

**“CHALLENGES OF ELECTRONIC ACCOUNTING” TOOLS
FOR MACRO-ECONOMIC GROWTH IN NIGERIA: *A CASE
STUDY OF SELECTED BANKS***

**CHIME LILIAN C.
PG/MBA/13/65555**

**DEPARTMENT OF ACCOUNTANCY
FACULTY OF BUSINESS ADMINISTRATION
UNIVERSITY OF NIGERIA
ENUGU CAMPUS**

SEPTEMBER, 2015

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**BEING RESEARCH PROPOSAL SUBMITTED TO THE
DEPARTMENT OF ACCOUNTANCY, FACULTY OF BUSINESS
ADMINISTRATION, UNIVERSITY OF NIGERIA, ENUGU CAMPUS
IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE
AWARD OF THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION (MBA) IN
ACCOUNTANCY**

SUPERVISOR: DR. (MRS) E. O. ONYEANU

SEPTEMBER, 2015

DECLARATION

I, CHIME LILIAN C., a postgraduate student in the Department of Accountancy with Registration Number PG/MBA/13/65555, do certify that the work incorporated in this project is original and has not been submitted in part or in full for any other Diploma or Degree of this or any other university.

ë ë ë .ë ë ë ë .
CHIME LILIAN C.
PG/MBA/13/65555
Student

APPROVAL

This is to certify that this project is undertaken by CHIME LILIAN C. with Registration Number PG/MBA/13/65555, and has been prepared in accordance with the policies and regulations governing the requirements for the award of Master in business administration (MBA) in the University of Nigeria Nsukka.

ë ë ë ë ë ë ë ë ë ..ë ë ..
DR (MRS) E. O. ONYEANU
Supervisor

ë ë ë ë ë ë ë ë
DATE

ë ë ë ë ë ë ë ë ..
PROF. O. AGUOLU
Head of Department

ë ë ë ë ë ë ë ë
DATE

DEDICATION

I am dedicating this work to God Almighty, the creator of heaven and earth who out of nothing makes out something. All glory and honour be ascribed unto Him alone, Amen.

This work is also dedicated to all men of goodwill, who continue to do good inspite of manös ingratitude.

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also not left out. Thank you for all your support in ensuring that this project work was a success. I appreciate.

Again, to all my lecturers, friends, relations, well wishers, neighbours, colleagues and so on, I say a big thank you, may God bless you all for everything.

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ABSTRACT

Electronic Accounting or E-Accounting as it is popularly called is one of the areas that technology has affected. Previously, financial accounting was done manually leading to a great deal of paper work until the introduction computers which now helped accounting information in a wide area. E-Accounting involves performing regular accounting functions, accounting research and the accounting training and education through computer based, internet based, accounting tools such as digital tool kits, various internet resources, international web-based materials, institute and company data bases, web links, electronic financial spreadsheet tools to provide efficient decision making. Challenges of electronic Accounting bothers the mind of the people, on this work, reasons for ineffective use of electronic accounting has been discovered and solutions have been recommended. Such solutions likes providing standard electronic accounting with modern software by government for all public sector accountants, regular training of accounting staff on the various software and terminologies, organizing workshop, seminars and conferences by government for accountants in public sector on electronic accounting since the world is facing technological development globally and many other solutions suggested in this work.

TABLE OF CONTENTS

Title Page	i
Declaration	ii
Approval	iii
Dedication	iv
Acknowledgements	v
Abstract	vi
Table of Contents	vi
List of Tables	xii
List of Figures	xiii

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study	1
1.2 Statement of the Problem	4
1.3 Objectives of the Study	7
1.4 Research Questions	7
1.5 Research Hypotheses	8
1.6 Significance of the Study	8
1.7 Limitation of the Study	9
References	11

CHAPTER TWO: REVIEW OF RELATED LITERATURE

2.1	Evolution of Money and Payment System	12
2.2	Preliminary Definition of Concept	14
2.3	Information and Communication Technology Based Services in Nigeria	16
2.4	E-Accounting Practices among Small and Medium Enterprises	19
2.5	E-accounting and Reporting: An Information Technology (IT) Perspective of Corporate Reporting in the Digital Age	23
2.5.1	E-Accounting and Accounting Softwares	25
2.5.2	Benefits of Using E-accounting in an Organization	26
2.5.3	Web-Based Accounting	27
2.5.4	Categories of Web-based Accounting	27
2.6	Empirical Review	30
	References	36

CHAPTER THREE: RESEARCH DESIGNS AND METHODOLOGY

3.1	Research Design	38
3.2	Population of Study	38

3.3	Sample Size and Sampling Techniques	40
3.4	Sources of Data	41
3.5	Instrument for Data Collection	42
3.6	Methods of Data Analysis	42
3.7	Validation of the Instrument	43
	References	45

CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION

4.1	Introduction	46
4.2	Analysis of Respondents of Biodata	46
4.3	Data Presentations	48
4.4	Test of Hypotheses	53
4.4.1	Hypotheses One	53
4.4.2	Hypotheses Two	55
4.4.3	Hypotheses Three	56
4.5	Discussion of Findings	58

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1	Summary of Findings	60
5.2	Conclusion	61

5.3	Recommendations	61
	Bibliography	63
	Appendix	66
	Questionnaire	67

LIST OF TABLES

Table 3.2.1: Population Table	39
Table 3.2.2: Number of questionnaires	41
Table 4.2.1: Distribution of Respondents by Educational Qualifications	46
Table 4.2.2: distribution of respondents by working experience	47
Table 4.3.1: Perceived electronic accounting information security threats in Nigeria	48
Table 4.3.2: Analysis of data into mean and standard deviation	49
Table 4.3.3: The state of the art of e-accounting systems used among banks in Nigeria	50
Table 4.3.4: Analysis of data into mean and standard deviation	51
Table 4.3.5: the impacts of electronic accounting information systems on government accounting in Nigeria	52
Table 4.3.6: Analysis of data into mean and standard deviation	53
Table 4.3.7: ANOVA	54
Table 4.3.8: ANOVA	55
Table 4.3.9: ANOVA	57

LIST OF FIGURES

Fig. 2.1: E-Accounting Model	30
Fig. 2.2: Multi-Channel Systems	34

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Some years ago, most financial accounting was done manually, leading to a great deal of paperwork. Currently, most accounting information is recorded via computers and wide area networks. Technology has certainly changed the face of accounting over the years. While people have diverse views as to whether technology's impact on accounting has positive or negative, it is clear that technology has drastically changed the accounting profession (Adejola, 2015).

There are no questions that the role of information technology (IT) is pervasive across the economy; it is a central issue that dominates short, medium and long-term strategic discussions across all businesses. The best businesses have their technology radars consistently switched on, scouring and weighing new and up coming technologies that can achieve competitive value.

The pace and nature of change in the environment has had a profound influence on business organizations and the way in which

they are managed. Some authors in management theory even suggest that a paradigm shift has taken place in the way in which companies are managed. Accounting, as the language of business, and its accounting information system, as a subsystem of the business organization has also been affected by these changes (Adejola, 2015).

According to Johnson (2005), the most significant development of the millennium which has substantially influenced business operations in the world is the emergence of the information age. The remarkable progress achieved in Information and Communications Technology (ICT) has made it possible for information to be digitalized and transmitted faster and cheaper in mega or terabytes.

Accounting plays a critical role in the success or failure of contemporary business institutions. Accounting systems are responsible for recording, analyzing, monitoring and evaluating the financial condition of companies, preparation of documents necessary for tax purposes, providing information support to many other organizational functions and so on (Effah and Abor, 2011).

E-accounting refers to Electronic Accounting, a term used to describe an accounting system that relies on computer technology for capturing and processing financial data in organizations Effiah and Abor (2011).

According to Shraddha (2014) a computerized accounting system is able to handle financial data efficiently, but the true value of an accounting system was that it was able to generate immediate reports regarding the company.

E-accounting involves performing regular accounting functions, accounting research and the accounting training and education through various computer based/internet based accounting tools such as digital tool kits, various internet resources, international web-based materials, institute and company data bases which are internet based, web links, internet based accounting software and electronic financial spreadsheet tools to provide efficient decision making (Shraddha, 2014).

Online accounting through a web application is typically based on a simple monthly charge and zero-administration approach to help businesses concentrate on core activities and avoid the hidden costs

associated with traditional accounting software such as installation, upgrades, exchanging data files, backing and disaster recovery.

1.2 Statement of the Problem

According to Amidu, Effiah and Abor (2011) Accounting was one of the first functional areas to benefit from computerization when computers were initially introduced to organizations (Doost 1999). Furthermore, Tavakilian (1995) noted that an accounting package is usually one of the first major computer packages that a company purchases and it is one of the two business applications often used, with word processing being the other. It should not be a surprise because accounting plays a very significant role in the performance of organizations.

According to Stefanou (2006) the primary purpose of an accounting information system (AIS) is the collection and recording of data and information regarding events that have an economic impact on organizations and the maintenance, processing and communication of such information to internal and external stakeholders. The information is used for the evaluation of the financial position of the organization and for decision-making purposes.

However, low understanding still persist among Nigerians as some accountants are yet to understand the details of the electronic accounting nor appreciate the importance of computerized accounting information systems Onyiah (2013).

According to Onyiah (2013), business transactions are carried out in Nigeria on near zero trust levels occasioned by weak social structures and enforceable laws regulating business relationships. Also with a large population that is barely literate and an economy lacking social structures to support such electronic accounting policy at this point in time, demeans the move even with the best of intention.

With the advent of information and communication technology based accounting, it is believed that the following will be easily facilitated in an organization: project monitoring and variance analysis, budget and forecast, provision of detailed expenditure information to aid the management in cost control and decision-making, ascertainment with accuracy the revenue generated in an organization by just pressing/ touching a button. (Adejola, 2015)

However, low understanding still persist among Nigerians as some accountants are yet to understand the details of electronic accounting nor appreciate the importance of computerized accounting information systems (Onyiah, 2013). Business transactions are carried out in Nigeria on near zero trust levels occasioned by weak social structures and enforceable laws regulating business relationships. Also, with a large population that is barely literate and an economy lacking basic structures to support such electronic accounting policy at this time, demeans the move even with the best of intention (Onyiah, 2013).

Continuing with the current accounting practices in Nigeria, the achievement of the goals of electronic accounting will be undermined. Need therefore arises that accounting profession do upgrade its practices and skills to reflect where the world is going, not where it has been. Advances in technology will also demand new skills and competencies from accountants and finance professionals. (Adejola, 2015). This paper seek to explore the use of technology to add value in accounting, enhance data analysis and interpretation of skills for meeting changing business needs.

1.3 Objectives of the Study

The main objective of this paper is to analyze the challenges of electronic accounting as a tool for macro economic growth in Nigeria. The specific objectives are:

- i. To determine the perceived electronic accounting information security threats in Nigeria
- ii. To determine the state of the art of E-accounting systems used among banks in Nigeria.
- iii. To ascertain the effect of electronic accounting information systems on government accounting operations in Nigeria with a view to finding whether government accounting are performed manually or has been computerized.

1.4 Research Questions

This paper seek to provide answers to the following questions:

1. What are those perceived electronic accounting information security threats in Nigeria?
2. To what extent has the state of the art of e-accounting systems used among banks in Nigeria, been improved?
3. What are the effects of electronic accounting information systems on government accounting in Nigeria?

1.5 Research Hypotheses

1. There is no significant perceived electronic accounting information security threats in Nigeria
2. There is no significant improvement in the state of the art of electronic accounting systems used among banks in Nigeria.
3. There is no significant impact of electronic accounting information systems on government accounting in Nigeria.

1.6 Significance of the Study

This paper is timely in the sense that electronic accounting is still an issue yet to be fully tackled. International Accounting Standard (IAS) may also use these as a basis for setting guide and standards. The result of this study maybe useful to auditing firms when trying to consider the technological needs to improve the skill of their students in accounting.

This work can also serve researchers need when trying to research more on the challenges of electronic accounting in Nigeria. The paper also provide guidance for the improvement of institutional arrangement and management practices for better resource allocation, resource use and financial management.

1.7 Limitation of the Study

This research into the challenges of electronic accounting covers a reasonable number of accounts and audit department in Enugu State. It will also consist of accountants in the accounting unit of First City Monument Bank (FCMB) Enugu branches, Enugu State Ministry of Finance, Office of the Accountant General and Board of Internal Revenue, Enugu State. The efficiency of accounting practice and the factors that affect the use of (ICT) Information and Communication Technology covers a wide aspect.

To fully understand electronic accounting, one has to study the history of accounting profession, fundamentals of accounting, web-based accounting, and information and communication technology. In this paper, attempt has been made to present a comprehensive appraisal of challenges of electronic accounting in Nigeria. The exercise is constrained by the lack of detailed official (published) economic data.

Ranging from profession, statutory and a host of several factors but this work is restricted to cover the challenges of electronic

accounting. The level of ICT investment by firms obtained will help our result to be generalized and practiced.

Distance was one constraint that affected the researcher. Despite this challenge, the researcher was able to overcome them through persistent efforts.

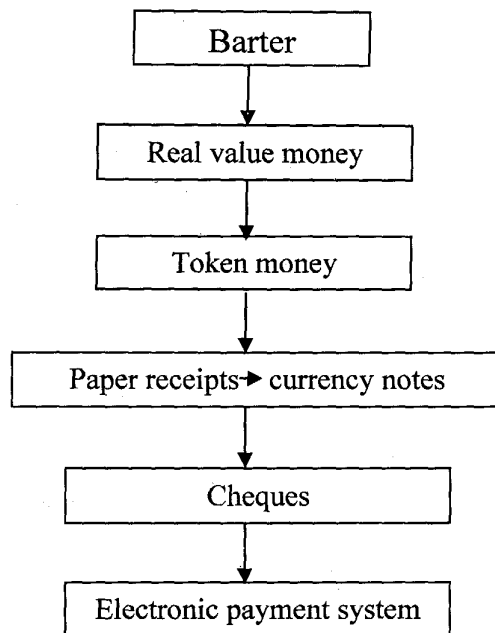
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CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Evolution of Money and Payment System



Source: Johnson, 2005.

According to Johnson (2005), the basis for the emergence of the modern electronic distribution channels is the evolution of the concept of money. Each stage of money came into existence in order to facilitate transactions of goods and services. Each of the stages not only came with its advantages but also with its limitations. As the economy developed a way around this problem was needed, which led to a further evolution.

According to Johnson (2005), in the earliest human societies, goods were swapped or bartered. In other words, in barter trade, the ability to pay for goods and services was reflected in the physical existence of the goods which could be used for exchange. Then, the hard cash in the form of coins made out of precious metals emerged. This was then followed by the advent of fiduciary money in the form of modern coins and paper notes. Today an individual's ability to pay for goods and services is simply reflected in the accounting records of his or her bank.

Thus, it is important to appreciate at the outset that money as it is defined today is just simply information which can be electronically transmitted to facilitate economic transactions. It is the new definition of money, which has resulted in the electronic payment revolution of financial institutions.

The most recent development in the Nigerian payment system is the venture into Smart Cards Schemes, which involves prepared and reloadable cards. Smart card technology is the latest payment technology is the latest payment technology positively impacting on the efficiency of the payments systems.

This electronic system has grown rapidly in developed countries over the last few years due to its effectiveness, high level of security and convenience (Johnson, 2005).

2.2 Preliminary Definition of Concept

According to Oni, Sani and Adeoti (2002), the definition of accounting that emphasized the meaning and work of accountant was that, provided by Paul Grady in his submission on the inventory of generally accepted Accounting Principles in which he modified an earlier definition of the committee on technology of the American Institute of certified Public Accountants. According to him, accounting is the body of knowledge and functions concerned with originating, authenticating, recording, classifying, processing, summarizing, analyzing, interpreting and supplying dependable and significant information covering transactions which are in part, at least, of a financial character, required for management and operations of an entity and for the reports that have to be submitted thereon to meet fiduciary and other responsibilities from the above definition, it becomes clear that the three characteristics of accounting are:

- i. It is a body of knowledge;
- ii. Its activities are systematic and it provides dependable information to both internal and external users.
- iii. To this end accountant is that individual who has acquired specialists accounting training, which in itself demands of him a great degree of ethics and responsibilities and for which he is to discharge all the above duties (Oni, Sani and Adeoti 2002).

Businesses in much of 18th and 19th centuries according to Fowokan (1997) were small, with restricted owner-manager teams as capital was produced by a tightly-knit family of investors, and management was carried out solely by owners. In such a setting, there was no external to increase the quantity and quality of corporate reports Oni, Sani and Adeoti (2002).

However, as businesses grew, widely dispersed number of small time owners pooled resources for investment, and delegated management to a professional crop of experts. The need to report to the owners became a necessity and an indispensable requirement for

remaining in business. Such reports are usually rendered by book-keepers (Oni, Sani and Adeoti, 2002).

However, at the onset of 20th century, according to Onukagha (1993) number of inter-related factors sped forth rapid development in corporate reporting, as a result of which the business community accepted, the need for some basic and common accounting and reporting standards. Hence, the emergence of Accountant.

2.3 Information and Communication Technology Based

Services in Nigeria

According to Adejola (2011), in the past few years, banking activities in Nigeria had depended heavily on the deployment of information technology. The net value of ICT investment by Nigerian financial institutions is estimated at over N50 billion. This huge amount is an indication of the desire of Nigerian Financial market to deploy ICT as a strategic source in competitive positioning for the 21St century. There are also clear indications that banks in Nigeria would thrive on web based services in view of the overwhelming enthusiasm e-banking / internet banking is generating

in Nigeria's rapidly changing financial landscape. But is the Nigerian financial market/organization e-ready?

Kayode (2005) said "electronic mail is more than just communication system. Users achieve messages for subject retrieval, priorities messages to sequence work activities, and delegate tasks via mail".

Information and communication technology has assisted the way and manner in which organizations carry out their operations to satisfying both their existing and potential customers (Adejola, 2010). It is on this basis that we shall look at what authorities had said regarding the services rendered by financial institutions using information technology like Automated Teller Machine, Telephone Banking and Internet Banking among others.

Waziri (2007) identified the products and services offered by financial institutions which he opined will be a good platform for cash-less society to operate effectively.

1. Automated Teller Machine (ATM)

An ATM is a machine that enables a bank to handle customer's transaction around the clock i.e. 24 hours a day 7 days a week banking services at electronic speed.

2. Telephone Banking

Here the customer only needs to lift the telephone handset, and push the buttons. A voice response system emulates an operator who answers the customer's call on the other end of the line, customers hear a friendly human voice that greet the caller, guides him/her through every step of the process servicing their needs swiftly and accurately.

3. Internet (on-line) Banking

The internet is the interconnection (network) of computers worldwide. Virtually any kind of information ranging from politics, religious, culture, tourism, education etc can be gotten from surfing the internet. Internet banking becomes the apex of banking technology; here a customer is able to make transactions in his bank account from anywhere in the world via internet.

2.4 E-Accounting Practices among Small and Medium

Enterprises

According to Amidu, Effah and Abor (2011) small businesses remain an important part of the business environment, underscoring the strategic importance of accounting to firms, noted that the use of management accounting information could be linked to the success or failure of an SME.

In order to survive, SME owners and managers need updated, accurate and timely accounting information (Lohman, 2000; Amidu and Abor, 2005). Accounting systems are responsible for analyzing and monitoring the financial condition of firms, preparation of documents necessary for task purposes, providing information to support the many other organizational functions such as production, marketing, human resources management, and strategic planning. Without such a system it will be difficult for SMEs to determine performance, identify customer and supplier account balances and forecast future performance of organization. The primary purpose of an Accounting information System (AIS), is the collection and recording of data and information regarding events that have an economic impact upon organizations and the maintenance,

processing and communication of such information to internal and external holders (Stefanon, 2006). When organizations adopt e-accounting, they usually discover even though computerized accounting systems handle financial data efficiently, their true is that they are able to generate immediate reports regarding the organization (Hotch, 1992).

Prior to the advent of personal computers, businesses were limited to two methods for keeping track of financial data (Tavakolian, 1995). One method was to install a mainframe computer and set up a data processing department. This approach had its own difficulties: the mainframe computer was expensive and many qualified ICT personnel were required to handle the various tasks involved in processing the accounting data. In most cases, large corporations were the only organizations that could afford such an expensive system (Amidu, Effah and Abor, 2011).

The other option was to have a manual accounting system. Such a system consisted of paper ledgers, typewriters and calculators. Each customer or vendor was on a separate ledger card which contained all the transactions for that company. Typewriters were used to type

invoices and cheques, and all calculations were performed using calculators. The key drawback of the manual system was that it was possible for errors to be introduced into the system and the error could go undetected for quite some time (Amidu, Effah and Abor, 2011).

Initially small and medium enterprises had no option but to adopt manual systems since the mainframe accounting system was not within their means. However, with the introduction of PC- based accounting systems, both the computer hardware and the accounting software have become cheaper, creating an opportunity for SMEs to adopt e-accounting. Nevertheless, there are several factors that determine whether an organization adopts e-accounting or not. Such factors have created a division between e-accounting adopters and non-adopters (Amidu, Effah and Abor, 2011).

Although the proliferation of accounting software and PC has created an opportunity for SMEs to adopt e-accounting. It also creates problems for innovation adoption. Accounting is a critical application in companies of all sizes, computer manager are hence

caught in a no-win situation. They are encouraged to embrace new technologies or face obsolence (Amidu, Effah and ABor, 2011).

On the other hand, experimenting with new technologies at the expense of the accounting data risky proposition changing accounting systems to fit new technology can be a very difficult task: data needs to be converted from the existing system to new systems, accounting staff and all users need to be retrained and sometimes source documents and report need to be redesigned (Amidu, Effah and Abor 2011).

Studying the factors that influence computer software adoption, Taragola et al (2001) concluded that the probability of computer adoption is significantly influenced by business size, importance of creativity and innovation, education level and computer training of the firm manager and the partner. However, internet adoption is positively related to computer training of the firm manager, creativity and innovation, growth, stabilization and negatively related to intrinsic objectives (being independent). Nevertheless, the intention to adopt accounting software is positively related to a favourable attitude towards accountancy and ôintrinsic objectivesô.

The conclusion of the study shows that factors determining e-accounting adoption are actually different from those determining ICT adoption in general (Amidu, Effah and Abor, 2011).

The theory of diffusion of innovations offers a conceptual framework for analyzing the adoption of ICT by firms according to the theory, besides external variables, personal characteristics of the firm manager and firm characteristics do have an impact on the adoption of innovations (Amidu, Effah and Abor, 2011).

One issue that remains is whether adopters of e-accounting make maximum use of the system. Marriot and Marriott (2000) noted that companies used computers for the preparation of management accounting information, but usually not to their full potential. It is therefore important that the research in e-accounting adoption is not limited to adopters and non-adopters, but that for even adopters the extent to which e-accounting is used to the maximum be studied.

2.5 E-accounting and Reporting: An Information Technology (IT) Perspective of Corporate Reporting in the Digital Age

According to Adebayo (2011), we are in a world of Information and Communication Technology (ICT), where virtually most activities

are no longer done manually, instead electronically. The enormous advantages ICT has accrued to the delivery of information and communication around the world, as well as the central role of ICT in the new global economy, means that ICT will shape the dynamics of the new millennium. The role of and potential for ICTs in private and public sector accounting, auditing, investigation and reporting is enormous and cannot be over emphasized.

The information technology (computer) is a fast developing one that keeps changing every now and then. It has touched every profession; thus changing our way of doing things in an organization and society as a whole of particular importance is the electronic accounting aspect which has brought about speedy, timely and efficient information processing which is very significant for day to day accounting and reporting as well as decision making. With the ongoing waves in digital and information revolution, it is not a fallacy to assert that becoming an accountant on a technology platform is a sure way for accountants to secure their careers in the Digital stage (Adebayo, 2011).

2.5.1 E-Accounting and Accounting Softwares

According to Adebayo (2011), E-accounting simply means using electronic processing computer based systems to carry out the following:

1. Acquire financial data
2. Processing
3. Storage
4. Planning and forecasting
5. Coordinating and cost control
6. Dissemination of vocal, textual, pictorial and numerical information for timely decision making (Adebayo, 2011).

Presently, the following accounting softwares are available in Nigeria to solve accounting and financial problems:

1. Peachtree accounting
2. Quick books
3. Dac easy for window
4. Ms-money (financial management software)
5. Spec-pay (personnel management software)
6. Eagle tracks for inventory management
7. MYOB accounting

8. Sages accounting software
9. Budgetmatic software for budgeting and budgetary control
10. Sun system software
11. Tally accounting (Adebayo, 2011).

2.5.2 Benefits of Using E-accounting in an Organization

The following are the benefits of appropriate usage and application of electronic accounting in an organization. You are able to:

1. Get quicker information on financial position of the organization by just pressing and touching a button
2. Ascertain with accuracy the revenue generated in an organization on daily, weekly, monthly, quarterly etc within a second.
3. Provide detailed expenditure information to aid the management in cost control and facilitate decision-making.
4. Budget and forecast e.g. annual budget etc
5. Reduce clerical and administrative overheads
6. Project monitoring and variance analysis
7. Prevent frauds
8. Get timely report and financial statement after every transaction (Adebayo, 2011).

2.5.3 Web-Based Accounting

According to Adebayo (2011), a web-based accounting package is a complete accounting system that resides on a web server. Anybody in the world can access that accounting system with a simple browser to set up and run their own company. Instead of paying large sums of money up front for hardware and software, the user pays a smaller monthly rental fee.

Web-based accounting is the next evolution accounting. It is an attempt to take accounting to the next level-level of paperless processing of financial transactions and presentation of financial statements; level of generating financial reports online without buying or owing hardware and software.

2.5.4 Categories of Web-based Accounting

Web based accounting is of two major categories:

1. **Entry level for small business:** This software addresses the accounting functions of small business organizations. Examples of these softwares include:
 - i. Merchant mirror accounting
 - ii. Xero online accounting

iii. Liberty accounting (Adebayo 2011).

2. **Enterprise Resource Planning Softwares (ERPS):** This software is also referred to as cloud computing. It addresses the accounting functions, human resources management functions, warehousing functions and reporting functions of small and big business organizations. It simplifies accounting functions and has a global coverage. Examples of these softwares include:

- i. Net swite
- ii. Acumatical
- iii. Navision

3. **Development of Electronic Payment System in Nigeria:**

According to Johnson (2005), in the past few years, Nigerian banks and the financial services industry in particular, have embraced the concept of e-money. Changes are beginning to take place in the Nigerian financial landscape and customers are increasingly raising the hope of expectations for quality customer services.

In Nigeria, after the introduction of the scheme with six banks, it was later extended to nineteen at the time of approval by the Central

Bank of Nigeria (CBN), the all states Trust Bank Plc introduced a closed system electronic package called ESCA Smart Card. This was followed in February, 1997 with the introduction of a similar product called "Diamond Pay Card" by Diamond Bank.

Johnson (2005) further stated that in February (1998), the scheme received a boost when a consortium of 19 banks floated a - smart card called Valucard Nigerian Plc with the mandate to produce and manage the distribution of cards (Valucards) issued by member banks of the consortium.

Subsequently, in 1999 November, a consortium of more than 20 banks under the auspices of Gemcard Nigeria limited obtained CBN approval to introduce the "Smart Pay" scheme.

The CBN additionally granted approval to a number of banks to introduce international money transfer products, telephone banking and on-line banking via the internet, though on a limited scale. However, some banks have gradually introduced the use of Automated Teller Machines (ATM), which had further facilitated the use of cards. Some banks have also introduced electronic bill payment services. Understandably, the electronic payment scheme is

still at a relatively early stage of development in Nigeria, but the evolvement of electronic money provides an ample opportunity for banks to reduce the resort to cash transactions (Johnson, 2005).

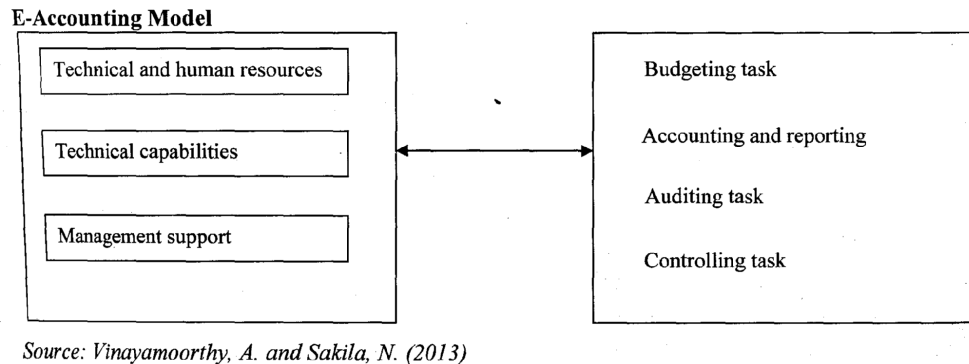


Fig. 2.1: E-Accounting Model

2.6 Empirical Review

Amidu, Effah and Abor, (2011) conducted a research on c-accounting practices among small and medium enterprises in Ghana and the study revealed that almost all the SMEs sampled attach a lot of importance to financial information by employing at least Degree or HND holders and chartered accountants to handle their accounting information. The study also showed that majority of the firms put in place accounting softwares to generate their financial information.

Johnson, (2005) conducted a research on the overview of electronic payment systems in Nigeria strategic and technical issues. The study revealed that Nigerian payment system is largely cash based and while the country lags behind compared with other industrial countries, its use of electronic payment systems is gradually gaining prominence. The study also revealed that all major types of e-payments are trading upwards and some new electronic payment instruments are beginning to emerge.

Tijani and Mohammed, (2013) conducted a research on computer-based accounting systems in small and medium enterprises empirical evidence from a randomized trial in Nigeria. The study empirically examined the use of computerized accounting systems by Nigerian SMEs by evaluating finance and accounts executives who owes primary responsibilities for financial transactions processing. The study revealed that larger proportion of responding firms combine manual and computerized accounting systems and those who are fully computerized with web-enabled applications were found to be of insignificant proportion.

Asuquo (2012), conducted a research on empirical analysis of the impact of information practice in Cross River State-Nigeria. The study revealed that using Information Technology (IT) causes remarkable changes in forensic accounting practice. In a nutshell the study revealed that:

1. IT helps its users improve their performance.
2. IT enables its users perform their duties with a higher validity.
3. Those using IT say that it helps them focus and have a good feeling for their work.

Upon these findings, software packages, extensive electronically sheets and other programs like planning software provide possibility of improving analytical investigations. The study further stated that using Information Technology (IT) causes accounting professionals to spend less time on probing and performing contest tests and accuracy of mathematical calculations of office accounts rapidly.

Adejola (2011), conducted a research on e-payment an information and communication technology dimension of a cashless society. The study revealed that the world is undergoing revolution in information and communication technology (ICT), which is rightly referred to as

the digital revolution. The revolution is already transforming social and economic life and is moving at near light speed. The study concludes that losers will be nations, institutions and scholars who fail to meet the challenges of ICT.

Adejola (2015) also conducted a research on technology changes and the impact on accountancy profession. The study reveals that technology is an asset to all businesses because of the enhanced communications skills it has provided the study also reveals that technology has provided. The study also reveals that Technology has provided many tools that increase efficiency in any business, including accounting. Example of these technological tools include computer-integrated manufacturing, image processing, the internet and expert systems. It helps in fulfilling management Accountants' objective of providing the most accurate and timely information digital service delivery. New technologies used to provide online, interactive, self-services, business processes, software and services.

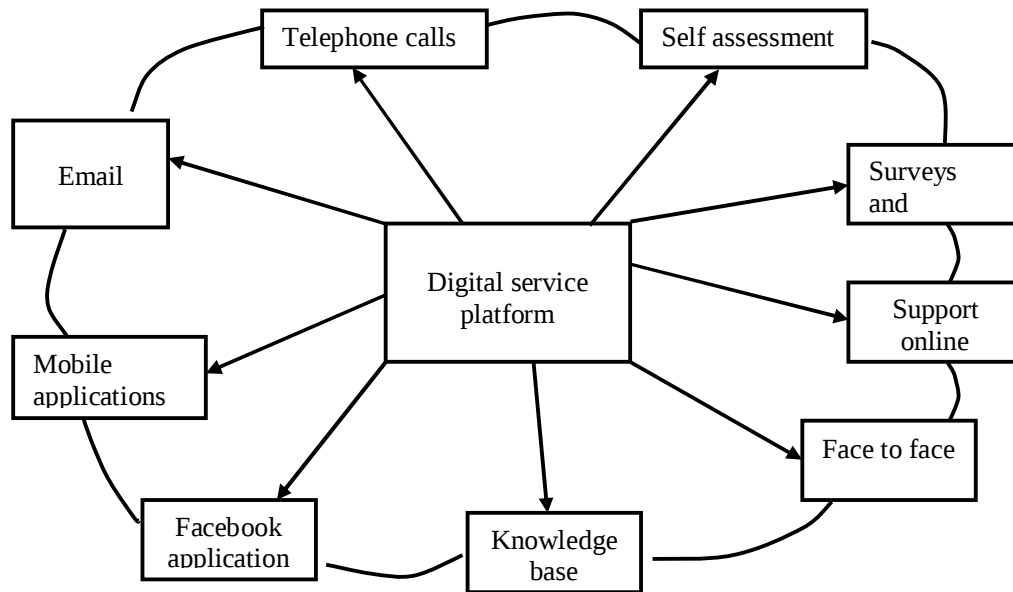


Fig. 2.2: Multi-Channel Systems

Source: Adejola, 2015.

Definition of E-Payment

According to Onyiah (2013) e-payment is a subject of e-government which is the application of electronic means in the interaction between government and citizens, government and business agencies. It is a form of direct payment and banking without physical cash. This is done through the means of electronic, interactive communication channels and other technology infrastructure. Payment can be described as the method of effecting payments from one end to another through the medium of computer without manual intervention beyond in-putting the payment data.

According to Onyiah, (2013), the justifications for this policy are listed below:

- i. To drive the development and modernization of the payment system in line with Nigerian's vision 2020 goal of being amongst the top 20 economies by the year 2020.
- ii. To reduce the cost of banking services (including cost of credit) and drive financial inclusion by providing more efficient transaction options and greater reach.
- iii. To improve the effectiveness of monetary policy in managing inflation and driving economic growth.
- iv. To curb the negative consequences associated with high cash usage, which has resulted to a number of challenges across the system.

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CHAPTER THREE

RESEARCH DESIGNS AND METHODOLOGY

This chapter provides an overview of the method for acquiring data and the instruments used in interpreting and analyzing of the data collected.

3.1 Research Design

The researcher uses descriptive survey research design to explore opinions of respondents on challenges of electronic accounting: tools for macro economic growth in Nigeria.

3.2 Population of Study

The population selected was designed to obtain adequate and diverse views regarding the challenges of electronic accounting.

The target population of this study consists of all the staff of all the banks in Enugu metropolis and all the staff of all the ministries in Enugu state Government. The Researcher uses judgemental sampling technique to select three(3) Banks and two (2) ministries for the purpose of the study namely: United Bank of Africa (UBA), First City Monument Bank and Diamond Bank Plc totaling a number of 652 staff and Enugu State Ministry of Budget and

Planning and Enugu State ministry of finance and economic planning consisting a total of 610 staff. Thereby bringing the total population of study to 1262.

Table 3.2.1: Population Table

S/No	Name of banks/branches in Enugu	Total number of staff
1	UBA Okpara Avenue	94
2	UBA Garden Avenue	79
3	Diamond Bank Ogui Road	35
4	Diamond Bank Garden Avenue	80
5	Diamond Bank Coal Camp	31
6	Diamond Bank Okpara Avenue	108
7	FCMB Garden Avenue	101
8	FCMB Agbani Road	48
9	FCMB Presidential Road	41
10	FCMB Market Road	35
	Total	652

Source: Office of the General Secretaries of all the Banks

Headquarters in Enugu

S/No	Name of ministries in Enugu	Total number of staff
1	Ministry of budget and planning	349
2	Ministry of finance and economic planning	361
	Total	610
	Grand total pollution	1262

Source: Administrative Department (Normal rolls) of the two Ministries

3.3 Sample Size and Sampling Techniques

The researcher distributed questionnaires to 304 respondents by reducing the population of 1262 using Yaro Yamane formula stated as follows:

$$n = \frac{N}{1 + N(E)^2}$$

Where N = sample size

E = error margin which the researcher choose to be 5%

n = sample size

Thus

$$n = \frac{1262}{1 + 1262(0.05)^2} = 303.7$$

~304 questionnaires

Table 3.2.2: Number of questionnaires

S/NO	Names	Questionnaires returned	Questionnaires not returned
1	UBA	39	17
2	FCMB	43	11
3	Diamond Bank	32	15
4	Ministry of Budget and Planning	54	19
5	Finance and Economic Planning	62	12
	Total	230	74

Source: Field Survey, 2015

Therefore a total of 230 questionnaires were valid consisting a return rate of 75.7%.

3.4 Sources of Data

The researcher uses primary and secondary sources of data. Data were collected from Central Bank of Nigeria, Enugu Branch, from recently published journals and Newspapers and via internet materials.

3.5 Instrument for Data Collection

The instrument used by the researcher for data collection was questionnaire. It is made up of two sections. Section A consisted of information on personnel data, qualifications and cognate working experience. Section B is geared towards the respondent opinions on items bordering on challenges of electronic accounting tool for macro economic growth in Nigeria.

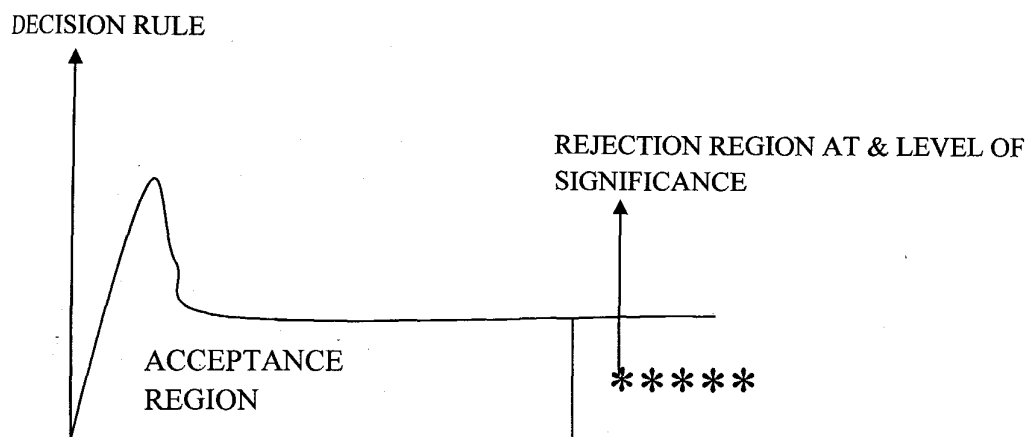
The responses of the subjects to the questionnaire items were structured according to the 5-point Likert summated type as follows:

1. Strongly Agree (SA) 5 points
2. Agree (A) 4 points
3. Undecided (UN) 3 points
4. Disagree (D) 2 points
5. Strongly Disagree (SD) 1 points

3.6 Methods of Data Analysis

Data collected through questionnaires were analyzed using analysis of variance (ANOVA) and coefficient of correlation for validation of hypotheses.

According to Nwachukwu and Egbulonu (2000), ANOVA is a statistical method for determining the existence of differences among several population means. While the aim of ANOVA is to detect differences among several means, the techniques require the analysis of different forms of variances associated with the random samples.



The null hypotheses is rejected (and the alternative accepted) if our calculated F value is greater than the value found from the table. Otherwise, the null hypothesis is accepted Egbulonu (2007).

3.7 Validation of the Instrument

In order to ensure the validity of the instrument, some experts in the Faculty of Management Science, Nnamdi Azikiwe University Awka and Department of Accountancy Enugu State University of Science

and Technology were given the instrument in order to put out to the researcher, statements that were poorly used and those that do not correspond with the purpose of the study.

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Office of the General Secretary of Diamond Bank (2015).

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Office of the General Secretary of UBA (2015).

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

In this chapter, the researcher presents the analysis of the data collected through primary. The data analysis is done with reference to three research questions formulated and three hypotheses formulated to guide the study. The responses are classified into educational levels.

4.2 Analysis of Respondents of Biodata

Table 4.2.1: Distribution of Respondents by Educational Qualifications

Qualification	Number	Percentage (%)
WAEC / GCE	22	9.57
OND	36	15.65
B.Sc / HND	115	50
MBA, M.Sc & Others	57	24.78
Total	230	100

Source: Field Survey 2014

From table 4.2.1, 22 respondents representing 9.57% hold WAEC / GCE certificates, 36 respondents representing 15.65% have OND certificates, 115 respondents representing 50% have B.Sc/HND certificates, 57 respondents representing 24.78 % have MBA, M.Sc certificates and Others. This shows that respondents with B.Sc / HND were more in number and showed interest in filling the questionnaire.

Table 4.2.2: Distribution of respondents by working experience

Working experience	Number	Percentage (%)
BELOW 5 YEARS	26	11.30
6- 10 YEARS	39	16.96
11- 15 YEARS	47	20.43
16- 20 YEARS	52	22.61
21 YEARS AND ABOVE	66	28.70
Total	230	100

Source: Field Survey 2014

Table 4.2.2 depicts that 11.30% of the respondents have put in less than 5 years into work, 16.96 % of the respondents have worked between 6 years to 10 years, 20.43 % of the respondents have

worked between 11years to 15 years, 22.61 % shows respondents that have worked between 16-20 years while 28.70% respondents have work experience from 21 years and above.

4.3 Data Presentations

Table 4.3.1: Perceived electronic accounting information security threats in Nigeria

S/No	Question one	SA	A	UN	D	SD
1	If internet connectivity is down, work will be affected	104	91	0	11	24
2	Lack of technical ICT infrastructures is a security threat	91	87	0	20	32
3	Sharing of financial information of a company with another company (service provider) is a big mindset problem for traditional management	28	18	21	75	88
4	Lack of qualified trained personnel to fully understand and interpret the results is a security threat	85	38	25	35	47
5	Fluctuation in the supply of electric power will affect e-accounting system	89	76	9	30	26
6	Data are usually stored in backups, like disc and tapes which are fragile hence data can easily be lost due to breakage, or corruption through viruses etc.	108	108	0	11	3

Source: Field Survey 2014

Table 4.3.2: Analysis of data into mean and standard deviation**Descriptive**

VAR00001

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Mini mum	Maxim um
					Lower Bound	Upper Bound		
1.00	6	36.6667	28.88367	11.79171	6.3551	66.9782	3.00	88.00
2.00	6	30.3333	23.96386	9.78321	5.1848	55.4819	11.00	75.00
3.00	6	9.1667	11.33872	4.62901	-2.7326	21.0659	.00	25.00
4.00	6	69.6667	34.45964	14.06809	33.5035	105.8298	18.00	108.00
5.00	6	84.1667	28.93729	11.81360	53.7988	114.5345	28.00	108.00
Total	30	46.0000	37.16042	6.78453	32.1241	59.8759	.00	108.00

Descriptive

Table 4.3.3: The state of the art of e-accounting systems used among banks in Nigeria

S/No	Question Two	SA	A	UN	D	SD
1	The state of the art of e-accounting systems used among banks has increased to a greater extent.	105	91	11	13	10
2	The state of the art of e-accounting systems used among banks has not improved.	2	10	4	97	117
3	E-accounting information systems have qualities that can achieve its objectives in the banking sector.	78	69	23	45	25
4	e-accounting information systems meet needs of financial management in the banking sector	125	81	7	9	8
5	There is usage of computers and accounting software in Nigerian Banks	195	35	0	0	0
6	There is improved IT systems that significantly automate the process of initiating, recording, processing and reporting financial information.	119	99	5	7	0

Source: Field Survey 2014

**Table 4.3.4: Analysis of data into mean and standard deviation
Descriptives**

VAR00002

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
1.00	6	26.6667	45.19144	18.44933	-20.7588	74.0922	.00	117.00
2.00	6	28.5000	37.03917	15.12118	-10.3702	67.3702	.00	97.00
3.00	6	8.3333	8.04156	3.28295	-.1058	16.7724	.00	23.00
4.00	6	64.1667	34.71263	14.17137	27.7380	100.5953	10.00	99.00
5.00	6	104.0000	63.28981	25.83796	37.5814	170.4186	2.00	195.00
Total	30	46.3333	51.92855	9.48081	26.9429	65.7238	.00	195.00

Table 4.3.5: The impacts of electronic accounting information systems on government accounting in Nigeria

S/No	Question Three	SA	A	UN	D	SD
1	Provides detailed expenditure information to aid the management in cost-control and facilitate decision-making	89	99	5	16	21
2	Timely information management will be achieved.	79	92	0	34	25
3	There will be reduction in clerical and administrative overheads	10	29	13	82	96
4	Electronic accounting system is a necessity in the operations of government activities in this modern era	51	62	39	44	34
5	The installation of a well- designed e-accounting information system in the nation's public sector can checkmate corruption in the economy.	29	51	14	61	75
6	The present operation of the Nigerian public sector has not fully activated electronic accounting information dissemination approach in the entire system.	18	20	10	104	78

Source: Field Survey 2014

Table 4.3.6: Analysis of data into mean and standard deviation**Descriptives**

VAR00003

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
1.00	6	54.8333	31.95883	13.04714	21.2946	88.3721	21.00	96.00
2.00	6	56.8333	32.33832	13.20206	22.8964	90.7703	16.00	104.00
3.00	6	13.5000	13.54622	5.53022	-.7159	27.7159	.00	39.00
4.00	6	58.8333	32.19576	13.14386	25.0460	92.6207	20.00	99.00
5.00	6	46.0000	32.65578	13.33167	11.7299	80.2701	10.00	89.00
Total	30	46.0000	32.30565	5.89818	33.9369	58.0631	.00	104.00

4.4 Test of Hypotheses

Here the hypotheses of the study will be analysed and results interpreted.

4.4.1 Hypotheses One

H₀: There are no significant perceived electronic accounting information security threats in Nigeria.

H₁: There are significant perceived electronic accounting information security threats in Nigeria.

Table 4.3.7: ANOVA

VAR00001

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	22236.333	4	5559.083	7.803	.000
Within Groups	17809.667	25	712.387		
Total	40046.000	29			

ANOVA Table: Using the ANOVA table, which tests the acceptability of the model from a statistical perspective, the decision rule is as follows:

F calculated > Sig value Reject the null hypothesis

F calculated < Sig value Accept the null hypothesis

Decision: Since the F cal (7.803) is greater than the Sig. value (.000) at 5% level of significance and 4 degree of freedom, we reject the

null hypothesis and accept the alternate hypothesis that there are significant perceived electronic accounting information security threats in Nigeria.

4.4.2 Hypotheses Two

H_0 : There is no significant improvement in the state of the art of electronic accounting systems used among banks in Nigeria.

H_1 : There is significant improvement in the state of the art of electronic accounting systems used among banks in Nigeria.

Table 4.3.8: ANOVA

VAR00002

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	34753.667	4	8688.417	4.999	.004
Within Groups	43447.000	25	1737.880		
Total	78200.667	29			

ANOVA Table: Using the ANOVA table, which tests the acceptability of the model from a statistical perspective, the decision rule is as follows:

F calculated > Sig value Reject the null hypothesis

F calculated < Sig value Accept the null hypothesis

Decision: Since the F cal (4.999) is greater than the Sig. value (.004) at 5% level of significance and 4 degree of freedom, we reject the null hypothesis and accept the alternate hypothesis that there is significant improvement in the state of the art of electronic accounting systems used among banks in Nigeria.

4.4.3 Hypotheses Three

H₀: There is no significant impact of electronic accounting information systems on government accounting in Nigeria.

H₁: There is significant impact of electronic accounting information systems on government accounting in Nigeria.

Table 4.3.9: ANOVA

VAR00003

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	8498.000	4	2124.500	2.440	.073
Within Groups	21768.000	25	870.720		
Total	30266.000	29			

ANOVA Table: Using the ANOVA table, which tests the acceptability of the model from a statistical perspective, the decision rule is as follows:

F calculated > Sig value Reject the null hypothesis

F calculated < Sig value Accept the null hypothesis

Decision: Since the F cal (2.440) is greater than the Sig. value (.073) at 5% level of significance and 4 degree of freedom, we reject the null hypothesis and accept the alternate hypothesis that there is significant impact of electronic accounting information systems on government accounting in Nigeria.

4.5 Discussion of Findings

The study identified 27 electronic accounting skills that are needed by accountants for effective government accounting operation in Nigeria. The finding is in line with Nwogwugun (2002) that the technological innovations have at present, mechanized so many office functions and accounting duties which were previously done manually.

The study reveals that there is need for the establishment and construction of information and communication technology infrastructures to help combat security threats in Nigeria.

The study further reveals that the banking sector has improved to an extent in terms of electronic accounting operation. This the researcher thinks that the banking sector need to be upgrading its practices and skills constantly to reflects where the world is going, not where it has been.

The study also shows that the óchange mantraô initiative of the present Federation government administration is achievable through the installation of a well designed e-accounting information system

in the nation's public sector accounting, which is capable of checkmating corruption in the economy.

The study further found that factors such as accidental entry of bad entry by employees, sharing of log-on credentials, viruses, unauthorized access to information systems and unauthorized documents visibility via display on monitors and hardcopy documents are some of the most significant security threats to computerized accounting information systems.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

1. There are significant perceived electronic accounting information security threats in Nigeria.
2. There are significant improvements in the state of the art of electronic accounting systems used among banks in Nigeria. This is evidenced by the use of software for accounts receivables, accounts payables, inventory management, payroll bank reconciliation and cash management.
3. There is significant impact of electronic accounting information systems on government accounting in Nigeria.
4. The study reveals that inaccuracy of reports, frequent breakdown of the system, inability of the system to support large volume of data, lack of constant supply of electricity and inability to fully comprehend and interpret the results are problems and challenges of implementing computerized systems.

5.2 Conclusion

Based on the findings made, it was concluded that due to lack of adequate practical training in e-accounting as a result of insufficient facilities, equipment and laboratories, there is inadequacy amongst the public sector accountants. Technology is an asset to all businesses because of the enhanced communications skills it has provided. Technology has provided many tools that increase efficiency in any organization. Examples of these technological tools include computer-integrated manufacturing, image processing and the internet.

Advanced in technology will also demand new skills and competencies from accountants and finance professionals from change management to knowledge of data extraction tools in the mining of business intelligence.

5.3 Recommendations

The following recommendations were made:

1. Standard electronic accounting with modern software should be provided by government for all public sector accountant.

2. There should be regular training of accounting staff on the various software and terminologies.
3. Workshop, seminars and conferences should be organized by government for accountants in public sector on electronic accounting since the world is facing technological development globally.
4. The adoption of e-accounting would ensure proper accounting practices as good accounting practices have several implications for government accounting.

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APPENDIX

Department of Accountancy,
Faculty of Business Administration,
University of Nigeria,
Enugu Campus.

Dear Respondent,

LETTER OF INTRODUCTION

I am an MBA student in the Department of Accountancy, Faculty of Business Administration, University of Nigeria, Enugu Campus, carrying out a research on the topic: *Challenges of Electronic Accounting Tools for Macro-Economic Growth in Nigeria: A Case Study of Selected Banks.*

You are kindly requested to complete this questionnaire with every sincerity and integrity. All information supplied shall be for the purpose of academic research only and shall be treated with utmost confidentiality.

Thanks for your co-operation.

Yours faithfully,

CHIME LILIAN C.
Student

Section B: Research questions

Tick (✓) against the most appropriate option to indicate the extent to which you agree with the statements.

Note that:

SA = Strongly Agree

A = Agree

UD = Undecided

D = Disagree

SD = Strongly Disagree

Q1	What are those perceived electronic accounting information security threats in Nigeria	SA	A	UN	D	SD
1	If internet connectivity is down, work will be affected					
2	Lack of technical ICT infrastructures is a security threat					
3	Sharing of financial information of a company with another company (service provider) is a big mindset problem for traditional management					

4	Lack of qualified trained personnel to fully understand and interpret the results is a security threat					
5	Fluctuation in the supply of electric power will affect e-accounting system					
Q2	To what extent has the state of the art of e-accounting systems used among banks in Nigeria been improved					
6	The state of the art of e-accounting systems used among banks has increased to a greater extent					
7	The state of the art of e-accounting systems used among banks has not improved					
8	E-accounting information systems have qualities that can achieve its objectives in the banking sector					
9	E-accounting information systems meet needs of financial management in the banking sector					
10	There is usage of computers and accounting software in Nigerian Banks					

Q3	What are the impacts of electronic accounting information systems on governments accounting in Nigeria					
11	Provides detailed expenditure information to aid the management in cost-control and facilitate decision-making					
12	Timely information management will be achieved					
13	There will be reduction in clerical and administrative overheads					
14	Electronic accounting system is a necessity in the operations of government activities in this modern era					
15	The installation of a well-designed e-accounting information system in the nation's public sector can checkmate corruption in the economy.					

