Abstract

The study focuses on the impact of the **Activity Based Costing** (ABC) on the pricing of banking services- taking the Islamic Co-operation Banking as a case study.

The importance of this study arises from the expected benefits that the management can achieve as a consequence of establishing, understanding and implementing the modern banking services pricing methods.

The study aims at directing the attention of the banks pricing process as an important element to be incorporated within the banking services marketing mix components, as well as emphasizing the importance of cost accounting in determining the banking service prices.

The problem that the study aims at shedding the light upon is that the Sudanese bank's management does not follow modern costing methods especially ABC in the process of pricing the banking services.

To solve the problem, the study has considered the following hypotheses:-

1. Using ABC system helps to arrive at accurate determination of the banking service costs
2. The management is not interested in updating to a modern costing system for analysis of banking services cost.
3. ABC helps to empowering and enhancing sectional reports.

To test the above hypotheses , primary data has been collected by means of questionnaire and analyzed by using SPSS, and the following findings have been reached:-

1/ The bank maintains no costing/pricing section, which results in lack of information for decision makers to take appropriate action.

2/ Using ABC system help the managers as follows:

a. Can probably measure the efficiency of the different units of the bank.
b. Lowers cost structure through appropriate determination of activities' cost, which , in turn, enables the management to care about developing those activities that add value and abandon those ones those ones that do not.
c. Provision of the required information via activating the segmental reports and making use of them.

The study recommended the following**:**

1. The importance of establishing a comprehensive managerial accounting system in the bank that uses modern costing methods and techniques- especially the ABC- for the purpose of improving the decision making mechanism in the bank.
2. Emphasizing the importance of using the ABC system rather than the traditional methods in pricing the banking service in order to reduce and control costs.
3. Using ABC system provides detailed information about activities, which helps the management in carrying out the planning & controlling functions and making the correct decision regarding the pricing process.
4. The importance of training and continuity, through conducting workshops and shows to certify the importance of the role that the ABC system plays in the banking services pricing process.