

JEL CLASSIFICATION M00, M41, M49, O21

MANAGEMENT ACCOUNTING AS THE BASIS FOR EFFECTIVE SYSTEM OF BANKING MANAGEMENT

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Summary. The paper examines the role of management accounting in the sphere of the banking management. Organizational bases of management accounting and its functions are examined. The

main objectives of object management accounting and quantitative data that are used for analysis and evaluation are determined in this article.

Key words: management accounting, responsibility centers, budgeting.

Bank development in the market economy defines strategic goals and objectives, the achievement of which realizes in the process of its activities. The effective management of the bank is a critical factor of the profitability and competitiveness. Management accounting provides the management system with the information at all levels for the decision-making in the sphere of the implementation of ongoing activities and activities related to the future.

The value of the management accounting in the system of the bank management is permanently confirmed in the scientific papers and practice generally.

However, the most thorough study is required by the peculiarities of the management accounting organization in the bank management in the current conditions in order to ensure the long-term, efficient operation and bank's development for the operational and strategic goals achieving.

An important component of the success of each bank is an effective system of its financial and eco-

nomical activity managing that requires a specific set of management tools and enough qualified staff.

The management accounting system in each bank is unique because it takes into account the specific activity, provides an opportunity to improve accountability and management control, that will help to achieve these goals:

- Strategic – evaluating the effectiveness of management strategies;
- Tactical – the quality of resource management improving;
- Operational – planning, control, decision-making.

The management accounting system, for achieving the goals, should take into account the general directions of the bank development, the state of the financial accounting, the analysis, the planning and the control to affect the objects through management functions relationship, that form a closed-loop bank management (figure 1).

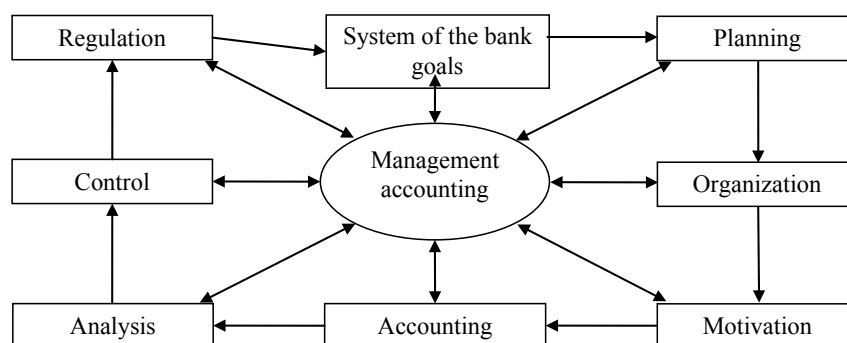


Figure 1. Management accounting in the bank management system

The paper identifies the key functions performed by the management accounting:

1. Information – providing the managers at all levels with the information that is required for decision-making;
2. Accounting – the internal users information providing about the bank's activities;
3. Control – the performance targets and budgets control;
4. Analytical – the structural units and individual executors results researching;
5. Communication – the information formation, which is the mean of internal communication links between the management levels and structural departments;
6. Forecast – to ensure the strategic planning and the bank development direction for achieving its strategic goals.

The article presents the main goals of management accounting by the different objects of the management and their quantitative indexes for the results analysis and evaluation.

The management accounting data enable the usage of the quantitative indicators for determining as follows:

- the assets and liabilities amounts in the way of the responsibility centers and the bank as a whole institution (management balance);
- the individual services and products profitability in the way of the bank activity;
- the products and services life cycle in the way of the sales channels; best prices;
- the of individual units (branches) and bank units profitability that do not bring the desired impact;
- the customer base, the analysis of the clients activity and the profitability of the individual clients.

In the large domestic banks, due to external conditions, the financial structure changes radically, that complicates the control system. Bank units are isolated in separate centers (responsibility centers) that have their own budgets.

The responsibility center – is an activity sphere, within the personal responsibility of the head for the activity performance is set. This responsibility center is a basic structural element of the overall management accounting subsystem in the bank. There are four types of responsibility centers: cost centers, earning centers (not always are formed), profit centers, investment centers. The planning indicators that are focused on this center activity are reflected on the responsibility center budget.

The accounting in the ways of the responsibil-

ity centers – is an accounting system that provides mapping, accumulation, analysis and information providing about the costs and benefits of the bank's departments for monitoring and assessing their performance.

The accounting in the ways of the responsibility centers helps to achieve:

- the improving of the managers productivity;
- the self-organizing centers;
- the introduction of the bank employees flexible motivation system;
- the improving of the bank management as a whole and of the centers in particular.

The bank has to use standard methods for all structural units that are formed on a single database. The management accounting is advisable to realize by the management accounting service on the centralized base.

The management accounting service is to provide the reconciliation of the management reporting data with the relevant accounting data and the regular submission management accounts.

Conclusion. The paper gives an explanation of factors that affect the management accounting effectiveness of:

1. Bank's goals definition and consideration, the tools of the management accounting system.
2. Correctness of the responsibility centers definition.
3. Business process technologies compliance with the bank tasks bank and the management accounting system.
4. Correctness of the chosen expenses distribution system.
5. Coordination of the horizontal links and the responsibility sharing for information accumulation and budgeting.
6. Implementation of motivation system in the bank.

Due to management accounting, factors that are important for management form into a complex system that is clear for monitoring and analysis. According to these indicators the managers can assess the financial stability of the individual businesses and products that provides financial sustainability of the bank.

Thus, the successful implementation of management accounting system in the bank is possible only by the system approach, by forming the respective methodology, trained professionals, highly effective operational management and modern information technologies.

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