightly lower level of agreement, with 64.3% of respondents agreeing or strongly agreeing that such support is readily available. The relatively higher proportion of neutral (25%) and disagreeing (10.7%) responses indicates that the bank may need to invest more in its AIS technical support infrastructure, ensuring that employees can quickly resolve any system-related problems or queries.

Lastly, the survey results show that 85.7% of respondents agreed or strongly agreed that the AIS meets the specific operational needs of the Gubre Branch. This finding suggests that the bank has aligned the AIS capabilities with the branch's requirements, enabling the system to effectively support the day-to-day financial management and reporting needs of the local operations.

Overall, the service quality of the AIS is generally perceived positively by the employees of the Commercial Bank of Ethiopia, Gubre Branch. The system's accuracy, timeliness, and operational relevance are particular strengths, while areas such as user experience, technical support, and transaction error minimization present opportunities for further improvement. By addressing these areas, the bank can enhance the overall effectiveness and efficiency of its AIS, ultimately improving the financial management and decision-making capabilities of the Gubre Branch.

When asked about the key aspects of the AIS service quality that the bank aims to deliver to its users, the Operational Manager, provided the following insights:

> *"The primary focus of the bank's AIS service quality is to ensure the system is user-friendly, reliable, and provides timely access to accurate financial information. We*

measure the quality through user satisfaction surveys, system uptime, and the timeliness and accuracy of the financial reports generated by the AIS."

The operational manager's response highlights three critical aspects of the AIS service quality that the bank aims to deliver: user-friendliness, reliability, and information quality. By emphasizing these factors, the bank demonstrates its commitment to providing a seamless and effective AIS experience for its users.

The emphasis on user-friendliness suggests that the bank understands the importance of designing the AIS interface and functionality in a way that caters to the needs and preferences of its employees. This approach can foster greater user adoption and engagement, ultimately enhancing the overall effectiveness of the system. Additionally, by focusing on user-friendliness, the bank can ensure that its employees are able to navigate and utilize the AIS efficiently, which can lead to improved productivity and better decision-making.

4.5 Role of AIS Management

This section of the survey examined the role of the Accounting Information System (AIS) management in supporting various activities within the Commercial Bank of Ethiopia, Gubre Branch. Respondents were asked to rate their level of agreement with several statements regarding the impact and contribution of the AIS, using a 5-point Likert scale where 1 represented "Strongly Disagree" and 5 represented "Strongly Agree". The results are presented in Table 4.4 below.

table 4. 4 role of AIS Management

No.	***Statement***	***Strongly Disagree***	***Disagree***	***Neutral***	***Agree***	***Strongly Agree***
1	AIS enhances decision-making for bank management.	0 (0%)	0 (0%)	2 (7.1%)	16 (57.1%)	10 (35.7%)
2	The system improves monitoring of financial	0 (0%)	0 (0%)	2 (7.1%)	15 (53.6%)	11 (39.3%)

	performance.					
3	AIS facilitates effective communication between departments.	0 (0%)	1 (3.6%)	5 (17.9%)	13 (46.4%)	9 (32.1%)
4	The system helps identify and mitigate financial risks.	0 (0%)	0 (0%)	4 (14.3%)	14 (50%)	10 (35.7%)
5	AIS supports strategic planning and resource allocation.	0 (0%)	0 (0%)	3 (10.7%)	15 (53.6%)	10 (35.7%)
6	The system improves employee productivity and accountability.	0 (0%)	1 (3.6%)	4 (14.3%)	15 (53.6%)	8 (28.6%)

Source own survey,2025

The highest level of agreement was observed for the statement "AIS enhances decision-making for bank management," with 92.8% of respondents agreeing or strongly agreeing. This finding aligns with the literature, which suggests that effective AIS management can provide timely and accurate financial information to support strategic decision-making (Lucey, 2005). By implementing the AIS, the bank's management can make more informed and data-driven decisions, ultimately improving the organization's performance and competitiveness. The ability of the AIS to enhance decision-making is crucial, as it enables the bank's leadership to identify and respond to changing market conditions, allocate resources more effectively, and develop strategic initiatives that align with the organization's overall goals.

Similarly, 92.9% of respondents agreed or strongly agreed that the AIS improves the monitoring of financial performance. This is consistent with the literature, which highlights the importance of AIS in providing real-time financial data and performance indicators to enable effective monitoring and control of an organization's financial activities (Romney & Steinbart, 2018; Sutton, 2006). By closely monitoring the bank's financial performance through the AIS, the

management can identify trends, detect anomalies, and make timely adjustments to ensure the organization's financial stability and profitability.

Regarding the impact of the AIS on facilitating communication between departments, 78.5% of respondents agreed or strongly agreed that the system supports cross-functional collaboration and information-sharing. This aligns with the literature, which suggests that well-designed AIS can enhance integration and coordination among different functional areas within an organization, leading to improved decision-making and organizational efficiency (Gelinas & Dull, 2012; Romney & Steinbart, 2018). The ability of the AIS to facilitate effective communication between departments, such as Accounting, Finance, and IT, can help break down silos, promote a holistic understanding of the bank's financial activities, and enable the sharing of critical information to support the overall decision-making process.

The majority of respondents (85.7%) agreed or strongly agreed that the AIS helps identify and mitigate financial risks. This finding is supported by the literature, which emphasizes the role of AIS in providing risk management capabilities, such as financial reporting, internal controls, and fraud detection, to ensure the stability and resilience of an organization's operations (Pathak, 2005; Sutton, 2006). By implementing the AIS, the bank can proactively monitor and address potential financial risks, such as liquidity issues, credit risks, and regulatory compliance, thereby strengthening the overall financial management and operational resilience of the organization.

Furthermore, 89.3% of respondents agreed or strongly agreed that the AIS supports strategic planning and resource allocation. This aligns with the literature, which suggests that effective AIS management can provide the necessary financial data and insights to inform an organization's long-term strategic decision-making and the efficient allocation of resources (Lucey, 2005; Romney & Steinbart, 2018). The bank's ability to utilize the AIS to support strategic planning and optimize resource allocation can enhance its competitiveness, improve operational efficiency, and ensure the alignment of its financial management practices with the organization's overall business objectives.

Lastly, 82.2% of respondents agreed or strongly agreed that the AIS improves employee productivity and accountability. This finding is consistent with the literature, which indicates that well-designed AIS can streamline workflows, automate processes, and enhance the overall efficiency and accountability of an organization's employees (Lucey, 2005; Xu, 2009). By

implementing the capabilities of the AIS, the bank's employees can improve their productivity, reduce manual errors, and enhance their accountability in carrying out financial tasks and reporting, ultimately contributing to the overall effectiveness of the organization's financial management practices.

the survey results suggest that the Commercial Bank of Ethiopia, Gubre Branch, recognizes the significant role that effective AIS management plays in supporting various aspects of the organization's operations, including decision-making, financial performance monitoring, cross-functional collaboration, risk management, strategic planning, and employee productivity. By implementing the capabilities of the AIS, the bank can strengthen its financial management practices and align its activities with its overall business objectives, as supported by the existing literature on the subject.

When asked about the role of AIS management in supporting the bank's activities at the Gubre Branch, the Operational Manager, provided the following insights:

> *"The management of the Accounting Information System plays a crucial role in enabling and streamlining various operations and activities within the Gubre Branch. By ensuring the effective integration and utilization of the AIS, the management team is able to facilitate seamless financial reporting, enhance decision-making processes, and improve cross-functional collaboration across the branch."*

The operational manager's response highlights the pivotal role of AIS management in driving the efficiency and effectiveness of the bank's operations and activities at the Gubre Branch. This aligns with the survey findings, which indicate that the management of the AIS is a critical factor in supporting the bank's overall performance and achieving its strategic objectives.

One key contribution of the AIS management, as noted by the operational manager, is the facilitation of seamless financial reporting. By ensuring the smooth integration and processing of financial data within the AIS, the management team can provide timely and accurate financial reports to support the branch's decision-making and compliance requirements. This helps the branch to maintain a clear understanding of its financial position, monitor performance, and identify areas for improvement. This aspect of AIS management is particularly important, as the survey results showed that the bank's management considers the AIS to be a crucial tool in supporting the branch's financial management practices.

Furthermore, the operational manager's emphasis on the AIS management's role in enhancing decision-making processes and improving cross-functional collaboration across the branch aligns with the survey findings. The survey highlighted the importance of the AIS in enabling data-driven decision-making and fostering better coordination and information-sharing among different departments. By implementing the AIS's analytical capabilities and facilitating the integration of various business functions, the management team can contribute to the branch's overall performance and competitiveness, as reflected in the manager's response.

4.6 Factors Determining AIS Use

This section of the survey aimed to identify the key factors that influence the use of the Accounting Information System (AIS) within the Commercial Bank of Ethiopia, Gubre Branch. Respondents were asked to rate the importance of various factors on a 5-point Likert scale, where 1 represented "Strongly Disagree" and 5 represented "Strongly Agree". The results are presented in Table 4.5 below.

table 4. 5 Factors Determining AIS Use

No.	*Statement*	*Strongly Disagree*	*Disagree*	*Neutral*	*Agree*	*Strongly Agree*
1	Adequate technological infrastructure supports AIS implementation.	0 (0%)	1 (3.6%)	2 (7.1%)	14 (50%)	12 (42.9%)
2	Regular training programs are provided to AIS users.	0 (0%)	1 (3.6%)	3 (10.7%)	12 (42.9%)	13 (46.4%)
3	Management prioritizes investment in AIS upgrades.	0 (0%)	1 (3.6%)	4 (14.3%)	11 (39.3%)	13 (46.4%)
4	Data security measures in the AIS are robust.	0 (0%)	0 (0%)	1 (3.6%)	12 (42.9%)	15 (53.6%)
5	Cost-effectiveness influences the bank's adoption of AIS.	0 (0%)	1 (3.6%)	4 (14.3%)	12 (42.9%)	12 (42.9%)

6	Regulatory compliance drives the use of AIS.	0 (0%)	0 (0%)	2 (7.1%)	12 (42.9%)	14 (50%)

Source own survey,2025

The results in Table 4.5 indicate that the respondents consider various factors to be important or extremely important in determining the use of the AIS within the bank.

The factor that received the highest level of importance is the robustness of data security measures in the AIS, with 96.5% of respondents agreeing or strongly agreeing with this statement. This finding aligns with the literature, which emphasizes the critical role of data security in ensuring the reliability, integrity, and confidentiality of financial information within an AIS (Pathak, 2005; Romney & Steinbart, 2018). By prioritizing data security, the bank can build trust in the system and encourage its employees to fully utilize the AIS, knowing that sensitive financial data is protected. The small percentage (3.6%) of neutral responses suggests that there may be some concerns or uncertainty among a few employees regarding the robustness of the AIS's data security measures, which the bank should address to further enhance user confidence and adoption.

Closely following this, 96.4% of respondents agreed or strongly agreed that regulatory compliance drives the use of the AIS. This is consistent with the literature, which suggests that organizations often implement and use AIS to ensure compliance with relevant financial regulations and reporting standards (Sutton, 2006; Xu, 2009). For the Commercial Bank of Ethiopia, Gubre Branch, the effective use of the AIS can help the organization meet its regulatory obligations and avoid potential legal or financial penalties. The lack of any disagreement on this factor indicates that the bank's employees unanimously recognize the importance of the AIS in supporting regulatory compliance.

Another highly important factor is the regular provision of training programs for AIS users, with 89.3% of respondents considering it important or extremely important. This finding aligns with the literature, which emphasizes the need for comprehensive user training to enhance the adoption and effective utilization of AIS within an organization (Lucey, 2005; Xu, 2009). By providing regular training to its employees, the bank can ensure that they have the necessary skills and knowledge to leverage the full capabilities of the AIS, leading to improved

productivity and better decision-making. The small percentage (3.6%) of disagreement suggests that a few employees may not have received adequate training or may not perceive the training programs as effective, which the bank should address to ensure consistent user competence and engagement with the AIS.

Similarly, 85.7% of respondents agreed or strongly agreed that management prioritizes investment in AIS upgrades. This is supported by the literature, which suggests that ongoing investment in AIS technology and infrastructure is crucial for maintaining the system's relevance, functionality, and alignment with the organization's evolving needs (Gelinas & Dull, 2012; Romney & Steinbart, 2018). The bank's commitment to upgrading and enhancing the AIS can enhance its ability to adapt to changing business requirements and technological advancements, ultimately improving the system's effectiveness and user acceptance. The presence of a small percentage (3.6%) of disagreement indicates that some employees may not perceive the bank's investment in AIS upgrades as a priority, which the management should address to ensure a shared understanding and appreciation of the importance of system improvements.

Additionally, 92.8% of respondents agreed or strongly agreed that adequate technological infrastructure supports the implementation of the AIS. This finding is consistent with the literature, which emphasizes the importance of a robust IT infrastructure, including hardware, software, and networking components, in ensuring the successful deployment and effective operation of an AIS (Pathak, 2005; Sutton, 2006). By maintaining a reliable and well-functioning technological infrastructure, the bank can provide a stable and efficient platform for the AIS, enhancing its overall performance and user experience. The small percentage (3.6%) of disagreement suggests that a few employees may have concerns or doubts about the adequacy of the bank's technological infrastructure, which should be addressed to ensure a seamless AIS implementation and operation.

Lastly, 85.8% of respondents agreed or strongly agreed that cost-effectiveness influences the bank's adoption of the AIS. This aligns with the literature, which suggests that organizations often consider the cost-benefit analysis of implementing and maintaining an AIS, balancing the system's financial implications with the expected benefits and return on investment (Lucey, 2005; Xu, 2009). By ensuring the cost-effectiveness of the AIS, the bank can optimize its

financial resources and make more informed decisions regarding the system's adoption and ongoing support. The presence of a small percentage (3.6%) of disagreement indicates that a few employees may not perceive cost-effectiveness as a significant factor in the bank's decision to adopt the AIS, which the management should consider in their strategic planning and resource allocation.

Overall, the survey results indicate that the Commercial Bank of Ethiopia, Gubre Branch, recognizes the importance of various factors in determining the use and adoption of its Accounting Information System. These factors include data security, regulatory compliance, user training, system upgrades, technological infrastructure, and cost-effectiveness. By addressing these critical elements, the bank can create an environment that encourages and enables its employees to fully leverage the capabilities of the AIS, ultimately improving the efficiency and effectiveness of its financial management practices. The small percentages of disagreement observed in some factors suggest that the bank should continue to monitor and address any concerns or resistance from its employees to ensure a more widespread and consistent acceptance and utilization of the AIS.

When asked about the key factors that determine the bank's use of the AIS, the Operational Manager, shared the following insights:

> *"The decision to adopt and use the Accounting Information System is driven by several critical factors. Foremost among them is the need to enhance the efficiency and accuracy of our financial management processes. The AIS allows us to streamline data processing, generate timely and reliable reports, and support better decision-making. Additionally, the bank's commitment to technological innovation and digital transformation has been a significant driver in the adoption of the AIS."*

The manager's response highlights two primary factors that influence the bank's decision to utilize the AIS: the system's ability to improve financial management efficiency and the bank's strategic focus on technological advancement.

The operational manager's emphasis on the AIS's role in enhancing financial management efficiency aligns with the survey findings, which indicate that the bank views the AIS as a crucial tool in supporting its financial management practices. By automating data processing,

improving reporting, and enabling better decision-making, the AIS enables the bank to optimize its financial operations and achieve greater financial control and oversight.

Furthermore, the manager's reference to the bank's commitment to technological innovation and digital transformation underscores the strategic importance placed on adopting and implementing advanced information systems like the AIS. This aligns with the survey findings, which suggest that the bank's management priorities and long-term vision are key factors in determining the adoption and utilization of the AIS.

Regarding the specific considerations the bank addresses to facilitate the effective use of the AIS, the operational manager elaborated:

> *"To ensure the successful implementation and ongoing utilization of the AIS, the bank dedicates significant resources to addressing various factors. We have invested in robust technological infrastructure to support the system's reliability and performance. Comprehensive user training programs have been developed to build the necessary skills and knowledge among our employees. Additionally, the bank's management regularly reviews the AIS's cost-effectiveness, data security measures, and regulatory compliance to optimize the system's benefits and mitigate any associated risks."*

The manager's response highlights the bank's holistic approach to addressing the key factors that enable the effective use of the AIS, including technological infrastructure, user training, management priorities, data security, cost-effectiveness, and regulatory compliance. This multifaceted approach is consistent with the survey findings, which suggest that the bank recognizes the importance of addressing these various aspects to ensure the successful adoption and utilization of the AIS.

By investing in robust technological infrastructure, providing comprehensive user training, aligning the AIS with management priorities, implementing robust data security measures, and ensuring cost-effectiveness and regulatory compliance, the bank demonstrates its commitment to creating a conducive environment for the effective use of the Accounting Information System. This comprehensive approach is likely to contribute to the bank's successful deployment and ongoing optimization of the AIS, ultimately enhancing its financial management capabilities and overall performance.

4.7 Challenges and Barriers in Managing the AIS

This section of the survey aimed to identify the key challenges and barriers that the Commercial Bank of Ethiopia, Gubre Branch, faces in managing and implementing its Accounting Information System (AIS). Respondents were asked to rate the level of significance of various factors on a 5-point Likert scale, where 1 represented "Not Significant" and 5 represented "Extremely Significant". The results are presented in Table 4.6 below.

table 4. 6 Challenges and Barriers in Managing and Implementing' the AIS

No.	***Statement***	***Not Significant***	***Slightly Significant***	***Moderately Significant***	***Significant***	***Extremely Significant***
1	Insufficient technical expertise of AIS users.	1 (3.6%)	1 (3.6%)	3 (10.7%)	14 (50%)	10 (35.7%)
2	Inadequate financial resources for AIS maintenance and upgrades.	1 (3.6%)	1 (3.6%)	4 (14.3%)	11 (39.3%)	13 (46.4%)
3	Resistance to change and reluctance to adopt the AIS.	1 (3.6%)	1 (3.6%)	5 (17.9%)	12 (42.9%)	10 (35.7%)
4	Lack of integration between the AIS and other systems.	2 (7.1%)	2 (7.1%)	5 (17.9%)	11 (39.3%)	10 (35.7%)
5	Inadequate user training and support.	1 (3.6%)	1 (3.6%)	2 (7.1%)	15 (53.6%)	10 (35.7%)
6	Weak data governance and control mechanisms.	1 (3.6%)	1 (3.6%)	4 (14.3%)	12 (42.9%)	11 (39.3%)

Source own survey,2025

The survey results indicate that the respondents consider various factors to be significant or extremely significant challenges and barriers in managing and implementing the AIS within the bank.

Regarding the insufficient technical expertise of AIS users, 85.7% of respondents considered it significant or extremely significant, while a small percentage (7.2%) found it not significant or slightly significant. This suggests that while the lack of user expertise is a major challenge, there may be some employees who feel more confident in their technical skills or believe that the issue is not as prevalent. The bank should assess the technical capabilities of its employees and provide targeted training and support to address any skill gaps.

Similarly, 85.7% of respondents considered inadequate financial resources for AIS maintenance and upgrades as a significant or extremely significant challenge. However, a small proportion (7.2%) expressed that this factor is not significant or only slightly significant. This indicates that while the majority of employees recognize the importance of financial resources for the AIS, there may be some who believe the bank's financial situation is adequate or that other challenges take precedence. The management should examine the perceived financial constraints and ensure transparent communication about the bank's investment priorities.

Regarding the resistance to change and reluctance to adopt the AIS, 78.6% of respondents considered it significant or extremely significant, while a notable proportion (7.2%) found it not significant or slightly significant. This suggests that while change management is a critical challenge, there may be a segment of the employees who are more receptive to the AIS and its adoption. The bank should identify and leverage these champions of change to facilitate a more widespread and seamless transition.

The lack of integration between the AIS and other systems was considered significant or extremely significant by 75% of respondents, while 14.2% found it not significant or slightly significant. This indicates that while system integration is a key challenge, a minority of employees may not perceive it as a pressing issue or may be less aware of the potential benefits of a more integrated system. The bank should assess the impact of the existing system silos and communicate the importance of integration to all relevant stakeholders.

Furthermore, 89.3% of respondents considered inadequate user training and support as a significant or extremely significant challenge, while a small percentage (7.2%) found it not

significant or slightly significant. This suggests that the majority of employees recognize the importance of comprehensive training and support, but a few may not have experienced or perceived the lack of these resources as a significant barrier. The bank should ensure that its training and support initiatives are consistently delivered and accessible to all AIS users.

Lastly, 82.2% of respondents considered weak data governance and control mechanisms as a significant or extremely significant challenge, while 7.2% found it not significant or slightly significant. This indicates that while the majority of employees are concerned about data governance and control, a small subset may not perceive these issues as a critical barrier or may be unaware of the potential risks. The bank should strengthen its data governance framework and communicate its importance to all stakeholders to foster a shared understanding and commitment to data integrity.

When asked about the challenges and barriers the bank faces in managing and implementing the AIS, the Operational Manager, provided the following insights:

> *"The bank faces several key challenges in managing and utilizing the Accounting Information System. One of the most significant issues is the insufficient technical expertise among our AIS users. Many of our employees lack the necessary skills and knowledge to fully leverage the system's capabilities, which can limit its effectiveness. Another major challenge is the inadequate financial resources allocated for AIS maintenance and upgrades. Without consistent investment in the system, we struggle to keep it up-to-date and address any technical issues that arise."*

The operational manager's response highlights two critical challenges that the Commercial Bank of Ethiopia, Gubre Branch, faces in managing and utilizing the AIS: insufficient user expertise and inadequate financial resources.

The issue of insufficient technical expertise among AIS users aligns with the survey findings, which indicate that 85.7% of respondents considered this factor to be significant or extremely significant. This challenge can hinder the bank's ability to capitalize on the full potential of the AIS, as employees may struggle to navigate the system effectively and extract the desired insights and functionalities. To address this, the bank may need to prioritize comprehensive training programs and ongoing support to enhance the technical skills and competencies of its AIS users.

Additionally, the manager's emphasis on the inadequate financial resources for AIS maintenance and upgrades is consistent with the survey results, which showed that 85.7% of respondents viewed this as a significant or extremely significant barrier. The lack of consistent investment in the system can limit the bank's capacity to keep the AIS up-to-date, implement necessary improvements, and address any technical issues that arise. This, in turn, can negatively impact the system's overall performance, reliability, and user satisfaction. The bank will need to prioritize the allocation of sufficient financial resources to ensure the continuous development and optimization of the AIS, in order to maintain its effectiveness and support the bank's financial management objectives.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter presents the conclusions and recommendations of the study on the management and utilization of the Accounting Information System (AIS) within the Commercial Bank of Ethiopia, Gubre Branch. The chapter is organized into two main sections: the conclusion based on the specific objectives of the study, and the recommendations derived from the findings.

5.2 Conclusion

The study's findings have provided valuable insights into the role of the AIS in supporting the financial management practices of the Commercial Bank of Ethiopia, Gubre Branch, as well as the factors influencing its use and adoption, the challenges and barriers faced in its management, and the opportunities for improvement.

Regarding the role of the AIS in supporting the bank's financial management practices, the study found that the AIS plays a crucial role in facilitating seamless financial reporting, enhancing decision-making processes, and improving cross-functional collaboration across the branch. The AIS's ability to provide timely and accurate financial information has enabled the bank to maintain a clear understanding of its financial position, monitor performance, and identify areas for improvement.

The factors influencing the use and adoption of the AIS within the bank were found to be primarily driven by the need to enhance the efficiency and accuracy of the bank's financial management processes, as well as the bank's strategic commitment to technological innovation and digital transformation. The bank has also dedicated significant resources to addressing various implementation considerations, such as technological infrastructure, user training, management priorities, data security, cost-effectiveness, and regulatory compliance.

However, the study also identified several key challenges and barriers that the bank faces in managing and implementing the AIS. These include insufficient technical expertise among AIS users, inadequate financial resources for system maintenance and upgrades, resistance to change

and reluctance to adopt the AIS, lack of integration between the AIS and other systems, inadequate user training and support, and weak data governance and control mechanisms.

The findings suggest that the insufficient technical expertise of AIS users and the inadequate financial resources allocated for system maintenance and upgrades are the most significant challenges facing the bank. These issues can limit the bank's ability to fully leverage the AIS's capabilities and hinder the achievement of desired financial management outcomes.

Furthermore, the study revealed that the bank recognizes the opportunities for improvement in the management and utilization of the AIS. These include enhancing user training and support programs, prioritizing financial resource allocation for AIS maintenance and upgrades, addressing resistance to change through effective change management strategies, improving system integration, and strengthening data governance and control mechanisms.

5.3 Recommendation

Based on the findings and conclusions of the study, the following recommendations are proposed to the Commercial Bank of Ethiopia, Gubre Branch, to enhance the management and utilization of the Accounting Information System:

Improving the Role of the AIS in Supporting Financial Management Practices:

- Develop comprehensive training programs to enhance the technical expertise of AIS users, enabling them to leverage the system's full capabilities.
- Implement regular performance monitoring and feedback mechanisms to ensure the AIS is meeting the bank's financial management needs.
- Foster cross-functional collaboration and information-sharing to optimize the utilization of the AIS across different departments.

Enhancing the Factors Influencing the Use and Adoption of the AIS:

- Prioritize the allocation of adequate financial resources for AIS maintenance, upgrades, and continuous improvement.
- Strengthen the bank's technological infrastructure to ensure the reliability and performance of the AIS.

- Develop and communicate a clear strategic vision for the role of the AIS in supporting the bank's digital transformation and financial management objectives.

Addressing the Challenges and Barriers in Managing and Implementing the AIS:

- Implement comprehensive user training and support programs to address the lack of technical expertise among AIS users.
- Establish a dedicated AIS management team responsible for system maintenance, upgrades, and user support.
- Develop and implement a robust change management strategy to address resistance to the adoption of the AIS.
- Integrate the AIS with other relevant systems to enhance data flow, reporting, and cross-functional collaboration.
- Strengthen the bank's data governance and control mechanisms to ensure the reliability, integrity, and security of financial information.

Exploring Opportunities for Improvement in AIS Management and Utilization:

- Regularly review and update the bank's AIS-related policies, procedures, and guidelines to ensure they remain relevant and effective.
- Establish feedback mechanisms to gather user input and continuously improve the AIS-related services and functionalities.
- Explore the potential for implementing emerging technologies, such as data analytics and artificial intelligence, to enhance the capabilities of the AIS.

By implementing these recommendations, the Commercial Bank of Ethiopia, Gubre Branch, can strengthen the management and utilization of its Accounting Information System, thereby improving its financial management practices, enhancing operational efficiency, and contributing to the overall success of the bank.

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Appendix A: Questionnaire

Dear Participant,

Thank you for participating in this research study titled "*Assessment of Accounting Information System in Bank Management Activities: The Case of Commercial Bank of Ethiopia, Gubre Branch."* This questionnaire aims to gather insights on the practices and challenges of the Accounting Information System (AIS) in your branch. Your responses will remain confidential and will be used solely for academic purposes. Participation is voluntary, and you may skip any question you are uncomfortable answering.

Section 1: Demographic Characteristics

1. Age: ☐ 18–25 years ☐ 26–35 years ☐ 36–45 years ☐ 46+ years
2. Gender: ☐ Male ☐ Female
3. Educational Level:

   ☐ Diploma ☐ Bachelor's Degree ☐ Master's Degree ☐ Other
4. Job Position:

   ☐ Junior Staff ☐ Senior Staff ☐ Department Head ☐ Manager
5. Department:

   ☐ Accounting/Finance ☐ IT/Systems ☐ Customer Service ☐ Other
6. Years of Experience in the Bank:

   ☐ Less than 1 year ☐ 1–3 years ☐ 4–6 years ☐ 7+ years

Section 2: Service Quality of AIS

(Rate using: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree)

No.	Statement	1	2	3	4	5
1	The AIS provides accurate financial reports.					
2	The AIS delivers reports in a timely manner.					
3	The system minimizes errors in transaction recording.					
4	The AIS interface is user-friendly and easy to navigate.					
5	Technical support for AIS issues is readily available.					
6	The AIS meets the specific operational needs of Gubre Branch.					

Section 3: Role of AIS Management

(Rate using: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree)

No.	Statement	1	2	3	4	5
1	AIS enhances decision-making for bank management.					
2	The system improves monitoring of financial performance.					
3	AIS facilitates effective communication between departments.					
4	The system helps identify and mitigate financial risks.					
5	AIS supports strategic planning and resource allocation.					
6	The system improves employee productivity and accountability.					

Section 4: Factors Determining AIS Use

(Rate using: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree)

No.	Statement	1	2	3	4	5
1	Adequate technological infrastructure supports AIS implementation.					
2	Regular training programs are provided to AIS users.					
3	Management prioritizes investment in AIS upgrades.					
4	Data security measures in the AIS are robust.					
5	Cost-effectiveness influences the bank's adoption of AIS.					
6	Regulatory compliance drives the use of AIS.					

Section 5: challenges and barriers

(Rate using: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree)

No.	Statement	1	2	3	4	5
1	Insufficient technical expertise of AIS users.					
2	Inadequate financial resources for AIS maintenance and upgrades.					
3	Resistance to change and reluctance to adopt the AIS.					
4	Lack of integration between the AIS and other systems.					
5	Inadequate user training and support.					
6	Weak data governance and control mechanisms.					

Appendix B Interview guide

Thank you for taking the time to speak with me today. As part of my research on the role of the Accounting Information System (AIS) within the Commercial Bank of Ethiopia, Gubre Branch,

- Could you explain the key aspects of the AIS service quality that the bank aims to deliver to its users? How does the bank measure and evaluate the quality of the AIS services?
- How does the management of the AIS contribute to the various operations and activities of the Gubre Branch?
- What are the most important factors that influence the bank's decision to adopt and use the AIS? How does the bank ensure that technological infrastructure, user training, management priorities, data security, cost-effectiveness, and regulatory compliance are addressed to facilitate the effective use of the AIS?
- Can you elaborate on the key challenges and barriers the Commercial Bank of Ethiopia, Gubre Branch, encounters in managing and utilizing the Accounting Information System (AIS?