

Research Article

Evaluating the Effectiveness of a Computerised Accounting System for Financial Management in Nigeria

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Abstract

This study examines the effectiveness of computerised accounting systems (CAS) in enhancing financial management within Nigerian commercial banks. Although CAS has become essential for improving operational efficiency, accuracy, and competitive advantage, Nigerian banks continue to face major challenges including cyber-insecurity, system failures, and operational risks. These unresolved issues raise concerns about whether computerised systems truly contribute to improved profitability, performance evaluation, and reliable financial management. Therefore, this study aims to assess the extent to which CAS adoption has enhanced efficiency and profitability in Nigerian banks; explore how operational and security challenges affecting CAS effectiveness are currently being addressed; and determine the specific impact of these challenges on financial management outcomes. The study adopts a positive and quantitative research design, using structured online questionnaires administered to 100 banking staff in Lagos State, selected through convenient sampling. Data will be collected through Google Forms, organised using Excel, and analysed statistically using SPSS. The expected findings are that while CAS improves speed, accuracy, and operational performance, security vulnerabilities and infrastructural limitations continue to weaken overall effectiveness. The study anticipates identifying key gaps in system integrity, staff training, and technological readiness that influence financial management outcomes in Nigerian banks. However, the study is limited by its focus on Lagos alone, its reliance on self-reported data, and the use of convenience sampling, which may restrict the generalisability of findings. Despite these limitations, the research will provide valuable empirical evidence on CAS performance and offer insights to guide policy, system upgrades, and security improvements across the Nigerian banking industry.

Keywords

Computerised Accounting System, Financial Management, Operational Efficiency, Cybersecurity Challenges, Nigerian Banking Sector, Information and Communication Technology (ICT), Innovation Diffusion Theory

1. Background to the Study

As an outcome of developments in technology, heightened public awareness, and evolving consumer needs, the modern corporate landscape is extremely fluid and subject to quick change. Why? Because in this day and age, businesses, and the banking sector in particular, face a complicated and

fiercely competitive setting defined by these ever-shifting circumstances and an extremely uncertain economic climate [18]. Therefore, the epicenter of this worldwide transformation curve is information and communication technology [24]. With this, managers in view of [16], cannot afford to

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disregard information systems in modern organisations.

It has been argued that most Fortune 500 firms' cash flow is entirely dependent on their information system [19]. Hence for banks to remain competitive on a local and worldwide scale, they must address the growing necessity of incorporating ICT principles, practices, policies, and implementation methods into their banking services [18]. Some have argued that the decision-making, planning, and product/service offerings of banking industry management are directly impacted by computerised accounting systems [14]. Meanwhile, [9] opined that it has had far-reaching effects on the global organisation of banks and their business partnerships, as well as on the availability of novel tools to improve service quality and turnaround times.

This is an indication that there have been huge shifts in the Nigerian banking sector due to advancements in computerised accounting systems [1]. Hence, it has been contended that the industry must leverage the numerous benefits of computerised accounting systems through the adoption of automated equipment in order to survive, remain relevant on a worldwide scale, maintain their current market share, and achieve environmentally friendly growth [8]. This is because evidence suggests that potential consumers are able to finish their account establishing paperwork directly online using self-service facilities made possible by computerisation, specifically automated customer service equipment [1].

Also, customers can use it to verify their account details and get instructions for when and how to get their debit and credit cards, as well as chequebooks [6]. Despite all these advantages, there has been contention that the efficacy of computerisation in the Nigerian banking sector has not been demonstrated due to the many unresolved security issues in computerised accounting [18]. As a result, it is upon this background that this current thesis will be built.

1.1. Research Problem

It is not news anymore that the computerised accounting systems and their impact on bank performance in Nigeria is the purported goal of the study. In order to boost stakeholder trust and investment, computerised accounting has been an effective tool for performance evaluation of today's banks. Hence, precision, quickness, and minimal operational costs are essential for any computerised accounting system [2]. The issue at hand is determining if these banks' computerised accounting systems help with operational performance evaluations and if they actually lead to increased profits and turnover.

The most significant issue with Nigeria's computerised banking system, according to [1], is the persistence of dishonest hackers. Common issues with computer use include viruses, system failure, difficulties with the electrical supply, and epilepsy [13]. In light of this critical issue, the purpose of this research is to assess how well a computerised accounting system handles financial management in Nigeria.

Research Aim

This study seeks to evaluate the effectiveness of a computerised accounting system for financial management in Nigeria.

1.2. Research Objectives

Specifically, the objectives of the study include to:

- 1) Examine the extent to which the implementation of computerized accounting system in Nigerian commercial banks has resulted into efficiency and profitability;
- 2) Discover how the operational and security issues affecting the effectiveness of a computerised accounting system for financial management in Nigeria has been tackled;
- 3) Identify discover the specific effect of this operational and security issues on the effectiveness of the financial management system in Nigeria.

2. Literature Review

2.1. Computerized Accounting System

Computerized Accounting System is a form of data collection that makes use of computers and specialised machinery known as digital innovations [7]. Electronic Data Processing (EDP) Accounting System is the technical name for it in view of [26]. When developing tactical and long-term plans for a company or businesses, this is of the utmost importance, specifically with the level of competitors rising. According to [25] a computerised accounting system can be easily integrated with any sort of business. This is due to the fact that input, process, and outcome form the backbone of any organisational model, regardless of whether the focus is on supply or demand. Hence, compliance and adoption of consistent reporting criteria and accounting concepts are essential [2].

Corroborating the above, [20] opined that a computerised accounting system performs data processing in a way that is quite similar to a manual method. In a broader term, the first step in entering transactions into an electronic device system is the manual recording of data on source documents, but in addition to processing the data, the computer generates standard reports and financial statements, as well as prints journals, posts to ledger accounts, and calculates account balances [10]. However, there has been argument that Information and communication technology (ICT) entered the banking industry with the adoption of computerised accounting systems [4]. In this study, the term "information technology" (IT) refers to the use of electronic devices, networks, software, and peripherals like ATMs and debit cards to automating various tasks and operations [12].

In a broad sense, it refers to meeting a company's information demands across all stages through the use of electronic technology. Hence, opening accounts, completing and documenting transactions, and consumer accounts mandates

are just a few of the banking services that have been transformed by ICT in the purview of computerized accounting system [1]. Thanks to self-service facilities made possible by information and communication technology, potential individuals can now finish the account opening paperwork online using computerised customer service tools. In view of [22] chequebooks, credit cards, and debit cards can be ordered and received by customers with the help of this service, which also verifies their account numbers.

However, the effect of this computerized accounting system on Nigeria's banking industry has been the subject of research by a number of writers. ICT has emerged as the driving force behind global growth, thanks to the integration of information technology and telecommunications innovations. This shift occurred after nearly four decades of using laptops for mundane processing of data, primarily for archived and retrieved purposes [17]. As a result of this change, emerging nations like Nigeria now have a better chance of catching up and reaching their development goals without having to completely rethink how their economies work. Hence, most commercial (banking) settings have been drastically affected by this new technology, which has brought about far-reaching revolutions in society [14].

2.2. Operating Performance in the Days of Computerisation

When a company's operational profits are higher than its operational financing costs, it is said that the company is performing well. According to [13], operational efficiency is all about making sure that a firm can survive and make money by making sure that the revenues it generates covers its expenditures. To put it simply, operational performance is the degree to which a company is able to make money from its main operations [15]. In addition, it is a gauge for the efficiency with which a business can turn its capital and personnel into revenue [8]. Hence, a company's operational performance provides stakeholders with useful information about the company's present and historical performance and it offers a foundation for evaluating a company's resource utilisation and revenue generation, as pointed out [3].

Nevertheless, organisations strive for an operational efficiency ratio that is high because it may enhance owner earnings, personnel well-being, service quality, and customer appreciation. Because investors want to put their money into companies that have good financial prospects, operational efficiency also opens doors to new chances for businesses in the future [4]. According to [23] operational performance shows that a company has met its financial goals with the resources it has. Thus, in comparison to businesses with weak operational performance, those with great operational performance can generate more value for investors and entice more investment prospects [20].

2.3. The Problems Faced in a Computerized Accounting System

The use of computerised financial systems is one example of a system that has grown in popularity. According to Nwoye et al, (2023) authenticity is one of the main advantages of utilising an automated accounting system. There are huge security dangers associated with utilising a computerised financial system, even though the system is supposed to remove human errors, which may be expensive for organisations [15]. The system is susceptible to cyber-attacks, breaches of privacy, and thievery because to the significant financial data it maintains [24].

While a computerised accounting system has many advantages, this also shows that there are some obstacles that companies must face. [25] opined that the basic setup presents a hurdle, hence, businesses without IT expertise may find the process of setting up an automated accounting system to be particularly daunting. On the other hand, the system's long-term benefits are within reach for companies ready to make this commitment [1]. In view of [6] staff training is another obstacle to utilising a computerised accounting system. This is because the automated nature of the system necessitates training for all employees. Meanwhile, additional time and materials may be needed for this course and spending money on employee training is essential, nevertheless, for proper system usage and getting the most out of it.

3. Theoretical Framework

3.1. Developer-based Theory

In 1962, Everett Roger and Gabriel Trade proposed the idea based on developers. Another name for the Developer-based theory is Innovation Diffusion. According to theory, the spread of an innovation is impacted by a number of inter-related elements [11]. There are four main factors that influence the diffusion procedure: the invention, the means of dissemination of knowledge regarding it, the passage of time, and the characteristics of the social system that receives the revolutionary idea [7]. How, why, and how fast do new ideas and technologies propagate across cultures and communities are all part of these processes [18].

The theory's explanation of the reasons underlying the acceptance of technical breakthroughs across cultures and societies is why Developer-based theory is relevant to the research. Because it gives them a leg up in the market, financial firms embrace technical innovation like Client Accounting Services. For companies unfamiliar with the system, selecting the best computerised accounting software could be a daunting task. But before settling on a program, companies should think about a few things. Software should be selected by businesses taking their budget and value for money into consideration. Hence, in order to assist organisations with system setup, training, and problem resolution, the vendor should offer sufficient assistance.

3.2. Research Methodology

Since this study will expand upon previous studies to determine how much of an improvement in effectiveness and economic viability has occurred since Nigerian commercial banks adopted computerised accounting systems, the realistic and positivist approach, which prioritises evidence over personal opinions, seems most appropriate. A quantitative approach is utilised in this research. According to [21], quantitative methods are appropriate for this study since they allow for the clear and objective presentation of data through numerical and statistical representations of the results.

Participating in this research will be a subset of Lagos's Nigerian banking industry. The city of Lagos is well-suited for financial management due to the abundance of advanced banking institutions in the country that use computerised accounting systems. Using accessible sampling techniques, the researcher will select 100 respondents because it is not feasible to sample all of the bankers in the state. This research's data will be based on an analysis of information retrieved from a wide range of primary and secondary sources.

The survey questionnaire serves as the main instrument for data collection in this investigation. Using a Google Docs-based online questionnaire which respondents may answer at their own pace is appropriate given the quantitative nature of the study. In this research, a structured questionnaire was used. For numerous kinds of surveys, especially those with big populations or those that call for quick analysis of responses and action depending on input, structured survey questions are the way to go [5].

Parts A and B make up the survey. There will be Likert-scale questions in Section B and 5 demographic questions in Section A. Following data collection, Excel will be used to extract information from Google Forms. The researcher makes sure there are no unforeseen inaccuracies by double-checking the data. Afterwards, SPSS is used to analyse the data, which produces thorough results.

Author Contributions

Chinenye Eunice Okeke is the sole author. The author read and approved the final manuscript.

Conflicts of Interest

The author declares no conflicts of interest.

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