

Application of Attribute-based Costing Approach (ABC11) in Companies Listed on the Iraq Stock Exchange: A Field Study

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Abstract

Most entities in developed countries tend to use the attribute-based costing approach instead of using the traditional systems applied, because of the advantages of this approach in use and accuracy in the results. Therefore, this research came to identify the extent to which the attribute-based costing approach (ABC11) can be applied in Iraqi commercial banks. This research was divided into two sections. Section One: It addresses the definition of attribute-based costing approach and the steps of applying this approach, importance, advantages and criticisms of this approach and finally, the conditions of applying this approach. Section Two: The field research represented by the questionnaire directed to the Iraqi commercial banks to determine the extent to which this approach can be applied, the difficulties faced by the banks in applying this approach, the possible benefits upon application. Finally, the results reached by the researcher through this research and recommendations, the most important of which is the necessity of helping auditors being acquainted with the importance and benefits of applying the attribute-based costing approach in order to help the entities' management being acquainted with the importance of applying this approach. The researcher also recommends conducting an applied study through the actual comparison between the results according to the traditional systems and according to the attribute method to verify the accuracy of determining the cost and the benefits of the entrance and its advantages.

Keywords: Attribute-based Costing Approach, Iraq Stock Exchange.

Introduction

The service entity faces difficulty when allocating the indirect industrial costs and determining the cost of the product accurately because these costs contain cost elements, some of which are variable, some are semi-fixed, and others are not related to attributes, meaning that the entity bears, whether in operation or in a state of discontinuity. The traditional methods of allocating indirect costs have faced many continuous criticisms, which led to the fact that some have presented new methods of allocating indirect costs to production units to reach more accurate cost data. One of these methods is the Attribute-Based Costing Approach (ABC11). The new approach is increasingly used in the western world because of its benefits in providing more accurate and appropriate data for making administrative decisions, improving performance measures and rationalizing production costs. The researcher was interested in this approach because of the absence of a causal relationship between the cost of products and the user of resources in light of the traditional methods of allocating indirect costs which led to inaccuracies in determining the cost of products. Several studies indicated that the cost system in its traditional form has failed to reach the reality of the product's cost and this resulted in wrong decisions for management, especially in the field of pricing, control and decision-making. Therefore, this research came to clarify the concept of the attribute-based costing approach and identify the advantages of this approach and the extent to which it can be applied in Iraqi commercial banks and to identify the obstacles to the application of this approach and the validity of its outputs.

First: Research Problem

The Research Problem is to Answer the Following Questions

1. Do Iraqi commercial banks face any difficulties that prevent the application of the attribute-based costing approach?
2. Does the attribute-based costing approach achieve some advantages for Iraqi commercial banks?
3. Does the application of traditional methods of allocating indirect industrial costs result in wrong decisions in Iraqi commercial banks?
4. Are incorrect results of the cost object being reached using traditional methods in allocating indirect industrial costs in Iraqi commercial banks?

Second: Research Objective

This Research Aims to Achieve the Following

1. Recognizing the difficulties that hinder the application of the attribute-based costing approach in the Iraqi commercial banks.
2. The extent of Iraqi banks' knowledge, familiarity and application of the attribute-based costing approach.
3. Identifying the validity of the outputs of the traditional cost systems applied in Iraqi banks and their relationship to wrong decisions, such as dealing with customers by providing banking services by granting loans to customers and others.

Third: Research Importance

The importance of the research stems from the fact that it is looking at one of the most recent approaches to the distribution of indirect industrial costs, which was and still is considered one of the difficult problems as well as the necessity of the Jordanian financial sector for such studies to clarify the advantages and disadvantages of the attribute-based costing approach and the extent to which it can be applied in them.

Fourth: Research Hypotheses

This Research Tests the Following Hypotheses

1. There are some difficulties that prevent the application of the attribute-based costing approach in Iraqi commercial banks.
2. It does not result in wrong decisions in Iraqi commercial banks as a result of applying traditional cost systems.
3. There is no waste of available resources, especially indirect costs, because of their control according to the traditional applied in Iraqi commercial banks.

Fifth: Research Sample

The research sample was represented in the 18 Iraqi commercial banks registered in the Iraqi Stock Exchange and the questionnaire was distributed to those banks and the response rate was 100%.

Sixth: Literature Review

1. Study of Partridge, Mikr, Perren, (2013), entitled “Determining Attribute-Based Costing Approach is a Necessity in light of Technical and Economic Development.

It showed that the attribute-based costing approach is nothing but an improvement and development of the basis of allocation followed in the accounting approach for additional costs by taking into account the criterion of cause-effect and adherence to it at this allocation and that accounting in its behavior is just a raised standard, and if it starts from a difference between them, it is just a difference in focus, so to speak, the accounting approach for additional costs using cost centers focuses on the fact that the cost center is a circle of activity to which the additional costs are attributed or rather a circle of activity for the collection of costs, meaning that this approach focuses on the return and linking costs to cost centers whether productive or service as activities.

2. Study of Reach, and Dalton, Michael A (2015) entitled “Study and Evaluation of the Attribute-Based Costing Approach (ABC11)

In his study, the researcher found the following:

- A. The cost approach is only a developed perspective and idea to measure costs in a more accurate way.
- B. The attribute-based costing approach is most suitable for processing and allocating indirect costs and access to more accurate cost data.
- C. The attribute-based costing approach can be applied not only to industrial entities, but to service entities as well.

3. Study of Barfield, Jesse T. Raiborn (2021), entitled “Assessment of the Possibility and Feasibility of Attribute-Based Costing in Hospitals”

In his study, the researcher concluded that this approach can be applied in hospitals, and that it needs a financial and statistical database and trained competencies. The application of this approach shows the difference in cost measurement according to this approach compared to the traditional approach.

4. Study of Conway, C. M., (2019) entitled “The Use of Attribute-Based Costing in Product Costing”

The researcher concluded that:

- The traditional costing systems in entities lead to inappropriate product costs results.
- The attribute-based costing approach is the most appropriate basis for assigning costs to products and departments. The specification-based cost approach is characterized by its ability to deal with the problems created by traditional cost accounting systems.
- The attribute-based costing approach is not limited to industrial facilities only.

5. Study of Approach, F, (2019) entitled “Companies Switching to the Application of Attribute-Based Costing System”

The result of this research shows that 29% of American companies switched to applying the costing system according to attributes instead of the traditional costing systems. The research also showed that 56% of American companies use the system as an analytical and control tool in addition to their traditional systems.

6. Study of Petty, J (2020) entitled “The Importance of Attribute Cost Accounting in Resource Allocation under Agency Theory”

This research showed that the cost-based approach did not provide the appropriate method to solve the problem of loading as it does not provide the means to persuade the agent to honestly disclose his information and honestly. The results indirectly indicate the inaccuracy of the estimated loading rates even under the specification cost accounting approach. From literature review, the researcher sees that many modern entities have become interested in activity-based costing systems as they provide more accurate data than traditional systems and provide a more appropriate basis for allocating indirect costs.

Seventh: Data Collection Method

1. **Theoretical Aspect:** Where data were obtained from approved references and periodicals, in addition to master theses, previous studies and personal interviews.
2. **Practical Aspect:** In this aspect, a questionnaire was used in the process of data collection, as this questionnaire contains 20 questions.

Section One: Practical Aspect

1- The Concept of Attribute-based Costing

Activities can be defined as events, tasks, or units of work related to a specific objective. Examples of activities include the purchase of raw materials such as wood in the furniture industry, the activity of cutting wood in that industry, the activity of assembling wooden pieces for a specific purpose such as the manufacture of chairs or wooden cabinets and the activity of painting and then the activity of selling and shipping the produced goods (Approach, F, 2019).

We can define attribute-based costing approach as a system based on counting and analysis of activities to achieve a distinct level of accuracy in measuring cost within the entity. One of the researchers defined attribute-based costing approach as a system that seeks to achieve a distinct level of accuracy in calculating cost data by analyzing activities within the entity and assembling, operating and tracking the associated costs depending on many cost drivers.

The Fifth Asian-Pacific Conference on International defined attribute-based accounting approach as an accounting system based on the collection of financial and operating data in light of the nature and extent of the activities available in the entity.

Conway defined it as a system depends on activities as basic units for collecting, analyzing and charging costs to the beneficiary units.

Petty sees it as a new perspective on cost measurement and tracking by identifying cost drivers for activities and compiling and operating related data with the goal of determining the unit cost of each activity.

One of the researchers believes that activity-based costing approach is one of the advanced methods in the field of cost accounting, focusing on collecting and operating data, and then providing information on project activities and the costs of performing these activities and the causes of this cost, so that indirect costs can be allocated to outputs according to activities undertaken by the project to achieve these outputs (Approach, F, 2019).

We conclude from the above that the attribute-based costing approach is a philosophy for calculating the cost since the activities use the available resources, while the units produced consume those activities. Thus, the attribute-based costing approach depends on the principle of linking the resources used and the activities that use those resources and linking the costs of activities and the final product (producing units, services, customers, attributes).

The need has emerged for a new system to accurately measure the costs of products, measure the volume of resources that have been expended in the production of these products, and link the set of resources allocated to the center and those responsible for the performance of this center. Therefore, the Activity-Based Costing System appeared as a clear embodiment and deepening of the use of the cause-effect criterion when allocating additional costs and a conclusive statement of the importance of allocating costs according to the causes of their occurrence. As a result of the criticism directed at the traditional methods of allocating indirect costs, the attribute-based costing approach (ABC11) appeared and among the most important criticisms addressed to it are (Harvard, j, 2017).

1. Adopting the traditional methods on one basis for allocating indirect costs such as direct labor hours or direct pay.
2. The difficulty of controlling a large part of the indirect costs in some activities.
3. Loss of the causal relationship between the cost of the product and the resources that were used in its production.
4. The traditional activities do not provide the management with the necessary information to allocate its production capacities on the products. The researcher believes that the attribute-based costing approach is a new method for determining and distributing indirect costs with products by linking the resources used and activities that use those resources (cause - effect) and then providing a more accurate level of cost measurement.

2- Types of Activities Performed in the Entity: The Activities Performed in the Entity can be Divided into Four Types

A-Input Activities

They are those activities that precede the product making process such as research and development activity and employee training activity and purchasing raw materials activity.

B- Processing Activities

They are activities related to the manufacture of the product, such as machinery operation activity, operating machinery, product manufacturing equipment and tools activity and production storage under process activity.

C-Output Activities

They are the activities related to dealing with customers such as selling activities, invoicing activities, after-sales activities and delivering the goods to customers.

D-Administrative Activities

They are the activities that support other activities such as personnel management, legal services activity and accounting services.

3- Steps to Apply the Attribute-based Costing Approach

The attribute-based costing approach uses the cost of activities as the basis for allocating costs to the final product unit. To apply the attribute-based costing approach, the following steps are required:

1. Determining the activities needed to produce the outputs.
2. Counting the resources that are consumed by knowing each activity during a certain period.
3. Determine the cost driver for each activity.
4. Charging activities costs for products (outputs).

Harvard, J (2017) sees that indirect costs are allocated first on the basis of activities, and then they are charged to products according to the cost drivers of these activities through four levels, which are as follows:

- A. General facilities activities: These include factory management costs, buildings, lighting and heating.
- B. Support activities for production lines: including process engineering costs, product attributes, engineering change notes and production development.
- C. Batch-level activities: They include equipment costs, resource movements, purchase orders, and inspections.
- D. Unit-level activities: They include direct labor costs, direct materials, machine costs and energy. Copper has suggested five steps to design attribute-based costing approach:
 1. Gathering business into activities.
 2. Determining cost centers.
 3. Choosing cost drivers for the first level.
 4. Choosing the cost drivers for the second level to create the attribute-based accounting system.

Four Main Stages can be Identified in the Entity

1. Determining the main attributes of the project.
2. Determining the factors that greatly affect the attribute cost and these factors are called cost drivers and direct identification of how attributes are requested for cost.
3. Creating a cost base for each activity.
4. Tracking costs according to the activities according to how the attributes are requested for the cost.

The Importance of Applying the Attribute-Based Costing Approach

The importance of applying the attribute-based costing approach stems from the following:

- The attribute-based costing approach provides more accurate and objective information and enables management to make better decisions such as pricing decisions, determining production levels, introducing a new product and others.
- This approach allows the management to know the size of the changes that occur in the services of a particular activity as a result of making certain decisions such as making an amendment in the product design, adopting modern technological methods and changing the percentage of sales formation.
- Determining the activities and resources needed to achieve the activities, and determining the cost drivers that affect the volume and amount of utilization of each resource within each activity to achieve a specific plan or budget.
- Increasing the intensity of competition that companies are facing at the present time.
- Change in the relative importance of cost components.

1- Advantages and Disadvantage of the Attribute-Based Costing Approach

Interest in the attribute-based costing approach has increased in the recent times by a large number of researchers and academics and this showed many studies and research that dealt with the advantages and disadvantages of this approach. In Harvard Business Review study (2017), it was shown that the tendency of most companies to use the attribute-based costing approach to strengthen cost control and management, and because this approach helps to accurately track indirect costs.

As for Innes, the attribute-based costing approach provides information that helps to improve cost through achieving better cost control.

Acton and cotton (2021) believe that the application of this approach in the educational sector (universities) can achieve an accurate cost for help centers and the service in general.

A number of researchers believe that the advantages of the cost-based approach can be summarized as follows

1. Activity-based cost accounting provides more detailed measures of costs than does department-based or entity-based as a unit distribution method.
2. This system helps in determining the costs of products with a greater degree of accuracy and fairness than before.
3. It helps production managers to provide better information about the costs of each activity.
4. The application of activity-based costing leads to an increase in the effectiveness of control, as it links between three variables: attributes and resources consumed and the person responsible for this specification, and thus an accurate performance evaluation of this responsibility.
5. Preparing the costs of activities requires the work of a team of accounting specialists in production, marketing, management and others which leads to the development of teamwork spirit. From previous studies, we conclude that attribute-based cost accounting achieves many advantages that are not available in traditional systems, such as access to more accurate and fair cost, increasing the effectiveness of the control and planning system, providing more detailed information on indirect costs allocation methods (Ables, Getree 2019).

As for the disadvantages of applying the attribute-based costing approach, the opinions were unanimously agreed that the two most important problems that this approach could address are: the problem of data availability and the cost of operating the system, and the problem of human resistance to change and lack of experience and training. Criticisms of the attribute-based costing approach can be summarized in the following points:

1. The attribute-based costing approach assumes that the relationship between resources and activities and between activities and products is a linear relationship.
2. The cost of applying the attribute-based costing approach is very high.
3. The attribute-based costing approach still depends on the full allocation method of costs, which is not useful in many administrative and strategic decisions.
4. The difficulty of choosing and determining the cost drivers and its dependence, like others, on historical data. The application of attribute-based costing approach may conflict with some of the generally accepted accounting principles, such as the conservatism principle and the principle of verifiability.
5. The difficulty of tracking all costs on activities and then on units.

It is clear from the above that the most important advantages of the attribute-based costing approach are: difficulty of determining the cost drivers, dependence of the approach on the full allocation method and the difficulty of tracking costs on activities and units. It is also considered a way to redistribute indirect costs in a better way, provided that the necessary information is available. ABC11 system is also a valuable administrative tool because it collects and discloses the important attributes in the project. This tool is particularly useful for service projects (banks, hospitals, etc.) as traditional systems are not suitable for the nature of the service sector. However, the attribute-based costing requires detailed accounting records and a good system for coding and numbering costs in order to accurately distribute costs to cost containers and then to products. This also requires investing in an advanced information system to fulfill this purpose.

1- Conditions for Applying the Attribute-based Costing Approach (Innes, John and Mitchell, 2020).

To apply the attribute-based costing approach, certain conditions must be met, including:

- A. Diversity of products: The clear and noticeable diversity between products in terms of production volume, batch size of the product and the degree of complexity in the manufacturing process leads to a clear difference between these products in terms of their needs from the different activities required for the manufacturing process. This leads to inaccurate determination of product costs if the system is not designed to adequately track indirect costs.
- B. Changing the cost structure of products: Most companies are now witnessing a continuous increase in indirect costs as a percentage of the total cost produced. Where the shift towards mechanization, especially

flexible production systems, leads to less use of direct work with a noticeable increase in the use of auxiliary functions such as programming and special engineering services, and as a consequence direct work loses its importance as a basis for allocation with an increase in the need for different sets of allocation bases, including those related to the product unit and those related to the factory as a whole and therefore requires accurate determination of the costs of products in this case the existence of a costing system that takes this hierarchy into account when determining the costs of products (Cooper, R. 2016).

- C. All indirect costs related to attributes must be influenced by the cost driver used to allocate costs to products.
- D. All indirect costs related to attributes must respond in proportion to the level of activity of the cost driver.

Section Two: Practical Aspect of the Research

First: Characteristics of the research sample:

The research sample can be described through two criteria which are:

A- Academic Qualification

Academic qualification	Frequency	Percentage
Secondary education	5	27.8%
Diploma	4	22.2%
Bachelor	9	50%
Higher studies	-	-

We note that the percentage of secondary education holders is 27.8% of the research sample, the percentage of diploma holders is 22.2% of the research sample, and the percentage of bachelor holders is 50% of the research sample.

B- Number of Years of Experience

Academic qualification	Frequency	Percentage
1-5 years	4	22.2%
6-10 years	7	38.9%
11-15 years	7	38.9%
Total	18	100%

We find that the number of those with less than 5 years of experience is 22.2% of the research sample. The percentage of those whose experience ranges between (6-10) years is 38.9% of the research sample and the percentage of those whose experience ranges between (11-15) years is 38.9% of the research sample.

We note from the previous question that the Iraqi commercial banks do not apply the attribute-based costing approach.

C- Other Information

1- Does the bank apply the attribute-based costing approach?

Response	Frequency	Percentage
No	18	100%
Yes	-	-
Total	18	100%

We note from the previous question that Iraqi commercial banks do not apply the attribute-based costing approach.

2- Does the bank intend to apply the attribute-based costing approach during the next three years?

Response	Frequency	Percentage
No	11	61.1%
Yes	7	38.9%
Total	18	100%

The previous table shows that 61.1% of the research sample answered that the bank does not intend to switch to the attribute-based costing approach and that 38.9% of the research sample answered that the bank intends to switch to the attribute-based costing approach.

Second: Presentation of the results analysis: Descriptive statistics were used

- To a very large degree, representing 80% - 100% as a percentage of application.
- To a large extent, representing 60% - 79% as a percentage of application.
- To a medium degree, representing 40% - 59% as a percentage of application.
- To a small degree, representing 20% - 39% as a percentage of application.

The mean and standard deviation of the research questions are extracted, as they are summarized in the following table.

NO.	Question	Mean	Average of measurement tool	Standard deviation	Relative weight	T value	Sig. value
1-	The bank knows the cost input on the basis of attributes	2.17	3	1.2	70.04	34.222	0.000
2-	Management has no knowledge of the importance of the attribute-based costing approach.	1.61	3	0.5	77.06	40.425	0.000
3-	The bank's does not want to bear the costs of switching from traditional systems to the attribute-based costing approach.	1.78	3	0.65	76.06	44.622	0.000
4	The bank does not have a department for calculating and controlling costs.	2.56	3	1.04	77.86	40.556	0.000
5	Costing work in the bank is carried out by non-specialized individuals who do not have sufficient experience in this field.	4.06	3	0.73	68.34	53.830	0.000
6	The external auditors do not educate the bank's management and its cost accountants about the attribute-based costing approach and its advantages.	1.72	3	0.57	72.00	31.607	0.000
7	There are no experts in the bank that can be used to know how to implement the attribute-based costing approach.	1.67	3	0.77	74.12	45.066	0.000
8	The cost of experts in the attribute-based costing approach from outside the bank is very high.	4.28	3	0.57	69.06	32.520	0.000
9	The bank's management believes that the cost of this approach outweighs the benefits expected from its application.	4	3	0.84	72.34	59.016	0.000
10	The management believes that it is difficult to divide the business of the bank into specific and clear activities as required by the attribute-based costing approach.	4	3	0.77	74.12	32.520	0.000
11	There is no computer software to operate the attribute-based costing approach.	1.67	3	0.59	70.04	34.222	0.000
12	The management of the bank sees that the outputs of its applied current costing system are sound and no need to switch to attribute-based accounting approach.	4.22	3	0.81	77.06	40.425	0.000
13	The bank's management sees that the volume of its business is small and no need to switch to the attribute-based costing approach.	4.22	3	0.81	76.06	44.622	0.000
14	The difference of methods of calculating the cost of competing services will not affect the determination of their prices, and this explains the different prices of similar services of the bank.	4.06	3	0.73	77.86	40.556	0.000
15	The use of simplified methods in assigning indirect costs to service units according to traditional systems results in a distortion in the cost of the service.	4.11	3	0.47	68.34	53.830	0.000
16	Traditional costing systems do not provide any non-financial data to help make more appropriate decisions.	1.94	3	0.94	72.00	31.607	0.000
17	Planning that does not take into account the behavior of costs leads to wrong decisions according to the regulations.	1.89	3	0.76	74.12	45.066	0.000
18	The costs resulting from traditional systems lead to misguided performance control and appraisal.	3.5	3	1.04	69.06	32.250	0.000
19	There is an interest in the overall financial results without paying attention to the actual detailed activities that were the cause or cause of these results, which causes a waste of resources under the traditional cost systems.	3.83	3	0.99	72.34	59.016	0.000
20	The cost structure of the bank has not changed, which means that there is no need to switch to the attribute-based costing approach.	3.61	3	1.33	69.06	59.520	0.000

We note from the above table that the trends of the research sample are positive towards all research questions, because their means are greater than the average of the measurement tool with inverting the weights given to the questions (1, 2, 3, 4, 5, 6, 7, 11, 16, 17) as they are formulated in the negative form.

Testing of Research Hypotheses

A. Testing the Results of the First Hypothesis

The first hypothesis indicates that there are some difficulties that prevent the application of the attribute-based costing approach in commercial banks. The following table shows the first hypothesis test using:

T-Test for Paired Sample

Calculated T	Tabulated T	SIGT	Result of the null hypothesis
5.62	2.1098	0.0001	Rejection

We find from our reviewing of the calculated results that the value of (calculated T = 5.62) is greater than its tabulated value, and since the decision rule is to accept the null hypothesis if the calculated value is less than the tabular value, which means accepting the alternative hypothesis and this means that Iraqi banks face difficulties that prevent the application of the attribute-based costing approach.

A-Testing the results of the second hypothesis:

The second hypothesis states that no wrong decisions are made in Iraqi commercial banks as a result of the application of traditional cost systems. The results of the hypothesis are illustrated by the following table:

Calculated T	Tabulated T	SIGT	Result of the null hypothesis
11.27	2.1098	0.0001	Rejection

B. Testing the Results of the Third Hypothesis

The third hypothesis states that no waste of available resources, in particular indirect costs, because of their control according to the traditional systems applied in Iraqi commercial banks. The following table shows the results of testing the hypothesis:

Calculated T	Tabulated T	SIGT	Result of the null hypothesis
1.76	2.1098	0.096	Rejection

We find that the value of (calculated T = 1.76) is smaller than the tabulated T and since the decision rule is to accept the null hypothesis if the calculated value is less than the tabular value, therefore we accept the null hypothesis and reject the alternative hypothesis, this means that there is no waste of available resources, in particular indirect costs because of their control according to the traditional systems applied in Iraqi commercial banks.

3- Reliability

The Cronbach's alpha test was used to measure the reliability of the measurement scale and its value was 75.18%, which is a good percentage as it is higher than the acceptable percentage which is 60%.

Conclusions and Recommendations

Conclusions

The researcher concluded the following results:

1. Iraqi commercial banks face difficulties that prevent the application of the attribute-based costing approach. Among the most important of these difficulties are the following:
 - A. The bank management is not familiar with the attribute-based costing approach.
 - B. The absence of bodies that educate commercial banks about the importance of the attribute-based costing approach.
 - C. The bank management is not serious about switching from the traditional systems to the cost approach based on the attributes because the cost of this system outweighs its benefits or that some departments consider that the systems used by them are sound and there is no need to switch to the attribute-based costing approach.
2. The traditional cost systems used in banks give inaccurate results for the costs of the units producing the service which leads to making wrong management decisions.
3. There is no waste of available resources, especially indirect costs, because of their control according to the traditional systems applied in Iraqi commercial banks.
4. The attribute-based costing approach is more suitable for processing and allocating indirect costs and access to more accurate data.

5. The attribute-based costing approach can be applied on the basis of attributes in Iraqi banks, provided that trained competencies and conscious departments should be available in addition to verifying the benefits of applying this approach.
6. The attribute-based costing approach can handle the problems that traditional systems create and fail to handle.
7. Dependence of the attribute-based costing approach on the causal relationship between activities and cost.

Recommendations

According to the results of the previous research, the most important recommendations of the study can be summarized in the following points:

1. The Iraqi commercial banks should try to switch to the attribute-based costing approach through the following:
 - A. Dividing the business of the bank into activities.
 - B. Bringing experiences in the field of applying this approach to the bank.
 - C. Training of staff on how to implement this approach.
2. The universities and the Arab Society of Certified Accountants should educate the financial and other communities in Jordan about the importance of applying the attribute-based costing approach and how to apply it.
3. The banks should establish an independent department for costs and it should have highly qualified human cadres.
4. The necessity of applying this research to other sectors in Jordan, such as the industrial and service sectors.
5. Attempting to address the shortcomings of the current traditional systems in Iraqi banks.
6. The necessity of educating auditors of the importance and benefits of applying the Attribute-based costing approach in order to guide the entities management on the importance of applying this approach.
7. The researcher recommends doing an applied study through the actual comparison between the results according to the traditional systems and according to the specification method to verify the accuracy of determining the cost and the benefits of the approach and its advantages.

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