

Exclusive Interview



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Mr. Ahmad Hassan Chief Financial Officer (CFO) Daraz Pakistan

ICMA: What are some unique challenges that Daraz Pakistan has faced as a startup operating in the Pakistani market?

Ahmad Hassan: Gaining consumer trust is the biggest challenge for any e-commerce firm operating in Pakistan. This, coupled with very low financial inclusion and literacy in the market, makes it very challenging as well as exciting for us. Exciting because it forces us to look for creative solutions to these challenges. Over the past few years, our focus has been on initiatives that increase consumer trust and the adoption of digital payment methods. For example, we are now offering a 2x money-back guarantee of authenticity on our Daraz Mall products. Furthermore, we have been partnering with several leading banks and fintech companies to introduce incentives for digital payments in order to increase our share of digital payments.

ICMA: In a country like Pakistan, where the e-commerce industry is still developing, what strategies or initiatives has Daraz Pakistan undertaken to gain a competitive edge?

Ahmad Hassan: What gives us a competitive edge is our ability to provide end-to-end solutions to our seller base regardless of whether they are in Gilgit-Baltistan,

Balochistan, Interior Sindh, or big cities. This seller base enables us to provide a diverse product assortment to our consumer base, which is not available anywhere else in the country. We have expanded our physical footprint to almost all major parts of the country, enabling us to maintain control over the end-to-end order-to-delivery cycle. Furthermore, because we are the largest local platform in Pakistan in terms of shoppers, we provide established legacy brands with an online platform to achieve incremental growth in their traditional distribution channels.

ICMA: As the CFO of Daraz Pakistan, what role do you see startups playing in the country's economic development?

Ahmad Hassan: We, at Daraz, truly believe that e-commerce in general and e-commerce startups in particular are great equalizers. They provide the youth in this country, which, by the way, is the biggest proportion of our population, with a level playing field to add value and create wealth for themselves. If a start-up idea is good enough, it can not only bring in foreign direct investment to the country but also lead to job creation, upstream and downstream integration, and expansion opportunities.

“ Being in the tech sector, I remain quite hopeful that Pakistan, with its massive young middle-class population that is tech-savvy, has all the ingredients to attract funding from foreign as well as local invest ”

ICMA: What are some key challenges faced by startups in Pakistan, particularly in terms of finance and funding?

Ahmad Hassan: Being in the tech sector, I remain quite hopeful that Pakistan, with its massive young middle-class population that is tech-savvy, has all the ingredients to attract funding from foreign as well as local investors. It is true that we have fallen behind significantly in terms of startup funding as opposed to perhaps our Eastern neighbors, who have billions of dollars in venture capital funds being deployed by leading global firms such as Sequoia Capital, Tiger Global, etc. However, with the massive potential in our country, it is only a matter of time before we can attract high levels of funding with the right ideas. Investors are usually looking for stable markets to invest in risky businesses; otherwise, the risk premium is too huge to invest in volatile market startups. Therefore, with the right ideas, a seasoned founder base, and a stable macroeconomic and political environment, I have no doubt that Pakistan can attract high levels of funding and finance in the near future.

ICMA: Could you share some successful strategies or initiatives implemented by Daraz Pakistan to support and foster the growth of startups or small businesses (SMEs) in the country?

Ahmad Hassan: We truly believe in the vision of uplifting communities through the power of e-commerce, which is our mission statement. A great case study for this would be our neighboring country, China, which shows that when SMEs are provided adequate support, the overall economic growth of a country gets boosted exponentially. We have been working very hard to increase the active seller base, especially SMEs, on our platform. We continue to partner with financial institutions with widespread access, such as EasyPaisa and JazzCash, to ensure that even SMEs that are

not traditionally banked can get paid through digital wallets. Furthermore, we have a fully virtual Daraz University, which trains on average 5,000+ SMEs per month without any cost through effective ways of selling online and scaling up their businesses. Moreover, we have launched dedicated incentivized seller programs for remote area-based SMEs and women's SMEs. Additionally, we have a dedicated team that looks after the entire seller journey on the platform and assists them through the process of selling online.

ICMA: Pakistan has a diverse consumer base with varying preferences and buying behaviors. How has Daraz Pakistan tailored its financial strategies to cater to the needs of different customer segments?

Ahmad Hassan: Daraz is a platform where anyone can buy anything from our huge seller base. Our tagline is "Soch ko Daraz Karo" which means whatever you can think of, you can find on Daraz. Our financial strategies are geared towards not just attracting consumers from all backgrounds but also retaining them through quality customer service. Therefore, as a strategy, we don't really differentiate between customer segments. Instead, we focus on strengthening our USP, which is to provide our customers with the convenience of being able to order anything they might need right from the comfort of their homes.

ICMA: What are some emerging trends or technologies in the finance industry that you find particularly interesting or relevant to Daraz Pakistan?

Ahmad Hassan: Within technology, the latest trend is all geared towards Artificial Intelligence. However, I do see in Pakistan taking some time to adopt it fully. Within the finance industry, I believe standardization and automation are the way forward and are quick wins for traditional finance functions. This is where the finance industry in the West has already migrated, and it's incumbent on us to follow as quickly as possible.

ICMA: What advice would you give to aspiring entrepreneurs and startups looking to establish themselves in the Pakistani market?

Ahmad Hassan: If there is one piece of advice I would give to aspiring entrepreneurs, it would be to know your audience and research your market. Try to fill a gap that already exists or find a solution to a problem that plagues your target audience. That's the idea that will succeed, and that's the idea that will help you raise the funding required to grow and scale quickly. Look for problems instead of avoiding them. If you don't have a problem, you can't solve it.

The Editorial Board thanks Mr. Ahmad Hassan, Chief Financial Officer (CFO), Daraz Pakistan for sparing from his precious time to give exclusive interview for Chartered Management Accountant Journal.