# Freelancing Space and the Payment Mechanism

With total 103 Million Broadband subscribers and 45.61%[[1]](#footnote-1) penetration rate of 3G/4G subscribers in the country, there has been an exponential rise in the country’s freelance workforce. Freelancers are the individuals who are not employed fulltime and are providing their services to remote clients via internet through online marketplaces and other direct/indirect online mediums. According to Pakistan Software Export Board, during the FY 2019-2020, Pakistani freelancer exported their work to over 120 countries and generated around 150 million USD in revenues[[2]](#footnote-2). In fact, “Pakistan has not only accomplished to secure the top slot in Asia it has also ranked 4th in the world in the growth of freelance earnings in the second quarter, shortly behind the United States at 78 percent growth, the United Kingdom at 59 percent growth and Brazil at just 1 percent more than that of Pakistan”[[3]](#footnote-3). The figure 1. illustrates month by month growth in the revenue of freelancers in year 2020[[4]](#footnote-4).

*Figure 1. Freelancer Revenue Growth 2020*

As per some estimations, 45%[[5]](#footnote-5) of the freelancers in Pakistan are working for software development and technology sector. It is pertinent to note that the Pakistani freelance workforce is mostly the younger population – over 60% of them are in their 20s and 30s. While the gig-economy is a very diverse field, the most popular gigs are those of web development, graphic design, and programming[[6]](#footnote-6).

Despite of the positive outlook and improving numbers the freelance economy is very informal in the country. The statistics generated are sourced from international resources as we lack local availability of data. Moreover, as freelancer economy as whole is not part of the formal financial ecosystem it faces multiple bottlenecks. The biggest challenge faced by freelancers in Pakistan is the unavailability of sound payment mechanism. As, freelancers in the country have limited payment options they are left with fewer choices, long payment receiving time, and higher payment charges[[7]](#footnote-7). Due to limited payment options, freelancers are unable to explore several international projects squeezing their potential market. Lastly, as with payments, convenience and timeliness are the critical factors which are currently lacking in the payment mechanism followed by the freelancers.

With a progressive future and positive progression of the freelance economy in Pakistan, there is a significant need from a regulatory side to formalize freelancing market. This can only be done once the payment mechanism challenge is solved which is the biggest bottleneck faced by the freelancers. One suggestion is to take advantage of the growing fintech space in the country and encourage the new startups to come up with an idea targeting this issue. Moreover, public, and private incubators and accelerators can also play their part by conducting hackathons and competitions with the specific theme to solve the payment mechanism challenges faced by freelancers in Pakistan.

1. https://www.pta.gov.pk/en/telecom-indicators [↑](#footnote-ref-1)
2. Pakistan Software Export Board, “Pakistan’s IT Industry Overview,” *2020*, n.d., https://www.pseb.org.pk/images/2021/03/pakistan-it-industry-report.pdf. [↑](#footnote-ref-2)
3. Ali Ahmed, “Despite COVID-19, Pakistani Freelancers Earn $ 150mn in FY 2019-20,” Brecorder, March 15, 2021, https://www.brecorder.com/news/40073616. [↑](#footnote-ref-3)
4. https://explore.payoneer.com/en/report/2020-gig-economy-index/ [↑](#footnote-ref-4)
5. https://ilabour.oii.ox.ac.uk/online-labour-index/ [↑](#footnote-ref-5)
6. Pakistan Software Export Board, “Pakistan’s IT Industry Overview.” [↑](#footnote-ref-6)
7. https://ejadlabs.com/payment-issues-faced-by-pakistani-freelancers-and-solution-to-them-paypal-in-pakistan/ [↑](#footnote-ref-7)