

Exclusive Interview



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Mr. M. Zohaib Khan
Chairman, Pakistan Software
Houses Association (P@SHA)



ICMA: Can you tell us a little bit about P@SHA's role in supporting startups and fintech companies in Pakistan?

M. Zohaib Khan: P@SHA is the Pakistan IT Industry Association and represents the voice of the IT and tech sectors of Pakistan. As an association, we are heavily involved in policy dialogue with the government, promoting Pakistan as an IT destination globally, and capacity development in the latest skills. In addition, P@SHA has a special focus on the startup ecosystem and young entrepreneurs. We help young startups with knowledge sessions, mentoring, and access to our groups, which contain many professional and seasoned IT individuals, along with other resources. We have also built collaborations with global incubators and accelerator programs such as HUB71, the largest accelerator in Abu Dhabi, UAE. This year, several startups from our member companies applied through P@SHA to this program.

ICMA: What are key challenges faced by startups in Pakistan? How P@SHA is addressing those challenges?

M. Zohaib Khan: Pakistan's startup ecosystem is about a decade old and still in its infancy. Some of those challenges include:

- Lack of funding and venture capital
- Lack of Legal Framework
- Lack of research and technology transfer opportunities
- Lack of Technology and IT Parks
- Lack of products from financial institutions like non-collateral loans for startups

P@SHA is trying to create a conducive environment by working on introducing and implementing conducive policies in coordination with the government. At the same time, P@SHA is also creating awareness through its various online programs, publications, and organized networking opportunities.

ICMA: In your opinion, what are the key factors that contribute to a successful startup ecosystem in Pakistan?

M. Zohaib Khan: In my opinion, the key factors that contribute to a successful startup ecosystem in Pakistan, include close government engagement, support for talent, and linkages to global incubators, accelerators, mentoring groups, and service providers. Financial grants and R&D awards can help startups scale their business growth. Also, conducive policies such as digital payments through corporate cards and taxation policy can help increase the ease of doing business.

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ICMA: How do you see the regulatory environment for fintech evolving in Pakistan, and what impact do you think it will have on the growth of the industry?

M. Zohaib Khan: The State Bank of Pakistan (SBP) is the primary regulator of fintech companies in Pakistan. Depending on the type of business model, a fintech company may require a license from the SBP. The SBP has established separate categories of licenses for Electronic Money Institutions (EMIs) and Payment System Operators (PSOs).

As per research done, the impact of digital financial inclusion on individuals alone can increase Pakistan's GDP by \$36 billion by 2025. The SBP is working to improve the fintech environment in Pakistan. Policies are being introduced to ensure seamless digital payments, forex retention, and utilization. Also, SBP is working to ensure the security of transactions by introducing data protection policies.

ICMA: How important is access to funding for startups in Pakistan, and what steps are needed to improve financing?

M. Zohaib Khan: Funding for start-ups is the most important step, as it first helps in putting your ideas from paper into reality while also allowing the company to grab any opportunities that come their way, such as investing in new products and services that can help your business grow. We need to encourage programs in the form of grants from the government sector, business-friendly loans, and an enabling ecosystem of angel investing and FDI.

ICMA: How do you see the fintech industry evolving in Pakistan over the next 5-10 years?

M. Zohaib Khan: With 64% of the population under the age of 30, Pakistani Fintechs are critical stakeholders within the financial technology landscape because they are perfectly

positioned to leverage technology, and inaugurate a new wave of digital financial services.

According to the figures mentioned on the internet over the last decade, the Pakistani digital financial services sector has been in an accelerated upward spiral. As high-bandwidth penetration (3G/4G) surges past 43%, and mobile penetration increases beyond a staggering 77%, it comes as no surprise that Pakistan has become a hotspot for cutting-edge fintech innovation.

The fintech industry is continuously evolving, driven by advances in technology and changes in consumer behaviour and in the years to come we will witness significant trends in AI and machine learning, blockchain, digital banking and mobile payments, cybersecurity and fraud prevention, and open banking and API integration.

ICMA: What is P@SHA's role in promoting financial inclusion in Pakistan through fintech?

M. Zohaib Khan: P@SHA is promoting the Digital Payment Initiative by working closely with SBP and the PM office. Commercial banks are encouraged to offer internet banking and corporate debit cards for companies. This will ease doing business and encourage more tech firms to participate in the digital ecosystem. Meanwhile, P@SHA has also encouraged and even collaborated with the government to introduce funds and grants for startups and skills programs. P@SHA is actively working with the government to ensure that top infrastructure facilities are available to tech companies by ensuring the availability of affordable internet, work centres, and other facilities.

ICMA: Can you share any success stories of Pakistani startups that P@SHA has supported or worked with?

M. Zohaib Khan: We have different strategies depending on the expertise and success journeys of startups, and we are in the process of developing a separate space for such startups where they can be featured and have an equal opportunity to display their products.

ICMA: In your opinion, what are the most promising areas for innovation and growth in Pakistan's fintech sector in the coming years?

M. Zohaib Khan: P@SHA represents the IT sector in Pakistan and advocates for its interests. Our organization promotes and nurtures startups, recognizing the importance of inspiring young people and entrepreneurs to generate fresh and innovative ideas and business plans. Through our knowledge-sharing sessions and connections with experienced IT professionals in our groups, we not only provide answers to their questions but also keep them informed of the latest developments in the industry.

ICMA: What are some of P@SHA's upcoming initiatives or projects related to startups and fintech that we can look forward to in the future?

M. Zohaib Khan: P@SHA has undertaken the following initiatives related to startups and fintech:

1. P@SHA Launchpad
2. P@SHA ICT Awards
3. Fintech Disrupt Challenge
4. P@SHA Fintech Festival
5. P@SHA Capacity Building Program
6. P@SHA TechLift Program

ICMA: What advice would you give to aspiring entrepreneurs looking to start a fintech business in Pakistan?

M. Zohaib Khan: Starting a fintech business in Pakistan can be a challenging yet rewarding endeavor. Here are some pieces of advice to keep in mind as you embark on your journey:

- 1) **Conduct thorough market research:** Before starting a fintech business, it's important to understand the financial landscape of Pakistan and the needs of its people. Conduct thorough market research to identify gaps in the market and potential customer segments that your business could serve.
- 2) **Understand regulatory requirements:** Fintech businesses in Pakistan are subject to various regulatory requirements. Familiarize yourself with the regulatory landscape and ensure that your business complies with all relevant laws and regulations.
- 3) **Build a strong team:** Building a successful fintech business requires a strong team with a diverse range of skills and expertise. Invest time in building a team of talented individuals who share your vision and are committed to achieving your business goals.
- 4) **Focus on customer experience:** In the world of fintech, customer experience is key. Make sure that your business is focused on providing a seamless and user-friendly experience to your customers. This includes designing an intuitive user interface, offering responsive customer support, and ensuring the security of customer data.
- 5) **Embrace innovation:** Fintech is a rapidly evolving industry, and it's important to stay up-to-date with the latest trends and technologies. Embrace innovation and explore new ways to solve problems and meet the needs of your customers.
- 6) **Foster partnerships:** Fintech businesses can benefit greatly from partnerships with other organizations,

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such as banks, payment processors, and other fintech companies. Look for opportunities to collaborate with other players in the industry to enhance your offerings and expand your reach.

ICMA: ICMA has established an Incubation Centre at Islamabad. How P@SHA can help ICMA in providing guidance and resources to new startups?

M. Zohaib Khan: P@SHA can provide valuable support to an Incubation Centre in Islamabad by sharing its expertise and resources with the startups incubated there. Here are a few ways P@SHA can assist:

- 1) **Mentorship:** P@SHA can provide experienced mentors to guide startups through their early stages of development. These mentors can offer valuable advice on business planning, marketing, sales, and other areas critical to the success of a startup.
- 2) **Networking:** P@SHA can facilitate networking opportunities for startups to connect with other entrepreneurs, investors, and potential clients. These connections can help startups find new opportunities for growth and collaboration.
- 3) **Training and Workshops:** P@SHA can organize training sessions and workshops to help startups improve their skills and knowledge in various areas, such as technology, marketing, and finance.
- 4) **Access to Resources:** P@SHA can provide access to resources such as legal, financial, and technical expertise, which can help startups overcome challenges and achieve their goals.

The Editorial Board thanks Mr. M. Zohaib Khan, Chairman, Pakistan Software Houses Association (P@SHA) for sparing from his precious time to give exclusive interview for Chartered Management Accountant Journal.