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Computerized National Identify Card, NADRA KIOSKS and its prospects in Pakistan

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Abstract: Advancement of science and technology makes inroad in public utility services. The role of information technology for the improvement of commoner's life is greatly visible in the present decades. This paper analysis Computerized National Identity Cards (CNIC), National Database and Registration Authority (NADRA) KIOSKS, NADRA Swift Registration Centers (NSRCs) and their working mode of payments and prospects in civic life at national level. The results reveal that mode of payments of different utility bills properly managed by NADRA database is found to be the best in Pakistan when compare to other services. CNIC can be used as an ATM card in future, if banks will cooperate with NADRA, and it will be more successful in comparison of present practice. This study also reveals that NADRA database and CNIC will prove the best in finding out the bogus accounts in banks, ghost employees taking salaries from government treasury and fake passport. It will also help in proper distribution of donations and aids to poor citizen within short time, aiding the poverty eradication schemes. At the end, implications are made and further studies are recommended for improvement.

Keywords: NADRA, KIOSK, CNIC, NSRC, Pakistan, Computation, Civic Service.

JEL Classification: G21;H63;H81;I31.

Introduction

The advent of computer and its application has greatly improved the public services and the quality of science and technological developments. This paper analysis the role of ICT in public utility services and its future avenues for improvements in Pakistan. Pakistan practices Computerized National Identify Card (CNIC) system managed by National Database and Registration Authority (NADRA). It is the main document for Pakistani citizens required for public transactions viz. maintaining bank accounts, passport, telephone, water, electricity, gas connections and purchase of movable and immovable property etc.

CNIC is prepared with great care and verification. It contains lot of well maintained information about a card holder. All the dependent members aged less than 18 years are included in the B-form; they are not given

with their CNIC, but are made available in the data base and allotted CNIC numbers/ citizen numbers indicating that they are Pakistani citizens.

NADRA has developed automated NADRA KIOSK (NK) for bill payments and e-transactions which operates 24 hours a day in big cities. NK enables users to securely access personal accounts and pay their utility bills on selected billers/utility companies. They can pay a host of bills including Sui-Gas, electricity, telephone and update their accounts in real time by using CNIC. Payments are made by inserting the cash directly into NK cash acceptor without charging any fees. Some other products like e-ticketing, and cash payment of credit cards etc will be launched soon (<http://www.nadra.gov.pk/>). It is observed that services are remarkable and appreciable. A transaction as meager as rupees ten can be done. Hence, CNIC mostly functions as ATM card only for amendments. But there is a scope to improve the network in order to achieve high speed of transactions.

NADRA has introduced two types of KIOSKS. NK and NADRA Swift Registration Centre (NSRC) counters. At NSRC counters, KIOSK setup has been created and transactions are carried out online using desktop computers.

Most of the banks additionally provide e- transactions. ATM cards and credit cards are introduced to facilitate the citizens. But it is the fact that all the ATM and credit cards are made after the verification of CNIC. Recovery schedules are easy and by cross Cheques and cash deposits are managed semi-computerized way. In this process, some times the Cheques dropped in drop box are returned from the banks as un-passed or Cheques are returned but the clients are unable to be informed by variety of reasons cited as out of reach of clients; busy network of mobiles and Pakistan Telecommunication Line (PTCL) services etc. In some instances Cheques are not returned to clients by post in case of not clearance. There are cases bank staff purposely informs late in order to facilitate late fee collections. But despite of all the above short comings, still it is better than previous manual system. In case of credit card transactions, such delay meant for extra



charges for the protection shield etc. On the other hand while network of these services made available at city levels, the rural areas are still deprived of this service.

Owing to the busy time schedule, people prefer online transactions rather than spending time on queue to pay the bills for gas, electricity, water tax and PTCL. Keeping in view of all these constrains, and with the observations of facilities of NK, this study is undertaken to identify and address to the related constrains of daily life and to find solution with the network of CNIC.

Following questions are needed to be answered after the research:

- i. Can NADRA perform better than banks in connection of transactions of deposits and payments?
- ii. Can NADRA KIOSK help in alleviating poverty and reducing problems related to finance depositing and distribution?

Related studies suggest that for the alleviation of poverty, proper management of the funds, distribution of donations and aids need the proper system of payments and deposits (Herani, 2002; Herani *et al.*, 2007a,b,c).

Organization of the remaining paper includes literature review which provides background information related to poverty alleviation strategies around the globe including Asia and Pakistan. The methodology includes data collection and data analysis. Conclusions and implications are also provided.

Literature Review

Literature review and observations reveal that poverty alleviation programs, be it subsidy driven or income driven, have made evolution towards the goal post. The purpose of all the programs is to nurture the ability of the poor with a well-groomed support system. The approach is to build confidence so as to become independent of doles. Rightly remarked the President of the World Bank, James D. Wolfensohn: "Microcredit programmes have brought the vibrancy of the market economy to the poorest villages and the people of the World. This business approach to alleviation of poverty has allowed millions of individuals to work their way out of poverty with dignity" (Microcredit Summit, 1997). For the alleviation of poverty, M. Yunus, the founder of Grameen bank, remarked, "Microcredit helps to create self-employment and put the poor, particularly women in the driver's seat"

It is the fact that livelihood diversification is helpful in alleviating poverty

especially for rural poverty reduction. It helps to lessen the vulnerability of the poor from food insecurity and livelihood collapse. It can provide the basis for building assets that permits individuals and households to construct their own exit routes out of poverty. It can improve the quality and sustainability of natural resources that constitute key assets in rural livelihoods. These effects occur because diversification widens people's options, encourages spatially diverse transactions, increases cash circulation in rural areas, and enhances human capital by providing those who diversify with new skills and experiences (CESS, 2003; D'Silva *et al.*, 2004; Herani, 2002, 2007; Herani *et al.*, 2007a,b,c; Rajar, *et al.*, 2007; Reddy & John 2001; Sreedevi *et al.*, 2004; Sudan, 2007; Turner *et al.*, 2000; Wani *et al.*, 2002).

Studies also reveal that concept of microfinance is emerging survival strategy for rural households in developing countries. The microfinance industry is centered on the concept that commercial principles can be used to expand outreach to the poor. Access to demand-driven microfinance provided by sustainable microfinance institutions (MFIs) has proven to be a powerful tool for poverty reduction by improving the ability of poor people to increase incomes, build assets, and reduce their vulnerability during periods of economic hardship (CGAP, 2003:5). Based on the success of a few MFIs in simultaneously expanding outreach and improving financial self-sufficiency, the microfinance field has advanced considerably towards identifying best practices.

State bank of Pakistan (SBP) issued guidelines to facilitate Non Government Organizations (NGOs), Rural Support Development Programs (RSPs) and Cooperatives interested in transformation into formal Microfinance Banks. The initiatives have started yielding positive results in the form of substantially improved activity and raising confidence of private sector to venture into microfinance (Dawn, 2005:11).

Pakistan Microfinance Network (PMN) is a network of organizations dedicated to improve the outreach and sustainability of microfinance in the country. Estimates suggest that as many as 5.5 million households in Pakistan need microfinance services. However, so far, outreach is limited to a tiny fraction of this population. Therefore the main challenge for the sector is to increase outreach whilst



retaining financial transparency and improving program quality (Dawn, 2005:26).

In recent years, microfinance has been promoted as a means of directly linking finance with poverty reduction. The government is experimenting with a variety of institutional models for delivery mechanism and outreach to the poor. (Hussain, 2004:13-14). All these steps are in the favor of poor but the existing models are lacking proper planning.

Government of Pakistan is keen on computerizing all its dealings. Firstly, it has started with Education Reform Action Plan in Sindh. Previously it was initiated in the name of Sindh Education Management Information System (SEMIS). Computerization of educational sector has not been fully functional. However, the efficiency of banks has considerably improved but with levying higher rate of markups, late fee payments and transaction fees (websites of different banks).

Accounting systems of Pakistan and Sindh are working in better ways but still needs more improvements. Computerizing of Faisalabad Government of Punjab and employees of Faisalabad will encourage the NADRA's experience (www.nadra.com).

Methodology

Data Collection Technique

To achieve the purpose of this study, both primary and secondary sources were used. Secondary sources encompass published and unpublished materials including research papers and thesis. A systematic review of the electronic data base references was also undertaken. Data collected from NADRA's website, during the period of 2007 was included. Also information was collected through informal meetings with operators of NKs and NSRCs. Personal experience of use of credit cards and NK is also helpful in writing this article.

Data Analysis

Collected data were sorted out, analysed and presented in the form of description. This analysis were the base of conclusion drawn and recommendations were made keeping in view the facilities of CNIC, NK and NSRC; problems of payment of different utilities and credit cards and poverty reduction strategies.

Concluding remarks

NADRA has a very strong system of information. It deals with the essential data of citizens. Due to the working of NADRA's CNIC citizens are getting facilities to get registered in their required places from selling to buying valuable goods and property. CNIC is very

important and is the authentic document of citizen of Pakistan. The services of NK are encouraging us to give valuable suggestions for the future better services. It is presently working to deposits/payments of the amount and transfers the amount in the directed department, which is affiliated to the NADRA. In Pakistan it is the first time service introduced by NADRA, which accepts cash, maintains account, and transfers it to required departments. By CNIC it becomes easy to find out non-citizens who are living in Pakistan. Ghost employees can be found out by drawing salary by verifying thumb impression in future.

It is worth mentioning here that facilities provided by NADRA enable to encourage the poor to participate in the services of NKs for their small transactions, savings, depositing and paying installments for their loans, and receiving directly the donations by donors in the form of aid etc. It also reduces the middle corrupt hands. It can be useful for alleviation of poverty distributing donations, Zakat fund, and loans etc., and other poverty alleviation strategies.

Review of literature reveals that Microcredit, Livelihood Diversification Strategies, and steps taken by Pakistan and worldwide can be helpful in future strategies for the development and alleviation of poverty, with the utilization of NADRA's database.

Recommendations

Fore mostly the distribution and the number of NK machines should be increased to almost all the areas of cities. Announcement should be made through T.V. channels about such available facilities of NK. More companies should be involved for the transactions. Such machines should be introduced at every mall similar to ATM machines. All the citizens should be made aware to use the NK services. In every village where PTCL services are not available there should be introduced V-phone or such type of other facility for the purpose of network of internet and then the NK and NSRC should be placed. The purpose of saving people's deposited money in different plans needs complicated documentations but NK does not invoke such cumbersome process and can deposit any amount. In order to exploit its benefit fully, a range of saving plans can be introduced for the citizens of Pakistan.

Mainly, focus should be made on inculcating saving habit among the children and NK should be in position to encourage such accounts even with small amount of initial payment. All the deposits done by citizens



should be invested in different income generating schemes by NADRA and the shares can be made according to their deposits.

For the purpose of deposit management, CNIC should be used as receiver including the aids from donors. There should be a link between the agencies identifying the area for such support and received donations must be deposited directly on the citizen numbers of that area. It enables to protect from the mishandling of donations. In all transactions, CNIC should be punched in machine indicating the amount transacted from ones account. In that sense, CNIC is used as credit card and can include the donors' payment.

As the direct cash handling becomes obsolete, any transactions by means of Cheques or through electronic media should be encouraged with the help of the NK.

For the alleviation of poverty, even a single deposit for life time can be made with little amount and the same should be credited by donor agencies or government in every CNIC numbers, including children who are not entered in the record of NADRA. Those depositions covered under Poverty Alleviation Fund (PAF) should be distributed to the individuals in their personal accounts maintained by NKs.

Planned utilization of income generated out of schemes from national to international donors can be made by depositing in PAF. Saving of such PAF should be automatically distributed equally to each NK personal account of individuals by NADRA.

There can be exclusive Charity Fund. The aid made through Charity Fund should be distributed automatically in equal shares to all affected Pakistani. Option can also be introduced to block the rich in receiving or accepting the charity benefit. Such option prevents the misuse of funds by the selects and will help in distributing the amount to rightful hands. Thus NADRA's role ensures the fair distribution among citizens. More than 80% of citizens fall under the category 'poor'. Hence the role of NADRA can be expected appreciably.

Receiving of zakat and distribution of it should follow similar line. Salary of employees too can directly be credited to citizen account number and then the individual's choice to effect further transaction among other financial institutions.

In future, the facilities of mobile phone can be linked to ease the transactions further.

E-filing of income tax and automatic deduction can be programmed linked with the account. This type of e-tax filing will bring more tax payers under its fold by eliminating the cumbersome procedures which scar away the potential tax payers. Similarly, a corporation body can be formed encompassing major traders and a fixed price of selling goods at one rate should be introduced. Such business transactions can be effected via CNIC. Process of Makro Shops introduced in cities can be a good plan for Pakistan. Such shops can be initiated as corporation and the shares can be extended to Pakistani citizens. A starting share amount of a hundred rupees per citizen can be provided by government in this connection and that should be paid back from the benefits of the business. In this way, every citizen automatically becomes the share holder and this type of shops can run successfully too.

Future Avenue for NADRA's growth:

1. Study of possible mobile services for transactions at mass level.
2. Income tax statement related networking system.
3. Zakat deposit and distribution
4. Disaster management and mobile shops
5. Charity Funds and distribution
6. Poverty Alleviation Fund (PAF) and possible solutions
7. The feasibility of developing *Makro Shops* and establishing share for every Pakistani citizens.

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