



Smart Data for Policy Makers

Taxation, Ecommerce, DFS

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Policy Makers Need Smart Data

- Taxes on ICT
- Ecommerce
- Digital Financial Services

Possible Indicators

- **Taxes**
 - VAT/GST
 - Income Tax/advance taxes
 - Taxes by Civic/provincial/District Authorities
 - Import duties on ICT devices
- **E-commerce**
 - Potential market
 - Annual Revenues by online outlets
 - Number of Transactions

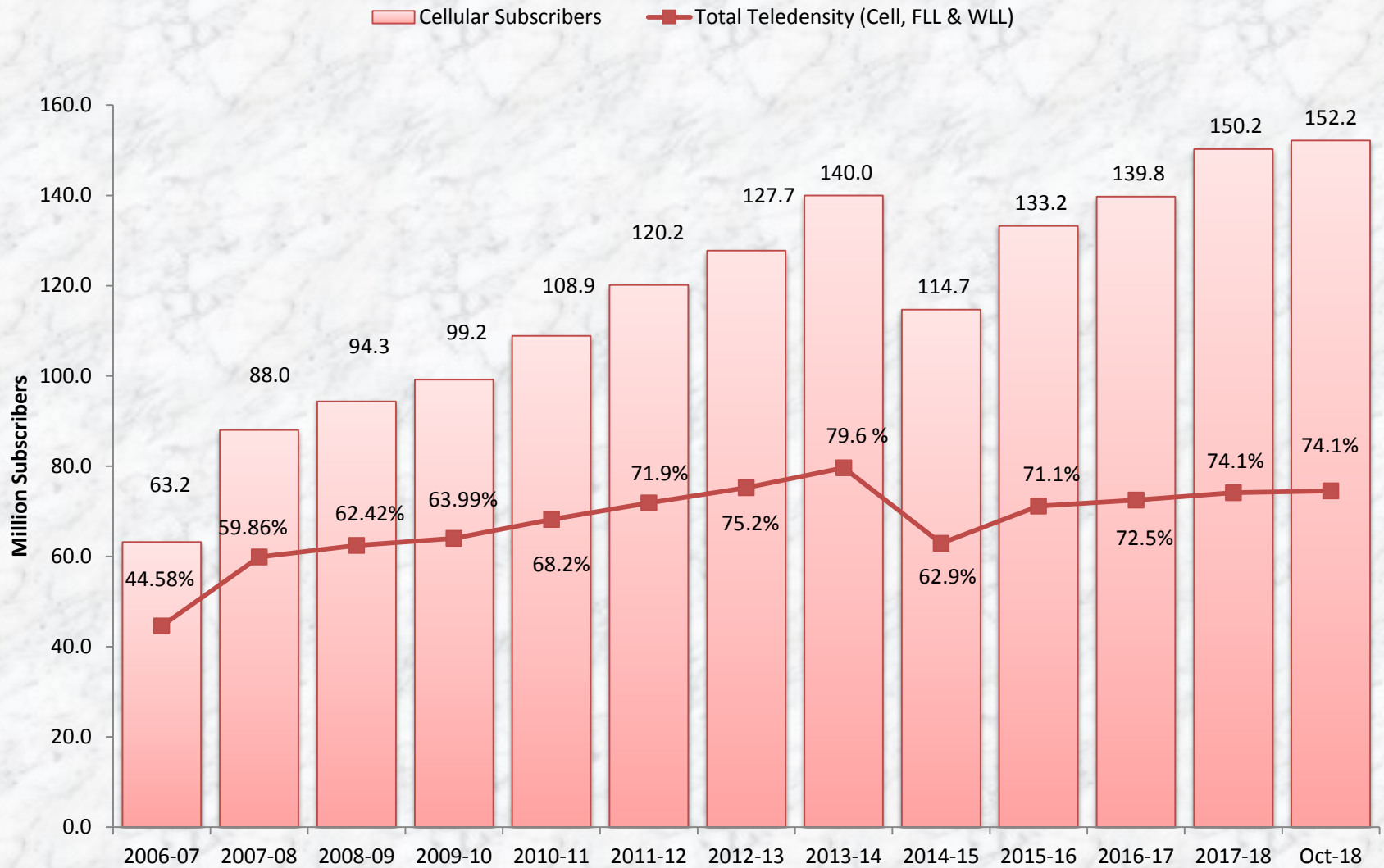
Possible Indicators

- **DFS**
 - M wallets (active and total)
 - Transactions (volume & amounts)
 - G2P & P2G payments
 - ATMs, Branches,

The Case of Pakistan

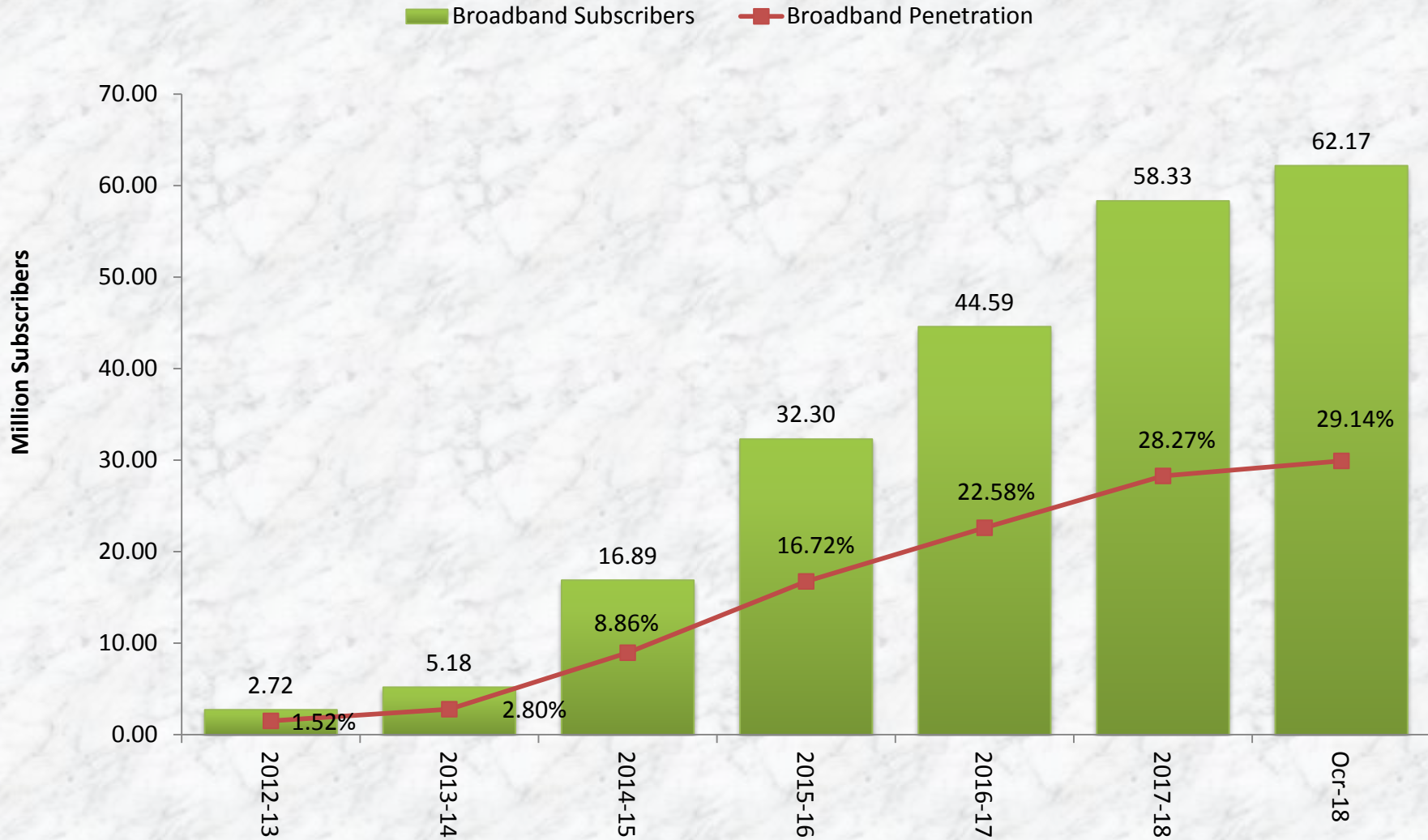
DIGITAL LANDSCAPE OF PAKISTAN

Cellular Mobile Subscribers



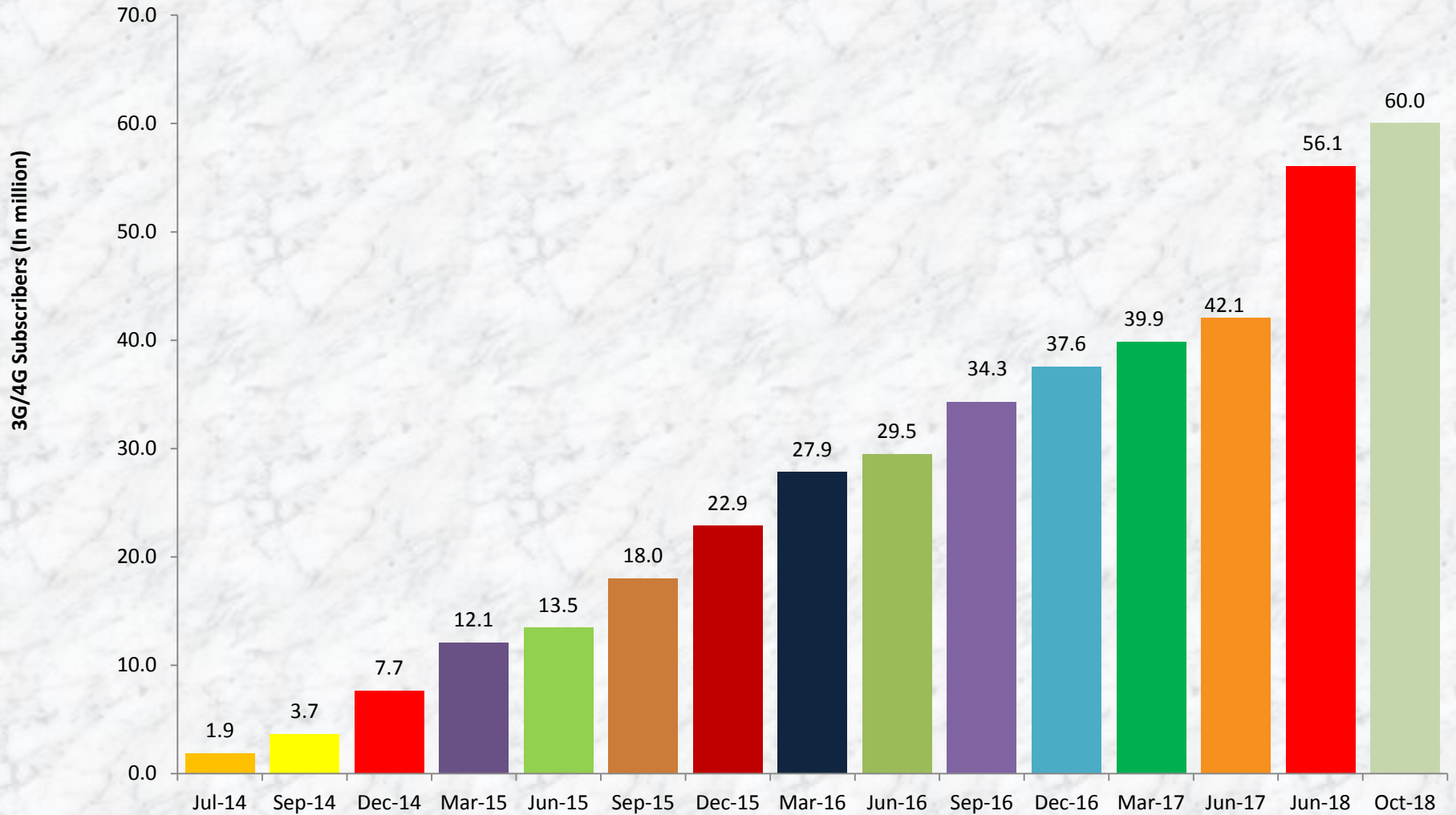
Broadband Subscribers

(Millions)

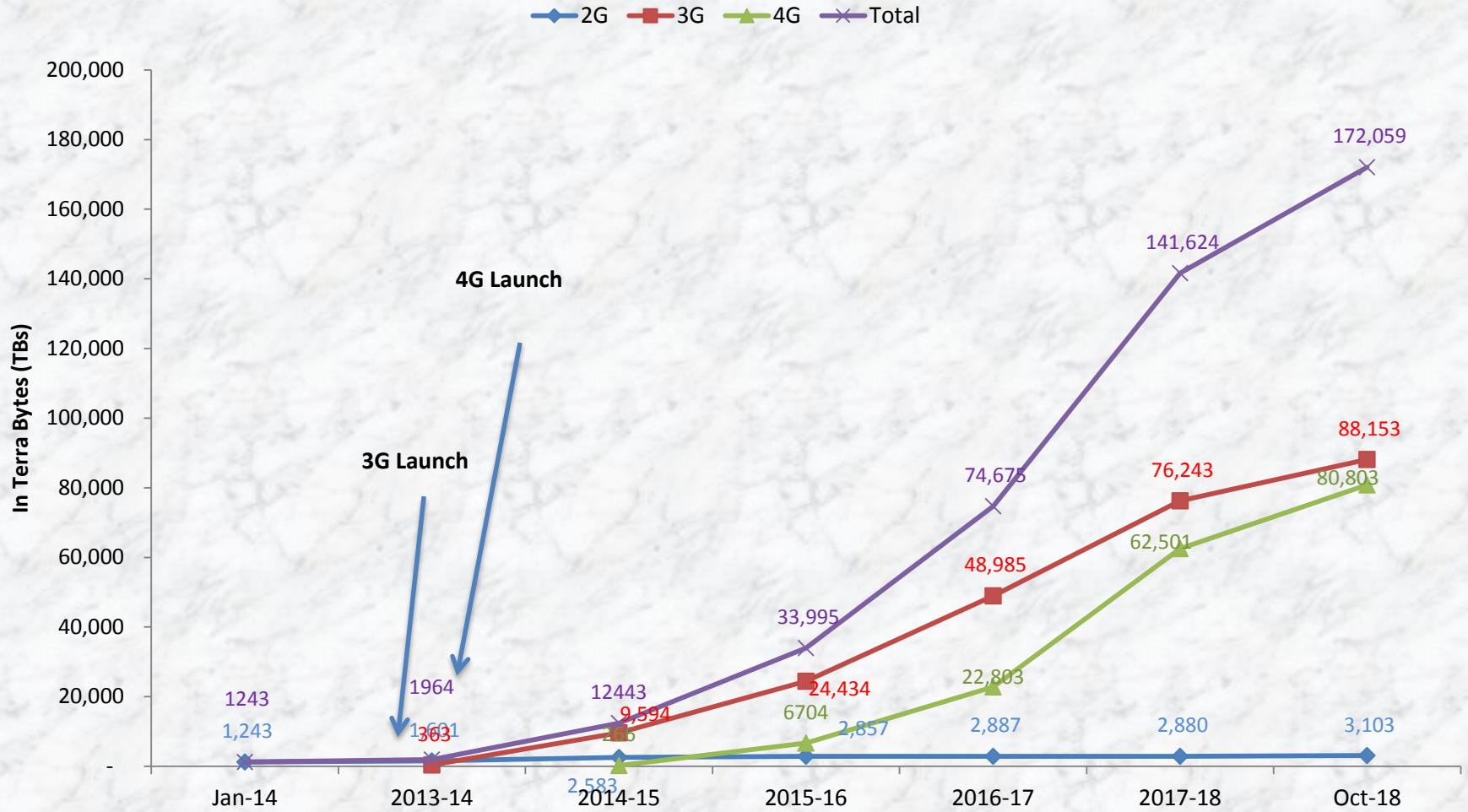


Mobile Broadband Subscribers

(Quarter-wise)

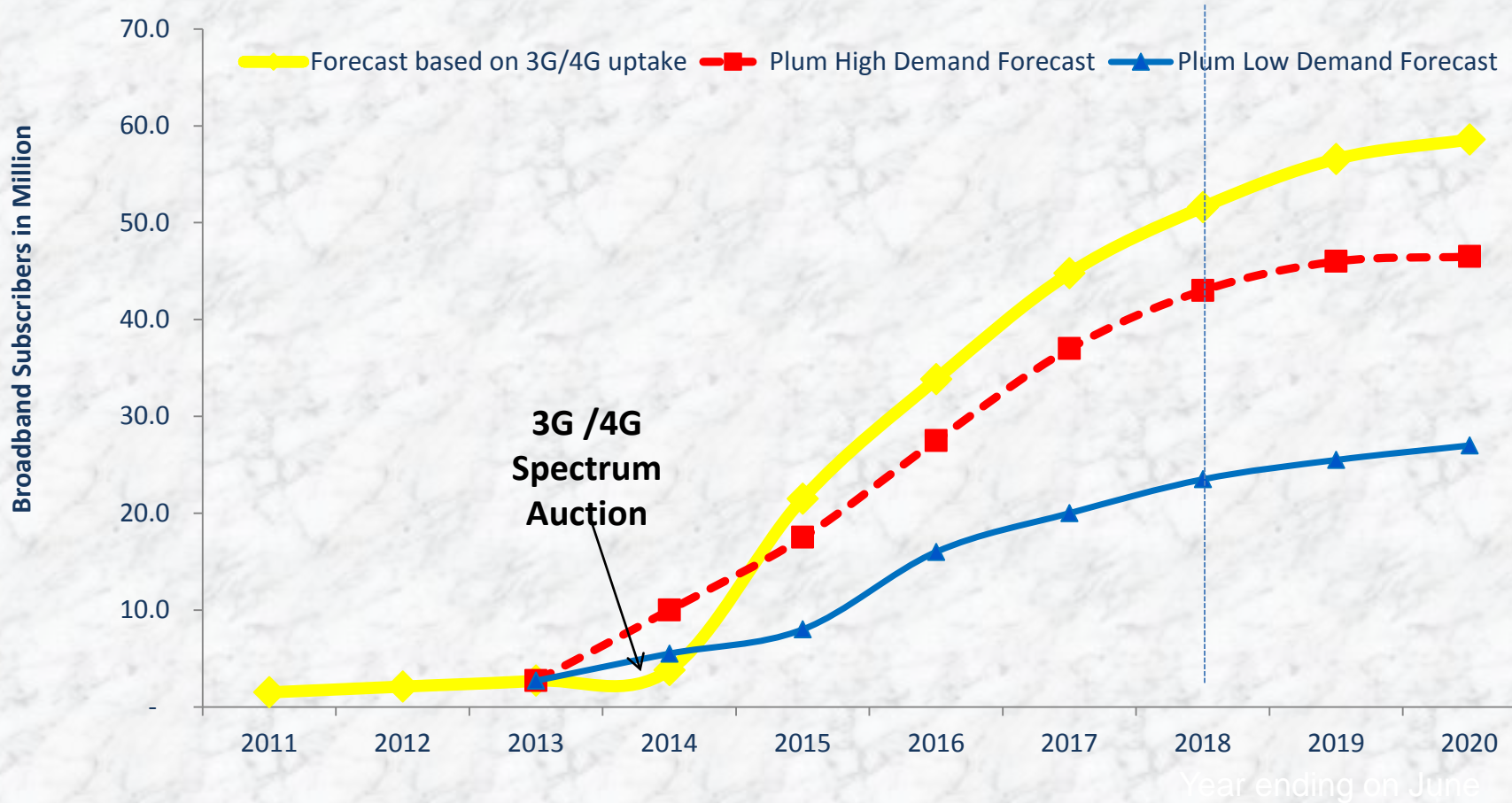


Data Usage on Mobile Broadband



Broadband Adoption – Exceeding the Expectations

Broadband subscribers to cross 50 million by 2018



Ecommerce

E-commerce Market

South Asia - 2018

- India - US\$ 33 Billion
- Pakistan – US\$ 100 Million
- Bangladesh – US\$ 44 Million
- Sri Lanka – US\$ 25 Million

Source: emarketer.com

Pakistan E-Commerce

US \$60 – 100
million –
Market Size

‘Cash on
Delivery’
based market

Significant
foreign
investment

Interest by
AliBaba Group

Few Major Players (Daraz,
kamyu, yayvo, homeshopping,
shophive)

Leading Brands
(Online stores)

E-commerce
policy
framework

E-payment
gateway under
process

E-Commerce Transactions by Cards

Volume

(Million)

Transaction Type	FY 17		FY 18		
	Quarter - 3	Quarter - 4	Quarter - 1	Quarter - 2	Quarter - 3
Debit Cards	0.2	0.2	0.4	0.6	1.0
Credit Cards	0.5	0.5	0.8	0.8	0.9
Pre-Paid Cards	0.1	-	0.1	0.1	0.1
Total	0.8	0.8	1.3	1.5	2.0

Value

(Billion PKR)

Transaction Type	FY 17		FY 18		
	Quarter - 3	Quarter - 4	Quarter - 1	Quarter - 2	Quarter - 3
Debit Cards	1.3	1.5	2.0	3.5	4.5
Credit Cards	4.3	4.5	5.6	5.3	6.2
Pre-Paid Cards	0.4	-	0.2	0.3	0.3
Total	6.1	6.0	7.9	9.1	11.0

Source: State bank of Pakistan

Barriers To E-Commerce

- Trust Deficit
- Low Digital Literacy
- Access o Technology
- Lack of Dispute settlement arrangements
- Huge Unbanked Population
- Taxes

Digital Financial Services

Digitization of G2P/P2G Initiatives

- BISP cash transfers of US\$ 1.5b/ year to 5 Million poor – Major amount being disbursed through digitization means
- Pakistan Post Money order service being digitized
- National bank in process of Digitization for P2G & G2P payments - expected G2P transactions of Rs. 3 Trillion
- Govt. of Punjab initiated interest free Loans disbursements to small farmers through easy Paisa – expected 500,000 beneficiaries
- Availability of BVS machines at 85000 retail outlets
- E-Challan facility to deposit traffic fines through m-wallet & OTC
- Disaster Management Authorities have arrangements to disburse e-payments in disaster hit areas – US\$ 5.5 M disbursed to 21,000 families affected by 2014 floods

DFS Status in Pakistan

147 million m-wallet accounts

405,571 Branchless banking agents

US \$2.4 billion transacted through mobile banking 2017-18

152 million BVS SIMs
Unique database for e-services

60 million mobile broadband subscribers

Less costly smartphones

67,624 SECP registered companies

Nearly 2 million merchants / shops

Switches
(1-LINK, MNET),
(only 1-Link is linked to mobile payments)

Progressive Telecom and Financial Regulators

Well established NADRA database

INTEROPERABILITY (TPSP LICENSING)

DFS Indicators

	2010	2015	NFIS Launched	Jan - Jun 2018
Internet Banking Users	0.8 Million	1.8 Million		3.1 Million
No. of Internet Banking Transactions	0.9 Million	16 Million		31.2 Million
Value of Internet Banking Transactions	Rs. 44.7 Billion	Rs. 798 Billion		Rs.1.2 trillion.
BB Accounts	0.3 Million	15 Million		39.2 Million
No. of BB Transactions	36 Million	375 Million		532 Million
Volume of BB Transactions	Rs. 138 Billion	Rs. 1,872 Billion		Rs. 1,690 Billion
No. of transactions through mobile applications	-	6.6 Million		21.8 Million
Value of Transactions	-	Rs. 113 Billion		Rs. 409.8 Billion

Source: State Bank of Pakistan

Taxes on ICT in Pakistan

- GST – 19.5%
- Withholding Tax (advance Income Tax) - 12.5%
- Mobile Handset import tax – RD Rs. 25- - 1500 +CD
- ICT Equipment tariffs -- 5 – 25%
- SIM Activation Tax – Rs. 250/SIM

Telecom Sector Contribution in Taxes and Levies

(Rs. Billion)

Period	GST	WHT	Regulatory collections	Duties and other collections	Total
2014-15	45.8	58.6	7.0	14.9	126.3
2015-16	44.3	64.1	34.1	17.7	160.2
2016-17 (R)	46.2	56.8	33.1	25.3	161.4
2017-18 (E)	48.2	56.7	14.9	27.5	147.2

Thanks

Break-up of Taxes

	Rs.	Calculations
Mobile card value (Denomination)	100	
Withholding tax @ 12.5%	11.11	$100 - (100/1.125)$
GST/FED @ 19.5% on service/operational charges ** (Operator Service and operational charges @ 10% of recharge amount i.e. Rs. 10 *)	1.95	$10 * (19.5/100)$
Balance reported to user on loading the card / recharge	76.94	$100 - (11.111+10+1.95)$
GST/FED @ 19.5% in the remaining balance **	12.55	$76.94 - (76.94/1.195)$
Total Govt. taxes on mobile cards	25.62	
Balance with the customer	64.38	$100 - (25.62+10)$