ACCOUNTING INFORMATION IN BANK ACTIVITY

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Accounting information allows commercial banks to speculate upon opportunity of attractive business in placements and resource attraction. The role of accounting information in the banking activity is extremely important in the orientation 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. Users of bank accounting information are internal users (bank clients and shareholders, employees in front office and bank office, bank managers) and external users (client business partners, tax authorities, insurance companies, other banks).

The main generating sources of accounting information in bank activity are: client accounts, bank accounts and bank computerized programs (which deal both with accounting data and statistical data, bank management, etc).

The classification of bank operations into active and passive operations underlines the importance of accounting information in the whole bank activity. These bank operations generate accounting information regarding the attraction and placement of bank resources.

In the context of world economy globalization the great banks, which are the giants of the international financial market, fight ferociously for supremacy. Accounting information and the transparency of their accounting systems lead banks to success.

Key words: accounting information, bank activity, the transparency of bank accounting systems.

PAPER CONTENT

1. The role and importance of accounting information in the bank activity

In the Romanian banking system new regulations harmonized with the legislation of the European Union have been introduced. These also regard significant accounting methods and policies, referring mainly to: the drawing and presentation of financial situations, modifications of accounting policies, using estimates, delineation of some significant accounting principles (prudence, significance threshold, the prevalence of economics of legal matters, engagement accounting), etc. these regulations have as a general purpose the framework of the international accounting standards stipulations, applicable to banks.

The role and importance of the accounting information in the bank activity is derived from the role and functions of commercial banks themselves. Banks are the great financial intermediaries in economy.

From exercising their main functions banks generate extremely useful accounting information, both for the bank management and for the clientele. These functions or operations, traditional for the banks, confirmed by law, generators of accounting information, refer mainly to:

− accepting deposits from clients;
− issue and management of payment instruments and credit;
− payments;
− fund transfers;
− transactions in the clients’ accounts;
− mandate operations, etc.

The classification of bank operations in active and passive depending on the way they are found in the bank balance sheet, also underline the role and importance of accounting information in the whole bank activity.

Active bank operations generate accounting information regarding the placement of bank resources (in credits, placements on the inter-bank market, etc).

Passive bank operations generate accounting information regarding the attraction of resources by the bank (own capital, deposits for clients, etc.)

Bank accounting information allow the commercial banks to speculate upon some attractive business opportunities connected to giving credits, guarantees and other facilities in favor of performing clients. Also the bank accounting information help banks in attracting resources in the volume, structure and maturities (terms) meant to satisfy the opportunities offered by clients.

The role of accounting information in the bank activity is extremely important in the orientation of bank management towards successful strategies.

2. Sources of bank accounting information and their users

The main sources generating accounting information in bank activity are:
− **cliente accounts**, which can be: availabilities in bank accounts, current accounts and stock accounts, or credit accounts. In these accounts the payment instruments, encashment, card operations, etc are registered;

− **bank entity accounts**, which refer especially to: cash accounts, current accounts at the Romanian National Bank, inter-banking settlement accounts, income and spending accounts of the bank, etc;

− **accounts outside the bank cash statement**, which are reflected into: engaged guarantee accords, engagements unfolding in credits, guarantees related to credits, claims from current assets and followed afterwards;

− **bank computerized programs**, which manage both accounting data and statistical data, bank management, etc.

In banks the main sources for collecting accounting information come from the front office, clientele operations and inter- and intra- banking operations.

The types of accounting information in bank activity refer to: the value of account surplus stock (initial and final), debt and creditor turnover for these accounts, the number of registered account operations and their value, the exchange counter position (equivalent in lei for the currency accounts surplus stock), the quantitative structure of accounting operations, averages, marginal indices and evolution of bank indices. All these types of accounting information may exist in raw or advanced form with the aid of the bank computerized programs.

Users of bank accounting information can be:

− **internal users**, respectively: bank clients and stockholders, front office, middle office and back office employees, bank managers;

− **external users**, respectively: client business partners, suppliers and their clients, financial and fiscal institutions, insurance companies, other banks.

All these external users take accounting information from the clientele accounts, made available to them by the clients. The banks must respect the confidentiality principle for the operations in clientele accounts and for this reason they usually give accounting information only to internal users.

In the analysis of accounting information, of its accuracy and importance for the bank stockholders, the issue of bank accounting system transparency is interesting to approach.

Generally in the banking system all over the world the transparency of bank accounting systems is important for the identification of income sources and loss sources within a bank. The transparency of accounting systems is also essential for establishing the bank priorities and for delineating the business horizon. From this point of view the great European banks are grouped around two completely divergent orientations. The first orientation regards retail banks of Anglo- Saxon type which work on the principle of accounting system transparency and regard the increase of profit for bank stockholders. These banks constantly go over the European profitability average. The second orientation regards west European banks form Spain, France, Germany, Italy, Austria, which use accounting systems that do not allow the stockholders to know the real financial situation of the bank. They operate as “universal banks” and are less profitable than those in the first category.

In any bank unit the accounting compartment represents a vital sector for the bank. Here bank accounting information on which greatly depend the results in the bank activity are generated and used. At the level of bank management the most used accounting instrument is the income and spending budget, based on which the most important bank indicator, namely the bank profit, is determined.

International accounting is an increasingly important area of accounting. Business and capital markets are more widely dispersed around the globe than ever before.

Consequently, the demand for cross-border financial information has correspondingly increased. In response to recent concerns about the quality of financial reporting in many countries international financial reporting is receiving growing attention.

Accounting is inevitably influenced by factors and forces of an economic and political nature.

Accounting has many rules. In this sense, there is a need to develop knowledge and competence of the different and correlated fields (bank activity, information economics, regulatory economics, sociology, and political science).

The need to supply credible, reliable and complete accounting (and not only accounting) information to the international capital markets has become more and more evident and the recent scandals have dramatically confirmed this. In this sense, the need for scientific contributions relative to the impact between economic and accounting forces has become more and more important.

There is a relationship between accounting and bank activity, and between accounting and corporate governance, because accounting measure performance.

Accounting has economic and political dimensions.
3. Conclusions

The role of accounting information in the bank activity is extremely important in the orientation of bank management towards successful strategies. Bank accounting is a domain where all accounting information essential for bank activities are collected and synthesized.

Also the transparency of bank accounting systems allows for a correct and complete evaluation of the bank activities and the establishing of respective bank priorities for the delineation of their business horizon. The quality and utility of accounting information is depending on the approached accounting systems transparency on part of the bank.

In the context of world economy globalization the great banks which are the giants of the international financial market are fighting for supremacy. Power means information, especially in the banking world.

The performances and the accounting information ensures banks the path to success.

References: