

Mitigation of Risk Management Activities towards Accountability into Microfinance Environment: Malaysian Case Study

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Abstract : Prompt changes in global business environment, such as passionate competition, managerial/operational, changing governmental regulation and innovation in technology have significant impacts on the organizations. At present, global business environment demands for more proactive institutions on microfinance to provide an opportunity for the business success. Microfinance providers in Malaysia still accelerate its activities of funding by cash and cheque. These institutions are at high risk as the paper-based system is deemed to be slow and prone to human error, as well as requiring a major annual reconciliation process. The global transformation of financial services, growing involvement of technology, innovation and new business activities had progressively made risk management profile to be more subjective and diversified. The persistent, complex and dynamic nature of risk management activities in the institutions arise due to highly automated advancements of technology. This may thus manifest in a variety of ways throughout the financial services sector. This study seeks out to examine current operational risks management being experienced by microfinance providers in Malaysia; investigate the process of current practices on facilitator control factor mechanisms, and explore how the adoption of technology, innovation and use of management accounting practices would affect the risk management process of operation system in microfinance providers in Malaysia. A case study method was employed in this study. The case study also need to find that the vital past role of management accounting will be used for mitigation of risk management activities towards accountability as an information or guideline to microfinance provider. An empirical element obtainable with qualitative method is needed in this study, where multipart and in-depth information are essential to understand the issues of these institution phenomena. This study is expected to propose a theoretical model for implementation of technology, innovation and management accounting practices into the system of operation to improve internal control and subsequently lead to mitigation of risk management activities among microfinance providers to be more successful.

Keywords : microfinance, accountability, operational risks, management accounting practices

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