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General Fnancial Rporting and Secial-Prpose Rports of Bnks

Users' needs for information are not always the same. General financial reports do not provide all the information different interest groups require in their decision making, hence the restraints in reporting by the company and the accounting are understandable. Financial reports inform on something that happened in the past, whereas the users of these reports are more interested in the future. Financial reporting can be classed as general and special-purpose reporting. The bank accounting department offers the information portfolio for varied management needs in the form of a number of ex-ante and ex-post reports to be composed in different time intervals, i.e., according to the needs of different users.

Key words: reporting, bank, accounting

1. Introduction

Banks rank among important entities of both the financial market and the entire system of economy financing; namely, banks have become direct or indirect drivers, catalysts and control mechanisms of the financial system, indispensable in the reproduction processes. The conditions in which modern banks operate are characterised by uncertainty, an ever fiercer competition, and innovation in the area of banking technology. Hence it is of vital importance to establish an adequate information system in the bank, one that will be the instrument of business and financial decision-making.

Significant evolutionary changes are present today, oriented towards creating modern banking institutions adjusted to change induced by the globalization of the market, internationalization of business, development of information technologies and especially by a competitive economic environment. Constant interactions with events from both inside and outside banking institutions require that the quality of financial reporting be maintained high. Financial reporting helps improve the transparency of processes on the capital market, protect the investors' interests and improve the safety in the decision making process. As such, it plays a very important role in the processes of mitigating information asymetry as well as in maintaining the stability of the financial system. On the other hand, the complexity of business transactions, the necessity of accounting options, the unethical behaviour of the participants in the reporting process, etc., often result in information in financial reports deviating from the economic reality in practice.

A better accounting information system is frequently taken to be one of the key items in aleviating difficulties in banking, i.e. in making banks resistant to crises. Poor assessments due to an inadequate accounting information system turn into poor business decisions, into inefficient investments, all of which result into losses in business, even in banking. The right accounting information on business and financial flows are considered to be the real mechanisms for preventing the risks from poor placements effected by the banks. The managerial competence supported by an adequate accounting information system is highly important in bank management. The competencies of the national accounting information system should be brought into compliance with the International Standards in order to allow for the "production" of quality information for strategic decision making and an optimum money flow.

2. General financing reporting

Reliable and comparable balance statements, as information sources, are vital in making important micro- and macroeconomic and financial decisions. The financial reports are part of the financial reporting process. The implementation of international standards of financial reporting improves the quality and the comparability of financial reports, hence it promotes the consistency and reliability in financial reporting and makes it easier for companies to raise capital internationally. A set of general financial reports usually includes: balance sheet, income statement, report on money flows, report on changes of the capital, comments and other reports that are components of financial reports. They, in turn, can also include additional tables and information based on such reports or derived from them and are expected to be read together with these reports. The tables and additional information can, for example, refer to the segments of activities and geographical segments, disclosures of price change results etc. Financial reports, however, do not contain particulars such as directors' reports, bank managing board director's announcements, discussions and analyses made by the management and similar specific issues that can be included into financial or annual reporting on bank's operations.

It is important to mention that the term *balance sheet* is replaced by the *end-of-term (financial position) report*, while the term *income statement* is replaced by that of the *overall progress report for the period*.

The basic goal of the balance sheet is to measure the financial structure or financial position on a specific day. This is a most important indicator of investment on purpose and of source by origin. The balance sheet is the financial report on the overall results of an entity for the period [1],[4]. The report on cash flow discloses the inflows, the outflows and the differences in the amounts of money resulting from business activities, financing activities and the activities of financing during a given period. The structure of changes in the bank capital is the subject of the capital changes report.

The comments accompanying financial reports should provide the following information for the needs of a financial report analysis: implemented accounting policies, implemented methods in risk management and in internal control policies, important concentrations of credit risks, territorial allocation of loans, the amount of loans whose interest rates are no longer calculated due to worsened credit quality, as well as the amounts of loans in the process of restructuring, the number of employees, etc.

For various external addressees to obtain a more comprehensive information, of specific importance is the so-called disclosure technique, i.e., presenting additional data in the form of footnotes, tables, surveys, in parentheses, etc. that add to the credibility and reliability of certain balance positions.

One method in which the management can improve the credibility of their financial reports is voluntary disclosure [2],[3]. The accounting regulations generally provide the minimum required disclosures, however, they do not restrain the management from disclosing additional information if they want to. Voluntary disclosure can be part of the bank's annual reports, brochures meant to introduce the bank to the investors, meetings of management with analysts or their relationship with investors in response to their queries for information. Disclosing adequate information on the strategy and their anticipated economic results, however, may harm the bank and its competitive position. Managers are then faced with the problem of whether to provide information useful to investors in their assessment of the bank's financial performance or to withhold the information that maximize the competitive advantage of the bank on the market.

Financial reports have to include a clear and accurate report on all important accounting policies implemented by the bank. The accounting policies include principles, bases, conventions, rules and procedures the bank management adopted in composing and presenting financial reports. There is a variety of accounting policies in practice, even when they refer to the same subject. Consequently, an adequate selection and implementation of these policies should be made, to find out which of them are most appropriate in a concrete situation to interpret the banking institution's financial report and the results of its operations correcly. The disclosure of the important accounting policies implemented has to be a component part of financial reports and should, as a rule, be presented together, at the same place.

3. Special-purpose financial reports

Creating a model of special-purpose accounting reports requires that the level of reporting as well as reporting frequency be defined. An autonomous department formed in the bank for the purpose of performing accounting financial tasks, reporting, planning and risk management generates the mentioned surveys and reports to meet a broad range of bank management needs, beggining with a timely alarm in case of irregularities in business doing, so that all the business activities should be oriented towards achieving the desired goals.

In creating the model of accounting reports for the needs of the business activity control in supporting the bank management, the following has to be determined:

1. which level of reporting is required;
2. which is the optimum frequency of reporting;
3. which is the necessary information and reporting transparency.

Regularly, in set time intervals, the accounting reports have to point out certain irregularities in business operations to the management, in order that corrective measures should be taken.

It is very useful to compose parallel accounting synopses for a number of successive periods, which would allow for a more detailed financial analysis for the purpose of varied business decision making.

Special purpose reports in the bank can be viewed through three segments: reports per segments, reports on bank exposure to risk and other reports.

3.1. Segment reporting

Various reporting forms can be used in segment reporting – incomes per countries, incomes per types of bank products, incomes per types of clients (see tables below) and the survey of bank's key results and performance for the bank top management reports and other reports.

Table 1. Investments into securities

RSD thousand	2011		2010	
	Securities and other traded placements	Securities that are kept to maturity day	Securities and other traded placements	Securities that are kept to maturity day
Securities and other placements not listed on the	-	2,071,862	-	72,930
Debt securities issued by the Government of the Republic	222,366	-	309,225	-
Value correction	(22,435)	(37,934)	(76,443)	(4,330)
Net state	**199,931**	**2,033,928**	**232,782**	**68,600**

Table 2. Segment reports on the bank group earned income per countries

	Country 1		Country 2	
In million euro	1-3 06	1-3 06	1-3 06	1-3 06
Net income from interest	398.9	382.8	473.5	304.2
Reservations on the basis of placement	-80.0	-80.4	-43.0	-24.1
Net income from commissions and	246.2	229.4	192.2	117.3
Net trading results	63.9	51.8	55.2	37.9
General administration expenses	-421.6	-413.4	-413.7	-260.0
Earnings – insurance business	5.0	5.2	10.6	2.5
Other results	8.4	24.4	-2.7	-9.7
Income before tax	220.9	199.9	272.0	168.1
Tax on profit	-49.3	-43.2	-53.7	-38.6
Minority shareholders share	-48.5	-49.3	-29.7	-6.5
Net income after deduction of minority	**123.0**	**107.4**	**188.6**	**123.0**
Average risk assets	47,966.5	49,194.9	32,958.1	20,065.1
Average accrued capital	1,916.7	1,868.8	2,006.5	1,325.1
Expense-income ratio	**59.0%**	61.8%	**56.6%**	**56.3%**
Returns on assets on the basis of net profit	**25.7%**	**23.0%**	**37.6%**	**37.1%**

Table 3. Placements to clients

In thousand dinars	2011			2010		
	Short-term	**Long-term**	**Total**	**Short-term**	**Long-term**	**Total**
Companies	4,992,353	5,286,405	**10,278,758**	1,884,711	2,514,313	**4,399,024**
Retail	1,228,458	6,474,543	**7,703,001**	840,588	3,075,170	**3,915,758**
Public sector	-	136,918	**136,918**	-	77,185	**77,185**
Other clients	-	-	**-**	173	-	**173**
Current maturitiy of	2,260,271	(2,260,271) 271)	**-**	2,016,481	(2,016,481)	**-**
Other long-term Financial placements	64	32,061	**32,125**	-	47,814	**47,817**
Total in dinars	8,481,148	9,669,656	**18,150,802**	4,741,953	3,698,001	**8,439,954**

Table 4. Liabilities to clients

	2011				2010			
	At sight	**Short-term**	**Long-term**	**Total**	**At sight**	**Short-term**	**Long-term**	**Total**
In thousand	RSD	RSD	RSD	**RSD**	RSD	RSD	RSD	**RSD**
Compani	3,160,995	2,335,202	62,578	**5,558,784**	1,313,255	523,609	11,777	**1,848,641**
Public	8,691	15,436	41,256	**65,383**	35,691	356,000	11,941	**403,632**
Retail	1,349,637	225,669	28,265	**1,603,571**	1,009,055	125,072	6,357	**1,140,484**
Foreign	7,699	133,104	-	**140,803**	806	-	-	**806**
Other foreign	30,348	3,754	-	**34,102**	2,287	-	-	**2,287**
Other	434,372	242,287	11,235	**687,894**	412,258	211,482	4,711	**628,451**
Total in	**4991,742**	**2,955,452**	**143,343**	**7,090,537**	**2,773,352**	**1,216,163**	**34,786**	**4,024,301**

The business results of a bank – condensed from the balance sheet and income statement, can be presented as follows:

Table 5. Bank's business results

Business results for the period
Bank
Average weighted active interest rate
Average weighted passive interest rate
Net interest margin
Net earnings on interests / Operations expenses
Net earnings on interests and compensations / Operations expenses
Returns rate on total property
Returns on assets rate
Leverage

3.2. Risk management and reporting

The risk management process in the bank is controlled at least once a year by the internal audit that checks the adequacy of the procedures as well as the banks compliance to the adopted procedures. The internal audit reports include the total credit exposure, the placement prognosis, deviations from the set limits, market risk measurement, liquidity ratio and risk profile changes.

An efficient risk management requires that the following types of reports be composed [6] (group one):

1. Report on the bank solvency position;
2. Report on the macroeconomic factors affecting the bank solvency;
3. Report on the bank exposure to solvency risk;
4. Reports on the flow of total economy deposits and total retail deposits;
5. Report on the statutary reserves flow;
6. Reports on the flow of disposable credit lines from primarily foreign financial institutions;
7. Reports on the flow of other sources of financing.

The second group of reports focuses upon the analysis of the following trends that make the bank sensitive to the effects of macroeconomic environment:

- Trends of basic reference rates in the national milieu;
- Trends of basic reference rates on the international financial market;
- Trends of the National Bank reserves;
- Trends of foreign exchange rates and currency rates of the countries of the region;
- Trends of the *repo* securities purchased;
- Inflation trends;
- Trends in other macroeconomic indicators.

The third group of reports is made up of the reports on the analysis of the bank's exposure to liquidity risk, as well as the solvency position projections per different scenarios. Here a tabular report on the time discrepancies (gap) between assets and liabilities is created.

The following reports are created for the needs of reporting on the bank exposure to interest risk:
1. Report on the present value of interest sensitive positions with the following structure:
   a) interest sensitive assets:
   b) interest sensitive liabilities;
   c) periodical discrepancies (gap) (difference between interest sensitive assets and interest sensitive liabilities).

The above listed reports are generally presented for the following time periods:

- 0-1 month;
- 1-3 months
- 3-5 months;
- 6 months to 1 year;
- 1-5 years;
- Longer than 5 years;
- Total.

2. Report on the change of the present value of interest sensitive positions assuming that interest rises by certain percentage. The structure of the contents of this report is identical to the above described report.

3. Report on the bank sensitivity to the change in interest rates (Repricing gap report) with the following elements:

    a) interest sensitive assets:
    b) interest sensitive liabilities;
    c) periodical discrepancies (gap);
    d) cummulative discrepancies (gap).

The time groups the report refers to are the following: a) 0-1 month, b) 1-3 months, c) 3-6 months, d) 6 months to 1 year, e) 1-5 years, f) after 5 years, cummulatively sensitive assets/liabilities and g) non-interest sensitive assets/liabilities.

4. Report on bank sensitivity to change in interest rates – the GAP sensitivity analysis. The above described report illustrates the implementation of the *scenario* analysis.

It is of special importance that the number of granted and collected loans and the change in the bank placements should be analysed on a daily basis. For an adequate management of bank exposure to credit risk it is necessary that the solvency reports that are the basis for creditworthiness analysis be tracked since they contain the data on the state of the assets of the bank source.

It is also necessary that credit exposure per different segments be monitored and reported on: 1) per geographic characteristics, 2) per sector characteristics, for both bank debtors and allied debtor groups. Bank management also requires that groups of reports are created that provide an insighat into the qualitative changes of the bank credit portfolio as well as into its scope. This group of reports includes four sets of reports [6], as follows:

- The first set of reports that contains three groups of data:

    a) Bank exposure to rating groups;
    b) Respective reservations (according to IFRS or the national regulations);
    c) Coverage ratio that reveals the debt coverage with formed reservations.

- The second set of reports focuses upon the identification and monitoring of the greatest bank exposures to segments, thereby gaining an insight into the dynamics per amounts and the quality of bank exposure to individual debtors.

- The third set of reports is a survey on the state of bank exposure to clients that are defined as debtors, with a short description of activities undertaken to collect the receivables. This segment is further divided into two sub-segments, namely: a) for retail business and b) for business with economy.

- The fourth set of reports focuses on the presentation of due receivables (currency payments) and the collection of matured receivables. The bank's financial analysts analyse the trend of matured receivables which enables the bank to act timely against unfavourable tendencies.

The report required for an adequate monitoring and control of the bank's exposure to operational risk as well as for the presentation of the measurement results has to include the following:

    1. Information on losses incurred through operational risk per business lines;
    2. Assessment of a timely and earlywarning indicator of higher risks of losses;
    3. Information on the changes in the bank's exposure to certain risk groups;

4. Information on the assessment of the active control system quality;
5. Information on the relevant strategies of risk migration;
6. Information obtained on the basis of the applied trend analysis;
7. Comparison of the achieved operational risk profile and the axpectations of the bank management in this matter, etc.

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▪ Information obtained on the basis of the applied trend analysis;
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3.3. Other reports

The report on solvency is created for a shortest period of time, at least on the daily basis, and then on the weekly, two-week, and monthly bases, in order that money flows in the bank should be adequately managed. Defining the daily cash liquidity, i.e. the level of cash that can meet the demand for cash is in the domain of operations planning.

A broad range of information potential offered by the accounting in meeting the bank management needs can be viewed through the following reports and surveys, of either short-term or long-term character, focused upon the bank as a whole or on individual segments or banks:

Table 6. Information potential of accounting and operational evidence

REPORTS (annual, semi-annual, quarterly, or monthly),	DAILY REPORTS	MONTHLY SURVEYS	SURVEYS	OTHER
Report on profits (annual, semi-annual, quarterly, or monthly),	Daily report on the account of foreign currency on the accounts abroad	Monthly survey of changes in the structure of assets	Survey of deposits per all categories for the biggest depositors at the end of each month	Various statements
Report on the rise in the bank equity capital	Daily report on payments abroad	Monthly survey of changes in the structure of assets	Survey of liabilities on the basis of capital expenses	Credit negotiability analysis
Report on the fall in the bank equity capital	Daily report on payments abroad	Monthly survey of daily account of total deposits per all categories	Survey of classification of ballance of assets and off-balance items according to the collection level and the amount of the special bank reserve	Foreign currency subbalance
A monthly review of the daily account of total deposits per all categories	Daily report on operational account of effective foreign currency	Monthly survey of other expenses per organizational segments of the bank	Survey of the bank share in the capital of another legal entity	Balance sheet extract – cash assets
Report on monthly analysis on income per product	Daily report on the scope of foreign currency purchase and sale		Survey of the daily account of total deposits per all categories covered in one month	Balance sheet extract – loans

REPORTS (annual, semi-annual, quarterly, or monthly),	DAILY REPORTS	MONTHLY SURVEYS	SURVEYS	OTHER
Report on commission per month			Survey of foreign currency positions on the foreign accounts and with the National Bank of Serbia	Balance sheet extract – cash deposits
Report on profit distribution per month			Survey of calculated and collected interests and compensations per organizational units of the bank	Balance sheet extract – off-balance evidence
Report on interests and compensations per month			Survey of tangible and intangible expenses	
Report on currency structure of statutary reserve			Survey of contentious debts the bank holds against clients and depositors	
Report on currency structure of assets and liabilities			Survey of other incomes per categories for organizational units of the bank	
Report on cash holdings and cheques			Survey of calculated expenses and compensations per organizational units of the bank	
Review of deposits for the bank's ten biggest depositors			Survey of operational expenses for interests and compensations per organizational units of the bank	
Report on foreign exchange risk indicators			Survey of significant changes in the stucture of other assets	
Report on the bank's key clients			Survey of significant changes in the stucture of other liabilities	
Report on the overall purchase and sale of foreign currency and effective foreign currency from residents and non-residents			Survey of daily inflow and outflow on the basis of foreign currency savings	
Report on salaries and bonuses			Survey of interest rates on an annual level	
Credit report			Survey of liabilities on the basis of capital expenditures	
Risk management report			Survey of new savings	
Report on the rise and fall in the bank equity			Survey of tax on financial transactions	
Report on bank's issues completed			Survey of significant changes in fixed assets	
Report on the shareholders with over			Survey of reservations for prospective losses	
Report on dinar solvency			Survey of deposits per all categories for the biggest bank depositors	
Report on foreign currency solvency			Survey of assets classification	
Report on analysis of income per			Survey of liabilities on the basis of capital expenditures	
Report on salaries and bonuses				

REPORTS (annual, semi-annual, quarterly, or monthly),	DAILY REPORTS	MONTHLY SURVEYS	SURVEYS	OTHER
Report on deposits				
Report on foreign currency adjustment				
Report on risk profile				
Report on bank's needs for capital				
Report on the development of new jobs				
Report on money flows				
Report on new clients and depositors per				
Report on active clients and depositors and				
Report on the number of new clients per product				
Report on the bank customers' loyalty				
Report on profit centres performance				
Report on investment centres performance				
Report on consolidated clients				
Report on changes in capital				
Report on time compliance between assets and liabilities				
Report on poor bank				
Report on foreign currency and other risks for the bank				
Credit report				

According to the decision of the National Bank of Serbia [12], banks are obligated to create the following reports:

1. Survey of the bank's biggest shareholders;
2. Survey of the bank's investment into entities that are not financial sector entities, as well as into bank's fixed assets;
3. Survey of the bank's investments into entities in the financial sector;
4. The bank's over-exposure to the exposure entities;
5. Overexposure to the group of allied entities,
6. Survey of the bank's exposure to the entities related with the bank;
7. Reports on the classification of balance assets and the bank's off-balance items;
8. Report on the structure of the bank's impaired loans;
9. Monthly report on the bank solvency indicator;
10. Monthly report on the bank cash flows;
11. Monthly report on the overall loans and placamants;
12. Bank's balance sheet;

13. Bank's income statement;
14. Basic information on the bank;
15. Report on the accepted an approved applications for loans, as well as on prolonged or prematurely repaid loans;
16. Survey of the bank's biggest depositors;
17. Daily report on the bank solvency indicator;
18. Daily report on the bank foreign currency risk indicator;
19. Report on granted and placed loans in deposits;
20. Report on daily account on foreign currency accounts in national and foreign banks;
21. Report on new issues of bank shares;
22. Report on the rise and fall in the bank stock.

According to the decision on bank reporting [12], the bank is also obligated to create a report on restructured receivables as well as reports on the structure of the bank impaired credits.

On the basis of the stated proprietary status a number of detailed information can generally be obtained that closely specify, referring to the assessment of the amount of receivables and the source these come from, the liabilities according to their amounts, as well as on the basis of the creditors, that define the availability of financial sources large enough to cover the deposits draw as well as other financial liabilities as these mature (solvency maintenance), to allow for an insight into solvency (surplus of assets over liabilities and the maturity of bank capital). Naturally, other relations in the proprietary situation are also relevant, such as the ratios in the structure of assets and sources, the share of long-term or short-term capital in the overall capital, coverage of working assets by short-term bonds, etc.

A statistical annex is created for the needs of external users, and so are other financial reports that include certain accounting information. These are:

- reports;
- prospecti;
- announcements;
- managerial forecasts [5].

Information of vital importance for strategic decision making is also the analysis of the bank position related to other participants on the market on which the bank operates. By monitoring the trends and dynamics in the market position, it is possible to identify the activities the implementation of which is expected to allow for a satisfactory share of the bank on a given market. The analysis primarily uses the formal statistical data issued by: a) the National Bank and b) the Association of Serbian Banks, as formal financial reports, i.e., the balances of a respective bank.

Table 8. Competitiveness analysis for banks

Service	Bank observed	Key remarks	Competitor bank 1	Competitor bank 2	Key competitor bank	Other competitors
Reliability						
Stability						
Expertise						
Bank's reputation						
Location						
Approach strategy						
Sales methods						
Credit policy						
Advertising						

One way to gather information on competition [11],[13] and their business operations is the interaction with mutual business partners. This refers to the data related to the competition's costs and prices. It is also necessary that the competitors' activities on the market should be monitored, as well as their rating in the reports of various rating agencies (see table 2). The time period in which competition acts is also important. Whether the price of the banking products is reduced for a short-term or for a long-term period is also important. In the former case, the strategy can be to capture a larger market share, while in the latter case the strategy of expense leadership is more probable. In the competition analysis, banks mostly focus upon financial institutions that produce similar financial products or even do business on the same market.

Table 9. Comparison between the banking company rating with the competition according to the rating agencies S&P, Moody's and Fitch

Banking companies	country	S & P [10]			Latest report	Moody's [9]			Latest report	Fitch [8]			Latest report
		LT	ST	Prospects		LT	ST	Prospects		LT	ST	Prospects	
A													
B		A	A-1	**negative**	**17/10/2009**	Aa3	P-1	negative	11/12/2008	A	F1	stable	30/10/2008
C		na	na	na	na	na	na	na	na	na	na	na	na
D		A+	A1	**negative**	**25/11/2008**	Aa2	P-1	negative	23/02/2008	**A+**	**F1**	**negative**	**02/12/2008**
E		AA-	A-1+	negative	na	Aa2	P-1	na	Na	A+	F1+	na	24/10/2008
F		A+	A-1	negative	na	A1	P-1	na	Na	A+	F1	na	na
G		AA	A-1+	stable	13/02/2008	Aa1	P-1	stable	15/04/2007	AA-	F-1+	positive	27/06/2008
H		AA-	A-1+	negative	15/02/2008	Aa2	P-1	stable	21/01/2008	AA-	F1+	stable	24/01/2008
I		A	A-1	**negative**	04/11/2008	Aa3	P-1	stable	06/09/2008	**A**	**F1**	**negative**	**04/11/2008**
J		AA-	A-1+	**negative**	30/10/2008	**Aa1**	**P-1**	**negative**	**09/12/2008**	**AA-**	F1+	stable	12/09/2007
		na	na	na	na	Aa3	P-1	na	na	na	na	na	na
		A+	A-1	negative	20/12/2007	Aa2	P-1	stable	30/12/2007	AA-	F1+	negative	12/10/2007
		AA-	A-1+	stable	na	Aa2	P-1	stable	na	AA-	F1+	stable	na
		A+	-1	**negativne**	06/10/2008	Aa3	P-1	stable	07/10/2008	**A+**	**F1**	**negative**	**02/10/2008**
		AA-	A-1+	negative	10/12/2008	Aa3	P-1	stable	11/11/2008	AA-	F1+	negative	27/10/2008
		A	A-1	stable	14/12/2007	A2	P-1	stable	na	A	F1	negative	na
		AA-	A-1+	na	na	Aa1	P-1	na	na	AA-	F1+	na	na
		A	A-1	na	na	Aa3	P-1	na	na	A+	F-1	na	na

*n.a. indicates that data are not available

The analysis of trends of the total number of clients require that banks create reports of the following contents:

- business segment (e.g., individual clients);
- number of clients;
- number of departed clients;
- number of active clients;
- number of inactive clients.

The above listed data are tracked on the monthly basis over the year. The tracking of the bank clients trend as well as tracking of the extent to which cross-selling is realized is understood as the commercial indicators analysis.

A specially important role in the analysis is that of prospective bank clients identification for the purpose of which the reports of the following contents are created:

- With a current account (without credits);
- Service status (active, inactive);

- Client status, data on clients (physical or legal entities);
- Client types (client with a current account, client with other products – without a current account, client with a credit and client (clients) who left the bank, other clients);
- Numerical amounts for crossed data on different features.

Sales managers find that the report known as cross-selling is of special usability importance. The purpose of this report is to present an average number of bank products/distribution channels used by the bank client. To create this report, the following indicators are used [6]:

- Number of clients that prefer a certain group of products / Total number of clients;
- Number of clients that use a certain distribution channel / Total number of clients.

The product groups are the following:

- Health care and property insurance;
- Life insurance and pension funds;
- Investment funds;
- Shares and bonds;
- Bank bonds;
- Current accounts;
- Pre-paid cards;
- Debit cards;
- Standing order;
- Salaries and pensions;
- Fixed term deposit account;
- Overdraft;
- Credit cards;
- Consumer credits;
- Housing credits.

The distribution channels are the following:

- Internet banking;
- Telephone banking;
- ATM;
- SMS banking.

In addition, the above mentioned report includes the following indicators:

- The percentage of customers versus the score – e.g., 10% clients have two products, 15% clients have three products, etc;
- The percentage of clients that use a certain distribution channel – e.g., 5% clients use one distribution channel, 17% use two channels, etc;
- An average number of products used by the client in accordance with defined client groups;
- An average number of distribution channels used by the client in accordance with defined client groups.

For the needs of the bank management, and especially of the managing board, reports are created on the quarterly trends in the scope and in the quality of the bank portfolio with a short explanation of the tendencies observed.

Conslusion

Over the last decades, financial institutions have invested substantial funds into the development of information solutions that are expected to ensure an adequate operation of the management accounting and reporting system. As a result, a broad range of available information solutions have developed on the market: *data warehouses* for operational information and information on clients, sophisticated solutions for measuring profitability, balanced scorecard solutions, etc.

The management of a modern banking company is increasingly oriented to implementing the accounting information system for the purpose of an efficient and effective management of the company. The realization of the key bank performance – profitability, solvency and liquidity by the bank management cannot be imagined without adequate accounting (financial) information.

A better accounting information system is often mentioned as one of the key items in aleviating the difficulties in banking operations, i.e., bank resistance to crises. Poor assessments as a result of an inadequate accounting information system turn into inadequate business decisions and inefficient investments. The result is the loss in business, even in banking. The mechanisms used to protect banks from bad placements consist of right accounting information on business and financial flows. The managerial competence supported by an adequate accounting information system is of paramount importance in bank management.

The goal of general financial reports is to provide the financial information to the user for the purpose of managing, i.e., making economy decisions, measuring and forecasting the bank performance (profitability, solvency and liquidity). In addition, the financial information has to refer to property, assets and liabilities to the assets sources, as the effects of transactions which change assets and liabilities in accordance with the bank sources. In other words, accounting reporting is reporting on proprietary, financial and earning position of banks, which is the basis for the assessment of the work of management bodies in the banks and their responsibility for the resources they are in charge of.

Specific financial reports depend on concrete needs of the bank that designes them accordingly.

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