



## PEMPAL Treasury Community of Practice (TCOP) Thematic Day

# Impact of Digital Transformation on the Evolution of the Treasury Role and Functions



**Vienna, March 27, 2025**

## EVENT REPORT



## Introduction & Opening

On March 27, 2025, back-to-back with the PEMPAL Whole-of-Network Plenary meeting in Vienna, the Treasury Community of Practice (TCOP) held a Thematic Day. The TCOP Thematic Day aimed to discuss the evolution of the treasury role and functions, the impact of digital technologies in driving this process, and the main challenges that need to be addressed for digital transformation to be successful.

The event was attended by around 40 treasury practitioners from 17 PEMPAL countries (Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Croatia, Georgia, Hungary, Kazakhstan, Kosovo, Kyrgyz Republic, Moldova, Montenegro, Romania, Serbia, Tajikistan, Türkiye, and Uzbekistan).



The meeting was facilitated by the World Bank team, including Elena Nikulina (Senior Public Sector Specialist, PEMPAL TCOP Resource Team Leader), Elena Dobrolyubova (PEMPAL TCOP Resource Team member/Consultant), and Mark Silins (PEMPAL TCOP Resource Team Advisor / Consultant). Mingul Seitkazieva (PEMPAL Secretariat) joined the team in Vienna and provided logistical support.

At the meeting opening, **Elena Nikulina** welcomed the participants, outlined the main objectives of the event, and introduced the event agenda.

## Session 1. Evolution of Treasury Role and Functions: Where Are We Heading Next?

During the first session, **Elena Nikulina** and **Mark Silins** presented the key findings of the flagship TCOP knowledge product on the *Evolution of the Treasury Role and Functions in PEMPAL Countries*. The paper aims to identify the key trends in the evolution of national treasuries in the region and identify the prospects for their future development. The paper had a strong alignment with the general discussions of the Whole-of-Network Plenary meeting, which focused on the future of PFM, and provided useful insights for the PEMPAL strategy discussions. Using the results of two thematic surveys (2016 and 2022/23) carried out by TCOP as well as other materials shared during the events organized by the community, the presentation summarized the key trends in the role and functions of national treasuries in

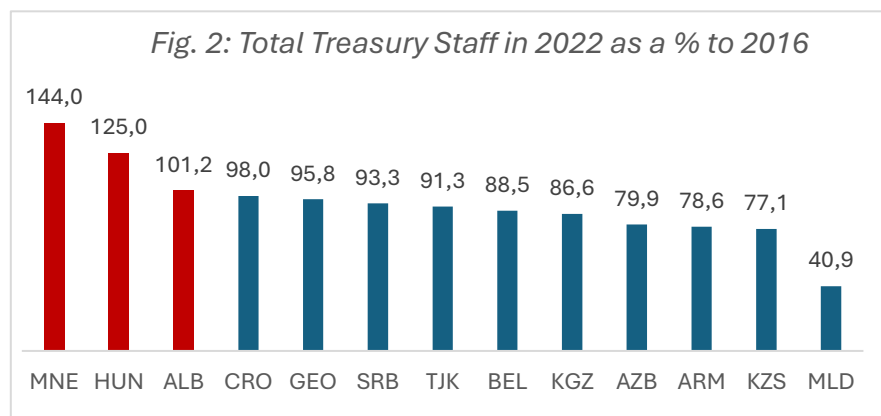


PEMPAL countries, identified likely future developments and outlined the learning needs that could support this evolution process. The presentation focused on three major treasury functional areas which are common across most countries: payment authorization and processing, cash management and forecasting, and budget and financial reporting, and the role of digitalization as a key facilitator for transformation in these areas (Fig. 1).

Fig. 1: Key Treasury Functions



The surveys demonstrate that in most PEMPAL countries, total treasury staff in 2022 reduced compared to the levels in 2016 (Fig. 2), reflecting the move from the traditional ‘gatekeeper’ role



regarding payment approval, to more automated, risk-based approaches in treasury authorization and processing, a strengthening and streamlining of treasury controls, and integrating lower-level spending units as direct treasury clients.

In contrast, the role in cash management and forecasting has been enhanced and expanded. Most PEMPAL countries have improved the design and expanded their TSA. There is also some progress and significant interest in implementing modern cash forecasting techniques and moving to more active cash management practices. Cash management is likely to become even more important for treasuries in the years to come, with the focus on ensuring full fungibility of funds in the TSA and further development of the cash forecasting capacity.

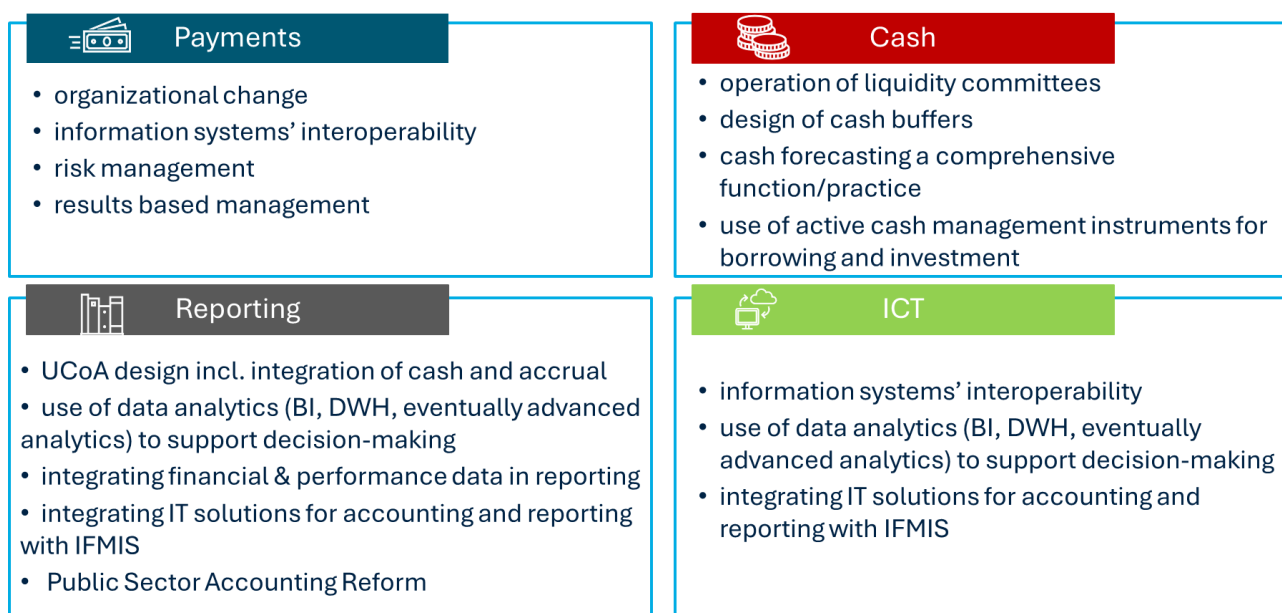
PEMPAL countries are also trending towards more sophisticated reporting capabilities, including compliance with IPSAS and GFSM2014 and cross-cutting reporting requirements. The prospects include full integration of the budget classification and chart of accounts in a Unified Chart of Accounts, introducing cross-cutting issues (i.e. climate and gender) in reporting, and integrating accounting and reporting functions into IFMIS and enhanced links to non-financial



performance information. All these efforts aim to improve fiscal transparency and the availability of data and reports in real time and in formats useful to stakeholders.

The changes in treasury functions have been largely driven by digitalization; however, other factors, such as the introduction of results-based budgeting and broader public sector reforms, have impacted the role. This evolution also helps define the learning needs that TCOP may help address during the next phase of the PEMPAL program (Fig. 3).

*Fig. 3: Key Treasury Learning Needs*



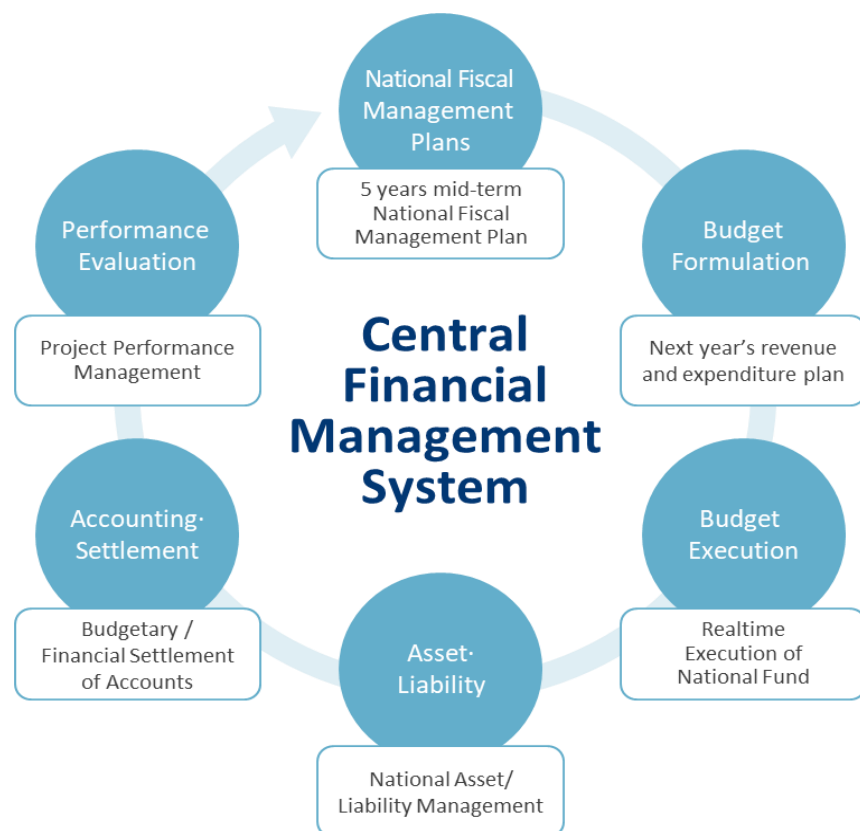
The presentation was followed by several questions. **Nazim Gasimzade**, Head of State Treasury Agency, Azerbaijan, agreed with the key trends presented and asked what treasuries would look like in ten-years once the ongoing digital transformation efforts were completed. **Mark Silins** noted that while some functions were automated and required fewer resources, treasuries were well-placed to take on new roles and functions and lead the transformation process. For instance, the role of national treasuries in monitoring and reporting on government performance linked to financial performance data could be expanded. **Attila Gyorgy**, State Secretary, Ministry of Finance of Romania, commented that one of the reasons for high staffing numbers in local treasury offices in Romania was a significant portion of cash payments in total treasury payments. **Mark Silins** agreed that as long as cash is a popular payment method, there should be some infrastructure on the ground to support this method of payment. However, it need not necessarily be the treasury (in various countries, these functions are performed by post offices, service delivery centers, etc.).

The guest speaker, **Sangwook (Paul) Nam**, dBrain+ Settlement System Operation Division Head, KFIS, illustrated the critical role of digital transformation for the core treasury functions



in the Republic of Korea. Since the 1990s, ICT has been a national priority in Korea, spurred on

*Fig. 4: Central PFM System in the Republic of Korea*



by the 1997 financial crisis which demonstrated the need for strengthening PFM. To respond to this need, the 1<sup>st</sup> generation budget system SALIMI was introduced in 1999. With the progress in fiscal reforms, new generations of PFM systems were introduced. In 2007, budget and treasury functions were integrated into one IFMIS – dBrain, which, since 2016, has been supported by a special state organization – Korean Fiscal Information Service (KFIS). In 2022, a third generation of IFMIS, dBrain+, was implemented. The dBrain+ system addressed the technological limitations of the previous system and helped to

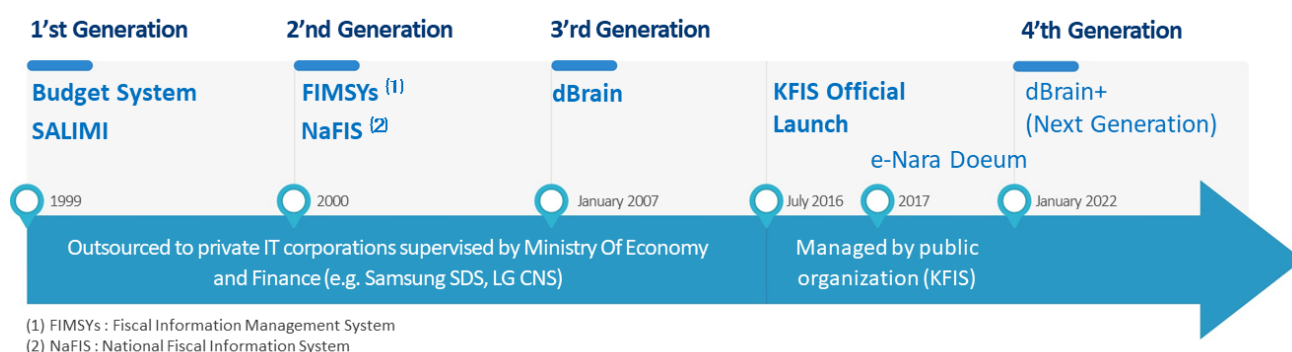
move from supporting purely fiscal tasks to supporting broader data-driven timely policy decision-making. The system covers the whole PFM lifecycle from medium-term fiscal planning to budgeting, execution, accounting, reporting, and performance management (Fig. 4).

DBrain+ is integrated with 144 systems in 81 institutions, enabling seamless real-time financial management. It supports comprehensive and integrated management of the nation's total revenues; ensures secure expenditure processing through a three-stage multiple verification process, ensuring segregation of duties; offers users a variety of visual representations of national asset information, including thematic and 3D maps; and generates comprehensive government finance statistics and streamlined end of period reports using an automatic journaling system. The integration of financial and performance data also allows the Republic of Korea to receive automatic early warning for underperforming programs and activities along with the introduction of advanced data analytics to better support the decision-making process and ensuring greater public transparency and accountability. A variety of training courses are also offered in different modes to ensure that users receive maximum utility from the rich data that is available.



The presentation of the Korean experience prompted active discussions. **Rakhat Tokaev**, Chairman, Treasury Committee of Kazakhstan, inquired about the training offered for officials and the ways KFIS approached IFMIS integration. **Nazim Gasimzade** asked about the training delivery modes. **Yusuf Yavuz**, Ministry of Treasury and Finance of Türkiye, noted that the system was very complex and inquired how the stability of system operations was ensured. **Sangwook** explained that multiple training opportunities were provided to users, although no specific certificate to use the system was required. In addition to offline training, online self-paced courses are available, and a user helpdesk is operational. Following a stakeholder survey, external systems were integrated with dBrain+ to better support business needs. To ensure continuous system operation, all data is continually replicated digitally, and an offsite (disaster recovery) backup data center is also operational. **Ednora Kastrati**, Treasury of Kosovo, asked about the overall timeline for the system implementation. **Sangwook** noted that overall, it took about 25 years to achieve the current stage of digitalization (three generations of IFMIS), and some further improvements are still planned (Fig. 5).

Fig.5: Timeline of IFMIS Development in Korea







## Session 2. Evolution of the Treasury Role and Functions: Impact of Digital Transformation & Other Factors. High-Level Panel

During the second session, high-level representatives of the Ministries of Finance and National Treasuries presented their views on the evolution of the treasury role and functions in their countries.

**Nazim Gasimzade** noted that treasuries needed to adapt to the changing times, account for technological revolution, embrace digital technologies to fully automate repetitive manual work, and further introduce risk-based approaches in treasury operations. He noted that these changes should also be supported by optimization of the Treasury organizational structure. For instance, the number of local treasury offices in Baku has been reduced from 10 to 1 since 2022. It is critical that treasuries become more user-oriented in supporting spending units and that client service should be integrated into performance evaluation.



**Zsolt Tavaszi**, Vice-President, Hungarian State Treasury, presented an overview of their institutional development and noted the key challenges and risks the Hungarian State Treasury is facing. The evolution of the core treasury functions is focused on increasing the scope of TSA (including local authorities, EU funds, and foreign currency), and improving the liquidity forecast and retail debt management. The digitalization of treasury processes has helped to reduce some 30% of staff in local treasury offices. However, simultaneously, the Treasury has been taking on additional, non-core functions, such as EU funds management (2012), pension management (2017), and management of other government programs (such as family support, housing assistance, and workers' loans). Currently, some 80% of treasury staff are engaged in performing these non-core treasury functions.

With the adoption of the new functions, the Hungarian State Treasury faced significant challenges in IT management and integration. Currently, there are almost 300 separate IT systems, including 25 large scale systems. To address the challenge of IT silos, the treasury developed several data warehouses and updated the core treasury system, strengthening the role of the treasury as an information provider. This enhanced role raised government's expectations of the treasury to provide real-time data and has also increased the importance of IT security.

**Mario Glibić**, Assistant Minister for the Treasury, Ministry of Finance, Federation of Bosnia and Herzegovina noted that in the Federation the Ministry of Finance directly supported all spending units and was also responsible for the accounting and reporting functions. The important trends in the next five years will include the introduction of KPIs in treasury operations and the



integration of the core FMIS with other systems, such as the tax administration system. The new opportunities for national treasuries include the use of AI, enhanced information management, and the adoption of specific tools, such as CFAT<sup>1</sup> for cash forecasting. The key challenges in digitalization are related to human resource availability and skills and IT security.

**Maxim Ciobanu**, Head of the State Treasury of Moldova, shared the key trends in treasury development. Firstly, a more strategic approach to cash management is planned using data on the expected payments from the e-invoice and procurement systems. Secondly, targeting improvement in the fungibility of funds in the TSA by reducing the number of subaccounts in use. This optimization process may also change the allocation of functions between the central treasury and the regional offices. Finally, significant accounting reforms are planned and will impact treasury operations.

**Rakhat Tokbaev** presented an overview of treasury development in Kazakhstan. The scope of the Treasury has been expanded to include all four levels of budgets (over 2500 budgets in total), extra-budgetary funds, public investment projects, and some non-core treasury functions, such as procurement and financial support. Rakhat observed that this expansion of roles left no scope for treasury staff reductions in Kazakhstan. However, he did note that digitalization, has seen the role of regional treasury offices changing, with less focus on processing and more on consultative functions supporting local self-governments. Following the recent amendments to the Budget Code introduced in March 2025, the Treasury Committee of Kazakhstan now has the authority to temporarily invest excess public cash. Thus, active cash management has become one of the key treasury priorities. Since late 2024, the national treasury has also started working with digital currency – this is another important area for future development. Significant attention is also paid to the training of spending units.

Overall, all participants of the high-level panel agreed that the digital tools offered significant opportunities for enhancing treasury operations. However, it will be important for the investment in digital security to be comparable with those in digitalization to adequately address the new technology-related risks.

### **Session 3. Foresight Session: How Digital Tools Can Help Treasuries Seize New Opportunities and Minimize Risks**

The foresight session was organized to focus on smaller group discussions. Participants were asked to identify digital tools that drive or support treasury evolution, key challenges in digital transformation and how the challenges could be addressed. The discussions are summarized in Table 1 below.

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<sup>1</sup> Cash Forecasting and Analysis Tool.





Table 1: How Digital Tools Can Help Treasuries Seize New Opportunities and Minimize Risks

Digital tools supporting treasury evolution	Key challenges in treasury digital transformation	Ways to address the challenges
<ul style="list-style-type: none"> <li>Digitalization of treasury control and other treasury processes (incl. using AI)</li> <li>Seamless integration with other systems, addressing data silos</li> <li>Providing access to real-time financial data to support management decisions; big data analytics</li> <li>Using advanced tools (incl. AI) for cash forecasting</li> <li>Using digital currency to increase transparency in public spending</li> <li>Daily consolidation of financial data and automated reporting</li> </ul>	<ul style="list-style-type: none"> <li>Lack of interagency coordination</li> <li>Interoperability of different government systems - different government systems are at different levels</li> <li>IT project management (particularly outsourcing)</li> <li>Lack of readiness to digitalize in line ministries, especially at the local level. Fear of innovation</li> <li>Lack of IT infrastructure</li> <li>Lack of human resources, shortage of skills, uncompetitive salaries in the public sector for IT specialists</li> <li>Financial constraints</li> <li>Cybersecurity and data protection</li> </ul>	<ul style="list-style-type: none"> <li>Introducing a single center for government digital transformation</li> <li>Securing adequate funding for digitalization</li> <li>Putting citizens at the center of digitalization efforts</li> <li>Planning of digitalization projects adequately, integrating users at the stage of system design and development</li> <li>Linking IFMIS development to the needs of line ministries and other users</li> <li>Use of PEMPAL for learning and knowledge sharing</li> <li>Staff training</li> <li>Change management</li> </ul>

In his conclusions to the thematic session, **Mark Silins** pointed out that national treasuries were not unique in facing multiple challenges in digital transformation. One of the key lessons from the countries with advanced experiences in digitalization is that putting the client at the center of the digitalization process helps to improve success rates. The role of coordination with other agencies and system integration also cannot be underestimated. Analytical user defined reporting is becoming an emerging area in government in general. Treasury is generally already at the forefront of reporting financial information and therefore has an opportunity to also lead in broader reporting requirements. This is a key opportunity for Treasury going forward.

#### Session 4. Brainstorming Session: Future of TCOP

During the last session, participants brainstormed about the future of TCOP. In particular, they were asked to propose the theme for the next TCOP plenary meeting, which will be convened in autumn 2025, and to discuss possible financial arrangements and creative solutions for ensuring the sustainability of TCOP going forward. A broad range of themes were proposed for the next TCOP plenary meeting (Table 2).



Table 2: Potential Themes for the Next TCOP Plenary Meeting

<i>Cash management and forecasting</i>	<i>Using IT in Treasury Operations</i>	<i>Accounting and Reporting</i>	<i>Treasury Controls</i>
<ul style="list-style-type: none"> <li>• Optimal scope of the TSA</li> <li>• Use of liquidity buffers for adapting to fiscal uncertainties</li> <li>• Mechanisms for investing temporarily surplus funds</li> <li>• Cash forecasting (including practical examples of using AI in cash forecasting)</li> </ul>	<ul style="list-style-type: none"> <li>• Practical examples of using AI in treasury operations</li> <li>• Implementing data warehouses and automating financial reporting</li> <li>• Using digital currency including for international payments</li> <li>• Boundaries of digital treasury</li> </ul>	<ul style="list-style-type: none"> <li>• Integrating climate-related risks into fiscal policy - climate/gender tagging and reporting</li> <li>• Accounting and reporting: reforms and updates</li> </ul>	<ul style="list-style-type: none"> <li>• Treasury IT applications: automating payment authorization and control processes (with practical examples), risk-based treasury transactions</li> <li>• Processing - importing transactions and multi-year contracts by the treasury (from 3<sup>rd</sup> party systems such as procurement)</li> </ul>

In terms of future financial arrangements for the network, various options were suggested. Most country delegations confirmed they would be willing to fund travel costs for the participation of staff in TCOP events. A possibility of co-funding TCOP events by hosting countries was also discussed. Azerbaijan, Kazakhstan and other countries will explore the possibility of direct financial contributions to PEMPAL.

**Elena Dobrolyubova**, TCOP Resource Team member noted that one of the small steps towards TCOP sustainability has been establishment of a TCOP Group in LinkedIn where all members can exchange news, impressions on TCOP events and publications, and stay in contact. The group can be accessed using the link: <https://www.linkedin.com/groups/10065634/>.

**Elena Nikulina** thanked all participants for their active discussions and contributions and wrapped up the meeting.

## Conclusions

Over the past decade, national treasuries in PEMPAL countries have evolved from transaction-processing organizations to service providers oriented at managing public assets including cash effectively. This evolution was driven by digitalization and broader PFM and public sector reforms and has impacted the organizational structure and functions of the treasury. Cash management and forecasting is becoming a primary treasury function, and new functions are emerging, such as performance reporting and flexible user defined reporting to better support



decision-making in government. The evolution of these treasury roles and functions also helps define new learning needs, which TCOP can help address.

As demonstrated by the case of South Korea, digital transformation plays a key role in the evolution of treasury operations. The plenary discussions demonstrated that digitalization has enabled national treasuries in many PEMPAL countries to automate routine operations and evolve more strategic functions to better manage public resources. In several countries, organizational structures have been optimized while in other countries technology enabled national treasuries to take on new, non-core functions. Digital transformation can further support the evolution of treasury institutions, however, the new technology-related risks, such as cybersecurity, also need to be addressed. Other important challenges are related to building staff skills, improving the effectiveness of interagency coordination, ensuring system interoperability, and securing adequate financial resources to invest in digital technology.

Digital transformation and practical examples using cutting-edge technology, including data analytics and AI in treasury operations continue to present significant interest for the community. Other thematic areas, such as cash management, risk-based treasury controls, and accounting and reporting are also high on the TCOP learning agenda.

The discussions highlighted the significant role of PEMPAL in supporting treasury modernization and broader PFM reforms in the ECA region. The evolving role of national treasuries and the new challenges that they face underscore the continuous need for peer-to-peer learning and knowledge sharing. It is important that TCOP continues providing support to its members in their treasury modernization efforts.