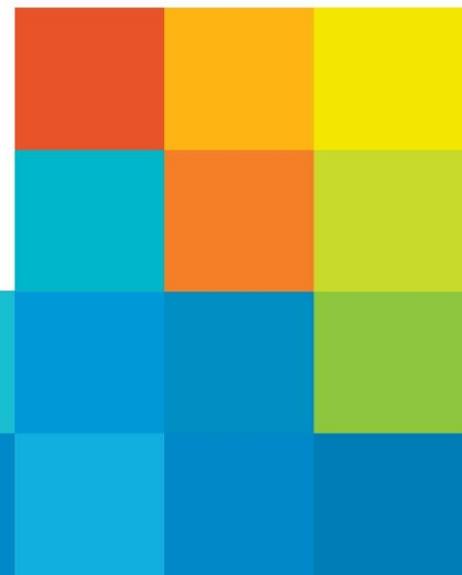


Session 4: Digital innovations in public finance management--Comments

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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!