

How to make Digital Pakistan work

There is no faster way to accelerate economic growth than going for holistic digitisation of the economy. Given that 65 per cent of the country's population is between the ages of 15 and 40 and that our year-on-year internet adoption rate is 23pc, an opportunity exists to convert our population time bomb into a lever for equitable growth across different income segments.

The country's mantra should be broadband-for-all. Access to the internet must be treated as a fundamental right. But without an enabling environment and leadership from the government, any forward movement will obviously be difficult. Countries that have succeeded in walking the talk have done so by creating policy frameworks and executing these policies.

The digital economy of any country is based on five pillars: connectivity, digital identity, digital life style, digital commerce and digital policies.

The connectivity pillar covers access, pricing of the handset as well as voice and data usage, speed and coverage. Currently, Pakistan has roughly 90 smartphone users. This is great news as more people can use digital content, thus reducing the need for expensive PC and tablets.

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Unfortunately, less than 50pc of this user base has a broadband connection. We need to develop content that is in local languages, is gender focused and gamified to encourage broadband usage.

Developing 'Pakistan Stacks' will allow each citizen to have their own electronic locker where their CNIC, birth certificate, academic records will be available

We have challenges on the pricing front too. Handset pricing remains high. Pakistan is ranked 98th of 121 countries on this metric by the Network Readiness Index. On the usage front, we have the unique distinction in South Asia. We have a tax on the SIM card, a tax on its activation, value-added tax on additional services, a handset tax, usage tax and customs duties on the import of hand phones. We also fail the UN affordability measure of the total cost of mobile ownership (one GB of data costing less than 2pc of monthly income for the low-income community).

Clearly, this complex and regressive tax and duty structure needs a major overhaul. We need to replicate successful experiments from countries that have used a 'smart feature phone' alternative. The KaiOS operating system now being used in Africa and India has recently been introduced in Pakistan. What we require is that this phone be manufactured in Pakistan (we currently only assemble phones) and a data package by telecommunication companies that locks in the customer for 12 months but provides the phone for free. This will result in the immediate penetration of smartphones at the bottom of the pyramid.

As for the speed of connectivity, Pakistan fares well compared to regional peers. GSM coverage is also not a major obstacle as 75pc of the country is covered.

Pakistan was light years ahead of its regional peers as far as basic identity was concerned. The National Database Registration Authority (Nadra) provided real-time picture/name verification and later added bio-metric verification as well. Notwithstanding the price Nadra charges for this service, having 100 million people in its digital database is a huge benefit for any country with digital ambitions.

Unfortunately, regional countries have surpassed us on this front now. We need to develop 'Pakistan Stacks'. This will allow each citizen to have their own electronic locker where, along with the CNIC number, their birth certificate, educational degrees and subsequent medical records will be available electronically. Imagine the productivity gains it will generate: all identification through one unique identifier — the CNIC — available in real time. This will also result in reduced fraud and assist in better know-your-customer identification.

The digital lifestyle of a country will eventually drive the level of digital acceptability. Prior to the advent of Covid-19, digital interaction was largely concentrated in e-commerce purchases, payments and the rides economy. The quarantine requirement forced the hand of the willing and unwilling digital participants. Schools were shut down, doctors were not available for consultations and restaurants could only provide takeaways.

The restriction to stay at home had a telling effect on both the conventional and the digital economy. While the old business like manufacturing, retail, tourism, transport and services took a beating, the digital economy reached its inflection point and started taking off. On the medical front, phone/video diagnostics, online pharmacies and scheduling testing grew exponentially. Apps indicating the availability of hospital beds mushroomed. For the first time, the government actually tabulated the number of hospital beds available in Pakistan.

Similarly, the restriction on physical attendance in schools and the students' inability to take tuitions led to an avalanche of companies that started providing services from basic open-source 'learning management systems' to sophisticated interactive systems. The conventional education market is a Rs830 billion industry with 25, 000 education entrepreneurs and 900,000 teachers. While opening schools will allow the physical presence of students, ed-tech is here to stay and will most likely start to cater to the 23 million out-of-school children. What is, however required, is a framework for both medical and education sectors that addresses customer complaints and data protection.

No country has been able to accelerate let alone achieve digital growth without an enabling environment and person-to-government and government-to-person payments being digitised. A look at the Ministry of Information and Technology as well as the Digital Pakistan initiative reveals well-articulated ambitions and policies. But a reality check shows little or no progress except for financial transactions under the State Bank of Pakistan's preview. Charity begins at home. The government must start practising what it preaches.

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