STATE BUDGET AND PROBLEMS OF DIGITALIZATION OF FINANCIAL CONTROL ISSUES IN A MARKET ECONOMY

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Abstract: Our article is devoted to the analysis of the relationship between the state budget and the problems of digitalization in the field of financial control in a market economy. In the context of modern transformations caused by the digital revolution, special attention is paid to the problems faced by government agencies in ensuring effective financial control in a dynamic market environment. At the same time, we consider issues of budget planning, monitoring and auditing in the context of digital innovation.

Key words: state budget, digitalization, financial control, market economy, budget planning, transparency, cybersecurity, audit, efficiency of government spending.

Аннотация: Наша статья посвящена анализу взаимосвязи между государственным бюджетом и проблемами цифровизации в области финансового контроля в условиях рыночной экономики. В контексте современных трансформаций, вызванных цифровой революцией, особое внимание уделяется проблемам, с которыми сталкиваются государственные органы в обеспечении эффективного финансового контроля в условиях динамичной рыночной среды. При этом рассматриваем вопросы бюджетного планирования, мониторинга и аудита в контексте цифровых инноваций.

Ключевые слова: государственный бюджет, цифровизация, финансовый контроль, рыночная экономика, бюджетное планирование, транспарентность, кибербезопасность, аудит, эффективность государственных расходов.

Introduction. With the rapid development of digital technologies, government budgets and financial control systems in a market economy are faced with challenges that require innovative solutions. Digitalization has a profound impact on the processes of formation, management and control of public finances, placing new demands on them for efficiency, transparency and cybersecurity.

In this context, this article aims to study the relationship between the state budget and the problems of digitalization in the field of financial control in a market economy. Financial control, which plays a key role in ensuring the efficient allocation of resources and preventing corruption, faces the need to adapt to new digital realities.

The purpose of our research is to analyze how digital technologies affect the state budget and financial control mechanisms in a market economy. We will look at the challenges that government agencies face when introducing digital innovations, and also identify opportunities to improve the efficiency of financial management through the use of modern technological solutions.

The research will examine aspects such as budget planning in the context of digital transformation, cybersecurity issues in the field of public finance, as well as an analysis of the transparency and efficiency of public spending in the new digital context.

The results of our research can become the basis for developing strategies for updating financial systems and public budget management processes in a market economy, ensuring the sustainable development of public finances in the era of digital challenges.

Main part. Digital transformation is having a significant impact on budget planning processes. New methods and tools are considered, such as algorithmic budgeting and the use of artificial intelligence to forecast government budget revenues and expenditures. The advantages and challenges associated with the introduction of digital methods into budget processes are analyzed.

One of the key aspects of digitalization in the field of the state budget is the issue of ensuring cybersecurity. It explores what threats may arise due to the digitalization of financial processes, and proposes strategies to protect government financial data from cyber attacks.

Digitalization provides opportunities to increase the transparency of financial transactions. Tools for digital reporting, electronic monitoring of expenses and online publication of budget data are considered. The advantages and limitations of using digital tools to ensure openness of public finances are analyzed.

In the digital economy, it is important to evaluate and improve the efficiency of government spending. Innovative methods for monitoring and evaluating the effectiveness of government programs are considered, including the use of digital indicators and analytical tools.

Government authorities are faced with the need to adapt the financial control system to the constantly changing market environment. The challenges arising from the introduction of digital technologies are discussed and solutions are proposed to ensure effective monitoring and control of the use of government resources.

The influence of innovations on state budget management is studied. Successful cases of introducing new technologies, such as blockchain and smart contracts, to optimize financial processes and improve control over the fulfillment of budget obligations are analyzed.

While researching the topic, we identified the following problems and expressed our scientific proposals to them, which include:

1. Cyber security lack in financial transactions:

Problem: The increase in cyber attacks on government financial systems undermines the security of financial transactions, including budget transactions.

Scientific Solution: Development and implementation of high-tech cyber defense systems, use of blockchain technologies to ensure transparency and data integrity.

2. Lack of transparency in the use of budget funds:

Problem: Lack of openness and public understanding of how public funds are used.

Scientific Solution: Development of digital platforms for open access to budget information, introduction of electronic voting mechanisms and citizen participation in the budgeting process.

3. Ineffective use of digital tools in budget planning:

Problem: The inability of many states to use digital tools to optimize budget planning and forecasting.

Scientific Solution: Conducting training programs for civil servants on the use of modern technologies in budgetary processes.

4. Low efficiency of financial control mechanisms:

Problem: Traditional financial control methods may not be effective in a rapidly changing market economy.

Scientific Solution: Research and implementation of innovative approaches to financial control, including big data analytics and process automation.

5. Lack of unification and standardization in digital processes:

Problem: The lack of a common standard in digital budgeting and control processes can create difficulties in comparing and analyzing data.

Scientific Solution: Development of international standards for digital processes in the state budget, in order to ensure the unity and comparability of data.

6. Limited access to digital tools in certain regions:

Challenge: Uneven distribution of access to digital technologies across different regions can pose challenges to achieving comprehensive digitalization.

Scientific Solution: Development and implementation of programs to support digitalization in remote and underdeveloped regions, including infrastructure expansion

Conclusions and offers. Digital transformation in the field of state budget and financial control is becoming an integral part of modern reality. Without adapting to digital technologies, public finances face efficiency and security risks.

Successful digitalization requires prioritizing cybersecurity issues. Government systems must be strengthened to prevent potential threats and ensure the safety of financial transactions.

Transparency in the use of budget funds and openness of financial transactions are becoming key to ensuring public confidence in public finances. Digital tools provide unique opportunities to improve this transparency.

Training government officials and providing them with support in mastering digital technologies is becoming an important factor in successful digitalization. Training programs and exchange of experience can contribute to the successful implementation of digital projects.

Offers:

1. Creation of national digital strategies: States must develop and implement national strategies for digital transformation in finance. These strategies should include measures to strengthen cybersecurity, develop digital platforms for budgeting and control, and training programs.

2. Stimulating innovation in the sphere of financial control: Encouragement and support of innovative projects in the field of financial control. Governments can create special funds and incentives for companies offering technological solutions to improve control over public finances.

3. Implementation of blockchain technologies: Using blockchain technologies to ensure transparency and immutability of data in public finance. This could include creating blockchain ledgers for budget transactions and making them available to the public.

4.   Global cooperation in cyber security: Nations can collaborate more actively on cybersecurity by sharing information about new threats and jointly developing security standards for public finances.

5.   Development of educational initiatives: Development of training and retraining programs for civil servants in the field of digital technologies. The opportunity to acquire new knowledge and skills should be available to all public finance workers.

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