



Haze accounting and earnings from e-activities of commercial banks: The contemporary drift

Inyang Inyang Ochi ^{1*}, Effiong Glory Tony ²

¹ Lecturer Department of Accounting, Faculty of Management Sciences, University of Calabar, Nigeria

² Student, Department of Accounting, University of Calabar, Calabar, Nigeria

* Corresponding Author: **Inyang Inyang Ochi**

Article Info

ISSN (online): 2582-7138

Volume: 03

Issue: 03

May-June 2022

Received: 02-05-2022;

Accepted: 18-05-2022

Page No: 413-418

DOI:

<https://doi.org/10.54660/anfo.2022.3.3.23>

Abstract

The exploration was carried out on Haze Accounting and earnings from E-activities of commercial banks: The Contemporary drift. The principal drive was to examine the effect of data loss, hackers, and computer fraud on the profitability of commercial banks with proven facts from of commercial banks operating in Nigeria. Primary source of data was employed using questionnaire instrument, ordinary least square multiple regression statistical technique was adopted in the analysis of the data. The findings of the analysis exposed that data loss, hackers, computer fraud affected the earnings of the investigated commercial bank in Nigeria. The study suggested that the commercial banks should deployed vigorous and healthy emergencies and eventualities methods and actions against customer data loss, management should deployed pro-active application that will check hacking into the computer system. The investigation also suggested that commercial banks should intensify efforts to computerize their operations to enhance efficiency and quality of service delivery.

Keywords: Commercial, Contemporary, Drift, Earnings, E-activities, Haze accounting

1. Introduction

The operation of business is very energetic, self-motivated and injected with a lot of enlargement and improvement that encompass modifications in the area of customers in precise terms. Business operators like banks is characterized with an environment that is not expectable; friendly, smog control and perpetuity costs of the environment not taken into consideration when assessing the outcomes of its operations at physical and cloud environments (Asuquo, 2012a; Asuquo, Dan, & Effiong, 2020a; Nwafor, Asuquo, Inyang, & Inyang, 2021; Fadenikpo, Asuquo, Ogeni, Nwafor, Okoi, 2021; Effiong, & Asuquo, 2010). The invention of different technologies is seen as the pivotal angle that has affected the world globally. In the banking Industry, customers are provided with a particular role which involves collection of cash from customers as well as other services in the banking sector. Computer is introduced in the financial institution as a process of transforming the businesses, accounting line of works and micro-finance letting in the global economy, (Asuquo, Udoayang & Uwah, 2020; Ama, 2004). According to Bhorka (2005), accounting as the name implies incorporate the process of recording etc. in an important way, the involvement of data financially in making of decision. The process of the concept involves financial reporting using software for faster report, and act of storing messages, it also produces faster way of preparing annual account. (Ama, 2004). The computer involvement in banks brought a lot of changes that has made the system to be highly transformed. Empirically, researchers view the result of the finance is depended on the level of investment, which most could be through merger and acquisition (Asuquo, 2012b). It a vital area that involves act of recording, reporting and how decision could be taken (Vertmatt & Shelly, 2011). Theoretically, it is expected that computerization will enhance quality financial reports in terms of timeliness, accuracies' and reliability of information. In spite of this transformation in the way banking activities are organized, there are still myriad of obstacles in its implementation.

2. Theoretical framework and literature Review

Various theories were postulated on the perception of computerization.

2.1 Systems theory

According to Kaufmann (1966), system theory posit that there is a transformation in this theory. It is stated that there is an interconnection and a process makes it easier in the global economy and the pattern of analysis needs to be considered. The system has is combined with accounting principles and information system. The system theory involves components which interact with each other to generate usable and useful results.

2.2 Positive accounting theory

It was developed by Watts and Zimmerman in 1978 and 1986, demonstrates how a manager could adopt a specific method. Absolutely, what is entrenched on it could be predicted before its occurrence and this forestall eventualities. This theory depicts on what accounting researchers hypothesized on management accounting practices and their capabilities in control operations and processes in business entities. This formed the basis on which the study drew a wide range of framework in addressing financial management accounting issues.

2.3 Technology acceptance model (TAM)

This theory was propounded by Lande, 1997. It represents the use of information in management decision making. Practically, it is based on system usage, and predictions of behavior of how computer is used in achieving organizational objectives of satisfying customers' needs.

2.4 Haze accounting system and its functions

Haze accounting is a method meant for decision taking in electronic transactions. It is affiliated with a knot of transactions, timeliness etc. It brings increase on how a firm could survive and evaluations are done by recording electronically in the cloud (Bordens & Abbot, 2002). This process is applicable to software; input, process, storage and output. The adoption supports the use of computer programs in performing task (Ajayi, 2010). The system comprises of documents, procedures that are needed in the firm for transactions. It depicts the process on how records are kept and recorded in the air. Receipts are issued on funds that are collected by the firm on daily basis in accordance with what is spent (Hussey, 2005). Non-profit organizations use resources to enhance their vision. Answerability entails a comprehensive report and how resources are managed (Chionye, 2003). Despite the size of the corporation, the operation is fashioned to have yearly information about the entity in terms of its viability. According to Keating and Frumkin (2003), organizations remittances are poorly managed when there is an effective system of accounting practices. French (2004) posit that haze based accounting processes data on the same manner as a manual system. Data are sourced into punched cards, as a processor by the computer. The processes are posted to ledger accounts and other reports (Hartzell, 2006). Accounting structure allows the user to effect the transaction into the program when there is an update. According to Hartzell (2006), accounting processing is a way of interconnecting with a specific goals. Tanenbaum (2010) view that data is processed with a slow pace in the banking sector. It is recorded with manual. Haze

accounting system has a way of getting records inputted and processed, high volume of financial transactions and report are processed with great speed (Ozo & Ani, 2007). Computerization has a quality of output banks activities. Downie (2007) opined that there is a proper way of managing a computerized accounting system which has a positive effect on the banks.

According to Ajayi (2010), accounting is defined as the preparation and analysis of financial records for a commercial company, government or other organizations. The accounting system is for growth in any firm, a government unit with a proper conduct on the economy. An accounting system takes a great mass of transaction data and passes through classification and summarization (Vermatt & Shelly, 2011; Asuquo, 2013; Asuquo & Akpan, 2012). Role of computerization of system: to produce summarized reports of the financial position and progress of the firm to variety of groups, and to facilitate and control the operations of management.

2.5 Automation in accounting section in commercial banks

The objective is anchored on cash based and accrual based systems (Ojo, 2012). In Accounting, the purpose of information shows owner's equity and changes in the resources (Gelinas, 2005). Mechanization also enables data to be available in different locations at the same time. In the area of accounting, computer software is fast in transactions (Ikemfina, 2006). Automation analyses data as a means of controls on perform processes (Onyewneyi, 2002). Computerization in accounting involves JDE, SAP etc. These are some of the accounting packages used in banks, commercial and other business organizations. It allows users to prepare tax documents taking into consideration transfer prices and their effect on taxable income, handle payroll and manage project costing and budgeting process, which ensured wealth maximization objective of firm. Computerization in accounting is fixed programs and planning (Uwah & Asuquo, 2016; Pameley, 2007; Effiong, Udoayang & Asuquo, 2011; Asuquo, 2011a; Asuquo & Effiong, 2010; Udoayang, Akpanuko & Asuquo, 2009) and cannot be ignored in modern commercial banking.

2.5.1 Earnings from e-activities by commercial banks

It is the process where a business makes an income during the process of investment electronically. It is what is left when the business generates after it pays all expenses, for instance is used for payment of cash dividend and automated product in the business formation and development. There are numerous ways to analyze earning in automated dealings. They are classified as ratio during a specific period of time where e-transactions have taken place. Some are with a higher value ratio from the past period if the firm is performing well (Nzotta, 2004; Akpan, Asuquo & Udoayang, 2011). The earnings of the firm is vivacious when there is survival by shareholders. The ratios are generated when the entity has an efficient and effective earnings capacity in relation to e-transaction, in this case. It is the result the decisions of liquidity, foreign exchange rate risk control towards enhancement of entity's performance, management asset management and debt management that gives the firm area to invest. From the report extracted from the international financial reporting standards proves that indicators are proxies on how the income is incorporated with

sales etc. It indicates that there is an effective way of measuring investment and earnings of the business entity to ensure maximum earnings and capital structure (Asuquo, Dada, & Onyeogaziri, 2018; Asuquo, Ejabu, Bogbo, Atu, & Adejope, 2018; Asuquo, 2020; Asuquo, & Ejabu, 2018; Asuquo, 2011b; Omolechinws, 2012; Asuquo, 2012c; Asuquo, Fadenipo, Ogbeche, & Ahonkhai, 2017; Asuquo & Arzizeh, 2012).

2.6 Empirical studies

Numerous pragmatic explorations have examined the role of accounting information systems, information technology, accounting line of works, etc. on competitive advantage for commercial banks. The explorations adopted survey methods and their findings revealed that there is a statistically significant impact for accounting information systems, information technology, accounting line of works, etc. on achieving the magnitudes of competitive advantage in automated dealings of commercial banks. Also discovered that automation actually has an influence on the quality of financial report, forensic accounting and investigation, for publication purposes, which in turn enhance earnings (Stallings, 2010; Asuquo, 2012d; Asuquo, Dan, & Effiong, 2020b; Asuquo & Udoayang, 2020; Asuquo & Akpan, 2011). Omolehinws (2012) conducted the role of computerized accounting information systems on costs of medical services at King Abdullah University Hospital. The study adopted simple random sampling and the use of Taro Yamane formula to determine the sample size of 500 with the population of 9000. In his findings, the following were discovered that computerized accounting information systems play an important role in reducing the costs of medical services. Ozo and Ani (2007), studied the impact of computerization on Audit Risk Management. They adopted chi square statistical technique to examine the impact of computerization on Audit Risk Management. Many scholars reviewed the effect of computerization on the performance of banks, their results were mixed. Some of them reviewed that computerization has a positive effect on performance of banks while some of them discovered that computerization has no impact on the performance of banking industry.

3. Methodology

3.1 Research design

The study used exploratory design and primary source of data. Secondary sources involve textbooks, journals, articles, libraries internet search.

3.2 Model specification

The model specified below pointed out the extent to which explanatory variables have effect on the predatory variable of the study.

$$BEARN = f(DALOSS, HACK, COMF)$$

Where;

- BEARN - Banks earnings
- DALOSS - Data loss
- HACK - Hackers
- COMF - Computer fraud

$$BEARN = bo + b_1DALOSS + b_2HACK + b_3COMF + e \dots \dots \dots \text{eq n 1}$$

Where;

- Dependent variables - BEARN
- Independent variables - DALOSS, HACK, COMF
- Regression constant - bo
- Regression parameters - b₁ – b₃
- Stochastic error term -

4. Results and discussions

The multiple regression result

Table 1

Variables Entered/Removed			
Model	Variables Entered	Variables Removed	Method
1	Data loss, Hackers, Computer fraud	.	Enter
a. Dependent Variable: Earnings			
b. All requested variables entered.			

Table 2

Model Summary										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.307 ^a	.094	.091	1.40010	.094	25.942	1	195	.000	1.341
a. Predictors: (Constant), Data loss, hackers, computer fraud										
b. Dependent Variable: Earnings										

Table 3

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	50.853	1	50.853	25.942	.000 ^b
	Residual	488.111	195	1.960		
	Total	538.964	196			
a. Dependent Variable: Earnings						
b. Predictors: (Constant), Data loss, hackers, computer fraud						

Table 4

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	16.622	2.037		8.159	.000	12.609	20.634
Data loss	.420	.083	.307	5.093	.001		
Hackers	.1.21	.026	.918	43.262	.002	.258	.583
Computer fraud	.893	0.13	.964	57.667	.000		

a. Dependent Variable: Earnings

Table 5

Residuals Statistics					
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	26.2881	27.9693	26.9880	.45101	196
Residual	-2.70841	3.71187	.00000	1.39730	196
Std. Predicted Value	-1.552	2.176	.000	1.000	196
Std. Residual	-1.934	2.651	.000	.998	196

a. Dependent Variable: Earnings

The three independent variables completely relate considerably with the dependent variable (Earnings). This suggest that banks Earnings increases and very significantly with data loss, hackers and computer fraud. This further suggests that the three variables are good predictors in the model. On whether the variables on the model have the ability to project on the result, the predictor was f-ratio computed as 25.942 and was less than the computed f-value (Earnings). It can be observed that the variables are positive significant predictor of bank Earnings. The implication of this study means, the three independent variables influences bank Earnings. The obtained predictor equation is therefore:

$$Y = 16.622 + 0.420x_1 + 1.21x_2 + 0.893x_3$$

Where: X_1 = Data loss

X_2 = Hackers

X_3 = Computer fraud

The R- square means that the 91 per cent changes is responsible for data loss, hackers and computer fraud while 9 per cent is accounted for stochastic error term. The effect of each of the explanatory to the criterion was found and proved to be relevant. From the table; the t- statistics are not the same for all the independent variables.

4. Discussions

The study empirically examined haze accounting and the net earnings. The result reveals the positive effect exist between haze accounting and the Earnings of banks in Nigeria. It was revealed data loss, hackers, computer fraud affected Earnings of banks. The findings conforms to the work of Akpan (2008), who postulated that the use of haze (computerization) accounting in the banking industry has transformed the activities accounting systems. Furthermore, the use of computer in the business enterprise has really impacted on development of the sector.

5. Conclusion

The introduction of haze accounting in banks made a tremendous impact and transformation, as it enhances application of professional ethics for effective and efficient financial management in the banking sector. It was shown that computerization positively affects the performance of banks; it enhances quality financial reports; timely, accurate and reliability of information. It has proven as an effective

tool in an entity with an accurate time and efficient manner (Asuquo & Akpan, 2012b). This makes it available to various users in their respective locations simultaneously. Computerization gives better access to required information; it processes the financial transaction using Generally Acceptable Accounting Principles; (GAAP) to produce quality reports. It is concluded that cloud accounting which is used as a management tool plays an important role on the performance of banks in Nigeria.

6. Recommendations

The study recommended thus: Banks should deployed robust contingencies measures against customer data loss; banks should deployed pro-active application that will check hacking into the computer system, and banks should intensify efforts to computerize their operations to enhance efficiency and quality of service delivery.

7. References

1. Ajayi SI. Money and banking analysis and policy. London: Centent Publishers, 2010.
2. Akpan A. Computerization risk and effective management in commercial entities. Journal of Information Reviews. 2008; 1(2):22-35.
3. Asuquo AI, Akpan AU. Management involvement and the relevance of forensic investigations of selected financial institutions in Cross River State. Nigerian Journal of Education, Health, and Technology Research (NJEHETR). 2011; 1(2):35-44.
4. Asuquo AI. Budgetary control and accountability in government parastatals: Empirical investigation in PHCN Calabar. Journal of Finance and Policy (JOFIBP), 2011a.
5. Asuquo AI, Akpan AU. Emerging issues in international Accounting and their effects on global financial reporting (A comparative study of United State, China, Germany and Nigeria). International Journal of Pure and Applied Research in Engineering and Technology. 2012a; 1(2):31-50, DOI: 10.32357.
6. Asuquo AI, Akpan AU. Professional ethics as instruments for Effective and efficient financial management in the Nigerian public sectors: A scientific approach, 2012b.
7. Asuquo AI. Applicability of standard magnitude variance in the determination financial progress of business

- organizations. *International Journal of Scientific and Technology Research*. 2020; 9(3):6351-6358.
8. Asuquo AI, Dan NO, Effiong GT. Effect of eco-friendly costs on net revenue of cement producing firms. *International Journal of Scientific and Technology Research*. 2020a; 9(9):235-240.
 9. Asuquo AI, Dan NO, Effiong GT. Impact of information Technology on accounting line of works. *International Journal of Recent Technology and Engineering*. 2020b; 9(2):1572-1577.
 10. Asuquo AI, Udoayang JO, Uwah UE. Micro-funding banks letting and performing of petty fisheries farms. *Journal of Critical Reviews*. 2020; 7(16):2371-2376.
 11. Asuquo AI, Udoayang JO. Effect of Accounting Practices on trade and Information technology in Calabar Metropolis. *International Journal of Recent Technology and Engineering*. 2020; 8(6):1572-1577.
 12. Asuquo AI. Environmental friendly policies and their financial effects on corporate performance of selected oil and gas companies in Niger Delta Region of Nigeria. *American International Journal of Contemporary Research: Centre for Promoting Ideas*. 2012a; 2(1):168-173.
 13. Asuquo AI. Empirical analysis of effects of Bank mergers and acquisitions on small business lending in Nigeria. *International Journal of Advancements in Research and Technology*, 2012b, ISSN: 2278-7763, 1(6), 1-15.
 14. Asuquo AI. Impact analysis of interest rate on net assets of multinational business in Nigeria. *Research Journal of Finance and Accounting*, RJFA@iiste.orgg. 2012c; 3(7):64-70.
 15. Asuquo AI. Empirical analysis of the impact of information technology on forensic accounting practice in Cross River State-Nigeria. *International Journal of Scientific and Technology Research*. 2012d; 1(7):25-33.
 16. Asuquo AI, Ejabu FE. Effects of thin capitalization and International Law on performance of multinational companies in Nigeria. *Journal of Accounting and Financial Management*. 2018; 4(2):47-58.
 17. Asuquo AI, Arzizeh TT. An empirical analysis of foreign exchange rate risk exposure and the performance of Nigerian companies: 2002-2011. *International Journal of Current Research and Review*. 2012; 4(23):1-8.
 18. Asuquo AI. Analysis of financial accounting standards and their effects on financial reporting and practices of modern business organizations in Nigeria *European Journal of Business and Management*. 2013; 5(4):60-68.
 19. Asuquo AI, Dada ET, Onyeogaziri UR. The effect sustainability reporting on corporate performance of selected quoted brewery firms in Nigeria. *International Journal of Business & Law Research*. 2018; 6(3):1-10.
 20. Asuquo AI, Ejabu FE, Bogbo RJ, Atu OA, Adejoupe AO. Accounting behaviour of small scale enterprises in Nigeria: Focus on business sustainability and growth. *Journal of Business and Economic Development*. 2018; 3(2):43-50. Doi:10.11648/j.jbed.20180302.12.
 21. Asuquo AI. Impact of creative accounting and earnings management on modern financial reporting. *The Nigerian Academic Forum*. 2011b; 20(1):1-6.
 22. Asuquo AI, Fadenipo AA, Ogbeche LO, Ahonkhai OE. Effect of inflation accounting on business income measurement of quoted manufacturing companies in Nigeria. *Imperial Journal of Interdisciplinary Research*. 2017; 3(1):1886-1894.
 23. Asuquo AI, Effiong SA. Tax management as an alternative tool for Economic recovery and development in Cross River State. *International Journal of Accounting*. 2010; 1(1):38-44.
 24. Ama GA. *Simplified financial accounting*. Lagos: Amasons Publication Ventures, 2004.
 25. Bhoraka AD. *Accounting and finance for bankers*. India: RajarBerri for Macmillan Publishers, 2005.
 26. Bordens KS, Abbot BB. *Research design and methodology*. London: L. C. C. Publishers, 2002.
 27. Chionye LE. *Fundamentals of accounting*. Lagos: Bendons and Associates Publishers, 2003.
 28. Downie CM. *Descriptive and inferential statistics*. London: Harper and Row Publisher, 2007.
 29. Effiong SA, Udoayang JO, Asuquo AI. Correlation and Differential influence of historical cost and current cost profits on the operating capabilities of the firm. *International Journal of Financial Research*. 2011; 2(1):64-70.
 30. Effiong SA, Asuquo AI. Environmental accounting and environmental cost reporting: Implications and prospects for business survival. *African Journal of Management and Administration*. 2010; 3(4):144-147.
 31. Fadenikpo AA, Asuquo AI, Ogeni JO, Nwafor CB, Okoi JO. Environmental smog control costs and proceeds of oil and gas. *Journal of University of Shanghai Science and Technology*. 2021; 23(12):361-374.
 32. Franklin A. The Origin of Species 'Competitive advantage'. *Journal of Economics*. 2003; 2(1):17-30.
 33. French CS. *Computer science*. Canada: Nelson Education Limited, 2004.
 34. Gelinis SU. Computerized accounting system. *Journal of Accounting*. 2005; 2(1):17-40.
 35. Hartzell D. *Dictionary of management*. India: Academic Publishers, 2006.
 36. Hussey R. *Oxford dictionary of accounting*. London: Oxford University Press, 2005.
 37. Ikemefina C. *Management theory and practice*. Lagos: Concept Publications Ltd, 2006.
 38. Nzotta SM. *Money banking and finance. Theories and practice*. Owerri: Hudson Publishers, 2004.
 39. Nwafor CB, Asuquo AI, Inyang IO, Inyang EO. Environmental perpetuity costs and earning yields of oil and gas marketing firms: Nigeria's experience. *Journal of University of Shanghai Science and Technology*. 2021; 23(12):158.
 40. Ojo TA. *Banking and finance in Nigeria*. London: Graham Publishers, 2012.
 41. Omolehinws E. *Foundation of accounting*. Lagos: Punmark Ltd Publisher, 2012.
 42. Onyewnenyi RN. *Microcomputers studies for beginners*. Onitsha: Spiritam Publication, 2002.
 43. Ozo O, Ani U. The Impact of computerization on audit risk Management in Public Enterprises. *Journal of Information Reviews*. 2013; 1(1):12-35.
 44. Pameley IM. *Management accounting*. India: Vikas Publishing House, 2007.
 45. Stallings W. *Computer organization and architecture upper sadditereves*. New Jersey: Pearson Education Ltd, 2010.
 46. Tanenbaum AS. *Structural computer organization*. London: Pearson Education Ltd, 2010.
 47. Udoayang JO, Akpanuko EE, Asuquo AI. *Multinational*

- transfer pricing and international taxation: What, why, how and reporting challenges. *African Research Review*. 2009; 3(5):165-181.
48. Uwah UE, Asuquo AI. Capital budgeting processes and wealth maximization objectives: Implications for firms in Nigeria. *Research Journal of Finance and Accounting*. 2016; 7(10):73-85. RJFA@iiste.org.
49. Vermatt ME, Shelly GB. *Discovering computers*. London: RBD Menasha Publishing, 2011.