

## Legal Framework of Electronic Contracts in Pakistan: Challenges and Prospects for Business



Sania Islam (Corresponding Author)	LLM Scholar, Department of Law, Abdul Wali Khan University Mardan, Pakistan <a href="mailto:advsania@yahoo.com">advsania@yahoo.com</a>
Muhammad Jan	Assistant Professor, Department of Shariah and Law, Islamia College Peshawar, Pakistan <a href="mailto:jan@icp.edu.pk">jan@icp.edu.pk</a>
Abdus Samad Khan	Assistant Professor, department of Law, Abdul Wali Khan University Mardan, Pakistan, <a href="mailto:abdus@awkum.edu.pk">abdus@awkum.edu.pk</a>

**Abstract:** *The development of e-commerce has rendered it necessary that a robust legal framework be developed in order to provide the legal basis for electronic contracts and their enforceability. This article will cover different aspects of electronic contracts in Pakistan by taking a look at legislation, court judgments, and emerging trends. The legal framework is the cornerstone. That is, the Electronic Transactions Ordinance of 2002 acknowledges the legality of electronic contract signatures and records as well as helping to ratify documents in court. Nevertheless, there are still problems: companies and individuals remain unaware; there is a risk of cyberattacks; the law isn't clear. Despite these challenges, electronic contracts offer a number of benefits to businesses, including budget and time efficiency, being internationally available, and providing a sound legal basis. Through education campaigns, strengthened cybersecurity measures, legal reforms, and other means, Pakistan can overcome the hurdles to allow electronic contracts, promote business growth, encourage innovation, and even contribute to economic development. There is already some evidence of this happening. This study aims to inform policymakers, businesses, and legal practitioners about the chances and challenges presented by electronic contracts in Pakistan. Therefore, I would like to offer some ideas for moving through the digital age.*

**Keywords:** Electronic Contracts, E-Commerce, Legal Framework, Pakistan, Business, Cybersecurity, Legal Certainty

### Introduction

Because information technologies are advancing much faster, business operations have been transformed. Gone are the days of doing business on a local, face-to-face kind of basis. Electronic contracts, in this digital age, are the backbone of business transactions, ensuring efficiency, convenience, and flexibility for everyone who makes a deal. Pakistan, with its developing economy, is among the pioneers of this digital change, while at the same time adapting and utilizing its legal framework, which has created support for the flowering

landscape of electronic contracts (Khan, Jillani, Abdelrehim Hammad, & Soomro, 2021). The point at which law and technology intersect offers both opportunities and challenges for firms in Pakistan. Electronic contracts can slash costs, save time, and truly have the world at their feet, but they can also throw up numerous and formidable legal and regulatory obstacles that demand special care. Providers of services in markets as varied as Pakistan are looking into how cyber security issues, things like the legal effect and enforceability of electronic contracts, and so on. The regulation of these significant matters must be clear-cut. This is a point that

businesspeople and public policy experts are working to clarify (Zahid, 2023).

Research Article in the context of this background aims to look at modern Pakistan's law on electronic contracts. They looked at the relevant laws, court precedents, and social factors. The problems faced by business using electronic contracts are clearly set forth. It probes into prospects for these technological innovations and the gains to be had from them. The Electronic Transactions Ordinance 2002 in Pakistan gives structure to the law of electronic

contracts. It admits the legal legal force of electronic signatures and record buying, Nevertheless, misunderstanding, threats to cybersecurity, and legal ambiguities all continue to restrict the here. A pervasive tradition of disbelief also coupled with stabs at holding is often made. And these contracts--providing immense potential for business in Pakistan notwithstanding the difficulties spoken of above--better operating efficiency, increased market penetration, and the ability to innovate through what some call "industrializing services" (Ahmad, Khan, & Hussain, 2023).



Figure 01: Own extract

Through focused awareness campaigns and powerful cyber security technology, Pakistan can achieve comprehensive advantage from using electronic contracts as an accelerator for economic growth during the digital age. This in-depth analysis of electronic contracting in Pakistan was designed to furnish insights valuable to policymakers, practicing lawyers as well as others of this trade. By doing this, we hope not only to provide anchor knowledge for managing this trend of electronic business; we also aim at bringing about social and economic development that is both lasting and beneficial for our communities (Blythe, 2006).

**LITERATURE REVIEW**

Technological progress, especially information technology advances and e-commerce growing, leads to an electronic contract which changes people's understanding on the formation of agreements. This literature survey provides a general introduction to relevant research, case

law, and academic works on electronic contracts, particularly issues of enforceability and legitimacy. The global viewpoints as well as insights specific to the legal framework in Pakistan are covered in the review.

**1. Legal Framework for Electronic Contracts:**

a. Electronic Transactions Ordinance 2002:

In Pakistan the Electronic Transactions Ordinance (ETO) is the law that regulates contracts. It acknowledges the standing and enforceability of records, signatures and contracts setting the foundation, for e commerce in the country (Electronic Transactions Ordinance, 2002).

**2. Global Perspectives on Electronic Contracts:**

a. Uniform Electronic Transactions Act (UETA) and Electronic Signatures in Global and National Commerce Act (ESIGN): The UETA

and E-SIGN are laws that have been implemented by states, in the US and the federal government to make electronic transactions easier and boost trust in business. They establish rules for signatures and contracts to ensure they are legally binding and valid, across the United States (Uniform Law Commission, 1999; United States Congress, 2000).

b. UNCITRAL Model Law on Electronic Commerce: The Model Law, on Electronic Commerce developed by the United Nations Commission on International Trade Law (UNCITRAL) offers recommendations to nations on aligning their systems for transactions. It covers topics like contracts, signatures and contract formation, in settings to facilitate international trade and e commerce (United Nations Commission on International Trade Law, 1996).

### 3. Challenges and Implications of Electronic Contracts:

a. Cybersecurity Concerns: As more electronic contracts are used there is growing worry, about cybersecurity risks, like hacking, data breaches and identity theft. It is crucial for businesses to put in place cybersecurity protocols to secure transactions and safeguard sensitive data (Bamberger & Mulligan, 2011).

b. Legal Uncertainty: Existing laws and regulations regarding contracts often contain areas that create difficulties, in enforcing and interpreting them. It is crucial for courts and lawmakers to resolve these uncertainties to ensure guidelines and trust, in commerce (Gringlas, 2004).

### 4. Emerging Trends and Future Directions:

a. Blockchain Technology: Blockchain technology shows potential in improving the security and validity of contracts by using decentralized tamper digital records. Smart contracts, which operate on systems automate the execution and enforcement of contracts potentially transforming how contracts are formulated and enforced (Swan, 2015).

b. Artificial Intelligence and Contract Automation: The integration of intelligence (AI), in contract management and automation is revolutionizing how businesses draft, negotiate and oversee contracts. Contract analysis tools powered by AI can enhance contract review procedures reduce risks and boost adherence, to regulations (Dietz, 2019).

### 5. Implications for Business in Pakistan:

a. Adoption of Electronic Contracts: The existing laws outlined in the ETO offer a foundation. Businesses, in Pakistan encounter obstacles when it comes to embracing agreements primarily due to factors like limited awareness concerns about cybersecurity and legal uncertainties. It is crucial to increase awareness levels bolster cybersecurity protocols and provide clarity on issues to encourage the acceptance of electronic contracts, in Pakistan.

b. Economic Impact: Implementing agreements has the potential to stimulate growth improve efficiency and enhance competitiveness in Pakistan. By leveraging advancements and refining business tactics companies can capitalize on the opportunities presented by e commerce (Mishra & Akhilesh, 2018).

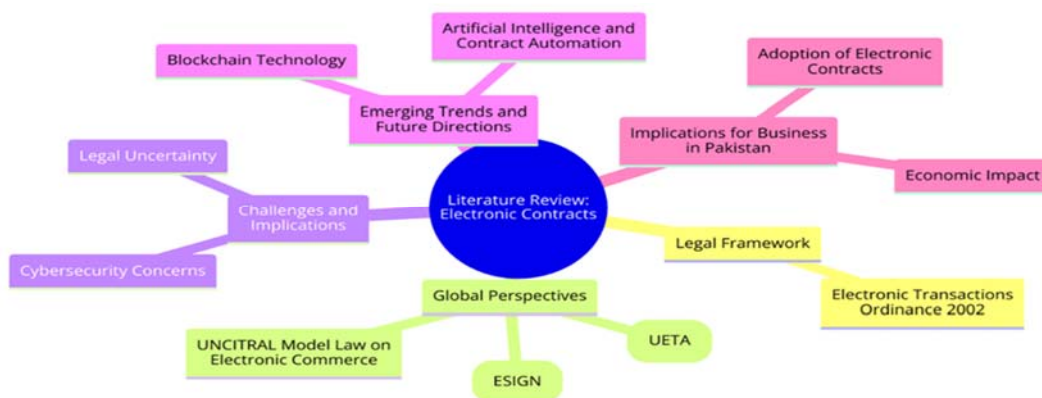


Figure 02: Own extract

## RESEARCH METHODOLOGY

Qualitative research methods are used to evaluate the electronic contract landscape in Pakistan. The focus is mainly on what e-commerce communities feel about doing business among themselves--and the attitudes they express toward things like contracts (are they a necessary formality?), as well as users' experiences of those formalities. We'll reach out to legal professionals, entrepreneurs, civil servants and people with experience in the field to serve as subjects. These interviews are to be at such a level of formality as can allow for the complexity and many angles e-contracts bring. Purposive sampling selects participants for this

reason: this way what they say will be more relevant to the research questions, further enhancing the richness and depth. Thematic analysis will be used to dissect interview transcripts in order to find common themes, patterns, and clues about electronic contracts from the standpoint of law: such as what are some problems? and what are some solutions. The qualitative method will allow us to take a comprehensive perspective on the complicated social and legal dynamics surrounding electronic contracts. That approach would illuminate aspects of the digital system that are often murky for policymakers, businessmen, and law practitioners alike (Khan, & Wu, 2021).



Figure 03: Own extract

## LEGAL FRAMEWORK FOR ELECTRONIC CONTRACTS IN PAKISTAN:

### *The Electronic Transactions Ordinance (ETO) 2002*

The ETO in Pakistan is a cornerstone of the legal framework of electronic contracts, and it was established by laying down the basic principles for how digital transactions are governed. The ETO's first major objective is to verify and facilitate electronic commerce by acknowledging the legal validity of electronic agreements, signatures, and documents. This approach removes a barrier that could have hindered the adoption of transactions before enabling businesses to freely engage in

commerce through electronic channels (Pun, Hui, Chow, & Tsang, 2002).

Before starting any online transactions, companies must verify that the ETO requires electronic contracts to be considered binding. These legal requirements will be met as stated in the text, which includes establishing the authenticity and integrity of electronic records and proving that the parties consented to contract. Further, as the ETO recognizes electronic signatures “equivalents of handwritten signatures”, the new standardization processes will ensure that “finalizing electronic documents will ultimately become more convenient”. Thus, as these developments are taking place, ETO will allow

Pakistani companies, who have the advantage of using digital technology, legal status, and the possibility to use. Electronic transactions offer multiple advantages over traditional paper contracts (Abdelrehim Hammad, Khan, & Soomro, 2021). They are faster and cheaper, to begin with. Additionally, such transactions are much more convenient than their traditional alternatives. To be more specific, businesses that use electronic sales can now target a larger portion of the population, allowing for cross-border trade. As a result, the companies will be able to expand their market opportunities and enhance the economic growth of the country. In other words, the Electronic Transactions Ordinance of Pakistan serves as an essential step towards the integration of e-commerce into the daily routine of the people and the subsequent transformation of the country's legal form. The ETO establishes a framework, for contracts, signatures and records paving the way for a dynamic digital economy that enables businesses to leverage technology for enhanced efficiency, innovation and competitiveness, in the global marketplace (Senq, 2008).

### ***The Prevention of Electronic Crimes Act (PECA)***

The PECA of 2016 has loosened the shackles of bureaucracy off the nascent cybersecurity threats posed by electronic transactions in Pakistan. In the modern world in flux, cybercrimes have been gaining steam, such as hackers going rampantly wild and invade information across their screens; identity theft; and fraud online. The PECA put one act into motion to get its bases covered. It embodied a single form of a strict law that would cover the electronic transactions with the intensity of its extended coverage either intensified coverage or expanded coverage—the physical but not the electronic mobilities. The law was made by the lawmakers that may have been motivated by the potential honeypots (Iqbal et al., 2023).

The main purpose of PECA is to establish legal mechanisms to prevent, investigate, and punish electronic crimes, which include those capable of having a direct impact on electronic contracts. By recognizing specific activities such as unauthorized access to information systems,

electronic fraud, and identity theft, it builds a legal basis for fighting cybercrime against those who commit. Even more, PECA gives the police special powers to be proactive keeping cyber threats at bay and safeguarding the integrity of electronic transactions. Therefore, as has been shown in the paper, in regard to electronic contracts, the PECA plays a highly important role in fostering the employment of cybersecurity measures that would lessen the dangers and increase the reliability of digital transactions (Khan, 2022). Moreover, by stipulating highly severe penalties for cybercrimes and creating mechanisms of their enforcement, it helps establish a safe zone in which electronic commerce can practice business without crime. Moreover, the PECA helps keep electronic contracts invulnerable and secure in the light of its rules of investigation and penalties for electronic crimes. Thus, the Prevention of Electronic Crimes Act, 2016 is an essential part of the legal justification of electronic contracts in Pakistan. This regulation supplements the 2002 Electronic Transactions Ordinance (ETO), which establishes the legal recognition of E-contracts. Thereby, it splits the issue in order to rule both the recognition of E-contracts and the cyber security issues of electronic transactions on the Internet. To sum up, the PECA protects electronic contracts and businesses, ensuring that they are invulnerable and secure. Such measures afford the citizens the level of trust and safety, thus strengthening the country's digital economy with the development of E-commerce capabilities (Iqbal et al., 2023).

### ***The Companies Act***

The Companies Act of 2017 is a vital milestone in Pakistan for updating the governance mechanisms at corporate bodies regarding electronic records, signatures, contracts, etc. This law introduces new categories and regulations particularly for electronic meetings. In addition, in order to assist the implementation and acceptance of electronic contracts across Pakistani business, the Companies also include rules about the meetings. Another critical aspect of the Companies Act 2017 is that electronic meetings are considered a pretty good substitute to the meetings at which significant business

decisions improve. The law permits companies to have their meetings electronically and, therefore, allows the directors, shareholders, and other stakeholders to dispatch them from various locations by electronic means. Thus, corporate governance is not only more efficient and flexible, but also the contracts may be signed at those meetings (Iqbal & Arshad, 2020).

The 2017 Companies Act enables voting allowing shareholders to easily cast their votes wherever they choose. This legislation also encourages the use of voting to enhance transparency and convenience while increasing shareholder participation, in significant decision-making processes. In such situations, the Companies Act (2017), seeking both transparency and convenience in electronic voting, also sets up a reliable platform for executing electronic contracts that are signed when issues dealing with participants' votes come up on public policy matters. In other words, the 2017 Companies Act proscribes electronic media for company purposes—not just the internet but more generally speaking. A notice could be electronically transmitted, and a resolution only needs to state its full content. This feature actually allows companies to engage with their partners efficiently and effectively (Khan, Usman, Kanwel, & Khan, 2022). In this way, the 2017 Companies Act not only moves with the times as far as globally moving towards digital products and electronic governance, but a number of companies also say to him that the Companies Act 2017, featuring electronic meetings, contributes greatly to the economy and entrepreneurship. Under the supervision of the government, electronic business is both efficient and convenient. GCBO-- Let us read on! The 2017 Companies Act will play an important role in promoting the adoption and application of electronic contracts by corporate entities in Pakistan. The Companies Act 2017 represents a change in laws on electronic means of communication that is likely to have a significant impact. The establishment of provisions for electronic meetings, electronic voting, and electronic communication makes the Act serve as a booster shot for electronic

business activities; in so doing, it has strengthened the legal infrastructure (Asghar, Mortimer, & Bilal, 2022).

## CHALLENGES

Despite the advancements, in changes many obstacles continue to exist in the domain of contracts, in Pakistan:

### *a. Lack of Awareness*

Many companies and individuals in Pakistan do not know the relevant laws regarding electronic contracts. This has created a major obstacle to commanding the world's leading market for electronic contracts. Although 2002 saw the creation of legislation—such as Etoxx or Preca—on electronic crimes that took place online (PECA), some stakeholders still have little understanding of the legal provisions governing electronic transactions. They remain unaware. This ignorance contributes to reticence regarding the use of electronic means for transactions, thereby limiting the potential of electronic contracts in Pakistan's digital economy. But the lack of awareness about the legal validity and enforceability of electronic contracts is one of the major obstacles blocking the creation of laws protecting these contracts (Khan, & Ximei, 2022). If businesses and individuals do not have a good understanding of how to create, execute, and enforce electronic contracts, then they may be loath to engage in electronic transactions for fear of encountering legal risks and possible lawsuits. Moreover, these legal protections offered by the ETO or PECA, of which there is no awareness, may actually hinder the full acceptance of electronic contracts as an alternative to traditional paper-based deals on the part of stakeholders (Kemal, 1998).

What's more, people who are indifferent toward the unknown risk not only don't know how to protect themselves from DDoS attacks, but they also tend to take a passive attitude toward other things like science and technology. Data and network security are matters of paramount importance in commerce. However, the issue may be such that many companies and individuals do not fully appreciate just how important it is to adopt strong cybersecurity

measures to prevent data breaches or manipulation of content (Liu, Khan, & Khan, 2023). The presented lack of knowledge of cybersecurity hazards being an integral part of our environment will cause worries about the safety of online transactions and make people less interested in conducting them. The deficiency to which the public is aware of electronic contracts and what to do in the situation of contract disputes will be addressed in several ways: literacy, promotion, and capacity building. Awareness campaigns tailored to the target audience, training schemes, and educational programs provided by the government organizations, legal professionals, industry bodies, and academics will result in a comprehensive approach to advancing the public's understanding of an electronic contract. The stakeholders will make informed choices and overcome related challenges by sharing the information about the law requirements, rights, and duties that accompany electronic transactions (Zaman et al., 2022).

Furthermore, the awareness-promotion work would need to focus on promoting the benefits yielded by electronic contracts. Indeed, electronic contracts offer a plethora of benefits to parties involved. For example, increased efficiency, decreased costs, and heightened convenience are features characteristic of electronic contracts. Stakeholders may introduce the general public to all of the benefits that are obtained through the use of electronic transactions and underscore the desirability of the use of digital technologies to businesses and individuals. In addition, they must help the parties that have not used electronic commerce in the past to understand how they can make the best use of e-commerce and the advantages of electronic contracts. It is through the promotion of the use of electronic contracts that the stakeholders can help more people in Pakistan transfer their economy into the digital dimension. Moreover, raising awareness should be targeted primarily because it helps the public better understand the legal part of using electronic contracts, the risks concerning cybersecurity that they may face, and the benefits obtained from possessing an experience

of using electronic contracts. With more confidence in electronic transactions, entrepreneurship will increase, suggesting that a variety of new opportunities will be opened up in Pakistan, contributing to the development of a strong digital economy (Zaman et al., 2022).

### ***b. Security Concerns***

E-commerce contracts are an inseparable part of the commercial activity of modern organizations, but at the same time, they are endangered by multiple cyber threats. This fact undermines the level of public trust in businesses in Pakistan. Privacy violations, phishing, and many other threats to the security of contracts may compromise the confidentiality, accessibility, and integrity of the instruments. The misconceptions about cybersecurity not only weaken the level of public trust in these instruments but also prevent a considerable number of stakeholders from using e-contracts as a viable mean of doing business. One of the key security-related problems pertinent to e-contracts is that the digital documents are relatively easy to edit. No business is secure from data breaches caused by the vulnerability of software systems or human mistakes. Such activities lead to replays of private agreement terms, monetary arrangements, and individual off-field attacks and to serious issues like fraudulent activities and corporate subversion. Furthermore, illegal electronically deeds are changed or altered by hacking in order to be nullified. It leads to halt in business operations and creates a breach between the signed deals, making the signatories detractors. Similarly, Other types of Such attacks include phishing, presenting a significant risk to electronically binding contracts where fraudsters try users to con their personal information and click links showing malicious items. Bank messages, phony websites, and fake engineered contacts offer unsuspecting users opportunities to submit their login credentials, their digital mark, or any confidential documents which can then be utilized to violate e-commerce contracts with illegal original contracts (Tabassum, Mehmood, & Policy, 2022).

Moreover, infection by malware also implies a

severe danger for the safety and authenticity of electronic contracts. Malicious programs like ransomware, trojans, or keyloggers can infiltrate the electronic devices and get hold of the communications or falsify the electronic documents as viable when treated with respect. Nevertheless, the malware also implies a threat to the privacy and authenticity of the transactions. In addition, in some instances, malware infection implies unauthorized amendments or deletion of electronic contracts which gives way to alternative approaches to their enforceability. There are three directions for tackling the hazards above in relation to electronic contracts: technical, organizational, and legal. Since the cyber environment is unique, both individual users and corporations have to resort to strict cybersecurity measures – provide their keys with best encryption protocols, safeguard server with powerful firewalls, and use additional security measures like multi-factor authentication systems. Regular security awareness training for employees and phishing simulations also give the business a great deal. It helps employees become more aware of cybersecurity risks as well as have an understanding of how to deal with them. PECA 2016 is a law in which the state actually gives it protection over electronic contracts other than unauthorized access and manipulation, but they are required to be approved under certain conditions. In addition to penalizing cybercriminals for their actions and promoting good practices in the cybersecurity process, the government's strict application of penalties can make it extremely difficult to prosecute threats. And filling in gaps in stakeholder cybersecurity education and legal protection, can ensure a safer environment for electronic commerce. As a result, cybercrime will be more easily prevented (Tabassum, Mehmood, & Policy, 2022).

### ***c. Legal Uncertainty***

Pakistan has a significant issue with regard to its ability to create or enforce electronic contracts. This is due to the fact that it is not clear what its existing laws pertaining to the topic mean. As technology quickly moves forward and business practices become increasingly diverse, people

are very uncertain about whether or not they can rely on electronic contracts/their formation/or enforcement. One of the main causes of legal ambiguity is that current legal measures do not address electronic contracts in Pakistan's legal system. In the Electronic Transactions Ordinance of 2002 and the Prevention of Electronic Crimes Act of 2016, both laws acknowledge that electronic transactions are legally acceptable, while simultaneously having agencies that deal with cybercrime. However, these laws may not themselves provide clear answers to some particular questions about the creation, verification, and validity of online agreements. In addition, there are no judicial precedents or legal interpretations about electronic contracts, in spite of growing irresponsible behavior on the part of businesspeople. For the judiciary, this poses a problem because the courts now have to apply old principles of law in new contexts or technological settings. Electronic contracts. Even though electronic commerce is dynamic and the variety of electronic contract formats presents challenges to the courts in deciding whether there is any principle underneath all this, they have difficulty maintaining a consistent and coherent jurisprudence about electronic contracts. That may result in uncertainty and incongruity in legal results. And one other thing is that cross-border e-commerce transactions raise other problems and uncertainties, which could involve the application of foreign laws or international conventions. If the international environment for electronic contracts is not properly arranged and the same rules do not apply both at home and abroad, then it is easy to compound the uncertainty in law and stand in the way of international commerce, eventually impeding the development of electronic transactions within Pakistan. A clear framework for electronic contracts demands the coordinated efforts of legislators, regulatory agencies, lawyers, and businesses. Legislative reforms may be needed to bring existing laws and regulations up-to-date so that items of electronic and digital technology can be more effectively regulated by the government. Especially, laws should also be updated together with them in

order to cope with problems peculiar to electronic contracts, such as electronic signatures, rules for contract formation, and ways to resolve disputes (Abbasi, Aamir, & Mahmood, 2021).

Besides, encouraging greater judicial education and the development of capacity to train more judges in electronic commerce could teach the judiciary more about electronics and create a knowledge base for electronic contract disputes. As well, building systems of specialized courts or alternative dispute resolution mechanisms to resolve electronic contract disputes can also help to make the outcomes of the law more uniform and predictable. Finally, the promotion of

industry standards and best practices for electronic contracts, such as the use of electronic signature technologies or standardized contract formats, can reduce the unpredictability of the law and improve the legal enforceability and reliability of electronic agreements. Pakistan is beset with many uncertainties about electronic contracts. Promoting judicial capacity building, resolving uncertainties in the legal framework, and adopting industry standards and best practices will serve to build trust and confidence in electronic transactions; such measures are needed if digital commerce is to flourish, and the nascent digital economy of Pakistan is to develop fully (Abbasi, Aamir, & Mahmood, 2021).

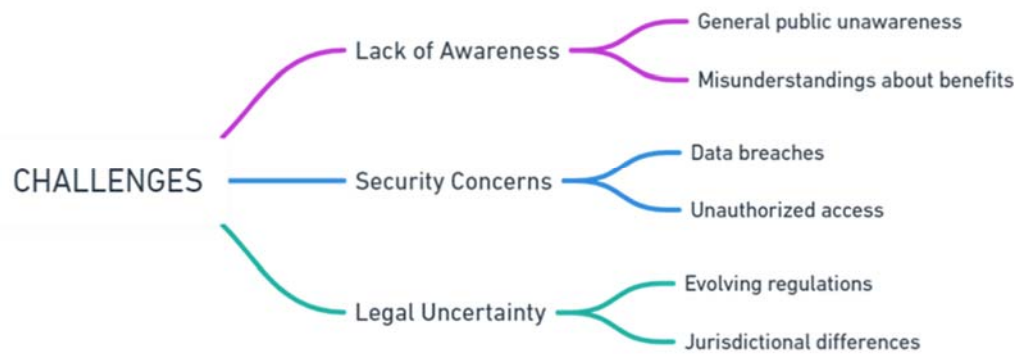


Figure 04: Own extract

## PROSPECTS FOR BUSINESS

Electronic contracts offer numerous benefits for businesses operating in Pakistan:

### *a. Cost and Time Efficiency*

Electronic contracts are far more economical and faster in terms of time than traditional paper-based systems. Unlike traditional paper contracts, an electronic contract saves you from a whole lot of boring paperwork and ultimately reduces costs related to paper documentation on printing, handling, and storing paper documents. Moreover, the most significant advantage of this type of agreement is freeing up time, faster operation, and quicker culmination since, in this case, what businesses save on contracts, they can benefit from. The advantages of e-contracts are that they automate different phases in the contracting lifecycle, such as generation, and negotiation as well as enforcement. With the

help of electronic contract management systems, the parties involved in the contract are able to work mutually ‘on the same page’ formatting and formulating contracts in real-time, and you could avoid any potential delays as it usually happens with paper documents within the workflow. Also, electronic signature technologies allow the contract to go round without needing to be present in person. Moreover, electronic contracts provide increased convenience and accessibility. They can be shared, accessed, and stored safely in a digital form, which is available from all devices with an access to internet. Therefore, business operations can be connected even despite great distance – and indeed, the accessibility and electronic nature of access and storage make the remote collaboration convenient and simple to offer from any location in the world. In addition, electronic contracts are easy to look up, index,

or archive in electronic form. Undoubtedly, the need to find a specific contract is a time-consuming and labor-intensive task, which is magnified when the contracts are stored only on paper and in the archives a mile long (Sardar, & Shamim, 2010).

Moreover, electronic contracts provide businesses with an opportunity to measure the performance of a contract due to the data analysis and automation tools used to track the vital parameters and optimize the contract management process. Today companies are moving deeper into the digital technology, which allows to accumulate many different types of intelligence related to patterns of contracts occurrence, potential threats, and opportunities to make a business more effective. They save time and money since all the process of concluding a contract is simplified, which in its turn reduces the number of responsibilities for the parties and enhances communication for people. Moreover, if a contract is signed electronically, a company is able to gain the benefits of the practical usage of lower costs and higher level of productivity that also increase the competitiveness of a digital economy (Sardar, & Shamim, 2010).

#### ***b. Global Reach***

Much depends on simplified market access and cross-border transactions. This will boost business development, as a new growth channel will be opened. On a global scale, this will increase international trade in an e-commerce network. In this respect, the use of an electronic contract has a clear advantage over the use of a physical paper contract – access. The geographical accessibility of these types of contracts is that they can be easily transmitted. Businesses are available in different places in terms of sending offers, proposals, and contracts. They do not need to send such documents to the relevant parties since they can be sent electronically. This open approach enables companies to reach potential customers and development partners within the developed or developing world. This is a big step in enabling them to move from local or regional development to wider access to the market. (Abid, & Ashfaq, 2015).

Additionally, electronic contracts reduce negotiation time, which shorten execution and negotiation processes. This enables companies to go through and tap emerging markets more simply than ever. Different people can sign a digital document system, send contracts, and close deals immediately on the spot, wherever they are geographically. It does not only reduce the costs of transactions and time-to-market, but also makes carrying out businesses in international markets more competitive. Besides, electronic contracts offer more flexibility and adaptability to the variety of legal and regulatory frameworks; hence, companies can more flexibly go through the complex trade of the region (Soomro, Butt, & Khan, 2021). The digital contract templates and standard terms can be easily adjusted to meet the local laws, rules, and customs. This has the potential to reduce friction in contract negotiations or any cross-border transactional disputes and legal risks. Moreover, electronic contract technology is beneficial because it does not require parties to be physically involved or to have documents certified in order to sign an agreement. As such, electronic contracts make it much easier for affiliates to do international business. In addition, electronic contracts provide a dependable means of managing international trade in order to reduce the risk of an agreement due to language, currency, and law discrepancies. The confidentiality, integrity, and authenticity of electronic contracts and transactions are all universally preserved by this trustworthy digital medium of managing business affairs. The advantages of electronic contracts are that they help companies not only expand their global audience, but also aid them in carrying out international transactions. Countries can search the world for a buyer or investor, which increases the success of international trade. Electronic contracts also help companies avoid geographic barriers in addition to quick and convenient conducting of transactions. As a result, businesses' capital can be profitably invested in the further developing market opportunities that have already begun (Abid, & Ashfaq, 2015).

### c. Legal Certainty

Regulations regarding online contracts' creation and performance are essential due to the role they play in boosting confidence in the legality and enforceability of trade contracts. Legal certainty exists if the rules and principles applying to contracts satisfying the following criteria can accurately predict what will result- the rights, duties, and potential liabilities of each party. It helps till ensure that people know what is required of them when they engage in an online contract. The existence of clear and definite rules within the realm of electronic contracts makes it easier for people to reach agreement on contracting formation, validity, interpretation, and performance, primarily diminishing or even completely removing any doubt about a complicated subject (Zaman, Idrees, Ashraf, & Ahmad, 2022). The fact that

the existence of a clear legal framework of rules for online contracts is that they amount to a societal statement upholding digital contracts- as legally binding in commerce and being capable of enforcement. Legal frameworks provide guidelines about the creation, performance, and enforcement of electronic transactions. As such, parties can be assured that their electronic transactions will be preserved and validated by courts and other state actors even when they have not been reduced to a formal written record. The confidence generated encourages electronic commerce, helps businesses build relationships of trust, and allows safer expedited electronic transactions between parties. In this way, businesses are encouraged to employ digital trade methods and utilize e-contracts as instruments for extending their multiple types of commercial activities (Khan, & Abasyn, 2017).



Figure 05: Own extract

Having a defined structure, for digital contracts helps lower legal risks by dealing with issues related to e signatures and other challenges, in electronic transactions. It enables parties to negotiate and execute contracts confidently using electronic signatures. In speaking about the types of electronic signatures that are legally acceptable and the methods to verify their authenticity, On the other hand, they may ask themselves if a clear legal framework for electronic contracts in fact puts them at a higher risk. This demonstrates that they are not entirely without basis. In addition, clear legal frameworks provide for e-records and e-communications admissibility rules. Thus showing that clear legal frameworks provide protection against the potential legal repercussions of using electronic signatures on their contracts (Khan, Amjad, & Usman, 2020). Finally, perhaps the most important function of

clear legal frameworks for electronic contracts is to maintain a consistent standard of interpretation and application of electronic commerce laws in different regions. Since the use of international standards and best practices in electronic operations, ranging from e-contracts to online payments, can help to promote trade crossing borders in line with the UNCITRAL model, one would not find oneself lost for rules if companies pursue e-transactions globally. The legal framework established enhances legal certainty in contract formation and contract enforceability. Electronic contracts are consistent with technology, and technology itself builds confidence, and people are more confident today. A clear legal framework aims to promote an atmosphere favourable to electronic contracts. For this reason, clear legal frameworks serve to establish the legality and enforceability of electronic contracts, as well as

important technical matters such as electronic signatures and evidentiary standards . They also have created a business-friendly atmosphere for consistency and harmonization in electronic commerce law. As a result, business firms are earnest in adopting electronic contracts as secure channels to implement them for conducting commercial transactions in today's day and age of digital contracts with a clear legal framework (Campbell, 2024).

## CONCLUSION

In conclusion, electronic contracts are a revolutionary instrument, containing a strong and grievous treasure of power and magic in Pakistan and worldwide. The paper explored different electronic contracts' aspects, such as their legal nature, limitations, and development of commerce. Pakistan's ETO 2002 recognized electronic contracts . The Prevention of Electronic Crimes Act, PECA 2016, was enacted to govern electronic transactions in terms of cyber security and assimilates crime's aspects into the known law system. Moreover, the Companies Act of 2017 regulates electronic meeting, voting, and communication, which simplifies electronic contracts activities. The complications of the laws involve poor information, insecurity, and unawareness concerning the law. There are many companies and citizens in Pakistan present who have no idea about the law requirements and results. Thus they cannot rely on electronic contracts globally. The use of electronic contracts is fraught with a number of risks since not only are legal frameworks insufficient to protect providers' obligations and rights. At the same time, worries about cybersecurity dangers, such as data breaches by phishing attackers, put electronic contracts at risk, making people distrustful of digital agreements. The existing laws can be interpreted differently, making legal application even more complicated, and this may lead to legal uncertainty of electronic agreements and make users suspicious. Nevertheless, electronic contracts have numerous advantages. They are cost-efficient, save time, and can be used worldwide. Electric contracts also open new opportunities for businesses to create relations, optimize the

transaction process, reduce administration costs, and attract more clients. With the help of proper legal frameworks for e-contracts, contractual relations can become more legally certain. Despite the fact that they're not enforceable, electronic contracts have the potential to greatly ease the process of contracting, particularly for companies, offering some new opportunities for more trustful electronic deals. However, in order to enforce the use of electronic contracts to their full potential, legal practitioners, statesmen, businesses, and educational establishments must be very active in their pursuance of change. Engaging in communication, beefing up the security, and changing the laws have the potential to initiate a truly epoch-making shift in the way electronic contracts are perceived and facilitating their universal use. By adopting electronic contracts and putting them to full use, Pakistani enterprises can increase productivity, creativity, and competition in the digital age. This, in turn, will lead to the economic development of Pakistan. In a nutshell, the emergence of electronic contracts has the power to transform all precepts of the conduct of business in Pakistan. They suggest a quicker way to do things and ways with fewer official obstacles. More than that, they are more reliable than paper contracts directed and supervised by the Government of Pakistan. By facing up to the challenges and seizing the opportunities, Pakistan can use electronic contracts to promote economic growth, drive innovation, and emerge as a leader in digital marketplace development.

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