**Digitization and Pakistan: Where Do We Stand?**

[Mariam Afzal](https://dailytimes.com.pk/writer/mariam-afzal/)

December 16, 2023

Pakistan has made great strides in improving its business environment, especially in the area of digitalization. However, despite impressive growth due to easy trade, the country still lags behind its middle-income peers such as India and Kazakhstan. This article examines the multifaceted state of digitization in Pakistan, examining the progress achieved, existing challenges and the way forward.

Improved business environment: According to the World Bank, Pakistan has improved its ease of doing business, it has placed itself at 108 in 2020, gradually improving from 144 in 2017, however, we still can’t breathe a sigh of relief because there is still a way long way to go to be able to impress investors amid strong competition as India stands at 62, Sri lanka at 99 and constantly striving hard to expand their digital base. The main reasons for the improvement in Pakistan are developments such as taxation, online payments, property registration, and other online services. Engaging federal and provincial agencies such as the Federal Revenue Bureau (FBR) and the labor registration process will play an important role in improving the working environment.

Government Initiatives and Policies: The government’s e-Commerce Policy and Electronic Money Institutions (EMI) and State Bank take significant steps to promote mobile payments and online transactions, and are a big step towards an all-digital inclusive economy.

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Financial inclusion through branchless banking: Branchless banking, exemplified by Telenor’s EasyPaisa and Ufone’s UPaisa, has expanded financial inclusion, especially in areas without physical access to consumer banks’ role in the ritual. These services facilitate transactions and remittances, contributing to the growth of the digital economy.

Challenges in Technology Adoption: Pakistan’s digital transformation is hampered by challenges related to digital connectivity and accessibility. More than half of mobile networks lack functional mobile broadband, indicating a need for improved information coverage. In order to harness the potential of the digital economy, the government should focus on increasing the availability of, smartphones, affordable services and high-quality broadband networks.

Digital collection and ecosystem: Despite progress in specific areas, Pakistan is still in the early stages of digital transformation. The country needs a well-defined roadmap for successful digitally driven growth Although the focus is on IT outsourcing and automation, sustainable digital growth requires an approach that it’s about everything.

Legislative reform: Legislative reform alone is not enough; Cooperation between government agencies and private organizations is critical. A mindset shift is needed to achieve the vision of Digital Pakistan which includes the formulation of robust policies on literacy, inequality, cross-border issues and promotion of innovation culture.

Cloud computing and the transformation of SMEs: The advent of cloud computing has led to business process changes, especially for Small and Medium Enterprises (SMEs) Cloud services eliminate the need for large upfront expenditures, and enable businesses to access services remotely. However, statistics show that Pakistan’s digital economy (DE) is relatively small, underscoring the need for further development.

Challenges in network infrastructure and infrastructure: Pakistan’s network readiness index follows suit, highlighting challenges posed by inadequate infrastructure and technology. These barriers affect SME productivity and competitiveness, and indicate the need for targeted interventions. Cybersecurity and skills development: As the digital landscape expands, cybersecurity becomes paramount. Pakistan currently has no legislation on data protection and privacy. Skill development organizations should provide SMEs with the IT skills they need. Comprehensive cybersecurity policies and procedures are necessary to protect digital assets. Establishment of incubation centers is critical along with innovation centers for Artificial intelligence and Fintech.

Tax incentives and digital transformation: Tax incentives play an important role in promoting digitization. While it presents initial challenges, the study suggests that the transition to digital will ultimately benefit the economy, offsetting any short-term cash shortfalls. Brain Drain: Pakistan is going through a brain drain crisis as well. Having signification proportion of youth is no less than a blessing, so is a skilled labor. Each year around 25000 IT graduates enter the market. Despite being bestowed with intellect and skill; the country is unable to utilize it owing to inability of offering them a platform to grow. The result is massive departure of skilled labor for greener pastures. During the period of January to June 2023, around 800,000 Pakistanis left out of which 100,000 are highly trained. Loss of IT experts is hampering technological progress in the country. IT professionals are demanded worldwide since they have recognized that technology is the future. Many countries have made routes of migration for IT professionals easier in a bid to develop their markets. Instead of filling the wallets through IT based exports, we are providing the means of earning to the already developed world, further eroding our diminishing economy. We can’t turn blind eye towards the potential of freelance market and gig economy which can earn us billions, however, absence of regulations and unavailability of safe payment methods is making us deficient of what we could have. The good news is despite such leakage; the government has managed to witness 3% increase during August in IT exports which is a good reason to encourage us to invest in the sector since the average cost of software professional in Pakistan is almost one-fifth of cost in Europe and USA which makes them attractive.

It’s unfortunate that Pakistan fails to efficiently utilize what it is bestowed with, and wastes its energies on asking for foreign aid only. Worststill, we have been unable to recognize our youth potential. This will not be wrong to say by any means that we have made ourselves dependent on aid and have no plans of catching up with our counterparts, forget the developed ones, and with the extent of ignorance currently prevailing, we will not be able to achieve what developed nations have today even after 100 years.

Pakistan is at a critical juncture in its digital journey. Although progress has been made, it is important to address challenges and encourage a holistic, collaborative approach. It is vital to utilize our diaspora in international markets by promoting domestic software markets. The digital economy is the future, and Pakistan must prepare for it in the right way, harnessing technological advances to propel the country towards sustainable and inclusive growth before it gets too late.

*The writer is a development economist.*