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ABBREVIATIONS

ABC – Activity Based Costing

ALCO – Asset Liability Committee

BSC – Balanced Scorecard

CAR – Capital Adequacy Ratio

CBIL – Citizens Bank International Limited

EPS – Earnings per Share

KPI – Key Performance Indicator

MAPs – Management Accounting Practices

MIS – Management Information System

NPL – Non-Performing Loan

ROA – Return on Assets

ROE – Return on Equity

SME – Small and Medium Enterprise

ABSTRACT

This study examines the extent and effectiveness of management accounting practices in Citizens Bank International Limited and their relationship with financial performance at branch level. Primary data were collected from 56 managers and officers using a structured questionnaire covering budgeting, costing, performance measurement, decision support and management reporting, complemented by three semi-structured interviews and three years of published financial statements. Reliability analysis shows acceptable internal consistency for all constructs. Descriptive statistics indicate that all management accounting practice indices lie above the neutral midpoint, with performance measurement and reporting relatively stronger and advanced costing weaker. Correlation analysis reveals strong positive associations among management accounting dimensions and between each dimension and perceived performance. Simple regression results show that the overall management accounting practices index explains about forty five percent of the variance in perceived performance, while multiple regression indicates that the five dimensions jointly explain about 59 percent, with performance measurement emerging as the only significant individual predictor. Financial statement analysis shows that assets, deposits and loans have grown, but profitability indicators such as return on assets, return on equity and earnings per share have declined and non-performing loans have increased, highlighting a challenging operating environment. Interview evidence confirms the presence of structured budgeting, regular variance analysis and branch profitability reporting, but also identifies gaps in participative budgeting, granular costing, decision support tools, system integration and staff capabilities. Overall, the findings suggest that stronger management accounting systems are associated with better perceived branch performance, and that further strengthening of performance measurement, costing, decision support and capacity building could support more sustainable financial outcomes. The study contributes Nepal specific evidence to the wider literature on banking management accounting practices.

Keywords: *Management accounting practices, budgeting, performance measurement, costing, decision support, reporting, financial performance, commercial banks, Nepal, Citizens Bank International Limited*

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Management accounting provides internal information that supports planning, control, and decision making, and is therefore central to how organisations translate strategy into performance outcomes. Contemporary management accounting practices (MAPs) extend beyond traditional cost accumulation and variance analysis to encompass a portfolio of techniques that integrate financial and non-financial data, support strategic decision making, and facilitate performance measurement across responsibility centres (Ojra et al., 2021; Postolache, 2014). These practices include budgeting and budgetary control, costing systems such as activity-based costing, multidimensional performance measurement frameworks, decision-support analyses, and structured management reporting systems that deliver timely information to different managerial levels (Bhattarai et al., 2025; Ojra et al., 2021).

The banking sector represents a context in which MAPs are particularly consequential. Banks operate with high financial leverage, are tightly regulated, and are exposed to credit, liquidity, market, and operational risks. Effective internal information systems are therefore indispensable for monitoring risk-return trade-offs, maintaining cost discipline, and supporting strategic positioning within a competitive market (Postolache, 2014). Empirical work across countries indicates that banks that use comprehensive budgeting systems, rigorous performance measurement, and sophisticated costing tools tend to exhibit stronger performance and more disciplined resource allocation (Bhattarai et al., 2025; Njoki, 2016). At the same time, digitalisation, the spread of financial technologies, and changing customer expectations have increased the informational demands placed on bank managers, making robust MAPs a prerequisite for timely and evidence-based decisions (Nallakaruppan et al., 2024; Raza & Tursoy, 2024).

In Nepal, commercial banks are expanding their branch networks and product portfolios while facing pressures from regulatory reforms, technological innovation, and evolving environmental and social expectations, for example through green banking initiatives

(Bhattarai et al., 2025; Thapa et al., 2025). Within this landscape, Citizen Bank International Limited (CBIL), established in 2007 and operating a large branch network across Nepal, has emerged as a significant mid-sized player in the domestic banking industry (Devex, 2025). Sustaining sound financial performance in such an environment requires not only compliance with prudential norms but also internal systems that enable managers at head office and branch levels to plan, control, and evaluate operations effectively.

Despite the theoretical and empirical importance of MAPs, there is limited systematic evidence on how specific dimensions of management accounting are configured within individual Nepalese banks and how these practices relate to concrete financial outcomes. Prior international research suggests that greater use and sophistication of MAPs are often associated with improved profitability, efficiency, and value creation, sometimes through the mediating role of more rational managerial decisions (Begum & Rahman, 2024, 2025; Gomes et al., 2013; Oyeyemi et al., 2025). However, other studies caution that the benefits of strategic management accounting are contingent on organisational context, implementation quality, and the alignment between accounting systems and strategy (Ojra et al., 2021; Oyewo & Ajibolade, 2019). These mixed findings underscore the need for context-specific investigation rather than if global patterns automatically apply to Nepalese banks.

Table 1

Net profit and year-on-year growth of selected commercial banks in Nepal (Q1 FY 2082/83 vs. Q1 FY 2081/82; amounts in Arba)

S. No	Commercial bank	Symbol	Net profit Q1 82/83	Net profit Q1 81/82	Growth (%)
1	Global IME Bank	GBIME	1.86	1.51	22.88
2	Nabil Bank	NABIL	1.76	2.06	-14.59
3	Prime Commercial Bank	PCBL	1.26	1.29	-2.18
4	Everest Bank	EBL	1.18	1.13	4.61
5	Kumari Bank	KBL	1.06	1.08	-2.04
6	NMB Bank	NMB	0.92	1.15	-20.09
7	Himalayan Bank	HBL	0.70	0.73	-3.31

8	Standard Chartered Bank	SCB	0.69	0.86	-19.72
9	Rastriya Banijya Bank	RBBL	0.60	0.15	295.24
10	Nepal Bank	NBL	0.59	0.60	-2.33
11	Prabhu Bank	PRVU	0.56	1.04	-46.35
12	Nepal SBI Bank	SBI	0.50	0.81	-38.45
13	Sanima Bank	SANIMA	0.45	0.40	13.78
14	Machhapuchchhre Bank	MBL	0.42	0.50	-17.10
15	Laxmi Sunrise Bank	LSL	0.33	0.54	-38.06
16	Siddhartha Bank	SBL	0.32	0.38	-15.18
17	NIC Asia Bank	NICA	0.12	0.11	10.91
18	Nepal Investment Mega Bank	NIMB	0.05	1.46	-96.93
19	Agriculture Development Bank	ADBL	0.0057	0.19	-97.00
20	Citizens Bank International	CZBIL	-0.22	0.20	-211.11
	Total		13.14	16.18	-18.79
	Industry average		0.66	0.81	

Source: Compiled from published Q1 FY 2082/83 and Q1 FY 2081/82 financial reports of selected commercial banks in Nepal. (Ssharesansar, 2025)

In aggregate, Table 1.1 indicates that the Nepalese commercial banking sector experienced a contraction in profitability between Q1 FY 2081/82 and Q1 FY 2082/83, with total net profit declining from NPR 16.18 Arba to NPR 13.14 Arba, equivalent to an industry-wide fall of about 18.79 percent. Although several banks such as Global IME Bank, Rastriya Banijya Bank, and Sanima Bank reported positive profit growth, many others showed substantial declines, reflecting a challenging operating environment. Citizens Bank International (CZBIL) is a conspicuous outlier: it moved from a modest profit of NPR 0.20 Arba in Q1 FY 2081/82 to a net loss of NPR 0.22 Arba in Q1 FY 2082/83, implying a sharp negative swing of approximately 211 percent. This deterioration is markedly worse than the industry total and positions CZBIL at the bottom of the profit-growth ranking. Such underperformance relative to peers underscores the urgency of examining internal determinants of financial

results, including the adequacy and effectiveness of management accounting practices in planning, controlling, and supporting decisions across the bank.

The present study therefore focuses on CBIL and conceptualises MAPs along five core dimensions that are particularly relevant for banking: budgeting and budgetary control, costing systems, performance measurement and evaluation, decision support and strategic analysis, and management reporting. As depicted in the conceptual framework of the study (Figure 1), these five dimensions constitute independent variables, while financial performance, proxied by indicators such as profitability, efficiency, growth, and asset quality, constitutes the dependent variable. The central idea is that the design and intensity of MAPs shape the quality of managerial decisions and the degree of control over operations, which in turn should be reflected in the bank's financial results.

1.2 Problem Statement

Management accounting practices (MAPs) such as budgeting, costing, benchmarking and performance measurement are argued to strengthen performance by improving information, and studies report positive links with financial results (Begum & Rahman, 2025; Alabdullah, 2019; Bhattarai et al., 2025; Gomes et al., 2013; Njoki, 2016; Oyeyemi et al., 2025). However, other research shows that advanced MAPs can fail or damage performance when they are costly, poorly understood or misaligned with strategy, so benefits cannot be assumed (Ojra et al., 2021; Oyewo & Ajibolade, 2019).

For Nepalese commercial banks, evidence on MAPs is limited. A multi bank survey reports positive associations between budgeting, advanced costing, benchmarking and perceived performance, but provides average patterns and insight into practice in a single bank (Bhattarai et al., 2025). Citizens Bank International Limited has expanded in a competitive market with narrowing margins and rising efficiency pressures (Devex, 2025). Prior studies suggest that many banks in such environments rely mainly on annual budgets and basic ratios, with uneven use of activity-based costing, Balanced Scorecard frameworks and benchmarking (Bhattarai et al., 2025; Postolache, 2014).

Against this backdrop, the core research problem is that the nature and effectiveness of MAPs in Citizens Bank International Limited, and their relationship with financial

performance, remain unclear. There is no structured mapping of practices across budgeting, costing, performance measurement, decision support and management reporting, nor assessment of profitability, efficiency, growth and asset quality linked to these practices. Managers lack evidence on which MAP dimensions matter most and where improvements would add greatest value.

- Which management accounting practices in budgeting, costing, performance measurement, decision support, and management reporting are currently used by Citizens Bank International Limited?
- How has Citizens Bank International Limited performed in recent years in terms of profitability, efficiency, growth, and asset quality?
- How are the extent and dimensions of management accounting practices related to the financial performance of Citizens Bank International Limited, and which practices and implementation challenges most strongly influence this relationship?

1.3 Objectives of the Study

The main objective of the study is to examine how management accounting practices affect the financial performance of Citizen Bank International Limited. The specific objectives of this study are:

- To identify and describe Citizens Bank International Limited's management accounting practices in budgeting, costing, performance measurement, decision support, and management reporting.
- To assess the recent financial performance of Citizens Bank International Limited using indicators of profitability, efficiency, growth, and asset quality.
- To examine the relationship between the extent and dimensions of management accounting practices and the financial performance of Citizens Bank International Limited, including identifying the most influential practices, key implementation challenges, and recommendations for improving these practices to enhance financial performance.

1.4 Hypotheses of the Study

To provide a concrete basis for statistical testing of the relationships implied in the conceptual framework, the study adopts the following primary hypothesis:

H1: Citizens Bank widely applies budgeting, costing, performance measurement, decision support, and reporting management accounting practices.

H2: Citizens Bank's profitability, efficiency, growth, and asset quality indicators differ significantly across recent financial years.

H3: Higher overall usage of management accounting practices is positively associated with Citizens Bank's financial performance indicators.

H4: Individual management accounting practice dimensions significantly predict variation in Citizens Bank's profitability, efficiency, growth, and asset quality.

H5: Greater implementation challenges are associated with lower adoption and effective utilisation of advanced management accounting practices.

1.5 Rationale of the Study

This study is expected to generate value at several levels. At the organisational level, CBIL's management will obtain systematic evidence on whether and how existing management accounting practices contribute to financial performance. By identifying which MAP dimensions are most strongly associated with profitability, efficiency, and growth, the study can inform priorities for strengthening or redesigning internal information systems and control mechanisms. For instance, if rigorous budgeting and variance analysis are found to be linked to lower cost-to-income ratios, the bank may elect to deepen budgetary control practices; if decision-support and benchmarking information are associated with better branch performance, management may invest more in analytical tools and training (Bhattarai et al., 2025; Njoki, 2016).

At the industry and policy level, the study will add to the nascent empirical literature on management accounting in Nepalese banking. Existing work has tended to examine aggregate patterns across banks, whereas this case study offers an institution-level perspective that can reveal how MAPs operate within a specific governance, culture, and

technology configuration (Bhattarai et al., 2025; Thapa et al., 2025). Insights from CBIL may be informative for other mid-sized banks facing similar challenges and may support regulators and professional bodies that aim to promote sound internal management systems as part of broader efforts to strengthen financial stability and performance.

From an academic standpoint, the research contributes to the broader debate on the performance implications of management accounting by providing evidence from a developing-country banking context that is under-represented in the literature (Begum & Rahman, 2025; Ojra et al., 2021). By explicitly examining multiple MAP dimensions and linking them to objective financial indicators, the study responds to calls for more nuanced, context-sensitive analyses of the conditions under which management accounting creates value. The findings may also inform contingency-theoretic discussions regarding how organisational and environmental factors shape the effectiveness of different accounting practices.

1.6 Limitations of the Study

Several limitations are anticipated that may constrain the interpretation and generalisability of the study's findings.

- First, the research adopts a single-institution case study design focused on Citizen Bank International Limited. This design enables in-depth examination of MAPs within their organisational context but inherently restricts the extent to which findings can be directly generalised to other banks or sectors. The implications for other institutions will therefore be discussed cautiously and framed as indicative rather than definitive.
- Second, the measurement of management accounting practices will primarily rely on self-reported data from managers through questionnaires and, where feasible, interviews. Although such informants are well placed to describe internal practices, their responses may be affected by social desirability bias, recall limitations, or differing interpretations of terminology. The study will mitigate these risks through careful instrument design, pilot testing, and triangulation with documentary evidence where available, yet some subjectivity in MAP measurement will remain.

- Third, the analysis of the relationship between MAPs and financial performance will be constrained by the availability and granularity of financial data. If branch-level performance data are limited or incomplete, the study may need to rely more heavily on aggregated bank-level indicators or on managers' perceptions of performance. This would limit the precision with which MAP–performance linkages can be estimated.
- Fourth, the study will examine MAPs and performance over a bounded time horizon, corresponding to recent fiscal years for which reliable data are accessible. Structural changes in the broader economic, regulatory, or technological environment during this period may influence financial performance independently of MAPs. While the analysis will attempt to account for such contextual factors conceptually, it may not be possible to control
- All external influences quantitatively.

CHAPTER II

LITERATURE REVIEW

2.1 Introduction

This chapter reviews theoretical and empirical literature relevant to the impact of management accounting practices (MAPs) on financial performance in the banking sector. It builds on the research problems, objectives, and questions articulated in Chapter I and provides the intellectual foundation for the conceptual framework that links five MAP dimensions to financial performance at Citizen Bank International Limited (CBIL).

The first part presents the theoretical and conceptual foundations of MAPs, with particular attention to budgeting and budgetary control, costing systems, performance measurement and evaluation, decision support and strategic analysis, and management reporting. These sections also consider the nature of financial performance in banking and the principal theories that explain how internal accounting systems can influence performance outcomes. The second part presents a structured empirical review in tabular form, synthesising prior studies from banking and related sectors. The chapter concludes by highlighting the main research gaps that motivate the present study and by clarifying how literature informs the research questions and hypotheses.

2.2 Theoretical and Conceptual Review

2.2.1 Management Accounting Practices in Contemporary Organizations

Management accounting refers to the generation and use of financial and non-financial information to support planning, control, and decision making inside organisations (Postolache, 2014). Historically, management accounting was dominated by traditional tools such as standard costing, budgeting, and variance analysis that focused on cost control and short-term financial results. Over the past decades, the scope of management accounting has broadened to include strategic and externally oriented techniques that incorporate customer, competitor, and process perspectives into decision support (Ojra et al., 2021). This evolution reflects the growing complexity of business environments and the need for information that connects operational activities with long-term strategic goals.

Cadez and Guilding's typology, as summarised by Ojra et al. (2021), groups strategic management accounting techniques into strategic costing, planning and control, strategic decision making, competitor accounting, and customer accounting. These categories align closely with the MAP dimensions adopted in this study. In banking, MAPs must accommodate specific features such as interest-based income structures, risk exposures, regulatory constraints, and the importance of customer relationship management (Bhattarai et al., 2025; Postolache, 2014).

2.2.2 Budgeting and Budgetary Control

Budgeting remains a cornerstone of internal planning and control in banks. Annual and periodic budgets translate strategic objectives into quantitative targets for revenues, expenses, and asset-liability positions at organisational, divisional, and branch levels. Effective budgetary control involves comparing actual results with budgeted figures, analysing variances, and initiating corrective actions (Bhattarai et al., 2025).

From an agency theory perspective, budgets help align managers' actions with owners' interests by setting performance benchmarks and constraining discretionary spending. From a contingency perspective, the usefulness of budgeting depends on environmental uncertainty and organisational structure. Highly formal, rigid budgets may hinder adaptability in turbulent environments, whereas more flexible, rolling budgets can support responsiveness (Ojra et al., 2021). For CBIL, the intensity and manner of budget use are therefore expected to influence cost efficiency, profitability, and growth by shaping resource allocation and accountability relationships across branches.

2.2.3 Costing Systems

Costing systems determine how banks assign operating costs to products, services, customers, and organisational units. Traditional costing methods allocate overheads on simple volume bases, which can distort cost information in service settings with diverse products and heterogeneous customer demands. Activity-based costing (ABC) and its variants seek to improve cost accuracy by tracing costs to activities and then to cost objects based on their consumption of those activities (Ojra et al., 2021).

In banks, ABC enables more precise estimation of the cost of serving different customer segments or delivering particular services, which in turn supports pricing, product mix, and

channel decisions (Bhattarai et al., 2025). From a resource-based view, high-quality cost information constitutes an organisational capability that can underpin sustainable competitive advantage if it is valuable, rare, inimitable, and effectively embedded in decision processes. The adequacy of CBIL's costing system therefore has potential implications for profitability margins and strategic positioning.

2.2.4 Performance Measurement and Evaluation

Performance measurement systems provide metrics and frameworks through which banks assess whether strategic and operational objectives are being achieved. Traditional systems rely heavily on financial ratios such as return on assets, return on equity, net interest margin, and cost-to-income ratio. However, these measures are largely historical and may not fully capture value drivers such as service quality, innovation, or risk management.

The Balanced Scorecard (BSC) and similar multidimensional frameworks incorporate financial, customer, internal process, and learning-and-growth perspectives in an integrated causal map that links leading and lagging indicators (Gomes et al., 2013). In banking, BSC-type systems can facilitate alignment between branch-level activities and corporate strategy by combining financial targets with measures such as customer satisfaction, cross-selling rates, and compliance indicators.

From a control theory perspective, well-designed performance measurement systems provide feedback and feed-forward control that reduce performance variance and support adaptation. However, if indicators are poorly chosen or poorly understood, they may encourage dysfunctional behaviours such as excessive risk-taking or short-termism (Ojra et al., 2021). The study therefore expects that the design and use of performance measurement and evaluation practices at CBIL will critically shape both the level and quality of financial performance.

2.2.5 Decision Support and Strategic Analysis

Decision support refers to the analytical tools and processes that convert accounting and other data into information for managerial decisions. In the banking context, this includes profitability analysis by product or customer, credit risk assessment, capital budgeting, what-if scenario analysis, and benchmarking against competitors or industry standards (Nallakaruppan et al., 2024; Postolache, 2014).

Recent advances in data analytics and explainable artificial intelligence are expanding the scope and granularity of decision support in credit risk assessment and portfolio management (Nallakaruppan et al., 2024). However, the effectiveness of such tools depends on their integration with management accounting systems and on managers' capability to interpret outputs. Strategic management accounting emphasises the external orientation of decision support by incorporating competitor and customer information into analyses (Ojra et al., 2021; Oyeyemi et al., 2025).

Within CBIL, decision-support and strategic analysis practices are expected to influence performance by improving the quality of choices on loan approvals, pricing, branch expansion, product innovation, and resource allocation. The link between MAPs and rationalised managerial decisions identified by Begum and Rahman (2024, 2025) suggests that decision support may act as a key channel through which MAPs affect financial outcomes.

2.2.6 Management Reporting

Management reporting encompasses the structures, formats, and frequencies through which internal information is communicated to decision makers. In banks, this includes monthly management accounts, branch performance dashboards, risk reports, and exception reports directed at different hierarchical levels (Postolache, 2014).

Timely, user-oriented reports reduce information asymmetry within the organisation and allow managers to monitor key indicators and respond to emerging issues. The design of reporting lines and responsibility centres also shapes behavioural responses, since managers tend to focus on what is measured and reported. From an information-processing perspective, management reporting systems must match the complexity of the environment; insufficient reporting capacity can lead to delayed or uninformed decisions, whereas overly complex reports can overwhelm users and obscure critical signals.

In the conceptual framework of this study, management reporting is treated as a distinct MAP dimension because it conditions the effectiveness of budgeting, costing, performance measurement, and decision support. Even sophisticated analytical tools may have limited impact on performance if their results are not communicated in a timely and actionable manner to relevant managers at CBIL.

2.2.7 Financial Performance in Banking

Financial performance is a multidimensional construct that captures how effectively a bank uses its resources to generate returns while managing risk and maintaining solvency. Common indicators include profitability measures such as net profit, return on assets, and return on equity; efficiency measures such as the cost-to-income ratio; growth indicators such as asset, deposit, and loan growth; and asset quality measures such as the ratio of non-performing loans to total loans (Bhattarai et al., 2025; Njoki, 2016; Thapa et al., 2025).

In addition to these conventional metrics, contemporary perspectives emphasise value creation for shareholders and stakeholders, incorporating aspects such as risk-adjusted returns, environmental and social performance, and long-term sustainability (Oyeyemi et al., 2025; Thapa et al., 2025). For the purposes of this study, financial performance is operationalised through a core set of profitability, efficiency, growth, and asset-quality indicators that are widely used in the banking literature and that can be reliably measured from CBIL's financial statements and internal reports.

2.2.8 Theoretical Perspectives on the MAP–Performance Relationship

Several theoretical lenses have been used to explain how MAPs influence organisational performance. Contingency theory posits that the effectiveness of control systems depends on their fit with contextual factors such as environmental uncertainty, technology, and organisational structure (Ojra et al., 2021). This implies that the impact of MAPs on performance at CBIL will depend on how well the design of budgeting, costing, performance measurement, and reporting systems matches the bank's regulatory environment, competitive conditions, and technological infrastructure.

Agency theory views management accounting as a mechanism for reducing agency problems between owners and managers by providing information and incentives that align interests. Budgets, performance targets, and incentive schemes based on accounting measures can reduce opportunistic behaviour but may also induce gaming or risk-shifting if poorly designed (Oyewo & Ajibolade, 2019).

The resource-based view suggests that unique management accounting capabilities can become strategic resources if they enable superior analysis, faster decision making, and more effective implementation compared with competitors (Gomes et al., 2013). In this

perspective, sophisticated MAPs and the associated human and technological capabilities can contribute directly to sustainable performance advantages.

These theoretical perspectives justify the study's core assumption, reflected in the hypotheses, that systematic differences in the design and use of MAPs across CBIL's organisational units are likely to be associated with differences in financial performance indicators.

2.3 Empirical Review

Key empirical studies on management accounting practices and performance in banking and related sectors. The following reviews highlights research focus, methods, and major findings, and it also indicates limitations that inform the present study's design.

Bagh et al. (2025) assessed the joint impact of management accounting and corporate governance on the performance of service companies. Using empirical data, they investigated how the adoption of strategic management accounting practices, when combined with strong governance structures, influenced profitability and other performance outcomes. The study found that strategic MAPs had a positive effect on performance, but this effect was amplified in firms with effective boards, clear accountability mechanisms, and transparent reporting. The interaction between governance quality and MAP sophistication indicated that information produced by management accounting systems yields greater benefits when monitoring and oversight structures are robust. The authors highlighted the importance of institutional context, arguing that in weak governance environments, advanced MAPs may not translate into better decisions or outcomes. Their results underscored the need to view management accounting reforms alongside broader governance and institutional improvements.

Karki et al. (2025) investigated green banking practices and perceived bank performance in Nepal using survey data from banking professionals. The study examined how environmental initiatives, such as green lending, energy-efficient operations, and environmental risk assessment, relate to perceived organisational performance. The authors found that green financing played a mediating role between environmental practices and performance, suggesting that banks realise benefits when environmental commitments are translated into

concrete lending and investment decisions. Their results highlighted the emergence of non-financial performance dimensions, including environmental and social outcomes, that management accounting systems may need to capture. The study argued that traditional MAPs focused solely on short-term financial indicators may be insufficient in contexts where stakeholders expect sustainable and responsible banking. Consequently, banks are encouraged to extend their management accounting frameworks to integrate environmental performance metrics and support green strategic initiatives.

Chelangat et al. (2025) examined whether business environmental uncertainty moderates the relationship between management accounting practices and the financial performance of Kenyan commercial banks. Survey data from 210 respondents were analysed using regression and interaction terms. Costing, budgeting, and performance evaluation systems had significant positive direct associations with accounting-based performance indicators, supporting earlier evidence that comprehensive MAPs enhance bank outcomes. However, the strength of these relationships was significantly reduced when banks perceived high environmental uncertainty, suggesting that unstable markets complicate the effective use of formal accounting systems (Chelangat et al., 2025). The authors argued that in turbulent contexts, banks must complement formal MAPs with flexible, real-time information sources and adaptive decision processes, reinforcing contingency perspectives on the MAP–performance link.

Niroula (2025) examined the relationship between management accounting systems and organisational performance in Nepali commercial banks. Drawing on survey responses from managers in 20 banks, the study measured the extent of use of budgeting, standard costing, variance analysis, performance measurement, and responsibility accounting, and related these indices to subjective assessments of profitability, efficiency, service quality, and competitive position. Factor and regression analyses showed that a comprehensive management accounting system, combining detailed budgeting with performance evaluation and variance analysis, was significantly associated with higher perceived organisational performance (Niroula, 2025). Banks that reported more intensive use of MAPs also indicated better cost control and clearer accountability structures. Nonetheless, the study highlighted that adoption

was uneven across banks and branches, with smaller institutions in particular lagging in the use of advanced techniques and integrated reporting.

Bhattarai et al. (2025) investigated the role of management accounting practices in enhancing the performance of Nepalese commercial banks using survey data from senior managers. MAPs were grouped into budgeting, advanced costing, benchmarking, and performance measurement. The study found that the composite MAP usage score was positively related to perceived financial and non-financial performance, with benchmarking and performance measurement exhibiting especially strong regression coefficients (Bhattarai et al., 2025). Banks that reported systematic benchmarking against peers and comprehensive scorecard-type measures also indicated better risk management and strategic alignment. Nevertheless, the authors noted that many institutions still relied heavily on traditional budgeting and simple ratios, with uneven diffusion of more strategic tools. The study concluded that expanding and integrating MAPs across decision domains could be an important lever for improving bank competitiveness in Nepal.

Kgakatsi et al. (2024) extended prior empirical work on management accounting by employing a larger sample and refining the measurement of core constructs related to MAP usage and performance. Using advanced statistical techniques, they confirmed a positive association between comprehensive use of MAPs and financial performance, again with decision quality mediating this relationship. Their results showed that organisations employing a broader portfolio of budgeting, costing, and performance measurement tools tended to report superior financial outcomes, but only when they possessed adequate analytical capacity and human capital to interpret and utilise the information generated. Firms with limited analytical skills or weak data infrastructure realised weaker or inconsistent benefits from MAP adoption. The study therefore emphasised that organisational capabilities, including training, technology, and decision-support systems, are critical conditions for converting management accounting information into improved performance.

Ogundajo et al. (2024) studied strategic management accounting practices in relation to shareholder value creation using panel data from firms over multiple periods. They focused on various strategic MAP tools, including competitor accounting, customer profitability analysis, and strategic costing, and examined their impact on value-based performance

metrics. The results indicated that several strategic MAPs were positively associated with value creation, but competitor accounting emerged as the only technique with a statistically significant and robust effect. This finding suggested that information concerning competitors' costs, prices, and strategies may yield stronger performance benefits than purely internal or cost-focused measures. The authors argued that externally oriented management accounting information enables firms to position themselves more effectively in the market, respond to competitive threats, and exploit opportunities, thereby enhancing shareholder value. They also highlighted the need for further research on how firms integrate such information into strategic decisions.

Johri et al. (2024) analysed the role of managerial accounting in banks, emphasising the importance of timely and accurate internal information for decision making. Their work highlighted how internal reporting systems, responsibility accounting, and cost allocation support bank safety, profitability, and competitiveness. Rather than relying on formal statistical testing, the study adopted a descriptive and conceptual approach, drawing on illustrative examples from banking practice. Johri et al. argued that management accounting information is central to monitoring asset quality, managing liquidity and interest rate risks, and evaluating branch and product performance. They also suggested that effective responsibility accounting clarifies lines of accountability and incentivises prudent risk-taking. Although the study did not quantify the MAP–performance relationship, it reinforced the conceptual rationale for investing in robust managerial accounting systems within banks facing complex regulatory and competitive environments.

Nallakaruppan et al. (2024) explored credit risk assessment and financial decision support using explainable artificial intelligence (AI) techniques. Their study developed AI-based models designed to predict credit risk more accurately while providing transparent explanations for predictions, thereby addressing common concerns about “black box” algorithms. Empirical evaluation showed that these AI models improved predictive accuracy compared with traditional methods and enhanced decision support by offering interpretable risk factors and scenario analyses. The research indirectly underscored the expanding technological dimension of management accounting and decision-support practices, particularly in banking. By integrating AI-generated insights into credit approval and

portfolio management processes, banks can strengthen risk management and align lending decisions with risk-return objectives. The study suggested that future MAPs will increasingly need to incorporate advanced analytics and AI tools to remain relevant in data-intensive financial environments.

Raza and Tursoy (2024) applied the Technology Acceptance Model to examine fintech adoption in banks, focusing on perceived usefulness and ease of use among customers and staff. Using survey data and structural equation modelling, they found that these two perceptions strongly influenced attitudes toward fintech services and intentions to adopt them. The study showed that successful fintech deployment requires not only technological capability but also user confidence and satisfaction. Although not a management accounting study in the narrow sense, the findings have important implications for MAPs. The diffusion of fintech solutions increases transaction volumes, data availability, and the speed of operations, thereby heightening the informational and analytical demands on internal accounting and control systems. Raza and Tursoy argued that banks must adapt their management accounting frameworks to accommodate new data flows and support timely, technology-enabled decision making.

Dongol et al. (2024) focused explicitly on modern management accounting techniques in Nepalese commercial banks, such as activity-based costing, Balanced Scorecard, target costing, and benchmarking. The authors surveyed managers from a purposive sample of banks and constructed indices of modern MAP adoption and perceived organisational performance. Correlation and regression results indicated that banks reporting higher adoption of these modern techniques also reported stronger performance in terms of cost efficiency, profitability, and customer service, even after controlling for size and age (Dongol et al., 2024). Among individual practices, benchmarking and multidimensional performance measurement showed the strongest associations with perceived performance. However, the study also documented implementation challenges, including data limitations and inadequate staff training, suggesting that the performance benefits of modern MAPs are conditional on complementary organisational capabilities.

Arseneault and Gagnon (2024) investigated how managerial accounting practices and human resource (HR) metrics jointly relate to firm performance in publicly listed companies. Survey data from 186 accounting and HR employees were linked to objective financial, non-financial, and market-based performance indicators. The study found that internal accounting and HR systems significantly affected corporate performance, and that HR employees tended to value diagnostic styles of managerial accounting and HR metrics more highly than accounting staff (Arseneault & Gagnon, 2024). Regression analyses indicated that richer HR-related measurement within management accounting systems was associated with better performance and a more informative corporate disclosure environment. These results broaden the MAP–performance literature by highlighting the role of HR metrics and organisational culture, themes that are increasingly salient for banks adopting people-intensive digital service models.

Mutai and Miroga (2023) analysed the effect of financial management practices on the financial performance of all 43 commercial banks in Kenya. Although the focus was broader than management accounting, several practices overlap with MAP domains, including liquidity management, capital structure management, credit risk management, and working capital management. Using panel regression on 2017–2021 bank data, the study found that liquidity management and working capital management had significant positive effects on ROA, while credit risk management showed a significant negative coefficient, and capital structure management exhibited a weak but significant relationship (Mutai & Miroga, 2023). Overall, the combined model indicated that the integrated set of financial practices materially explains profitability differences. The findings imply that internal measurement and control systems linked to risk and working capital play a central role in bank performance, complementing more traditional MAPs.

Mueller and Weber (2022) provided case-based empirical evidence on the role of management accounting practices in successful corporate turnarounds in an emergent economy. Using in-depth access to internal documents and interviews in distressed firms that later recovered, they traced how changes in costing, budgeting, profitability analysis, and strategic performance measurement accompanied restructuring efforts (Mueller & Weber, 2022). The analysis suggested that the introduction or strengthening of MAPs that supported

strategic cost reduction, product rationalisation, and cash-flow monitoring was central to restoring profitability. Leadership that encouraged the use of management accounting information in strategic decisions was also critical. Although the study did not use formal econometrics, it demonstrated concretely how redesigned MAPs can contribute to performance improvement in crisis contexts, which is pertinent for banks seeking to reverse deteriorating financial indicators.

The empirical literature provides substantial evidence that MAPs and related strategic management accounting tools are often positively associated with financial and organisational performance across sectors and countries. At the same time, several studies report contingent or mixed effects, pointing to the importance of organisational capabilities, implementation quality, and contextual fit.

For the purposes of the present study, three main gaps are evident. First, there is little institution-specific evidence that examines in detail how MAPs are configured within a single bank and how differences in practice usage across organisational units relate to objective financial indicators. Second, existing Nepalese studies on banks rely largely on perceptual performance measures and multi-bank samples, which limit insight into the internal dynamics of any given institution (Bhattarai et al., 2025; Thapa et al., 2025). Third, prior work seldom disaggregates MAPs into the specific dimensions reflected in the conceptual framework for CBIL or links these dimensions explicitly to distinct aspects of financial performance such as profitability, efficiency, growth, and asset quality.

Addressing these gaps is essential for answering the research questions posed in Chapter I and for testing the hypothesis that management accounting practices exert a positive and differentiated impact on the financial performance of Citizen Bank International Limited.

Surya et al. (2021) investigated the relationship between market-oriented strategies, the use of analytical and performance measurement tools, and the performance of small and medium enterprises (SMEs). Their study found that firms adopting more sophisticated performance measurement systems, customer-focused metrics, and analytical techniques tended to achieve higher growth and profitability. The results suggested that MAPs, when aligned with market-oriented strategies, help firms better understand customer needs, monitor competitive dynamics, and allocate resources more effectively. However, the research also highlighted

significant barriers to adoption, including financial constraints, limited managerial expertise, and inadequate technological infrastructure in SMEs. These constraints often prevented smaller firms from fully implementing advanced management accounting tools, thereby limiting their potential performance gains. The study underscored the importance of capacity building and supportive policies to enable wider diffusion of sophisticated MAPs among resource-constrained enterprises.

Kaisang (2020) investigated how management accounting practices influence the financial performance of all licensed commercial banks in Kenya. Using a cross-sectional survey and primary data from bank managers, the study operationalised budgeting, costing, performance evaluation, decision-support information, and strategic analysis as independent variables and return on assets as the dependent variable. Multiple regression results indicated that the MAP bundle explained about 38 percent of the variation in ROA, with budgeting and performance evaluation exerting the strongest positive effects, while some decision-support tools were weakly used and less significant for performance (Kaisang, 2020). The thesis concluded that broader and more systematic use of MAPs is associated with stronger profitability but also emphasised the contingent role of bank size and strategic orientation in determining which techniques are most beneficial.

Although focused on manufacturing, Dahal (2022) provides relevant evidence on management accounting practices and organisational performance in Nepal. Using survey data from 217 manufacturing firms, the study examined the extent of adoption of traditional and contemporary MAPs, including budgeting, standard costing, activity-based costing, and non-financial performance indicators. Results showed that firms employing a wider range of MAPs, particularly those integrating non-financial metrics with cost information, reported significantly higher organisational performance across profitability, productivity, and market share dimensions (Dahal, 2022). The analysis indicated that MAP sophistication mediated the effects of firm size and competitive intensity on performance. While the sector differs from banking, the findings support the broader proposition that comprehensive and strategically oriented management accounting systems tend to coincide with superior outcomes in developing-country contexts.

In a large survey of Australian manufacturing firms, Chenhall and Langfield-Smith (1998a) documented the adoption rates and perceived benefits of both traditional and recently developed management accounting practices. Traditional techniques such as budgeting and variance analysis showed higher adoption rates and were rated as providing greater benefits than newer tools like activity-based costing and advanced performance measurement, although the latter were more widely used than in earlier studies (Chenhall & Langfield-Smith, 1998a). The authors found that firms using a broader portfolio of practices that incorporated non-financial and strategically focused information tended to report stronger perceived performance benefits. However, they also emphasised that implementation problems and organisational context influenced the realised value of innovative MAPs, reinforcing the idea that sophistication alone does not guarantee improved outcomes.

A companion article by Chenhall and Langfield-Smith (1998b) analysed how strategic priorities and management techniques jointly shape management accounting systems and performance. Using survey data and systems-based modelling, the authors showed that prospector and defender strategies were associated with different configurations of management techniques and accounting practices, and that alignment between strategy and MAP design was linked to better performance (Chenhall & Langfield-Smith, 1998b). Firms that matched their strategic priorities with appropriate costing, planning, and performance measurement systems reported superior outcomes compared with misaligned configurations. The study also highlighted the importance of integrative information systems that support coordination across functional areas. These results suggest that for a bank such as CBIL, the effectiveness of MAPs will depend not only on their sophistication but also on their fit with strategic objectives and competitive positioning.

Oyewo and Ajibolade (2019) explored whether the use of strategic management accounting techniques creates and sustains competitive advantage. Drawing on survey data from organisations adopting various strategic MAPs, they assessed the association between specific techniques and performance indicators. The results were mixed: while some strategic accounting tools were positively related to performance, others showed no significant or even negative relationships. These findings suggested that misalignment between strategic management accounting and organisational strategy, inadequate implementation, or

excessive complexity can offset potential benefits. The study emphasised that strategic MAPs are not universally beneficial and that their effectiveness depends on fit with organisational goals, capabilities, and environmental conditions. It called for managers to evaluate carefully which techniques are appropriate for their context and to ensure that implementation processes, training, and strategic alignment are robust before expecting performance improvements.

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Dhami (2016) conducted one of the earliest systematic studies of management accounting practices in Nepalese commercial banks. Using a questionnaire survey of managers across multiple institutions, the thesis documented the prevalence of budgeting, cost control techniques, performance evaluation systems, and responsibility accounting. Descriptive analysis indicated heavy reliance on traditional annual budgets and financial ratio analysis, with limited adoption of advanced tools such as activity-based costing or Balanced Scorecard-type frameworks (Dhami, 2016). Regression results using self-reported performance measures suggested that more frequent budget reviews, decentralised responsibility reporting, and broader performance measures were positively associated with perceived profitability and service quality. However, the study also identified resource

constraints, lack of specialised expertise, and weak IT systems as barriers to more sophisticated MAPs, underscoring the need for capacity building in Nepalese banking.

De Geuser et al. (2008) examined the performance implications of adopting the Balanced Scorecard (BSC), focusing on benefits management and strategy mapping. Using survey and case-based evidence, they compared organisations that used the BSC as an integrated strategy map with those that treated it as a collection of isolated indicators. The study found that when the BSC was implemented as a coherent framework linking objectives, measures, and initiatives, organisations reported clearer strategic focus, better alignment of activities, and improved performance outcomes. Conversely, where causal relationships among measures were poorly understood, the BSC generated confusion and implementation difficulties. The authors concluded that the value of multidimensional performance measurement systems depends on their integration into strategic management processes and on managers' ability to interpret cause-effect chains, rather than on the mere presence of multiple financial and non-financial indicators.

Cadez and Guilding (2008) developed and tested an integrated contingency model of strategic management accounting (SMA) and performance using survey data from 193 Slovenian companies. Structural equation modelling showed that SMA usage was positively associated with company performance, but its adoption was strongly shaped by business strategy, market orientation, deliberate strategy formulation, company size, and accountants' participation in strategic decision making (Cadez & Guilding, 2008). SMA mediated part of the relationship between these contingency factors and performance, indicating that strategically aligned accounting practices form an important link between context and outcomes. The study reinforced the view that there is no universally optimal SMA system; rather, the effectiveness of strategic MAPs depends on organisational and environmental fit, a consideration highly relevant for banks operating in dynamic markets.

Hoque and James (2000) examined the use of Balanced Scorecard (BSC) measures and their association with organisational performance. Using survey data from Australian manufacturing firms, the authors assessed the extent to which firms adopted performance metrics across the financial, customer, internal process, and learning-and-growth perspectives. Regression analysis indicated that firms using a broader set of BSC measures

reported higher levels of performance, especially when they also operated in more competitive markets and were of larger size (Hoque & James, 2000). The study concluded that multidimensional performance measurement can enhance performance by providing managers with a more balanced view of value drivers. For banks, the findings imply that extending performance evaluation beyond purely financial ratios towards customer and process indicators may improve strategic control and long-term profitability.

Mia and Clarke (1999) investigated how perceived market competition interacts with management accounting systems to influence business unit performance. Survey data from managers in Australian manufacturing firms were analysed using interaction regression models. The results indicated that the usefulness of detailed and externally oriented management accounting information increased with the intensity of market competition, and that units facing stronger competitive pressures benefited more from comprehensive accounting systems (Mia & Clarke, 1999). Where competition was low, extensive MAPs did not yield clear performance advantages. The study thus provided early empirical support for contingency theory by demonstrating that the performance impact of management accounting depends on environmental conditions. For banks in highly competitive markets, this suggests that richer MAPs can be particularly valuable in supporting timely and informed decisions.

Table 2

Meta-analysis of empirical studies on MAPs and performance

Author(s), Year	Country / Context	Sector / Sample	Key Focus / Variables	Method	Main Findings	Relevance / Gap for Present Study
Luft & Shields (2003)	General / multi- country	Various firms	MAP usage → decision quality → financial performanc e	Survey; SEM	Greater use of MAPs improves financial performance ; effect is partially mediated by rational decision processes.	Supports use of decision quality as a mechanism; shows MAPs create value through better decisions, not just tool

						adoption.
Kgakatsi et al. (2024)	Emerging economy	Large sample of firms	Comprehensive MAP portfolio, decision quality, financial performance	Large-scale survey; advanced regression/SEM	Positive MAP–performance link, but benefits depend on analytical capacity, training, and data infrastructure.	Emphasises organisational capabilities and technology as conditions for MAP effectiveness, relevant to CBIL’s context.
Avkiran (1997)	Australia	Commercial banks (branch and HO managers)	Budgeting, costing, benchmarking, perceived performance	Survey; correlation analysis	Strong positive correlations between intensity of budgeting, advanced costing, benchmarking and perceived performance.	Early banking evidence that MAPs matter; relies on subjective performance and no single-bank analysis – your study adds objective ratios for one bank.
Njoki (2016)	Kenya	Commercial banks	Planning, control, performance evaluation → profitability and financial indicators	Survey + bank data; regression	MAPs explain ~62% of variation in bank performance; planning and performance evaluation have significant positive effects.	Demonstrates large explanatory power of MAPs in banks; motivates testing similar relationships in a Nepali bank.

Ogundajo et al. (2024)	Nigeria	Listed firms	Strategic MAPs (competitor accounting, customer profitability, strategic costing) → shareholder value	Panel data; regression	Several SMA tools positive, but competitor accounting is the only consistently significant driver of value creation.	Shows that externally oriented accounting (competitor focus) can have stronger impact than purely internal measures.
Oyewo & Ajibolade (2019)	Nigeria	Various organisations	Strategic MAP techniques and competitive advantage	Survey; regression	Mixed results: some SMA tools positive, others insignificant or negative; effectiveness depends on strategic fit and implementation.	Warns that MAPs are not uniformly beneficial; highlights need to consider fit and implementation quality in CBIL.
Bagh et al. (2025)	Pakistan (service firms)	Service companies	Strategic MAPs × corporate governance → performance	Survey; interaction regression	Strategic MAPs improve performance, with stronger effects under good governance and accountability.	Suggests MAP benefits are amplified by strong governance structures; relevant for interpreting CBIL's institutional context.
De Geuser et al. (2008)	Europe	Organisations using BSC	Balanced Scorecard as integrated strategy map → performance	Survey cases +	BSC improves performance when used as coherent strategy map; weak	Supports inclusion of multidimensional performance measurement as a MAP

			e		or fragmented use creates confusion.	dimension; value depends on integration with strategy.
Surya et al. (2021)	Developing economy	SMEs	Market-oriented strategy, analytical / performance tools → growth and profitability	Survey; regression	Sophisticated performance measurement and analytics associated with higher growth; adoption constrained by resources and expertise.	Reinforces role of MAPs in competitive environments; highlights barriers similar to those faced by smaller branches or banks.
Johri et al. (2024)	South Asian banking	Banks (conceptual)	Managerial accounting, internal reporting, responsibility accounting in banks	Conceptual / descriptive	Argues that managerial accounting underpins asset quality monitoring, risk management, and branch performance.	Provides conceptual justification for focusing on MAPs in CBIL; no quantitative test of MAP–performance link.
Nallakuruppan et al. (2024)	Multi-country	Financial institutions	Explainable AI for credit risk and decision support	Modelling; empirical evaluation of AI models	AI-based credit risk models improve predictive accuracy and provide interpretable decision support.	Shows technological extension of decision-support MAPs; suggests future direction for advanced analytics in banks.

Raza & Tursoy (2024)	Italy	Banking (fintech users)	Technology Acceptance Model for fintech adoption	Survey; SEM	Perceived usefulness and ease of use drive fintech adoption and user attitudes.	Implies fintech and digitalisation increase data/decision demands on MAPs; internal systems must adapt.
Karki et al. (2025)	Nepal	Banks	Green banking practices, green financing → perceived performance	Survey; mediation analysis	Green banking improves perceived performance via green financing; highlights importance of non-financial metrics.	Suggests MAPs should incorporate environmental indicators; complements your focus on financial performance.
Kaisang (2020)	Kenya	All licensed commercial banks	Budgeting, costing, performance evaluation, decision-support → ROA	Cross-sectional survey; multiple regression	MAP bundle explains ~38% of ROA variation; budgeting and performance evaluation strongest positive predictors.	Very close analogue to your framework; supports selection of key MAP dimensions and ROA as outcome.
Chelangat et al. (2025)	Kenya	Commercial banks	MAPs (costing, budgeting, performance evaluation) × environmental uncertainty →	Survey; moderated regression	MAPs positively affect performance, but effect weakens under high environmental uncertainty.	Provides contingency evidence; informs interpretation of CBIL's results in a volatile environment.

			financial performance				
Mutai & Miroga (2023)	Kenya	43 commercial banks	Financial management practices (liquidity, credit risk, capital structure, working capital) → ROA	Panel regression	Liquidity and working capital management positively affect ROA; credit risk management negative; all practices jointly significant.	Shows broader internal financial practices also shape bank profitability; complements narrower MAP focus.	
Dhami (2016)	Nepal	Multiple commercial banks	Prevalence of budgeting, cost control, performance evaluation, responsibility accounting → perceived performance	Survey; descriptive and regression	Heavy reliance on traditional budgets and ratios; advanced MAPs limited. More frequent reviews and broader measures linked to higher perceived performance	Early evidence on Nepali banks; highlights low adoption of advanced MAPs and capacity constraints your study can revisit for CBIL.	
Niroula (2025)	Nepal	20 commercial banks	Budgeting, costing, variance analysis, performance measurement, responsibility accounting →	Survey; factor and regression analysis	Comprehensive management accounting systems positively associated with higher perceived profitability, efficiency, and service	Confirms positive MAP–performance link in Nepal; still cross-bank and perception-based, unlike your single-bank	

			perceived performance		quality.	objective-ratio study.
Dongol et al. (2024)	Nepal	Commercial banks	Modern MAPs (ABC, BSC, target costing, benchmarking) → perceived performance	Survey; correlation and regression	Higher adoption of modern MAPs linked to better cost efficiency, profitability, and customer service; benchmarking and multidimensional measures strongest.	Highlights importance of modern MAPs in Nepali banks; your study can see whether CBIL has adopted these and how they relate to actual financial results.
Bhattarai et al. (2025)	Nepal	7 commercial banks (managers & customers)	Budgeting, advanced costing, performance evaluation, benchmarking, TDABC → organisational performance (financial + non-financial)	Survey; descriptive stats, correlation, regression	Strong positive association between MAPs and perceived organisational performance; benchmarking and TDABC highly influential.	Main base study for your thesis; you extend their framework to a single bank (CBIL) and to hard financial indicators.
Dahal (2022)	Nepal	217 manufacturing firms	Traditional and contemporary MAPs → organisational performance	Survey; regression	Wider and more integrated MAP use (including non-financial metrics) associated with higher	Cross-sector support from Nepal that sophisticated MAPs improve performance; sector differs, but logic is

						profitability, productivity, and market share.	transferable to banking.
Chenhall & Langfield-Smith (1998a)	Australia	Manufacturing firms	Adoption and benefits of traditional vs newer MAPs	Large survey; descriptive and regression	Traditional tools widely adopted; broader portfolios including strategic/non-financial information linked to stronger perceived benefits; context and implementation matter.		Shows that combining traditional and innovative practices can enhance outcomes; but success is contingent.
Chenhall & Langfield-Smith (1998b)	Australia	Manufacturing firms	Strategy-MAP configuration and performance	Survey; systems modelling	Alignment between strategy type and MAP design associated with superior performance; misalignment reduces benefits.		Underlines need to assess fit between CBIL's strategy and its MAP configuration.
Mia & Clarke (1999)	Australia	Manufacturing business units	Market competition × management accounting system → performance	Survey; interaction regression	Detailed, externally oriented accounting systems are more valuable under high competition.		Supports contingency view that richer MAPs help more in competitive banking markets.
Hoque & James	Australia	Manufacturing firms	Balanced Scorecard	Survey;	Broader BSC use		Encourages use of

(2000)	a	ring firms	measures → organisational performance	regression	positively associated with performance, especially in large and competitive firms.	multidimensional performance measures in banks to complement financial ratios.
Cadez & Guilding (2008)	Slovenia	193 companies	Strategic management accounting usage, contingency factors, performance	Survey; SEM	SMA use positively related to performance; adoption driven by strategy, market orientation, size, and accountant involvement	Reinforces that MAP/SMA design must match context and strategy; informs your discussion of CBIL's contingencies.
Arseneault & Gagnon (2024)	Canada / public companies	Listed firms (accounting & HR staff)	Managerial accounting practices, HR metrics → financial, non-financial, market performance	Survey linked to objective data; regression	Richer HR and accounting metrics associated with better performance and disclosure; HR staff value diagnostic styles.	Broadens MAP perspective to include HR-related metrics and culture; relevant for people-intensive banking services.
Mueller & Weber (2022)	Emerging economy	Distressed firms undergoing turnaround	Changes in costing, budgeting, profitability analysis, strategic measurement during turnaround	In-depth case studies	Strengthening MAPs (cost reduction, product rationalisation, cash-flow monitoring) central to successful	Demonstrates how redesigned MAPs help reverse poor performance, highly relevant to CBIL's recent loss

turnarounds; situation.
leadership
use of MAP
information
critical.

2.4 Research Gap

Existing literature shows that modern management accounting practices (MAPs) can enhance organisational performance, yet their benefits are context dependent and not guaranteed (Begum & Rahman, 2024, 2025; Gomes et al., 2013; Ojra et al., 2021; Oyewo & Ajibolade, 2019). Banking studies report positive links between comprehensive budgeting, advanced costing, and multidimensional performance measurement and outcomes such as shareholder value and cost efficiency (Bhattarai et al., 2025; Njoki, 2016; Oyeyemi et al., 2025; Postolache, 2014). However, research on Nepalese banks is confined to multi-bank surveys that focus on perceived performance, provide averages, and rarely relate MAP dimensions to objective indicators of profitability, efficiency, growth, and asset quality (Bhattarai et al., 2025; Thapa et al., 2025). No prior study has examined how MAPs are structured across budgeting, costing, performance measurement, decision support, and management reporting within a single bank, or how these practices interact with an environment shaped by digitalisation and financial technologies (Nallakaruppan et al., 2024; Raza & Tursoy, 2024). In particular, there is no empirical work that maps MAPs at Citizens Bank International Limited, links them to its underperformance among peers, and identifies implementation challenges that may weaken the contribution of management accounting to financial performance (Devex, 2025; Ssharesansar, 2025).

CHAPTER III

RESEARCH METHODOLOGY

This chapter presents the methodological procedures adopted to examine how management accounting practices (MAPs) affect the financial performance of Citizens Bank International Limited (CBIL). It outlines the research design, population and sampling strategy, data sources and collection instruments, analytical techniques, and the research framework with operational definitions of variables. Clear specification of these elements enhances transparency, permits critical evaluation of the findings, and facilitates replication in future studies of management accounting in banking (Bhattarai et al., 2025; Njoki, 2016; Postolache, 2014).

3.1 Research Design

The study employs a single-organisation case study design with a predominantly quantitative, explanatory orientation, complemented by descriptive and qualitative elements. CBIL constitutes the organisational case within which variation in MAPs across managerial units is related to variation in financial performance indicators. The design is descriptive in documenting existing MAPs and recent performance and explanatory in testing hypothesised associations between MAP dimensions and performance derived from prior theory and empirical research (Gomes et al., 2013; Ojra et al., 2021).

Data are collected through a cross-sectional survey of managers combined with analysis of secondary financial statements for the most recent three fiscal years. The survey provides quantitative measures of the extent and nature of MAP use, while the secondary data supply objective indicators of profitability, efficiency, growth, and asset quality (Bhattarai et al., 2025; Thapa et al., 2025). Three qualitative evidences from semi-structured interviews and open-ended questionnaire items is used to explore implementation challenges and contextual factors, particularly regarding advanced practices such as activity-based costing, Balanced Scorecard-type frameworks, and benchmarking (Begum & Rahman, 2025; Bhattarai et al., 2025). This mixed-methods design is appropriate for capturing both measurable relationships and organisational nuances in a complex service setting (Alabdullah, 2019).

3.2 Population, Sample, and Sampling Design

The target population comprises managers at CBIL who are directly involved in planning, budgeting, costing, performance evaluation, decision support, or management reporting. This includes branch managers and selected head office managers in finance, planning, risk, operations, and related functions (Bhattarai et al., 2025; Citizens Bank International Limited | Devex, 2025).

Because it is infeasible to survey all eligible managers, the study adopts a purposive stratified sampling strategy. Branches are first grouped into strata according to geographic region and broad performance category using internal performance reports. Branches are then purposively selected within each stratum, and the respective branch managers are invited to participate. In addition, key head office managers responsible for bank-wide policy formulation and reporting are included to ensure that overall MAP design is captured. An intended sample of approximately 40 to 50 managers is considered adequate for basic regression analysis while allowing representation of diverse branch contexts and managerial perspectives (Njoki, 2016; Bhattarai et al., 2025).

3.3 Data Sources and Collection Instruments

The study uses both primary and secondary data. Primary data consist of 40-50 managers' responses on the extent of use of MAPs across the five dimensions specified in the conceptual framework, together with their views on challenges and perceived effects on performance (Ojra et al., 2021). Secondary data comprise CBIL's audited annual reports and selected internal management reports for the same five-year period, from which indicators of profitability, efficiency, growth, and asset quality are derived (Bhattarai et al., 2025; Thapa et al., 2025; Njoki, 2016).

The principal instrument for primary data collection is a structured questionnaire developed with reference to prior MAP studies in banking and service organisations and adapted to CBIL's context (Bhattarai et al., 2025; Njoki, 2016; Alabdullah, 2019). The questionnaire has four sections. The first records demographic and positional information about respondents and their units. The second comprises Likert-scale items measuring the existence, scope, and intensity of practices in budgeting and budgetary control, costing systems, performance measurement and evaluation, decision support and strategic analysis,

and management reporting. The third section elicits respondents' perceptions of how MAPs influence financial and operational outcomes. The fourth includes open-ended questions on implementation challenges and suggestions for improving MAPs.

The questionnaire is pilot tested with a small number of managers to assess clarity and relevance and revised accordingly. The final instrument is administered in person or electronically, and follow-up reminders are issued to improve the response rate. To deepen understanding of contextual and implementation issues, semi-structured interviews are conducted with a subset of head office managers responsible for finance, planning, and risk, guided by questions on the design and evolution of MAPs, perceived strengths and weaknesses, and constraints in adopting advanced practices (Bhattarai et al., 2025; Ojra et al., 2021). Secondary financial and performance data are extracted into structured spreadsheets aligned with the performance dimensions defined in Chapter II.

3.4 Methods of Data Analysis

Quantitative and qualitative data are analysed in a complementary manner. First, descriptive statistics are computed for all MAP items and for each of the five MAP dimension indices. Means, standard deviations, and frequency distributions summarise the prevalence and intensity of practice use across respondents and units. Descriptive trend analysis of CBIL's financial indicators is undertaken to portray recent trajectories in profitability, efficiency, growth, and asset quality (Bhattarai et al., 2025; Thapa et al., 2025).

Second, reliability of the MAP scales is assessed using Cronbach's alpha, with values of at least 0.70 interpreted as evidence of acceptable internal consistency (Bhattarai et al., 2025). Subject to sample size, exploratory factor analysis may be used to examine whether items cluster as expected into the five MAP dimensions and thereby support construct validity (Ojra et al., 2021).

Third, inferential analyses address the main hypotheses. Pearson correlation coefficients are calculated to examine bivariate associations between overall MAP usage and key financial performance indicators. Multiple regression models are then estimated with financial performance measures as dependent variables and the five MAP dimension scores as independent variables. These models assess both the joint explanatory power of MAPs and

the relative contribution of individual dimensions, consistent with prior work that links comprehensive MAP use to improved financial performance through enhanced decision quality (Begum & Rahman, 2025; Njoki, 2016). Standard diagnostic checks are undertaken to assess multicollinearity and the basic assumptions of the regression models.

Fourth, qualitative data from open-ended questionnaire responses and interviews are analysed using thematic content analysis. Text segments are coded into categories such as perceived benefits of specific MAPs, barriers to adoption, information technology constraints, and organisational culture issues. These themes are compared with quantitative results to explain why certain practices appear more strongly associated with performance and to derive contextually grounded recommendations for CBIL (Ojra et al., 2021; Postolache, 2014).

3.5 Ethical Considerations

The study adheres to established ethical standards for organisational and accounting research. Prior to data collection, formal approval will be sought from the relevant authority at Citizens Bank International Limited and from the university's research committee, as required. All prospective respondents will be informed about the purpose of the study, the types of questions to be asked, the expected time commitment, and their right to decline participation or withdraw at any stage without penalty. Informed consent will be obtained explicitly before administering questionnaires or conducting interviews (Bhattarai et al., 2025; Johri et al., 2024).

Confidentiality and anonymity will be strictly maintained. Questionnaires will not record names or personally identifying information, and interview transcripts will be coded using non-identifiable labels. Data will be reported only in aggregated form so that individual managers, branches, or departments cannot be recognised. All hard-copy and electronic data will be stored securely, with access restricted to the researcher and, where applicable, the academic supervisor.

The study will use secondary financial data solely for academic analysis. No attempt will be made to disclose or comment on sensitive bank information beyond what is necessary to address the research objectives. Findings will be presented in a constructive manner aimed at

organisational learning and improvement rather than criticism. By following these procedures, the research seeks to minimise any potential risk to participants and the institution and to comply with ethical norms commonly accepted in management and accounting research and institutional ethical requirements (Bhattarai et al., 2025; Johri et al., 2024).

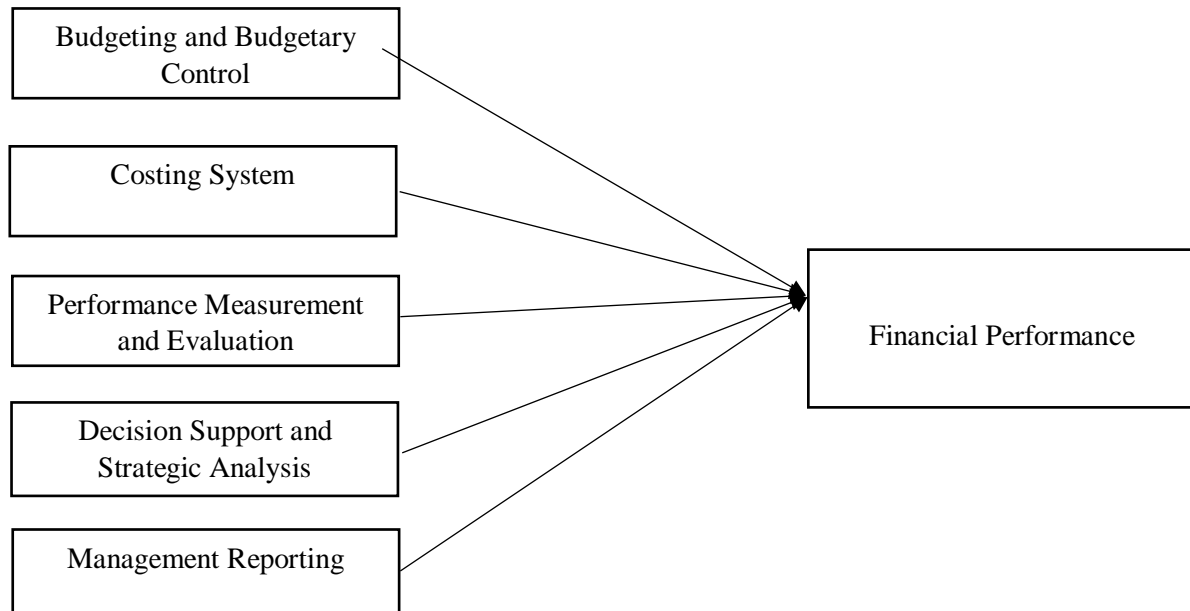
3.6 Research Framework

The conceptual framework for this study specifies how management accounting practices (MAPs) are expected to influence the financial performance of Citizen Bank International Limited. It synthesises the theoretical perspectives and empirical findings reviewed earlier and translates them into an analytically tractable structure that directly supports the research objectives, questions, and hypotheses.

In line with contingency theory and the resource-based view, the framework assumes that the design and use of internal management accounting systems constitute an organisational capability that can enhance performance when appropriately aligned with contextual conditions and effectively embedded in decision processes (Gomes et al., 2013; Ojra et al., 2021). Building on this reasoning, the model treats MAPs as the independent variables and financial performance as the dependent variable, with an expected positive association between more intensive, sophisticated MAP use and superior financial outcomes (Begum & Rahman, 2025; Bhattarai et al., 2025).

Independent Variables

Dependent Variable



(Source: Bhattarai et al., 2025)

Figure 1: *Research Framework of the Study*

Independent Variables

The framework operationalises MAPs through five interrelated dimensions, as depicted in the conceptual diagram of the study (Figure 1):

Budgeting and budgetary control

This dimension captures the existence, comprehensiveness, and utilisation of budgets for planning and control at head-office and branch levels, as well as the extent of variance analysis and corrective action. Stronger budgeting practices are expected to enhance cost discipline, resource allocation, and goal congruence (Bhattarai et al., 2025).

Costing systems

This dimension reflects how the bank measures and assigns costs to products, services, branches, and customer segments, including the use of activity-based costing or related approaches. More refined costing systems are expected to improve pricing, product mix

decisions, and cost management, thereby supporting profitability (Bhattarai et al., 2025; Ojra et al., 2021).

Performance measurement and evaluation

This dimension concerns the scope and depth of financial and non-financial performance indicators used to evaluate units and managers, as well as the use of frameworks such as the Balanced Scorecard. More comprehensive and strategically aligned measurement systems are expected to improve monitoring, learning, and alignment between operations and strategy (Gomes et al., 2013).

Decision support and strategic analysis

This dimension captures the use of analytical tools and information for credit decisions, risk assessment, profitability analysis, scenario analysis, and benchmarking. Enhanced decision-support practices are expected to improve the rationality of managerial decisions, consistent with evidence that MAPs contribute to performance through improved decision quality (Begum & Rahman, 2024, 2025; Nallakaruppan et al., 2024).

Management reporting

This dimension represents the structure, frequency, and content of internal reports that convey accounting and performance information to decision makers, including dashboards, exception reports, and branch comparisons. Timelier and decision-oriented reporting is expected to reduce internal information asymmetry and enable quicker, better-targeted responses to emerging issues (Postolache, 2014).

These five dimensions are conceptualised as related but analytically separable aspects of MAPs. They will be measured via survey items aggregated into indices, allowing the study to examine both their combined and their differential effects on performance.

Dependent Variable

Financial performance is treated as the outcome of interest and is operationalised through a set of indicators that reflect profitability, efficiency, growth, and asset quality consistent with banking literature and Nepalese practice (Bhattarai et al., 2025; Njoki, 2016; Thapa et al., 2025). Illustrative measures include return on assets, return on equity, cost-to-income ratio,

profit growth, loan and deposit growth, and non-performing loan ratios. Where data permits, these indicators will be examined at both overall bank level and branch or unit levels to align with the unit of analysis used for MAP measurement.

Postulated Relationships

The conceptual framework postulates that higher levels of use and sophistication of MAPs across the five dimensions will be associated with better financial performance indicators at Citizen Bank International Limited. In the diagram (Figure 1), each MAP dimension is represented as an arrow pointing towards financial performance, indicating a direct expected effect. This structure mirrors the main alternative hypothesis stated in Chapter I, namely that there is a statistically significant positive relationship between the extent of MAP usage and financial performance.

Although not formally modelled as a separate variable, prior research suggests that improved managerial decision quality constitutes a key mechanism through which MAPs influence performance (Begum & Rahman, 2025). Similarly, contextual factors such as regulatory changes, competitive conditions, and organisational capabilities may moderate the strength of these relationships (Ojra et al., 2021; Oyewo & Ajibolade, 2019). These factors will be considered qualitatively in interpreting empirical results, even if they are not fully captured as quantitative control variables.

In summary, the conceptual framework provides a structured representation of how management accounting practices are expected to shape financial performance at Citizen Bank International Limited. It offers a clear basis for deriving the research questions and hypotheses and guides the operationalisation of variables and the specification of statistical models in the subsequent methodology chapter.

CHAPTER IV

RESULTS AND DISCUSSION

4.1 Data preparation and coding

The primary data for this study were collected through a structured questionnaire administered to managers and officers of Citizens Bank International Limited. After the fieldwork, the completed questionnaires were entered into a Microsoft Excel worksheet. Each column represented one survey item, and each row represented an individual respondent.

At the cleaning stage the raw file was checked for missing entries, out of range values and obvious typing errors. For categorical items such as position, branch and region, several spelling variations were observed, for example “baneshwor” and “Baneshwor” or “bagmati” and “Bagmati Province”. These variations were retained in their original form because they do not affect the statistical analysis, but during interpretation they were conceptually grouped into the same category. For the Likert scale items all responses fell within the required range from one to five, so no recoding for range violations was necessary.

The cleaned Excel file was then imported into SPSS for analysis. Each variable was given a short and meaningful label. Background variables included position, department, branch, region, years in the bank, years in the present position, level of academic qualification and professional accounting or finance qualification. Management accounting practice items were coded as follows: budg1 to budg5 for budgeting practices, cost1 to cost5 for costing practices, pm1 to pm5 for performance measurement, ds1 to ds5 for decision support, rep1 to rep5 for management reporting and perf1 to perf4 for perceived financial performance. All Likert items used a five-point scale from strongly disagree (coded 1) to strongly agree (coded 5), with value labels defined in SPSS so that output tables could be read easily.

Composite indices were then created for each construct by averaging the relevant items. This produced a budgeting index (budg_index), costing index (cost_index), performance measurement index (pm_index), decision support index (ds_index), reporting index (rep_index) and perceived performance index (perf_index). An overall management

accounting practices index (map_index) was also constructed as the mean of the five practice indices. The resulting SPSS data file contained complete information for 56 respondents and formed the basis of all subsequent quantitative analyses.

In parallel, secondary financial data for Citizens Bank International Limited were obtained from the annual reports of the bank. The relevant figures for three consecutive fiscal years were extracted and summarised into three tables covering the statement of financial position, the statement of profit or loss and selected key performance indicators. These tables are presented later in this chapter and are used to interpret the survey and interview findings in the context of the bank's actual performance.

Finally, qualitative data were collected through three semi structured interviews with experienced bankers: a branch manager of Citizens Bank International, a senior officer from the finance department of Nepal SBI Bank and a branch operations manager from NMB Bank. The interviews were transcribed verbatim and analysed thematically. The findings from these interviews are presented alongside the quantitative results to provide a richer understanding of management accounting practices and performance in the Nepalese banking sector.

4.2 Quantitative results from the survey

4.2.1 Profile of respondents

The sample consisted of 56 managers and officers from different branches and departments of Citizens Bank International Limited. Table 4.1 summarises the distribution of respondents by position.

Table 3

Distribution of respondents by position

	Frequency	Percent	Valid Percent	Cumulative Percent
Manager	1	1.8	1.8	3.6
Accountant	3	5.4	5.4	8.9
Assistance	1	1.8	1.8	10.7
Assistance manager	1	1.8	1.8	12.5
Assistance Manager	1	1.8	1.8	14.3
Assistant	2	3.6	3.6	17.9
Assistant Branch Manager	2	3.6	3.6	21.4
Assistant Manager	2	3.6	3.6	25.0
Banking Officer	1	1.8	1.8	26.8
branch assistant manager	2	3.6	3.6	30.4
branch assistantmanager	2	3.6	3.6	33.9
Branch Manager	16	28.6	28.6	62.5
CSD	1	1.8	1.8	64.3
Finance Manager	1	1.8	1.8	66.1
Finance officer	1	1.8	1.8	67.9
front desk	1	1.8	1.8	69.6
Head Office Manager	3	5.4	5.4	75.0
Jr. accountant	1	1.8	1.8	76.8
Junier Assisistence	1	1.8	1.8	78.6
Junior assistance	2	3.6	3.6	82.1
Junior Assistant	1	1.8	1.8	83.9
marketing	1	1.8	1.8	85.7
Project Manager	1	1.8	1.8	87.5
Senior Assestance	1	1.8	1.8	89.3
senior assestent	1	1.8	1.8	91.1
Senior Assistance	2	3.6	3.6	94.6
Senior Officer	1	1.8	1.8	96.4
Senior sales and marketing officer	1	1.8	1.8	98.2
supervisor	1	1.8	1.8	100.0
Total	56	100.0	100.0	

(Source: Field Survey, 2025)

The detailed SPSS frequency table shown in Table 3 shows that Branch Managers account for around 29 percent of the sample. Senior and junior assistants together represent a substantial share, followed by head office managers and accountants. Only a small number of respondents occupy purely clerical or front desk positions. Figure 2, a simple bar chart of position, illustrates that the sample is dominated by branch level managerial and supervisory

staff, which is appropriate for a study on management accounting practices and branch performance.

In terms of location, respondents are drawn from a range of branches. New Baneshwor, Kathmandu Main Branch, Kathmandu Branch and New Road Branch together account for a large share of the sample, with additional representation from Boudha, Kapan, Nuwakot, Biratnagar, Dhangadhi, Kailali and several other locations. When these branches are grouped by province, most respondents are in Bagmati Province.

4.2.2 Reliability of measurement scales

Reliability analysis was conducted for each set of Likert items. Cronbach's alpha values are summarised in Table 4 and the detailed outputs regarding the Cronbach's alpha for major constructs are placed in the appendix.

Table 4.

Cronbach's alpha for major constructs

Construct	Items	Cronbach's alpha
Budgeting	budg1 to budg5	0.696
Costing	cost1 to cost5	0.634
Performance measurement	pm1 to pm5	0.717
Decision support	ds1 to ds5	0.638
Management reporting	rep1 to rep5	0.690
Perceived performance	perf1 to perf4	0.707

All scales display acceptable internal consistency for exploratory research. Performance measurement and perceived performance show alpha values slightly above 0.70. Budgeting and reporting are just below this threshold but still reasonably high. Costing and decision support have alphas around 0.63, which are acceptable considering that the scales contain diverse items and only five statements each. Item total statistics confirmed that no single item

was causing serious problems. In particular, the item regarding staff participation in budgeting (budg5) had the lowest item total correlation within the budgeting scale, but its removal would have improved alpha only modestly, so it was retained for conceptual completeness.

4.2.3 Descriptive statistics for management accounting practices

Descriptive statistics for the composite indices are presented in Table 4.3.

Table 5

Descriptive statistics for composite indices (N = 56)

	N	Minimum	Maximum	Mean	Std. Deviation
budg_index	56	1.00	4.60	3.4571	.71117
cost_index	56	1.00	4.60	3.2643	.62912
pm_index	56	1.80	4.80	3.5179	.70301
ds_index	56	2.00	5.00	3.4179	.64642
rep_index	56	1.80	4.80	3.4821	.71124
pref_index	56	1.50	4.75	3.4866	.69645
map_index	56	2.00	4.68	3.3673	.61437
Valid N (listwise)	56				

All means are above the neutral midpoint of three on the five-point scale. This indicates that respondents tend to agree that management accounting practices are present in their branches and that financial performance is at least moderately satisfactory. Among the MAP dimensions, performance measurement records the highest mean, followed closely by reporting and budgeting. Decision support practices are also strong, while costing has the lowest mean although still above the midpoint.

The mean scores confirms that there are no extremely weak dimensions but highlights the relative strength of performance measurement and the relative weakness of advanced costing practices. The overall MAP index has a mean of 3.37 with a standard deviation of 0.61. The majority of branches cluster between scores of 3.0 and 4.0 and that the distribution is roughly bell shaped. Only a few branches fall near the lower bound of 2.0 or above 4.5. This spread

indicates that the sample contains branches with relatively low, moderate and high use of management accounting practices, which is useful for examining links with performance.

Item level descriptive statistics provide more detailed insights. For budgeting, three items stand out. Respondents generally agree that formal annual budgets are prepared for all major activities, that budgets are used as a key tool for planning revenues and costs, and that budget variances are analysed regularly. The combined share of agree and strongly agree categories is clearly larger than the share of disagree categories, with neutral responses forming a moderate middle group. For the item on corrective actions after significant budget variances (budg4) most respondents again select agree or strongly agree, suggesting that budgets are not only prepared but actively used for control.

However, the distribution for budg5, is noticeably different. The largest share of respondents is neutral about whether branch staff participate in budget preparation. The shares of agree and strongly agree are smaller, and a non-trivial proportion disagree. This confirms that budgeting in the bank is still largely driven by head office, with limited participation from lower-level staff, a point that is echoed in the interview with the Citizens Bank branch manager.

Costing items show moderate endorsement. Respondents agree that operating costs are tracked and that cost information is available by category. Cost information is used for pricing and product mix decisions, but the item on the use of advanced costing methods such as activity-based costing records only modest agreement. This suggests that costing systems remain mostly traditional, focusing on broad categories and allocations rather than detailed process-based costing.

Decision support items indicate that managers receive financial and accounting information to support credit and investment decisions, that profitability analysis by product or segment is carried out, and that benchmarking against other branches takes place. Scenario analysis and the use of advanced analytical tools are less frequent, although still present to some extent.

For performance measurement, the highest mean is for the item stating that performance results are used in managerial evaluation, followed using nonfinancial indicators and the setting of formal performance targets. Respondents also agree that regular performance

reviews take place. Reporting items show that internal reports are prepared regularly, are reasonably clear and highlight key exceptions, and that responsibility for results is clearly assigned. Timeliness and user friendliness of reports appear adequate but leave some room for improvement.

4.2.4 Descriptive statistics for perceived financial performance

Perceived performance is measured through four items on achievement of financial targets, efficiency relative to other branches, asset quality and growth in business volumes. All items have means slightly above 3.3, with efficiency, asset quality and growth scoring around 3.5 and achievement of formal targets scoring slightly lower. The composite performance index thus summarises a moderate but not outstanding level of perceived performance.

The distribution of the performance index is approximately normal, centred around a mean of 3.49 with a standard deviation of 0.70. Some branches rate themselves below 2.5 and some above 4.5, indicating meaningful variation in performance perceptions that can be explained by differences in management accounting practices and other factors.

4.2.5 Correlation analysis

Pearson correlation coefficients were computed among the five MAP indices, the overall MAP index and the perceived performance index. All correlations are significant at the one percent level.

Table 6

Correlation Analysis Table

		<u>budget_index</u>	<u>cost_index</u>	<u>pm_index</u>	<u>ds_index</u>	<u>rep_index</u>
<u>budget_index</u>	Pearson	1				
	Correlation					
	Sig. (2-tailed)					
	N	56				
<u>cost_index</u>	Pearson	.803**	1			
	Correlation					
	Sig. (2-tailed)	.000				
	N	56	56			
<u>pm_index</u>	Pearson	.661**	.685**	1		
	Correlation					
	Sig. (2-tailed)	.000	.000			
	N	56	56	56		
<u>ds_index</u>	Pearson	.743**	.707**	.786**	1	
	Correlation					
	Sig. (2-tailed)	.000	.000	.000		
	N	56	56	56	56	
<u>rep_index</u>	Pearson	.556**	.541**	.785**	.753**	1
	Correlation					
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	56	56	56	56	56
<u>perf_index</u>	Pearson	.565**	.602**	.748**	.685**	.601**
	Correlation					
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	56	56	56	56	56
<u>map_index</u>	Pearson	.709**	.679**	.816**	.739**	.802**
	Correlation					
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	56	56	56	56	56

Budgeting and costing are very strongly correlated, with a coefficient of 0.803, indicating that branches with more comprehensive budgeting systems also tend to have more developed costing systems. Performance measurement correlates strongly with both budgeting and costing, with coefficients of 0.661 and 0.685 respectively. Decision support shows strong correlations with all other MAP dimensions, especially performance measurement (0.786) and reporting (0.753). Reporting itself is strongly associated with performance measurement (0.785). These high inter correlations indicate that management accounting practices tend to be implemented as a cluster. Branches that invest in one area, such as budgeting or performance measurement, typically also invest in others.

Each MAP dimension is positively related to perceived performance. The correlation between budgeting and performance is 0.565, between costing and performance 0.602,

between performance measurement and performance 0.748, between decision support and performance 0.685 and between reporting and performance 0.601. The strongest association is between performance measurement and performance, followed by decision support. The overall MAP index has a correlation of 0.670 with perceived performance.

These relationships the overall MAP index against perceived performance and shows a clear upward trend. Budgeting is also positively related to performance. The performance measurement is plotted against performance, reveals an even tighter clustering of points around the upward sloping regression line, reinforcing the statistical finding that performance measurement is the most influential individual dimension.

4.2.6 Regression analysis

Regression analysis was conducted to examine the joint effect of management accounting practices on perceived performance and to test the study’s hypotheses.

Table 7

Model Summary of Regression Analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.768 ^a	.590	.549	.46769

In the first model, the five MAP dimensions were entered simultaneously as predictors of perceived performance. The Model Summary reports a multiple correlation coefficient of 0.768 and an R squared value of 0.590. Thus, about 59 percent of the variance in perceived performance is explained by the combined influence of budgeting, costing, performance measurement, decision support and reporting. The adjusted R squared of 0.549 indicates that the explanatory power remains high after controlling for the number of predictors.

Table 8
ANOVA Analysis

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.741	5	3.148	14.392	.000 ^b
	Residual	10.937	50	.219		
	Total	26.677	55			

The analysis of variance shows an F value of 14.392 with a significance level less than 0.001, confirming that the model is statistically significant.

Table 9
Coefficients of Regression Analysis

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.582	.373		1.558	.126
	budg_index	-.042	.164	-.042	-.254	.801
	cost_index	.132	.181	.119	.731	.468
	pm_index	.535	.174	.540	3.068	.003
	ds_index	.262	.195	.244	1.347	.184
	rep_index	-.047	.155	-.047	-.300	.765

The coefficients table reveals that only the performance measurement index has a significant unique effect on performance once the overlap among variables is controlled for. Its unstandardised coefficient is 0.535 with a t value of 3.068 and a p value of 0.003. This suggests that, holding other practices constant, a one unit increase in the performance

measurement index is associated with an increase of about 0.54 units in the performance index. The standardised beta coefficient of 0.540 shows that it is the most powerful predictor.

The coefficients for budgeting, costing, decision support and reporting are all small and not statistically significant. The non significance should be interpreted in the light of collinearity statistics. Tolerance values lie between 0.251 and 0.328 and the corresponding variance inflation factors between 3.046 and 3.986. These values indicate moderate multicollinearity, meaning that the predictors share a considerable amount of variance with each other. In such circumstances, regression models often have difficulty distinguishing the separate contributions of each predictor, even when they are all correlated with the dependent variable.

To avoid this problem and to obtain a clearer measure of the overall impact of management accounting practices, a second regression model was estimated with the overall MAP index as the single predictor of perceived performance. The Model Summary for this simple regression shows R equal to 0.670 and R squared equal to 0.450. Approximately 45 percent of the variance in perceived performance is explained by the overall MAP index alone. The adjusted R squared is 0.439 and the F statistic is 44.095 with a significance level below 0.001.

The regression coefficient for the overall MAP index is 0.760 with a standard error of 0.114. The corresponding t value is 6.640 and the significance level is below 0.001. The standardised beta coefficient is 0.670, identical to the correlation coefficient, indicating a strong positive effect. In practical terms, this means that, on average, branches that score one point higher on the overall MAP index also score around 0.76 points higher on the perceived performance index.

Regression diagnostics support the validity of these results. The histogram of standardised residuals for the performance regression shows an approximately symmetric bell-shaped distribution around zero. The normal probability plot of residuals indicates that observed values lie close to the expected line. The scatterplot of residuals against predicted values shows no obvious pattern or funnel shape. These plots suggest that the assumptions of normality, linearity and homoscedasticity are reasonably satisfied.

4.3 Qualitative insights from interviews

The three interviews provide rich contextual information on how management accounting practices operate in practice in Nepalese banks and how they are perceived to influence performance.

The branch manager of Citizens Bank International describes a budgeting process that originates from head office but involves branch managers and key staff. Budget guidelines and templates are issued from the planning and finance department, after which branch teams review past performance, discuss growth opportunities and propose their targets within the limits set by head office. Negotiation takes place between branch and regional offices before the consolidated budget is approved. This description supports the survey finding that budgeting is reasonably formal and that variance analysis is carried out regularly. It also explains why many respondents selected neutral for the statement on staff participation in budgeting; while branch managers are involved, lower-level staff may feel that the process is still largely driven by top management.

The same branch manager reports that budget actual reports are received monthly and are discussed with the regional manager in review meetings where positive and negative variances must be explained. Additional monitoring takes place weekly through internal management information systems. This confirms that budgeting is used not only for planning but also for control and performance review, consistent with the relatively high mean values of the budgeting items and with prior empirical findings that budgeting and performance evaluation systems are central elements of management accounting in banks.

At branch level, cost information is available mainly by broad categories such as staff costs, administrative expenses and promotional expenses, with some overhead allocation from head office. Detailed product wise or segment wise costing is not yet available. The branch manager emphasises that cost data are useful for controlling discretionary expenses but that decisions rely more on revenue data and simple profitability calculations. This account mirrors the survey result that costing practices are moderately developed but that advanced costing methods are not widely used.

The interview with the senior finance officer from Nepal SBI Bank provides a head office perspective. He explains that the budgeting process is structured and guided by macroeconomic assumptions and bank level targets. Branch budgets are consolidated and reviewed for consistency with risk appetite before approval. Detailed budget versus actual reports are produced monthly at both bank wide and branch level, and a more comprehensive mid-year review allows for budget revisions in response to environmental changes.

Regarding performance measurement, Nepal SBI Bank uses an internal dashboard with indicators under four perspectives: financial, customer and market position, internal process efficiency and learning and growth. Branch scorecards combine financial indicators such as net profit, return on assets, non-performing loan ratio and fee income with nonfinancial indicators such as compliance issues, service quality metrics and operational losses. These scorecards are used for branch performance evaluation and management appraisal. This matches the survey result that performance measurement and reporting are relatively advanced dimensions and helps explain why the performance measurement index has the strongest statistical relationship with perceived performance.

Both the Citizens Bank branch manager and the Nepal SBI finance officer highlight the increasing attention given to risk indicators such as non-performing loans, sector wise exposures and cost to income ratios, especially in response to declining profitability and rising credit risk. They also identify several challenges, including limited staff skills for interpreting advanced management reports, partial reliance on manual consolidation in Excel, insufficient integration of systems and a need for more forward-looking indicators.

The branch operations manager from NMB Bank provides additional insight into operational level use of management accounting information. She describes a wide range of daily and weekly reports on transaction volumes, service times, complaints, operational losses and exception reports. Monthly branch performance meetings review financial results alongside operational metrics. She notes that while the reports are timely and quite comprehensive, they are sometimes dense and difficult for frontline supervisors to interpret, and the link between operational indicators and financial outcomes is not always explicit.

The operations manager also gives concrete examples where better management accounting information has helped improve performance. Detailed analysis of queue times and

transaction volumes prompted changes in counter allocation and promotion of digital channels, leading to improved service quality and fewer complaints. At the same time, lack of detailed product level profitability data has made it difficult to assess the true profitability of some products. These examples illustrate both the benefits and the limitations of current management accounting systems and align closely with the survey findings that decision support tools and advanced costing methods have room for improvement.

All three interviewees believe that better management accounting information has contributed to improvements in profitability, efficiency or asset quality in recent years. They report that regular budget reviews and profitability reports have fostered greater discipline in managing deposit and loan mix, pricing and non-interest expenses, and that closer monitoring of non-performing loans and early warning signals has helped contain credit risk. At the same time, they emphasise ongoing challenges related to data quality, systems integration, staff skills and the need to incorporate more nonfinancial and forward-looking indicators into regular reporting.

4.4 Results of hypothesis testing

H1: Citizens Bank widely applies budgeting, costing, performance measurement, decision support, and reporting management accounting practices.

Citizens Bank widely applies budgeting, costing, performance measurement, decision support and reporting practices. Descriptive statistics support this: composite means for all five indices range from 3.26 to 3.52 on a five-point scale, all above the neutral midpoint. Item-level results and frequency charts show regular budgeting, variance analysis and internal reporting. Reliability coefficients are acceptable. Together, these findings indicate broad, though uneven, application of core management accounting practices.

H2: Citizens Bank's profitability, efficiency, growth, and asset quality indicators differ significantly across recent financial years.

Citizens Bank's profitability, efficiency, growth and asset quality indicators differ significantly across recent years. Descriptive data support this claim. Assets, deposits, loans and investments grow, while profit after tax falls from NPR 2,006 million to NPR 1,321 million. Return on assets and equity decline, earnings per share drop and non-performing

loans rise from 2.22 percent to 4.10 percent. Although no formal tests were run, differences are substantial.

H3: Higher overall usage of management accounting practices is positively associated with Citizens Bank's financial performance indicators.

This hypothesis proposes that higher overall usage of management accounting practices is positively associated with financial performance. This hypothesis is strongly supported. The simple regression of the overall MAP index on the performance index yields R squared of 0.450 and an unstandardised coefficient of 0.760, with p below 0.001. Branches with higher MAP scores consistently report better perceived profitability, efficiency, asset quality and overall growth, indicating a clear positive MAP–performance relationship.

H4: Individual management accounting practice dimensions significantly predict variation in Citizens Bank's profitability, efficiency, growth, and asset quality.

Individual management accounting practice dimensions significantly predict variation in performance. The multiple regression model including budgeting, costing, performance measurement, decision support and reporting explains 59 percent of performance variance and is significant overall at p below 0.001. However, only the performance measurement index has a significant unique coefficient ($p = 0.003$). Other dimensions are not significant individually, likely due to multicollinearity, so H4 is only partially supported.

H5: Greater implementation challenges are associated with lower adoption and effective utilisation of advanced management accounting practices.

Greater implementation challenges are associated with lower adoption and effective utilisation of advanced management accounting practices. Although not tested statistically, qualitative interviews provide consistent evidence. Managers' report constraints including limited staff skills, fragmented systems, heavy workloads and lack of product-level costing. Branches describing severe challenges also tend to report weaker use of advanced tools such as activity-based costing, scenario analysis and integrated dashboards, supporting the hypothesis qualitatively.

Table 10

Hypotheses Summary

Alternative Hypotheses	Remarks
H1: Citizens Bank widely applies budgeting, costing, performance measurement, decision support, and reporting management accounting practices.	Accepted: supported by descriptive statistics (all MAP indices mean > 3 with acceptable reliability).
H2: Citizens Bank's profitability, efficiency, growth, and asset quality indicators differ significantly across recent financial years.	Accepted: supported by clear year to year changes in ROA, ROE, EPS and NPL ratios.
H3: Higher overall usage of management accounting practices is positively associated with Citizens Bank's financial performance indicators.	Accepted: simple regression of MAP index on performance index is highly significant and positive ($R^2 = 0.450$, $\beta = 0.760$).
H4: Individual management accounting practice dimensions significantly predict variation in Citizens Bank's profitability, efficiency, growth, and asset quality.	Partially accepted: overall model significant ($R^2 = 0.590$), but only performance measurement has a significant unique effect.
H5: Greater implementation challenges are associated with lower adoption and effective utilisation of advanced management accounting practices.	Accepted: supported qualitatively by interviews indicating skills, system and workload constraints reduce advanced MAP adoption.

4.5 Major Findings

- The survey shows that core management accounting practices in Citizens Bank International are moderately to well developed. Composite indices for budgeting, costing, performance measurement, decision support and reporting all record mean values above three on a five-point scale, with performance measurement and

reporting slightly higher and costing somewhat lower. Reliability statistics indicate acceptable internal consistency for all scales. Item level results confirm that formal annual budgets are prepared, variances are analysed and corrective actions are taken. However, participative budgeting and advanced costing techniques are weaker, suggesting that management accounting remains more traditional and top driven in several branches.

- Correlation and regression results reveal a strong positive association between management accounting practices and perceived branch financial performance. Each MAP dimension is significantly correlated with performance, and the overall MAP index explains about 45 percent of the variance in perceived performance in simple regression. In the multiple regression model, the five dimensions jointly account for 59 percent of the variance. These findings support the central proposition of the study that broader and more intensive use of management accounting practices is associated with higher perceived efficiency, better asset quality and stronger growth in business volumes at branch level.
- Among the individual dimensions, performance measurement emerges as the most influential predictor of performance. It has the highest bivariate correlation with perceived performance and is the only dimension with a statistically significant unique coefficient in the multivariate regression. Branches that report stronger use of formal targets, balanced financial and nonfinancial indicators and regular performance reviews also report better financial outcomes. Management reporting practices, including timely, clear internal reports and clear allocation of responsibility, are also strongly associated with performance at the correlation level. The results suggest that the real performance gains arise when information is organised into coherent performance measurement and evaluation frameworks.
- The three-year financial summary shows that Citizens Bank International has grown its total assets, deposits, loans and investments, while steadily built general reserves and maintained a comfortable capital adequacy ratio. However, profitability indicators have weakened. Return on assets, return on equity and earnings per share all decline over the period, and profit after tax falls despite balance sheet expansion. Non-performing loans increase and the weighted interest spread narrows slightly.

These trends indicate that the bank is operating in a challenging environment with mounting credit risk and pressure on margins, which heightens the importance of effective internal management accounting and performance control systems.

- Interview evidence from the Citizens Bank branch manager and the Nepal SBI finance officer confirms that budgeting and performance review processes are structured and frequent. Budgets originate at head office, but branches are consulted on targets. Monthly budget actual reports highlight variances in deposits, loans, interest income, fee income and expenses, and branch managers must explain deviations and propose corrective actions. Profitability reports at branch and product level provide further guidance. At the same time, interviews reveal that lower-level staff often perceive limited influence over budget formulation, that some reports are dense and difficult to interpret and that advanced analytical tools are not fully utilised.
- Both survey and interview data highlight gaps in advanced costing and decision support. Branches predominantly receive cost information by broad category, with limited product or customer level cost allocation and no fully implemented activity-based costing. Scenario analysis, risk adjusted profitability tools and integrated dashboards are used only selectively. Interviewees from all three banks stress that data fragmentation across systems and reliance on manual Excel work reduce the usefulness of information. They also point to constraints in staff skills, noting that many managers can read figures but lack confidence in interpreting complex reports and translating them into concrete strategic or operational decisions.
- The findings show a gradual but incomplete shift toward more balanced performance frameworks. Nepal SBI Bank has a dashboard structured around financial, customer, process and learning perspectives, and NMB Bank uses branch scorecards that incorporate service quality and complaint metrics. Citizens Bank branches monitor loan quality and early warning signals through internal MIS. Nevertheless, financial volume targets and short-term profit measures still dominate. The interviews and survey results suggest that future priorities should include deeper integration of nonfinancial indicators, better linkage between operational metrics and financial outcomes, and more forward-looking risk and customer analytics within the management accounting system.

4.6 Discussion

The combination of survey results, financial data and interview evidence provides a comprehensive and nuanced picture of management accounting practices and performance in Citizens Bank International and, more broadly, in the Nepalese banking context. Overall, the results support the central premise of the study that management accounting practices are moderately well developed and are meaningfully associated with branch level performance, but that important gaps remain in participation, costing sophistication, decision support and capability building.

The survey findings show that management accounting practices are reasonably developed across budgeting, performance measurement, reporting and decision support, while advanced costing techniques are less common. All composite indices lie above the neutral midpoint and reliability statistics confirm internal consistency, indicating that the constructs are measured in a stable way. This configuration is similar to patterns reported in earlier studies in developed and emerging economies where traditional tools such as budgeting, variance analysis and basic performance reports are widely adopted, while more sophisticated approaches such as activity-based costing, strategic management accounting and integrated dashboards are less diffused (Chenhall and Langfield Smith, 1998a; Alabdullah, 2019; Dahal, 2022). The Nepalese evidence of Dhimi, Niroula, Dongol and Bhattarai et al. also points to partial modernisation of management accounting in banks, with strong reliance on budgets and ratios but gradual adoption of broader performance metrics and benchmarking (Dhimi, 2016; Niroula, 2025; Dongol et al., 2024; Bhattarai et al., 2025). The interview narratives in this study align closely with that trajectory, describing structured budgeting cycles, regular variance reports and branch profitability statements, alongside incomplete implementation of advanced costing and decision support systems.

Quantitative analysis confirms a strong positive relationship between management accounting practices and perceived financial performance. Each dimension of management accounting is significantly correlated with the performance index, and the overall management accounting practices index explains almost half of the variation in perceived performance in the simple regression model. When the five dimensions are entered together, they jointly account for nearly sixty percent of the variance, although performance

measurement is the only statistically significant unique predictor. These results are in line with a wide body of empirical work showing that richer management accounting systems are associated with higher profitability, better cost control and improved competitive position in both manufacturing and service organisations (Luft and Shields, 2003; Mia and Clarke, 1999; Chenhall and Langfield Smith, 1998a; Alabdullah, 2019). Studies of commercial banks in Kenya and Nepal similarly report that bundles of budgeting, costing and performance evaluation practices explain a substantial share of variation in financial outcomes (Njoki, 2016; Kaisang, 2020; Dhimi, 2016; Niroula, 2025; Bhattarai et al., 2025). More recently, Begum and Rahman show that the effect of management accounting practices on performance is mediated by more rational managerial decisions, emphasising that information must be used systematically to generate value (Begum and Rahman, 2024; Begum and Rahman, 2025). The present study provides convergent evidence from a large Nepalese commercial bank, confirming that branches with higher management accounting practice scores tend to report stronger performance, even after controlling for other dimensions.

Within this overall pattern, performance measurement stands out as the most influential component. Its correlation with perceived performance is substantially higher than those of the other dimensions, and in the multivariate model it retains a significant coefficient while budgeting, costing, decision support and reporting do not. This suggests that the key performance benefits arise when information is structured into clear targets, balanced indicators and regular review processes. That conclusion is consistent with the Balanced Scorecard literature and related work on strategy maps, which argue that performance gains depend on integrating financial and non-financial indicators into coherent frameworks that link measures to strategic objectives and initiatives (Hoque and James, 2000; De Geuser et al., 2008; Gomes et al., 2013). The evidence from Nepal SBI Bank and NMB Bank in this study supports that argument. Both institutions use scorecards that combine profitability, risk, service quality and process indicators, and both report that the increased visibility of risk and efficiency metrics has become more important as non-performing loans and cost pressures have risen. This mirrors wider findings that strategic management accounting and performance measurement frameworks can support competitive advantage when they are

aligned with market orientation, strategy and human resource practices (Cadez and Guilding, 2008; Arseneault and Gagnon, 2024; Ojra et al., 2021).

The financial statements of Citizens Bank International add another layer of context. Over the three-year period examined, the bank expands its asset base, deposits and loans and maintains a sound capital adequacy ratio, yet returns on assets and equity fall, earnings per share decline and the non-performing loans ratio rises (Citizens Bank International Limited, 2023; Citizens Bank International Limited, 2024). This is consistent with broader trends in the Nepalese commercial banking sector, where competition, interest rate volatility and regulatory tightening have compressed margins and exposed weaknesses in credit portfolios (Ssharesansar, 2025; Citizens Bank International Limited | Devex, 2025). In such a setting, management accounting and internal performance control systems become even more critical, as they provide tools for monitoring spreads, cost to income ratios, portfolio quality and branch profitability in a timely way (Postolache, 2014; Mutai and Miroga, 2023). The interviews in this study indicate that branch managers and head office officers are acutely aware of these pressures and that internal reports increasingly focus on asset quality, sector exposures and early warning indicators, in line with recent calls for sustainable management accounting and governance frameworks in financial institutions (Johri et al., 2024; Karki et al., 2025; Thapa et al., 2025).

At the same time, the study identifies significant opportunities for strengthening management accounting practices. The relatively weak evidence of participative budgeting, with many respondents remaining neutral on staff involvement, suggests that budgets remain largely top down. This is consistent with earlier evidence that banks often centralise planning in head office, with limited input from lower levels (Avkiran, 1997; Dharni, 2016). Greater participation by branch staff could enhance commitment, realism of targets and the use of local information, as suggested by contingency based and behavioural budgeting research (Mia and Clarke, 1999; Chenhall and Langfield Smith, 1998b). Costing practices are another area of concern. Both the survey and interviews indicate reliance on broad cost categories and simple allocations, with little product or customer level costing and no fully implemented activity-based costing. This is in contrast with recommendations from strategic management accounting and big data-oriented studies which emphasise granular profitability analysis

across products, customers and channels to guide strategic change and value creation (Oyewo and Ajibolade, 2019; Ogundajo et al., 2024; Oyeyemi et al., 2025; Kgakatsi et al., 2024).

Decision support tools such as scenario analysis, risk adjusted profitability models and interactive dashboards are present but not yet fully exploited. Interviewees highlight limitations in systems integration and staff capabilities, echoing arguments that technology, data quality and analytical skills are now key enablers of effective management accounting in banks, especially with the rise of fintech and explainable artificial intelligence in credit risk assessment and financial decision support (Raza and Tursoy, 2024; Nallakaruppan et al., 2024). Training programmes that focus on interpreting management reports, linking them to branch level actions and integrating financial and operational indicators would help to convert information into better decisions, as suggested by recent work on benefits management and performance culture (Gomes et al., 2013; Mueller and Weber, 2022).

Finally, the study underlines that the positive effect of management accounting practices on performance is not automatic. Implementation quality, organisational capabilities and context matter. The high inter correlations among the management accounting dimensions and the multicollinearity observed in regression indicate that practices tend to be adopted as a package. This is consistent with contingency models that emphasise fit between strategy, environment, structure and management accounting design (Cadez and Guilding, 2008; Mia and Clarke, 1999; Chelmangat et al., 2025). Interviews show that some branch managers still rely heavily on volume targets and simple ratios, and that not all staff are confident using advanced analytical tools. These findings reinforce the view that management accounting systems generate performance benefits when they are aligned with strategic priorities, embedded in governance and performance evaluation processes and supported by adequate training and technology (Bagh et al., 2025; Arseneault and Gagnon, 2024; Johri et al., 2024).

In summary, the results show that Citizens Bank International has developed a reasonably comprehensive set of management accounting practices and that these are strongly associated with higher perceived financial performance at the branch level. Performance measurement and reporting systems are particularly influential, while budgeting, costing and decision support provide essential supporting roles. However, declining profitability and rising credit risk demonstrate that there is substantial scope to deepen participative budgeting, refine

costing, strengthen decision support and build staff capacity. These findings are consistent with international and Nepalese evidence and provide a solid platform for the conclusions and recommendations presented in the next chapter.

CHAPTER V

SUMMARY AND CONCLUSION

5.1 Summary

This study examined how management accounting practices are designed and used in Citizens Bank International Limited and how they relate to branch level financial performance in the Nepalese banking environment. The general objective was to assess the extent of management accounting practices and their influence on perceived financial performance. Specific objectives were to measure the adoption of budgeting, costing, performance measurement, decision support and reporting practices, to test whether each practice is positively associated with perceived performance, and to relate the survey evidence to published financial statements and interview findings.

A quantitative survey of 56 managers and officers from various branches of Citizens Bank formed the core of the research. Data were collected through a structured questionnaire with five-point Likert scales. After cleaning and coding in Excel, the responses were transferred to SPSS. Composite indices were constructed for budgeting, costing, performance measurement, decision support, reporting and perceived financial performance, along with an overall management accounting practices index. Reliability analysis showed acceptable Cronbach alpha values for all constructs, confirming that the scales were internally consistent.

Descriptive statistics indicated that management accounting practices are moderately to well developed. Mean scores for all practice indices were above the neutral midpoint, with performance measurement and reporting stronger and costing weaker. Item level results showed that annual budgets are prepared, variance reports are produced, corrective actions are taken and internal reports are prepared regularly. However, staff participation in budgeting and the use of advanced costing methods were only modestly supported. Perceived financial performance at branch level was moderate rather than strong.

Correlation analysis revealed strong positive associations among the five management accounting dimensions and between each dimension and perceived performance. The overall

management accounting practices index had a correlation of about zero point six seven with the performance index, supporting the main hypothesis that broader use of management accounting practices is associated with higher perceived performance. Multiple regression results showed that the five dimensions together explained about fifty nine percent of the variance in performance, while the overall index alone explained about forty five percent. Performance measurement emerged as the only individual dimension with a significant unique effect once overlap among practices was considered.

To complement the survey, three years of published financial data for Citizens Bank were analysed. The bank expanded its assets, deposits, loans and investments and maintained a comfortable capital adequacy ratio, but profitability indicators such as return on assets, return on equity and earnings per share declined and the non-performing loan ratio increased. This indicated a challenging environment where growth was accompanied by rising credit risk and pressure on margins. Three semi structured interviews with a Citizens Bank branch manager, a head office finance officer from Nepal SBI Bank and a branch operations manager from NMB Bank provided further insight into budgeting, costing, performance measurement and decision support practices, as well as practical challenges in using management accounting information.

5.2 Conclusion

The study concludes that Citizens Bank International has established a reasonably comprehensive set of management accounting practices at branch and head office levels, but that implementation remains uneven and centred on traditional tools. Budgeting, performance measurement and internal reporting are widely used and formal, while advanced costing techniques and sophisticated decision support tools are less developed. Managers generally perceive that management accounting information is available and used in planning and control, yet participation in budget setting and access to detailed product and customer profitability analysis are limited.

The empirical analysis confirms that stronger management accounting practices are associated with better perceived financial performance at branch level. Branches that report more intensive use of management accounting practices also report higher success in meeting financial targets, controlling costs, maintaining asset quality and supporting growth. Among

the individual dimensions, performance measurement is the most powerful driver. The presence of clear performance targets balanced financial and non-financial indicators and regular review meetings appears to be central in translating accounting information into improved performance.

At the same time, the declining profitability and weakening asset quality observed in the bank's financial statements show that even relatively strong internal management accounting systems cannot fully offset adverse macroeconomic conditions and intense competition. Management accounting practices help branches to use resources more efficiently and respond more quickly to risk signals, but they operate within wider structural and market constraints. The positive relationship between practices and perceived performance should therefore be interpreted as evidence that management accounting contributes to relative performance differences across branches rather than as a guarantee of absolute profitability.

5.3 Implications

The findings have several implications for bank management and future research. For management, there is a strong case for deepening participative budgeting, refining costing systems and strengthening decision support tools. Greater involvement of branch level staff in target setting could improve ownership and make budgets more realistic. Investment in more granular costing that distinguishes between products, customer segments and delivery channels would provide a sounder basis for pricing and portfolio design. Expanding decision support tools, including scenario analysis and dashboards that link financial and operational indicators, would help managers to interpret information and act promptly.

Capacity building is equally important. Many managers are familiar with basic reports but less confident in using advanced analytical techniques. Structured training programmes that focus on reading management reports, understanding key performance drivers and linking findings to branch action plans would enhance the impact of existing systems. At board and senior management level, aligning performance evaluation and incentive schemes with a balanced set of financial and non-financial indicators, including risk and service quality metrics, would reinforce the use of management accounting information in everyday decisions.

For researchers, the study suggests several avenues for further work, including larger multi bank surveys, longitudinal designs that track changes in practices and performance over time, and studies that combine subjective performance measures with detailed objective financial data and risk indicators. Such studies would deepen understanding of how management accounting systems evolve, how they interact with regulation and technology, and how they influence sustainable performance.

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APPENDICES

Appendix 1: Online Survey Questionnaire

Survey Questionnaire

Management Accounting Practices and Financial Performance Citizens Bank International Limited

Section A: Introduction and Consent

You are invited to participate in an academic study on management accounting practices and financial performance at Citizens Bank International Limited. The questionnaire is intended for branch managers and head office managers who are involved in planning, budgeting, costing, performance evaluation, decision support, or management reporting.

Your participation is voluntary. You may decline to answer any question or withdraw at any time. Responses will be kept strictly confidential and will be used only in aggregated form for academic purposes. Individual names, specific branches, or departments will not be identified in any report.

By completing and returning this questionnaire, you indicate your informed consent to participate in the study.

If you have any questions about this research, please contact the researcher at:

Section B: Respondent and Branch/Unit Profile

Please tick (✓) or fill in the appropriate response.

B1. Current position/designation:

B2. Department/Division (if head office): _____

B3. Branch name and code (if applicable):

B4. Region/Province:

B5. Years of service with Citizens Bank International Limited: _____

B6. Years in current position:

B7. Highest academic qualification:

B8. Professional qualification in accounting/finance (tick one):

None

CA/ACCA/CPA or equivalent

MBA/MBS with accounting/finance specialisation

Other (please specify): _____

Section C: Management Accounting Practices

Please indicate the extent to which you agree or disagree with each statement about practices in your branch/unit or area of responsibility. Circle or tick (✓) one option for each item.

Scale: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

C1. Budgeting and Budgetary Control

S.N.	Statement	1	2	3	4	5
BU1	Formal annual budgets are prepared for all major activities in this branch/unit.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BU2	Budgets are used as a key tool for	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

planning
revenues
and costs.

BU3	Budget variances (differences between actual and budget) are analysed regularly.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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BU4	Corrective actions are taken promptly when significant budget variances are identified.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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BU5	Branch or unit staff participate in the preparation of budgets.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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C2. Costing Systems

S.N.	Statement	1	2	3	4	5
CO1	The branch/unit systematically tracks operating costs related to its activities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

CO2	Cost information is available by product/service line.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CO3	Cost information is available by customer or customer segment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CO4	Activity-based or similar costing methods are used to allocate overheads.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CO5	Cost information is used in pricing and product mix decisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

C3. Performance Measurement and Evaluation

S.N.	Statement	1	2	3	4	5
PM1	Formal financial performance targets are set for this branch/unit (e.g. profit, ROA, cost-to-income).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PM2	Non-financial	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

performance indicators (e.g. customer satisfaction, service quality) are used.

PM3	Performance indicators are clearly linked to the bank's strategic objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PM4	Branch/unit performance is reviewed regularly against agreed targets.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PM5	Performance results are used in evaluating managers' performance.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

C4. Decision Support and Strategic Analysis

S.N.	Statement	1	2	3	4	5
DS1	Accounting and financial information is used extensively in credit or investment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

decisions.

DS2	Profitability analysis is performed by product, service, or customer segment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DS3	Scenario or what-if analysis is used for major decisions (e.g. branch expansion, new products).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DS4	Benchmarking against other branches or competitors informs decision making.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DS5	Managers have access to analytical tools or systems that support decision making.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

C5. Management Reporting

S.N.	Statement	1	2	3	4	5
MR1	Regular internal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

reports are prepared on the financial performance of this branch/unit.

MR2	Reports are received in a timely manner to support decision making.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MR3	Reports are presented in a clear and user-friendly format.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MR4	Reports highlight key exceptions or unusual trends that require attention.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MR5	Responsibility for results (revenues, costs, or profits) is clearly assigned in internal reports.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section D: Perceived Financial and Operational Performance

The following questions ask about your perception of the recent performance of your branch/unit relative to its targets and to other branches. Please indicate your level of agreement with each statement.

D1. Perceived Performance

S.N.	Statement	1	2	3	4	5
PP1	Overall, this branch/unit has met or exceeded its financial performance targets in recent years.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PP2	This branch/unit is more efficient (e.g. lower cost-to-income ratio) than the average branch/unit.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PP3	The quality of assets (e.g. loan portfolio) in this branch/unit is satisfactory.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PP4	This branch/unit has achieved satisfactory growth in	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

business
volumes
(deposits,
loans, or
other
services).

Section E: Challenges and Suggestions

E1. What are the main challenges your branch/unit faces in using or implementing advanced management accounting practices (e.g. activity-based costing, Balanced Scorecard, benchmarking)?

E2. In your view, what changes or improvements in management accounting practices would most help improve financial performance at Citizens Bank International Limited?

Thank you very much for your time and cooperation.

Appendix 2: Semi- structured Interview Transcript

Interview script – Branch Manager (Anonymous 1, CBIL)

Researcher: Thank you for taking the time to talk with me today. As mentioned, the purpose of this discussion is to understand how management accounting practices are used in your branch. Your responses will be kept strictly anonymous and will be used only for academic purposes. Shall we begin?

Anonymous 1: Yes, that is fine.

Researcher: First, could you briefly describe your position, how long you have worked at Citizens Bank and how long you have been in this branch?

Anonymous 1: I am currently the Branch Manager of one of the mid-sized branches in Kathmandu Valley. I have been with Citizens Bank for about nine years. For the first five years I worked as Relationship Manager and later as Assistant Branch Manager in another branch. I have been managing this branch for the last four years.

Researcher: How are annual budgets prepared in your branch? Who is involved and how much input do you personally have?

Anonymous 1: The budgeting process starts from head office, usually around the fourth quarter of the fiscal year. The Planning and Finance Department sends us templates with guidelines for deposit growth, loan growth, fee income, cost targets and so on. At branch level I sit with my Assistant Manager and the team leaders from credit and operations. We review last year's performance, identify potential growth areas and propose our own targets within the ranges given by head office. I consolidate these into a branch budget and discuss with our regional office. Usually there is some negotiation, especially on loan targets and operating expenses. Finally, the consolidated budget is approved by the management committee at head office. So, I would say the branch has reasonable input, but the overall framework and constraints come from head office.

Researcher: Once the budget is approved, how often do you receive budget–actual reports and how are variances discussed?

Anonymous 1: We receive a formal budget–actual report every month. It shows our actual figures for major items like deposits, loans, interest income, fee income and expenses compared with the monthly and cumulative budget. On the tenth or eleventh of each month we have a review meeting with the regional manager, sometimes online. We go through the major positive and negative variances. For example, if loan growth is behind plan we must explain the reasons, such as slow demand or more strict credit screening. If expenses exceed budget, we need to justify them. In addition, I personally monitor key figures weekly through the internal MIS, but the formal variance analysis is monthly.

Researcher: What kinds of cost information do you regularly see? For example, by product, by customer segment or by department. How useful is this information for your decisions?

Anonymous 1: At branch level we mainly receive cost information by broad category, like staff costs, administrative expenses, rent, utilities and promotional expenses. We also see some allocated head office costs. We do not yet have a fully detailed product wise or customer segment wise cost report. For decision making we rely more on revenue information by product and customer. Still, the cost breakdown we have is useful for controlling discretionary spending. For instance, we can track whether our promotional expenses are within limits or whether overtime and staff allowances are rising too much.

Researcher: What performance measures are most important when head office evaluates your branch performance? Are non-financial indicators such as customer service, complaints or turnaround time also used?

Anonymous 1: The key measures are still financial. Loan and deposit volumes, interest spread, fee income, nonperforming loan ratio and overall profit are the main ones. Head office has also started to include non-financial indicators. For example, we have customer complaint statistics, account closure data and some service quality scores from mystery shopping exercises. Turnaround time for major products is monitored through the core banking system, but it is not yet a formal KPI in our performance scorecard. So financial indicators dominate, but non-financial factors are slowly getting more attention.

Researcher: Can you describe any tools or reports that you use for credit or investment decision support, such as scenario analysis, profitability analysis or benchmarking with other branches?

Anonymous I: For credit decisions we use standard risk rating tools developed by the Credit Department. They generate a score based on financial ratios, cash flow, collateral and qualitative factors. For larger proposals we prepare additional sensitivity analysis on interest rate and repayment capacity, but that is done in Excel rather than in a dedicated system. In terms of profitability analysis, head office provides a quarterly branch level profitability report which includes allocated cost of funds and overheads. This allows us to benchmark our profitability against other branches in the same region. However, we do not yet have a full activity-based costing system or detailed customer profitability reports.

Researcher: In your view, what are the main challenges in using more advanced management accounting tools, such as activity based costing or Balanced Scorecard type performance dashboards, in this branch?

Anonymous I: The first challenge is data and systems. Our current core banking and MIS systems provide good transactional information, but they are not yet configured to capture all the cost drivers required for activity-based costing. Secondly, staff skills are an issue. At branch level most of us have general banking knowledge, but we are not experts in advanced management accounting techniques. Even if head office designs sophisticated models, it is difficult to maintain and explain them at branch level. Third, time pressure is real. Front line staff are busy with daily operations and regulatory reporting. It is hard to allocate time for detailed analysis beyond what is required for routine reporting.

Researcher: Overall, do you think better management accounting information has helped your branch improve profitability, efficiency or asset quality in recent years? In what ways?

Anonymous I: Yes, I believe so. The monthly budget–actual reviews and the profitability reports have made us more disciplined. We now pay closer attention to the mix of deposits and loans, to pricing decisions and to controlling non-interest expenses. The NPL ratio is also monitored closely in the MIS, and we get timely alerts about overdue accounts. Because of this, we can follow up with customers sooner and manage credit risk better. So even though

the bank's overall profitability has come under pressure due to market conditions, at branch level management accounting information has supported more informed decisions.

Researcher: Is there anything else you would like to add about management accounting practices in your branch?

Anonymous 1: I would just add that the bank is moving in the right direction, but there is still room for improvement. If we could integrate more non-financial indicators, such as customer satisfaction and process efficiency, into our regular performance reviews, it would give a more balanced picture. More training on how to interpret the reports would also help branch managers to use the information more effectively.

Researcher: Thank you very much for your time and for sharing your experience.

Anonymous 1: You are welcome.

Interview script Head Office Finance Officer, Nepal SBI Bank (Anonymous 2)

Researcher: Thank you for agreeing to talk with me today. The purpose of this discussion is to understand how management accounting practices are used in your bank, particularly from a head office perspective. Your identity will remain anonymous, and the information will be used only for academic research. Is that acceptable to you?

Anonymous 2: Yes, that is fine.

Researcher: To begin, could you briefly describe your position at Nepal SBI Bank, how long you have been with the bank, and your main responsibilities?

Anonymous 2: I work as a Senior Officer in the Finance and Planning Department at Nepal SBI Bank. I have been with the bank for about eleven years. Initially I joined as a trainee in the Finance Department, then moved through various positions. For the last four years I have been mainly responsible for coordinating the annual budgeting process, preparing management reports for top management and supporting regulatory and group level reporting.

Researcher: How does head office design and coordinate the annual budgeting process across branches?

Anonymous 2: The budgeting process is structured. Around the beginning of the last quarter of the fiscal year, our department issues budget guidelines to all branches and business units. These guidelines include macro level assumptions such as expected GDP growth, interest rate outlook and regulatory constraints, as well as bank specific targets like desired growth in deposits, advances and non-fund income. We provide standard budget formats for income, expenses and key balance sheet items.

Each branch prepares its own budget based on past performance, local market conditions and the strategic focus communicated by management. These branch budgets are then submitted to regional offices and subsequently consolidated at head office. We review them for consistency with overall bank targets and with risk appetite. There is usually an iterative process, with some negotiation and adjustment. Finally, the consolidated budget is presented to the management committee and the board for approval.

Researcher: Once the consolidated budget is approved, how is it communicated back to the branches and how often do you monitor performance against the budget?

Anonymous 2: After approval, we circulate the final budget figures to all branches and departments, together with a summary of key performance indicators that will be monitored. Every month, the Finance Department prepares a budget versus actual report at both bank wide and branch level. This report is first discussed in the Asset Liability Committee and then in a broader monthly performance review meeting.

For branches, regional managers are responsible for reviewing their respective branch performances. Significant variances, particularly on credit quality, interest spread and operating expenses, are escalated and branch managers are asked to provide explanations and corrective plans. In addition to monthly reporting, we carry out a more detailed mid-year review where budgets can be revised if there have been major changes in the operating environment.

Researcher: What types of costing or profitability analysis are produced at head office and how are they used?

Anonymous 2: We prepare profitability analysis at several levels. At the most basic level, we have branch wise profitability reports that show contribution after allocating cost of funds and some overheads. These are used to identify high performing and underperforming branches. At the product level, we estimate margins based on interest rates, fee structures and typical cost profiles.

We are in the process of moving toward more refined costing methods. At present, we do not have a fully implemented activity-based costing system, but we have started to identify major activities and cost drivers. For example, we analyse transaction volumes for different channels to understand cost implications. The challenge is to integrate this detail into a regular management report that senior management can use easily.

Researcher: Does the bank use any formal framework such as a Balanced Scorecard or a performance dashboard?

Anonymous 2: We do not call it a Balanced Scorecard formally, but our internal performance dashboard has similar features. The bank has defined strategic objectives under four broad perspectives. These are financial performance, customer and market position, internal process efficiency and learning and growth.

For each perspective, there are key performance indicators. Financial indicators include net profit, return on assets, credit deposit ratio and non performing loan ratio. Customer indicators include the number of new accounts, digital adoption rates and customer complaint levels. Process indicators cover turnaround times, error rates and audit remarks. Learning and growth include staff training hours and staff turnover. The dashboard is updated monthly and is discussed in management meetings. However, the depth of analysis and the degree to which branch level managers actively use these indicators varies.

Researcher: How does head office monitor branch performance use these indicators?

Anonymous 2: For branches, we maintain a branch scorecard that combines both financial and non-financial indicators. The financial part includes business volumes, spreads, fee income and credit quality. The non-financial part includes compliance issues, operational losses and service quality metrics.

Each branch receives a structured performance report. Branch managers are appraised partly based on these indicators. For example, a branch with good business growth but repeated compliance issues or high NPLs will not be considered a top performer. In annual performance reviews, these scorecards are discussed and form the basis for rewards and development plans.

Researcher: From your experience, what are the main strengths of the bank's current management accounting system?

Anonymous 2: One strength is that our reporting is relatively timely. We can generate monthly and even weekly performance updates, which helps management respond quickly to emerging issues. Another strength is the integration with our core banking system. Most data required for management reports can be extracted automatically, which reduces manual work and errors.

Also, because we are part of the SBI group, we benefit from certain reporting templates, risk management frameworks and internal control standards provided by the parent bank. This has pushed us to adopt more structured performance measurement and risk assessment practices than many local banks.

Researcher: And what weaknesses or gaps do you see, especially regarding technology, data quality, staff skills or alignment with strategy?

Anonymous 2: There are several gaps. On the technology side, while our core system is robust, some of the management reporting still relies on manual consolidation and Excel work, which is time consuming and prone to error. Data quality is generally good, but reconciliation between different systems, for example between credit systems and the general ledger, sometimes takes extra effort.

Regarding staff skills, not all branch managers and mid-level officers are comfortable with interpreting advanced management reports. They can read the basic figures but may not fully utilise variance analysis, risk adjusted profitability or scenario analysis. This limits the impact of the information we provide.

In terms of strategy alignment, we are trying to link performance metrics more closely with strategic priorities such as digital banking, SME focus and risk management. However, this is still evolving. Some branches are more focused on meeting volume targets than on portfolio quality or customer experience.

Researcher: Have the bank's recent financial results led to any changes in internal reporting or performance measurement?

Anonymous 2: Yes. The recent pressure on profitability and the increase in non performing loans have led to greater emphasis on asset quality and risk indicators. We now report NPL trends, restructuring and write offs more frequently and in more detail. We have also started to produce more granular reports on sector wise and product wise risk concentration.

On the performance measurement side, there is more focus on cost efficiency. For example, management now reviews cost to income ratios at branch and regional level, and there is

more scrutiny of overhead expenses. So the internal management accounting system has been adjusted to give more visibility to risk and cost control.

Researcher: In your opinion, what improvements in management accounting practices would most help the bank enhance its financial performance?

Anonymous 2: Implementing a more comprehensive activity-based costing framework would help us better understand which products, channels and segments are profitable after allocating costs. Also, further automation of dashboards with drill down capability would allow managers to explore issues without waiting for ad hoc reports from head office.

Equally important is capacity building. Training programmes focused on using management reports for decision making, not just on technical accounting, would help branch managers and business heads to interpret the numbers and take timely actions. Finally, integrating more forward-looking indicators, such as early warning signals for credit and behavioural data from digital channels, into the management accounting system would improve the bank's ability to manage risk and profitability proactively.

Researcher: Thank you very much for sharing these insights. They are very helpful for my research.

Anonymous 2: Thank you. I am glad to contribute.

Interview script Branch Operations Manager, NMB Bank (Anonymous 3)

Researcher: Thank you for agreeing to participate in this interview. The purpose is to understand how management accounting information is used in day-to-day branch operations at NMB Bank. Your identity will be kept anonymous, and the information will be used only for academic research. Is that acceptable?

Anonymous 3: Yes, that is fine with me.

Researcher: To start, could you describe your current role in this branch, how long you have been with NMB Bank, and how long you have been in this position?

Anonymous 3: I am the Operations Manager of this branch. I have been with NMB Bank for a little over seven years. I started as a senior assistant in operations, then became Operations In charge, and for the last three years I have been working as Operations Manager. I oversee the teller counters, customer service desk, back office processing and overall branch operations, and I work closely with the Branch Manager on service quality and compliance.

Researcher: What kinds of daily or weekly reports do you receive about branch operations and performance?

Anonymous 3: Daily we receive several operational reports from the core banking system and the head office MIS. These include transaction volume reports for cash deposits and withdrawals, remittances, card transactions, ATM usage and digital banking usage. We also get end of day cash position, vault balances and exception reports for unusual transactions or limit breaches.

On a weekly basis, I receive consolidated reports on account openings and closures, dormant account activations, error reports for rejected transactions, service requests pending beyond a certain time, and customer complaint logs. We also have a dashboard that shows us key operational metrics at a glance, such as average counter waiting time, number of token calls per counter and the volume of transactions processed per staff member.

Researcher: Are these operational indicators linked in any way with financial performance measures such as fee income, spreads or cost control?

Anonymous 3: Yes, there is a link, although it is not always presented in a single report. For example, higher transaction volumes in remittances and card usage often translate into higher fee income, and we can see that in the monthly income statements at branch level. The bank's internal reports compare our fee income with transaction counts, so we can see whether we are utilizing cross selling opportunities effectively.

Cost control is monitored through separate expense reports, but some operational metrics, like overtime hours or error rates leading to financial losses, have direct cost implications. Head office sometimes prepares analysis showing operational losses due to mistakes or fraud incidents, and this is discussed in operations review meetings. Interest spread is largely driven by the business mix and pricing decisions, which the Branch Manager and corporate office handle, but our operational efficiency indirectly affects spreads by influencing customer retention and cross selling.

Researcher: How often do you participate in formal meetings to review branch performance, and what information is usually discussed in those meetings?

Anonymous 3: At branch level, we have a formal performance review meeting once a month. The Branch Manager chairs it, and key staff including myself, the Relationship Manager for retail, the credit officer and the customer service supervisor attend. We review the monthly branch performance pack, which includes financial figures, business volumes, NPA status, customer complaints, service indicators and audit or compliance issues.

In addition, we have weekly huddles where we quickly review the previous week's operational issues, such as any major complaints, system problems or backlogs. At regional level, there is a monthly review with the Regional Manager, where the Branch Manager presents our performance. Sometimes I am also asked to join if there are significant operational issues or if the discussion focuses on service quality.

Researcher: Do you feel that the current management accounting and performance reports are timely and easy to interpret for operational decisions? What could be improved?

Anonymous 3: In general, the reports are fairly timely. Daily and weekly reports are generated automatically, and the monthly performance pack is normally available by the

second week of the following month. The format is quite standard across branches, which helps. Financial figures are summarized clearly, and key ratios are highlighted.

However, there is still room for improvement. Some of the reports are very dense and filled with numbers, so frontline supervisors find them difficult to interpret without guidance. The linkage between operational indicators and financial outcomes is not always explicit in the reports. For example, we see the number of complaints and the net promoter score, but it would be useful to see how changes in these indicators correlate with changes in balances or fee income over time. A more visual dashboard with trend graphs and colour coding would make it easier to spot issues quickly.

Researcher: Have you received any training on interpreting financial and performance reports or using analytical tools?

Anonymous 3: I have attended a few training programmes organised by the bank on branch performance management and financial literacy. These trainings covered how to read the branch P and L statement, how to understand key ratios like cost to income, return on assets and NPA percentage, and how to interpret some of the MIS reports. There have also been workshops on using Excel and on internal audit findings.

Despite this, I feel that more practical, case-based training would be helpful. Many staff can read the numbers but are not fully confident in drawing conclusions or proposing corrective actions. Also, training resources at branch level are limited due to workload, so sometimes we learn informally from seniors rather than through structured programmes.

Researcher: From your perspective, what are the biggest obstacles to using management accounting information more effectively in day-to-day operations?

Anonymous 3: One obstacle is time. Operations staff are very busy with customer facing work and regulatory reporting. Even though the reports are available, people do not always have enough time to analyse them in depth and translate them into action plans.

Another obstacle is the level of detail and relevance of some reports. For example, certain head office reports are at a very aggregated level and do not break down figures by product

or segment that we can influence directly at the branch. This can make it difficult to identify specific areas for improvement.

A third challenge is the technology interface. We have several systems and portals, and data are sometimes scattered. A unified dashboard that integrates financial and operational information in one place would make it easier for branch teams to use management accounting information more effectively.

Researcher: Can you give an example where better management accounting information helped, or where lack of information created a problem in your branch?

Anonymous 3: One example of positive impact was when we received a detailed analysis from head office showing the relationship between transaction volumes and queue times at different branches. For our branch, it showed that we had relatively high counter waiting time compared to similar branches, even though transaction volumes were comparable. This prompted us to review our counter allocation, lunch break coordination and promotion of digital channels. After implementing some changes, we saw improvements in both service time and customer feedback, and our complaint numbers dropped.

On the other hand, we have had situations where lack of detailed information created difficulty. For instance, at one point we suspected that a particular product was not profitable for our branch because it involved many manual processes and waivers, but we did not have a clear product level profitability report taking into account all costs. As a result, it was hard to argue for changing pricing or process design. We had to rely on broad approximations rather than precise cost and revenue numbers.

Researcher: Do you use any tools such as scenario analysis or benchmarking with other branches from an operational standpoint?

Anonymous 3: Scenario analysis in a formal sense is more common at head office, but at branch level we do some simple what if analysis in Excel, for example estimating how much counter workload could reduce if a certain percentage of customers shifted to digital channels. Benchmarking is used more frequently. Head office circulates comparative reports showing how branches perform against each other on key indicators like service quality scores, complaint ratios, cross sell ratios and so on.

These benchmarks can be quite motivating. When we see that another branch with similar customer base achieves better digital adoption or lower complaint levels, we try to learn what they are doing differently. There are also internal best practice sharing sessions where branch teams present their initiatives.

Researcher: Overall, do you think that better management accounting and performance information has helped NMB branches improve profitability, efficiency or asset quality in recent years?

Anonymous 3: Yes, I think it has. The increased transparency and regular review of performance have created more discipline. Branch teams are more aware of how their actions affect key financial indicators. For example, we now monitor early warning signals for overdue loans more closely, which has helped to contain NPAs. On the efficiency side, feedback from operational reports has led to process improvements, better workload allocation and more promotion of digital channels, which reduce transaction costs over time.

Of course, external factors like market competition and regulatory changes also affect profitability, but I believe that management accounting information has become an important tool for managing what is within our control at branch level.

Researcher: Is there anything else you would like to add about management accounting practices and performance measurement in NMB Bank?

Anonymous 3: I would just add that there is a positive trend. Compared to several years ago, the bank now provides more structured and timely information, and there is more emphasis on performance review. Going forward, I think integrating more non-financial metrics, such as staff engagement and customer experience, into the regular scorecards, and providing more user-friendly dashboards, would further strengthen the role of management accounting in supporting branch operations.

Researcher: Thank you very much for your time and for sharing your experience. It has been very useful for my study.

Anonymous 3: You are welcome.