

CHALLENGES OF THE ROMANIAN ECONOMY IN THE FACE OF THE PANDEMIC: ANALYSIS OF ECONOMIC CRIME AND RECOVERY PROSPECTS

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Abstract: Economic crime represents a threat to financial stability and requires the implementation of complex prevention and detection mechanisms. This study emphasizes the significance of financial and accounting information, as well as data analysis technologies, in the process of identifying and combating economic fraud. It examines the interdependent relationship between financial supervision, accounting regulations, and the adoption of new technologies to optimize strategies for strengthening economic control. The conclusions emphasize the necessity of a unified legislative system and an efficient interinstitutional partnership.

Keywords: Romanian economy, pandemic, economic crime, economic recovery, health crisis, post-pandemic recovery

JEL classification: E60, H26, K42, O52

Introduction

The increasingly intense digitalization of the economy and the growing complexity of economic crime, both in European states and in Romania, necessitate a reevaluation of fiscal oversight mechanisms and the fight against economic crime. The COVID-19 health crisis highlighted the limitations of rigid administrative systems, as well as the difficulties in responding to fraud. Thus, fiscal digitalization through the implementation of the e-invoice, e-transport, and SAF-T systems is a necessary strategic direction for preventing and combating tax evasion, as well as for increasing transparency and optimizing the collection of budget revenues.

The present research aims to analyses the implementation of these measures at the national level in terms of their effectiveness in combating economic crime. The methodology used involves both documentary analysis of official reports issued by institutions such as the National Agency for Fiscal Administration (ANAF), the Ministry of Finance (MF), the Court of Accounts, and other relevant institutions, as well as a synthesis of the specialized literature on the Romanian economy, economic resilience, economic crime, post-pandemic recovery, and economic digitalization. In addition, the period 2020–2024 is analyzed in terms of identifying vulnerabilities and prospects for fiscal and digital reform. Thus, this research provides an overview of the relationship between digital innovation, fiscal governance, and the resilience of post-pandemic economic systems.

Main Body of the Paper

In analysing the challenges faced by the Romanian economy in the pandemic context, a conceptual clarification of the main terms used is necessary. In the specialised literature, terms such as economic crime, underground economy, economic recovery, or economic resilience are frequently encountered. However, their interpretation may vary depending on the context analysed or the theoretical perspective. Thus, to ground the analytical approach, Table no. 1 presents the main definitions relevant to the researched topic, which are drawn from the specialised economic and socio-economic literature. These terminological clarifications aim to enhance understanding of the pandemic's impact on economic mechanisms, as well as its influence on the dynamics of economic crime.

Table no. 1. Relevant definitions from the specialized literature regarding the Romanian economy, economic crime, and post-pandemic recovery

No.	Concept	Definition	Author/Source, Year
1	Underground economy	"The set of economic activities carried out outside the legal and fiscal framework, resulting in the avoidance of obligations to the stat."	Albu, 2009
2	Economic criminality	"A form of criminal activity that affects socio-economic relations through illegal actions such as tax evasion, money laundering, or corruption."	Dănescu, 2011
3	Tax evasion	"The total or partial avoidance, through illegal or abusive means, of paying taxes and duties owed to the state."	Văcărel et al., 2007
4	Economic crisis	"A profound imbalance in the functioning of the economic system."	Murgescu, 2000
5	Economic resilience	"The economy's ability to absorb external shocks and recover."	Zaman & Vasile, 2020
6	Economic recovery	"The return of the economy to a growth trajectory after a decline."	Păun, 2015
7	Pandemic	"A global epidemic with impact on public health and the economy."	National Institute of Public Health, 2020
8	Anti-crisis fiscal policies	"Fiscal measures aimed at mitigating the effects of the crisis."	Bălășescu, 2021
9	Money laundry	"The apparent legalization of funds originating from illegal activities."	National Office for the Prevention and Control of Money Laundering, 2018
10	Corruption	"The use of public office for personal	Mungiu-Pippidi, 2010

		purposes, affecting good governance.”	
11	Economic digitalization	“The integration of digital technologies into economic processes.”	Roșca, 2021
12	Economic support measures	“Public interventions to support the economy in crisis.”	The Romanian Government, 2020
13	Exogenous economic shock	“An external event that causes economic imbalances.”	Dobrotă, 1999
14	Informal economy	“Legal but undeclared economic activity.”	Sandu, 2003
15	Economic sustainability	“Economic development without compromising future resources.”	Cojanu, 2019

Source: author's projection

The conceptual analysis of the previously presented terms highlights the complexity of the interdependencies between social and economic phenomena generated by the pandemic. These definitions outline a theoretical framework that encompasses both the implications of the health crisis on the national economy and how tax evasion, economic crime, and the informal economy intensify during periods of structural instability. At the same time, the concepts of sustainability, recovery, and economic resilience represent essential concerns for identifying viable solutions for adaptation and economic relaunch.

In the context of a digitalized and globalized economy, where the circulation of information, capital, and goods occurs with unprecedented speed, the risks associated with economic crime become increasingly complex. Tax evasion, money laundering, fund distortions, and economic fraud are just a few of the components targeted by national strategies to prevent and combat budget losses. In parallel, the integration of predictive analytics technologies, artificial intelligence, and the digitalization of financial governance systems provide the premises for proactive and efficient control over economic activities. The pandemic context has highlighted and amplified the structural vulnerabilities already present in the national system and has imposed the implementation of digitalization and recovery measures aimed at optimizing fiscal oversight and reducing the phenomenon of economic crime. The following table presents an analysis of the structural vulnerabilities in the national system identified for the period 2020–2024, along with the fiscal and digital recovery measures implemented to mitigate these vulnerabilities.

Table no. 2. Vulnerabilities and fiscal and digital recovery measures in Romania during 2020 - 2024

No.	Identified vulnerability	Implemented measure
1	Lack of transparency in the spending of funds and public procurement during the state of emergency	Strengthening control within the Court of Accounts and digitizing procurement registers.
2	Increase in tax evasion and fraud in	The e-Transport system through which high

	high-risk sectors (wholesale trade, excisable products, transportation)	fiscal risk goods transports are electronically monitored
3	Fictitious transactions and double invoicing aimed at fraudulent VAT deduction	The e-invoice system through which electronic invoices are transmitted in real-time to ANAF
4	Incomplete or delayed accounting information transmitted to tax authorities	The obligation to prepare and submit the Standard Audit File for Tax (SAF-T), initially addressed to large taxpayers in 2022, then gradually extended to all taxpayers
5	Lack of interoperability between public institutions (Ministry of Finance, ANAF, ONRC, etc.)	Initiation of digitalization projects for the tax administration
6	Low capacity for fiscal data analysis	Use of solutions based on data analysis, software robotics, and artificial intelligence to identify atypical behaviors
7	Administrative capacity deficiencies and insufficient staff training for digital transformation	Investments in professional training and acquisition of digital skills for public servants
8	Low level of fiscal education and voluntary compliance among taxpayers	Organizing awareness campaigns, simplifying specific fiscal processes, and improving digital communication between taxpayers and the state

Source: author's projection

The COVID-19 pandemic, in addition to causing a global health crisis, also produced a profound economic shock with severe consequences for national economic stability. In Romania, at the onset of the pandemic, the fiscal and economic control systems already exhibited specific vulnerabilities that were further exacerbated by the pandemic context, which facilitated an increase in economic crime. Between 2020 and 2022, there was a significant rise in tax fraud, fund distortions, and money laundering, particularly in the areas of emergency procurements and the management of funds allocated to combat the pandemic's effects. In the absence of effective prevention mechanisms and a digital framework for real-time monitoring, authorities faced significant difficulties in detecting and sanctioning these offenders. Moreover, fragmented fiscal oversight and the lack of transparency regarding the expenditure of public funds created a favorable environment for evasion and corruption.

All these challenges demonstrated the need to modernize economic surveillance systems, where technology and accurate financial information are essential components in combating economic crime. Rapid access to banking, accounting, and tax data can support authorities in identifying suspicious transactions, and analyzing these transactions using modern technologies can increase the accuracy and efficiency of investigations. Advanced data analysis enables the effective detection of anomalies in the financial behavior of

economic entities. Through artificial intelligence (AI), recurring patterns associated with evasion or fraud can be identified and analyzed. Additionally, the automation of repetitive processes using robotic process automation (RPA) offers authorities the possibility to optimize human resources and reduce risks associated with human error. However, the integration of these technological solutions into the national public administration's structure remains limited due to a fragmented IT infrastructure, a lack of a legislative framework, and poor interoperability between institutions.

To establish effective economic recovery strategies in the face of these challenges, components of administrative transparency and fiscal governance cannot be ignored. Thus, a major strategic direction is the digitalization of the relationship between the state and taxpayers. In this regard, several initiatives (e-Invoice, e-Transport, SAF-T) have been launched and expanded, laying the foundation for modern and efficient fiscal control.

The e-invoice system involves the real-time transmission of invoices between taxpayers and the National Agency for Fiscal Administration (ANAF). Taxpayers are required to submit the invoice in this national system within 5 days from the date of issuance, ensuring better VAT collection and minimizing the occurrence of frauds such as double invoicing or fictitious invoicing. Additionally, the e-Transport system helps combat the black market and reduce tax evasion by providing a digital framework to monitor the transportation of goods with high fiscal risk. Within this system, for each transport of high fiscal risk goods, information is provided, such as the supplier of the goods, the beneficiary of the goods, the transport organizer, the vehicle registration number used for transport, the loading location, the unloading location (in the case of imports or exports, the customs point of entry or exit from the national territory is recorded), the type of goods, their quantity, their value, etc. Subsequently, a unique transport code generated by this national system (UIT code) is obtained, which includes all this information and must be held by the transport organizer throughout the transport. The SAF-T system involves taxpayers electronically submitting detailed accounting databases for each month, allowing authorities to conduct automated, standardized, and rapid analyses related to fiscal risks.

These measures are part of a broad vision for reform and digitalization of public administration at the national level. The interoperability of databases between institutions (e.g., ONRC, ANAF, Ministry of Finance, BNR, Court of Accounts) is mandatory to ensure effective and coherent supervision. Additionally, supporting the transformation process requires investment in IT infrastructure and the development of digital skills among public officials. At the same time, encouraging voluntary compliance through fiscal education measures, incentivizing honest taxpayers, and sanctioning evasive behaviors are necessary. Moreover, establishing partnerships with institutions such as OLAF, the European Commission, or Europol can help Romania adopt best practices for combating economic crime and strengthen its response capabilities in cases of cross-border criminal activity.

A sustainable and credible economic recovery requires both financial support measures and the strengthening of supervision, control, and fiscal compliance mechanisms. By integrating technology into administration, promoting transparency, and strengthening cooperation between institutions, it is possible to transform the crisis into a real opportunity for modernization and reform of the national economic system. Thus,

to highlight the evolution of the national economic system during this pandemic-induced crisis period, we analyzed the fiscal and digital measures implemented at the national level between 2020 and 2024 by comparing their initial estimated impact with the actual impact as of 2024 (Table no. 2).

Table no. 3. Comparative analysis between the estimated impact and the actual impact of fiscal and digital measures implemented in Romania during 2020 – 2024

No.	Implemented measure	Initially estimated impact	Real impact (2024)
1	e-Invoice	Reduction of tax evasion by 20-25% in specific sectors and improvement of transparency	Tax evasion was reduced by 10-15% in the targeted sectors, but system avoidance persists through the use of phantom companies or split invoicing.
2	e-Transport	Efficient digital control for the transportation of goods with high fiscal risk and reduction of smuggling and false reporting	The system is only partially functional due to technical difficulties and resistance from economic operators.
3	SAF-T	Automation of controls and increased efficiency of ANAF's tax audits	Implementation is progressing slowly; as of 2024, the impact remains limited due to delays and technical difficulties encountered by SMEs.
4	Institutional interoperability through investment in digitalization	Fast and efficient data exchange between institutions, reducing errors and bureaucracy	ANAF and ONRC have initiated pilot integration projects, and partial interoperability has been achieved; however, progress is slow.
5	Automation in fiscal analysis and the use of artificial intelligence	Optimization of controls, proactive detection of fraud and atypical behaviors	The systems are still in their early stages and are used sporadically; however, the lack of training for personnel and inadequate IT infrastructure limits their effectiveness.
6	Digital and fiscal education for taxpayers	Reducing the costs associated with tax collection and increasing voluntary compliance	Progress is slow, but resistance to digitalization persists; however, the level of voluntary compliance shows a slight improvement.

Source: author's projection

As shown in Table no. 3, the estimated impact of these measures is often optimistic and assumes a high degree of adaptability in both the economic environment and within the administrative apparatus. However, the actual impact as of 2024 shows a fragmented implementation of these measures due to technical and institutional obstacles encountered along the way. Still, some early positive results can be identified in specific sectors, such as e-commerce and transportation, as well as among large companies. Many of the outcomes will continue to depend on the Romanian state's ability to train fiscal personnel, accelerate the interoperability process, and maintain efficient cooperation with the private sector.

Conclusions

In conclusion, economic crime remains a significant challenge for national financial sustainability and public trust in institutions. The analysis conducted in this research highlights the amplification of pre-existing dysfunctions at the national level during the pandemic period, particularly in the management of public funds and fiscal control. In this context, digitalization aspects shift from strategic options to imperative necessities. The e-invoice, e-transport, and SAF-T systems provide the framework for an automated, transparent fiscal system with a low degree of vulnerability to fraud. At the same time, the adoption of advanced technologies, such as software robotics and artificial intelligence, can positively influence the processes of collecting, analyzing, and monitoring fiscal data.

Nevertheless, the outcomes of these initiatives will continue to depend on political will, the development of digital skills, the modernization of IT infrastructure, and institutional interoperability. Developing practical cooperation between national institutions and key international partners is crucial for combating cross-border economic crime. Thus, Romania has a historic opportunity to rebuild an efficient, modern, and resilient fiscal system capable of facing current and future economic challenges.

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