



**FISCAL AFFAIRS**

**Digitalization of Government  
Operations and Policies  
(GovTech)**

**TOKYO FISCAL FORUM**

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The views expressed are those of the presenter and do not necessarily represent the views of the IMF, its Executive Board, or IMF management.

# Digitalization is changing markets and public sectors

*Forces of change (accelerated during COVID-year) lead to:*

More, better, and timelier information on transactions, people, assets

Improved access, storage, processing and linking of (big) data

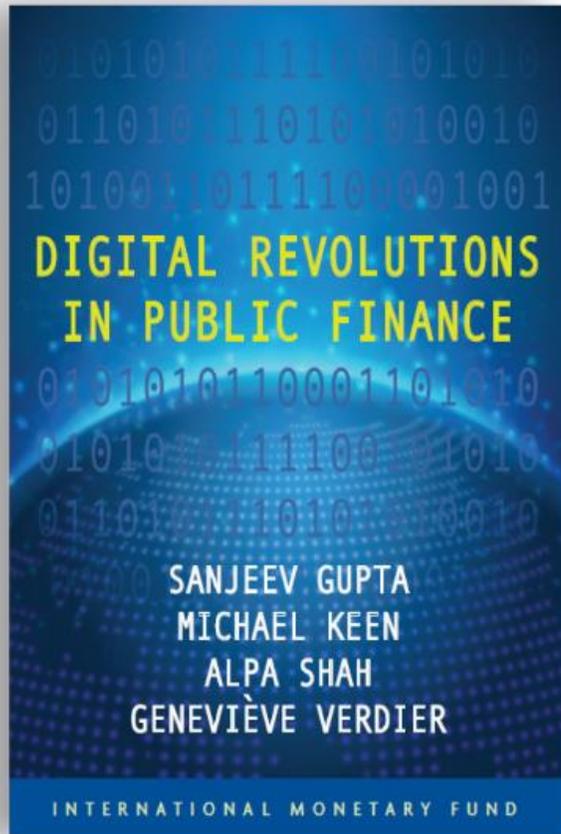
Changing economics of information

Markets/firms/jobs

- 'Gig' economy
- Highly digitalized businesses
- Automation/AI

Government operations and policies

- Doing things better
- Innovative policy designs
- New policy challenges



## Policy improvements

- Revenue administration
- Public financial management

## Policy innovations

- Tax policy
- Social transfers

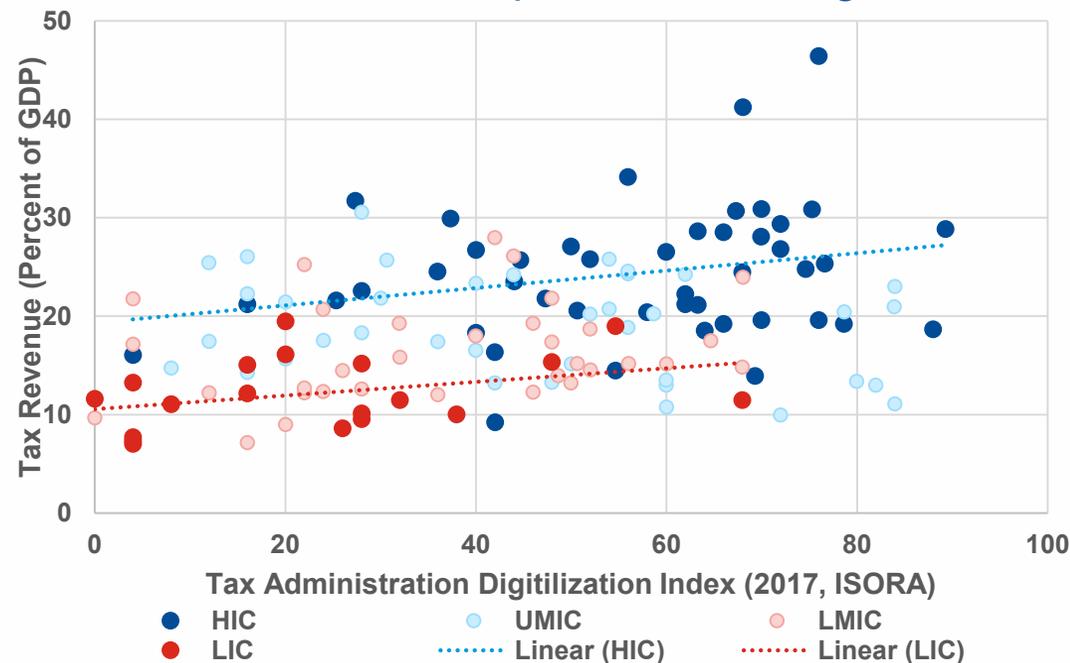
## Policy Challenges

- Privacy, cybersecurity
- Digital divide

# Digital Revenue Administration

## Signs that those using digital solutions more have fared better, but ...

- ... requires comprehensive transformation strategy
- ... needs adequate accounting for risks



## Examples

### VAT and digitalization

- Electronic sales registries boosted revenue by between 4 and 20 percent in LAC, AFR
- Solve the implementation challenge of e-commerce and on-line B2C services

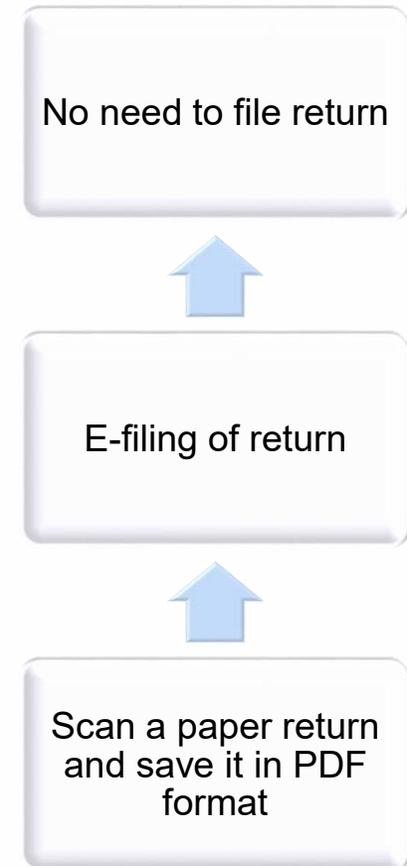
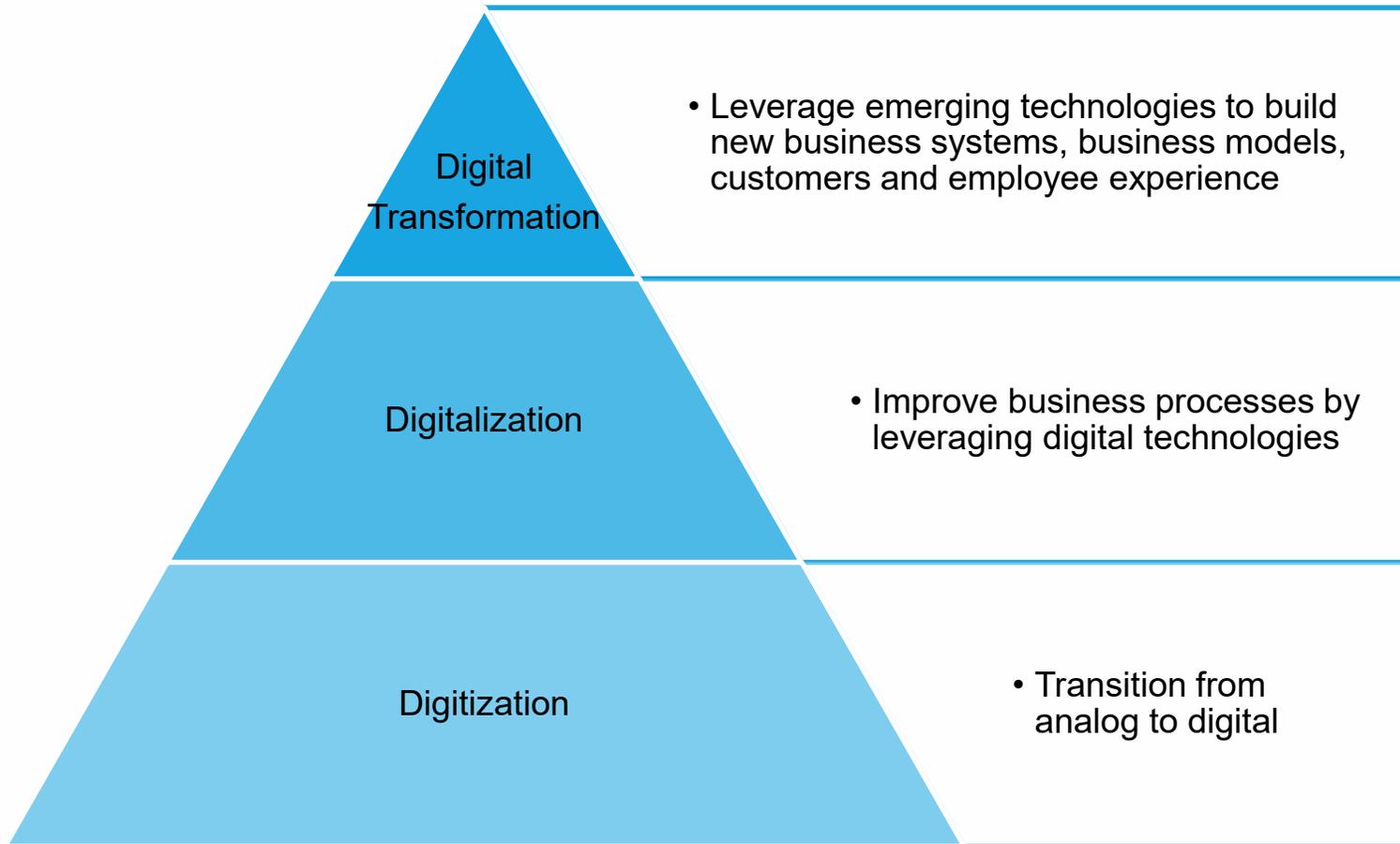
### Digital customs administration

- See forthcoming FAD book

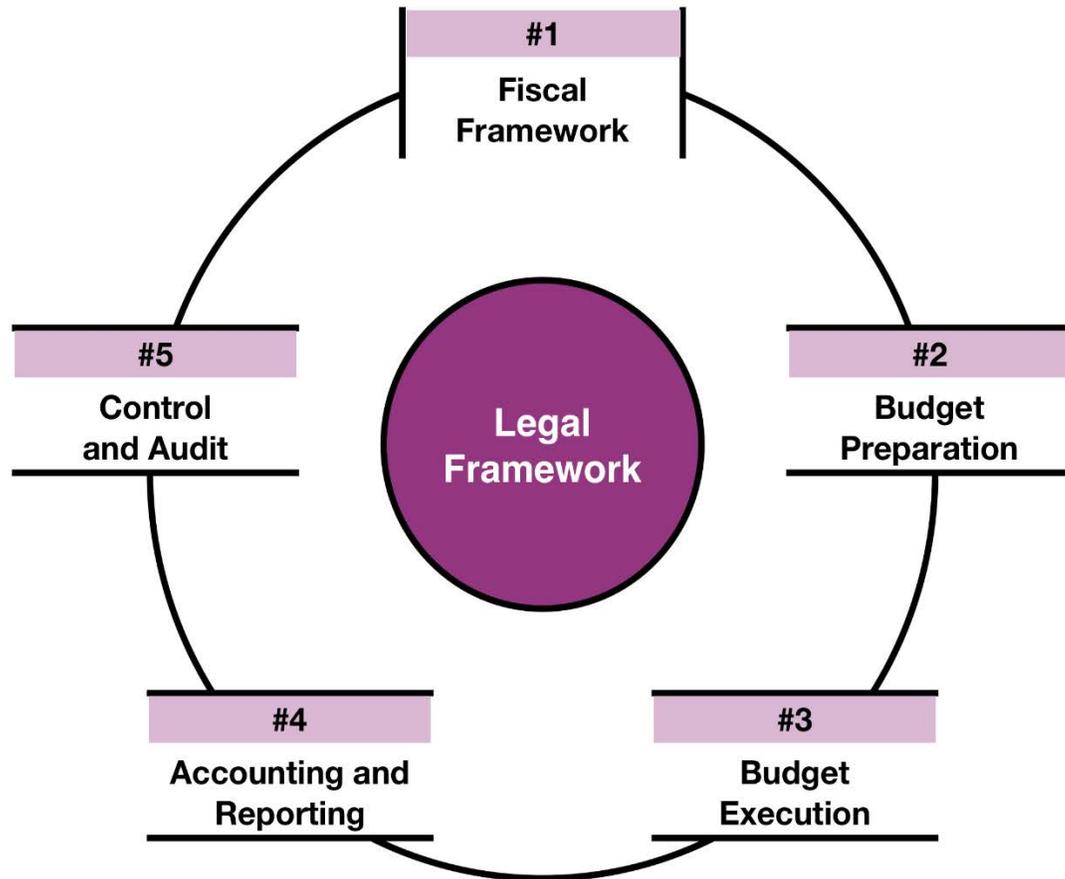
### Taxing capital income/wealth for inclusion

- Exploit better information to support enforcement
- Subsequently improve policy design too

# Stages of Digital Transformation



# Digital Public Financial Management



## GovTech affects all aspects of PFM

- Supports fiscal sustainability;
- Improves service delivery to citizens (e.g. social transfers)
- Enhances efficiency of PFM processes (Financial Management Information Systems);
- Strengthens fiscal transparency and accountability (reducing corruption)
- Improve public procurement and efficiency of public investment;

# Future GovTech

- **Digitalization – (much) more to come**
  - **Emerging trends** – rapidly shifting frontier of fiscal applications and policy implications, e.g. **digital money** revolution, use of blockchain
  - Opportunities for catching-up and **leapfrogging** by emerging economies
- **Work by the IMF**
  - Support countries with **capacity development** to help manage the digital transformation comprehensively
  - **Contribute** to cutting-edge global policy analysis and discussions