The Pakistan Business Council

FOSTERING ECONOMIC GROWTH

(A Company set up under Section 42 of the Companies Ordinance 1984)

Built on Rails:
The State of Fintech in Pakistan

June 2026

BUILT ON RAILS: THE STATE OF FINTECH IN PAKISTAN

June 2026

Acknowledgements

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The Pakistan Business Council:
An Overview

The Pakistan Business Council (PBC) is a research-based business advocacy platform established in 2005. It is now supported by over 100 private sector local and multinational businesses with significant investment in, and long-term commitment to sustainable growth of the country. They come from 14 countries, have leading roles in 17 major sectors of the formal economy, generate 40% of annual exports, contribute a third of Pakistan's total tax revenues and employ three million. Their combined sales represent every 6th Rupee of Pakistan's GDP.

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PBC is a pan-sectoral, not-for-profit, Section 42 entity. It is not a trade body; therefore, it does not advocate for any specific business sector. Rather, its key advocacy thrust is on easing barriers that thwart competitiveness of businesses in Pakistan.

Further information on the PBC is available on: www.pbc.org.pk.

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- To provide for the formation and exchange of views on any question connected with the conduct of business in and from Pakistan.

- To conduct, organize, set up, administer and manage campaigns, surveys, focus groups, workshops, seminars and fieldwork for carrying out research and raising awareness in regard to matters affecting businesses in Pakistan.

- To acquire, collect, compile, analyze, publish and provide statistics, data analysis and other information relating to businesses of any kind, nature or description and on opportunities for such businesses within and outside Pakistan.

- To promote and facilitate the integration of businesses in Pakistan into the World economy and to encourage in the development and growth of Pakistani multinationals.

- To interact with governments in the economic development of Pakistan and to facilitate, foster and further the economic, social and human resource development of Pakistan.

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KE


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KOHAT
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LOTTE


LUCKY
CEMENT


MACPAC
FILMS


Martin Dow


CHANGAN AUTO


MEGA
MEGA CONGLOMERATE


MAHMOOD GROUP


National
FOODS
SINCE 1970


NAVEENA
GROUP


Nestlé
Good food, Good life


NIMIR


OLP


Packages Limited


Jazz


Pakistan
Oxygen


PSL
PAKISTAN SERVICES LTD.


PSX
PAKISTAN
STOCK EXCHANGE
LIMITED


PEPSICO


reckitt


MASOOD
ROOMI


SAIF GROUP


SAP


Sapphire


Servis


Shan


Atlas


SICPA


SIEMENS


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SOORTY


SPEL
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Enterprises Limited


Standard
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systems


TAPAL


TG


TCS
WE MOVE YOU


PROTECTS
Tetra Pak
WHAT'S GOOD


Coca-Cola


TPL


TTE


Tufail


Unilever


UBL
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The PBC Affiliates

engro elengy terminal

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HINUCON (Private) Limited

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International Steels Limited
Shaping Tomorrow

LCI
LUCKY CORE INDUSTRIES

Lucky Electric Power Company

LMC Lucky Motor Corporation

MASTER
MASTER WIND ENERGY LIMITED

PAKISTAN CABLES
TRUSTED NOT TO COMPROMISE

Tri-pack
Tri Pack Films Limited

Lucky Investments
Invest with Trust

Table of Contents

List of Figures

List of Tables

List of Acronyms

Acronym	Full Form
ACI	ACI Worldwide (payments software company)
AI	Artificial Intelligence
AML	Anti-Money Laundering
API	Application Programming Interface
ATM	Automated Teller Machine
B2B	Business-to-Business
BB	Branchless Banking
BCO	Banking Companies Ordinance (1962)
BI	Bank Indonesia
BIS	Bank for International Settlements
CAGR	Compound Annual Growth Rate
CDC	Central Depository Company
COVID	Coronavirus Disease (COVID-19)
DeFi	Decentralised Finance
DFS	Digital Financial Services
DPI	Digital Public Infrastructure
EMI	Electronic Money Institution
ETO	Electronic Transactions Ordinance (2002)
FII	Financial Inclusion Index
FY	Fiscal Year
GDP	Gross Domestic Product
IBAN	International Bank Account Number
IBFT	Interbank Fund Transfer
ICT	Information and Communication Technology
ID	Identity / Identifier
IDR	Indonesian Rupiah
IDTP	Interoperable Digital Transaction Platform
IFC	International Finance Corporation
IMF	International Monetary Fund
IT	Information Technology

Acronym	Full Form
IVR	Interactive Voice Response
KYC	Know Your Customer
MFB	Microfinance Bank
MFI	Microfinance Institution
MFS	Mobile Financial Services
NADRA	National Database and Registration Authority
NBFC	Non-Banking Financial Company
NCCPL	National Clearing Company of Pakistan Limited
NIBAF	National Institute of Banking and Finance
NPCI	National Payments Corporation of India
NPSS	National Payment Systems Strategy (2019)
OTC	Over-the-Counter
P2P	Person-to-Person
PEF	Punjab Education Foundation
PKR	Pakistani Rupee
POS	Point of Sale
PRISM	Pakistan Real-Time Interbank Settlement Mechanism
PSO	Payment System Operator
PSP	Payment Service Provider
PSX	Pakistan Stock Exchange
PVARA	Pakistan Virtual Assets Regulatory Authority
QR	Quick Response (code)
QRIS	Quick Response Code Indonesian Standard
RegTech	Regulatory Technology
SBP	State Bank of Pakistan
SECP	Securities & Exchange Commission of Pakistan
SME	Small and Medium Enterprise
UPI	Unified Payments Interface (India)
USD	United States Dollar
VASP	Virtual Asset Service Provider
VPA	Virtual Payment Address
WEF	World Economic Forum
WealthTech	Wealth Technology
YoY	Year-on-Year

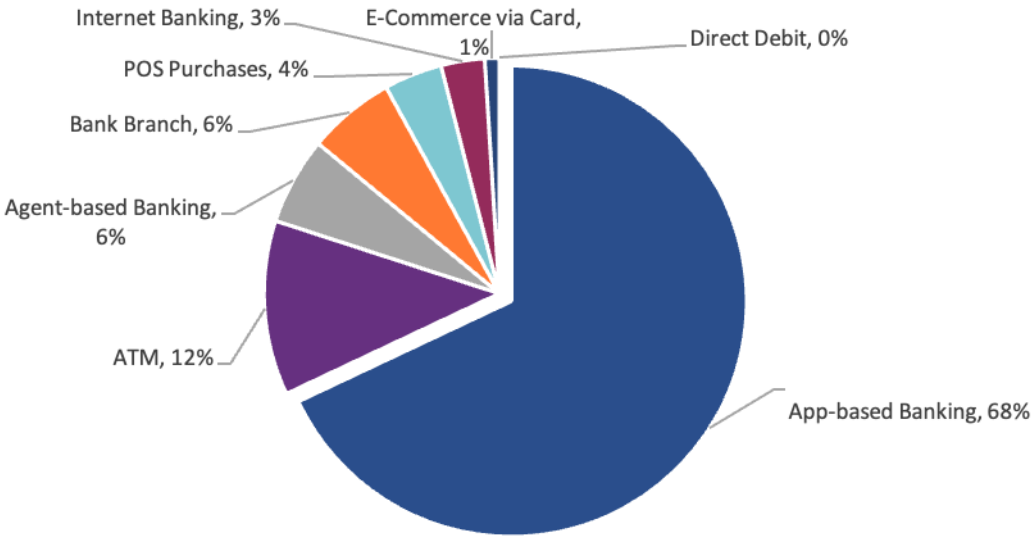
Executive Summary

Executive Summary

The architecture of finance is being rewritten as Pakistan stands at an inflection point in its transition from a cash-based economy to a digital financial system. In little over a decade, paying, saving, borrowing, and investing have begun migrating from the bank branch and the cash counter to the mobile phone. A young population of more than 240 million, rising smartphone penetration, a sequence of ambitious regulatory reforms, and the rollout of national digital public infrastructure have made the country one of the more closely watched fintech stories in South Asia.

Pakistan's digital payments have grown at remarkable speed. Retail payments reached 9.1 billion transactions worth PKR 612 trillion in FY 2025, and digital channels now account for 88% of retail transactions by volume, up from 85% a year earlier, with mobile-app banking alone handling 6.2 billion transactions. At the centre of this shift is Raast, the SBP's instant payment system, whose transaction volume has grown roughly 162-fold since 2022 at a compound annual growth rate (CAGR) of around 256%, reaching 1.28 billion transactions in 2025. User adoption has risen across every channel, with branchless-banking app users reaching 79.2 million and mobile-banking users 24.1 million.

Pakistan Retail Payments Breakdown (FY 2025)



Source: Annual Payment Systems Review FY 2024-25, State Bank of Pakistan

Despite the growth in digital payments, cash continues to dominate by value, and Raast's activity remains overwhelmingly person-to-person contributing 99% of volume and merchant payments remain very low. Even though, the infrastructure has been built, digital payments replacing cash still seems farfetched.

While benchmarking against regional peers such as India, Bangladesh, and Indonesia, Raast arguably is better in terms of design and infrastructure as it took lessons from UPI's success in India. However, as compared to India's integration of identity, payments, and consent-based data sharing compiled as India's stack, Pakistan still has a long way to go.

Pakistan's fintech ecosystem spans over several segments at very different stages of maturity. Digital payments lead with mobile wallets such as Easypaisa and JazzCash and a growing set of electronic money institutions. Digital banking is emerging through five newly licensed digital retail banks, while

digital and nano-lending expands on AI-driven, alternative-data credit scoring. Microfinance remains the principal channel of formal inclusion, serving around 10.5 million active borrowers, and is the institutional root of the country's largest fintechs. By contrast, investment technology is strikingly under-penetrated, with under 1% of the population active in capital markets; B2B and supply-chain finance, insurtech, embedded finance, and RegTech are still nascent but hold significant headroom; and virtual assets, long in a regulatory grey zone despite a large crypto-using population, have only recently been brought under a dedicated authority (PVARA) and a regulatory sandbox.

Drawing on industry interviews, the report identifies the most consequential barriers to growth. Persistence of cash is one of the cited issues which is rooted in merchants' fear of documentation and taxation. Others include a shortage of skilled talent, often drawn abroad, uneven connectivity that reaches well under half the country by land area, limited digital and financial literacy, rising social-engineering fraud that erodes trust. Apart from digital payments, issues such as fragmented credit-data and open-banking infrastructure that constrains lending. Siloed, outdated procedures hinder participation in the capital markets. Unviable unit economics for fintechs, compounded by a sharp contraction in capital since the 2021–2023 venture boom.

Pakistan's strongest opportunities sit on infrastructure already built. AI can lower the cost of serving each customer and reach users who cannot easily read or write. Regulated stablecoins can capture a share of the USD 38.3 billion remittance market. Additionally, vast SME financing gap alongside WealthTech and embedded finance offers clear near-term runways. Capturing these depends on coordinated action among the stakeholders. Regulators need to scale open banking from sandbox to system, unify fragmented capital-markets onboarding, and issue ethical-AI guidance. Industry should stop waiting on regulator-led innovation and instead build compelling use cases on existing rails, pairing rollout with merchant training and fraud awareness. Government should close the rural connectivity gap, reduce cash gradually rather than through abrupt demonetisation, and embed financial literacy in school curricula.

Chapter 1

Introduction

Introduction

The architecture of finance is being rewritten. Over little more than a decade, the act of paying, saving, borrowing, and investing has migrated from the bank branch and the cash counter to the mobile phone, fundamentally altering the relationship between people and the financial system. This transformation, driven by Financial Technology, or "fintech," is not confined to advanced economies. Some of its most consequential effects are unfolding in developing markets, where digital infrastructure is allowing hundreds of millions of previously excluded people to enter the formal financial system for the first time.

Fintech refers to the integration of digital technologies into financial services to enhance efficiency, accessibility, and user experience. It encompasses a wide range of innovations including digital payments, mobile banking, peer-to-peer lending, blockchain technologies, and artificial intelligence-driven financial solutions.

Today, fintech is no longer a separate industry but an embedded component of everyday economic activities, enabling seamless financial transactions across sectors such as e-commerce, transportation, and healthcare.

Pakistan sits at the centre of this shift. A young, rapidly urbanising population of more than 240 million, rising smartphone and internet penetration, and a sequence of ambitious regulatory reforms have combined to make the country one of the more closely watched fintech stories in South Asia. Yet Pakistan's journey is also marked by deep structural tensions: a persistent reliance on cash, uneven digital infrastructure, a financial-inclusion gap that remains wide by regional standards, and a fintech sector that has grown rapidly in transaction volume while struggling to translate that growth into commercial sustainability.

This report examines the state of Pakistan's fintech ecosystem as of 2026. It maps the principal segments and players, evaluates the infrastructure that underpins them, benchmarks national progress against India and other relevant emerging markets, and identifies the challenges and opportunities that will shape the sector's next phase of development.

1.1 Global Shift Towards Digital Finance

The global financial system is undergoing a profound structural transformation driven by rapid technological innovation. Advances in smartphone penetration, high-speed internet, and cloud computing have enabled financial services to extend beyond traditional banking institutions, reshaping how individuals and businesses access and interact with financial systems. Fintech is now a central driver of efficiency, inclusion, and competition within the global economy.

What distinguishes the current era from earlier waves of financial automation is that technology is no longer merely improving the back office of incumbent banks; it is changing who provides financial services and how value is captured. Non-bank providers, technology platforms, and specialised startups now compete directly with established institutions, often by unbundling a single banking relationship into discrete, digitally delivered services.

Key global trends include:

Real-time payment systems

Real-time payment infrastructures enable instant fund transfers between individuals and businesses, significantly reducing transaction costs, settlement delays, and reliance on cash. National payment systems have become critical digital public infrastructure, improving financial transparency and economic efficiency.[1]

Digital-only banks (Neobanks)

Neobanks operate entirely through digital platforms without physical branches, offering cost-efficient and user-friendly financial services. By leveraging technology to minimise overhead costs, they expand access to banking services, particularly among younger and previously underserved populations.[2]

Artificial Intelligence (AI) in finance

Artificial intelligence is increasingly utilised in financial services for credit scoring, fraud detection, and customer personalisation through real-time data analysis. This enhances risk-assessment accuracy and enables financial institutions to extend credit to individuals lacking traditional credit histories. Increasingly, its most immediate commercial value lies in driving down the unit cost of serving each customer, lowering the cost of acquisition and operations to a level at which mass-market digital finance becomes profitable.[3]

Embedded finance

Embedded finance integrates financial services directly into non-financial digital platforms, such as e-commerce marketplaces and ride-hailing applications. This model enhances convenience and user engagement by allowing consumers to access payments, credit, and insurance seamlessly within existing digital ecosystems.[4]

Decentralised Finance (DeFi) and virtual assets

Decentralised finance utilises blockchain technology to provide financial services without traditional intermediaries such as banks. While DeFi enhances transparency and accessibility, it also introduces significant regulatory, governance, and security challenges that remain unresolved. The rapid global growth of stablecoins, in particular, has emerged as a practical channel for low-cost cross-border settlement, an application with direct relevance for remittance-dependent economies such as Pakistan.[5]

1.2 Pakistan's Digital Financial Transformation

Historically, Pakistan has been characterised by a cash-dominated economy and low financial inclusion. Over the past decade, however, the country has begun a structural shift towards digital finance. As recently as 2014, financial-inclusion levels in Pakistan were among the lowest in the region, with only approximately 13.0% of adults having access to a formal bank account.[6]

Since then, Pakistan has experienced a rapid acceleration in digital financial adoption, driven by regulatory reforms led by the State Bank of Pakistan, increased mobile penetration, a population of which roughly 60% falls between the ages of 15 and 59[7], and the expansion of fintech startups. Account ownership has risen substantially, reaching an estimated 67% of adults by 2025 on the broadest measures[8]

1. World Bank, "Fast Payment Systems – Preliminary Analysis of Global Developments," Payment Systems Development Group, 2021.
2. Bank for International Settlements (BIS), "Annual Economic Report" 2021.
3. International Monetary Fund (IMF), Jeff Kearns, "AI's Reverberations across Finance," Finance & Development, December 2023.
4. McKinsey & Company, Andy Dresner, Albion Murati, Brian Pike, and Jonathan Zell, "Embedded Finance: Who Will Lead the Next Payments Revolution?," October 2022.
5. World Economic Forum (WEF), "Pathways to Crypto-Asset Regulation: A Global Approach," 2023.
6. World Bank, Global Findex Database, 2014.
7. State Bank of Pakistan (SBP), "Annual Payment Systems Review FY 2024-25," 2025.
8. State Bank of Pakistan (SBP), "Pakistan Financial Inclusion Index (P-FII)," December 2025.

This headline progress, however, conceals an important nuance that recurs throughout this report: the figure for financial inclusion in Pakistan depends heavily on how it is measured. Estimates of account ownership, active-account usage, and meaningful access to credit can differ by tens of percentage points across sources, reflecting differences in definition rather than disagreement about facts. A large share of registered accounts is dormant or used only for occasional cash-in and cash-out, and access to formal credit in particular remains extremely limited. Interpreting Pakistan's inclusion story therefore requires distinguishing between the breadth of access and the depth of genuine usage; a distinction this report returns to in its assessment of the sector's current state.

Three forces have been especially significant in driving the transformation to date. First, the State Bank's willingness to experiment with new licensing regimes for electronic money institutions, payment system operators and providers, branchless banking, and most recently digital retail banks. It has lowered the barrier to entry for non-bank providers. Second, the establishment of national digital public infrastructure, most notably the Raast instant payment system, has created shared rails on which both incumbents and startups can build. Third, the COVID-19 pandemic accelerated behavioural change, normalising contactless and remote transactions across a population that had previously transacted almost entirely in cash.

While the potential is vast, Pakistan still faces significant hurdles relative to regional peers such as India. Connectivity remains uneven outside major urban centres, consumer trust and digital literacy are still developing, the cost of digital transactions relative to cash continues to shape adoption, and the macroeconomic environment since 2022 has tightened the supply of capital available to fund growth. These constraints, and the opportunities that sit alongside them, form the substance of the chapters that follow.

1.3 Objectives and Scope of the Report

This report is intended to serve as a comprehensive, evidence-based assessment of Pakistan's fintech ecosystem. It pursues five primary objectives:

- Assess the current state of Pakistan's fintech ecosystem, including its digital payments infrastructure, principal segments, key players, and adoption trends as of 2025–26.
- Benchmark Pakistan's fintech development against regional and global peers, with a primary comparison to India and supporting reference to other relevant emerging markets.
- Identify the key challenges and barriers constraining fintech growth in Pakistan, drawing on both quantitative data and the perspectives of senior industry participants.
- Highlight the opportunities for accelerating fintech adoption and deepening financial inclusion.
- Provide actionable policy recommendations to strengthen the ecosystem and improve Pakistan's competitiveness.

Chapter 2

Conceptual Foundations and Evolution of Fintech

Conceptual Foundations and Evolution of Fintech

Financial Technology (Fintech) refers to the application of digital technologies to deliver, enhance, and innovate financial services. It represents a shift from traditional, institution-centered banking models to technology-driven, user-centric financial ecosystems. By leveraging mobile connectivity, data analytics, and automation, fintech enables faster, cheaper, and more accessible financial services for individuals and businesses.

At its core, fintech is not merely about technological innovation but about restructuring how financial services are produced, distributed, and consumed. It reduces reliance on physical infrastructure, lowers transaction costs, and enhances financial inclusion by reaching populations previously excluded from formal banking systems. As a result, fintech has emerged as a key driver of economic modernisation, particularly in developing economies.

2.1 Evolution of Fintech

The development of fintech can be understood as a gradual evolution driven by technological advancements and shifts in financial systems.

- **Early Phase (Pre-2008): Digitisation of Traditional Finance**

The initial phase of fintech focused on digitising existing banking infrastructure, including the introduction of ATMs, electronic payment systems, and online banking. Technology primarily enhanced internal banking processes rather than transforming customer experiences.

- **Post-2008 Phase: Disruption and Innovation**

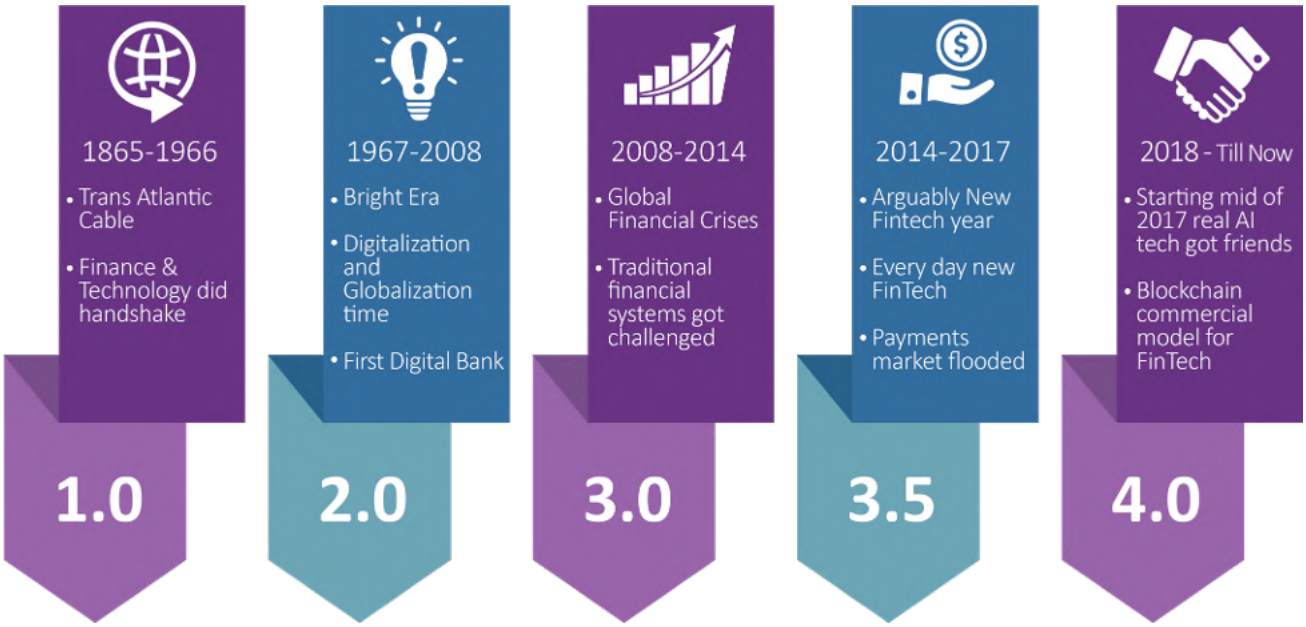
The global financial crisis of 2008 marked a turning point, as declining trust in traditional financial institutions created space for fintech startups. Innovations such as mobile payments, peer-to-peer lending, and cryptocurrencies emerged, shifting the focus toward customer-centric solutions.

- **Recent Phase: Embedded and Intelligent Finance**

Since the late 2010s, fintech has entered a phase characterised by embedded finance, artificial intelligence, and platform-based ecosystems. Financial services are increasingly integrated into non-financial applications, making finance more seamless and less visible to end users.

This evolution reflects a broader transition from institution-led finance to technology-led financial ecosystems, where innovation is driven by both startups and incumbent institutions. The Figure below provides a brief overview of global fintech evolution.

Figure 1: Global Fintech Evolution



Source: Zigurat Institute of Technology[9]

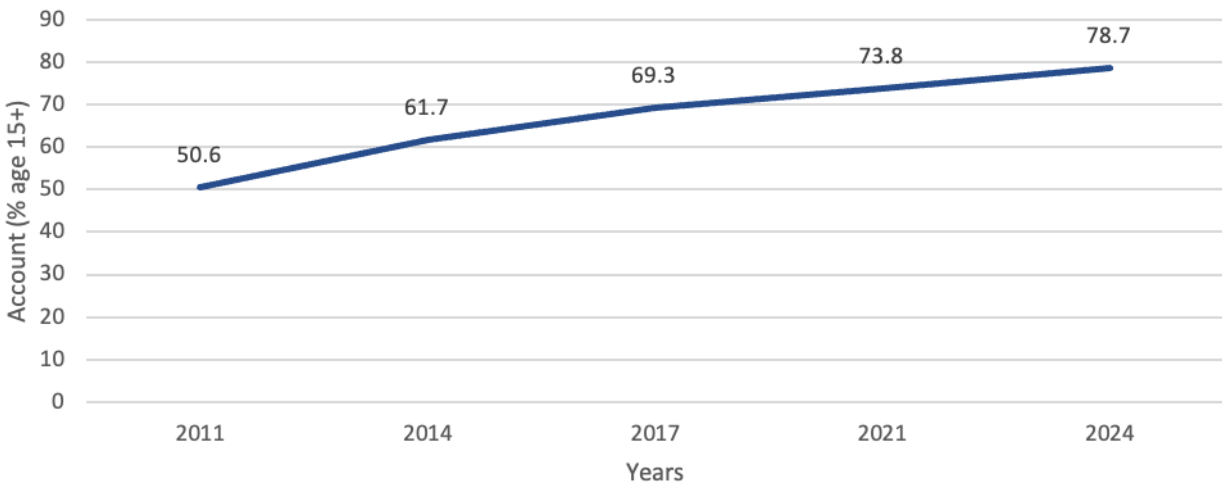
2.2 Theoretical Significance of Fintech

Fintech plays a critical role in reshaping economic and financial systems through several key mechanisms. These mechanisms highlight fintech's role not only as a technological innovation but also as a structural force transforming financial systems and economic participation.

Financial Inclusion

Fintech reduces barriers to access by enabling low-cost, digital financial services, particularly in regions with limited banking infrastructure. The figure below shows account ownership of people over 15 years of age as a percentage of total population worldwide. It can be seen that over the past decade, there has been an almost 30% increase in account ownership globally.

Figure 2: Global Financial Inclusion



Source: Global Findex Database, World Bank

9. Zigurat Global Institute of Technology, "Evolution of Fintech: The 5 Key Eras," August 25, 2022.

Efficiency and Cost Reduction

Automation and digital platforms lower operational costs, enabling financial institutions to deliver services more efficiently and at scale. Global real-time payment reached 266.2 billion transactions in 2023 with a year-on-year growth of 42.4%, reflecting a shift toward faster and more efficient financial infrastructure.[10] This transition reduces reliance on traditional, slower banking systems and enhances economic productivity.

Disintermediation (Growth of Fintech Sector)

The rise of fintech has contributed to the disintermediation of traditional financial institutions by enabling direct interactions between users and financial platforms. Global fintech revenue grew 21% to $378 billion in 2024, significantly outpacing 6% growth rate for overall financial services.[11] However, disintermediation has often proved partial rather than absolute: in many markets fintechs capture transaction volume and customer relationships while continuing to rely on regulated banks for the underlying deposit, settlement, and balance-sheet functions.

Data-Driven Decision Making

Data-driven technologies, particularly artificial intelligence and big data analytics, have transformed financial decision-making processes. The rapid adoption of digital wallets is expected to reach nearly 70% of the global population by 2029 and it demonstrates the increasing reliance on data-driven financial ecosystems. These technologies enable more accurate credit assessments, personalised financial services, and improved fraud detection.

2.3 Key Segments of Fintech

The fintech ecosystem is composed of several segments, each addressing specific inefficiencies within the financial system. These segments are interconnected and often overlap, contributing to the development of an integrated digital financial ecosystem.

Some of the most cutting-edge fields in the fintech are listed below along with well-known international companies operating in the fields.

Digital Payments

This is the most developed and widely adopted segment globally and includes mobile wallets, real-time payment systems, and online payment gateways. It plays a foundational role in reducing reliance on cash and enabling broader participation in the digital economy. Globally, companies such as PayPal and Stripe have revolutionised online and cross-border payments.

Neobanking (Digital Banking)

Neobanks are fully digital financial institutions that operate without physical branches, offering seamless banking services through mobile applications. They enhance efficiency by reducing operational costs and improving user experience. International examples include Revolut and N26, which provide integrated financial services across multiple markets.

10. ACI Worldwide, "Prime Time for Real-Time Global Payments Report," 2024.
11. Merchant Savvy, Charlotte Bond and Andrew Parry, "Global Fintech Statistics & Charts 2026," 2026.

Embedded Finance

Embedded finance refers to the integration of financial services such as payments, lending, or insurance directly into non-financial platforms. This allows users to access financial services seamlessly within everyday digital experiences. Internationally, companies like Shopify and Uber have integrated payments and financial services into their platforms.

Digital Lending (CreditTech)

Fintech-enabled lending platforms use alternative data and machine learning algorithms to assess creditworthiness, enabling faster loan approvals and expanding access to credit for individuals and small businesses, making finance more accessible. Internationally, firms like LendingClub and Klarna have expanded consumer and SME credit access.

Insurtech

This segment applies technology to insurance services, improving risk assessment, claims processing, and customer experience. It also enables micro-insurance products targeted at low-income populations. Globally, companies like Lemonade and ZhongAn have disrupted traditional insurance models through automation and AI.

WealthTech

WealthTech platforms provide digital investment, savings, and portfolio management services, often using automated advisory tools to lower entry barriers for retail investors. This segment democratises access to capital markets and investment opportunities. International players such as Robinhood and Wealthfront have popularised commission-free trading and automated investing.

Blockchain and Decentralised Finance (DeFi)

This segment leverages blockchain technology to provide decentralised financial services such as payments, lending, and asset trading without traditional intermediaries. It promotes transparency and programmability but also introduces regulatory and security challenges. Globally, platforms like Coinbase and Binance have driven mainstream adoption of crypto-based financial services.

RegTech

Regulatory Technology (RegTech) uses automation and data analytics to enhance compliance, risk management, and regulatory reporting. It reduces operational costs for financial institutions while improving transparency and oversight. Globally, firms such as ComplyAdvantage and Onfido provide solutions for anti-money laundering (AML) and digital identity verification.

COMPLY ADVANTAGE®

onfido


Chapter 3
The Fintech Landscape in Pakistan
1.23609
1.21521
1.20436
Buy
1.19334
1.18209
14h 48m
Sell
1.16884
0.01050
0.00525
0.00000
-0.00525
-0.01050

The Fintech Landscape in Pakistan

This chapter describes the structure and historical character of the country's financial system, and traces the evolution of digital financial services from the early legal frameworks of the 2000s to the instant-payment and digital-banking era of the 2020s.

3.1 Overview of Pakistan's Financial System

Historically, Pakistan's financial system has been characterised by a major reliance on cash transactions, lower formal financial inclusion, and a large informal economy. The period between 2000 and 2010 experienced a limited access to formal banking services particularly among low-income populations. Up until 2014, only 13.0% of adults in Pakistan had access to a formal financial account, highlighting the structural problems within the financial systems.[12]

A defining feature of Pakistan's financial landscape has been its cash-dominated nature which has been a traditional medium of exchange due to low trust in formal banking institutions, limited financial literacy, and inadequate digital infrastructure. As cash transactions leave no record, it is attractive in a largely undocumented economy where many participants seek to limit their exposure to taxation.

Despite the constraints, the financial system has undergone a gradual transformation over the past decade. Pakistan has the fifth-largest population in the world and almost 60% of the population is within the age bracket of 15-59.[13] With a major young population and rapid mobile penetration, the digital connectivity is increasing, providing a strong foundation for fintech adoption.

The banking sector itself has also evolved, with both traditional banks and new entrants investing in digital platforms. The number of bank accounts has increased significantly, and digital channels such as mobile and internet banking are becoming more widely used. Pakistan's financial system is transitioning from a branch-based, institution-centric model to a more decentralised, technology-driven ecosystem.

This transition, however, remains uneven: a significant share of registered accounts sees little active use, formal credit penetration is among the lowest in the region, and the benefits of digitisation have so far accrued disproportionately to urban, connected, and already-banked segments of the population.

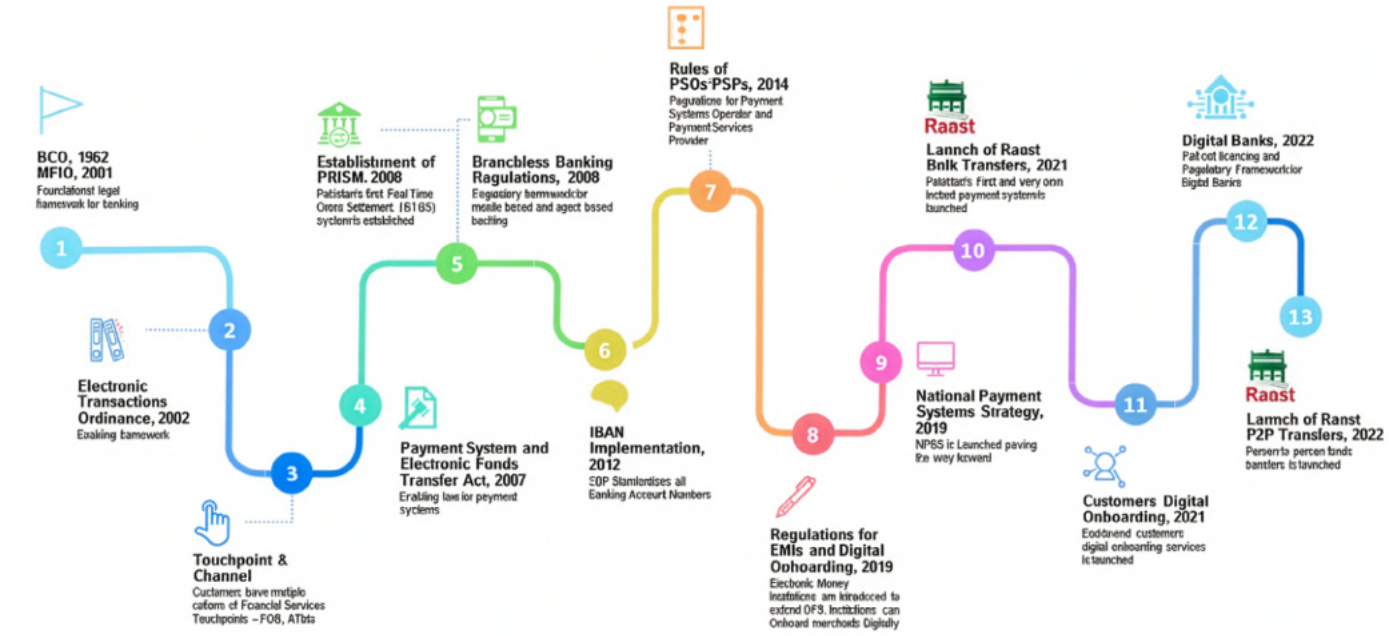
3.2 Evolution of Fintech in Pakistan

The evolution of fintech in Pakistan has been shaped largely by regulatory interventions, technological advancements, and shifts in consumer behaviour. Each stage reflects a gradual transition from traditional banking systems to a digitally integrated financial ecosystem. A notable characteristic of the Pakistani experience is that the regulator has frequently led, rather than followed, the market, establishing legal frameworks and, increasingly, public infrastructure on which private innovation could be built.

Digital Financial Services (DFS) refers to financial services delivered and accessed through digital channels such as mobile phones, the internet, cards, and electronic platforms. DFS is crucial to the development of fintech because it provides the basic rails (payment systems, digital identity, electronic transactions) on which more advanced fintech products are built. The figure below shows the journey of Pakistan's Digital Financial Services (DFS) over the years.

12. World Bank, Global Findex Database, 2014.
13. State Bank of Pakistan (SBP), "SBP Vision 2028: Strategic Plan 2023-2028," 2023.

Figure 3: Digital Financial Services (DFS) Journey 2001-present



Source: State Bank of Pakistan

1. BCO 1962 / MFI 2001 – Foundational Legal Framework The Banking Companies Ordinance (1962) and the Microfinance Institutions Ordinance (2001) established the legal foundation for formal financial services in Pakistan. These frameworks enabled the regulation of commercial banks and microfinance institutions, particularly targeting underserved populations	**Impact:** These early regulatory structures laid the groundwork for financial inclusion by formalising banking operations and introducing microfinance as a tool for poverty alleviation. However, access remained limited due to physical infrastructure constraints.
2. Electronic Transactions Ordinance (2002) The Electronic Transactions Ordinance (ETO) 2002 provided legal recognition to electronic records, digital signatures, and online transactions. This marked Pakistan's first step toward enabling digital financial activity.	**Impact:** By legitimising electronic transactions, the ordinance created the legal basis for e-commerce and digital banking. However, adoption remained slow due to limited internet penetration at the time.
3. Touch Points and Channel During this period, financial institutions expanded access through physical touchpoints such as ATMs, POS systems, and branch networks. This phase focused on improving accessibility within a traditional banking framework.	**Impact:** While this improved access to financial services, it remained largely urban-centric and infrastructure-heavy, limiting scalability and inclusion in rural areas.
4. Payment Systems and Electronic Fund Transfers Act (2007) This act established a formal legal framework for electronic payments and fund transfers in Pakistan. It enabled the development of secure and regulated payment systems.	**Impact:** The act provided the foundation for modern payment infrastructure, paving the way for digital transaction systems and future fintech innovations.
5. Establishment of PRISM (2008) The Pakistan Real-Time Interbank Settlement Mechanism (PRISM) was introduced as the country's first real-time gross settlement system. It facilitated high-value interbank transactions.	**Impact:** PRISM improved the efficiency and stability of interbank settlements, strengthening the financial system's backbone. However, its benefits were largely confined to institutional-level transactions rather than retail users.
6. Branchless Banking Regulations (2008) The State Bank of Pakistan introduced branchless banking regulations, enabling financial services to be delivered through agents and mobile networks. This led to the launch of services like Easypaisa and UBL Omni.	**Impact:** This was a transformative step toward financial inclusion, allowing millions of previously unbanked individuals to access basic financial services. However, the model initially relied heavily on over-the-counter (OTC) transactions rather than digital wallets
7. IBAN Implementation (2012) Pakistan adopted the International Bank Account Number (IBAN) system to standardise bank account identification and facilitate international transactions.	**Impact:** IBAN improved the efficiency and accuracy of cross-border payments and enhanced Pakistan's integration into the global financial system.

8. Rules for PSOs/PSPs (2014) The introduction of regulations for Payment System Operators (PSOs) and Payment Service Providers (PSPs) enabled non-bank entities to participate in the payments ecosystem.	**Impact:** This marked the beginning of private-sector participation in payment infrastructure, encouraging competition and innovation. It laid the groundwork for fintech firms to operate alongside traditional banks.
9. National Payment Systems Strategy (2019) The National Payment Systems Strategy (NPSS) provided a roadmap for modernising Pakistan's payment infrastructure, focusing on digitization, interoperability, and financial inclusion.	**Impact:** The strategy provided a coordinated vision for fintech development and directly led to the creation of Raast. It emphasized reducing cash usage and increasing digital transaction volumes across the economy.
10. EMI Regulations & Digital Onboarding (2019) Electronic Money Institution (EMI) regulations allowed non-bank fintech companies to offer digital wallets, while digital onboarding frameworks enabled remote account opening.	**Impact:** This shifted the ecosystem from bank-led to fintech-driven innovation, enabling startups such as SadaPay and NayaPay. It also reduced onboarding friction through biometric verification via NADRA, significantly improving user accessibility.
11. Launch of Raast Bulk Transfers (2021) Raast was launched as Pakistan's first instant payment system, initially supporting bulk payments such as government disbursements.	**Impact:** Raast improved efficiency in large-scale payments, particularly for government programs. It reduced transaction costs and enhanced transparency in fund distribution, especially during COVID-related relief efforts.
12. Customer Digital Onboarding (2021) End-to-end digital onboarding systems were introduced, allowing customers to open accounts remotely using biometric verification.	**Impact:** This significantly reduced barriers to entry for financial services. It enabled faster account creation and supported the growth of digital banking and fintech platforms.
13. Digital Banks Framework (2022) The introduction of a regulatory framework for digital banks enabled the licensing of fully digital, branchless banks.	**Impact:** This marked a shift from payments-focused fintech to full-service digital banking, including lending, savings, and investment products. It positioned Pakistan for the next phase of fintech evolution.
14. Raast P2P Transfers (2022) The expansion of Raast to person-to-person (P2P) transfers enabled instant, free-of-cost payments between individuals using mobile numbers (Raast IDs).	**Impact:** Raast transformed retail payments by improving interoperability across banks and wallets. By 2024, Raast had processed hundreds of millions of transactions, reflecting rapid adoption of digital payments.

Source: State Bank of Pakistan

3.3 The Regulatory Architecture: SBP and SECP Domains

In Pakistan, the fintech segments does not fall under a single regulator. Oversight of the financial system is divided between two authorities: State Bank of Pakistan (SBP) and The Securities & Exchange Commission of Pakistan (SECP).

The SBP is the central bank and the regulator of deposit-taking and payments activity. Its remit covers commercial banks, microfinance banks, branchless banking, electronic money institutions (EMIs), payment system operators and providers (PSOs/PSPs), and the new category of digital retail banks. The defining feature of the SBP's domain is the authority to take deposits from the public: an institution that holds customer funds as deposits, or that operates core payment rails, sits under the State Bank. The SBP also owns and operates the country's instant payment system, Raast, and the broader digital public infrastructure on which much of the payments ecosystem depends.

The SECP regulates non-bank financial activity and the capital markets. Its remit covers non-banking finance companies (NBFCs), digital lending platforms that do not take deposits, insurance and insurtech, investment and wealth-management services, and the intermediaries of the securities market such as brokerages, the stock exchange, and the clearing and depository infrastructure. Entities under the SECP generally cannot accept deposits; a digital lender, for example, may extend credit but must fund that credit from its own capital or wholesale borrowing rather than from public deposits.

SBP — banking, payments & money

SECP — markets, lending & insurance

State Bank of Pakistan
(Banking, payments & money)

- **Commercial & microfinance banks:** Deposit-taking institutions
- **Branchless banking:** Agent networks
- **EMIs & digital wallets:** Electronic money issuers
- **Payment operators:** PSOs / PSPs
- **Digital banks & Raast:** Instant payment rail

SECP
(Markets, lending & insurance)

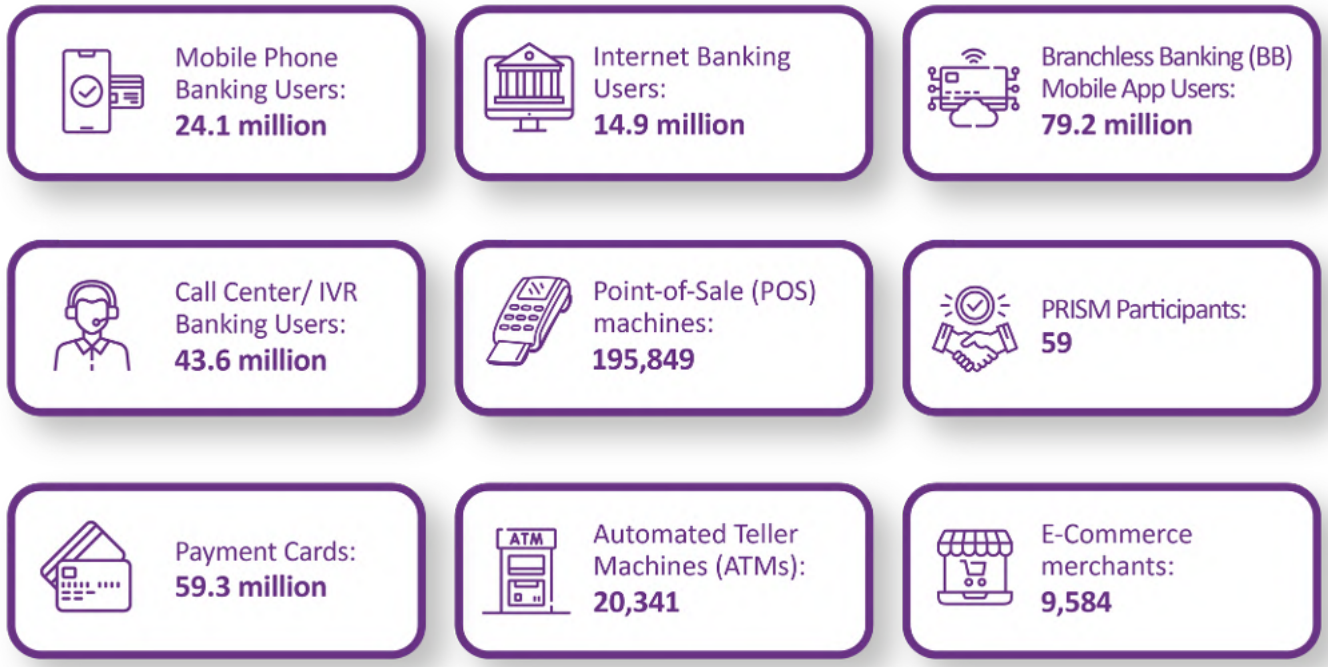
- **NBFCs:** Non-deposit-taking lenders
- **Digital & nano-lending:** Lending apps & platforms
- **Insurance & insurtech:** Digital insurance
- **Investment & WealthTech:** Wealth management
- **Securities intermediaries:** Brokers, exchange, clearing

Chapter 4

Current State of Fintech in Pakistan

Current State of Fintech in Pakistan

In the recent times, the finance sector has been evolving from a traditional cash-dominated system to a digital-based system. With a growing population, the adoption of financial services has also increased. Here are some key statistics crucial to understand the current state of digital finance in Pakistan.



Source: Annual Payment Systems Review FY 2024-25, State Bank of Pakistan

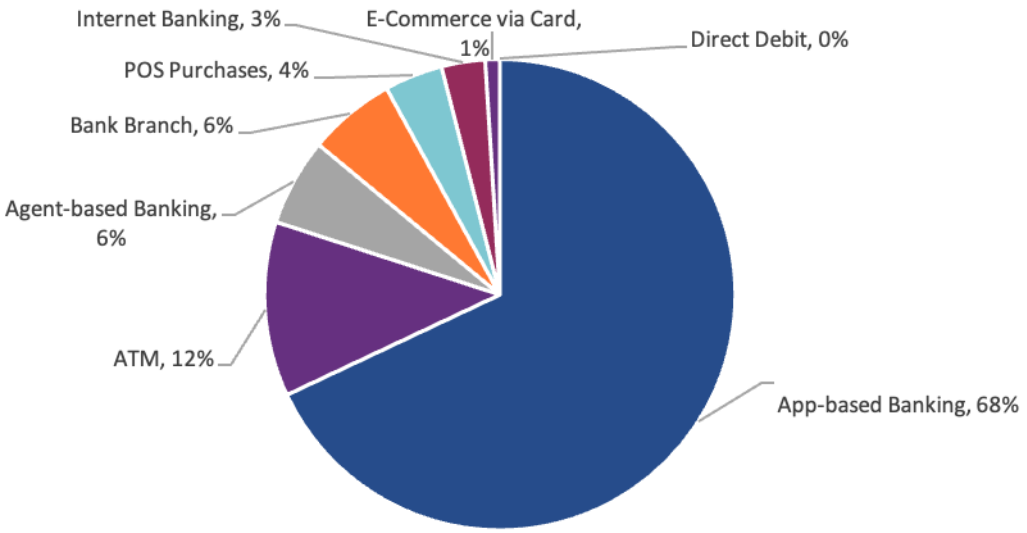
Over the past years, the demand for fintech products has increased as people are adapting to digital products. As of fiscal year (FY) 2025, there are 24.1 million mobile banking users, 14.9 internet banking users, 79.2 million branchless banking users, 43.6 million call centre/ Interactive Voice Response (IVR) banking users. In FY 2025, the number of payment cards increased to 59.3 million, number of ATM machines increased to 20,341, E-commerce merchants increased up to 9,584, and number of POS machines increased up to 195,849 throughout the country.[14]

4.1 Growth in Digital Payments and Transaction Volumes

Retail payments reached 9.1 billion transactions valued at PKR 612 trillion in FY 2025, reflecting a 38% increase in volume and 12% increase in value on a year-on-year basis. Despite cash-based Over-the-Counter (OTC) channels such as bank branches dominated the value of transactions, as far as the volume of the transactions is concerned, 88% retail transactions were conducted through digital channels, up from 85% in FY 2024, highlighting a strong shift toward digital financial services. The figure below shows the breakdown of volume of retail payments.

14. State Bank of Pakistan (SBP), "Annual Payment Systems Review FY 2024-25," 2025

Figure 4: Pakistan Retail Payments Breakdown (FY 2025)

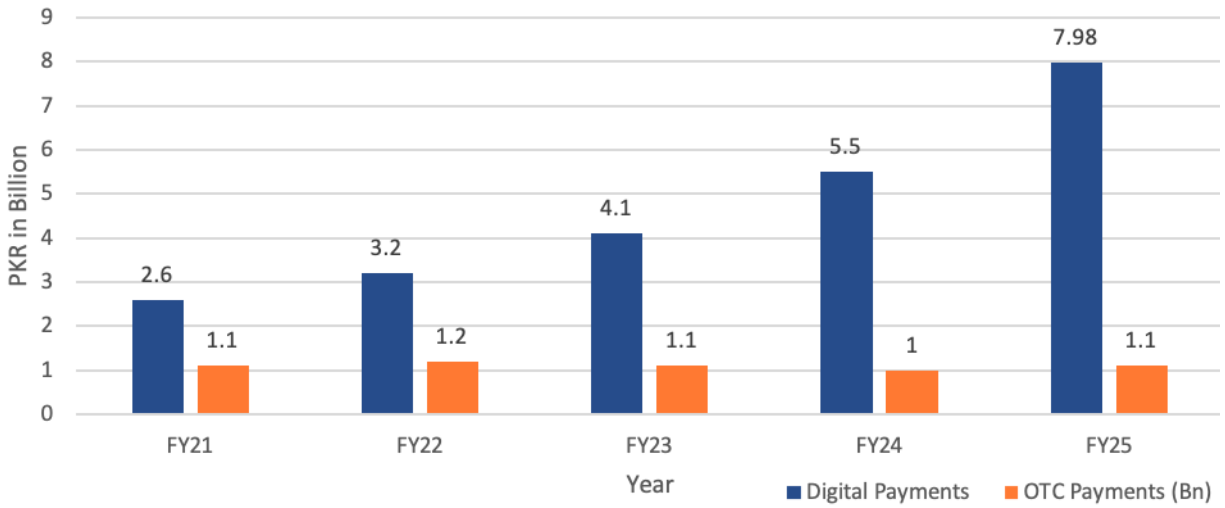


Source: Annual Payment Systems Review FY 2024-25, State Bank of Pakistan

Mobile App based banking played a central role in the volume of retail payments in FY 2025 with 6.2 billion transactions and occupying 68% of total volume of retail transactions.

This shows that Pakistan's retail payment landscape has changed drastically over the last few years. The figure below reflects the growth of digital payments from FY 2021 to FY 2025. Digital payments have increased 3 times with CAGR of 25.14% in the last 5 years, while the growth of OTC payments has remained stagnant.

Figure 5: Digital vs OTC Payments in Pakistan (FY 2021 - FY 2025)



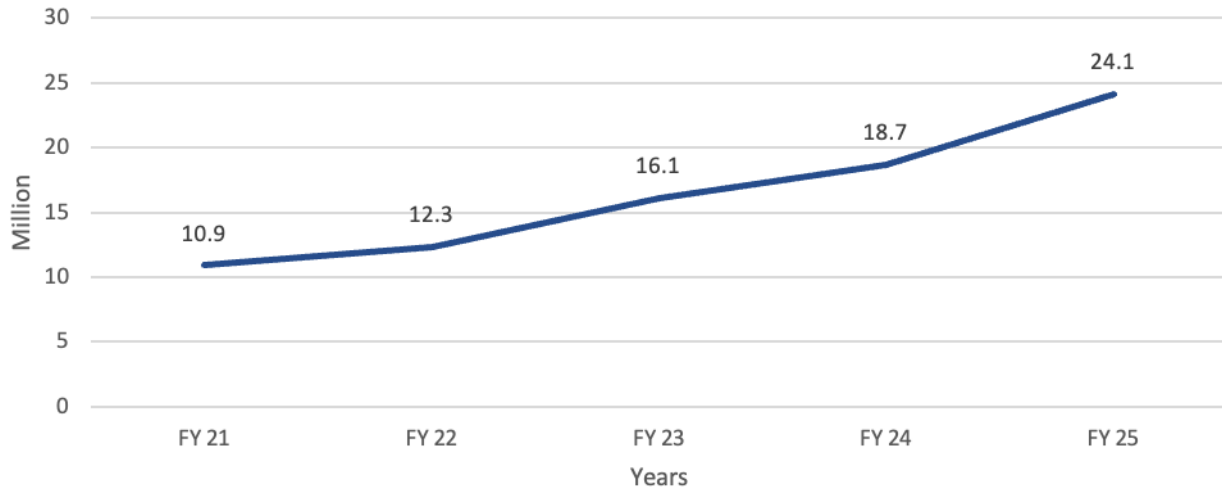
Source: Annual Payment Systems Review FY 2024-25, State Bank of Pakistan

4.2 Growth of Users in Fintech Services

Pakistan's financial ecosystem has seen a drastic change in the last five years accompanied by SBP's regulations and frameworks for digital finance. With the expansion of digital services, the number of users adopting fintech services has also increased.

The figures below show the trend of user adaptation to different digital payment methods.

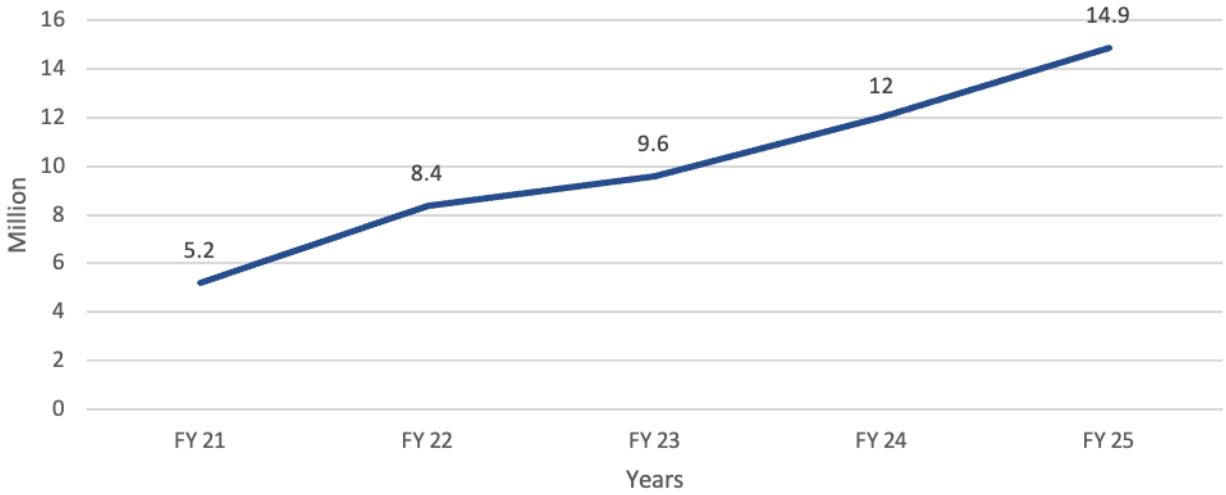
Figure 6: Mobile Banking Users (Million)



Source: Annual Payment Systems Review FY 2024-25, State Bank of Pakistan

Over the past five years, the number of mobile banking users have increased with a CAGR of 17.2%. As of FY 2025, the number increased up to 24.1 million users which is a 28.9% Year-on-Year (YoY) increase as compared to FY 2024.

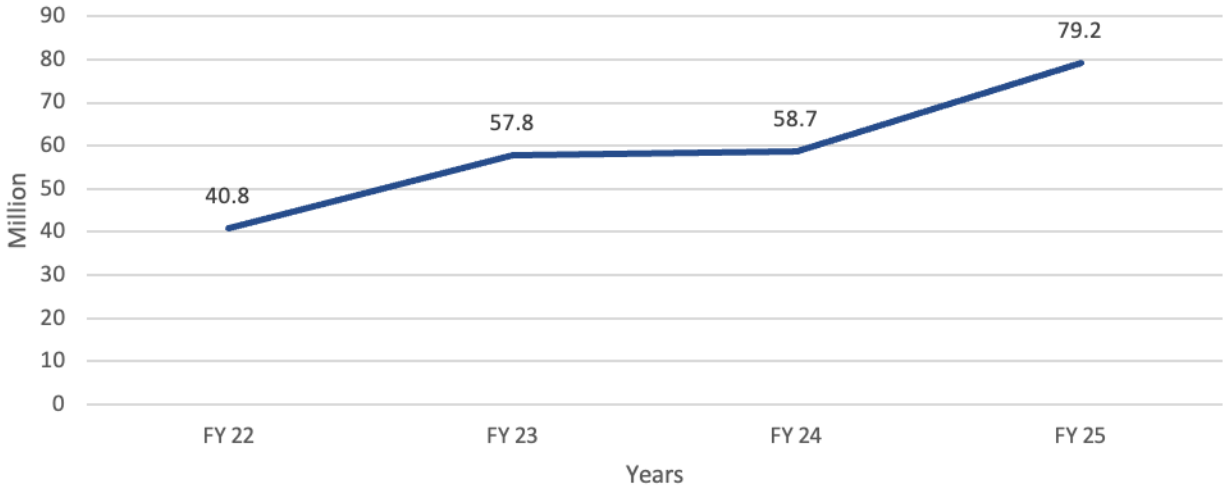
Figure 7: Internet Banking Users (Million)



Source: Annual Payment Systems Review FY 2024-25, State Bank of Pakistan

Over the past five years, the number of internet banking users have increased with a CAGR of 23.4%. As of FY 2025, the number increased up to 14.9 million users which is a 24.2% YoY increase as compared to FY 2024.

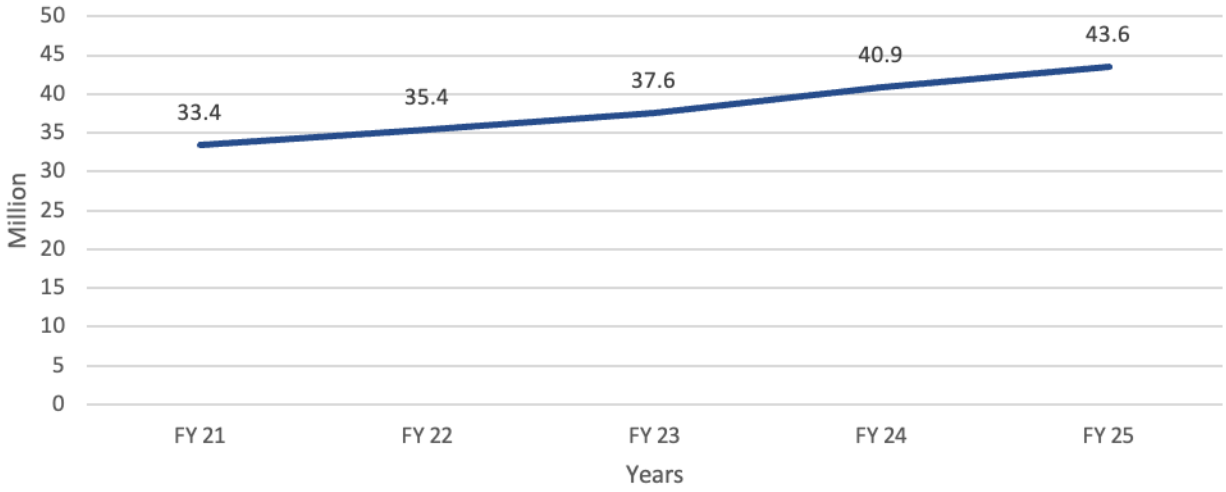
Figure 8: Branchless Banking Mobile App Users (Million)



Source: Annual Payment Systems Review FY 2024-25, State Bank of Pakistan

Branchless banking continues to play a central role in Pakistan's fintech ecosystem, particularly in expanding access to financial services for low-income populations. Over the last four years, the number of bb mobile app users have increased with a CAGR of 18%. As of FY 2025, the number increased up to 79.2 million users which is a 34.9% YoY increase as compared to FY 2024.

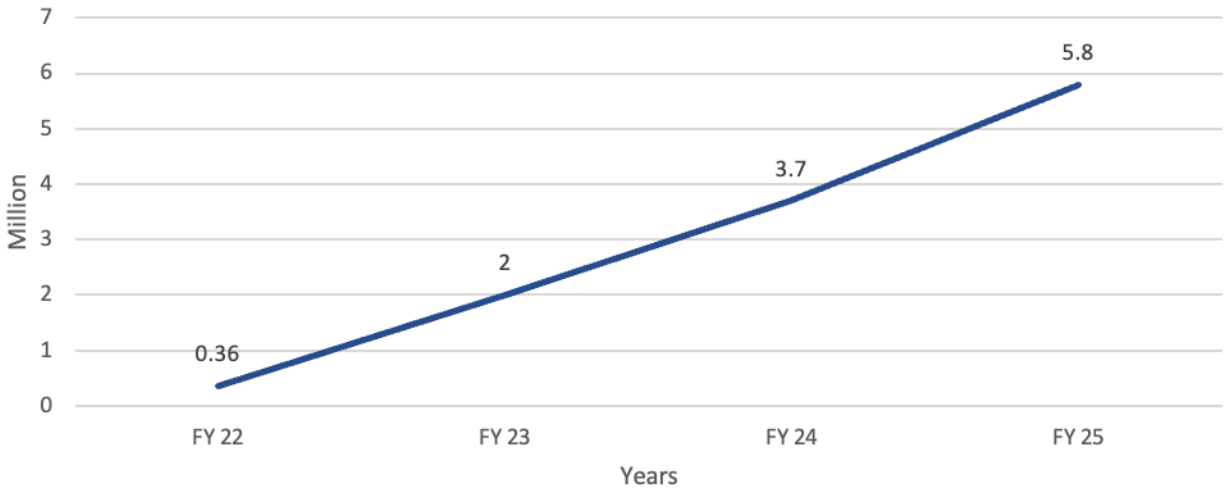
Figure 9: Call Center/ Interactive Voice Response (IVR) Banking Users (Million)



Source: Annual Payment Systems Review FY 2024-25, State Bank of Pakistan

Over the past five years, the number of call center/ IVR banking users have increased with a CAGR of 5.5%. As of FY 2025, the number increased up to 43.6 million users which is a 6.6% YoY increase as compared to FY 2024.

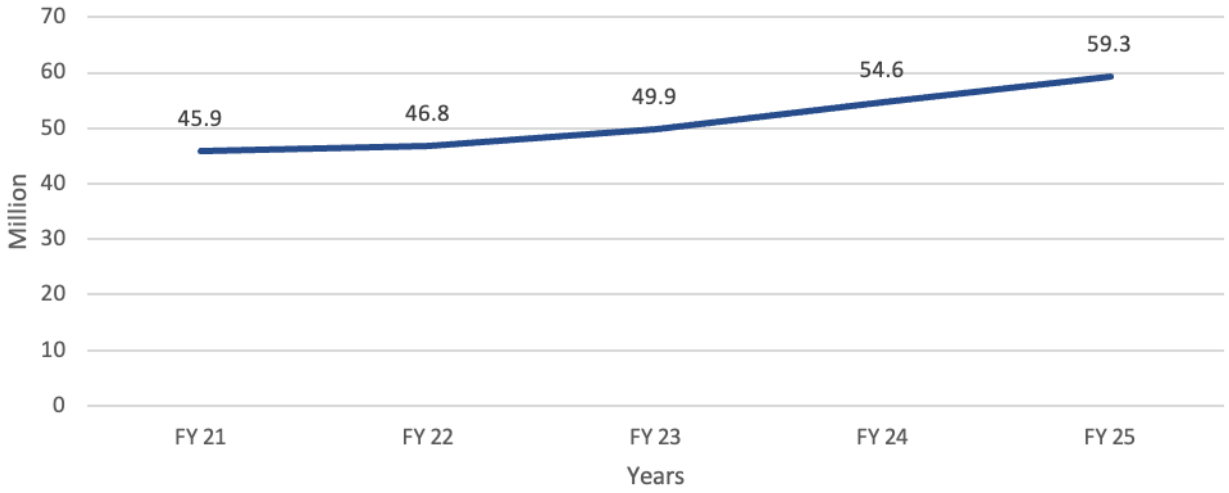
Figure 10: Electronic Money Institutions (EMIs) E-Wallets Users Figure 8: Call Center/ Interactive Voice Response (IVR) Banking Users (Million)



Source: Annual Payment Systems Review FY 2024-25, State Bank of Pakistan

Since SBP's digital banks framework (2022), the number of EMI users have increased significantly. Over the past 4 years, the number of EMI's E-wallet users have increased with a CAGR of 100.3%. As of FY 2025, the number increased up to 5.8 million users which is a 56.8% YoY increase as compared to FY 2024.

Figure 11: Payment Cards (Million)



Source: Annual Payment Systems Review FY 2024-25, State Bank of Pakistan

Over the past five years, the number of payment cards issued have increased with a CAGR of 5.3%. As of FY 2025, the number increased up to 59.3 million users which is an 8.6% YoY increase as compared to FY 2024.

4.3 Payment Infrastructure Expansion

The growth of fintech in Pakistan has been strongly supported by the expansion of both physical and digital payment infrastructure. The table below provides a summary of payment systems infrastructure in Pakistan in 2025. As of 2025, Pakistan has 42 banks including digital banks and microfinance bank (MFBs) among which there are 31 commercial and digital banks and 11 MFBs, Payment System Operators/ Payment Service Providers (PSOs/PSPs) are 6, EMIs are 6, BB service providers are 15, and PRISM participants are 59.

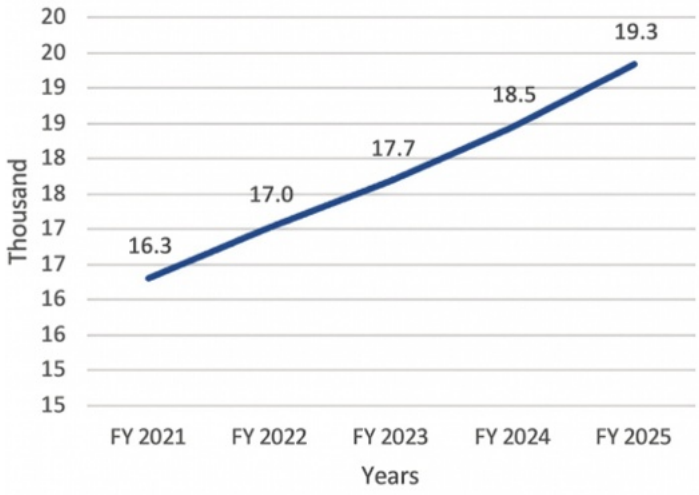
Table 1: Payment Systems Infrastructure FY 2025

Payment Systems Infrastructure	FY 2025
Banks, Digital Banks and Microfinance Banks	42
Payment System Operators/ Payment Service Providers – PSOs/PSPs	6
Electronic Money Institutions – EMIs	6
Branchless Banking Service Providers – BBs	15
PRISM Participants	59

Source: Annual Payment Systems Review FY 2024-25, State Bank of Pakistan

The figures below show the growth trend of various components of payments network in Pakistan over the past five years.

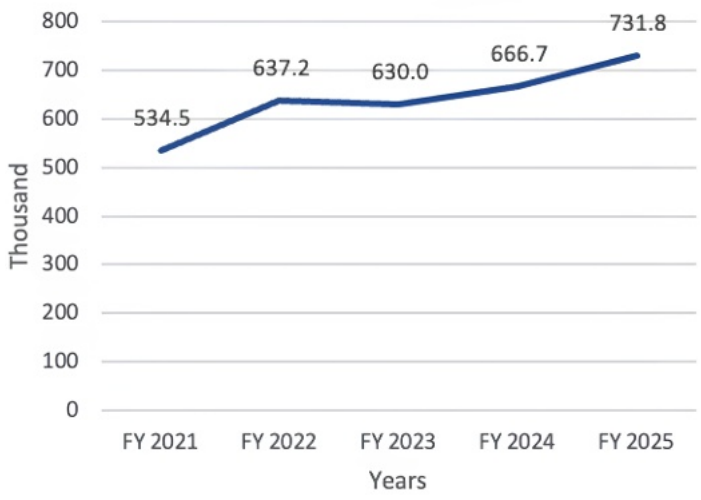
Figure 12: Branches of Banks & MFBs



Bank branches and microfinance bank (MFB) outlets provide traditional, in-person financial services including deposits, withdrawals, and account management. The number of bank and microfinance bank branches increased gradually from 16.3 thousand to 19.3 thousand, reflecting steady but limited expansion of traditional banking infrastructure.

Source: Annual Payment Systems Review FY 2024-25, State Bank of Pakistan

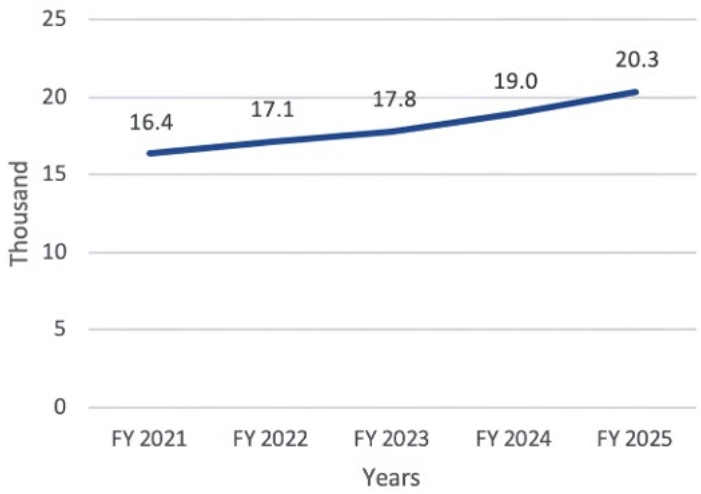
Figure 13: Branchless Banking Agents



Agents act as intermediaries enabling financial transactions such as cash deposits, withdrawals, and transfers without requiring a bank branch. Their number increased from 534.5 thousand to 731.8 thousand, highlighting their continued importance in extending financial access, particularly in rural and lower-income areas.

Source: Annual Payment Systems Review FY 2024-25, State Bank of Pakistan

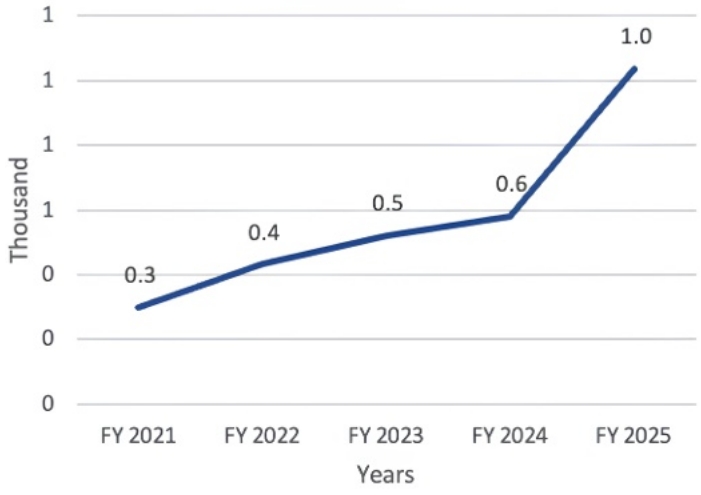
Figure 14: ATMs



ATMs facilitate cash withdrawals and basic banking services such as balance inquiries and transfers. The ATM network grew modestly from 16.4 thousand to 20.3 thousand, indicating that while digital payments are rising, cash usage remains deeply embedded in the financial system.

Source: Annual Payment Systems Review FY 2024-25, State Bank of Pakistan

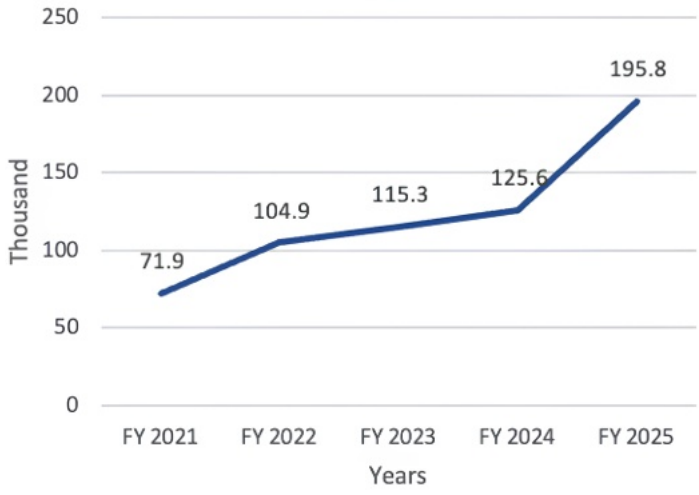
Figure 15: Cash Deposit Machines/ Cash and Cheque Deposit Machines



These machines allow users to deposit cash and cheques without visiting a branch, improving convenience and reducing operational pressure on banks. Their increase from 0.3 thousand to 1.0 thousand reflects gradual adoption of automated banking services.

Source: Annual Payment Systems Review FY 2024-25, State Bank of Pakistan

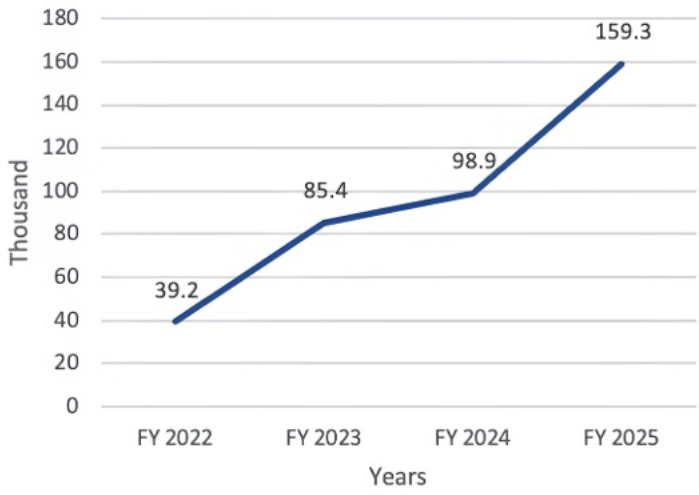
Figure 16: Point-of-Sale (POS) Machines



POS terminals enable card-based payments at retail locations, forming the backbone of merchant-level digital transactions. The number of POS machines grew significantly from 71.9 thousand to 195.8 thousand, indicating expanding acceptance of digital payments across retail sectors.

Source: Annual Payment Systems Review FY 2024-25, State Bank of Pakistan

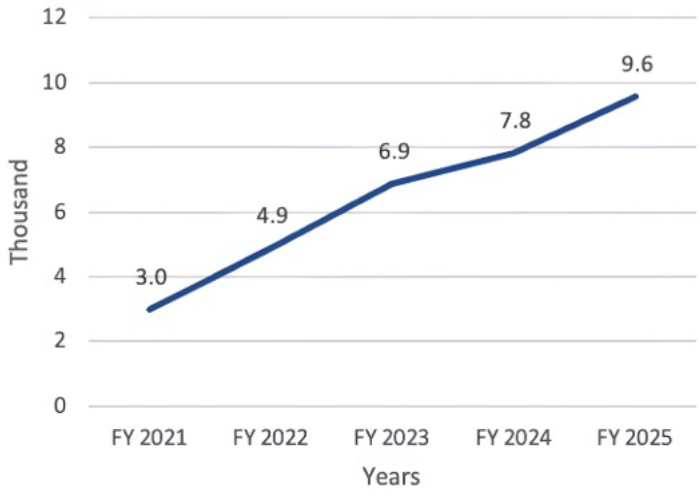
Figure 17: POS enabled Merchants



These are businesses equipped to accept digital payments via POS terminals, enabling cashless transactions. The number increased sharply from 39.2 thousand to 159.3 thousand, reflecting growing merchant participation, although still limited relative to total businesses in the economy.

Source: Annual Payment Systems Review FY 2024-25, State Bank of Pakistan

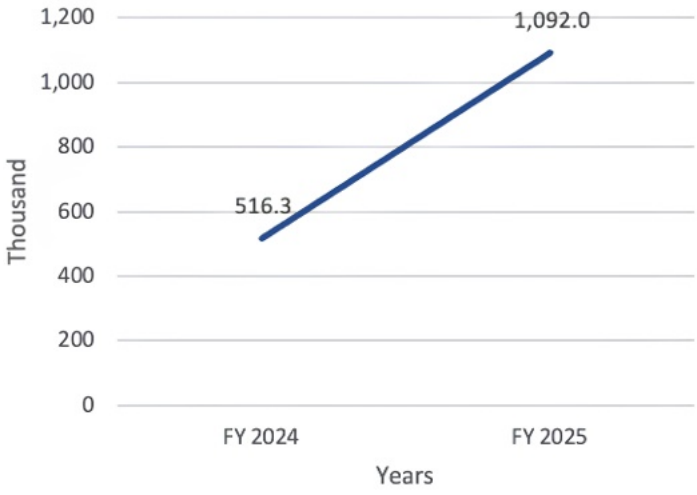
Figure 18: Registered E-Commerce Merchants



These merchants operate on digital platforms and accept online payments, contributing to the growth of Pakistan's digital economy. Their number increased from 3.0 thousand to 9.6 thousand, indicating steady expansion of formal e-commerce activity.

Source: Annual Payment Systems Review FY 2024-25, State Bank of Pakistan

Figure 19: QR enabled Merchants



QR-based merchants accept payments through mobile scanning, offering a low-cost alternative to POS infrastructure. Since its introduction, this category expanded rapidly from 516 thousand to over 1.09 million within a year, with a YoY growth of 111.5%. The rapid expansion of QR acceptance is encouraging, because it sidesteps the hardware cost of POS terminals and lowers the barrier for small merchants.

Source: Annual Payment Systems Review FY 2024-25, State Bank of Pakistan

4.4 Role of Raast in Driving Digital Payments

Raast, Pakistan's instant payment system developed by the State Bank of Pakistan, represents a foundational component of the country's digital financial infrastructure. It enables real-time, low-cost, and interoperable payments across banks, microfinance institutions, and fintech platforms, allowing users to send and receive funds instantly using simplified identifiers such as mobile numbers (Raast IDs).

Key features of Raast include:

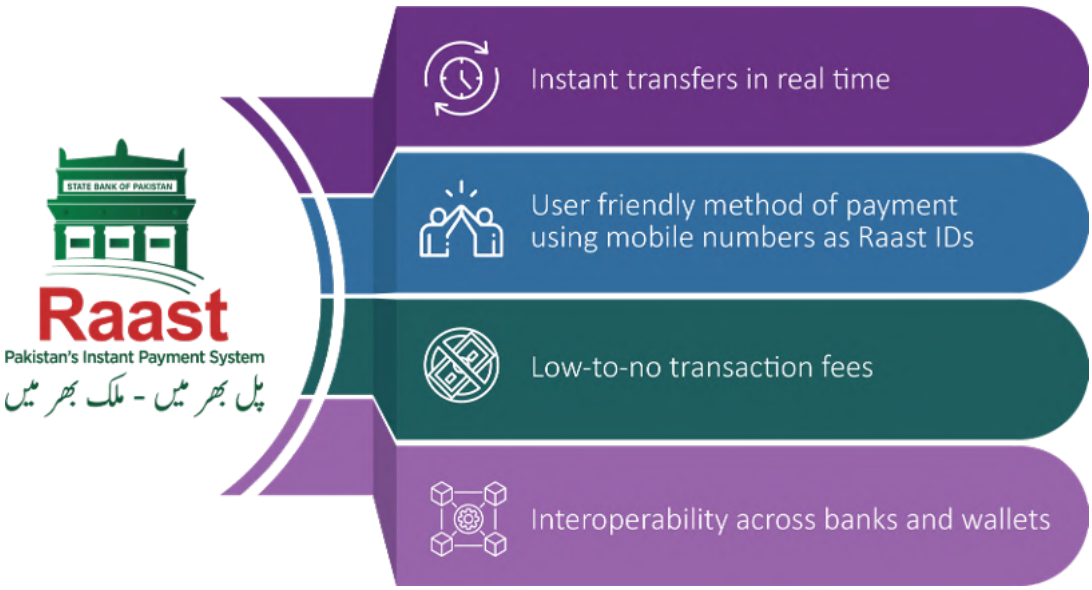
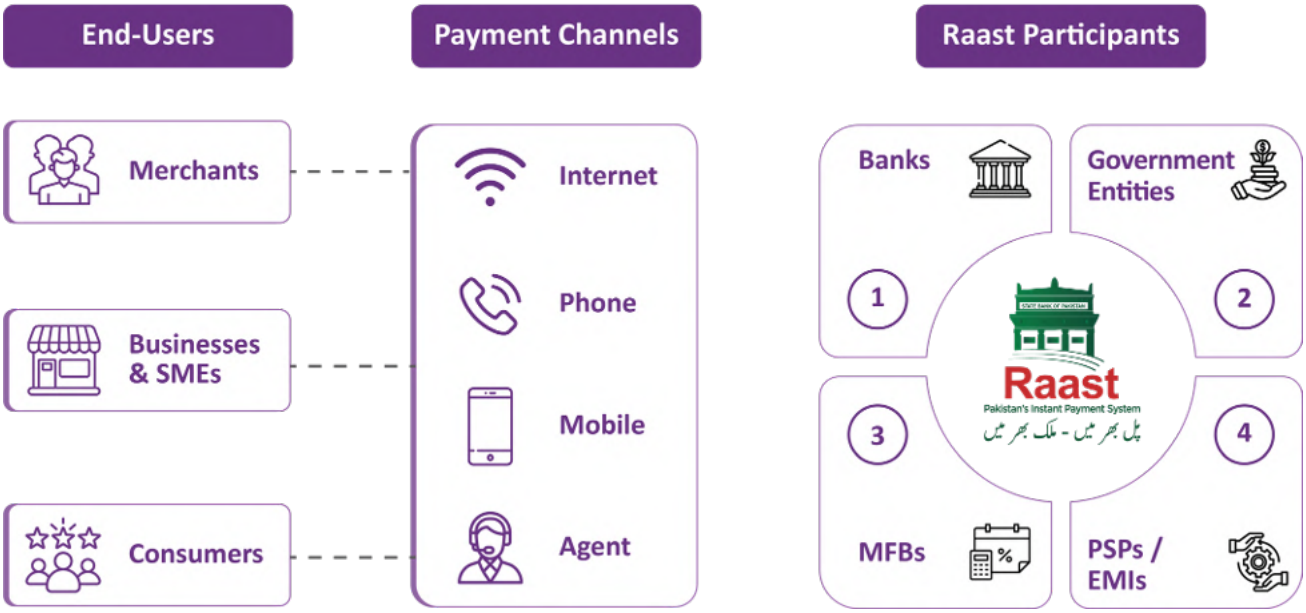


Figure 20: Raast Operational Framework & Participants



Source: State Bank of Pakistan

Raast was launched in 2021, and initially it only supported bulk payments such as salaries, dividend payments, and government welfare disbursements. Later in 2022, P2P payments were introduced. In 2023, Raast launched a new feature of person-to-merchant payments, allowing payments through QR codes, remote transfers using bank account or mobile numbers, and a Request to Pay feature.[15] As of 2025, there are 25 million Raast IDs which conducted 1,276 million transactions of value PKR 29.6 trillion.[16]

The table below shows the trend of volume of Raast transaction since its launch. The number of total volume of transactions has increased around 162 times with the CAGR 256.5% between 2022- 2025. P2P transfers have been the primary driver of Raast transactions, occupying 99.2% of total volume of transactions in 2025, whereas bulk payments and P2M payments occupied 0.4% each. Over the past four years, volume of P2P transfers has increased from 7.9 million to 1.3 billion with a CAGR of 255.8%.

Table 2: Raast Transaction Volume (Millions)

Transaction Type	FY 2022	FY 2023	FY 2024	FY 2025	CAGR
P2P Transfers	7.9	146.9	494.4	1,266.0	255.8%
Bulk Payments	0.1	0.4	1.7	5.0	165.9%
P2M Transfers	-	-	0.1	4.9	-
Total Volume	**7.9**	**147.2**	**496.1**	**1,276.0**	**256.5%**

Source: Annual Payment Systems Review FY 2024-25, State Bank of Pakistan

15. ACI Worldwide, "Prime Time for Real-Time Global Payments Report," 2024.
16. State Bank of Pakistan (SBP), "Annual Payment Systems Review FY 2024-25," 2025.

The table below shows the trend of value of Raast transaction since its launch. The number of total value of transactions conducted through Raast has increased up to 252 times with a CAGR of 298.4% between 2022-2025. Value of P2P transactions made up to 93.7% of total value transactions, bulk payments contributed up to 6.3%, and P2M payments contributed only 0.1%.

Table 3: Raast Transaction Value (PKR Billions)

Transaction Type	FY 2022	FY 2023	FY 2024	FY 2025	CAGR
P2P Transfers	102.1	2,986.6	11,278.4	2,7701.1	305.9%
Bulk Payments	15.2	87.8	279.9	1,848.2	232.1%
P2M Transfers	-	-	0.2	14.9	-
Total Value	**117.3**	**3,074.4**	**11,558.6**	**29,564.1**	**298.4%**

Source: Annual Payment Systems Review FY 2024-25, State Bank of Pakistan

Chapter 5

Growth of Fintech and its Key Segments

Growth of Fintech and its Key Segments

Pakistan's fintech startup ecosystem has expanded rapidly, supported by venture capital investment and regulatory support. As of 2025, more than 450 fintech startups have collectively raised more than $370 million in funding. While digital payments dominate the landscape, other segments such as lending, insurtech, and wealthtech remain relatively underdeveloped.[17]

5.1 Digital Payments and Electronic Money Institutions

Digital payments represent the most mature and rapidly expanding segment of Pakistan's fintech ecosystem. The growth of mobile wallets, real-time payment systems, and merchant acceptance infrastructure has driven widespread adoption, with digital transactions accounting for approximately 88% of total retail volume in 2025 and mobile applications processing over 6.2 billion transactions. Payments flow through POS terminals, mobile apps, internet portals, e-commerce gateways, ATMs, and direct debits.

Mobile wallets such as Easypaisa and JazzCash dominate this segment, operating as branchless banking and mobile-wallet services in partnership with licensed financial institutions and supported by the Raast instant payment system. These platforms enable peer-to-peer transfers, bill payments, and merchant transactions, and they owe their vast reach to the telecom and microfinance networks from which they grew.

Alongside them, PSO/PSPs also serve a major role in interoperability and settlement of digital payments. While 1Link provides Interbank Fund Transfers (IBFT) and bill payments, payment gateways such as PayFast and SafePay power smooth checkout experience for E-commerce websites.

Electronic Money Institutions (EMIs):

A distinct second generation of providers emerged after the 2019 EMI regulations, which allowed non-bank fintechs to issue e-wallets and facilitate digital payments without offering full banking services such as lending or deposit-taking. Startups such as SadaPay and NayaPay entered the market with a focus on user experience, simplified onboarding, P2P transfers, payments, remittances, and debit cards. EMI e-wallet adoption has grown faster in percentage terms than any other channel, albeit from a low base, reaching 5.8 million users in FY 2025. The segment's core problem is that moving money earns very little. EMIs are not allowed to hold deposits or lend, so they earn only small fees on each transaction, while the customer's money and the interest stay with the commercial banks.

17. Fintech Heats Up In South Asia Beyond India, Forbes

This makes it hard for wallet providers to turn large transaction volumes into real profit. A second challenge is customer service as these providers have no branches, support is their only human point of contact with customers, and some have lost users by letting service quality slip as they grew. How well a provider handles this as it scales is becoming an important way to stand out from competitors.

5.2 Digital Banking

Following SBP's digital banking framework and licenses introduced in 2022, digital banking has become one of the most closely watched emerging segments in Pakistan's fintech landscape. Unlike EMIs, digital retail banks offer the full range of banking services such as deposits, lending, credit cards, and profit on balances, entirely through digital channels, without physical branches. They open accounts remotely using NADRA biometric verification and mobile-number validation, removing the need for a branch visit.

Of the five digital retail bank licences awarded, the rollout has been gradual. As of mid-2026, Easypaisa Digital Bank, Mashreq Bank Pakistan, and Raqami Islamic Digital Bank were operational, with Easypaisa, building on its microfinance heritage, leading on lending in particular. HugoBank and Buraq Bank were expected to commence commercial operations later in the year. Several of these institutions are backed by foreign capital, including Gulf and other international investors, reflecting external confidence in the opportunity.

The strategic logic of digital banks centres on Pakistan's young, digitally native population rather than on poaching the long-standing customers of conventional banks. Their structural advantage lies in speed: where traditional banks may take many months to launch a product through centralised IT processes, digital banks embed development capability within business units, compressing time-to-market dramatically.

The core challenges for this segment are the long road to profitability, which demands patience from investors; the unit economics of acquiring low-balance customers, fraud and cybersecurity, and the need to scale customer service in step with customer growth. Pakistan's move toward fuller Islamic banking over the coming years also shapes this segment, with some entrants positioning themselves as Shariah-compliant from the outset.

5. 3 Digital Lending (CreditTech)

Digital lending is among the dynamic and emerging segments of Pakistan's fintech market. It spans several models:

- nano-lending, in which very small, short-tenure loans are disbursed algorithmically, often using mobile-usage and top-up behaviour as a proxy for creditworthiness
- earned-wage access and consumer financing offered by firms such as Abhi and the consumer-financing
- Shariah-aligned buy-now-pay-later models pursued by players such as KalPay
- and supply-chain and SME-focused lending

Traditional credit lending relies on combining in-person, field-based assessment of a borrower's cash flow with formal credit-bureau records. With the advancements in AI, digital and nano-lenders have started to rely on AI-based scoring that draws on alternative data including things like how a customer uses their phone, pays utility bills, and tops up airtime because decisions have to be made almost instantly.

While it comes to lending to already-documented borrowers, the existing credit bureaus and the State Bank's electronic credit information bureau function adequately but when it comes to digital and nano-lending new-to-credit customers is the absence of a consolidated, API-accessible data layer where a single source against which a lender can verify income, obligations, and transaction history. This is the binding constraint on automated, scalable lending, forcing manual processes and limiting reach.

5.4 Microfinance and Financial Inclusion

Microfinance occupies a pivotal place in Pakistan's financial system, both as the institutional origin of the country's largest fintechs and as the principal formal channel through which low-income borrowers access credit. The sector comprises microfinance banks, which are regulated by the SBP and may take deposits, and non-bank microfinance companies, which are regulated by the SECP and lend without taking deposits. Published sector data shows 10.5 million active borrowers, a large and rising share of whom are served through digital nano-loans rather than traditional group or field lending.[18]

This segment measures the true extent of financial inclusion in Pakistan by serving the underserved masses. However, a persistent challenge is to formalise the unbanked masses because they are costly to acquire, generate low transaction volumes, and lack the data that automated underwriting requires for microfinance lending.

18. World Bank, "Project Appraisal Document: Pakistan Financial Inclusion and Infrastructure Project," 2025.

5.5 Investment Technology and Capital Markets (WealthTech)

Investment technology, refers to enabling retail participation in capital markets through digital platforms, is among the least-penetrated segments of Pakistan's fintech ecosystem. Retail participation in the stock market is strikingly low with the total number of investor accounts opened having reached to 500 thousand as of Feb 2026, and considering that active accounts are a fraction of total and a single investor can hold multiple accounts, the number of total investors as a percentage of total population is well under 1%. Total investors in Pakistan's public markets including direct equity, commodity, mutual funds, and others have reached up to 1.3 million which is roughly up to 0.5% of total population.[19]

Platforms such as KTrade, Finqalab, Alfalah Investements and brokerage-linked services, alongside mutual-fund distribution, are beginning to widen access through fully digital account opening, and account growth has accelerated on the back of a strong recent market rally.

The segment's defining constraint is structural fragmentation. Opening and operating an investment account requires interacting with several separate entities: the broker, the Pakistan Stock Exchange (PSX), the National Clearing Company of Pakistan (NCCPL), the Central Depository Company (CDC), and the investor's bank, each with its own onboarding, documentation, and often outdated technology. Regulatory requirements have in some cases mandated physical paperwork, and settlement and redemption can take several days.

5.6 B2B and Supply-Chain Finance

Business-to-business and supply-chain finance is a less visible but economically significant segment, addressing one of the largest gaps in Pakistan's financial system: access to working capital for small and medium-sized enterprises. Fintechs in this space digitise invoicing, payments, and distributor financing along established supply chains. For example, financing the orders that small retailers place with fast-moving consumer-goods distributors — using transaction data within the chain as the basis for credit.

Players such as Haball have processed billions of dollars in payments and disbursed substantial financing on this model, and have begun expanding regionally.

19. Business Recorder, "Investor Count Surpasses 500,000 at Pakistan Stock Exchange," 2026.

5.7 Insurtech, Embedded Finance, and RegTech

Several further segments are at earlier stages of development. Insurtech applies digital innovation to insurance, improving the efficiency of distribution and claims and enabling micro-insurance for low-income customers. Digital-native startups and takaful-focused platforms operate alongside established insurers that are building their own digital channels. Embedded insurance, in which cover is integrated into e-commerce, ride-hailing, delivery, and transport platforms, is an emerging category with significant headroom given Pakistan's very low insurance penetration.

Embedded finance more broadly is taking root within everyday digital platforms: e-commerce marketplaces such as Daraz and Bazaar and food-delivery platforms such as Food Panda operate in-app wallets alongside multiple online payment options.

RegTech is driven largely by institutional and regulator-led initiatives such as digital Know-Your-Customer (KYC), NADRA-based biometric verification, and automated compliance and anti-money-laundering frameworks that underpin the onboarding and monitoring on which the rest of the ecosystem depends. These segments are individually smaller than payments or lending, but collectively they represent much of the future surface area along which fintech will become embedded in ordinary economic life.

5.8 Virtual Assets and Blockchain

Virtual assets represent the newest segment of Pakistan's fintech ecosystem. For years, cryptocurrency trading and blockchain-based services operated in a regulatory grey zone being neither formally permitted nor clearly prohibited. Even though, Pakistan has one of the larger crypto-using populations in the world, with more than 27.1 million users.[20]

The decisive shift came in 2025–2026, when the country moved from this ambiguity toward a structured, supervised regime built around a dedicated regulator and a regulatory sandbox. The cornerstone of this new framework is the **Pakistan Virtual Assets Regulatory Authority (PVARA)** which is an autonomous federal authority empowered to license, regulate, and supervise virtual assets and Virtual Asset Service Providers (VASPs) — a category that includes cryptocurrency exchanges, wallet operators, custodians, token issuers, and investment platforms.

Fintech startups such as Xord, RNS Solutions, and Quecko are all fundamentally blockchain software development companies and startups such as Blockverse are regulated digital-assets operator.

20. William Carey, "Pakistan's Crypto Regulatory Breakthrough: A Strategic Opportunity for Global Investors," AInvest, December 12, 2025.

This sector holds a great opportunity of blockchain-based international settlements through stable coins to receive remittances which can be an alternative to conventional correspondent-banking transfers remain comparatively slow and costly as they offer near-instant transfers at a fraction of the cost. None the less, the trajectory of this segment will depend heavily on the pace and clarity of implementation.

Chapter 6

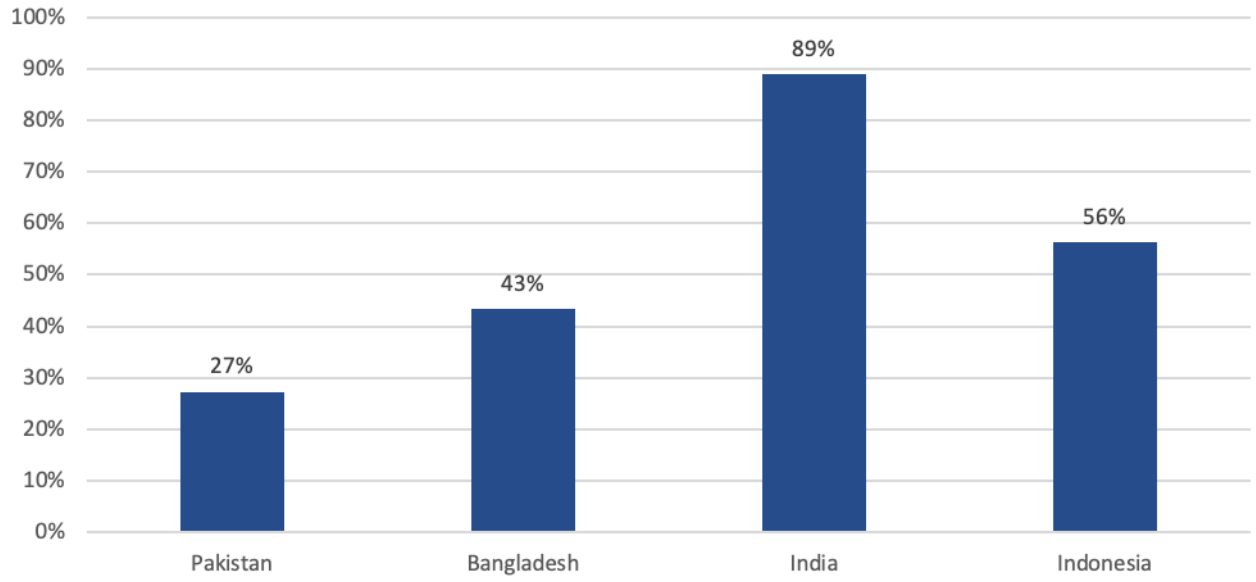
Comparative Analysis: Pakistan and Global Peers

Comparative Analysis: Pakistan and Global Peers

Pakistan's fintech progress is best understood against the experience of comparable markets. This chapter benchmarks Pakistan against three developing economies that have advanced further along the path of digital financial transformation: India, Bangladesh, and Indonesia. Each share important structural features with Pakistan: a large population, a significant informal economy, a history of cash dependence, and the use of digital infrastructure to advance financial inclusion. India illustrates the power of integrated digital public infrastructure; Bangladesh, the closest structural peer, shows the reach of agent-led mobile money; and Indonesia demonstrates how mandated interoperability and embedded finance can scale digital payments rapidly. The chapter examines each comparator across three dimensions: the state of financial inclusion, the payments infrastructure that underpins it, and the major fintech segments through which digital finance reaches consumers and businesses.

The figure below shows financial inclusion through account ownership in these countries. In order to keep the comparison consistent, cross-country financial-inclusion figures in this chapter are drawn from a single, consistent source: the World Bank's Global Findex Database 2025.

Figure 21: Financial Inclusion – Account Ownership Across Comparator Markets (% of adults aged 15+)



Source: World Bank

As the figure shows, Pakistan's account-ownership rate of around 27% is the lowest of the four,[21] behind Bangladesh (around 43%) and Indonesia (around 56%), and far behind India's 89%.[22] These four economies are, alongside a handful of others, home to the largest concentrations of the world's unbanked adults, so the comparison is not merely academic: it identifies the markets from which Pakistan has the most to learn. The sections that follow explain how each comparator advanced, with particular attention to the infrastructure and fintech segments that drove progress.

21. The account ownership among adults reported by World Bank differs significantly from the figure quoted by SBP which is 67%. World Bank measured personally owned accounts by adults (aged 15+) through household surveys and the SBP's figure is derived through the usage dimension of its P-FII index.
22. World Bank, Global Findex Database 2025 (data collected 2024). Account ownership is defined as having an account at a bank or similar financial institution or with a mobile money provider, among adults aged 15+. All cross-country account-ownership figures in this chapter are drawn from this single source to ensure comparability.

6.1 India: Integrated Digital Public Infrastructure

India is the most directly relevant benchmark for Pakistan, sharing a common banking heritage, comparable demographics, and, a decade ago, similarly low inclusion. India's fintech ecosystem is widely regarded as one of the most advanced among emerging economies, driven by a combination of digital public infrastructure (DPI), proactive regulation, and large-scale adoption of digital financial services. Over the past decade, India has transitioned from a predominantly cash-based economy to a digitally integrated financial system, with fintech playing a central role in financial inclusion and economic formalization.

Payments Infrastructure

A key driver of this transformation has been the development of India Stack, a set of interoperable digital infrastructure layers that include digital identity, payments, and data-sharing systems. At the core of this framework is Aadhaar, the world's largest biometric identification system, covering over 1.3 billion individuals, which enables secure and low-cost identity verification.[23] This has significantly reduced onboarding costs for financial institutions and enabled rapid expansion of financial services.

Built on top of it is the Unified Payments Interface (UPI), launched in 2016 and now the largest real-time payment system in the world, which processed roughly 185–228 billion transactions in 2025 and around 700 million transactions per day, with person-to-merchant payments making up the majority of volume.[24] A third layer is the consent-based data sharing through the account-aggregator framework enabling verified financial data securely, directly enabling digital lending.

Major fintech segments

This infrastructure supports one of the world's deepest fintech ecosystems. In digital payments, PhonePe, Google Pay, and Paytm dominate UPI volumes. In digital lending, the account-aggregator layer enables data-driven consumer and SME credit at scale. WealthTech platforms such as Zerodha and Groww brought tens of millions of first-time investors into the capital markets, while insurtech (Policybazaar) and neobanking have flourished on the same rails. The central lesson for Pakistan is that India treated identity, payments, and data as integrated public infrastructure rather than separate initiatives, allowing private fintechs to build rapidly on shared foundations.

6.2 Bangladesh: Agent-Led Mobile Money

Bangladesh is arguably Pakistan's closest structural peer — a populous South Asian economy with similar income levels, a large garment-export and remittance base, and historically low banking penetration. According to the Global Findex 2025, account ownership in Bangladesh stood at around 43.3% of adults in 2024, ahead of Pakistan but with a similar reliance on mobile money rather than traditional banks.

Payments Infrastructure

Bangladesh's transformation was driven first by private mobile financial services (MFS) operating through vast agent networks. bKash, the country's first technology unicorn, together with Nagad, built a cash-in/cash-out agent infrastructure numbering well over a million outlets, bringing basic financial services within reach of rural and low-income populations long before smartphone penetration was universal.

Bangladesh Bank introduced Binimoy in 2022, an Interoperable Digital Transaction Platform (IDTP) which explicitly modelled on India's UPI. Binimoy enables real-time transfers across banks, MFS

23. World Bank, "A Digital Stack for Transforming Service Delivery: ID, Payments, and Data Sharing," February 22, 2022.
24. National Payments Corporation of India (NPCI) and Press Information Bureau, Government of India, "Unified Payments Interface (UPI): A Decade of Transformation," 2026.

operators, and payment service providers, and supports wages, remittances, tax and utility payments, and e-commerce. Like Raast and UPI, it uses a simplified addressing system with users registering via single virtual ID that can link multiple accounts across different institutions, protecting sensitive details such as national ID and phone numbers. Binimoy is Bangladesh's most direct analogue to Pakistan's Raast, a central-bank-led interoperable layer sitting on top of an already-deep mobile-money ecosystem, though, like Raast's person-to-merchant push, its adoption is still maturing relative to the entrenched agent and wallet networks.

Major fintech segments

Bangladesh's fintech landscape is concentrated in mobile financial services and digital payments, but the leading players have progressively layered on further segments: bKash now offers digital lending through partnerships with commercial banks, alongside digital savings and micro-insurance. The evolution from transfers toward a fuller suite of services closely mirrors the path of Pakistan's own wallet players, which similarly grew out of the telecom-and-microfinance model.

6.3 Indonesia: Mandated Interoperability and Super-Apps

Like Pakistan, Indonesia is a populous, Muslim-majority economy spread across a difficult geography, with a large informal sector. The Global Findex 2025 records account ownership at around 56% of adults in 2024, achieved through a combination of a state-mandated payments standard and private super-apps.

Payments Infrastructure.

Indonesia's central bank built two complementary public rails as part of its Payment System Blueprint 2025. BI-FAST (Bank Indonesia Fast Payment), launched in 2021, is the national real-time interbank transfer backbone and it is the direct analogue to Pakistan's Raast and India's UPI. It enables instant, 24/7 account-to-account transfers, prices transactions cheaply, with the fee banks may charge customers capped at IDR 2,500 (roughly USD 0.15). Adoption was rapid: from 22 launch participants, BI-FAST grew to over 120 participating banks by 2024, representing the large majority of the national retail-payments market, with transaction volumes climbing steeply. Prior to this, in 2019 Bank Indonesia introduced QRIS, a single national QR-code standard that every wallet and bank must support, so that one QR code works across all providers. By 2025, QRIS had reached tens of millions of users and merchants. Crucially, the QRIS merchant discount rate was set very low: zero for the smallest micro-merchant transactions, removing the cost barrier that deters small merchants.

Together, BI-FAST and QRIS cover the two halves of the payments landscape, interbank transfers and merchant QR payments, under a coordinated, central-bank-led, low-cost, mandated-interoperability model. This is the most direct parallel to Pakistan, which similarly operates Raast for account-to-account transfers and is building out Raast's QR-based person-to-merchant layer; Indonesia shows the value of pushing both rails simultaneously and pricing them to remove friction.

Major fintech segments

Indonesia's defining feature is embedded finance: super-apps such as GoPay (within the Gojek/GoTo ecosystem), OVO (with Grab), and DANA built digital payments and digital lending directly into ride-hailing, e-commerce, and food-delivery platforms, meeting consumers within services they already used. Buy-now-pay-later and WealthTech have grown rapidly on the same foundations, and the country has become a regional hub for Shariah-compliant fintech. For Pakistan, the lesson is that embedded finance — already emerging on local ride-hailing and delivery platforms — can drive usage faster than standalone apps, provided low-cost interoperable rails exist underneath.

6.4 Comparative Summary

The table below summarises inclusion, infrastructure, and the leading fintech segments across the four markets.

Table 4: Comparative Snapshot – Pakistan, India, Bangladesh, Indonesia

Indicator	Pakistan	India	Bangladesh	Indonesia
Payment System	Raast (2021)	UPI (2016)	Binimoy (2022)	BI-FAST (2021)
Merchant / QR layer	Raast P2M (QR)	UPI QR	(developing)	QRIS (2019)
Owner / model	Central bank	Bank consortium (NPCI)	Central bank + ICT Division	Central bank
Addressing system	Raast ID (mobile no.)	UPI VPA	Binimoy Virtual ID	Account / QRIS
Strongest fintech segment	Digital payments / wallets	Payments, lending, wealth	Mobile financial services	Embedded finance
Key lesson for Pakistan	—	Integrate identity + payments + data	Connect fragmented wallets via a public rail	Drive transfer + QR rails together, priced low

Chapter 7

Challenges and Barriers to Fintech Growth in Pakistan

Challenges and Barriers to Fintech Growth in Pakistan

Cash dominance and merchant acceptance

Digital channels now carry roughly 88% of retail transactions by volume, yet cash still dominates by value largely because the true cost of cash which includes currency printing, handling, transport, and insurance is socialised and invisible and none of it is visually passed on to the consumer.

However, digital payments carry a visible charge. For instance, a small merchant earning an already minimal profit receives lesser profit through online transaction, along with the internet and time issues encountered. This is why, merchants prefer cash, which is instant, free, leaves no record, and avoid exposure to the tax authorities. This results in a self-reinforcing trap: consumers encounter few merchants who accept digital payments, and merchants see too few digital-paying customers to justify the cost of acceptance.

Lack of talent

Building a world-class fintech requires good talent, and practitioners across the industry identify talent as a persistent bottleneck. First-class technology and finance professionals are in short supply and high global demand, and many of Pakistan's most capable are drawn abroad, making retention a constant struggle even for well-funded firms. Compounding this, much of the established banking workforce is seen as comfortable and resistant to new ways of working, which slows innovation inside incumbent institutions. Without a deeper, retained pool of skilled people, neither startups nor banks can build and scale the products the market needs, making talent a foundational constraint rather than a secondary one.

Connectivity

Reliable connectivity is a precondition for digital payments, and in Pakistan, the coverage is uneven. Practitioners note that dependable mobile-data service reaches well under half the country by land area, with 3G/4G largely absent from regions such as Balochistan, and that intermittent service makes payments unreliable even where coverage exists. A habit of relying of digital payments is broken the moment a payment fails and that single failure can push a user back to cash. Until coverage and reliability improve, large rural areas cannot be brought fully into the digital economy.

Digital and Financial Literacy

Limited digital and financial literacy, especially in rural areas and among older and lower-income users, constrains both awareness of digital products and the confidence to use them. Many users can navigate a familiar app by memory but struggle with unfamiliar features, and a significant share of the population cannot fully read or write.

Trust and Fraud

The risk of fraud has increased over the past few years. Since a major chunk of population struggles with financial literacy, they tend to get manipulated into authorising the payment or surrendering a one-time password. This increase in fraud further damages consumer’s trust in financial products and pushes the user to rely on cash.

The Data and Credit Infrastructure Gap

When it comes to digital lending, the challenge to easily access reliable financial data on customers persists. Even though, the SBP runs a credit registry (the eCIB), there are two licensed private credit bureaus (Tasdeeq and DataCheck), and the State Bank introduced an open-banking framework in 2022, now being tested in its regulatory sandbox, these pieces are fragmented and still early-stage. The bureaus do not cover every lender, focus mainly on individual loans, and hold little transaction-level data, while consent-based data sharing through open banking is being piloted rather than used at scale. As a result, digital lenders still cannot capture a complete, verified financial profile in real time, which hinders automation and keeps lending slow and manual and leaves customers with no formal credit history effectively invisible.

Fragmented capital-markets infrastructure

The investment and capital-markets segment suffer fragmentation. Opening and operating an investment account requires interacting with several separate entities: the brokerage, the Pakistan Stock Exchange (PSX), the National Clearing Company of Pakistan (NCCPL), the Central Depository Company (CDC), and the investor's bank, each with its own onboarding, documentation, and often outdated technology. Regulatory requirements have in some cases mandated physical paperwork, and settlement and redemption can take several days. This is one of the major reasons of lower capital market participation.

Unviable unit economics and capital

For digital banks and startups, the economics of serving each customer are punishing. The estimated revenue per user is a lot lower than the customer acquisition cost, implying the payback period is higher and that demands patient capital, which has become scarce.

After peaking during the global venture boom of 2021–2023, when fintech attracted perhaps the largest inflows of any sector in Pakistan, funding has declined sharply as the rise in the US Federal Reserve's rates drew capital back from frontier markets, leaving profitable fintechs to grow organically and constraining the pace at which fintechs can grow.

Chapter 8

Opportunities and Recommendations

Opportunities and Recommendations

The barriers set out in the previous chapter are real, but they sit alongside an unusually strong set of opportunities. Pakistan has already built the hard infrastructure, i.e, a national identity system, the Raast instant-payment rails, and a maturing regulatory framework, on which a far larger digital economy can be constructed. As identified through multiple interviews with the industry practitioners, this chapter identifies growth potential, and targeted recommendations for regulators, industry, and government. The recommendations are deliberately mapped to the challenges identified earlier, so that each major barrier has a corresponding course of action.

8.1 Opportunities

Artificial Intelligence

The rise of artificial intelligence (AI) is shaping the economies around the world and it's integral that Pakistan's fintech sector also utilises AI up to its best potential. AI's most immediate value lies in lowering the cost of serving each customer through automating onboarding and KYC, sharpening fraud detection, and enabling credit scoring and collections at a fraction of the manual cost. AI-driven credit models that draw on alternative data could extend lending to new customers. Voice-based AI interfaces could bring banking, lending, and investing within reach of the large share of the population that cannot easily read or write and turning a literacy barrier into an addressable market.

Even though fintechs are one of the first sectors to incorporate AI through chatbots and verifying coding, the potential of AI is still not best explored and it is in its initial phases.

Cross-border remittances and stablecoins

Pakistan received USD 38.3 billion in annual remittances in FY25[25], yet conventional transfers remain slow and costly. Blockchain-based settlement through regulated stablecoins in particular, offer near-instant transfers at a fraction of the cost. With PVARA and the Virtual Assets Act now providing a legal framework, this is among the most promising near-term frontiers. Practitioners believe virtual assets to be the next wave of fintech, and the legal framework and regulatory sandbox in place provides an excellent opportunity to fintech startups to explore the virtual assets space.

SME and supply-chain finance

SMEs account for 90% of businesses in Pakistan and contribute 40% of GDP, yet fewer than 200,000 out of 3.2 million SMEs have access to formal credit.[26] This financing gap is a big opportunity for fintechs to lend to SMES which are not catered by traditional banks and support job creation, and strengthen market competitiveness in the SME segment.

Capital markets and wealthtech

Digital-first brokerages such as KTrade and Finqalab have resolved the old barriers to entry issues by offering fully online onboarding, low minimum investments, and app-based trading aimed at a young, first-time investor base. A strong recent market rally, rising financial awareness, and the Roshan Digital Account channel for overseas Pakistanis have all accelerated account growth. As the underlying infrastructure is modernised, WealthTech segment which includes digital brokerage, mutual funds, robo-advisory, and savings products, represents one of the clearest runways for expansion in Pakistani fintech.

25. State Bank of Pakistan (SBP), "Press Release of Workers' Remittances in June 2025," July 9, 2025.
26. International Finance Corporation (IFC), "IFC and Habib Metropolitan Bank Partner to Expand SME Finance in Pakistan," February 2026.

Embedded Finance

Embedded finance which includes building payments, credit, and insurance directly into non-financial platforms, has a great potential in the fintech space. Pakistan's ride-hailing, e-commerce, and food-delivery platforms already command large, engaged user bases, and integrating financial services into those everyday journeys meets consumers within apps they already use rather than requiring them to seek out a separate financial product. However, embedded insurance and embedded lending are underexploited.

8.2 Recommendations

Pakistan's regulators deserve considerable credit for the progress described in this report. Practitioners across the industry consistently praised the SBP willingness to experiment with new licensing regimes for branchless banking, electronic money institutions, payment system operators, and digital retail banks and its decision to build public infrastructure such as Raast. The SBP and SECP are widely seen as having provided a progressive framework that has actively encouraged both incumbents and new players to enter, and the establishment of PVARA and its sandbox shows the same forward-leaning instinct now being applied to virtual assets.

Here are a few recommendations that map directly to the challenges identified in Chapter 7.

For Regulators:

Scale open banking from sandbox to system: The open-banking framework and sandbox are the right foundation, but lenders cannot yet pull a complete, verified financial profile in real time. Advancing this into a full, consent-based data-sharing layer will unlock automated, scalable lending and reach new-to-credit customers.

Unify and modernise capital-markets onboarding: The SECP has already lowered entry barriers to capital markets with a simplified account requiring no income proof and has opened investing to students and homemakers, the investment limit was raised to PKR 3 million, and biometric onboarding has been introduced. The next step is to centralise and modernise the fragmented back-end, so an investor is no longer separately onboarded and re-documented by the broker, PSX, NCCPL, and CDC.

Build a framework for ethical AI: AI can sharply lower the cost of credit scoring, fraud detection, and onboarding, but it also carries real risks including algorithmic bias, opaque lending decisions, and misuse of customer data. Regulators should issue clear guidance on responsible, transparent, and fair use of AI so the industry can capture its benefits without eroding consumer protection or trust.

For Industry (Banks, Fintechs, and Payment Infrastructure):

Regulators are not innovators: One of the consistent view point of practitioners is that the industry needs to change the mindset of regulator led innovation. The regulators are laggards because they expect the innovation from the industry and then the industry expects them to regulate. Hence, the innovation needs to be let by the industry.

Compete on use cases, not just rails: The infrastructure such as Raast have been built, the value now lies in what is built on top. Practitioners stress that the regulator provides the framework and infrastructure, but it is the private sector's job to build compelling use cases and actual products that cater to customer needs to drive adoption.

Invest continuously in fraud prevention and consumer awareness: Since most fraud is behavioural social engineering rather than system breaches, sustained, coordinated awareness efforts along with security technology are the effective defence, and protect the fragile consumer trust on which adoption depends.

Pair launch with merchant training and trust-building: Handing out QR codes or card machines is not enough on its own. Merchants need hands-on training, and simple trust features like an audio alert that confirms "payment received" reassure cash-reliant sellers that their money has actually arrived.

For Government:

Close the connectivity gap: Reliable mobile data still reaches well under half the country by land area. Expanding coverage into underserved rural regions is a precondition for bringing those populations into the digital economy.

Gradually reduce cash rather than abruptly demonetising: In order to incentivise digital payments, the state should consider reducing dependence on cash by slowing the printing of fresh notes and smoothly shrinking the supply in circulation. This avoids the economic shock of sudden demonetisation, as seen in India in 2016, while nudging the economy toward digital over time.

Embed financial and digital literacy in school curriculums. Teaching the next generation how digital money works, and how to avoid scams, is the strongest long-term fix for fraud and low trust. There are already programmes in their early stages to incorporate financial literacy in school curriculums.

In focus: financial literacy in Pakistani schools

In 2024, the Ministry of Federal Education and Professional Training partnered with Karandaaz Pakistan to train around 3,000 teachers across more than 340 federal schools, reaching over **134,000 students**.[27] In 2025, a larger initiative by the Punjab Education Foundation, Karandaaz, NIBAF Pakistan, and the Bank of Punjab began delivering weekly financial-education sessions, covering earning, saving, budgeting, and digital banking, across **1,000 schools, training nearly 2,000 teachers and reaching over 100,000 students** in its pilot phase.

Both programmes feed a national objective: the National Financial Education Roadmap (2025–2029) aims to integrate financial literacy into the National Curriculum by 2028.[28] The recommendation, therefore, is not to start from scratch but to fund, sustain, and scale this existing effort nationwide rather than let it stall at the pilot stage.

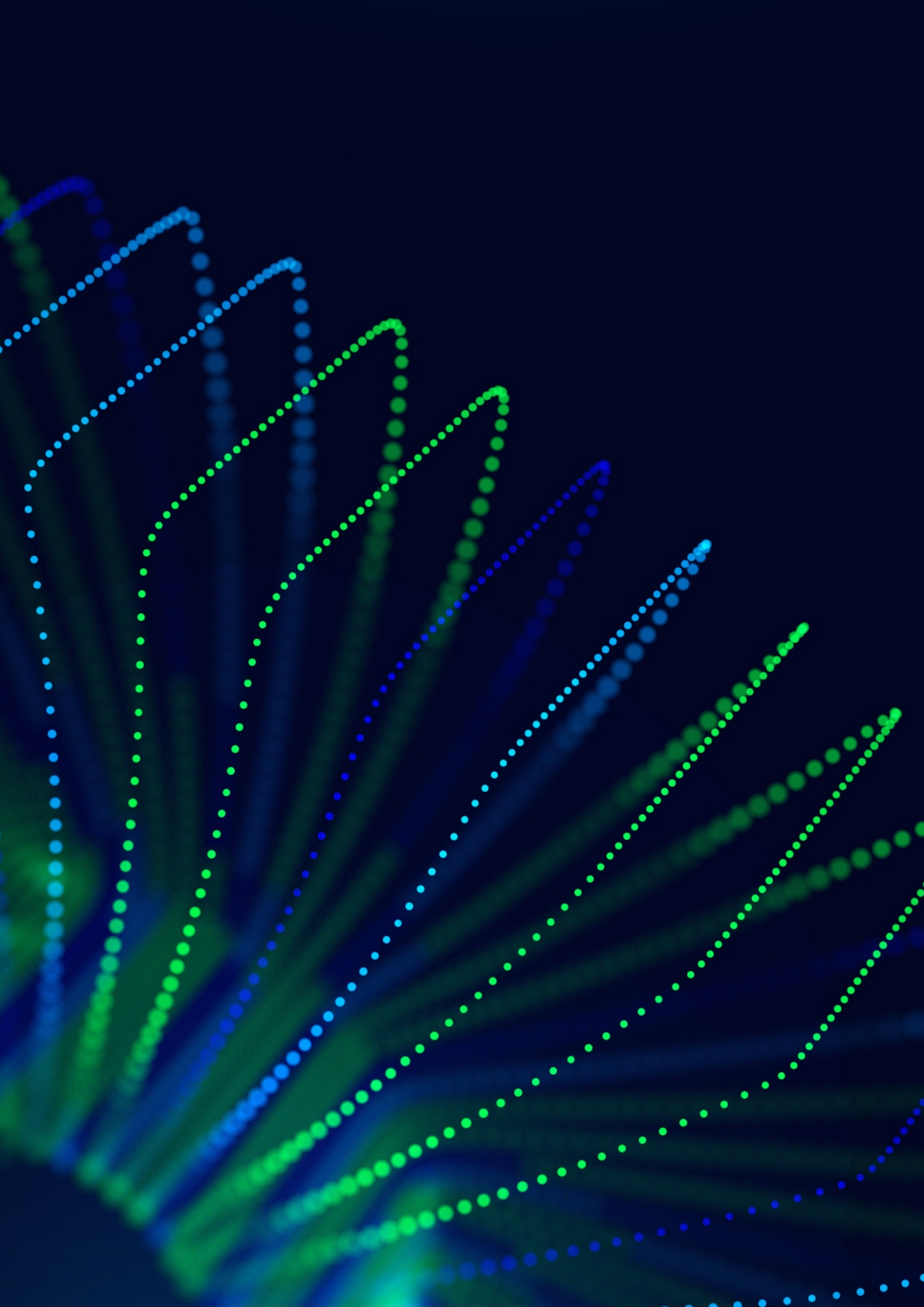
27. The Express Tribune, "Govt, Karandaaz Pakistan Join Hands to Boost Financial Literacy," May 14, 2024.
28. Punjab Education Foundation (PEF), "PEF, Karandaaz, NIBAF Pakistan, and Bank of Punjab Rollout Financial Literacy in Punjab Schools," 2025.

Annexure

Annexure

Table 5: List of Interviewees

Name	Organization	Designation
Ali Basharat	Pakistan Microfinance Network	Head of Operations
Tayyab Saqib		Manager Research
Atyab Tahir	HugoBank	Co-Founder
Danish A. Lakhani	NayaPay	CEO
Faisal Mahmood	Karandaaz	Head of Public Infrastructure
Fatiq B. Khursheed	Finqalab	Former CEO
Hasnain Khoja	Buraq Bank	Head of Retail
Humayun Bashir	Blockverse	Chairman
Omer Bin Ahsan	Haball	CEO
Shaista Abdullah	1Link	Chief Merchant & Schemes Operations
Shershah Hassan	KalPay	CEO
Umair Ahmed Baig	PayFast	Chief Compliance and Strategy Officer



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