

PDDE POLICY VIEWPOINT

A Digital Solution for Simplified Business Registration in Pakistan

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This policy introduces a fully digitalized solution to streamline business registration in Pakistan, addressing the challenges of complexity, inefficiency, and inaccessibility faced by micro, small, and medium enterprises (MSMEs). By simplifying the registration process, integrating key authorities, and ensuring mobile-first access, the platform will empower entrepreneurs, promote formalization, and drive economic growth. There are many examples of other countries that have successfully developed the platforms for e-registration of businesses and other purposes (Box 1).

Box 1: Examples of other Countries

Many countries have successfully implemented e-registration platforms, enhancing business incorporation and regulatory compliance. Estonia's e-Business Register and Serbian **Business** Registers Agency enables e-registration of a company, while Singapore's BizFile+ integrates business with tax and licensing services. The UK's Companies House and New Zealand's Companies Office offer seamless online incorporation and compliance filing. In the US, various states provide digital registration linked to tax systems. India's MCA21 and UAE's DED e-Services simplify business setup, licensing, and compliance tracking, promoting entrepreneurship and investment. These models showcase the efficiency and transparency of digital business registration.

Box 2: PITB Business Registration Limitations

The PITB business registration process, while digitalized, has several limitations. First, the registration process is slow, requiring a minimum 2 to 7 days to complete registration. Second, for the registration on the portal, companies must first register with SECP and FBR. Third, the platform is not fully integrated with regulatory authorities, meaning businesses must still visit multiple government offices to obtain necessary permits and approvals. Fourth, the complexity of the registration process disproportionately affects businesses-proof of business informal address is mandatory, which limits the registration of informal and unorganized business such as street vendors etc. and only for organized businesses. Fifth, after the registration there is still need of physical activity to complete the registration process of a business for permits

1. Introduction

Business registration in Pakistan remains a major challenge for small and informal sector businesses due to a complex, inefficient, and inaccessible system, especially in rural areas. This hinders business formalization, restricting access to financial services, tax benefits, and growth opportunities. There is no mechanism in Pakistan to register the informal business registration, as a result, a large portion of MSMEs remains in the informal sector. Punjab Information Technology Board (PITB) developed a business e-registration portal with the help of the World Bank in Punjab and integrated it with NADRA and SECP. This platform has limitations and challenges (see Box 2).

A fully digital business registration platform is essential to streamline the process, reducing time and effort while promoting formalization. By enabling quick and easy registration, this system will empower MSMEs with access to banking, financing, and government services critical for expansion. Lack of awareness and bureaucratic hurdles further discourage entrepreneurs, as the current process involves long queues, extensive paperwork, and multiple government offices. A user-friendly, digital solution will simplify registration, making it more accessible and efficient, fostering SME growth, and strengthening Pakistan's formal economy. Pakistan has simplified the cross border trade process through single digital portal, called Pakistan Single Window (PSW). While, this proposed e-registration system will complement PSW by streamlining domestic business registration and licensing, completing the broader digital business facilitation ecosystem. PSW has replaced 155 paper-based documents with electronic submissions and eliminated 55 documents during import/export clearances, leading to significant reductions in paperwork and processing times. [1]

2. Proposed Solution

The proposed solution is a fully digital platform that simplifies the business registration process in Pakistan. This platform will allow entrepreneurs to register their businesses in just a few simple steps. The flow of the registration process:

i. Account Creation: To create an account on the platform, an entrepreneur can use a valid Computerized National Identity Card (CNIC)/Passport/Driving License number, along with their country of residence and mobile number.

ii. Business Type Selection: The user will choose the type of business they wish to register (e.g., sole proprietorship,

partnership, or limited company).

iii. Bank Account Linking/Creation:

- a. If the Entrepreneur Already Has a Bank Account: The entrepreneur will simply link their existing bank account to the registration platform by providing the bank's details. The account will be automatically verified using the CNIC/Passport/Driving License information.
- **b.** If the Entrepreneur Does Not Have a Bank Account: The system will display a list of nearby banks in a dropdown menu based on the user's location. The user can select a bank, and the system will automatically open a bank account based on the verified CNIC/Passport/Driving License, ensuring the account is linked to the registration process.

iv. **AI-Based Verification:** The system will use artificial intelligence (AI) to verify the provided information, including matching the CNIC/Passport/Driving License with government databases and verifying the bank account details. The AI-based system will verify the provided information against official records to ensure the accuracy and authenticity of the data. For instance, the system will match the CNIC/Passport/Driving License details with records held by government authorities to confirm identity and verify the bank account details against financial records maintained by regulatory bodies to ensure legitimacy and compliance using the Citizen-Centric and Business-Centric databases.

v. **Unique Business Number (UBN):** Upon successful verification, the system will assign a Unique Business Number (UBN) to the registered business. This UBN will serve as the business's official identification and will be used for tax filings and regulatory compliance. Alongside the UBN, a Business Name will also be assigned to the business. Both the business Name and Business Number will be mapped to each other, ensuring their uniqueness and clear association with the specific business entity. Both the Business Number and Business Name will be securely stored in the business registry, which will be publicly accessible and searchable online. This online registry will allow businesses and individuals to easily verify the legal status of a business, promoting transparency and facilitating trust during business interactions.

vi. **Payment:** A nominal registration fee can be paid through the integrated payment gateway (credit card, mobile wallets, etc). vii. **Final Approval:** Once the business has been verified and payment is processed, the registration is completed. The entrepreneur will receive their registration certificate and UBN, which will be automatically linked to tax and regulatory systems like FBR and SECP. Additionally, a Digital Vault will be available for every business or individual that is authorized and validated by the government to hold such a vault. This vault will securely archive the registration certificates, along with other important documents, ensuring data integrity and security. The Digital Vault will also provide provenance capabilities, allowing for the tracking of documents' history and ownership, ensuring transparency, accountability, and non-repudiation.

3. Key Features:

¹ The informal sector refers to a wide range of activities, both legal and illegal, that exist outside the formal economy and not contribute to the tax base. It includes various types of work and businesses that operate independently and are often characterized by low wages, limited job security, and lack of legal protection (World Bank).

- I. Multilingual Interface: The platform will offer a multilingual interface (Urdu, English, and regional languages) to ensure accessibility across linguistic groups.
- II. Mobile-First Design: The platform will be optimized for mobile devices, enabling entrepreneurs to register from smartphones, even in areas with limited internet infrastructure.
- III. Seamless Integration with FBR and SECP: The system will integrate with the Federal Board of Revenue (FBR) for tax registration and compliance and the Securities and Exchange Commission of Pakistan (SECP) for corporate governance and regulatory processes.
- IV. Bank Account Linking: Entrepreneurs can link their existing bank account or create a new one with automatic verification based on their CNIC, ensuring seamless financial integration for business operations.
- V. Data Security: The platform will ensure robust data protection through encryption, multi-factor authentication, and compliance with Pakistan's data protection laws.

4. Implementation Strategy

To ensure the successful development, deployment, and ongoing operation of the digital business registration system, a collaborative and multi-phase approach will be followed. Below are the key steps for the implementation:

A. Platform Development by NITB

The National Information Technology Board (NITB) will be responsible for developing the digital business registration platform through collaboration with stakeholders to ensure that the platform is secure, scalable, and user-friendly. The development will include:

- Designing the User Interface (UI): Ensuring the platform is easy to use for entrepreneurs with varying levels of digital literacy.
- System Integration: Integrating the platform with NADRA, FBR, SECP, banks, and trademark registration authorities to ensure a seamless flow of data and functionality.
- Mobile Application Development: Developing a mobile-friendly interface that allows entrepreneurs to register businesses from their smartphones, ensuring broad accessibility.

B. Integration of Authorities and Stakeholders

A critical component of this system's success is the integration of various governmental and financial bodies that will work together to verify and validate the business registration process —a goal that aligns with the recently launched World Bank-assisted Digital Economy Enhancement Project (DEEP), a four-year initiative aimed at enhancing the government's capacity for digitally enabled public service delivery.

- NADRA: NADRA will implement the Digital Public Infrastructure (DPI). This will primarily comprise a Data Exchange Layer, through which the government departments will securely exchange data. Second, NADRA will verify the identity of the business owner, with CNIC/Passport/Driving License will serve as the primary identifier for all verification activities, including biometric authentication. Biometric verification will be done through mobile devices, using fingerprint scanning, face recognition, or other biometric methods without any delay. Second, verification through point of sale (PoS), for individuals who do not have access to smartphones, biometric verification will also be available at nearby (PoS) terminals located in designated centers or bank branches in remote areas.
- NITB: The National Information and Technology Board (NITB) will be responsible for developing and implementing citizen-centric digital solutions and services. This includes integrating these solutions into a consolidated government portal and a SuperApp for the convenience of citizens. NITB will lead the business process re-engineering (BRP) efforts at both federal and provincial levels of government.
 - BOI: The Board of Investment (BOI) will be responsible for the digital services for businesses, including business registration.
- FBR: The Federal Board of Revenue (FBR) will ensure that businesses registered on the platform are properly recorded for tax purposes, linking the Unique Business Number (UBN) to tax systems. FBR will also monitor compliance, ensuring that registered businesses file their taxes appropriately by linking their CNIC/Passport/Driving License.
- SECP: The Securities and Exchange Commission of Pakistan (SECP) will handle corporate governance compliance. SECP will
 verify the business type and registration status, especially for those opting to register as limited companies or corporations
 through CNIC/Passport/Driving License.
- Banks: Banks will be integrated into the platform to allow entrepreneurs to link or open a bank account based on the verified CNIC/Passport/Driving License. This ensures that businesses can immediately begin transacting within the formal financial system, facilitating access to financial services, loans, and payments.
- Trademark Registration Authorities: The system will integrate with the trademark registration authority, enabling

businesses to also register their trademarks seamlessly during the business registration process. This integration will help businesses protect their intellectual property efficiently by linking individuals' CNIC/Passport/Driving License.

- MoITT: The Ministry of Information and Technology and Telecommunication (MoITT) will be responsible for the overall Whole-of-Government approach, and formulating the policy framework required for the digitalization to happen.
- NITB, MoITT, and BOI shall interact with relevant government departments and authorities such as FBR, SECP, SBP, etc. for implementation of their scope.

C. Phased Rollout and Monitoring

The implementation will follow a phased rollout to ensure smooth adoption and to address any technical issues before full-scale deployment:

Phase 1 – Pilot Testing: The system will be piloted in major cities such as Islamabad, Karachi, and Lahore, where internet penetration and digital literacy are relatively high to collect feedback from registered users.

Phase 2 – Nationwide Expansion: After addressing any technical issues identified during the pilot, the platform will be expanded to smaller cities and rural regions by mobile-based registration options and ensuring affordability through telecom partnerships.

Phase 3 – Integration of Provincial Services: This phase includes the provincial government services into the platform. As it requires Business Process Reengineering (BPR) and extensive coordination with provincial governments, it is scheduled after the nationwide rollout of federal services. This will allow citizens to access both federal and provincial services through a unified digital system.

Ongoing Monitoring and Evaluation: Continuous monitoring will ensure the platform stays secure, user-friendly, and effective. Feedback mechanisms will collect user experiences for improvements, while regular performance evaluations will assess its impact on business formalization, financial inclusion, and tax compliance.

D. Support Centers and Technical Assistance

To support entrepreneurs in the registration process, dedicated help desks and technical support centers will be established. These centers will provide guidance (physically and virtually) on how to complete the registration process, resolve technical issues, and assist with biometric verification.

5. Possible Concerns and Solutions

The implementation of the digital business registration system will bring about several challenges that must be addressed to ensure the system's success and widespread adoption. Below are the potential concerns and corresponding solutions to mitigate these issues.

i. Digital Literacy: Many small business owners, especially in rural areas, may struggle with digital literacy, hindering their ability to use the online platform effectively. Solution:

- Digital Literacy Programs: The government will launch training initiatives with local partners to educate entrepreneurs on using the platform, including navigation, biometric verification, and document submission.
- User-Friendly Interface: A simple, intuitive design with multilingual guides and video tutorials will make registration accessible to all.
- In-Person Support: Community support centers will assist entrepreneurs without the internet or smartphones, ensuring easy registration.

ii. Poor Infrastructure: The government faces significant challenges due to poor infrastructure, including limited connectivity, inadequate digital systems, and the absence of DPI (Digital Public Infrastructure). Massive re-engineering is required in the government's business processes to enable efficient service delivery.

Solution:

Development of DPI: The government should establish a comprehensive Digital Public Infrastructure (DPI) that includes a secure Data Exchange Layer, a unified identity verification system, and digital payment platforms.

Business Process Re-engineering (BPR): Redesign outdated government workflows and procedures to be digital-first, interoperable, and citizen-centric. This should include the standardization of data formats, APIs, and service protocols.

iii. Internet Accessibility: Limited internet access in rural Pakistan may prevent entrepreneurs from using the digital registration platform due to unreliable connectivity and a lack of smartphones.

Solution:

- Mobile-First Design: The platform will be optimized for mobile devices, ensuring that entrepreneurs can register businesses via smartphones, also areas with limited internet access.
- Telecom Partnerships: Collaboration with telecom providers will ensure affordable mobile data packages and mobile hotspots in rural areas.
- Offline Registration Options: For areas with very limited or no internet access, the system will include an offline registration option via SMS or at a nearby Point of Sale (PoS) terminal, which will upload the data once the internet is available.

iv. Data Security and Privacy: Since the digital registration process will involve the collection of sensitive data, such as CNIC numbers, bank account details, and business information, there may be concerns about the security and privacy of this data.

Solution:

- Robust Data Security: Advanced encryption and secure sockets layer (SSL) certificates will protect sensitive data from unauthorized access.
- Multi-Factor Authentication: Multi-factor authentication (MFA) and biometric verification will ensure that only authorized users can register businesses.
- Compliance with Data Protection Laws: The platform will adhere to Pakistan's data protection laws, with regular audits to enhance security.

v. **Resistance to Change:** Many small business owners, especially those in the informal sector, may be reluctant to transition to the formal economy due to system complexity, regulatory authority harassment, or fear of government scrutiny.

Solution:

- Awareness Campaigns: A strong public awareness campaign will be launched to educate entrepreneurs about the benefits of digital business registration.
- Incentives for Early Adopters: To incentivize early adoption, entrepreneurs who register their businesses early will be offered benefits, such as reduced registration fees, tax exemptions, and access to low-interest loans or microfinance programs.

vi. Integration with Multiple Authorities: The digital registration platform must integrate with NADRA, FBR, SECP, and banks, raising concerns about data sharing, system compatibility, and inter-agency coordination.

Solution:

- Interagency Collaboration: Strong coordination among government agencies banks, and trademark authorities will be essential for the smooth functioning of the system.
- Standardization of Data Formats: Data formats and system specifications will be standardized across all stakeholders to ensure compatibility and minimize integration issues.

vii. Biometric Verification and Accessibility: There may be concerns regarding the accessibility of biometric devices for entrepreneurs, particularly in remote areas where PoS terminals or mobile devices may not be available.

Solution:

- Mobile Biometric Verification through smartphones
- PoS Terminals and Community Centers where mobile devices are not available, biometric verification can be done at nearby PoS terminals, government offices, or designated community centers equipped with the necessary technology.

Conclusion and the way forward

To ensure the successful implementation and long-term sustainability of the digital business registration system, the government must take decisive action at the highest level. Key initiatives include issuing a directive from the Prime Minister to formalize and support the implementation of this digital solution.

Government Actions at the Highest Level

- a. Prime Minister's Directive: The Prime Minister should issue a formal directive instructing all relevant stakeholders to prioritize and actively support the implementation of the digital business registration system.
- b. Inter-Ministerial Coordination: The government must establish a high-level steering committee to oversee the implementation of the platform composed of representatives from NITB, NADRA, FBR, SECP, banks, telecom providers, and other relevant ministries to ensure that all necessary steps are taken, timelines are met, and resources are effectively mobilized through collaboration.
- c. Public Awareness and Incentive Programs: The government should launch a comprehensive public awareness campaign to inform entrepreneurs of the benefits of business formalization through the digital registration system. Additionally, the government should create incentive programs to encourage early adoption, including tax exemptions, reduced registration fees, and access to microfinance for newly formalized businesses.
- d. Continuous Evaluation and Reporting: The government should set up regular monitoring and evaluation mechanisms to track the system's progress. This includes assessing the number of businesses registered, the level of system adoption, and the overall impact on economic formalization and tax revenue.

Task	Performed By	Action Needed
Issuance of Directive to	Prime Minister's Office	Issue a formal directive to relevant ministries and
Support the System		agencies to prioritize and support the implementation.
Coordination Among	High-Level Steering	Set up the committee to oversee implementation,
Stakeholders	Committee (PM Office)	define roles, and establish timelines.
Platform Development	NITB	Develop the digital registration platform with a user-
		friendly interface, mobile accessibility, and secure
		design.
Integration with NADRA	NADRA	Ensure the platform integrates with NADRA's
for CNIC Verification		systems to verify CNICs for identity validation.
Business Registration	BOI	Register the business and provide digital services for
		the business.
Integration with FBR for	FBR	Coordinate with NITB to integrate the platform with
Tax Compliance		FBR's tax records for seamless registration and
		compliance.
Integration with SECP for	SECP	Facilitate integration of the platform with SECP's
Corporate Governance		systems to ensure compliance with corporate
		governance.
Bank Account Integration	Banks & NITB	Establish the process for linking existing bank
		accounts or creating new ones for entrepreneurs,
		ensuring compliance with CNIC.
Biometric Verification	NADRA & NITB	Implement biometric verification through mobile
Process		devices and PoS terminals, ensuring seamless
		authentication.
Public Awareness	Ministry of Information &	Launch nationwide campaigns, targeting
Campaign	Broadcasting, NITB	entrepreneurs across urban and rural areas, to inform
		about the system.
Incentive Programs for	FBR, SECP, NITB	Develop incentive programs such as tax breaks,
Early Adoption		reduced fees, and access to financial services for
		early adopters.
Monitoring and Evaluation	NITB, FBR, SECP, PM	Establish an M&E framework to assess system
	Office	performance, user satisfaction, and economic impact.
Technical Support and	NITB, Banks, Local	Set up technical support centers and training
Training	Business Associations	programs for entrepreneurs and government officials.
Ensuring Data Privacy and	NITB, NADRA, FBR	Ensure that the platform complies with data
Security		protection laws, implementing encryption, and
		securing data storage.
Policy Framework	MoITT	Responsible for the overall Whole-of-Government
		approach and formulating the policy framework
		required for the digitalization to happen.

Responsibility Matrix for Digital Business Registration Implementation

The implementation of a digital business registration system in Pakistan offers substantial economic benefits by streamlining business formalization, fostering entrepreneurship, and driving economic growth. By simplifying the registration process, the system will enable more informal businesses to transition into the formal economy, thus expanding access to critical financial services, tax benefits, and government support. This will unlock new opportunities for micro, small, and medium enterprises (MSMEs), creating a more inclusive business environment.

Pakistan's business registration process currently takes around 16.5 days and involves 6 to 8 steps, often requiring physical visits, redundant documentation, and coordination across multiple agencies—making it cumbersome and inefficient. In contrast, countries in the Global North, such as New Zealand and the UK, have adopted fully digital systems, enabling same-day registration through integrated, streamlined portals. This procedural lag in Pakistan discourages formalization, reduces entrepreneurial activity, and dampens investment and economic growth. To align with global best practices, Pakistan should aim for service levels such as completing registrations within two days, limiting the process to three steps, ensuring 24/7 digital availability, and integrating tax bodies into a single platform. Achieving these targets could significantly boost formal business registrations by 25–30%, improve Pakistan's international rankings, and create a more enabling environment for FDI, innovation, and job creation.

According to PIDE, regulatory bodies can impede growth and investment if not properly structured, emphasizing the need for effective deregulation to foster a conducive business environment.



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