

Leveraging IT and Data Supporting Cash Management & Forecasting

Presentation for Small Group Discussion

Republic of Armenia

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1. Current Approach to Cash Flow Forecasting



□ Scope & coverage of cash flow forecasts:

- TSA balance
- Fiscal deficit
- Budget revenue and expenditure

□ Main aggregates forecasted:

- Receipts: taxes and duties, customs duties, loans and grants, and other non-tax payments
- Payments: expenditures by budget classification, contract payments, debt transfers
- Financial flows: balance of funds on the TSA, deposits placed with the central bank, proceeds from deposit repayments

□ Forecast granularity

- Year
- Half year
- Quarter
- Month

□ Forecast update/rollover frequency

- Monthly

2. Data & Models Used for Cash Flow Forecasting



- ❑ Data used for cash forecasting:
 - *Historical data*
 - *Income and expenditure forecasts*
 - *Loan forecasts*
 - *Donor-financed investment project implementation forecasts*
 - *Budget allocations*
 - *Procurement plans*
 - *Contract data (payment schedule)*
 - *Actual cash flows*
- ❑ Data sources:
 - *IS Treasury Operating Day,*
 - *Applications from major budget appropriations administrators*
 - *Operational reports from the Ministry of Finance's macroeconomic unit*
- ❑ Where is data stored?
 - *IS Operating Day of the Treasury*
 - *IS of other departments /State Revenue Committee, Central Bank, and others/*
- ❑ Does the data need cleaning/adjustment? *partially*
- ❑ Software used for cash forecasting : *IS Treasury Operating Day, Excel tables*
- ❑ Model(s) used for cash forecasting: *no specific model*

3. Future Plans & Challenges



- ❑ Areas for improvement in cash forecasting and cash management
 - ❑ *Using additional data from other sources*
- ❑ Plans for further automation of cash forecasting and cash management functions (including the use of advanced IT, such as AI)
 - ❑ *Implementation of the Integrated Financial Management System (IFMIS)*
 - ❑ *Use of artificial intelligence for in-depth analysis of treasury transactions and the formation of a comprehensive statistical picture of anomalies and deviations (ex-post flagging method)*
- ❑ Key Challenges
 - ❑ *Ensuring data security when using AI and the need to retrain staff to work with new models*
 - ❑ *Integration with existing systems*
 - ❑ *Data quality and integrity*
 - ❑ *Regulatory framework for the use of AI in financial transactions*

THANK YOU!

