



BLOCKCHAIN TECHNOLOGY IN FINANCE IN PAKISTAN

Abstract

This report explores the Blockchain technology and its applications in Pakistan, particularly in the finance sector. Although technology is currently in its exploratory development phase, it faces challenges including tech-related challenges and those related to regulatory uncertainty. Therefore, in order to evaluate the potential of blockchain in finance in Pakistan, the study involved different analytical techniques and in-depth interviews were conducted with all the possible stakeholders including regulatory bodies, blockchain consultants, financial risk consultants and organizations that are using blockchain. Furthermore, two different application types of blockchain were also analyzed, including the Telenor Microfinance Bank and an application developed by a startup called Araazi Ventures, to predict the adoption and usage of block-chain technology in Pakistan.

Key findings

The study findings revealed that blockchain is being used as proof of concept and is on a very basic stage in Pakistan, but there is a lot of potential to benefit from it. Furthermore, it was found that people in Pakistani context are hesitant to adopt new technologies. If companies become early adopters of the technology, they may have a potential competitive advantage in the future. Although investing in blockchain may not reap the desired benefits at present as there has been very minimal adoption of blockchain in Pakistan, but if companies do not adopt new trends like block-chain well in time, they may not be able to remain at par with their competitors in the future.

Implications

In order to foster blockchain, the study suggests that educational institutions, along with the Ministry of Education should organize programs enabling people to specialize in this field. Similarly, the government should arrange foreign assistance programs for engineers so that the local workforce can also specialize in blockchain. The financial institutions along with the government should create awareness about the ease of usage and benefits of carrying out digital transaction by integrating with the maximum number of merchants. Moreover, commercial banks must invest in interfacing and updating their technologies. Becoming tech savvy will enable them to integrate with blockchain that will benefit the finance industry through network effect. FinTech companies along with the Government should also collaborate to develop a regulatory framework to govern blockchain.

Citation

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SDGs



Keywords

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