

THE AVAILABILITY OF THE ELEMENTS FOR USING ACTIVITY-BASED COST ACCOUNTING (ABC) IN COMMERCIAL BANKS OPERATING IN THE IRAQI STOCK EXCHANGE

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Abstract

This study aimed to determine the possibility of applying the activity-based cost accounting system (ABC) in the environment of commercial banks operating in the Iraqi Stock Exchange. This was tested through a main hypothesis that commercial banks have the basic components that enable them to apply the cost accounting system. On the basis of activities (ABC), which represents the dependent variable in the study. The study included a theoretical aspect of knowing the elements of costs, the theories of costs, the feasibility of their application and the methods of calculating and charging them, whether direct or indirect. On the practical side, the researcher relied on a questionnaire form distributed to the study community of all commercial banks operating on Iraq's stock market. The study concluded several results, the most important of which is the ability of the cost accounting system to provide more accurate and clear information about the banking services provided to customers, as well as benefiting from that system in processes related to planning, organization, auditing and control, improving management decisions, and increasing effectiveness and economic efficiency in commercial banks operating in the Iraqi Stock Exchange. Based on the results of the study, the study recommended using the activity-based cost accounting system (ABC), which leads to providing more useful data and information to all users at a lower cost and with high accuracy, and gradually moving in stages from a specific department to the rest of the departments at the bank level as a whole.

Keywords: Activity-based cost accounting, Commercial banks, Iraq stock market, accounting information, Users of financial statements.

Introduction

The management of financial institutions, including commercial banks, has always used some modern accounting systems such as ABC in their business and financial operations to plan, organize and monitor access to good decision-making, and the increasing trend is now on the use of ABC. This has resulted in many benefits, most notably the provision of data and information to the Department at a lower cost, more accurate, appropriate and timely cost, and has thus led to an increase in the competitiveness of these banks in the markets. The system can be defined as a set of interrelated accounting methods, methods and procedures aimed at measuring the revenues of these financial institutions against the services they

provide so that they divide performance into a range of activities and sections and know the cost of each section or activity and charge it to those productive and service sections. Based on the above, this study complemented previous studies in that it shed light on the extent to which commercial banks are able to use and apply this activity-based accounting system (ABC) in their banking operations. In order to achieve the goal of this study, it was divided into four axes, which are:

Research methodology and previous studies

Research problem:

Commercial banks are considered one of the most important economic institutions in the field of economic development in the Iraqi markets, but they lack advanced and modern accounting cost systems that help them provide more accurate, appropriate and credible data and information that help management in making sound decisions, in order to enable it to provide the best services to its customers. Based on the above, the study problem can be formulated with the following question: (Does ABC influence the control of organizations' expenditures, whether direct or indirect, and the degree to which they affect management decisions).

Research Objective:

The research aims to:

- 1- Indicate the extent to which commercial banks operating in the Iraqi market apply the "ABC" system of accounting for activities-based costs.
- 2- Identify the availability of the basic components of the system of activities-based costs and the obstacles to its implementation and the relationship between the system and commercial banks' financial performance.

Research Importance:

The importance of research comes from the topic of an activity-based cost accounting system (ABC) in commercial banks, which is one of the most important sectors operating in Iraqi markets as well as the importance of research by highlighting the extent to which the application of the activity-based system affects commercial banks and allocating indirect expenditures in detail to determine the cost of service provided to customers, Increased control over such expenditures or expenditures would thus improve those banks' competitiveness in financial markets.

Search Hypothesis: main premise:

(Commercial banks operating in the Iraqi Stock Exchange have advanced information systems and accounting expertise to apply the activity-based costing (ABC) system).

Search Manner:

The scientific curriculum will be adopted as a method of research. In the first phase of the research, the data and theoretical information taken directly from books, periodicals and previous studies will be drawn from university letters and theses in the field of cost

accounting system based on activities. In phase II, a questionnaire form was designed and distributed to a sample of employees at the administrative levels of commercial banks have been selected in a random manner and the departments of contributing banks, financial managers and some of the bank's dealers have drawn conclusions relevant to the research hypothesis.

Previous studies:

- 1- **Study Ibrahim, (2018)** "Availability of bases for activities-based budgeting" The study aimed to demonstrate the extent to which the foundations and components of the cost accounting system are applied on the basis of activities in the health services based on a questionnaire distributed to the study community. The results showed that the majority of the health services rely on the application of the system because of their sophisticated accounting systems as well as the existence of good scientific and technical competencies. The study recommended the need to adhere to the application of the health services system (ABC) because it provides clear accurate information in all health and service departments.
- 2- **Study Yusuf, (2016)** "Introduction to Activity-based Cost Accounting and Impact Role of Internal Performance Appraisal Systems" This study aimed at knowing the activity-based accounting system and how to manage the cost associated with planning and oversight. One of the most important findings of this study is the need to emphasize the need to monitor overhead costs more accurately and to pay attention to employees' rewards associated with performance on a non-financial scale.
- 3- **Study witherite and kim, (2016)** " (Implementing Activity Based Costing in the Banking Industry " The study aimed to ascertain the availability of the components of the commercial banks' activity-based cost system, which represents the study community and the problems and constraints faced, and the results of the study resulted in the application of this system (ABC) in the commercial banking sector achieves many benefits and improvements in the provision of services to the clients of those institutions such as reducing the cost of financial transactions and tracking them by understanding and knowing the best expenses associated with each activity or division and helping commercial banks achieve their objectives and rationalize their future decisions.
- 4- **Study Godil et al., (2014)** " Application of Activity Based Costing in a textile company of Pakistan- A case study" This study showed the differences between the use of traditional cost systems and activities-based accounting cost systems (ABC) by redistributing indirect costs and separating them from direct variable costs, and the study recommended a commitment to implement a system (ABC) on all sections of the company sample study while working to solve the problems facing the application of this system and trying to demonstrate the benefits and advantages of the application of this accounting system.

Theoretical framework for research.

Activities-based cost accounting system (ABC).

As a result of the increase in global competition and the emergence of the term globalization in the global economy, this resulted in the need for a new accounting system that keeps pace with the global development in information systems, the increase in activities, and the

reduction in the size of employment in the establishment. Therefore, the business establishment needs timely information to make appropriate and immediate decisions (Al-Saaida 2015: 115).

First: Definition of the activity-based cost accounting system (ABC):

The cost accounting system (ABC) can be defined as: a system that analyzes the activities and operations practiced by establishments in allocating, tracking and controlling indirect costs to obtain more accurate and appropriate information that helps establishment management in making rational decisions to accomplish a specific service or product (Dargham, 2015). : 40), as defined by (Sami, 2017: 14) as a contemporary and modern system that helps provide detailed data and information that assists institutions' departments in the process of making sound decisions at a specific time in all fields such as planning, organization, development and control.

Second: The emergence of the activity-based cost accounting system (ABC). (Durham, 2015: 165):

There are three stages that the activity-based cost accounting system goes through:

The first stage: Activity Management:

This stage emphasized the importance of the value chain and its main goal is to exclude activities and operations that do not add value to this chain .

The second stage: Activity cost accounting:

This stage came to focus on reducing costs by tracking them and their relationship with other departments and activities.

The third stage: cost accounting system based on activities (ABC):

This stage focused on dividing activities within the facility and then allocating the cost to each specific activity and the relationship between these activities and cost items.

Third: Components of the cost accounting system built on the basis of activities (ABC):

The activity-based cost accounting system relies on a number of the following elements (Halis, 2017: 220).

1- **Resources.** The main system inputs are the production factors or necessary activity inputs that are used by the activity to produce a specific product or provide a specific service.

2- **Activities.** It is the main center on which the cost accounting system (ABC) depends, and it is represented by a group of activities that aim to provide the best services or produce a specific product with a higher value to customers and thus increase the value of the product.

3- **Outputs.** They are represented by the final products or services provided by the economic units, which are represented by the unit to which costs are charged and which are met with revenues when the management of the economic unit transfers the product or service abroad.

4- **Cost drivers.** It is considered the main factor or the fundamental reason for the formation of cost pools, including operating orders and production stages, that is, what led to the cost actually occurring. The cost driver is considered a measure or factor used to measure the resources and costs consumed.

5- **Cost pools.** It is defined as a group of interconnected businesses or small complexes to facilitate dealing with them and determining the relationship or connection between them and the unit of product or service provided. Homogeneous costs are always limited to these small complexes. (Abu Hashish, 2016: 465).

Fourth: Advantages and benefits of applying the activity-based cost accounting system (ABC):

The Applying activity-based cost accounting system (ABC) allows the facility management to obtain many benefits, the most important of which are as follows: (Noor et al., 2015: 186).

- 1- Helps reduce costs and cancel high-cost activities by reducing time and effort
- 2- Improves planning, management and performance control functions by improving managerial performance, increasing economic efficiency and effectiveness and measuring production cost correctly (Fahr and Dalima, 2017:46).
- 3- Analyses activities, determine their cost and compare them with their return, and convert some indirect costs into direct costs.
- 4- Providing accurate information about product costs, which helps management in making rational administrative decisions, such as choosing between making the product or purchasing it from the foreign market.
- 5- The system provides a set of measures for non-financial performance and improving them, thus increasing the competitiveness of economic units.

Fifth: The importance of applying the cost accounting system based on activities (ABC):

The activity-based costing system plays an important role in providing correct information and determining the cost of products and services provided at the lowest cost in order to reach a high degree of accuracy in distributing indirect industrial costs and thus obtain a greater ability to move in the field of pricing and gain a competitive advantage (Abdel-Al, 2018). , 115). The importance of this system becomes apparent with the increasing intensity of competition in the business environment, especially private banks operating in Iraqi markets, and the focus on the necessity of more accurately determining the cost of products and services and opening the way for objective determination of other cost units such as customers, departments, and branches, meaning that there is a causal relationship between the resources used and the activities, production, or services that are used. Practiced by these institutions (Garrison, et al., 2020: 291).

Sixth: Steps to apply the activity-based cost accounting system (ABC).

Cooper and Kaplan have adopted the method of distributing and allocating indirect industrial costs to solve problems arising from the use and application of traditional cost systems. The design of this activity-based system as an integrated accounting system. The design process of this system is based on the following four steps (Drury, 2019, P.154).

First: identify activities. That is, identifying the company's main activities so that the greater the number of activities the more difficult it is to determine the relationship between that activity and the service provided and thus the higher the cost of applying the system, and after identifying the activities are classified into major and subsidiary activities (Atkinson, D.E,2012, P12).

second: Calculation of the cost of each activity. Taking into account the causal relationship and the result of the distribution of those costs or expenses to all different activities. In other words, the activities are a link between the inputs or resources and the outputs of the customer's service.

Third: Identification of cost engines (triggers). They are the most influential factors in the cost of the activity, as a result of the accurate tracking of the cost of resources, whether material or financial, and their distribution to various activities, including time-period engines, transaction engines and density engines.

Fourth: Allocating the costs of activities. What is intended is to determine the percentage of loading of the final outputs of each activity according to its share of the total costs that were previously determined, and thus determine the service provided to each customer.

He considers (Isa, 2020, 130) the steps to implement the activities-based cost accounting system as follows:

Identify the main activities in the organization. 1-

Identify cost drivers. 2-

Determine the cost of each activity 3-

Linking the cost of activities to the cost target. 4-

Seventh: Control of activity-based cost components (ABC).

One of the most important objectives of cost accounting that management seeks to achieve is to control the various cost items and optimize the utilization of those production items or components for all activities, a particular section or a customer-related service, and always the cost elements or items consist of materials, wages and other industrial costs: (Noor and Sharif, 2018, 112).

1- Material component What is meant by the material component in commercial banks is the cost of funds from commissions and interest that the bank pays to its customers in exchange for depositing their deposits for investment. Therefore, a deficiency in the

management or control of this cost component may affect the performance and continuity of the company in conducting its business.

2- Wage component (work). The cost of wages is considered the second element of costs, which is represented by human and intellectual effort. In commercial banks, it is the element that performs all banking activities, including receiving money, how to manage and invest it, and the cash wages and benefits in kind and the banks' contributions to health and social insurance.

3- Other industrial costs component. These are costs or expenses that cannot be directly linked to the final product unit, but rather are linked to each center or department in its capacity as being responsible for spending them, such as the treasury department, maintenance support services centers, and other administrative departments. After that, the service centers are distributed to the production centers in one of the loading methods, such as the total or individual method. or top-down or reciprocal (Chadwick, 2020, p. 30).

The activity-based costing system focuses on knowing and understanding the causal relationship and results between revenues, wages, and other industrial expenses that serve the bank as a whole, and explains how these activities and various departments consume those indirect costs and what are the reasons that created the need for products and services instead of random distribution (Ellis- Newman, 2018, p. 334).

Eighth: Problems or obstacles to applying the activity-based costing system (ABC).

Despite the advantages of the activity-based cost system in providing accurate information that helps the management of organizations in making their correct decisions in the organization, planning and control of expenses, there are some criticisms of them (Darmar, 2017, 279).

1- Lack of knowledge about the activity-based cost system and the high cost of its application compared to its benefits and excludes some costs associated with certain services from analysis such as marketing, advertising, research and development.

2- This system does not contribute to clarifying and knowing the relationship between activities in commercial banks and customer or consumer satisfaction as the customer is considered the main target of all commercial banks for profitability (Dahir, 2018, 189).

3- The difficulty of applying the activity-based accounting system and the choice of costing reasons which require the use of external expertise due to the lack of qualified and trained staff to operate the system and therefore the accounting staff in those banks must be retrained.

4- The accuracy of the distribution of certain indirect industrial expenses to certain productive activities or departments because of the difficulty of finding the loading rate for certain activities or sections of such banks, such as the collapse of the bank's building, insurance expenses or tax expenses due.

5- The application of the activity-based cost system may be contrary to certain generally accepted accounting principles such as the principle of verification, the principle of relative importance and the principle of prudence and caution. Commercial banks and financial

institutions must therefore design the first external use systems of financial lists and the second internal use of internal reports as the balance of audit.

6- The activity-based cost system failed to clarify the relationship between economic resources, activities and service departments, as well as its failure to deal with multiple activities and with difficult and complex operational processes. Its continuity and application became a costly process, as well as the difficulty of selecting, identifying and relying on historical information and preparing it internally (Arab Society of Chartered Accountants, 2019, 381).

7- The activity-based cost system is based on strategic long-term decisions, while financial institutions need to make short-term control and planning decisions.

Practical framework for research:

Introduction

Private or private banks are one of the most important ingredients for promoting Iraq's economic realities, despite their modernity, and have contributed to the development and operationalization of the deteriorating national economy. s economy through its long-term investment projects in all areas, as well as providing loans and warranty books to multiple companies listed in the Iraqi market and contractors The banking sector must begin to be a major instrument of investment. Any investment relationship that arises between Iraq and its regional or international surroundings begins through banks. Two sources of information collection were relied upon for the purpose of achieving research goals and achieving its hypothesis, namely secondary sources through access to a range of books, periodicals and journals related to accounting as well as master's and doctoral theses and reliance on financial lists published by the banks in question and identification of the costs of banking services provided to customers from such private banks, Either primary sources have been obtained by means of identification (Questionnaire) which was formulated by the researcher and analyzed using the statistical program .SPSS.

Society and Sample Research

The research community consists of all employees of private commercial banks listed in the Iraqi Securities Market from head managers, management, central, assistants and employees of the Costs and Accounts Department as well as the internal audit body. (42) The questionnaire was distributed manually to the Union Bank, Baghdad Bank, Credit Bank and Gulf Bank, and (40) two questionnaires were recovered and excluded for failure to meet the required conditions.

Table (1) General information on study sample individuals

No.	variable	class	Recurrence	Recurrence
1	Age	30 years or less	10	25%
		31-36 years old	12	30%
		37-42 years old	11	27%
		of 43 - and more	7	18%
2	Academic qualification	diploma	8	20%
		Bachelor's	12	30%
		Master's	12	30%
		Ph.D	8	20%
3	Years of Experience	6 – 10 years	7	18%
		11– 15 years	8	20%
		16– 20 years	13	32%
		21 years old and over	12	30
4	Specialization	business management	5	13%
		Banking sciences	12	30%
		Financial Accounting	10	25%
		Chartered Accounting	7	18%
		computing	6	14%

Source: Prepared by the researcher based on the SPSS programmed.

Table 2 shows that the response ratio of the sample's personnel under 30 years of age is (25%) followed by the age group (31-36) years which represented 30% and so for the rest of the age groups as shown in the table above in terms of scientific qualification, experience and specialization in varying proportions and the highest percentage in the age group was the most (43) years old, as for the scientific qualification, the proportion of holders of master's degree and higher bachelor's degree received a percentage (30% While the percentage of work experience (16-20) was higher than the percentage and the percentage of specialization (30% for banking sciences and (25% for financial accounting.

Cost system used in banks:

Table (2) Type of accounting system used in the bank

Cost accounting system	Percentage
Automated system on calculator	70%
manual system	12%
Mixed system (on computer and manual)	18%
Group (Sample 40)	100%

Source: Prepared by the researcher based on the SPSS programmed.

Through Table 1, we see that (70%) of the search sample staff use the automated accounting system in the private commercial banks. This is an important factor and helps to apply the activity-based cost system, either using the cost accounting system manually by a ratio of (12%), which is very small, but sometimes they need to be used by these banks, and either of those who combine the automated and manual systems came in at (18%).

Responsible for cost accounting and how the bank's list of costs is prepared.**Table (3) The entity responsible for cost accounting and the method of preparing it**

The party responsible for the cost	percentage	The list of costs is prepared according to	percentage
separate department for financial accounting	15%	Holistic Theory	30%
Department of financial A accounting	65%	Variable theory	45%
Other	20%	Exploited theory	25%
Total (sample 40)	100%		100%

Source: Prepared by the researcher based on the SPSS programmed.

From table 3, we see that a section of the sample believes that the costs section of the bank is an independent section or division of the Financial Accounting Section. (15%), either the other section of the sample, which is the largest percentage (65%) They believe that the bank's cost accounting entity is a division of financial accounting, either for the numbers of the list of costs for banking services provided to customers at the bank, the changing theory method came in a higher proportion as it was 45% of the sample personnel and so for the rest of the Euphrates.

Distribution of indirect costs.**Table (4) Method of distribution of indirect costs by sample research**

number	Method of apportioning indirect costs in the bank	percentage
22	Distribution method using cost centers	55%
8	Distribution method using estimated loading rates	20%
10	Distribution method using equations	25%
Total (40)		100%

Source: Prepared by the researcher based on the SPSS programmed.

Through table number (4) the search sample shows that the ratio (55%) of sample personnel believe that the distribution of indirect costs in commercial banks is done using the method of cost centers to the rest of the service centers, and the percentage (25%) of sample individuals that the method used in distribution is the method of equations either the rest of the sample individuals believe that the distribution of indirect costs according to the method of estimated loading rates.

The results relate to the focus of the research hypothesis. Computational averages, standard deviations, variability factors and relative significance were found on the Likert scale as in Table (5) of the hypothesis axis (commercial banks operating on the Iraqi Stock Exchange have advanced accounting information and expertise systems for the application of the ABC system).

Table (5) Five-point Likert scale

Measurement	strongly agree	agree	neutral	not agree	Strongly Disagree
degree	5	4	3	2	1

Table (6) Analysis of Sample Individuals' Opinions

N o.	The statement	Stand evi	Arit. mea n	Var. coe.	Coe. Diff.	Impo. Parag.	Rela. impo	SiG
1	The increase system (ABC) constitutes an obstacle to its application in commercial banks.	0.25	3.23	7.73	0.64	4	Very high	0.05
2	Management expects that performance can be improved in commercial banks by using (ABC) system.	0.34	3.56	9.55	0.67	3	Very high	0.00
3	The high indirect costs require the application of the (ABC) system in banks.	0.58	4.38	13.2	0.83	6	high	0.00
4	Due to the technology of services provided by banks, it is necessary to apply the ABC system in banks.	0.86	3.92	21.9	0.78	10	high	0.01
5	The bank's management system (ABC) enables you to better understand production costs and know indirect costs than in the previous situation.	0.72	4.45	16.2	0.59	7	high	0.00
6	Provides a non-financial information system (ABC) that assists banks' management in establishing non-financial performance measures for sections and their activities.	0.28	3.56	7.86	0.71	2	Very high	0.00
7	The system (ABC) helps provide adequate information that helps bank management plan and monitor from research and development to customer service.	0.78	4.42	17.6	0.82	8	high	0.00
8	The service costs provided to the bank's customers are always classified into direct and indirect cost elements.	0.53	4.62	11.4	0.63	5	Very high	0.01
9	Employees of bank departments or cost management are not eligible to apply the activity-based cost system.	0.69	3.56	19.3	0.64	9	high	0.00
10	Banks' success in reducing the service cost provided to their customers contributes to improving their competitive position and thereby maximizing profitability.	0.37	4.72	7.83	0.58	1	high	0.00

The value of the tabular r is at a significance level of 0.05 and the degree of freedom of “28” is equal to 1.361. Source: Prepared by the researcher based on SPSS.

We note from Table (4) that the highest arithmetic mean is (4.72) for paragraph (10) with a standard deviation of (0.370) and a coefficient of variation of (7.83%), which states that the success of commercial banks in reducing the service cost provided to their customers contributes to Improving its competitive position and maximizing profitability with a support ratio of up to (94%), which indicates that the degree of approval for the paragraph is very

high. The Support ratio was obtained by dividing the arithmetic mean by the value of the variable and equals five.

Table (7) Descriptive statistics on the research hypothesis

No.	The statement	standard deviation	arithmetic average	Difference Factor	Support ratio
1	The increase system (ABC) constitutes an obstacle to its application in commercial banks.	0.25	3.23	7.73	65%
2	Management expects that performance can be improved in commercial banks by using (ABC) system.	0.34	3.56	9.55	71%
3	The high indirect costs require the application of the (ABC) system in banks.	0.58	4.38	13.2	%87
4	Due to the technology of services provided by banks, it is necessary to apply the ABC system in banks.	0.86	3.92	21.9	78%
5	The bank's management system (ABC) enables you to better understand production costs and know indirect costs than in the previous situation.	0.72	4.45	16.2	89%
6	Provides a non-financial information system (ABC) that assists banks' management in establishing non-financial performance measures for sections and their activities.	0.28	3.56	7.86	71%
7	The system (ABC) helps provide adequate information that helps bank management plan and monitor from research and development to customer service.	0.78	4.42	17.6	88%
8	The service costs provided to the bank's customers are always classified into direct and indirect cost elements.	0.53	4.62	11.4	92%
9	Employees of bank departments or cost management are not eligible to apply the activity-based cost system.	0.69	3.56	19.3	71%
10	Banks' success in reducing the service cost provided to their customers contributes to improving their competitive position and thereby maximizing profitability.	0.37	4.72	7.83	94%
	Total	0.54	4.04	13.273	81.5

Source: Prepared by the researcher based on the SPSS programmer.

Through the statistical table, we note that the highest approval rate in paragraph 10 (94%), which stipulates that banks' success in reducing the service cost provided to their clients contributes to improving their competitive position and thereby maximizing profitability. It is followed by paragraph (8) and paragraph (5), respectively (92% and 89%). Thus, the hypothesis test was achieved by the proportion of supporters (81.5%) with an average calculation (4.04), and a difference factor (13.27%) for all paragraphs.

Table (8) Descriptive statistics on testing the main research hypothesis

No .	The statement	arithmetic average	Tabular Value	calculated value	result
1	The increase system (ABC) constitutes an obstacle to its application in commercial banks.	3.23	1.361	13.234	accepted
2	Management expects that performance can be improved in commercial banks by using (ABC) system.	3.56	1.361	13.562	accepted
3	The high indirect costs require the application of the (ABC) system in banks.	4.38	1.361	14.567	accepted
4	Due to the technology of services provided by banks, it is necessary to apply the ABC system in banks.	3.92	1.361	13.742	accepted
5	The bank's management system (ABC) enables you to better understand production costs and know indirect costs than in the previous situation.	4.45	1.361	14.712	accepted
6	Provides a non-financial information system (ABC) that assists banks' management in establishing non-financial performance measures for sections and their activities.	3.56	1.361	13.241	accepted
7	The system (ABC) helps provide adequate information that helps bank management plan and monitor from research and development to customer service.	4.42	1.361	14.821	accepted
8	The service costs provided to the bank's customers are always classified into direct and indirect cost elements.	4.62	1.361	14.532	accepted
9	Employees of bank departments or cost management are not eligible to apply the activity-based cost system.	3.56	1.361	13.621	accepted
10	Banks' success in reducing the service cost provided to their customers contributes to improving their competitive position and thereby maximizing profitability.	4.72	1.361	14.281	accepted
	Total	4.04	1.361	13.532	accepted

Source: Prepared by the researcher based on the SPSS programmer.

By testing the hypothesis by T. test (SPSS) system for measuring deviations and computational average, the researcher considers that (commercial banks operating in the Iraqi stock market possess advanced accounting information and expertise systems for the application of the ABC system).

The calculated value ((13,532) is greater than the tabular value (1,361) under (T, SiG) (0.000) and since the general rule of acceptance of the hypothesis, if the calculated value is greater than the tabular value, the hypothesis that (commercial banks operating on the Iraqi securities market have advanced accounting information and expertise systems to implement the

(ABC) system is validated. This means that the business-based cost system is applied in commercial banks.

calculated value	Tabular Value	T.SiG	HO
13.532	1.361	0.000	accepted

Conclusions and recommendations

Conclusions:

Through statistical analysis and in light of the theoretical aspects of this research, the researcher has reached a number of findings related to the subject matter of the research and what comes to the most important of these findings:

1. Commercial banks operating in the Iraqi Stock Exchange have the basic components necessary to implement the activity-based costing (ABC) system.
2. The ability of commercial banks applying an activity-based costing system to provide cost information about the banking services provided to their customers and to accurately link activity and service.
3. The application of the activity-based cost system helps to provide indirect cost data and information more accurately and flexibly than those traditional systems.
4. The lack of a minimum staff of commercial banks' administrations capable of operating the system effectively and efficiently constitutes an obstacle to its application in commercial banks.
5. Commercial banks operating in Iraqi markets possess high information systems and expertise that enable them to operate the system. This gives a positive indicator in determining the cost of banking services provided to customers and improving performance.
6. The importance of ABC as one of the most important information systems in commercial banks because it plays an important role in servicing banks' management and providing them with information on expenditures necessary to assist them in performing their functions and achieving their objectives.
7. The use of this system enhances the competitive position of commercial banks in global markets and increases the effectiveness of procedures, methods and control methods on different cost lines and reduces the cost of the human component.
8. The flow of operational financial information for costing systems based on activities is a database for the objectives of continuous development and improvement of services, which feed into the balanced performance measure, the results of which are reflected in improving the returns achieved through optimal investment of resources with the aim of keeping bank departments continuing their activities in a competitive environment.

Recommendations

By presenting the findings presented by the researcher, the researcher recommends a series of recommendations for the practical use of economic companies operating in the Iraqi securities market, in particular the banking sector, through the most important of these recommendations:

1. Attention is paid to the implementation of the system in Iraqi joint stock companies, especially commercial banks. The studies presented show that this system reduces production costs as a result of the objectivity of methods of measuring indirect costs and increases the ability of these banks to benefit from their financial and human resources.
2. Commercial banks operating on the Iraqi securities market must make changes to their internal work and human and material resources in order to keep pace with technological changes, attach great importance to time, apply modern cost systems and consider time as an important constraint on work.
3. The need to apply the cost system on an ongoing basis of activities in Iraqi commercial banks and to engage qualified scientific and practical experts and advisers with sufficient experience in the application and future development of the system.
4. Iraqi commercial banks must establish separate sections to account for the costs of activities and provide them with scientific and practical competencies and work hard to keep abreast of recent scientific developments in banking.
5. The need to use information technologies and computer software to qualify accounting staff in joint stock companies, especially Iraqi commercial banks, in accordance with the requirements of the cost system based on activities and to work on the development of data processors.
6. To emphasize the management of Iraq's commercial banks and before using the activity-based system, to develop and implement a preliminary design of the system along with the traditional cost accounting system, thereby comparing results under the two systems.
7. Paying attention to applying the activity-based costing system in joint-stock companies, especially commercial banks. Because it leads to accurate and objective procedures for measuring the cost of outputs from cost units and increases the ability of financial institutions to benefit from their resources.
8. It is necessary to use databases for costs and analyze them based on activities (ABC), to help the management of commercial banks operating in the Iraqi Stock Exchange to distribute their resources objectively among the main activities and to achieve the highest returns that are satisfactory to customers and to the bank's management in one record time.

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