

IKRAM SEHGAL

CO CHAIRMAN, PATHFINDER GROUP

Profile:

Ikram Sehgal, a retired army officer, is an eminent defense analyst and security expert, who regularly contributes thought provoking articles to English and Urdu newspapers and appears in TV current affairs talk shows and impresses the viewers with his forthright and outspoken views. He is probably the only businessman in the world having a weekly column in several newspapers. He is a Member of the World Economic Forum (WEF); International Organization for Migration (IOM); Director, East West Institute (EWI), a US-based think-tank; and Member, WEF Global Agenda Council (GAC) for counter-terrorism. He regularly lectures on “National Security” and “Smart Power” in the National Defence University (NDU), PAF Air War College and Naval War College. More importantly, as a member of WEF for over 20 years he has been on their Global Agenda Council (GAC) (of experts) for “Counter-Terrorism” and “Anti-Corruption and Transparency”. He is also on the exclusive WEF “Partnering Against Corruption Initiative” (PACI) which works closely with OECD involving MNCs against corruption and money-laundering.

He was the first Pakistani prisoner of war in history to escape from an Indian PoW camp (in 1971). After leaving the Army in 1974, he worked as a commercial pilot before starting his own business currently, he is the Chairman Pathfinder Group Pakistan, which has two Divisions. The Security Services Division includes two of the country’s largest private security companies in Pakistan, Security and Management Services (Pvt) Ltd (SMS) and Wackenhut Pakistan (Pvt) Ltd (WPPL), while the Financial Services Division includes (1) The flagship company Virtual Remittance Gateway (Pvt) Ltd (VRG) devoted to financial inclusion of the un-banked (82% of Pakistan’s adult population) in an innovative and inexpensive manner (2) i3 Pathfinder Solutions (Pvt) Ltd and (3) iPath (Pvt) Ltd.

CEO Club: Your newspaper articles and TV talk shows reveal your strong passion for Pakistan, in spite of the fact that Pakistan is generally portrayed as a failed state. Are there any solid grounds for this passion?

Ikram Sehgal: Pakistan is nowhere a failed state, in fact given its leadership failure, it is a very resilient state. It has an inexhaustible gold mine for raw materials, mineral resources, human capital and skilled labour. We have the world's second largest copper and gold reserves, third largest coal reserves and fourth largest cotton fields and cotton textile industry. Pakistan is the world's fifth largest milk producer, sixth largest rice producer and seventh largest wheat producer. Even then, if we have lagged behind other countries, it is only due to our weak, corrupt and inefficient leadership. The talent of Pakistanis is recognized all over the world. Unfortunately, our own media is also projecting our negative image in the outside world. For instance, Marc Siegel, who is one of the writers of the private security companies grading standards (ISO 18788 certification), described our company as a role model for the whole world. Being an American (and Jewish), Marc Siegel was advised for his safety not to travel to Pakistan. But when he came here and interacted with our people, he was so much inspired that now he has become one of the most vocal advocates for Pakistan in the United States.

You have described Pakistan as a gold mine. But how can we transform this gold mine into a real asset? Give us some practical rather than hypothetical suggestions for cashing in on our enormous resources.

The first and the foremost thing is that there should be across the board accountability. Accountability without fear and favour is required not just in Sindh, but also in Punjab and the rest of the country. In the past, whenever the Army came into power with the promise of accountability, they made the fundamental mistake of running the government, instead of running the people who run the government. Instead of finding solutions to the problems they became part of the problem, even compounding them. Unfortunately things have become worse than what they were. This problem is persisting with those in some levels below the senior civil and military hierarchy. They use their position in the field to interfere in commercial activities to support their kith and kin, and even close friends. It is most important, that they are monitored. Moreover appointments should be made purely on merit. There is absolutely no shortage of talent in the country particularly in the Armed Forces. We just need to capitalize on this talent,

this is exactly what we have been doing in Pathfinder Group. Whenever we find a talented person, we speed his or her advance to the highest rank.

You have just pointed out that our sordid state of affairs is due to the inefficient leadership. What type of leaders do we require and how can we groom them?

A true leader is appointed on merit and serves the people without any bias. Once upon a time there was so much talk of Mustafa Kamal. There is no denying the fact that he was extremely popular among the people of Karachi, when he was in power he served everyone without any communal, linguistic, ethnic or religious prejudices. Despite being a Muhajir himself and appointed by a Muhajir party, he rose above his personal and political background and thus has become a role model for others. However once he came back and formed a new political party he has to learn to compromise for the sake of remaining in the system. You cannot affect change unless you are part of the system, see the lessons Imran Khan has learnt – and is learning.

There is a lot of controversy over the performance of private security companies. What would you recommend to enhance their performance and their credibility?

Any business involving life and death of human beings, of those being protected as well as those protecting them, requires special attention. The Armed Forces and LEAs have comprehensive rules and regulations but the laws do regulate the private security business how to govern the companies but fall short not only in the implementation of that Ordinance by not addressing the rights of the clients and the company's employees. To maintain the requisite standards, basic qualification levels that commensurate (or near commensurate) to developed countries is required. From prevention and deterrence of crime, security guards in the private sector have gone onto countering-terrorism, employees carry guns and can (and do) die in carrying out the job entrusted to them. If they fail to do their job and/or are incapable of doing it, so will the clients! By government edict, guards deserve to be paid a better minimum wage than the average normal worker reflecting their high-risk work environment and the threats they face daily, conversely clients need protection from companies giving them inferior and/or inadequate service.

Unhealthy practices in the security services industry (and other sectors of industry as well) because of those who avail their services have no value for human life and insist on lower costs. Moreover 95% of the

private security companies do not have medical coverage, gratuity or provident fund. There is no training whatsoever, except the proforma certificate given by the police. This is not only ridiculous, it is also nonsense and the administration must be held accountable for no oversight. To be competitive, the private security companies have to resort to massive undercutting, and this cutthroat business result in key areas of deficiencies. Both employers and employees have to cope with the ever increasing prices of basic commodities, increase in prices of petrol/ gas/power, increasing transportation charges and the fast shrinking purchasing power of the Rupee.

Could you elaborate on what various organisations/entities can do to enhance quality performance by security guards?

To the credit of the Pakistan Banking Association (PBA), they are in discussion to ensure a common benchmark for the banking industry for strict compliance, viz.a.viz, (1) Adequate compensation package of guards (2) Life Insurance cover and prompt payment thereof (3) Subsidized quality meals for those provided accommodation or when on duty (4) 24/7 medical service by qualified doctors (5) EOBI and Social Security coverage for the guards, his family and children (6) Paid Annual, Casual and Medical leave (7) Contributory Provident Fund/Gratuity benefit; Additionally, (i) Welfare Fund for grant of returnable and non-returnable loans (ii) Letter of Appreciation/Performance Certificate (iii) Promotion and increment-oriented Annual Performance Evaluation; (iv) Guards to have some mechanism whereby holidays which he necessarily spends away from his family because of the nature of his duty, or gets compensated adequately thereof. I challenge other private companies to match what we proudly state, that this is the only private security company giving additional benefits that no other private security services company in Pakistan has. In addition we offer (1) highest salaries in the market (2) Pension on death by violent means while on duty (6 months full salary plus half salary till youngest child is 18 years old). (3) Children from 18 years of age to get priority option of service in any Group Company. (4) Veteran Protection Unit (VPU) on retirement (60 years) on daily wages (5) Holding "Guard/Supervisor of the Month" Ceremony alongwith cash reward, including award of "Certificate of Appreciation". (6) Mehngai (subsidized) ration packages to selected segment of employees (salary below Rs.25,000). (7) Incentives for identifying risks and potential problems in monthly "Town Hall" Meetings for direct sharing of thought process with top management and Chairman including award of Certificate of

Appreciation to exceptionally high performers. (8) Subsidized food and accommodation facility (9) Free education for children in Jajja Cadet School and College on selected basis (Full Scholarship). At the moment nearly 20 children of employees getting full board and tuition (over Rs 4000 per month per child) are studying there (9) Full College / Graduation Scholarship for selected students. (10) Hajj and Umrah Schemes whenever announced. (11) Pension on untimely death during service with us (06 months full salary plus 18 months Half Salary). The laws for private security business are comprehensive, they are to be enforced by the Ministry of Interior and the Provincial Home Departments. There is a need for private security companies to be “security graded” by companies like PACRA so that there is a distinction of quality between the companies. The security world is adopting ISO 18788 (or PSC-1) as a standard to be checked out by an internationally company qualified to do so, Pakistan should do so also.

Training according to international standards can be divided into two parts, viz (1) Basic Training of 80 hours in the classroom and (2) Weapon Training of 40 hours in the field. The selected training syllabus must be able to cope with fast changing laws, the prevailing security environment and what is required to protect lives and property. The Basic training syllabus must include: orientation, client’s assets, local law and the power of arrest, knowledge about terrorism and criminality, fires and explosions, mission emergency plans, physical security measures to be employed for the task, basic guard duties, basic first aid/CPR, guard force communications, general orders and post orders, maintenance of post logs and preparation of incident reports, unarmed defense and restraint of disorderly persons, The use of personal equipment, access control equipment use and procedures, observation techniques, dealing with government employees and the general public, patrolling, etc. Extended imparting of knowledge about terrorism must include extended sessions on Improvised Explosive Devices (IEDs).

What arrangements have you made for the effective training of your employees?

We are the only private security company in the country with well-established training schools in Islamabad and Karachi, where thousands of guards are trained each year. The school in Islamabad is headed by a lady, who is the daughter of one of my Army Coursemates. A thorough professional, during the training of the guards she lays special emphasis on their discipline, physical fitness and character building.

Would you like to share with us some of the difficult decisions of your life?

Perhaps, the most difficult decision of my life was to stop working for someone else and start my own business. I had some aviation experience and whenever Sheikh Zaid used to come to Pakistan (1969-71), I was one of the Army pilots with the helicopters detailed for him. When Col Zulfikar who after retirement handled affairs for him in Punjab heard that I had left the Army in 1974, he sent me to Abu Dhabi to fly one of the Shaikh's helicopters. While doing that job, I was earning a lot but one got the feeling of being treated as a taxi driver. So I took a difficult decision, left the job and determined never to work for anyone. Having made up my mind to start my own business, in 1977, I launched Pathfinder Limited. A person who was my clerk in the office volunteered to go with me as I did not know how to type at a reduced salary as I could not afford to pay him the same salary. He is now one of the three Directors of the company, the other ones being my wife and myself. For me it was an honour to go back to UAE and serve on the Board of Bank Al Falah. From 4 branches we made nearly 700 branches in the 16 years I was on the Board. I really admire HH Sheikh Nahyan bin Mubarak Al Nahyan. Unfortunately he was not the Chairman when I left the Bank and so I did not get even a farewell tea. However that was because I had emphasized on the President of the Bank at that time that he was being liberal with expenses account which had led the Cost-to-Income ratio to go over 60% when it should have been less than 40%.

In addition to providing security, what other services are provided by Pathfinder to its employees and to the general public at large?

We are working on a number of projects for the welfare of our employees and the general public. When people send back money from abroad officially, they have to pay a very large extra sum on it. For instance, if they send hundred dollars, they are required to pay an additional 12-15 US dollars. Our Financial Services Division has launched an onward remittance project by means of which people would be able to send hundred dollars by paying only an additional 30 cents. It would be mobile transfer of remittances. Similarly, most of the salaried class people have to borrow money at a very high interest rate as high as 140 per cent. But we would enable them to get loans through mobile phone at a much lower interest rate. We provide medical care to our 15,000 employees, by means of which, they and their 53,000 dependents can go to any hospital in the country for free medical treatment. Furthermore, we facilitate the education of hundreds of children of our employees, including about two dozen in a top cadet college.

Is there any book that inspired you and transformed your life?

The book that really transformed my life is “*Atlas Shrugged*” by Ayn Rand. It taught me the lesson that I should never do any business with the government. I never forgot this lesson even on those two occasions when I was offered a seat of technocrat in the Senate. Despite insistence by my wife from my wife, I rejected the offer.

What core competencies can ensure the success of a CEO?

A successful CEO possesses integrity of the soul. He is competent and confident enough to believe that he is fully capable of performing the tasks assigned to him. His confidence boosts the morale of his team and they rally around him and work in collective spirit. He encourages them by praising their good work as individuals and as a team. He takes quick decisions and does not delay urgent matters. He mainly focuses on bigger issues and leaves other matters to be decided by his team members, to whom he delegates enough powers.

What is your own definition of success?

Success is achieving of goals that enables you to hold your head high with a sense of dignity and pride. Not even a single penny made by us is illegitimate and this pride in our honest success gives us contentment and peace of mind, one then enjoys a calm and undisturbed sleep.

What have you done to change the lives and destinies of the people of Pakistan other than what you gave done for the guards?

Because we saw the challenges that our blue-collar employees face to access banking services. Pathfinder Group’s entry into the Digital and Financial Inclusion space was initiated in 2013. The guards did not have bank accounts and had to make pain staking (and costly) effort to transfer their salaries to their families in rural areas on a timely basis. We set-up our financial inclusion platform “*Virtual Remittance Gateway*” which is in line with the Government of Pakistan’s holistic approach of “*Digital Pakistan*” initiatives to enhance connectivity, innovation and access to finance. With 82% of the adult population without bank accounts, this gives hope. The AMA Scheme has been initiated by the World Bank under the National

Financial Inclusion Strategy and rolled-out by the State Bank of Pakistan and Pakistan Telecom Authority, two of the most powerful regulators of the country. VRG's state-of-the-art platform has been designed to provide flexibility to all financial institutions and the cellular mobile operators to reach the far flung areas of Pakistan without internet access to undertake Mobile Financial Services. "Hope" to the common man, thus changing his destiny as he can now not only open a bank account which leads to real economic growth and prosperity at the grass-roots level and documentation for future growth. Another major factor was the doubling of the accounts opened by women.

This is truly a game changer as it opens-up avenues for the entire financial sector (deposit/lending insurance, investments/mutual funds etc.) as the VRG platform can now provide access to the entire adult population (over 140 million) including rural women in their homes through a simple feature phone. With women averaging only 18% of regular bank accounts, AMA's average for women accounts is over 40%. In short this can be termed as the real "AAM AADMI ki Azaadi" for the entire citizens of Pakistan and a major step towards achieving Pakistan's SDG (Sustainable Development Goals) in the areas of Financial Inclusion, Women empowerment, Digital Transformation & Innovation.

What could Asaan Mobile Account (AMA) Scheme have done for the Flood affected?

This platform can disburse cash to the affected or provide credit to the merchants (kiriyana/pharmacy etc.) in these areas; needless to mention they can also cash out from the bank branches in the vicinity. However, the typical bureaucratic approach by the government entities (federal and provincial) and Regulators to take the lead and utilize the VRG platform have seriously hampered the relief efforts of the Government. BISP has been wary of agents, who were taking an inordinate sum from those seeking relief. This can be cashed out by any of the branches of 14 bank having branchless license. Instead of sending out messages and internal memos/summaries, had these entities merely held joint meetings with BISP and NCOC/NDMA (who have or can arrange data of the affected) the cash disbursement / credit to merchants for relief using the VRG platform could have been undertaken on an authenticated and transparent manner.

The AMA Scheme on the VRG end-to-end platform can not only establish new accounts of the affected in two minutes by the Army teams involved distributing aid relief as they can make verified lists to

disburse cash to them (or facilitate purchases at merchants) with speed and complete transparency duly authenticated with the support of the Government entities particularly at the field level.