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CURRENT ISSUES IN ACCOUNTING FOR CASH AND BANK OPERATIONS

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ABSTRACT. The article analyzes challenging current issues in accounting for cash and bank operations driven by rapid financial digitalization. While automated banking and electronic payment systems accelerate transaction workflows, they introduce critical challenges, including data integration errors between fintech platforms and accounting software, increased cybersecurity risks, and internal control vulnerabilities. Additionally, the study addresses the regulatory friction encountered when aligning national cash accounting practices with international standards (IAS 7). By evaluating these operational bottlenecks, the paper offers targeted recommendations to reinforce internal control frameworks and ensure financial reporting accuracy.

KEY WORDS: Cash accounting, electronic payment systems, bank operations, financial digitalization, Internal Control, IFRS, IAS.

Introduction. On these days, global importance of money in an form whether this is cash or cashless payments, money has reached a massive scale. As the amount of circulating money grows and the speed of transactions accelerates, the risks also increase. Every new transaction opens up potential opportunities for accounting errors, system glitches, and financial fraud. Today, accounting frameworks are under intense pressure. Therefore, addressing current issues in cash and bank accounting is no longer just about basic bookkeeping; it is a critical necessity for protecting a company's financial stability.

Thorought history, money had existed in various types of forms. Milleniums ago, money used to be utilized as different treasures like gold or silver, diamonds or simple wealthy objects. Through centuries they have been transforming from one into another until humanbeing decided to acquire certain kind of money type and finally reached cash payments and bank operations via plastic cards. This decision brought lots of convenience at financial operations, which provided with opportunity to money turnover around the world. In the current economic environment, money is no longer just a physical object or a plastic card; it is instant digital data. Transactions that used to take days now happen in milliseconds through QR codes, electronic wallets, and online banking platforms. However, while this shift has brought incredible speed and convenience to global trade, it has also created entirely new set of problems for modern accounting. The sheer volume and speed of modern transactions mean that accountants no longer just watch over a physical cash box. Instead, they must manage real-time data streams. Here are named and described experienced problems or the issues that might occur if to not pay careful attention:

Figure 1

№	Issue	Why it is important
1	Integration problems between banking systems and accounting software	Causes delays, data inconsistencies, and reporting errors

2	Cybersecurity threats in digital banking operations	Risk of financial data theft and unauthorized transactions
3	Difficulties in harmonizing local standards with IFRS	Creates inconsistencies in financial reporting
4	Real-time cash flow monitoring challenges	Companies struggle to control liquidity instantly
5	Internal control weaknesses in electronic transactions	Increases risk of fraud and manipulation
6	Risks of automated accounting systems	Software failures may distort financial information
7	Problems of accounting for multi-currency transactions	Exchange rate fluctuations affect accuracy
8	Transparency issues in non-cash settlements	Difficulties in tracking transaction origins
9	Data reliability problems in cloud accounting systems	Dependence on digital storage and internet security
10	Compliance challenges with financial regulations	Frequent legal updates complicate accounting procedures
11	Detection of fraudulent banking operations	Complex schemes are difficult to identify quickly
12	The impact of artificial intelligence on accounting control	AI changes traditional accounting methods and responsibilities
13	Operational risks in online banking systems	Technical failures may interrupt financial operations
14	Problems in documenting electronic payment transactions	Electronic evidence may be incomplete or inconsistent
15	Balancing automation and human professional judgment	Overreliance on software may reduce analytical control

Cash management is the process of keeping track of a business's cash inflows and outflows. With changing economic conditions, it's no secret that cash management is one of the most crucial aspects of running a successful business. As the lifeblood of any company, it ensures financial stability. While cash flow may seem straightforward, it's not uncommon for businesses to struggle with cash flow issues. There are plenty of cash flow challenges that finance leaders might encounter on a daily basis. [1]

Bank transfers have several advantages over other methods of payment:

► they allow duplicate signature control;

► they limit the risk of theft;

1 https://www.highradius.com

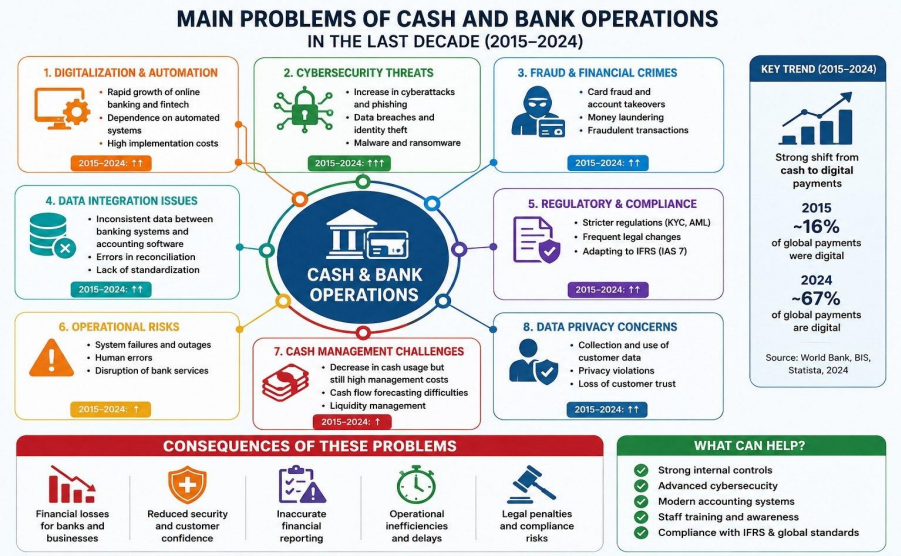
► they ensure that the payment reaches the intended payee if the bank account number has been properly checked;

► they ensure that the funds can be traced using bank statements.[2]

One of the major modern banking problems is cyber fraud in online banking systems. Hackers may gain access to customer accounts through phishing, stolen passwords, or weak security systems. This creates financial losses and reduces trust in banking operations. As an example, German commercial banks process the maximum possible payment amount through their own giro network. However, transfers Recipients who are not participants in their settlement systems must examine the inter-network exchange procedure. This procedure has been adopted by a signal called "garage clearing." Its use is for Most transfers are made between different giro networks. In in this case, the exchange of payment instruction is carried out directly between institutions that act as central links in one or another clearing system. Settlements are made through the correspondent accounts of these organizations at the Deutsche Bundesbank.[3] So, this infrastructure highlights a critical paradox: while digitalization accelerates front-end consumer payments, complex back-end interbank clearance loops can introduce operational time lags. These technical delays directly complicate real-time cash flow monitoring and increase the risk of "cut-off" reporting errors at the end of financial periods. Therefore, automated accounting software alone is insufficient; organizations must maintain rigorous human professional judgment and strong internal controls to reconcile digital banking data accurately and ensure the true transparency of financial statements.

To have an exact illustration about topic, here is the comparison of the problems of both sides and look which are more similar and vice versa separate.

Figure 2

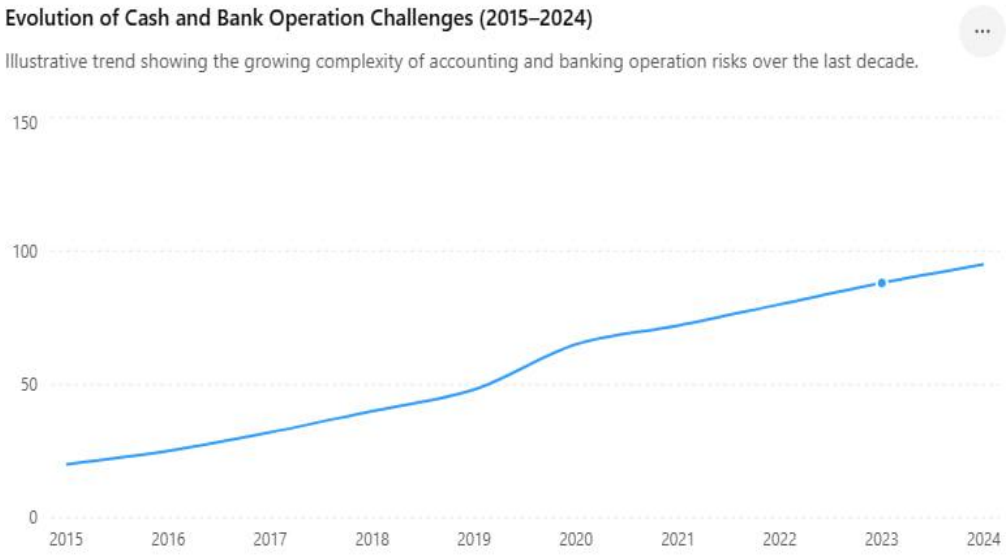


[2] https://ec.europa.eu/europeaid/financial_management_toolkit , MODULE 6 - CASH AND BANK MANAGEMENT

[3] A.I.Osipova "Money, credit, banks: theory and practice" 2019, p - 115

Coming out of the comparison above, here is a diagram for description of risk complexity:

Figure 3



2015–2016 : Expansion of Mobile Banking and Digital Payments

2017–2018 : Growth of Cybersecurity Threats and Phishing Attacks

2019–2020 : Regulatory Changes and IFRS Adaptation

2020–2021 : COVID-19 Impact on Banking Operations and Liquidity

2022–2023 : Increase in Digital Fraud and Financial Crimes

2023–2024 : Artificial Intelligence Risks and Data Privacy Challenges

*2025–2026 : Real-Time Payments, Fintech Integration, and Cyber Resilience

As a recommendation, in order to improve the efficiency and security of cash and banking operations, organizations must focus on five strategic areas. First, they should upgrade cybersecurity to protect digital financial data from leaks and online fraud. Second, connecting banking platforms directly with accounting software will allow real-time cash monitoring and reduce manual mistakes, though human oversight remains necessary to avoid technical glitches. Third, regular employee training on digital tools and international standards (IFRS/IAS) is essential to prevent professional errors. Fourth, companies should run routine internal and external audits to expose system weaknesses and boost reporting transparency. Finally, implementing risk management systems to catch suspicious transactions early and continuously updating accounting

policies will ensure long-term stability. Ultimately, combining strong internal controls, smart technology, well-trained staff, and international compliance is the best way to safeguard modern corporate finances.

To conclude, it is possible to declare that in contemporary world cash and banking operations face various challenges related to digitalization, cybersecurity, fraud risks, and accounting system integration. Although cashless transactions increase efficiency and speed, they also create new operational and technological risks. The study illustrated that effective internal control, compliance with IFRS and IAS standards, regular audits, and the use of modern technologies are essential for improving the reliability and transparency of financial operations. In addition, professional staff training and risk management systems play an important role in reducing accounting errors and financial losses. Therefore, organizations should continuously modernize their accounting systems and strengthen financial control mechanisms in order to ensure stable, secure, and efficient cash and banking operations in the modern economy.

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