

PEMPAL TREASURY COMMUNITY OF PRACTICE (TCOP) Working Group on Using IT in Treasury Operations

Videconference on Global and ECA Trends in Digital Transformation of Public Finance

February 12, 2026

Event Report

Introduction

1. On February 12, 2026, the PEMPAL Treasury community of practice (TCOP) held a videoconference on *Global and ECA Trends in Digital Transformation of Public Finance*. The objectives were to learn about the key findings of the 2025 GovTech Maturity Index (GTMI) Update recently published by the World Bank and to discuss global and regional trends in public sector digital transformation and the progress of FMIS modernization in ECA. Given the relevance of the subject, interested members of the Budget and Internal Audit COPs were invited to join the event. The event was attended by over 50 participants, including officials representing all COPs from 14 PEMPAL countries (Albania, Azerbaijan, Armenia, Bosnia and Herzegovina, Croatia, Hungary, Kazakhstan, Kyrgyz Republic, Moldova, North Macedonia, Romania, Serbia, Ukraine, and Uzbekistan), and interested World Bank staff. The meeting was facilitated by the World Bank Resource team comprising Fabienne Mroczka (TCOP Resource Team Leader), Galina Kuznetsova and Elena Dobrolyubova (TCOP Resource Team Members), and Mingul Seitkazieva (PEMPAL Secretariat).

2. **Fabienne Mroczka** welcomed the participants and introduced the meeting objectives and the agenda. She noted that the recent World Bank's GovTech Maturity Index (GTMI) update¹ provides important insights into the progress of the digital transformation journey around the world and invited the participants to share their perspectives on the key achievements and challenges in the digitalization of public finance in their countries.

Global and ECA Trends in Digital Transformation of Public Finance

3. **Cem Dener**, Lead Governance Specialist and Chair of the World Bank FMIS COP, presented an overview of key trends in government digital transformation and highlighted the achievements and challenges in the digitalization of public finance in ECA. Although at the global level, the progress has been uneven, with growing disparities among high and middle-income vs. low-income countries, ECA remained a leading region in terms of GovTech digital maturity, with 90 percent of countries included in top groups A and B based on the latest GTMI update. Most ECA countries use existing FMIS, with system enhancements visible in BiH, Hungary, Kazakhstan, Serbia, Turkmenistan, and

¹ 2025 GovTech Maturity Index Update was published by the World Bank in December 2025. The update brief, data dashboard and dataset are available at: <https://www.worldbank.org/en/programs/govtech/gtmi-2025-update>.

Ukraine, and new system development/upgrade projects underway or planned in Armenia, Azerbaijan, Kyrgyz Republic, North Macedonia, Romania, and Uzbekistan. In ECA, some 55 percent of countries use commercial software for FMIS, while the rest use custom software. About 50% of the ECA countries are using Unified CoA, and some improvements have been noted in capturing non-financial data (KPIs) on programs/projects (19 in total).

4. PEMPAL countries made significant progress in automating core PFM functions, which provides new opportunities for using PFM data to support decision-making and other government needs (Fig.). However, further improvements are needed in terms of strengthening the transparency of digital transformation, fostering system interoperability and integration, and strengthening cybersecurity. Thus, the recent GTMI update shows that only 14 countries in ECA are monitoring the utilization of FMIS and publishing data on its capabilities. Only 9 countries are using GSB/APIs for data exchange. While TSA operations are visible in 80% of the ECA countries, the TSA-FMIS interface (to automate secure data exchange and reconciliation) is fully operational only in 8 countries. Thus, additional efforts are needed to enhance system capabilities and interoperability and publish timely public finance data for improved transparency and performance monitoring.



Maturity of FMIS in PEMPAL Members

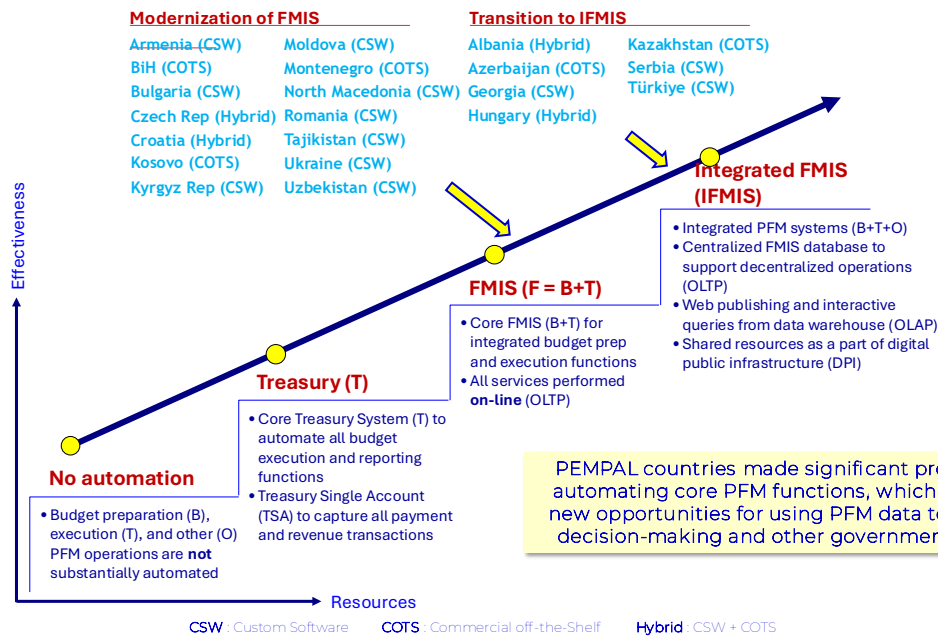


Fig. – Maturity of FMIS in PEMPAL Countries

5. **Elena** thanked **Cem** for a very informative and long-awaited presentation and noted the need for greater transparency about the progress in public sector digitalization and IT investment costs, which are often not readily available. **Cem** commented that some countries may wish to implement more detailed expenditure classifications to better capture the cost of digital transformation.

Digital Transformation of Public Finance: Perspectives of TCOP Member Countries

6. **Elena** invited representatives of TCOP member countries to share their perspectives on digital transformation in public finance and the main challenges they faced in this process.

7. **Jelena Fiščan**, Acting Assistant Director, Treasury Administration of Serbia, shared her perspectives about the key success factors and main challenges the country faced during the digital transformation. She highlighted the importance of the institutional framework, strategic vision, IT and HR investment, as well as performance monitoring among the key factors that contributed to Serbia's success in improving its digital maturity (Box). As illustrated by Jelena, digital transformation in public finance is not a one-off activity, but is a process of continuous improvement, which faces a range of challenges, including resistance to change on the part of institutions and a lack of staff with strong IT competencies in the public sector. Employing consultative approaches and fostering cooperation both within the team and with clients are useful change management instruments that have helped to achieve significant progress in digital transformation in Serbia.

Box: Key Success Factors of Digital Transformation in Serbia

1. Institutional framework and political support to implement reforms through digital transformation
2. Clear strategy for using digital transformation as a key tool for implementing public finance consolidation reforms
3. Reputation, competences and credibility of reform leaders.
4. Legal and regulatory framework in place
5. Investing in public sector IT infrastructure and cybersecurity (such as the data center in Kragujevac)
6. Developing interoperable information systems/services enabling the exchange of data among public institutions
7. Monitoring system performance and continuous improvement
8. Monitoring innovations and piloting the use of AI and machine learning
9. Determination and consistency in implementing decisions made, despite challenges.

Source: comment by Jelena Fiščan

8. **Lusine Ayvazyan**, Head of State Budget Accounting Division, Operations Department, Ministry of Finance of Armenia, shared the prospects of digital transformation of public finance. In Armenia, it is planned to develop a new IFMIS that would address the key constraints of the current automation solution and strengthen accounting and control functions. In particular, the issues of accounting for multi-year contracts and budget credits will be addressed. While no final decision has been made on whether the system would be based on commercial software, entail in-house software development, or a hybrid model would be implemented, it is expected that the new IFMIS will strengthen transparency, sustainability, and efficiency of PFM in the country.

9. **Bakhtiyor Ganiev**, Department Head, State Treasury Service of Uzbekistan, pointed out that digital transformation in the country is guided by the Digital Future strategy. Significant progress has been made in public service digitalization, and the process of treasury execution has been fully automated. Integrating e-procurement and budget execution systems has also yielded very positive results. Notably, the digital transformation of the public sector in Uzbekistan has resulted in

improved PFM transparency and strengthened public trust in government. The prospects for further automation include implementing AI in PFM processes.

10. **Talant Keldibekov**, Deputy Director of the Central Treasury, Kyrgyz Republic, noted that since IFMIS had been introduced in 2012, the whole budget execution process was automated. Currently, the system of centralized accounting for all public institutions is rolled out. In the future, it is planned to integrate SoEs into this system and use it as a means for implementing accrual accounting in the country. Centralized accounting also provides a basis for implementing e-audit, which is critical to maintain PFM integrity.²

Discussion

11. Several issues were addressed during the general discussion. **Elena** inquired about the good practices in terms of PFM transparency in ECA countries. **Cem** noted that less than half of ECA countries were monitoring the utilization of FMIS and publishing data on its capabilities. **Bakhtiyor** demonstrated the Open Budget portal in Uzbekistan,³ containing budget planning and execution data up to the local level, as well as initiative budgeting data, and noted that most data on the portal was updated on a regular basis (with some data being updated daily).

12. Another question raised addressed the need to upgrade/replace FMIS systems, as in many countries, these systems are 10+ years old and were designed before the new technologies, such as AI, emerged. **Talant** pointed out that FMIS design in the Kyrgyz Republic was seen as a constraint to implementing AI. **Cem** noted that more attention to modernization and upgrades of IFMIS systems would likely be required in the medium term. As the systems' tolerance reaches the limits, countries may choose to develop new systems, which is the case in Armenia and North Macedonia. It is important that the modernization of existing IFMiSes and the development of new systems are seen as an integral part of the whole-of-government digital transformation process. For instance, in Armenia, it is important to link the new IFMIS system to the national interoperability platform. **Lusine** confirmed that integrating IFMIS with other government systems was very important to ensure PFM data reliability.

13. **Elena** extended her gratitude to the presenters for their excellent presentations and thanked everyone for their active participation in the meeting.

Conclusions

14. **ECA is a leading region in terms of GovTech digital maturity**, with 90 percent of countries included in top groups A and B based on the latest GTMI update. Most ECA countries use existing FMIS, with system enhancements visible in BiH, Hungary, Kazakhstan, Serbia, Turkmenistan, and Ukraine, and new system development/upgrade projects underway or planned in Armenia, Azerbaijan, Kyrgyz Republic, North Macedonia, Romania, and Uzbekistan. About 50% of the ECA

² For more details, please see Mr. Keldibekov's presentation at the TCOP thematic meeting in Bucharest on February 19, 2026. Available at: <https://www.pempal.org/events/joint-meeting-tcop-cash-management-and-forecasting-it-working-groups-bucharest>

³ Available at: <https://openbudget.uz/home>

countries are using Unified CoA, and some improvements have been noted in capturing non-financial data (KPIs) on programs/projects (19 in total).

15. **PEMPAL members highlighted that digital transformation in public finance is a critical means for increasing governance transparency and should be client-centered to support public trust in government.** Successful digital transformation calls for developing an appropriate regulatory and institutional framework, high-level political support, a clear strategy of digital transformation, as well as significant investment in digital infrastructure, cybersecurity, and human capital. Consultative and cooperative feedback-based approaches to implementing digital innovations should be employed to overcome resistance and support the transformation of traditional work processes.

16. **To reap the benefits of digital transformation, IFMIS development should be well integrated into the whole-of-government digital agenda.** As illustrated by the cases of Serbia and Uzbekistan, as well as the planned IFMIS in Armenia, integrating the core treasury FMIS with other government systems lays a solid foundation for unlocking the potential of using PFM data to support decision-making and other government needs. Improving system interoperability and strengthening cybersecurity will remain priority areas for further digital transformation, including the implementation of emerging technologies, such as data analytics and AI.

17. Since in many PEMPAL countries IFMIS systems are 10-15 years old, in the years to come, more modernization and upgrades will be needed. To this end, further peer-to-peer learning and exchange of experiences in this area, facilitated by TCOP, will be useful.