

Financial Accountability of Banks in India

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Introduction

The development of Information Technology is so rapidly increase the use of internet as vital medium of Communication. This mode has become a very popular for internal and external communications. Web-based reporting of accounting information has emerged as a popular practice with companies at national and international levels. The present study focuses on examining the practices in Indian banking sector with regard to financial accountability of their performance results on websites. The technology of internet provides an efficient, quick and cost effective platform for communicating all this information with its distinctive and attractive features. It offers many facilities to users in accessing documents containing multimedia mixtures of text, graphics, sound and video in a standard format and is open to everyone.

The rapid adoption of the online financial Accountability for banks in India by corporate there are currently no regulations and standard guidelines that specifically apply to financial Accountability. As such companies appear to be free to select any specific presentation combination. Since online reporting has become a popular practice with banking companies, there is a need to establish some standardized formats and uniform practices to regulate the process and ensure adequate information for end users.

Review of Literature

Robert M.Bowen (2003) Determinants of Revenue Reporting Practices for Internet Firms - This study verifies the association between market capitalization and revenue, and examines economic factors that potentially influence Internet company managers' decisions to adopt allegedly aggressive revenue recognition. We find that firms with greater cash burn rates and higher levels of activity on Motley Fool message boards are consistently associated with barter and grossed-up revenue reporting.

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Marston, C. and Polei A (2004) "corporate reporting on the internet by German companies" - The use of the internet for financial information disclosure by German companies in 2000 and 2003 and identified factors influencing financial disclosure on the internet. They found that company size was the only variable explaining financial disclosure on the internet for those two years.

Nikolas Diakidis 2006 "Financial Reporting Practices on the Internet : The case of Companies Listed in the Cyprus Stock Exchange"- This paper studies reporting disclosure practices on the websites of companies listed in the Cyprus Stock Exchange. Financial reporting on the internet is not largely adopted for the firms listed in Cyprus Stock Exchange, as compared with international evidence in this area.

Muthar Talal Momany and ALdain AL- shorman (2006) web-based voluntary financial reporting of Jordanian companies" - It investigated the extent of financial reporting on the internet of the Jordanian companies listed in the first market on Amman Stock Exchange (ASE) for the year 2004. The researchers find that about (45%) of the companies have website. While (70%) of the website's companies report financial information, only (30%) don't report any financial information.

Rafiu Oyesola Salawu (2009) Financial Reporting on the internet by Quoted Companies in Nigeria" - The descriptive analysis was used to analyze the data obtained. The sample consists of 220 companies listed on the Nigerian stock exchange. The study shows that 119(54.1%) companies have official website while 101(45.9%) do not have an official website. Furthermore, 31(14.1%) companies publish their financial information online.

Walter Aerts (2010) Web-Based Non Financial Disclosure and Cost of Finance Decision In Corporate Management Managerial - We examine voluntary Web placement of nonfinancial disclosures using an information index covering a firm's value creation process of financial statements of the firms. We find a negative association between the level of Web-based non-financial disclosure and the implied cost of equity capital in North America and in Continental Europe.

Won Gyun (2012) Security in XML Based Financial Reporting Services on the Internet - This paper addresses security in financial reporting services. It describes Web services and conceptualizes financial reporting services such as XBRL and XARL as Web Services. The paper explains several proposed security standards and proposes Web Services Security Architecture as a suitable security mechanism for financial reporting services.

Jeffrey Chester (2012) "Selling Consumers, Not Lists: The New World Of Digital Decision-Making and the Role of the Fair Credit Reporting Act" - This paper explores the new world of financial decision-making that draws on a range of Internet technique As financial firms use powerful digital tools to precisely identify and market to potential customers in real-time, are they compiling prescreened lists actionable under the FCRA?

Alexander, Kern (2014) has triggered a deeper reflection amongst financial policymakers and regulators concerning the relevance of systemic environmental risks to Banking sector stability - This report explored the evidence relating to the question of whether systemic environmental risks and Banking sector stability are linked. It examined how Basel III currently addresses systemic environmental risks. It also considered what other financial policy options are available outside of Basel III. This included an examination of the utility of certain other monetary policy measures and the use of innovative financial instruments – such as ‘Green’ asset-backed securities (ABS) – to enhance the flow of bank funds to environmentally sustainable economic activity. The report is based on research that involved interviews and written questionnaires for practitioners in the Banking industry, bank regulators from selected developed and emerging-market economies, officials from international organizations, and representatives from non-governmental organizations. On the basis of the analysis presented within the report, it can be stated that banking system and regulatory framework can undergo through lots of changes and improvements. Further bank supervisors faced lots of environmental risks.

Bharathi (2017), in his article titled, Indian Bank: Banking on Growth - revealed that as the banking sector is on the threshold of exponential growth, consolidation, reforms and compliance remain the dominant factors for the Indian banks boardroom agenda. He mentioned that India is the second fastest growing economy in the world, truly so a robust banking system would be instrumental for enhancing the levels of activities of the economy. The author highlighted that due to liberalization, improving economic conditions, changing consumer demographics and growing market opportunities; the Indian banking sector is growing at a steady pace and has been currently ranked among the most preferred banking destination in the world. This sector has emerged as a key facilitator for sustaining the growth momentum of the Indian economy. According to The analyst 500 ranking based on net sales, SBI topped the league chart by maintaining the 6th position from the previous year. India's top private sector bank, ICICI, has moved up three places from 12th to 9th position. Besides this, PNB and CANARA Bank have climbed by one position each and occupied the 24th and 27th position respectively.

Importance

After reviewing the past literature the following importance is felt by the researcher:

- To keep up-to-date information on the Subject for longer period of time in comparison to paper report and also helps to protect the Environment because the use of Wood Pulp to make Paper so, it is affecting Environment.
- To acquire the right information in a consolidated manner and to perform a high volume of complex analysis in a cost-effective way. There is a need to

enhance the usability of financial information reports via digital and web-based means to support the knowledge extraction and decision-making activities.

- It is also helpful for the investors to see the Annual Report on the websites as & when required.

Objectives

- To compare web-based financial reporting information with traditional system of disclosing such information.
- To check the availability of XBRL filings/ reporting among sample banks.
- To examine Stakeholders perception regarding Online Financial Reporting.
- To examine the legal status of online financial reporting in selected countries as a whole and for banks in particular.
- To examine the timeliness of reporting on internet of selected banks

Hypotheses

To provide the scientific base to the findings, the researcher has constructed the following Hypothesis:

H₀₁: There is no significant difference between the online disclosures of financial information of selected banks.

H₀₂: There is no significant difference between online financial information and traditional system.

Research Methodology

• Research Design

The research design for the study will be Descriptive as well as Analytical because it will be carried out with specific objectives and utilizes the large number of data of selected banks.

• Sample Size

- Axis Bank
- Bank of Baroda
- ICICI Bank
- Punjab National Bank
- State Bank of India

• Statistical Tools and Techniques

For the data analysis various statistical tools like Percentage, Comparative Analysis, Correlation and Test of Significance will be employed and also the statistical software like MS Excel and SPSS etc. will be used. In addition to above stated statistical tools the researcher may adopt few other tools during the course of study.

- **Data for Research**

The relevant data will be collected from secondary sources comprises of published reports like Reports on Trend and Progress of Banking in India, Various reputed Journals and Magazines, Web Sites, Periodicals, Newspapers and Annual Reports published by Banks, a questionnaire will be designed and analyzed to obtain the perception of at least 100 stakeholders of different companies of both the countries by using random sampling method.

Analysis

- At the first stage, theoretical study will be attempted to gain the conceptual knowledge regarding Online Financial Reporting.
- At the second stage, to make the comparison between the hard bound of Annual Report with Web-based.

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