

## **The Effect of the Estimated Budgets on Evaluating the Administrative Performance in Jordanian banks**

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### **Abstract**

*This research was conducted to identify the measurement of estimated budgets and their impact on the management function and measure performance in banks as well as showing their impact on various management functions, including long-term planning with performance measurement and on administrative control operations and operations of the banking system and the most important types and a statement of the nature of the banks' work regarding discretionary budgets. The study found that there is an effect of the use of discretionary budgets in Jordanian commercial banks by raising administrative efficiency and achieving the competitiveness of the bank and the estimated budgets contribute to the interpretation of strategic plans and the optimal use of resources and Profitability, In the long-term planning process, as the budgets reflected the plans of the banks' general budgets and contributed to giving administrative decisions in a timely manner. There is also an impact on the process of measuring performance, as the budget is a general tool to improve the efficiency of management and because it also reflects the future expectations of the higher management and in the process of administrative control where the bank had a role in monitoring the performance of employees and is a means of controlling the track and the plans of the bank and using the estimated budgets are foundations that contribute to the interpretation Distractions.*

**Key words:** (budget, estimate, performance, administrative, banks)

### **Introduction**

Planning and oversight is essential for any contemporary business administration that wants to achieve its goals as efficiently and effectively as possible, and accounting plays an important role in providing data and information that enables departments to perform their discretionary, supervisory and discretionary functions, one of the most important accounting tools used by public institutions, especially Jordanian commercial banks, for what is characterized These banks have permanent strategic plans or long-term plans that they seek to achieve over time periods through means and tools related to these strategic dimensions. The budget is only a quantitative translation of the establishment plan, which is described or quantified for all projects and activities mentioned in the establishment plan, and it is related to the accounting units in the establishment, the bank, whether in a section or department of the departments or establishment as a whole.

Jordanian commercial banks prepare budgets to raise their administrative efficiencies and achieve the optimum utilization of their available resources, and thus move efforts and activities, increase profitability and good performance, and achieve competitiveness, comparative advantage, and competition over other banks and institutions that do not use them.

### **Study Problem:**

**The main problem of the study is:**

### **Is there an effect of the use of discretionary budgets in commercial banks?**

#### **The following problems arise from:**

- A. There is no effect of using discretionary budgets in the administrative control process.
- B. The use of discretionary budgets has no effect on performance measurement.
- A: There is no effect of using discretionary budgets in the long-term planning process.

#### **\* Objectives of the study:**

1. The importance of using the estimated budgets in commercial banks and their impact on these banks, as these budgets contribute to the implementation of the strategic plans that they set in terms of:

**A-** With regard to the long-term planning process, these budgets are a good way to predict and define future paths, and these budgets help in setting future plans and general budgets for the bank.

**B-** Knowing the importance of using these budgets in the process of measuring and evaluating performance, as these budgets contribute to achieving efficiency in exploitation.

**C-** Knowing the importance of using the estimated budgets in the administrative control process, where the estimated budgets are a means of controlling the bank's path and plans, and the use of the estimated budgets are foundations that contribute to the interpretation of performance deviation and the objectives of the plans.

#### **\* The importance of the study**

The importance of this study stems from its attempt to know the impact of some aspects of management accounting methods on some management functions in Jordanian commercial banks, as the importance of the research is due to the following reasons:

- \* Increased roles of intense competition between commercial banks and the required budgets and tools for planning and forecasting.
- \* The importance of the planning and control side as one of the most important modern administrative dimensions used by modern strategic facilities.
- \* Estimated budgets are a means of planning and dealing with tools for forecasting and determining future paths.
- \* Creating a specific and structured institutional framework that helps individuals define their goals and outlines each step of the enterprise's planning steps.

#### **\* Study hypotheses:**

Based on the study problem and its components, the study's hypotheses will be determined by its general assumption:

**HO:** The null hypothesis: There is no trace of the use of planning budgets in commercial banks, and a series of sub-assumptions emerge as follows:

**HO1:** There is no effect of using planning budgets in the long-term planning process.

**HO2:** There is no effect of using planning budgets in the process of measuring and evaluating performance.

**HO3:** There is no effect of using planning budgets in the administrative control process.

\* Study form

Planning budgets in commercial banks: Long-term planning: Performance measurement

\* Study methodology:

Since the importance of the elements of planning and oversight in preparing the planning budgets on which commercial banks will depend, this study will adopt the deductive approach, as it will rely on the use of studies, relevant references and who is responsible for preparing planning budgets to obtain results through the objectives of the study. The study has come up with the necessary results and recommendations. Various sources will be relied upon to obtain information related to the current study.

#### **\*Previous studies**

1. The study of Khairi and Al-Attar, 2012. Khairy and Al-Attar's study on the effectiveness of planning budgets as a tool for planning and evaluating the tool in industrial establishments that were conducted on twenty-two companies, that the middle management executives believe that their roles they perform in preparing budget estimates in a work that is generally less than what they are doing. The study also showed that there is a strong feeling among the members of this department of their right to participate in setting budgets and that their continued lack of participation leads them to a feeling of their lack of respect or appreciation by others or their inability to achieve themselves, which has a major impact on their moral spirit and hence their performance.

What distinguishes this study from the previous study: The previous study focuses on industrial establishments, while the researcher's study focuses on the banking sector

2. Study of Jabr and Al-Najjar, 2014. The study dealt with the definition of planning budgets as a digital representation of work plans and future expectations for senior management, where planning budgets are considered one of the most important methods of managerial accounting, and carpenters see that it shows a general framework and includes actions that are carried out in the future to achieve the goals that are based on the expectations of one of them The success of the institution, and its objectives were to study several objectives, including: -

1- An administrative objective, which is summarized by: ensuring adequate performance in various activities.

2- A planning objective: by finding the proper methods to use the available resources to achieve the general objectives.

3- A control objective: by comparing the actual achieved performance of the various activities in

An enterprise with what is planned in the budget and identified deviations

4- An investment objective: where the planning budget helps in making important liquidity decisions.

5- An integrative objective: Through planning the budget, consistency and complementarity are achieved between the various activities of the establishment and its administrative units.

What distinguishes the researcher from the previous study: The previous study focused on industrial facilities, while this study focuses on the commercial banking sector.

### **Foreign studies:**

Brownell Study, (2013). In his study, he tried to demonstrate the impact of participation in the preparation of planning budgets and the method of monitoring performance on the one hand, and its relationship to job satisfaction on the other hand, by examining two main hypotheses, the first of which was that the relationship between participation in the preparation of planning budgets and the method of control on performance is not clear. According to the second hypothesis, it was that the package between participation in the preparation of planning budgets and the method of oversight is not clear and influencing job satisfaction, and the results reached by analyzing the variables were that participation and control method is a positive exchange relationship with each of the performance and job satisfaction, and that with increased participation and its depth, the motivations of individuals increase and the degree of their ambition towards achieving the budget goals increases, and therefore their performance behavior is very high and in a way that ultimately leads to the enhancement of the method of self-monitoring. Because of their sense of progress and success in achieving the budget goals.

What distinguishes the researcher's study from this study: The researcher focused on measuring and evaluating administrative performance, while the previous study focused on job satisfaction and employee performance

Study of (Chenhall, 2015). This study focused on delegating powers and participating in preparing budgets through two assumptions:

\* - There is no clear relationship involved in preparing budgets.

1- Job satisfaction of subordinates.

2- The subordinates 'conviction of the budget.

\* There is no clear and significant relationship between powers

1- Job satisfaction of subordinates.

2- The subordinates 'conviction of the budget.

What distinguishes the researcher's study from the previous study: The previous study estimated that the subordinates were satisfied with the budget and the job, and the researcher's study focused on evaluating administrative performance in general.

### **\* Results of previous studies:**

The success of the budget depends on the executing individuals and not on the budgets section. Consequently, the lack of conviction of the people in the budget will lead to the failure of the budget, and the behavioral effects of the budgets must be recognized on motivating individuals, and all the administrative levels responsible for preparing them must be involved, and if the individual believes that a difficult budget It must be changed in a way that is consistent with its perceptions and capabilities in order to be convinced of it.

## **Chapter one**

### **Planning Budgets:**

#### **The role of management accounting in planning:**

Planning means those procedures that are carried out by the senior management of the facility to choose the goals, establish programs to obtain them, and use the various resources to achieve these goals. In light of the strategic objectives set by the administration and the demand estimates for the facility's products, the senior management will take the decision to determine the optimal variety of products it produces and sell them in order to achieve the desired goals. The objectives, production and sales decisions are translated into an operational picture that includes the various details in terms of the type of work to be carried out, quantity, quality, and timing. The administrative accountant undertakes the preparation of data for these plans at the level of departments and departments in the establishment, and also links between these plans and the preparation of financial and estimated lists that clarify the expected results from the implementation of these plans and their impact on the financial position of the facility and this is done through the preparation of estimated budgets.

### **Basics of budget preparation:**

**Budget:** A quantitative plan to exploit the resources available to the facility during a specific period in the future, and from here, the budget should be:

1. In quantitative form.
2. Relating to a specific accounting unit.
3. Covering a specific period in the future.

### **Budget:**

It means that all projects and activities mentioned in the establishment plan are described or translated quantitatively, either in the form of financial using the prevailing currency unit, or in kind in the form of the prevailing currency unit, or in kind in the form of the input measurement units (production factors or outputs).

Also, the budget must be prepared for a specific accounting unit. This unit may be a section of the facility, its management or an activity of its activities, and it is important to determine the beginning of what is the accounting unit and the budget unit, and then we start preparing the budget. The budget must cover a specific period in the future, this period may be short-term or long-term, and short-term budgets are more detailed than long-term budgets, and it is noted that the shorter the budget period, the more effective its oversight.

### **Reasons for preparing the budget**

1. It checks the periodic planning of all facility activities.
2. It improves the coordination efficiency of the department, promotes a spirit of cooperation among individuals, and increases the efficiency of the facility's communication system.
3. Quantitative measurement is used in the analysis and presentation of data and information.
4. An integrated performance appraisal system is available.
5. It creates awareness of the costs to individuals.
6. To be able to meet legal or contractual requirements.
7. Move all efforts and activities towards achieving the facility's goals

### **Budget functions:**

1. **Planning function.**
2. **Supervisory function.**

Planning is what most people think of when mentioning the word budget preparation. It includes all stages of budget preparation, starting from being only initial ideas and until they are approved by the higher authorities and decided upon.

As for budget control, it is intended to compare actual performance results with the planned and targeted performance according to the performance criteria stated in the budget. This comparison is made by preparing what are called performance evaluation reports.

Through which implementation deviations can be determined from what is planned and targeted, and supervisory work is an important way for the administration to learn from its mistakes and avoid these errors in the future, which is known scientifically as the reverse feedback (Ziad Ramadan, 1970, pp. 48-52).

### **Types of budgets:**

**1- The comprehensive budget:** It is the general framework of the sub-budgets for all the activities of the establishment. It also represents the general plan of the facility and it consists of:

**2- The operating budget:** It covers operating revenues and expenses and can determine the net estimated income and includes:

**1. Sales budget:** The first step in preparing the comprehensive budget is considered the most important sub-budget because many sub-budgets are directly and strongly related to the establishment's sales and its preparation depends on the sales budget preparation. The sales budget is affected by several factors, including the general economic conditions of society, pricing decisions, competition, progress Industrial and technological, marketing and other programs. The sales budget represents the set of quantitative and financial estimates of sales of all products that the establishment expects to spend during the budget period.

**2. Commodity Stock Budget:** The commodity budget for complete or incomplete production is the link between the sales budget and the production quantity budget.

**3. Budget for the amount of production:** It is the basis for preparing the budget for raw materials, the budget for direct labor, and the budget for additional costs, which is the amount of sales during the budget period in addition to the stock of total production at the end of the period by subtracting a full production stock at the beginning of the period.

#### **4. Production Cost Budget:**

**Raw Material Budget:** It represents a quantitative and digital estimate of the cost of each material required by the production program, taking into account the stock levels of this material in the first budget periods.

The direct labor budget: This budget relates to estimates of the amount of production budget previously prepared, and its preparation requires the following information:

- Determine the required production quantity from the budget of the production amount.
- List production needs for each type of employment.
- Determine the expected rates of wages for every hour worked.

Industrial surcharge budget: includes all indirect industrial costs.

**5. Marketing costs budget:** This budget is prepared based on the sales budget and there are some marketing expenses that do not change directly with the change in the volume of sales, but are fixed costs that are not related to the change in the volume of sales.

**6. Budget for administrative expenses:** It includes all the costs of administrative activity and most of these costs are of a fixed type, whether they are binding or non-binding.

**7. Estimated list of production costs:** they are prepared in light of the available evidence with production quantity budgets, direct materials, direct wages, industrial incremental costs, and first and last production stocks.

#### **The Financial Budget:**

It is a list of the estimated financial position as well as other lists used by the financial management of the facility and include:

**1. Capital Expenditure Budget:** Costs include energy conservation for the current budget period.

**2. Cash Budget:** It plays an essential and important role in planning and controlling cash in the establishment and finding the target balance between profitability and liquidity through planning and estimating all cash flows inside or outside.

**3. Estimated financial position list:** It is prepared based on the information provided in the estimated financial position list at the beginning of the period.

**4. Estimated income statement:** It is prepared on the basis of sub-lists and budgets and is considered one of the most important lists and elements of the comprehensive budget.

The budget requires predicting the future and making a choice between alternatives in order to choose the best ones.

The budget requires predicting the future and differentiating between alternatives in order to choose the best ones. The stage of predicting the future includes an objective evaluation and critique of the results of previous periods and a study of trends in the future. While the period of choosing alternatives and the comparison between them includes the stability of the administration and its choice of specific assumptions that are the basis for the budget and because the circumstances are constantly changing, the project plan must be provided with a degree of flexibility that allows it to face the conditions that may arise on it. Achieve project objectives. This flexibility is achieved by two ways:

1. It addresses the inaccuracy of the budget resulting from predicting the future.
2. It provides an objective basis for measuring deviations and determining their significance, which shall be the basis for achieving the principle of management by exception.

**4- Planning Budget:** It is the scientific method that helps management to achieve planning, coordination, control, communication and motivation functions.

The most important features of the planning budget:

- 1- It provides management with a planning tool and project activities in a unified language.
- 2- It provides management with a tool to coordinate the different activities of project departments.
- 3- It provides management with a tool to monitor the various aspects of activity in the project.
- 4- It helps management set clear objectives and policies defined in advance.
- 5- It helps in involving the minimal administrative levels in developing the project plan.
- 6- It helps clarify the powers and responsibilities of the managers who are responsible for implementing the plan.
- 7- It helps as an effective communication tool between the administrative levels in the project from one side and between the accountant and administrative levels on the other side.
- 8- It assists in delegating powers to the executive management without the senior management losing control of the project.
- 9- It helps in drawing plans to ensure that the project's long and short-term goals are achieved
- 10- It helps provide management with a scale that enables them to measure the efficiency of actual performance. It helps management assess current policies and outline future policies.
- 11- The budget can be a positive impetus for achieving project objectives.
- 12- The administration assists in stabilizing the project activity during the budget period by studying and trying to solve the problems of periodic changes and seasonal changes before they occur.
- 13- It helps in planning, controlling and balancing income and expenses
- 14- It assists in planning and controlling the project's capital expenditures and balancing the investment with the available funding sources for the project
- 15- It assists in project financing planning and control
- 16- It helps in measuring budget deviations and defining their causes as a basis for taking corrected and corrected management decisions (Ahmad Jumah, 2000, pp. 44-46).

#### **Budget Committee:**

This committee consists of many projects headed by the general manager of the project and the membership of the director of marketing management and director of production and director of procurement management and financial manager, and the committee usually begins with identifying the main factors controlling the numbers of budgets that affect the general policy of the project:

1. Consumer demand.
2. Available production capacity.
3. Available space for the factory and for storing raw materials and finished products.
4. Extent of abundant fixed and working capital.
5. Extent of availability of raw materials and extent of skilled labor.
6. The administrative policies of the project such as limiting the volume of production (Hassan Mahdi, 1989, p. 76)

#### **The general steps for preparing the planning budget are:**

1. Preparing budget outlines by studying the project objectives.
2. Study the basic factors controlling the preparation of budgets.
3. Prepare and unify various estimates in a comprehensive project plan.
4. Coordinate and unify the various estimates in a comprehensive project plan.
5. Approving the draft plan from the senior management of the project.

#### **Methods of preparing planning budget estimates:**

1. Sales forecast.
2. Production capacity forecasting.
3. Profitability Prediction.

#### **Standard costs:**

**Standard costs:** It is one of the important tools for modern scientific management as it provides project management with an objective basis for planning, measuring and evaluating performance, and monitoring and using the following areas:

1. Cost control and performance evaluation.
2. Preparing planning budgets.

3. Production planning.

4. Determination of price policy.

Study new projects.

- Coordination of planning budget estimates: When the administration studies the controlling fundamentals and the administrative policies used, it must take into account the impact of its other decisions. For example, if the administration decides to purchase finished products from an external supplier, this will affect the procurement estimates and cash budget estimates, and from this it is clear that any amendment or change in one estimate, this leads to a modification in other estimates, in order to combine the different estimates of project activities in one comprehensive plan.

On this basis, the preparation of the estimates of the various departments should be an initial preparation, because preparing the estimates for one of the departments may conflict with the estimates of the other departments, for example:

The senior management of the project may not accept the estimated profit desired.

It may be evident from the cash budget that the requirements for the production program are much greater than the project can achieve, which leads to changing some estimates such as reducing purchases or postponing some capital projects to another period.

Monitoring and performance evaluation: Monitoring and performance evaluation may be one of the most important objectives for

To the project when using the system of standard costs and standard costs, it is not able to achieve any control on its own, but it is done using both standard and actual costs so that it can

Compare actual cost data with standard costs specified in advance to prepare for their evaluation and identify deviations from standard costs, whether by increasing or decreasing and analyzing the causes of deviations.

Correcting and remedial action is taken (Al-Nimri, 1981, p. 81).

The cost criteria are used to evaluate the performance of the project as a whole and to evaluate the performance of its employees. They are also taken as a basis for incentive systems and incentive bonuses. Managers and workers must be consulted when setting the standards and must be provided by management with reports on their actual performance compared to the standards.

- The systematic method of the standard costs system: There are several steps that must be followed to use the standard costs system which are:

1. Define project objectives and choose the best way to produce, simplify, and streamline operational processes.
2. Establishing standards for each cost component according to scientific studies
3. Monitor implementation and compare actual data with standards, taking into account the surrounding conditions and changes made during implementation.
4. Analyzing deviations, identifying their causes, and separating between controllable deviations, non-controllable deviations, and controllable deviations that could have been avoided by the responsible manager, as they were caused by insufficient adequacy, negligence of the official, wastefulness, or loss. As for uncontrolled deviations, they were caused by circumstances beyond his control. Control of the responsible manager The deviation may be uncontrolled at a certain administrative level but it is controllable at a higher administrative level and responsibility for the deviations must be determined.
5. Dealing with deviations by taking corrective and remedial actions, and one of these measures may be to work on modifying the standards themselves if it is proven that they are not fit to change the surrounding circumstances and are concerned with

This method is precisely the technical and scientific principles for the use of cost elements, as well as it is concerned with the specifications and composition of the product and methods of performance, as well as confirming the results with practical experience on the capabilities and capabilities already available in the project in order to assure the workers and officials of the possibility of implementing and achieving the standards under the conditions available in the project (Al Hawari, 1982, p. 82)

Types of standards:

1. Ideal Standards: They assume optimum operating conditions for production and do not allow any permissible loss as they assume maximum efficiency.

2. Realistic, achievable standards: these are possible and achievable standards that take into account the expected conditions of operation and allow for inevitable loss, and therefore these criteria must be the basis of the project's standard cost system.

- The planning budget enables the administration to apply the principle of decentralization of responsibility and centralization of control simultaneously as it extends the administration that achieves delegation of authority without the senior management losing control of the project and the responsible managers.

- The main condition for the success of budgets in the scientific application is the acceptance and use of budgets by executives as they must be used with conviction and acceptance (Khaled Abdullah, 1977, p. 61).

## **Chapter II**

### **The banking system**

#### **Definition of banks:**

There are many definitions of the bank that vary according to the nature of the bank's work, and the Jordanian legislator defined it as the company that it was authorized to engage in banking business in accordance with the provisions of the Banking Law.

Banking is all banking services, such as accepting deposits and re-lending them, or investing them in whole or in part. In the opinion of some, the comprehensive definition of a bank that derives from its main function is the establishment that takes the money trade as a craft.

As for the Islamic Bank, it is a financial institution for banking to collect funds and employ them within the scope of Islamic Sharia, in order to serve the building of the Islamic integration community and achieve fair distribution and put money in the Islamic path (Ziad Ramadan, 1970, p. 55).

#### **Establishment of banks:**

Researchers are unanimously agreed that banking business dates back to a long time, and its emergence may be listed in a sequence of eras. And the origin of the word bank is said to be derived from the Italian word Banco, which means table or table, where the money exchange in the Middle Ages was sitting in the ports and public places of trading with pure money, and in front of them there are wooden offices, called Banco, on which they put money, and they practiced buying and selling different foreign currencies.

The first bank was established in the city of Al-Bandaqiya, Italy in 1157AD, followed by Barcelona Bank in 1401AD. Then Ribalto Bank in 1587 AD, and the Bank of Amsterdam in 1609, and many peoples knew banking activities such as the Sumerians, Babylonians, Greeks and Romans, as well as the people of Mecca where they used to deal with lending by interest until Islam came and prohibited usury. But it can be said that banks in their current form have arisen and developed through the development of exchange work, where they were accepting citizen deposits in exchange for deposit receipts, and then the process evolved where the depositor could withdraw its money by giving up the receipt to another person, which is what is now called the check.

#### **Types of banks:**

There are different divisions for banks that differ according to the classification method:

1- Classifying them according to the nature of their activities, which are:

\* Central Banks. \* Commercial banks. \* Industrial banks. \* Agricultural banks.

\* Banks and savings funds. \* Cooperative banks.

\* The external banking units, which provide services to foreigners, have spread in Bahrain, Cyprus and Singapore.

#### **2- Form of ownership:**

\* Private banks, owned by one or several persons.

\* Joint-stock banks, in the form of a joint-stock company.

\* Cooperative banks, affiliated to the Cooperative Union.

#### **3- Its relationship with the state:**

\* Public sector banks owned by the state.

\* Private sector banks, owned by citizens.

\* Mixed banks, to which the state contributes in addition to citizens.

#### **4- Nationality of the bank:**



\* National banks, Arab Bank.

\* Foreign banks, owned by foreign shareholders such as Citibank in Jordan.

\* Regional banks, owned by several countries in one region, such as the Arab Monetary Fund.

\* International banks and funds, the World Bank and the International Monetary Fund.

#### **5- The bank branches:**

\* Individual banks.

\* Local banks.

\* Regional banks.

\* International banks (Abdel Rahim, 1999, p. 26).

#### **Sources of financing in commercial banks and their uses: -**

**Funding sources:** These are obligations of the bank that appear on the liabilities side of the balance sheet of the public bank. As for the uses of funds, they are the assets or assets of the bank. Therefore, if we want to know the activities of the bank, we must examine one of its budgets.

#### **As for resources or liabilities:**

1. Paid-up and reserve capital: Mandatory reserve Optional reserve

2. Deposits: current and term deposits

#### **The objectives and activities of commercial banks:**

1. The reputation of the bank

2. Financial goals

3. Employment goals

4. Efficiency of innovation

5. Efficiency and effectiveness of the administrative apparatus

6. Increase in loans and investments

7. Provide security and safety for deposits

8. Participation in the development of the society in which he works (Hawari, 1982, p. 62).

#### **Legal reserve ratio:**

Banks maintain their bar with the Central Bank without interest. These balances determine the applicable banking legislation, and the Central Bank may prevent the bank that has been unable to deposit or maintain the statutory reserve ratio with the Central Bank from preventing any new loan until the shortfall is completed in addition to a financial portion. The statutory reserve may reach 35%, at its maximum, and not less than 50%.

#### **Capital:**

Adequate capital provides safety and reassurance to depositors. Good management aims to achieve safety of deposits. This is done by distributing and allocating funds over the various items of assets of the bank.

Commercial Bank in a way that achieves the balance between profitability and liquidity, as the bank's capital is important.

#### **Capital jobs in the commercial bank:**

1. Protection function for depositor funds.

2. Operating function.

3. The security function of the bank's creditors.

4. Funding of buildings and capital equipment

5. Employment in the early life of the bank.

#### **Commercial bank functions:**

##### **\* Traditional jobs:**

1- Opening current accounts and accepting deposits of all kinds.

2- Operating the bank's resources, taking into consideration the principle of reconciling liquidity, profitability, guarantee and security.

##### **\* New jobs:**

1- Managing clients' business and properties and providing economic and financial consultations.

2- Personal housing financing through real estate lending.

3- Contributing to the economic development plans.

#### **The objectives of the bank's accounting system:**

\* Achieving accuracy and correct achievement

\* Speed in achievement and economy in alimony. Achieve the principle of internal control. Completion of the required financial statements and reports for the purposes of the bank (Al-Nimri, 1981, p. 33).

#### **The characteristics of the bank's accounting system:**

- \* The account balance is extracted immediately after each transaction
- \* All accounts are stationed in the General Accounting Department
- \* Each of the bank's departments has its own books, records and documents
- \* Preparing a large number of financial statements and reports
- \* The restrictions for each department are established and summaries of them are sent to the General Accounting Department to prove them in the general journal and then carry over to the general book.

**Elements of the bank's accounting system:**

The accounting system includes the following:

- \* Document group.
- \* Book Collection.
- \* Identity papers.
- \* Reports and data.
- \* Accounting Manual.
- \* Means of applying the accounting work.
- \* Rules, instructions, and procedures.
- \* Accounting theory.
- \* Accounting method.
- \* Accounting machines.

Accounting Employees (Dalal, 1988, p. 25)

**The nature of bank operations that affect their accounting systems:**

It can be seen that the primary material with which the bank deals has an effect on its accounting system. Banks deal in cash, financial documents, coupons, notes, notices and checks etc..

The raw material has a great value in relation to its weight. It is easy to transport, and without a doubt, the integrity of bank employees is important in making the accounting system in banks differ from that used in a textile factory, for example, or any other activity. The accounting system in the bank must be designed to prevent loss, theft and error, and make it easier to track them if they happen (Ghassan, 2000, p. 21)

The effect of time factor on accounting in banks: the time component is more involved in bank operations than any other activity. Banks are a way to achieve interest. Time is one of three elements in determining interest. The bank's gains increase as the time spent in trading its operations is reduced to the lowest possible time. The element of time affects the nature of the accounting system in banks from another point of view. For example, the bank's administrative side necessitates the need for managers to know the financial position at any minute. This condition appears in deposit accounts and current accounts, as customers deposit money and commercial papers in their accounts, and also withdraw checks from them. The bankers must be in a position to know their accounts at any time, otherwise an overdraft may occur. Clients may also be asked about their account balances at any time, so the bank must be in a position to provide this information immediately. Knowing the financial position at any minute is important in the banks in determining the lending and investment policy. The bank will not get maximum profits if it retains a large amount of idle funds. At the same time, the bank cannot operate all of its money due to the need to maintain a reserve of cash in order to face the withdrawal from the bank.

The bank must diversify its loans and investments for the purpose of safety. Usually, the lending and investment policy is determined daily. This can be done based on reports showing the bank's financial position. There is a difference in the importance of the time factor between bank accounting and other types of accounting. It is customary in many establishments that the accounts of customers and suppliers are examined once a month, and that the balance of the audit is prepared monthly and that the balance sheet and profit and loss account are prepared quarterly or at the end of the fiscal year. This system does not work in banks, because frequent work in banks cannot be left aside at any time in the future. It cannot be left to perform a more important job since the most important element is time ....

In banks, today is considered the unit of time in the accounting system (Hassan Mahdi, 1989, p. 18).

**\*Results:**

**This study reached a set of results, the most importantly are:**

1- There is an effect of the use of planning budgets in Jordanian commercial banks by raising administrative efficiency and achieving the competitiveness of the bank and monetary budgets contribute to explaining strategic plans, optimal utilization of resources and increased profitability

- 2- There is an effect of the use of planning budgets in the long-term planning process, as the budgets reflected the future plans of the general budgets of banks and contributed to giving administrative decisions in a timely manner.
- 3- There is an effect of the use of planning budgets in the process of measuring performance as the budget is a general tool to improve management efficiency and because it also expresses the future expectations of senior management
- 4- There is an effect of the use of planning budgets in the administrative control process where the bank had a role in monitoring the performance of employees and is a means of controlling the track and the plans of the bank and using the estimated budgets are foundations that contribute to the interpretation of deviations.

**\* Recommendations:**

- 1- The need for higher management to enhance the importance of participation at all levels by preparing the estimated budgets and increasing their eagerness to implement them.
- 2- Work to establish general standards upon which to draw upon when preparing planning budgets that are understandable, specific to all, and clear.
- 3- Work to find a specialized team that prepares planning budgets by enrolling them for training courses.
- 4- The need to use planning budgets as an aid in making appropriate decisions at the right time to achieve the general goals and ensure the commitment of the establishment in the plans drawn up.
- 5- The need to use planning budgets to compare performance with the established standards, and any deviation from these established standards should be identified and adjusted within the specified plans.

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