Session 4: Digital innovations in public finance management--Comments

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Mainstreaming the Digitalization of Payments into Public Financial Management (PFM)

• Some countries moved quickly, Mexico and China, but others slower
• Digitalization of payments should be looked at as an integral part of management of public resources – expediting basic PFM functions
• Prerequisites for digitalization of payments
  • Infrastructure: payments access and unique IDs
  • Unitary vision of government objectives and goals
• Access to mobiles common, but still a financial and ID gaps
  • Need to extend digital infrastructure to areas where lacking
  • Need for supportive regulation (tiered KYC) and interoperability
• Question
  • How to integrate acquired data into the planning and evaluation process?
  • What are good examples of this?
Customer Orientation in the Development of Public Financial Management Systems In Nepal

• Coherent multi-dimensional strategy
• System aspects
  • Digital financial inclusion policy
  • Federal Government Tax Payer Portal: tax returns, tax IDs (for how many)
  • Nepal Clearing House
  • Sub National Treasury Regulatory Application (SuTRA) comprehensive accounting system
    • Revenues – Calculation and collection
    • Budgeting – Policy and resource allocation
    • Accounting and reporting
    • Elimination of cheques: Reduced fiduciary risk, transparency, digital inclusion
    • Electronic funds transfer
• Selected highlights
  • Initially aimed to serve government interest at subnational level
  • Common classification means extended transparency
• Question: What were key implementation challenges?
  • Issues of implementation at local level, how applicable elsewhere?
The Development of Digital Government and Public Service Reform in Japan

- Japan’s policy for establishing digital government: Four stages
  - Advanced-information-technology-driven administration – narrow context of administrative management
  - Society with highly advanced information technologies – IT policy in general
  - Refocusing of electronic government and cost reduction – Issues of procurement and organizational responses and limits
  - Digital government and public service reform

- Government Digital Transformation Plan—Major initiatives
  - 100% digitalization of administrative services and 100% opening of administrative data—attached paper requirements have limited progress in this area
  - Development of digital reform infrastructure: data standards & platforms
  - Increasing use of e-Tax, introduction of “my number” ID a key development

- Questions
  - How to promote reduction of paper requirements?
  - How integrated into the policy planning and evaluation process?
Digital Budgeting and Accounting System (DBAS) in Korea

- Comprehensive system
  - Program Management System (PMS)
  - Budget Management System (BMS)
  - National Treasury Management System (NTMS)
  - Electronic Billing Presentation, Payment & Transfer (EBPP, EFT)
  - Performance Management System (PMS)
  - Assets & Debt Management Systems (ADMS)
  - Performance Management Systems (PfMS)

- Accomplishments
  - National Finance Management Plan (NFMP) – national priorities with long-term views; line ministries more cautious
  - Self-Assessment of Fiscal Projects (SAFP) – feedback on financing of projects; introduction of Preliminary Feasibility Test

- Questions
  - What were the key issues and requirements for implementation?
  - How applicable to emerging market economies?
Conclusions and Questions

- What are the advantages vs. costs?
  - In emerging economies: promote financial inclusion, shift away from cash, increase efficiency and transparency of disbursements, cost savings, increased tax collection
  - In advanced economies: reduce costs, promote efficiency and transparency, move toward digitalized cashless society

- A comprehensive approach is needed
  - Digital financial inclusion infrastructure: bank accounts; convenient online access; digital ID
    - Access in rural areas remains a challenge, how to promote?
  - Reform, standardization and digitalization of government procedures and accounts
    - Move away from legacy systems can be challenging
    - SuTRA system in Nepal and DBAS in Korea – very interesting
    - What are main issues for implementation in emerging economies?
Conclusions and Questions (2)

• How to implement at multiple levels of government?
  • Significantly more complicated
  • What are key issues of implementation?
  • Capacity and infrastructure issues

• Developments from here? Fintech can be game changer
  • Blockchain has many potential applications
    • Facilitate establishment of ID
    • Verification of transaction records
    • Digital currencies
    • Customs, trade facilitation
  • Artificial Intelligence (AI), cognitive computing
• Need for capacity building and training
• Need for experimentation—”sandboxes”
Thank You!