AUTOMATION AND TRUST

Hungarian companies in the digital economy

WTS Klient research

2025 December

Businesses are facing unprecedented change: digitalisation, automation, artificial intelligence, and tightening regulation are reshaping financial and administrative workflows. Companies must not only adapt but proactively prepare to manage risks and maintain competitiveness.

Objective of the survey

WTS Klient launched its questionnaire-based research in the summer of 2025 to assess the preparedness, challenges, and development directions of Hungarian companies in the digital economy.

In addition, our goal was to:

› draw attention to mitigate risk

› support improved financial efficiency

› assist preparation for regulatory changes

› and highlight opportunities for accessing available funding.

Scope of examination

The focus areas of the research covered current and critical aspects of financial and business operations, including:

› Business automation & controlling

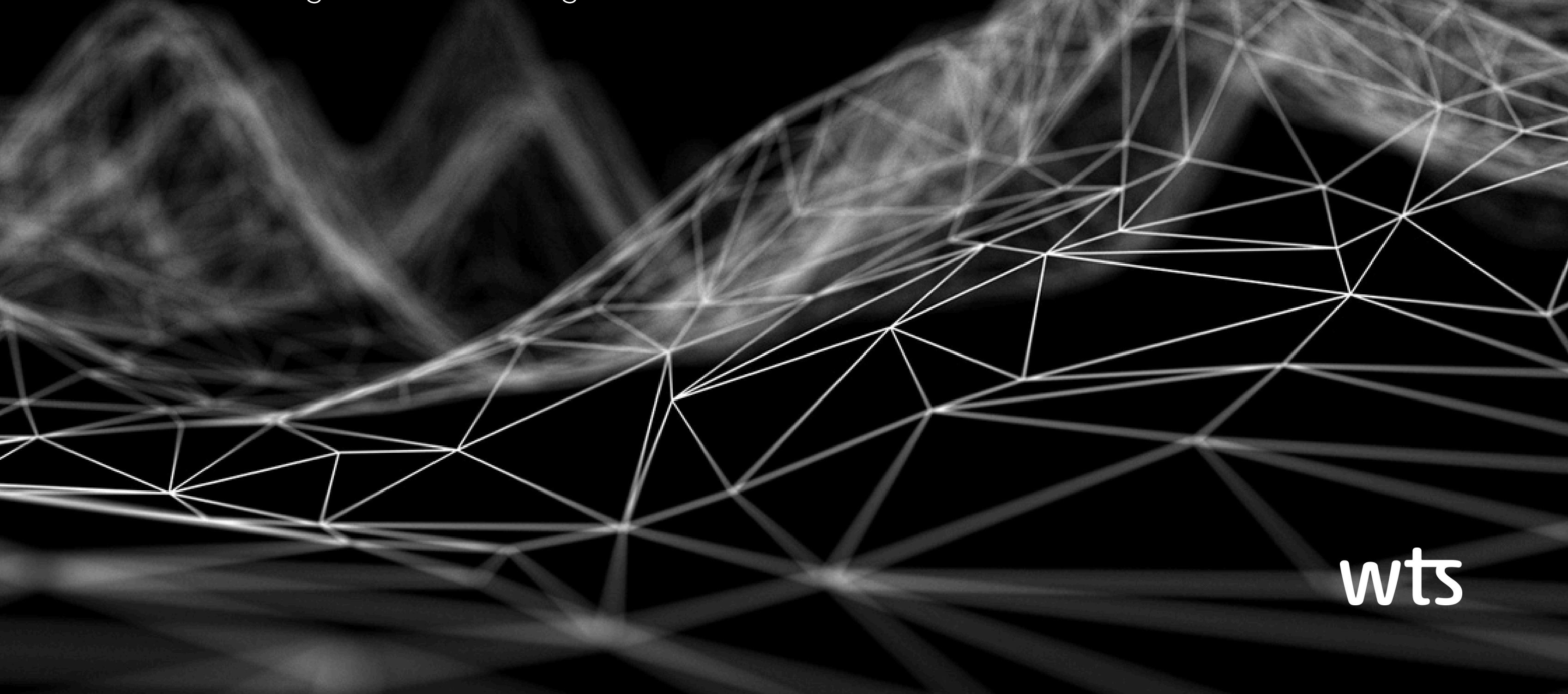
› Internal audit & fraud prevention

› Tax changes & challenges

› Compliance (ESG, audit)

› HR, payroll administration & labour management

› State subsidies

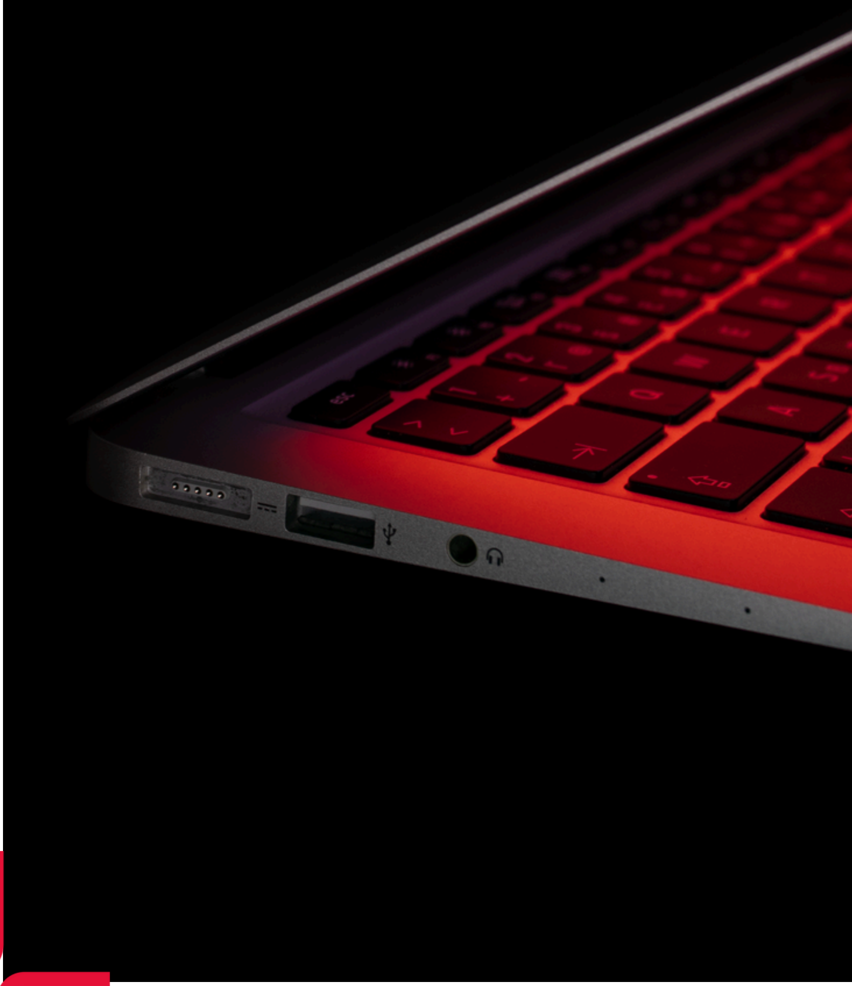


Methodology

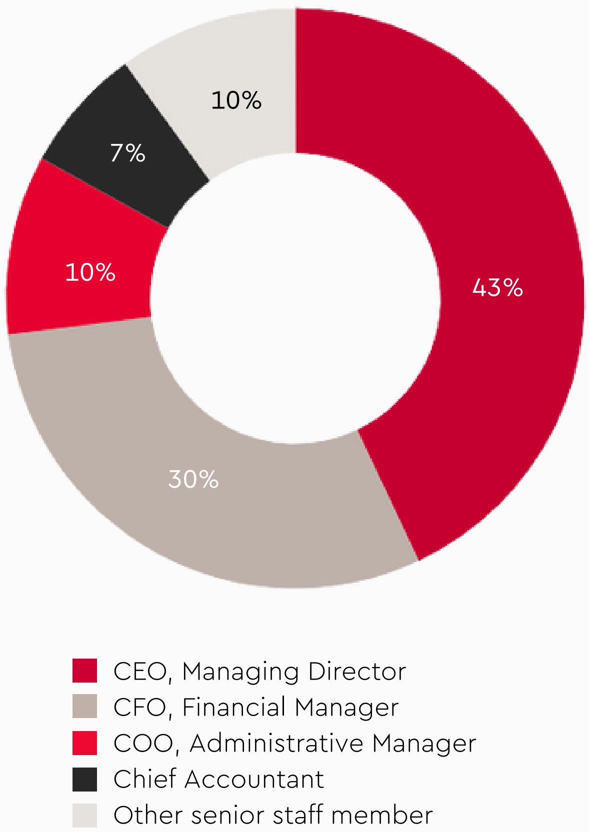
The survey was based on a questionnaire of nearly 60 questions, complemented by telephone and in-person data collection.

43% of respondents were CEOs or managing directors, almost one-third were financial and economic leaders.

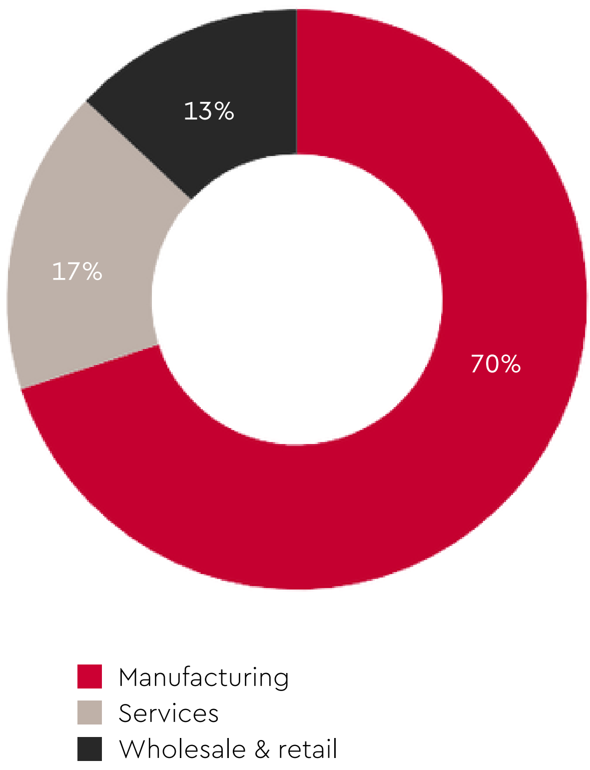
By industry, manufacturing was the most strongly represented among participating companies.



RESPONDENTS' POSITIONS



KEY BUSINESS SECTORS



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General findings

DIGITALISATION

The results indicate that most Hungarian companies recognise the importance of digitalisation and automation, yet real-world implementation remains behind the expected level. Respondents reported the greatest progress in document management and reporting, whereas tax processes and AI-related regulatory compliance still require significant development.

This shows that companies are focused mainly on reducing administrative burdens tied to daily operations, while strategic-level digitalisation – such as integration with tax authority systems or the use of artificial intelligence – is far from widespread.

COMPLIANCE

The study also highlights that regulatory compliance and risk management remain top priorities, especially regarding VAT and transfer pricing. Frequent audits and a constantly changing regulatory environment increase caution, which may restrain innovation willingness.

In parallel, ESG and pay transparency directives introduce new expectations that most businesses are still unprepared for.

HR | LABOUR MANAGEMENT

The digital maturity of HR and labour administration processes is moderate, which may affect long-term retention and efficiency. While employee satisfaction is currently adequate, modern incentive structures and HR solutions will be essential to maintain competitiveness.

A DOUBLE CHALLENGE

Overall, the findings suggest that Hungarian companies face a dual challenge: They must keep pace with technological development while complying with increasingly complex regulations. Automation and digitalisation are not merely efficiency tools, but the foundation of trust and transparency – prerequisites for adapting to the future business environment.

Decision-support systems

Digital document management and reporting are not simply convenience features – they provide strategic advantage. Transparent, automated systems minimise manual input errors, reduce administrative workload, and generate measurable cost savings. They accelerate information flow, enabling executives to make informed decisions based on real-time data.

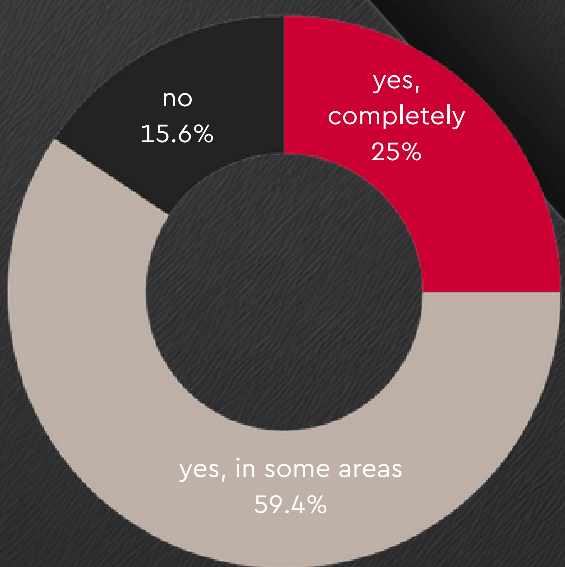
The level of reporting system development is crucial for corporate governance. If financial and operational data are not integrated, management lacks a full picture – slowing reaction time and increasing strategic risk. According to respondents, most companies operate only partial solutions. As a result, data remains fragmented and analysis often relies on manual processing.

AVERAGE TRANSPARENCY OF DOCUMENT MANAGEMENT (OUT OF 10)

6.59

SCORE

USE OF DEDICATED SOFTWARE TO SUPPORT REPORTING AND ANALYSIS



LEVEL OF DECISION-SUPPORT PROVIDED BY CURRENT REPORTING SYSTEM (OUT OF 10)

6.5

SCORE

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The importance and risks of M2M data connectivity

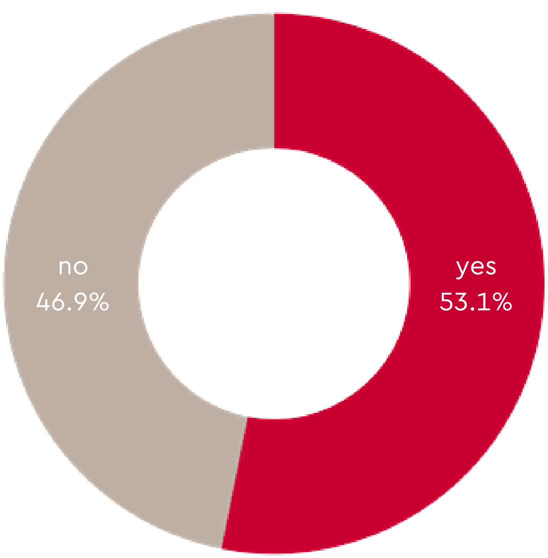
M2M (Machine-to-Machine) connections enable automatic communication between systems – for example between accounting software and tax authority platforms. This accelerates tax and financial workflows and provides compliance benefits.

Results show that while companies acknowledge the importance of digitalisation, full implementation is still pending.

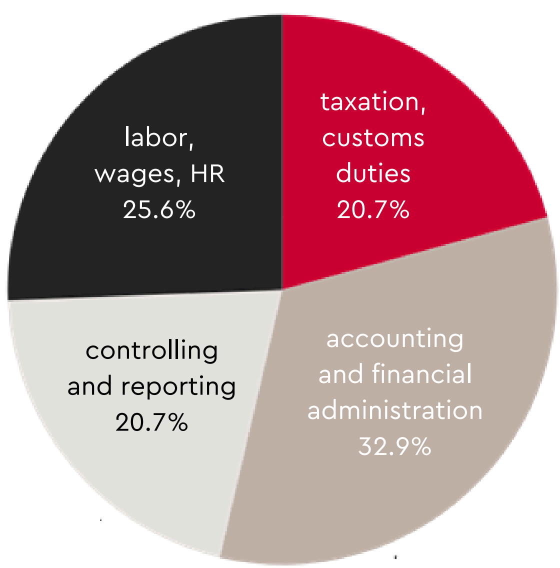
The rollout of integrated ERP and BI systems will be crucial.

Stronger data-security protocols are essential alongside M2M connections, and continuous training is needed to ensure employees not only use but leverage digital tools effectively.

SHARE OF COMPANIES ASSESSING THE IMPORTANCE OF M2M CONNECTIVITY IN THEIR SYSTEMS



AREAS PLANNED FOR M2M IMPLEMENTATION



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Tax processes & compliance

Among respondents, automation levels in tax processes are low. Most rely on externally developed tools, while preparedness for digital tax authority systems is moderate.

Tax audits are frequent, with the highest perceived risk in VAT and transfer pricing. These carry considerable financial implications – making automation a key risk-mitigation tool.

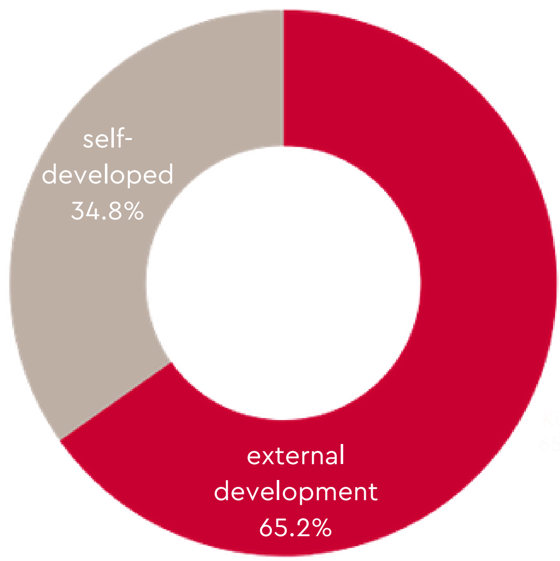
Manual reporting and declarations are prone to error, leading to penalties and reputational damage. Automated systems improve accuracy, ensure deadlines, reduce workload, and free experts for strategic tasks.

USE OF TAX SOFTWARE (OUT OF 10)

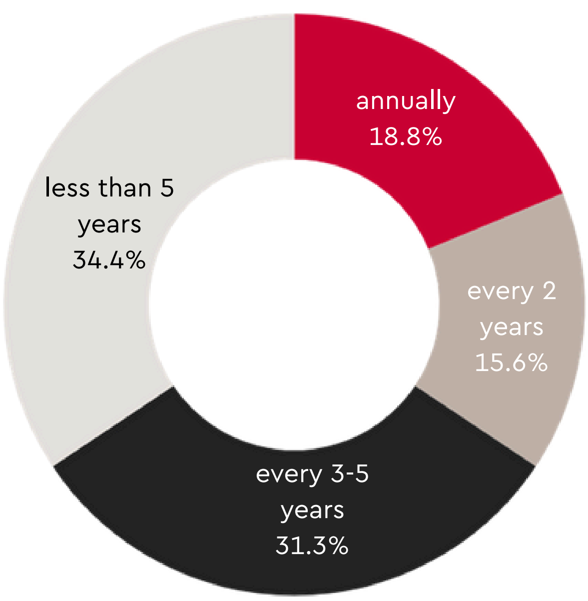
5.03

SCORE

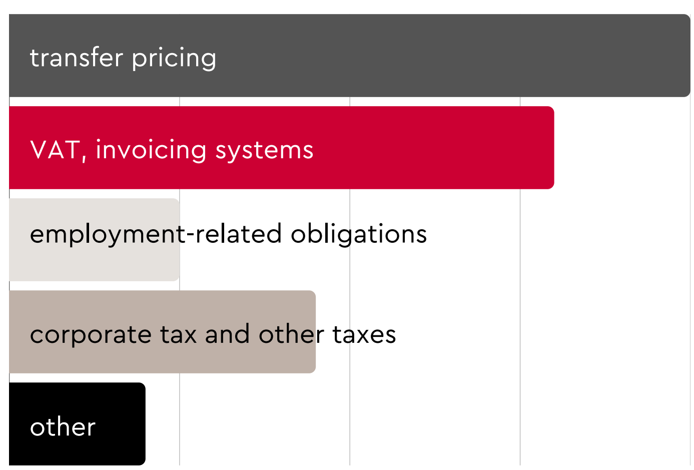
SOURCE OF DIGITAL TAX TOOLS



FREQUENCY OF TAX AUTHORITY INSPECTIONS



KEY AUDIT RISK AREAS



The majority of companies have not achieved full automation and depend on external tools. While effective short-term, this may result in long-term integration issues.

WTS Klient advises adopting proactive risk-management strategies – particularly regarding international tax frameworks such as OECD Pillar 2 – and prioritising continued professional development to stay current with digital taxation trends.

Better adaptation to digital tax systems supports compliance with authority expectations, enhancing tax-collection efficiency and contributing to fiscal stability.

PREPAREDNESS FOR DIGITAL TAX AUTHORITY SYSTEMS (OUT OF 10)

6.38

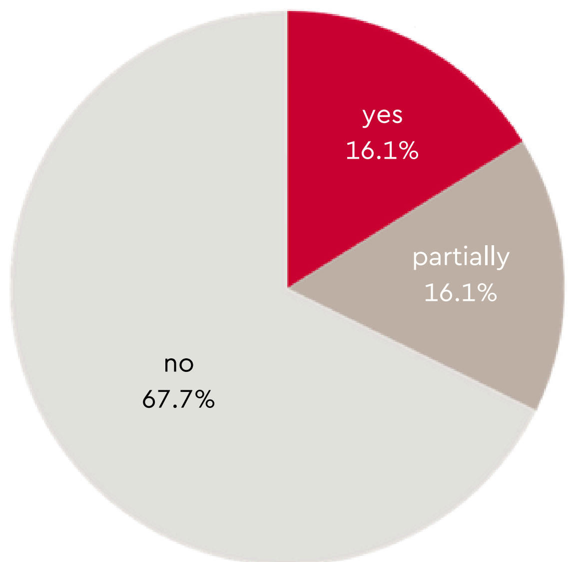
SCORE

AI & cybersecurity

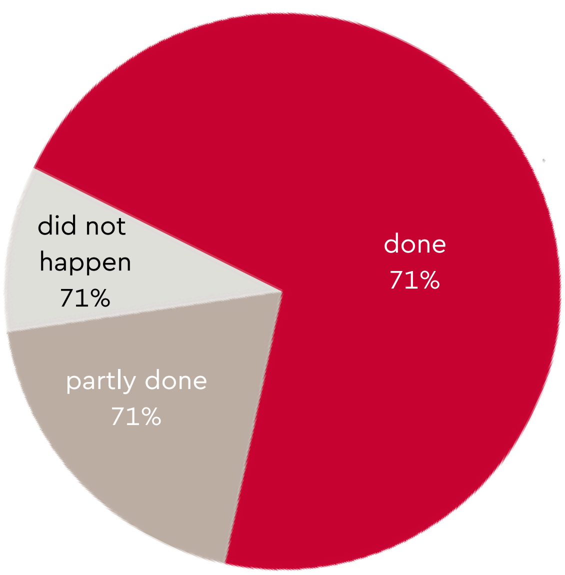
AI is expanding across financial and economic functions – yet 67.7% of respondents lack internal AI policy, posing significant risk. Issues arise around data ethics and privacy, including improper handling of personal data or leakage of sensitive information.

Security often depends on employee awareness, making internal AI usage frameworks essential. Cybersecurity is non-negotiable in a data-driven economy: regular audits and best-practice implementation (e.g. NIS2) are recommended.

INTERNAL AI POLICY



CYBER RISK ASSESSMENT



MANAGEMENT PERCEIVED SECURITY AGAINST ABUSE & FRAUD (OUT OF 10)

7.93

SCORE

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Internal controls & security

Annual review of internal control frameworks is positive, but insufficient on its own.

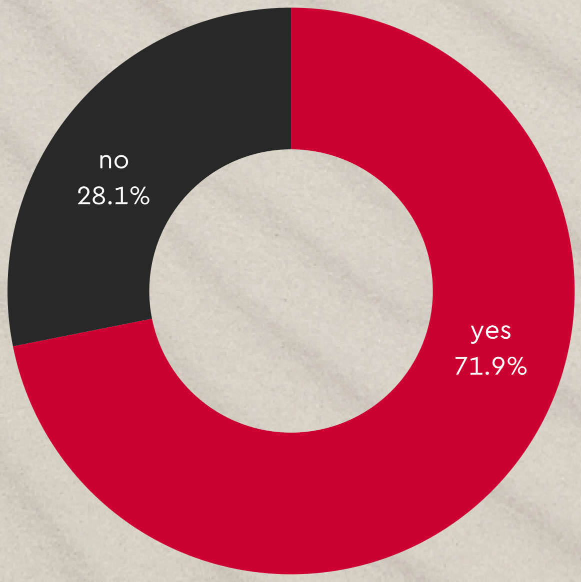
Control effectiveness correlates with digital maturity: advanced IT systems improve anomaly detection, while strong risk-management culture ensures controls function beyond theory.

Respondents rate internal oversight highly; 64.5% review systems annually, and fraud-related security perception scored 7.93.

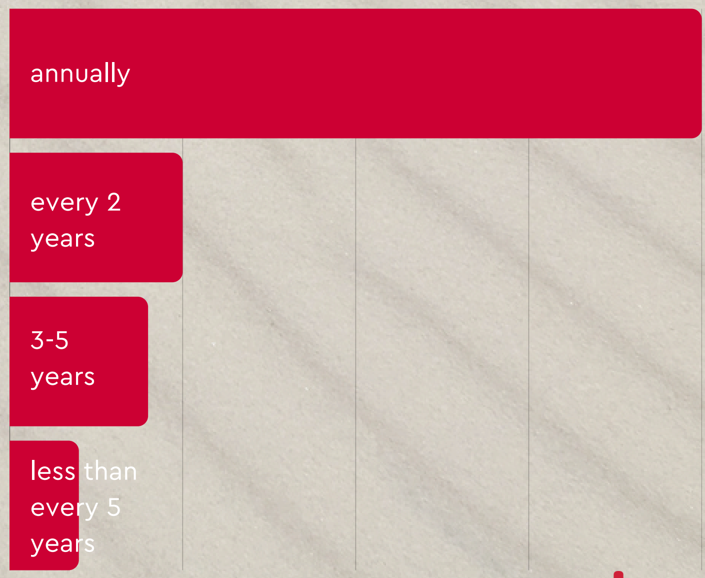
Strengthening internal controls enhances both investor and owner confidence, as transparent and well-regulated operations make companies more attractive and contribute to sustainable growth by creating a more predictable risk environment. The effectiveness of controls, however, often depends on employee discipline and adherence.

Automated control mechanisms – such as AI-driven anomaly detection – play an important role in mitigating these risks, as does continuous staff training. It is essential that employees understand the purpose and importance of internal controls and actively support their operation.

FORMALISED INTERNAL CONTROL SYSTEM



CONTROL REVIEW FREQUENCY



ESG & sustainability

ESG factors are now mandatory expectations rather than optional best practice. ESG reporting provides transparency, strengthens investor confidence, protects reputation – especially internationally – and mitigates long-term environmental or social risk.

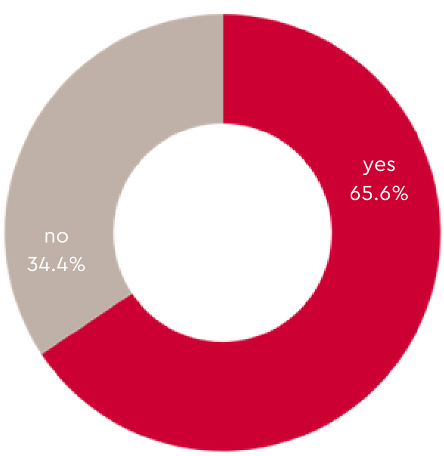
Results show that many companies are unprepared for ESG reporting and unfamiliar with new EU requirements (e.g. CSRD).

This may lead to competitive disadvantage as global partners increasingly demand ESG compliance.

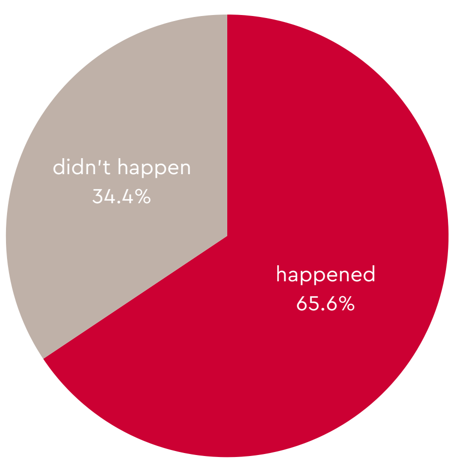
Integrating ESG supports sustainable growth, increases competitiveness, and enhances access to green financing – driving innovation and job creation.

Time pressure is a key risk: reporting deadlines approach quickly. Digital ESG reporting tools are recommended to automate data collection and disclosure.

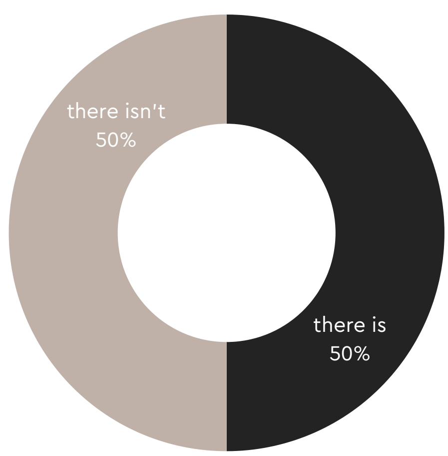
AWARENESS OF EU ESG REGULATIONS (CSRD, ETC.)



ESG OBLIGATION MAPPING



ESG RESPONSIBILITY ASSIGNED



HR & Pay transparency

Digitalised human resource management is not merely an administrative function, but a strategic driver of corporate competitiveness. Time tracking and payroll are recurring tasks with high automation potential. Although the implementation of digital HR systems requires investment – often postponed by companies – transparent and digitalised HR processes employee trust and help to reduce churn rate.

According to the WTS Klient survey, HR digitalisation among companies is at a medium level (average score 5.45), and only 50% of time-tracking systems are digital. This may increase the risk of errors and irregularities, potentially resulting in penalties during labour inspections. To address this, companies need to develop an HR digitalisation strategy that integrates time-tracking, payroll and compliance functions.

EMPLOYEE SATISFACTION & TURNOVER SCORE (OUT OF 10)

7.22

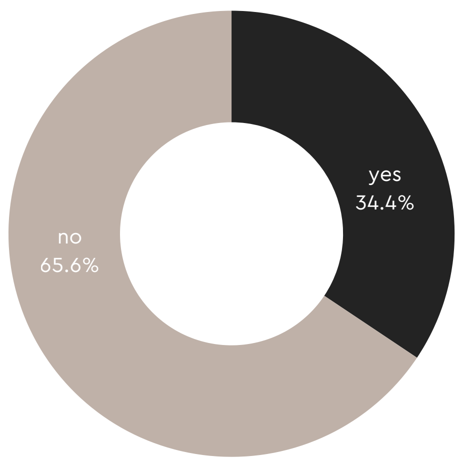
SCORE

HR DIGITALISATION LEVEL (OUT OF 10)

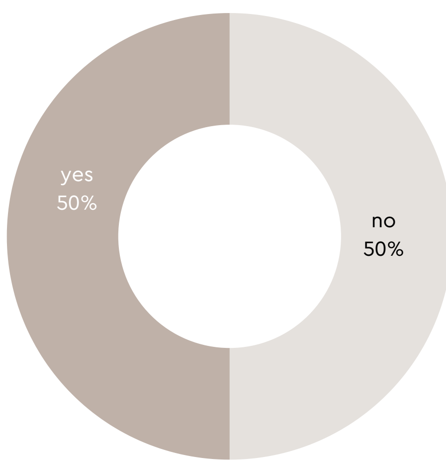
5.45

SCORE

PLANS TO REDESIGN INCENTIVE AND COMPENSATION STRUCTURES



USE OF DIGITAL TIME-TRACKING & PAYROLL SYSTEMS



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One of the key focus areas of the survey was pay transparency. The implementation of EU directives aiming to reduce gender pay gaps and increase transparency is mandatory, meaning that a lack of preparedness may lead to competitive disadvantage.

The responses indicate that many companies are not yet familiar with the new pay transparency regulations, although internal audits, a review of salary structures, and a clear communication plan could provide effective preparation.

PREPAREDNESS FOR PAY TRANSPARENCY DIRECTIVE (OUT OF 10)

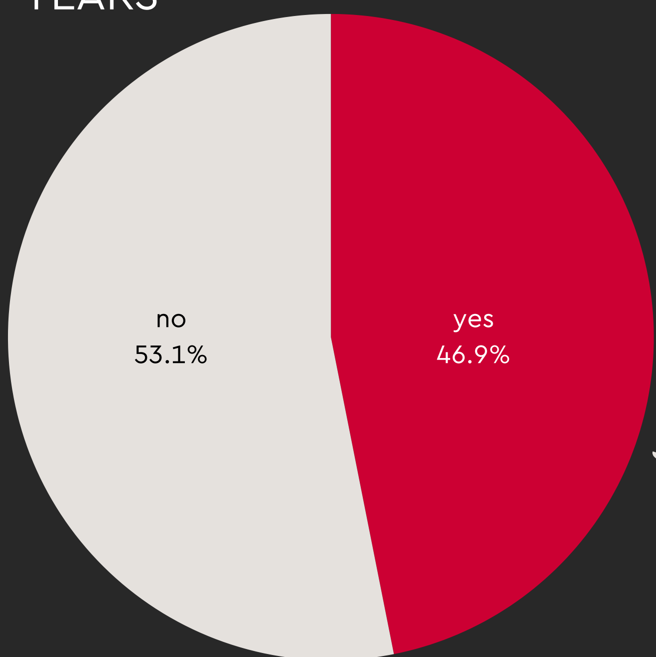
4.65

SCORE

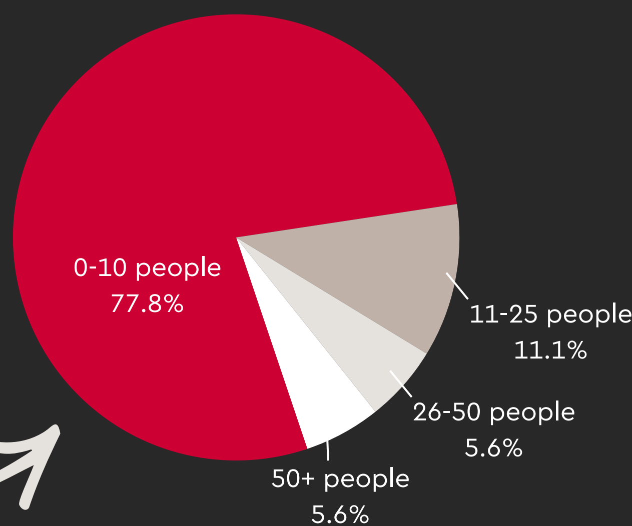
Investments & development

In the field of investments and development, companies are characterised by caution: more than half do not plan major investments over the next three years, and most of those do remain below EUR 500,000. Recruitment plans are moderate, and appetite for product development also appears low based on the survey results. On a positive note, there is interest in energy efficiency upgrades, although typically in smaller volumes. Almost 41% of respondents plan to implement energy modernisation, primarily to benefit from the green transition and cost-saving advantages, as well as in response to increasingly stringent EU and domestic regulatory requirements. This indicates that companies are focusing more on optimisation than on growth.

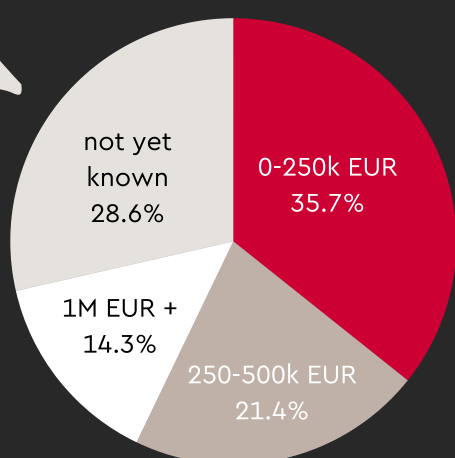
PLANNING FOR STAFF INCREASE OVER THE NEXT 3 YEARS



PLANNED INCREASE IN NUMBER OF EMPLOYEES



PLANNED VALUE OF MODERNISATION



40.6%

OF THE COMPANIES ARE PLANNING ENERGY-EFFICIENCY UPGRADES WITHIN THE NEXT 3 YEARS

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CLOSING REMARKS

The research clearly reflects a dual obligation for Hungarian companies: Stay compliant with constantly shifting regulation while keeping up with technology.

Digitalisation and automation are not optional add-ons – they are pillars of trust and transparency, without which adaptation to future business conditions becomes difficult.

ACKNOWLEDGEMENT

We thank our clients for completing the questionnaire providing deep insight into corporate processes.

These results are valuable for respondents, who effectively conducted an internal "self-audit", as well as for us – enabling meaningful support where companies need it most.

People you can rely on.

Zoltán Lambert

Managing Partner

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WTS Klient Business Advisory Ltd. | H – 1143 Budapest | Stefánia út 101–103. | +36 1 887 3700 | info@wtsklient.hu | wtsklient.hu