

## Exclusive Interview



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### M. Mudassar Aqil

Chief Executive Officer

EasyPaisa / Telenor Microfinance Bank

**ICMA:** What was the initial vision and inspiration behind easypaisa?

**M. Mudassar Aqil:** The initial vision behind the launch of easypaisa more than a decade ago was to provide financial services to the unbanked population of Pakistan, where most of the population did not have access to formal banking services. Before embarking on our journey, we identified a huge problem. More than 100 million Pakistani adults were unbanked, where every 1 in twenty persons unbanked globally was a Pakistani, lacked access to formal banking channels. This left them with no choice but to resort to informal and often unethical methods of obtaining financial assistance or services, since opening an account with a traditional bank was difficult and time-consuming.

It was clear that a drastic change was needed to address this cause, and this is where easypaisa came into being. The aim was to create the country's first branchless banking service, which enabled account opening and sending and receiving money simply through a basic mobile phone.

Since its inception, easypaisa has become the leader of Pakistan's fintech revolution, with 12 million monthly active users and 180,000 registered agents. Today, one in four

Pakistani adults has an easypaisa account, and one in ten Pakistanis uses easypaisa monthly. It has evolved from a peer-to-peer money transfer service to a comprehensive platform offering payments, savings, lending, and open banking services to individuals and businesses across Pakistan. I am happy to report that now we are also on track to become Pakistan's first digital bank in the coming months.

**ICMA:** easypaisa is one of the leading fintech in Pakistan. What challenges did you face when launching the company, and how did you overcome them?

**M. Mudassar Aqil:** Whenever you enter a new market and introduce a new product or service, a myriad of challenges come forward. We also faced similar obstacles. One of the major challenges was the low levels of financial literacy, as many people had no access to formal financial services. This was a major issue, but we conducted extensive awareness campaigns to educate people. We also had to reach rural areas and get access to the unbanked population, which had no access to any sort of financial services due to the lack of banking channels available to it. easypaisa addressed this by offering basic banking services through a basic mobile phone as well as through local retailers and agents.

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Our franchising model with commission-based compensation for retailers was a practical solution. Similarly, we made our platform telco-agnostic, meaning other mobile operators could easily use it. We handled regulatory issues related to money transfers by restricting the number and amount of transactions per CNIC per month, addressing AML/KYC requirements. All in all, we managed to successfully overcome challenges throughout our journey by staying at the core of our customers' financial needs and developing innovative digital financial solutions that were convenient, easy to use, and secure.

**ICMA: How does easypaisa differentiate itself from other mobile payment platforms in Pakistan?**

**M. Mudassar Aqil:** Our digital-first business model offers various financial services, including payments, savings, investments, digital lending, and platform services, without physical branch visits. With 12 million monthly active users, one in four Pakistani adults is registered with us. Telenor Group and Ant Group, our shareholders, are leaders in their respective domains. Processing 4 million transactions daily shows high usage and trust.

In 2022, we processed PKR 4 trillion in payments, contributing significantly to Pakistan's economy. Our platform is telco-agnostic, allowing anyone to download the app and set it up within 30 seconds. We also have a vast network of 180,000 agents, a diverse product portfolio with innovative industry-first processes, and are a secure financial services app licensed by the State Bank of Pakistan.

Moreover, we are a digital financial services brand with the highest top-of-mind recall, and our app has become the most downloaded in Pakistan in the finance category as per research carried out by private market intelligence platforms. Furthermore, we have launched a suite of mini apps, making us a one-stop shop for customer needs in various categories. We are also a frontrunner in some of the initiatives taken by the State Bank of Pakistan, including RAAST. Recently, we have been awarded a NOC for setting up a digital bank in Pakistan by

the regulator, which sets us apart. Overall, our mission is what makes us unique, i.e., to transform Pakistan into a cashless and financially inclusive society through technology and collaboration, making it easy for every Pakistani to access financial opportunities and contribute to the country's economy.

**ICMA: Pakistan's startup ecosystem is still in its early stages. How do you see the potential for startups to grow and flourish in the country?**

**M. Mudassar Aqil:** Over the last decade, Pakistan has been in an accelerated upward spiral, which I also call "the perfect storm". Pakistan's young population, with 65% aged between 15 and 40, creates a favorable environment for startups to thrive. As high-bandwidth penetration (3G/4G) surges past 55% and mobile penetration increases beyond a staggering 86.5%, the good news is that there is a lot of space for players in the market.

Smartphone penetration is on the rise (fueled by local production), with more than 100 million devices. Despite the pandemic, the country's technology startups witnessed exceptional growth, raising a record-breaking \$350 million in 2021 and over \$227 million in H1 2022. Startups across sectors like fintech, e-commerce, healthcare, and education have also surged.

However, despite these positive developments, there are still challenges that need to be addressed to enable startups to grow and flourish in Pakistan. The domestic startup economy faces several challenges, including a tightening global macroeconomic environment and a challenging domestic economic environment. To address these challenges, we need to improve infrastructure, enhance access to talent and resources, provide funding and mentorship, and establish a more supportive governing environment for startups to thrive.

Being the leading technology platform in the country, we are open to advocating the growth of startups in Pakistan and believe that with the right support and resources, they can achieve great success.

**ICMA: Financial inclusion is a big issue in Pakistan, with a significant portion of the population being unbanked. How does Easypaisa address this issue and make financial services accessible to all?**

**M. Mudassar Aqil:** We are committed to playing our part in addressing the critical issue of financial inclusion in Pakistan. However, there is still a long way to go in terms of reaching out to the unbanked and underserved population. Moreover, it is also disheartening to note that despite women making up 50% of our population, a significant proportion is still excluded from the financial ecosystem. We understand that women are less likely than men to have access to formal financial services, and we are determined to change that by providing accessible and affordable financial services to all.

Digital onboarding can revolutionize access to financial services, especially for women, by simplifying account opening and increasing inclusion.

Our digital-first philosophy is on point to break down these historical barriers and pave the way of creating an equitable future. With 180,000 registered agents and mobile wallet services, we provide access to underserved populations while our completely digital processes remove friction during onboarding. We are proud to be partnering with the State Bank of Pakistan on several initiatives aimed at promoting financial inclusion, including the National Financial Inclusion Strategy and the RAAST digital payments initiative. We firmly believe that by working closely with the government and other stakeholders, we can reduce the gap and promote financial inclusion in the country.

**ICMA: In your opinion, what role can the government play in supporting and promoting startups in Pakistan?**

**M. Mudassar Aqil:** In my opinion, the government has a critical role to play in the promotion and support of startups. The country's economy is driven by consumption, and it has a densely populated market with attractive intrinsic factors for startups. With a growing middle class and a digitally literate younger population, our nation offers a conducive environment for startups to flourish.

To aid the growth of the startup ecosystem, the government has provided considerable support for startups in the form of establishing national and provincial incubators, introducing tax incentives, and creating regulations to encourage the establishment of local venture capital firms and investors. However, a stronger and more sustainable partnership between the government and private sector is necessary for the Pakistani startup ecosystem to realize its full potential.

According to a McKinsey study, a three-pronged approach to developing the startup ecosystem in the short-to-medium term is key. This involves improving policies and regulations, providing access to funding, and developing talent to drive innovation. By improving policies and regulations, the government can create an environment that supports the growth of startups at the seed stage. Access to funding can be valuable for startups, enabling them to thrive even in challenging economic conditions.

**ICMA: What advice do you have for aspiring entrepreneurs and startup founders in Pakistan?**

**M. Mudassar Aqil:** Starting a business is a journey filled with ups and downs, but it's also one of the most rewarding experiences you can have. My advice to budding entrepreneurs and founders is to follow their passion and identify a problem that they truly care about solving. Having a clear vision and purpose for your startup will help you stay motivated and focused on your goals. It's important to remember that success doesn't come overnight. It may take time, but the effort will be worth it. Building a strong team is also key to achieving success. Surround yourself with talented individuals who share your vision and have the necessary skills and expertise to help you execute your business plan. As you start your business, remember to prioritize ethics and integrity in all your practices.

Taking easypaisa as a case, we are focused on creating and sustaining an ecosystem of users and partners, with payments

at the core of our business. To be successful, we recognize the importance of user engagement and the value of data. That is why we believe in building a customer-centric ecosystem that creates a "network effect," leading to more customers, more partners, more use cases, and more data. Lending is a key monetization use case for us, and we are leveraging our expertise in data science to pursue a credit score-based lending model, both from a consumption and productive lens.

We understand that in the digital age, winning is not just a function of capital but also requires the right talent, operating model, and business model. We also recognize that the future is evolving with Neo-Design and Embedded Finance at its core, and that whoever creates the biggest and most engaging platform will ultimately come out on top. Finally, I'd like to conclude by saying that one should not be afraid of failure. Setbacks are inevitable, but how you respond to them truly matters. Embrace failure as a learning opportunity and use it to improve and pivot when necessary. Remember, even the most successful entrepreneurs have faced failures along the way.

**ICMA: easypaisa has recently launched new services, such as savings, investments, and miniapps. What are your plans for expanding the company's offerings in the future?**

**M. Mudassar Aqil:** At easypaisa, our main objective is to provide financial services that are both innovative and accessible to meet the evolving needs of our customers. Our recent launch of new services marks just the beginning of our efforts to expand our offerings and push the boundaries of fintech in Pakistan. We are thrilled to have reached over one million followers on our savings product within a year. Additionally, we are excited to receive the NOC from the State Bank of Pakistan to set up a digital bank, which will have a significant impact on Pakistan's digital financial services landscape.

We are in a prime position to leverage a digital banking license to offer financial services to currently underserved individuals and MSMEs in areas such as payments, loans, savings, and insurance. Our vision is to embed banking into people's daily lives through our payment and savings, lending, and platform businesses.

Our aim is to offer an end-to-end digital experience to our users where all financial services are available 24/7. Our primary focus for individual users will be on our expertise in digital payments and everyday use cases, with a special emphasis on neglected segments such as women and freelancers. We also plan to provide personal digital nano loans and embedded finance products.

Looking ahead, we have ambitious plans for further expansion and growth. We are continually exploring new product offerings and partnerships to reach new customers and offer even more value to our existing ones. At easypaisa, we are devoted to delivering the best possible customer experience and expanding financial inclusion in Pakistan.

*The Editorial Board thanks Mr. M. Mudassar Aqil, Chief Executive Officer, EasyPaisa/ Telenor Microfinance Bank for sparing from his precious time to give exclusive interview for Chartered Management Accountant Journal.*