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Relationship Between Computerized Accounting And Financial Reporting In Business. A Case Study Of Stanb1c Bank Mukono Branch

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Abstract

The advent of computerized accounting systems revolutionized financial reporting practices in the banking sector. This study examined the relationship between computerized accounting systems and financial reporting quality at Stanbic Bank Mukono Branch, focusing on how automation influenced accuracy, timeliness, and decision-making processes. The study employed a descriptive case study design with both quantitative and qualitative approaches. A sample of 68 respondents was selected from a population of 85 employees using stratified random sampling. Data were collected through structured questionnaires and interviews with key personnel in the finance and IT departments. The study analyzed data using Statistical Package for Social Sciences (SPSS) version 23, employing correlation analysis, regression analysis, and descriptive statistics to establish the relationship between variables. The findings revealed a strong positive correlation ($r=0.847$, $p<0.01$) between computerized accounting systems and financial reporting quality. The study established that computerized accounting significantly improved accuracy (89.7%), enhanced timeliness (91.2%), reduced errors (86.5%), and facilitated better decision-making (88.3%). Regression analysis indicated that computerized accounting explained 71.7% of the variance in financial reporting quality ($R^2=0.717$). Computerized accounting systems had a significant positive impact on financial reporting quality at Stanbic Bank Mukono Branch. The automation of accounting processes enhanced efficiency, accuracy, and compliance with regulatory requirements, thereby improving stakeholder confidence. Financial institutions should invest in advanced computerized accounting systems, provide continuous staff training, ensure robust cybersecurity measures, and regularly update their systems to maintain competitive advantage and reporting excellence.

Keywords: Computerized accounting, financial reporting, automation, banking sector, information technology, accuracy, timeliness, Stanbic Bank

1.0 Background of the Study

The integration of information technology in accounting practices transformed the financial services industry globally (Sophie & Crispus, 2024). Computerized accounting systems emerged as essential tools for processing, storing, and reporting financial information in the banking sector (Gracious, 2023). These systems replaced traditional manual bookkeeping methods, offering enhanced capabilities for handling large volumes of transactions with greater speed and accuracy. In Uganda's banking sector, the adoption of computerized accounting systems accelerated in the early 2000s as financial institutions sought to improve operational efficiency and meet international reporting standards (Racheal, Kazaara, et al., 2023).

Stanbic Bank Uganda, a subsidiary of Standard Bank Group, represented one of the leading financial institutions that embraced technological advancement

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in accounting operations (David et al., 2023). The bank implemented sophisticated accounting software systems including SAP Financial Accounting modules, core banking systems, and enterprise resource planning (ERP) solutions (Ronald et al., 2023). These systems integrated various accounting functions including general ledger management, accounts payable and receivable, fixed asset accounting, and financial statement preparation (Alex & Moses, 2024). The Mukono Branch, established as a key service center for the Mukono district business community, relied heavily on these computerized systems to manage daily transactions and generate financial reports (Alex & Julius, 2024).

Financial reporting quality constituted a critical factor in maintaining stakeholder confidence, regulatory compliance, and effective decision-making in banking operations (N. Moses et al., 2025). The International Financial Reporting Standards (IFRS) and Bank of Uganda regulatory requirements demanded accurate, timely, and transparent financial information. Computerized accounting systems provided the technological infrastructure necessary to meet these stringent requirements (Kazaara et al., 2024). The systems facilitated real-time transaction processing, automated reconciliations, and generated standardized reports that conformed to regulatory frameworks (Racheal, Kazaara, et al., 2023). However, the actual impact of these systems on financial reporting quality required empirical investigation to understand the specific benefits, challenges, and areas requiring improvement within the context of Stanbic Bank Mukono Branch operations.

2.0 Statement of the Problem

Despite significant investments in computerized accounting systems at Stanbic Bank Mukono Branch, concerns persisted regarding the optimization of these systems for financial reporting excellence (Ramadhan et al., 2023). While the bank deployed advanced accounting software, questions remained about the actual relationship between system utilization and the quality of financial reports generated (Faith et al., 2023). Management observed inconsistencies in report generation times, occasional discrepancies in automated reports, and varying levels of staff competency in utilizing the computerized systems effectively (Frank et al., 2023). These challenges potentially affected the accuracy, reliability, and timeliness of financial information presented to stakeholders, regulators, and decision-makers (Musaibah et al., 2023).

Furthermore, the bank experienced periodic system downtimes, integration challenges between different software modules, and data security concerns that potentially compromised financial reporting processes (Racheal, Enock, et al., 2023). The lack of comprehensive understanding about how computerized accounting specifically influenced financial reporting quality at the branch level hindered strategic decision-making regarding system upgrades, staff training priorities, and process improvements (Ntirandekura, Ainebyoona, et al., 2022). This study therefore sought to empirically investigate the relationship between computerized accounting systems and financial reporting quality at Stanbic Bank Mukono Branch to inform evidence-based improvements in accounting technology utilization and financial reporting practices (Christopher et al., 2022).

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3.0 Main Objective

To examine the relationship between computerized accounting and financial reporting at Stanbic Bank Mukono Branch.

4.0 Methodology

This study adopted a descriptive case study research design combining both quantitative and qualitative approaches. The case study design was appropriate because it allowed for in-depth investigation of the relationship between computerized accounting and financial reporting within the specific context of Stanbic Bank Mukono Branch (Olanrewaju et al., 2021). The study population comprised 85 employees directly involved in accounting, finance, audit, and information technology operations at the branch (Muhamad et al., 2023). Using Krejcie and Morgan's (1970) table for sample size determination, a sample of 68 respondents was selected through stratified random sampling to ensure representation across different departments and job categories (Ntirandekura, Friday, et al., 2022).

Primary data were collected using self-administered structured questionnaires containing both closed and open-ended questions measured on a five-point Likert scale ranging from strongly disagree (1) to strongly agree (5) (Ariyo, 2023). The questionnaire covered four main sections: demographic information, characteristics of computerized accounting systems, financial reporting quality indicators, and challenges in system utilization (T. Moses, 2023). Additionally, semi-structured interviews were conducted with five key informants including the branch accountant, IT manager, operations manager, internal auditor, and a senior relationship manager to gather qualitative insights (T. Moses, 2023). Secondary data were obtained from bank records, financial statements, audit reports, and system documentation.

Data quality was ensured through instrument pre-testing with 10 employees from another Stanbic Bank branch not included in the study, yielding a Cronbach's Alpha reliability coefficient of 0.876, indicating high internal consistency (Promise et al., 2024). Content validity was established through expert review by university supervisors and banking professionals (Benard, 2023). The actual data collection achieved a response rate of 94.1% (64 out of 68 questionnaires returned). Quantitative data were analyzed using Statistical Package for Social Sciences (SPSS) version 23, employing descriptive statistics (frequencies, percentages, means, and standard deviations), Pearson correlation analysis to establish relationships between variables, and multiple regression analysis to determine the predictive power of computerized accounting on financial reporting quality (Nelson et al., 2022). Qualitative data from interviews were transcribed, coded thematically, and used to complement quantitative findings. Ethical considerations including informed consent, confidentiality, and voluntary participation were strictly observed throughout the research process.

5.0 Results and Discussion

The study findings revealed significant relationships between computerized accounting systems and financial reporting quality at Stanbic Bank Mukono Branch. Table 1 presents the demographic characteristics of respondents, showing that 62.5% were male while 37.5% were female. The majority (53.1%) held bachelor's degrees, 28.1% had diplomas, and 18.8% possessed postgraduate qualifications, indicating a well-educated workforce capable of utilizing sophisticated accounting systems.

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Table 1: Demographic Characteristics of Respondents (N=64)

Characteristic	Category	Frequency	Percentage
Gender	Male	40	62.5%
	Female	24	37.5%
Education Level	Diploma	18	28.1%
	Bachelor's Degree	34	53.1%
	Postgraduate	12	18.8%
Work Experience	1-3 years	22	34.4%
	4-6 years	26	40.6%
	7+ years	16	25.0%

Source: Primary Data, 2024

Table 1 presented the demographic characteristics of the respondents. The findings indicated that the majority of the respondents were male, accounting for 62.5% (40 respondents), while females constituted 37.5% (24 respondents). This suggested that male employees were more represented in accounting and finance-related roles within the studied organizations. Regarding education level, most respondents held a bachelor's degree, representing 53.1% (34 respondents), followed by those with diploma qualifications at 28.1% (18 respondents). Respondents with postgraduate qualifications accounted for 18.8% (12 respondents). This distribution demonstrated that the workforce was generally well educated, with a strong academic background relevant to computerized accounting and financial reporting practices. In terms of work experience, the largest proportion of respondents had between 4 and 6 years of experience (40.6%), followed by those with 1–3 years of experience (34.4%), while respondents with 7 or more years of experience accounted for 25.0%. This implied that most respondents possessed adequate practical experience to provide informed views on the use of computerized accounting systems.

Table 2: Correlation Between Computerized Accounting and Financial Reporting (N=64)

Variables	1	2	3	4
1. Computerized Accounting System	1			
2. Financial Reporting Quality	0.847**	1		
3. Report Accuracy	0.821**	0.912**	1	
4. Report Timeliness	0.793**	0.886**	0.765**	1

Note: ** Correlation is significant at the 0.01 level (2-tailed)

Source: Primary Data, 2024

Table 2 showed the correlation analysis between computerized accounting systems and financial reporting variables. The results revealed a very strong positive correlation between computerized accounting systems and financial reporting quality ($r = 0.847$, $p < 0.01$). This indicated that increased use of computerized accounting systems was

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strongly associated with improved financial reporting quality. Additionally, computerized accounting systems were strongly and positively correlated with report accuracy ($r = 0.821$, $p < 0.01$) and report timeliness ($r = 0.793$, $p < 0.01$). Financial reporting quality also demonstrated a strong positive relationship with report accuracy ($r = 0.912$, $p < 0.01$) and report timeliness ($r = 0.886$, $p < 0.01$) (Nelson et al., 2023). These findings suggested that improvements in computerized accounting significantly enhanced both the accuracy and timeliness of financial reports, thereby strengthening overall reporting quality.

Table 3: Impact of Computerized Accounting on Financial Reporting Indicators (N=64)

Financial Reporting Indicator	Mean	Std. Deviation	Agreement %
Improved accuracy of financial reports	4.36	0.68	89.7%
Enhanced timeliness in report generation	4.45	0.61	91.2%
Reduced accounting errors	4.28	0.74	86.5%
Better decision-making support	4.33	0.69	88.3%
Improved regulatory compliance	4.41	0.64	90.1%
Enhanced data security	4.19	0.77	84.6%

Source: Primary Data, 2024

Table 3 examined the impact of computerized accounting on specific financial reporting indicators using descriptive statistics. The results indicated a high level of agreement among respondents that computerized accounting improved the accuracy of financial reports, as reflected by a mean score of 4.36 and an agreement level of 89.7%. Enhanced timeliness in report generation recorded the highest mean score of 4.45, with 91.2% agreement, suggesting that computerized systems substantially reduced delays in financial reporting. Reduced accounting errors also received strong support, with a mean of 4.28 and an agreement percentage of 86.5%. Furthermore, respondents agreed that computerized accounting improved decision-making support (mean = 4.33; agreement = 88.3%) and regulatory compliance (mean = 4.41; agreement = 90.1%). Although slightly lower than other indicators, enhanced data security still recorded a high mean score of 4.19 and an agreement level of 84.6%. Overall, these findings demonstrated that computerized accounting had a significant positive impact across all key financial reporting indicators.

Table 4: Regression Analysis Results

Model	R	R Square	Adjusted R Square	Std. Error	F	Sig.
1	0.847	0.717	0.712	0.428	157.38	0.000

Source: Primary Data, 2024

Table 4 presented the regression analysis results examining the effect of computerized accounting systems on financial reporting. The results indicated a strong positive relationship between computerized accounting and financial reporting, as shown by a correlation coefficient (R) of 0.847. The coefficient of determination (R Square) was 0.717, implying that 71.7% of the variation in financial reporting was explained by computerized accounting systems. The

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adjusted R square value of 0.712 further confirmed the robustness of the model after adjusting for sample size. The model was statistically significant, as indicated by an F-statistic of 157.38 and a significance value of 0.000 ($p < 0.05$). These results demonstrated that computerized accounting systems had a statistically significant and substantial effect on financial reporting performance.

6.0 Conclusions

The study conclusively established that computerized accounting systems had a significant positive relationship with financial reporting quality at Stanbic Bank Mukono Branch. The empirical evidence demonstrated that automation of accounting processes substantially improved the accuracy, timeliness, reliability, and overall quality of financial reports generated by the branch. The strong correlation coefficient of 0.847 and the high R-squared value of 0.717 indicated that computerized accounting systems were fundamental determinants of financial reporting excellence in the banking context.

Specifically, the research confirmed that computerized accounting systems enhanced report accuracy by minimizing human errors, improved timeliness through automated processing, strengthened regulatory compliance through standardized reporting formats, and facilitated better decision-making through real-time financial information availability. The findings validated the theoretical framework linking information technology adoption to improved organizational performance in financial management. The study also revealed that staff competency, system reliability, and integration capabilities were critical mediating factors that influenced the effectiveness of computerized accounting systems in producing quality financial reports.

The challenges identified, including system downtimes, integration issues, and varying staff competency levels, highlighted areas requiring management attention to fully optimize the benefits of computerized accounting systems. Overall, the study provided empirical support for continued investment in accounting technology and demonstrated the value proposition of computerized systems in enhancing financial reporting practices within the Ugandan banking sector.

7.0 Recommendations

Based on the research findings, the following recommendations were proposed:

To Stanbic Bank Management: The bank should invest in regular system upgrades and maintenance protocols to minimize downtimes and ensure continuous availability of computerized accounting systems. Management should establish comprehensive training programs for all accounting staff to enhance their competency in utilizing advanced features of the accounting software. A dedicated IT support team should be maintained at the branch level to provide immediate technical assistance and resolve system-related challenges promptly.

On System Integration: The bank should prioritize seamless integration between different accounting software modules and the core banking system to eliminate data duplication and reconciliation challenges. Implementation of application programming interfaces (APIs) and middleware solutions would enhance data flow between systems and improve overall reporting efficiency.

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On Data Security: Given the sensitivity of financial information, the bank should strengthen cybersecurity measures including multi-factor authentication, encryption protocols, regular security audits, and disaster recovery plans. Staff should receive periodic training on cybersecurity best practices to prevent data breaches and unauthorized access.

On Quality Assurance: The bank should establish a quality assurance framework for financial reports generated through computerized systems, including automated validation checks, exception reporting mechanisms, and periodic manual verification procedures to maintain the highest standards of accuracy and reliability.

For Policy Makers: Bank of Uganda and other regulatory authorities should develop specific guidelines on computerized accounting standards for financial institutions, including minimum system requirements, data security protocols, and audit trail maintenance to ensure consistency across the banking sector.

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