



CLIENT UPDATE

Pakistan's central bank simplifies e-commerce export process.

State Bank of Pakistan introduces a simplified framework in effort to enhance e-commerce exports from Pakistan.

Globally, e-commerce has grown enormously over the past few years. The interest in buying from foreign suppliers also continues to expand. UNCTAD estimated that 1.45 billion people made purchases online in 2018. Out of it, around 330 million online shoppers made cross-border purchases. COVID-19 has acted as a catalyst and has resulted in a rapid increase in e-commerce activities.

The leading B2C e-commerce companies are based mostly in China and the United States. However, developing and transition economies accounts for about half of the top 20 economies by B2C e-commerce sales.

The domestic e-commerce is growing steadily in Pakistan. With the introduction of an enabling regulatory environment, the growth of fintech

companies and the availability of e-banking and several other financial solutions, the domestic e-commerce industry has witnessed a healthy growth trend over past years.

However, Pakistan is lagging when it comes to cross-border B2C e-commerce. The lack of acceptance of international digital payment methods and cumbersome export procedures appear to be the main factors responsible for slow growth of cross-border B2C e-commerce in Pakistan.

The central bank, the State Bank of Pakistan, has now introduced a simple framework in effort to boost B2C e-commerce exports from Pakistan. For this purpose, a dedicated B2C e-commerce module is developed within the Customs' online system, WeBOC. As per the new process, the local banks are authorized to register exporters in WeBOC's B2C e-commerce module after performing the due diligence and evaluating money laundering and terrorist financing risks. The export consignment will be sent through to a courier company registered with the Customs. The courier company will be

responsible to submit the export documents to the Customs through WeBOC on the exporters' behalf.

The value of the export consignment should not exceed the prescribed limit. The full export value of the exported goods should be received from abroad with a specified period through banking channels or an international payment gateway. It is expected that this simplified process with less legal formalities to be complied by the small exporters will boost e-commerce exports from Pakistan.

Majeed & Partners, Advocates & Counsellors At Law is a Lahore-based law firm providing a wide range of legal services across all industries. If you are an e-commerce company or intends to undertake e-commerce activities and require any legal assistance in Pakistan, please visit our website at <https://www.mplaw.com.pk> or email us at contactus@mplaw.com.pk.

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