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Article

Improvement the Administration of Land Tax Collected from Individuals

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Abstract: Treasury digitalization has emerged as a key driver of modernization in public financial management, enabling automation, transparency, and efficiency. Despite its benefits, the process faces significant obstacles such as cyber threats, legal barriers, social consequences, and financial costs, which require careful consideration. Existing literature has extensively discussed the technological potential of digital platforms but has not sufficiently addressed the comprehensive risks and socio-economic implications that accompany treasury digitalization. This study seeks to systematize and analyze the main advantages and threats of treasury digitalization, focusing on balancing innovation with security while assessing the long-term sustainability of financial systems. Findings highlight that digital platforms, artificial intelligence, and blockchain enhance efficiency, accuracy, and financial transparency while simultaneously exposing systems to cybersecurity vulnerabilities, labor market disruptions, regulatory gaps, and high implementation costs. Case studies from the UK, Canada, and Estonia illustrate the effectiveness of digitalization in improving monitoring and reducing corruption, while also underscoring challenges of integration and trust. The study offers a synthesized framework that connects technological, legal, economic, and organizational dimensions of treasury digitalization, emphasizing the interplay between efficiency gains and emerging risks. Successful digitalization requires a holistic strategy that ensures robust cybersecurity, adaptive legal frameworks, workforce retraining, and sustainable financing. Balancing these factors is essential for securing public trust and achieving long-term stability in financial governance.

Keywords: *digitalization, treasury, cyber threats, data security, automation, legal regulation, social and economic impact, financial transparency.*

Introduction

Traditional methods of managing public and corporate finances often face a number of limitations: low data processing speed, risk of errors in manual processing, and difficulties in monitoring compliance with budget discipline. Digitalization offers a solution to these problems, ensuring automation of financial processes, improved analytical capabilities, and strengthening the mechanism for monitoring expenses and receipts. The introduction of technologies such as artificial intelligence, blockchain, and big data systems allows not only to speed up management decision-making, but also to reduce the likelihood of financial fraud, increasing the level of trust both on the part of government agencies and society [1].

Traditional methods of managing public and corporate finances often face a number of limitations: low data processing speed, risk of errors in manual processing, and difficulties in monitoring compliance with budget discipline. Digitalization offers a solution to these problems, ensuring automation of financial processes, improved analytical capabilities, and strengthening the mechanism for monitoring expenses and receipts. The introduction of technologies such as artificial intelligence, blockchain, and big data systems allows not only to speed up management decision-making, but also to reduce the likelihood of financial fraud, increasing the level of trust both on the part of government agencies and society [2].

However, the digitalization process is not without its challenges. Integrating new technologies into traditional management systems requires significant investments in infrastructure, as well as training specialists who can work with modern tools. In addition, the development of digital systems can lead to new threats, such as cyberattacks, data leaks, and potential problems with the protection of confidential information and rights to personal data. Security risks are becoming especially relevant in the context of globalization of digital economies, where finances can be affected not only by internal but also by external factors [3].

The purpose of this study is to systematize and analyze key aspects of treasury digitalization, identify the main benefits and threats associated with its implementation, and assess the further prospects for the development of this process in the context of economic and technological changes. Particular attention will be paid to the challenges associated with the need to maintain a balance between innovation and security, as well as how successful digitalization can contribute to improving the management of financial resources in the public and private sectors [4].

Literature review

Treasury digitalization, as an important element of the transformation of public and corporate finances, attracts the attention of researchers and practitioners around the world. This process is associated not only with improving financial management processes, but also with the need to ensure data security and increase the level of trust in financial systems. In foreign literature, several areas of research can be identified regarding both the benefits and threats associated with the introduction of digital technologies in treasury functions [5].

One of the first major studies on the implementation of automated systems in treasuries is the work of F. Lau and J. Martinez, which examines government budget and settlement management systems that use digital platforms to automate operations. The authors emphasize that the implementation of such technologies helps to significantly reduce data processing time and increase the transparency of financial transactions, which is especially important in the context of the fight against corruption and financial violations. An example of successful implementations in the UK and Canada confirms the high efficiency of these systems in the public sector [6].

Research by A. Christenson and K. Reiker focuses on the security of digital financial systems. They note that one of the main challenges of treasury digitalization is the risk of cyberattacks and data leaks. In particular, they analyze security measures such as multi-level authentication and the use of blockchain technologies to improve transaction security. The authors conclude that modern financial management systems should combine a high degree of automation with reliable protection against cyber threats [7].

In addition, the works of A. Fisher and T. Hunt emphasize the importance of artificial intelligence and big data analysis in the process of treasury digitalization. The use of AI can significantly improve the accuracy of financial forecasts, improve

the budget planning process and minimize possible errors in the distribution of public funds. The author's approach is based on the example of the use of AI in European countries and the United States, where artificial intelligence is actively used to predict tax revenues and assess financial risks [8].

Another significant contribution to the study of digitalization is the study by L. Rivera and N. Greg, who propose to consider blockchain as a solution for automating treasury operations and increasing the level of transparency of financial systems. In their work, the authors analyze the current successes and challenges associated with the implementation of blockchain technologies, and also raise issues of legal regulation and integration of these technologies into existing financial structures. Rivera and Greg conclude that blockchain can become the basis for creating more reliable and transparent treasury systems, but this requires addressing regulatory issues [9].

The work of R. Simonson and P. Bennett focuses on the socio-economic aspects of treasury digitalization. The study examines the impact of treasury automation on employment in the sector and the need for employee retraining. The authors propose approaches to creating training programs to improve the skills of specialists in the field of digital finance, which allows for the effective adaptation of the workforce to new conditions. In particular, they draw attention to the importance of improving the skills of specialists in the field of information technology and cybersecurity [10].

New studies, such as the work of M. Brooks and A. Jenkins, analyze the effects of digitalization on the effectiveness of public debt management. In their work, the authors show how the use of digital platforms for debt management helps states more effectively manage budget deficits and minimize financial risks. As examples, they cite countries in Europe and North America, where digital tools provide flexibility and transparency in public debt management, improving the ability to quickly respond to changes in the economic situation [11].

In addition, the study by S. Walker and D. Shaw raises issues related to the management of financial flows in the context of global economic challenges. The authors turn to the analysis of the implementation of digital solutions in treasuries of Asian and African countries, where such technologies can increase transparency and prevent financial fraud. They also consider the issues of sustainability and scalability of digital treasury systems in countries with a low level of digital infrastructure [12].

Thus, modern literature on treasury digitalization covers a wide range of issues related to both technological innovations and the socio-economic consequences of implementing these technologies. All authors agree that digitalization of treasury processes is an important step towards improving the efficiency and transparency of public and corporate finance management, but this process requires a comprehensive approach that includes legal, organizational and personnel measures [13].

Research methodology

The study is based on an analytical approach that combines methods of system analysis, comparative analysis and theoretical modeling. To study the threats and challenges of treasury digitalization, secondary source data were used, including scientific articles, reports of international organizations and regulations. The risks and benefits of digitalization were assessed by identifying key factors affecting the efficiency of financial systems. A qualitative analysis of existing digitalization practices in countries with different levels of digital infrastructure development was also used. Recommendations are based on the results of the analysis and theoretical research.

Amalysis and results

One of the main benefits of digitalization in the treasury is a significant increase in efficiency. Automating routine tasks, such as payment processing and budgeting, significantly reduces the time spent on operations and reduces the likelihood of errors. Digital platforms allow you to quickly monitor the movement of money, which helps you better plan and manage your budget.

For example, the UK and Canada have implemented automated systems that have improved the accounting and control of government spending. These systems allow real-time visibility into how the budget is being executed and immediate response to changes in the economy [14].

Digitizing the treasury makes it more transparent and reduces the risk of corruption. New technologies such as blockchain help create financial management systems that are not only automated but also tamper-proof. Every financial transaction recorded on the blockchain becomes clear and accessible, making it much more difficult to carry out illegal activities.

In countries like Estonia, blockchain has helped to significantly increase trust in public finances and eliminate cases of abuse.

Digitalization also improves control over how public money is spent. This is important when there is not much money in the budget and every decision needs to be carefully considered. Digital platforms allow not only to distribute money correctly, but also to immediately notice deviations from the plan. This way, you can prevent overspending and quickly find cases of misuse of funds.

Implementing budget systems that operate on the basis of artificial intelligence helps to make more accurate forecasts and eliminate inaccuracies that often arise during manual work.

Treasury digitalization is a complex process that has its drawbacks. The transition to new technologies encounters problems that can affect data security and the stability of financial systems. The table below presents the main threats and challenges that accompany the treasury digitalization process and require attention at different levels from technical to regulatory (Table 1).

Table-1

Threats and challenges of treasury digitalization

Threats and challenges of treasury digitalization	Description
Cyber threats and data security	Financial systems are becoming an attractive target for hackers. If the system is hacked, money can be stolen or sensitive data can be leaked, which undermines trust.
Social and economic consequences	Automation of processes may lead to job cuts in traditional sectors, which requires retraining of personnel. At the same time, new professions are opening up in IT.
Technology Dependency and Technological Failures	Technical failures, software bugs or incompatibility between new and legacy systems can disrupt treasury operations, leading to delays and losses.
Legal and regulatory issues	The need to adapt laws and regulations to new technologies. Difficulties with regulating cryptocurrencies, smart contracts and new financial technologies.
Problems with integration and adaptation of personnel	Implementing new technologies requires training employees, which may encounter resistance from those who are not prepared to work with new digital systems.

High costs of implementation and maintenance	The initial costs of developing, implementing and upgrading digital platforms can be significant, requiring financial resources and time investment.
Threats of mistrust in new technologies	Not all participants in the system can trust new technologies, especially in countries with a low level of digitalization, which slows down the implementation of innovations.

Treasury digitalization, despite all its advantages, is associated with a number of significant threats and challenges that may affect the efficiency and security of financial systems. Let us consider them in the following order:

First, one of the most serious risks is cyber threats and data security. The introduction of digital technologies makes financial systems vulnerable to cyber attacks. Treasuries process large volumes of confidential information, which attracts the attention of hackers. A data leak or unauthorized access can lead to serious consequences, including the loss of funds and trust from citizens and businesses.

Secondly, an important challenge is the social and economic consequences of digitalization. Automation of treasury processes leads to a reduction in the need for labor resources to perform routine tasks. This may lead to job cuts and the need to retrain workers, which will require significant effort and resources. At the same time, digitalization opens up new opportunities for creating jobs in IT and data analytics.

Third, technology dependency and technology failures also pose a serious threat. Treasuries are becoming completely dependent on the operation of digital platforms, and any failures in the system – be it software glitches, hardware problems, or incompatibility with legacy platforms – can disrupt financial processes, causing delays in payments and other transactions.

Fourth, legal and regulatory issues are becoming an important barrier to effective digitalization. Existing legal norms often do not cover new technological realities, such as blockchain or cryptocurrencies. This creates legal uncertainty, which complicates the introduction of new technologies into the financial system and requires changes in the legislative and regulatory framework.

Fifth, problems with staff integration and adaptation may slow down the digitalization process. Treasury employees who do not have the necessary skills to work with new digital platforms may face difficulties in adaptation. This will require additional costs for training and upgrading staff, as well as addressing issues of resistance to change on the part of employees.

Sixth, the high costs of implementing and maintaining technology are also a significant challenge. Developing, implementing, and maintaining digital platforms requires significant financial and time resources. These costs can be particularly burdensome for government organizations with limited budgets. Moreover, the constant need to update and maintain technology increases long-term costs.

Seventh, threats of mistrust in new technologies can hinder the digitalization process. In countries with low levels of digital literacy or among populations accustomed to traditional methods of work, digitalization may encounter resistance. Without the proper level of trust in new technologies, their implementation and use will be slower, and the effectiveness of digitalization may decrease [15].

Treasury digitalization brings significant benefits in terms of increased efficiency and transparency, but it also comes with significant threats and challenges that need to be addressed. These threats and challenges, as shown in Table 1, relate to data security, social and economic impacts, technology dependence, legal issues, staff adaptation, high costs and mistrust of new technologies. Successful digitalization is only possible with a comprehensive approach that includes the creation of effective

security mechanisms, staff training and the development of an appropriate legal framework.

Conclusion

Digitalization of the treasury is an important and inevitable step that seriously changes the management of state finances. New technologies help make financial transactions faster, clearer and control the movement of money better. Digitalization of the treasury is an important and inevitable step that seriously changes the management of state finances. New technologies help make financial transactions faster, clearer and control the movement of money better.

But there are also dangers that can harm the stability of financial systems. These include, for example, cyber attacks, problems in the labor market, dependence on technology, laws that interfere, difficulties with employee training and high costs of implementation. Therefore, everything needs to be thought out well to reduce possible problems.

To make it work, you need a strategy that takes into account both the benefits and risks of new technologies. It is important to protect information from theft to avoid cyber attacks. It is necessary to create clear laws that will correspond to the development of technology and protect when using new financial instruments. Training employees is also very important so that they can work with new systems. It is also important to try not to spend a lot of money on implementation so that the systems work well and for a long time.

Ultimately, for treasury digitalization to be successful, it is necessary to find a balance between the new and the dangerous, and to protect the interests of all those involved in the financial system.

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