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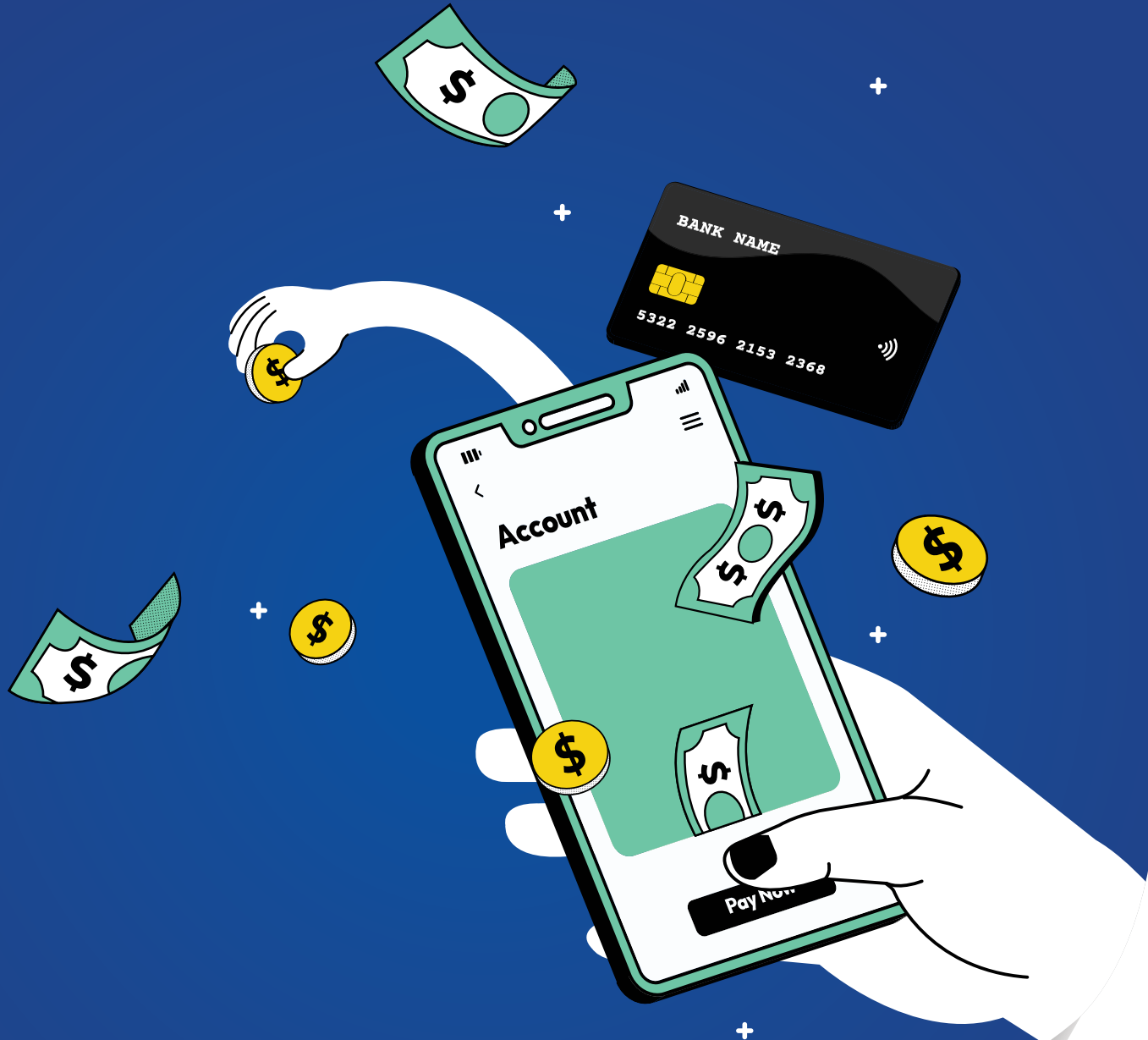
Banking and Finance

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January - June 2025

PUBLIC SECTOR INTERVENTION
A Key to Inclusive and
Sustainable Development



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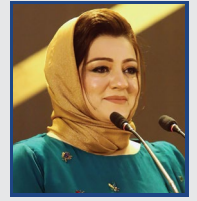
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editorial.



Shahla Naqvi
Editor

Beyond Teaching to Fish: Building Smart Economics through Financial Inclusion

Give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime. This adage has long been used to highlight the contrast between temporary relief and sustainable empowerment. Yet this analogy must go further. Even if a man is taught how to fish, he still needs secure ownership of the pond, a road to take his fish to the market, and institutions that protect him from exploitation. Without these, skill alone cannot translate into livelihood or prosperity. The best example of this, at the macro level, is promoting financial inclusion by disbursing interest-free micro and small loans to unemployed young people, coupled with providing them vocational training to make the most effective use of those funds. Unlike the disbursement of cash charity, this approach creates systems that empower people to stand on their own feet. It is smart economics.

In the context of Pakistan, with a population of over 240 million, nearly half of whom remain unbanked, financial inclusion is an economic imperative. It means ensuring that every citizen, especially women, low-income groups, rural communities, and youth, has access to affordable financial services. Despite progress, gaps remain. The share of adults with a bank account rose from 16 percent in 2015 to 64 percent in 2023, while women depositors increased from 13.1 million in 2018 to 31.2 million in 2023. Yet only 14 percent of women have access to digital financial services compared to 56 percent of men, and mobile wallet ownership stands at 48 percent for men but just 11 percent for women. These numbers show that while access is expanding, real empowerment remains to emerge.

Pakistan's recent history illustrates the limits of 'giving fish' in the form of short-term aid. During the 2022 floods, NGOs and donors distributed food and tents that were vital for survival, yet communities remained dependent for months because little was done to rebuild livelihoods, housing, or land rights. It also highlights the limits of 'teaching to fish' without systems. Vocational training programs under National Vocational & Technical Training Commission (NAVTC) and provincial bodies equip youth with skills in IT, plumbing, or mechanics, but many remain unemployed due to weak markets and lack of opportunities in recruitment. Farmers know how to grow crops, but without secure land titles and efficient courts, they risk losing everything to landlords or fraudulent claims. Even when they do produce, poor roads and lack of cold storage in Balochistan and interior Sindh leave fruits and vegetables to often rot before reaching markets, particularly during unprecedented climate conditions. Meanwhile, donor-driven initiatives such as introducing genetically modified seeds in Punjab have sometimes failed because they ignored farmers' actual needs in the face of water shortages and high input costs.

The lesson for Pakistan is clear: aid alone does not work if it breeds dependency; skills without systems have limited impact; institutions and property rights matter; infrastructure unlocks markets; and listening to communities is vital for sustainable solutions. Strong governance, secure ownership, better logistics, and community-centered development are the true enablers of resilience.

This is where financial inclusion becomes central to smart economics. When people have access to bank accounts, credit, insurance, and digital payments, they save more, invest in businesses, and are better prepared for emergencies. This strengthens households, fuels entrepreneurship, broadens the tax base, and creates new markets for banks and businesses. It reduces inequality, builds resilience, and contributes directly to national productivity. Financial inclusion strengthens not just individuals but the economy itself.

The State Bank of Pakistan has recognized this and set ambitious targets: raising financial inclusion to 75 percent and cutting the gender gap to 25 percent by 2028. The National Financial Inclusion Strategy has laid important foundations. Raast, Pakistan's first instant digital payment system, is a landmark initiative enabling low-cost, interoperable transactions. Branchless banking, mobile wallets, and microfinance providers are expanding outreach in underserved regions. But access alone is not enough. Financial literacy and trust must accompany it. Institutions such as the National Institute of Banking and Finance (NIBAF) Pakistan play a pivotal role through programs like the National Financial Literacy Program (NFLP) and NFLP-Y, which equip people — from students, rural women and professionals to households and entrepreneurs — with the knowledge to use financial services confidently and responsibly.

The lesson, then, is that financial inclusion is the modern version of teaching people to fish. But to make it meaningful, we must also ensure secure institutions, build the infrastructure that connects opportunity, and listen to communities themselves. Aid without empowerment creates dependency; skills without markets lead to frustration; and policies without implementation often fail.

Smart economics demands that we go beyond short-term fixes to create systems where people are not only able to "fish" but also have the ownership, access, and confidence to thrive.



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THE CONTRIBUTORS

Owais Ahmed Qureshi is MBA Banking and Finance from KUBS (Karachi University Business School) and has experience of more than 11 years in various Financial Institutions. He is currently serving as Manager Compliance in a Fintech EMI. He is actively engaged in writing articles related to Anti-Money Laundering and its regime globally.

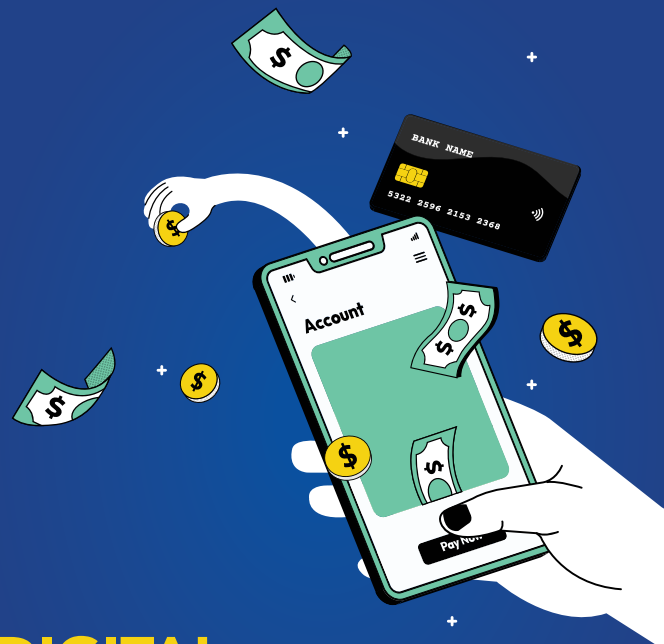
Akram Khatoon is a prominent senior banker who was the founder and President/ CEO of First Women Bank Ltd. from 1989 to 2001. She is a prolific writer on topics of current interest such as banking, finance, financial inclusion and economy. She was formerly the Chancellor of Jinnah University for Women, and is currently advisor and member of the Board of Governors at the university.

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Moulvi Tamizuddin Khan Road
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☎ 92 (21) 111-000-427
✉ nibaf.sbp.org.pk

Senior Manager Publications/Editor

Shahla Naqvi
☎ 92 (21) 35277 529
✉ publications@nibaf.org.pk

Deputy Editor

M. Abdul Basit Adil
☎ 92 (21) 35277 508

Advertising

Muhammad Akram
☎ 92 (21) 35277 511
✉ muhammad.akram@nibaf.org.pk

Design

M. Jahangir Ishaq | S. Haris Jamshaid

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APPOINTMENT OF CEO NIBAF PAKISTAN



Ms Lubna Farooq Malik
Chief Executive Officer

We are pleased to announce that Ms. Lubna Farooq Malik has been appointed as the Chief Executive Officer of the National Institute of Banking and Finance (NIBAF) Pakistan, effective August 27, 2025.

She succeeds Mr. Riaz Nazarali Chunara, whom we sincerely thank for his dedicated service and valuable guidance during his tenure.

We look forward to Ms. Malik's leadership in driving NIBAF Pakistan's vision and growth.

NIBAF PAKISTAN ACTIVITIES HIGHLIGHTS

January – June 2025



Customized Training

NIBAF Pakistan arranged a customized training on 'Leadership Program for Senior Management', where participants were Senior Vice President and above. It was one-day training program held in Lahore on January 22, 2025 where 35 participants from different banks marked their attendance. Customized coaching classes of ISQ under Fast Track program for MCB bank employees were also arranged. There were 59 MCB bank employees who received the classroom instruction of ISQ from January 20-25, 2025, in Lahore.

There was a customized 02 days' training on 'Soft Skills and Excellence' program, held in Islamabad for BAJ&K employees, from February 1-2, 2025, with 25 BAJ&K employees participants. Another customized training, 'Credit Manager Certification program (CMCP)', was arranged for the employees of BAJ&K. The training was held at NIBAF Pakistan, Islamabad, from February 10-14, 2025.

The Director's Training Program (DTP) held in Karachi from February 10-14, 2025. There were 07 nominations of executives from different Commercial banks as well as the central bank. Another customized training, 'Operation Manager Certification program (OMCP)' was organized for the employees of BAJ&K, at NIBAF Pakistan, Islamabad, from February 17-21, 2025.

Customized trainings for MCB bank on 'Comprehensive Reporting of ITRS Data', on April 7-8 were conducted in Lahore, with 43 participants. Another training session on the same topic was arranged for the Bank of Punjab (BOP) employees and MCB Islamic Bank employees on April 9, 2025 where 28 bank employees participated in this session in Lahore. Another

customized training 'Operation Manager Certification program (OMCP)' was arranged for 25 employees of BAJ&K. The training was held at NIBAF Pakistan, Islamabad, from April 14-18, 2025. Another customized training, 'Credit Manager Certification program (CMCP)' was arranged for 25 employees of BAJ&K. The training was held at NIBAF Pakistan, Islamabad from April 21-25, 2025.

A customized training session was organized for Bank Alfalah Ltd in Karachi. This was a three-day training program on 'FMU Red Flags/ Typologies Assessments & Strategic Analysis', held from May 12-14, 2025, where 53 employees from the bank participated. There was another two-day training program under pre-book model, on 'Women in Leadership', held from May 14-15, 2025, where 37 female participants joined the training from different banks and financial institutes, in Lahore. A customized 'Director's Training Program (DTP)' was held in Lahore. This was a five-day training program conducted from May 19-23 2025, where 7 executives from different financial institutes participated.

ISQ Fast Track

ISQ Fast Track exams were conducted for the Management Trainee Officers (MTOs) of Bank Alfalah Ltd. in Karachi and Lahore from January 13-16, 2025. There were 14 MTOs who appeared in these exams: 13 from Karachi and 1 from Lahore.

ISQ Fast Track exams were also conducted for the employees of MCB Bank in Lahore, Karachi, Islamabad, Peshawar, Gujranwala, and Multan, from February 11-14, 2025. There were 57 MCB bank employees who appeared in these exams.

ISQ Fast Track exams were conducted for the Graduate Trainee Officers (GTOs) of Bank AL Habib Ltd. These exams were conducted in Karachi, Islamabad and Lahore from April 7-10, 2025. There were 128 GTOs who appeared in these exams. NIBAF Pakistan also conducted an informative ISQ Awareness session in Bahria University, Islamabad campus on April 24, 2025. This face to face session was attended by the students from the BS Accounting & Finance, BS Economics and BS Supply Chain Management classes.

An informative ISQ Awareness session was also conducted in IM Sciences University, Peshawar on May 20, 2025. This face-to-face session was attended by the students from the Banking and Finance department.

Another informative ISQ Awareness session was conducted at Meezan Bank Head Office on June 11, 2025 for the employees of the Meezan Bank, in Karachi. NIBAF Pakistan arranged the ISQ Fast Track exams for the employees of MCB bank. These exams were conducted in Lahore, Karachi and Islamabad from June 23-27, 2025. There were 157 MCB bank employees who appeared in these exams.

Recruitment Services:

Recruitment test for the post of General Banking Officers (GBOs) Grade – III, for the Punjab Provincial Cooperative Bank Ltd was held on January 26, 2025. The test centers were established in Bahawalpur, D.G. Khan, Faisalabad, Gujranwala, Lahore, Multan, Rawalpindi, Sahiwal and Sargodha. Admit cards were issued to the 1181 candidates who met the criteria set by the bank.

Assessment Services:

A computer based assessment test for the employees of Bank AL Habib Ltd on 'Certified Trade & Credit Officers Program (CTCO) – Batch-VI' was conducted on January 28 2025, at Karachi. There were 33 participants in this session.

Assessment test was conducted for the Principles of Islamic Banking & Finance program, specially designed for candidates of Hamdard University. The assessment was conducted on February 18, 2025 for their 07 students.

NIBAF Pakistan had the opportunity to arrange a computer-based assessment test for the employees of Bank AL Habib Ltd on "Certified Trade Finance Officer (CTFO)". There were 18 participants in this assessment and it was conducted on April 9, 2025 in Karachi. Another computer-based assessment was held for the 25 employees of Bank Azad and Jammu Kashmir (BAJ & K) on April 7, 2025 in Islamabad.

Promotion Test:

Promotion test was conducted for the Bank of Punjab (BOP) employees. Test centers were established at 19 different locations across Pakistan. There were around 5,000 candidates who have appeared in the Promotion test conducted on February 22 & 23 and March 25, 2025.

International Training:

A very successful International training session, 'Tales from the Trenches: Understanding Trade Finance, Trade Compliance and Sanction Risk in Today's Interconnected World', was held in Karachi, on August 21, 2025. There were 36 participants from commercial banks and from different corporate entities of Pakistan, who physically attended this training in Karachi. In addition to these, there were 8 participants who joined this informative session through ZOOM from other cities. Mr. Vincent O'Brien, Director ICC UAE and Mr. Mohamed Daoud, Director Moody's/ Industry Practice Lead – Financial Crime Compliance (Middle East and South Asia), were the trainers of this informative and interactive training session.



Women in Leadership Training Program, Lahore



Directors' Training Program



MCB – ISQ Fast Track Coaching Class



ISQ Session –IM Sciences Peshawar



ISQ Awareness Session at Bahria University,
Islamabad



Tales from the Trenches: Understanding Trade Finance, Trade Compliance and
Sanction Risk in Today's Interconnected World



16TH SAARCFINANCE SEMINAR

Challenges and Opportunities in the Capacity Building of the Central Bank and Financial Industry – Lessons for SAARCFINANCE Countries

The National Institute of Banking and Finance (NIBAF) Pakistan successfully organized a one-day seminar on 'Challenges and Opportunities in the Capacity Building of the Central Bank and Financial Industry – Lessons for SAARCFINANCE Countries.' The event, held at NIBAF Pakistan, Islamabad on February 24, 2025, convened policymakers, financial experts, and regulators from across the SAARC (South Asian Association for Regional Cooperation) region to deliberate on the evolving landscape of financial industry capacity building and workforce development in an era of technological transformation.

The SAARCFINANCE initiative, established in 1998, serves as a critical regional network for financial cooperation among SAARC countries. This seminar, part of the ongoing SAARCFINANCE agenda, focused on how SAARC member countries can position themselves to confront the challenges posed by technological transformation. By fostering dialogue, sharing experiences, and identifying actionable strategies, the event sought to empower policymakers, regulators, and financial professionals to build resilient institutions capable of sustaining regional economic growth and stability. The seminar emphasized on creating a future-ready financial ecosystem that aligns with global best practices while addressing the distinct needs of the region.

The seminar was inaugurated by Mr Saleemullah, Deputy Governor SBP. In his welcome address, Mr Saleemullah emphasized the transformative impact of technological advancements, geoeconomic shifts, and climate change on central banking. He highlighted the growing role of artificial intelligence (AI), machine learning, and blockchain in enhancing the efficiency, inclusivity, and affordability of financial services.

The Deputy Governor outlined three key challenges facing central banks and financial institutions. Firstly, the accelerated adoption of AI, big data analytics, and blockchain, digital currencies necessity an urgent reskilling of central bank workforce to keep pace with

innovation. Secondly, the global digital divide poses significant risks to the adoption of digital financial services in developing regions like South Asia. And thirdly, the rise of Fintech and financial interconnectivity, that has intensified challenges related to cybersecurity, data privacy, and financial fraud, demanding greater regional and global collaboration.

In his concluding remarks, the Deputy Governor stressed that digital transformation is no longer optional but imperative for financial institutions. He called for investments in advanced analytics, AI, and automation, alongside the development of regulatory frameworks that balance innovation with stability. He also highlighted the unique role of SAARCFINANCE as a platform for cross-border collaboration, advocating for joint training programs, knowledge exchange, and the establishment of regional centers of excellence.

Delivering the keynote address virtually on 'Exploring and Resolving Challenges in Central Bank Training: A Forward-Looking Perspective', Mr Babak Abbaszadeh, President & CEO, Toronto Centre for Global Leadership in Financial Supervision, provided a compelling and internationally focused perspective on the opportunities and challenges in financial capacity building. Drawing from his extensive global interactions with financial authorities in Asia, Africa, Latin America, and beyond, he acknowledged the prevailing uncertainty and anxiety in the financial sector.

"First, while capacity building is a crucial pillar of effective financial supervision and financial stability, a major pressing challenge is retaining skilled professionals within regulatory agencies. The demand in expertise in areas such as IT, AML, CFT, FinTech, risk-based supervisions growing rapidly, and regulators often struggle to compete with the private sector in attracting and retaining top talent," he said.

However, he commended the dedicated efforts of institutions like the State Bank of Pakistan (SBP) in enhancing financial readiness and resilience.

Mr Abbaszadeh stressed the imperative of strengthening core supervisory capacity to ensure financial stability in the face of geopolitical risks and economic uncertainties. He highlighted the necessity of crisis preparedness, urging financial institutions to adopt proactive strategies that enable them to withstand economic shocks and external disruptions.

“The second cross-cutting challenge is strengthening collaboration between regulators, financial institutions, and academia, which is essential for enhancing capacity-building initiatives. This can also be very tricky, because each comes at it with a different interest. This can also be very tricky, because each comes at it with a different interest. At the end of the day, it's the regulator's neck that's on the hook, but the responsible financial industry must be a partner in this issue. And also, the regulators cannot fall for regulatory capture,” he observed.

Adding on, he remarked that, “By fostering partnerships among these stakeholders, we can ensure that the supervisory capacity-building remains dynamic, relevant, and impactful in addressing today's financial sector challenges. These dialogues with industry and academia are very important.”

The keynote address further underscored the critical impact of climate risks on financial stability. Mr Abbaszadeh warned that climate change poses a systemic threat to financial institutions, requiring integrated risk assessment and sustainability-focused policies. He emphasized that financial institutions should take a leading role in driving green finance initiatives and environmentally responsible investment practices.

A key theme of his address was the double-edged nature of technological innovations. While AI, blockchain, and machine learning present immense opportunities for efficiency and inclusivity, they also introduce new regulatory challenges, particularly in areas such as financial fraud and cybersecurity threats. Mr Abbaszadeh cautioned that financial institutions must be vigilant against hidden vulnerabilities, ensuring robust safeguards against cybercrimes and illicit financial activities.

Finally, Mr Abbaszadeh emphasized the importance of global coordination and regional cooperation in navigating financial challenges. He advocated for closer collaboration among SAARCFINANCE countries to share best practices, enhance regulatory frameworks, and implement coordinated responses to emerging financial risks. His concluding remarks reinforced the vital role of capacity-building initiatives in equipping financial institutions with the expertise needed to tackle future disruptions effectively.



Panel Discussion I: Staying Ahead of the Curve – Workforce Strategies for a Disruptive Age

The first panel discussion titled Staying Ahead of the Curve – Workforce Strategies for a Disruptive Age, moderated by Mr Ali Qamar, Partner, Co-Founder, Foresyte Consulting, explored the changing workforce dynamics in the financial sector. The discussion brought together a diverse panel comprising Mr Riaz Nazarali Chunara (CEO, NIBAF Pakistan), Dr Suleman Shahid (Associate Professor, LUMS), Mr Ahmed Bilal Masud (Deputy CEO, Huawei) and Ms Saira Shahid Hussain (ABL), who shared insights into the evolving challenges and opportunities in workforce development.

The panelists emphasized the need to redefine skill requirements in light of rapid technological advancements. AI, machine learning, and automation were highlighted as key drivers reshaping workforce competencies. The discussion underscored the importance of integrating ed-tech solutions to bridge the growing skills gap and ensure financial professionals remain agile in adapting to emerging technologies.

Ms Saira Shahid Hussain from (ABL) said, “We form teams for project-based teams. We do not restrict their learning curve to only their own immediate skill set or competency which is required in their business or work scope. For example, for the last three years, we had been running digital acumen trainings for all people in order to build their digital equipment to a certain level.”

She added, “I don't see DeepSeek or AI or the digital technologies or solutions which are coming up as a threat. I see them as an opportunity for each one of us. This would give us more efficiencies, more time in order to evolve ourselves and represent and up skill ourselves to meet these challenges, in my opinion. So, I think we should not take it as a threat.”

Panelists elaborated on the role of financial institutions in cultivating a culture that embraces technological disruption while ensuring resilience against risks such as cybersecurity threats and regulatory challenges. Additionally, the panel tackled the issue of attracting and retaining top talent in an era where digital transformation is redefining workplace expectations. Strategies such as adopting flexible work environments, fostering diversity, and investing in continuous professional development programs were discussed as essential tools for financial institutions to maintain a competitive edge.

Mr Ali Qamar, Partner, Co-Founder, Foresyte Consulting said, “I think one figure was mentioned in the first session that there are 92 million jobs which are up for replacement, as per World Economic Forum report. But that report also suggests that there are 170 million new jobs which are being created as well because of technology. So, essentially, it's about like 15% of the workforce which is going to increase because of new tools which are going to come up.”

Mr Ahmed Bilal (Deputy CEO, Huawei) said, “I came across a research, it said that the top jobs which were there in 2019, they did not even exist just two years

back and the challenge becomes that we are training or we need those people which we don't, we're training a workforce now, but we don't know jobs in the next five years later, what exactly will they be. So, this is a challenge."

Another crucial discussion point revolved around the role of leadership in driving workforce adaptability. Financial institutions must proactively nurture leadership that champions innovation, encourages lifelong learning, and implements workforce reskilling initiatives.

Dr Suleman Shahid (Associate Professor, LUMS) said, "Managers of the future would look at how to deal with Gen Z and how to deal with Gen Alpha, so that you can excite them in the beginning, so you can retune them to the changing needs of organization. So, we should not refuse that we would need to change. The hierarchical culture of an organization would be killed, because the new generation is not going to accept that hierarchy."

Panel Discussion II: Transforming learning – Leveraging Technology for Professional Growth

The second panel discussion on Transforming Learning – Leveraging Technology for Professional Growth in Central Banks and Wider Financial Industry, moderated by Syed Sohail Javaad, Executive Director at SBP, explored the transformative potential of technology in professional learning and workforce development within the financial sector. The discussion featured Dr Hans Genberg (Asia School of Business), Mr Mangal Goswami (IMF Institute for Capacity Development), Dr Rizwan Malik Head of the Islamic Finance Centre (Bahrain Institute of Banking and Finance), and Mr Juan Carlos Crisanto Deputy Chair of the FSI (Financial Stability Institute), who shared diverse perspectives on how technology is shaping financial industry learning methodologies.

Mr Syed Sohail Javaad, Executive Director at SBP said, "In today's world, the change is happening so rapidly that if you are a part of it, you have to adapt to it and if you don't adapt to the change, it's likely that you will perish. And you will perish in a way that nobody would remember you. And recently, we have seen what has happened to different industries, how they have transformed themselves."

The panelists highlighted the crucial role of AI-driven learning platforms in addressing the growing need for upskilling and reskilling professionals. AI, machine learning, and big data analytics are being increasingly integrated into training programs to provide personalized, adaptive learning experiences that align with industry requirements. Another key theme was the use of blockchain technology for credential verification. The panelists discussed how blockchain-based certification systems can enhance the credibility and security of professional qualifications, reduce fraudulent credentials and ensure seamless cross-border recognition of financial expertise.

Dr Hans Genberg from Asia School of Business remarked, "You ask a question in a different way, you get another answer and the point here being that you

need to understand how these artificial intelligence programs generate their answers in order to be able to assess whether they are applicable to your particular situation. And I think this is perhaps most evident if you ask the artificial intelligence to make a forecast on the basis of some information that you give it, and then look at data and the economy."

The panel also delved into the challenges of implementing technology-driven learning solutions, including organizational resistance, cybersecurity concerns, and the digital divide in emerging economies. Panelists stressed the importance of collaborative efforts between financial regulators, academic institutions, and private sector leaders to drive innovation and overcome barriers in digital learning adoption.

An essential discussion point was the role of financial regulators in fostering a culture of continuous learning. As the financial sector undergoes rapid transformations, regulators must ensure that financial professionals receive structured training on new compliance frameworks, emerging financial risks, and innovative regulatory tools.

Mr Mangal Goswami (IMF Institute for Capacity Development) added, "It's not just the technology that is going to enable us to do this, but it's the kind of macroeconomic policies that we adopt that's going to be much more important."

He added, "I think for central bankers, the use of technology is very, very important. But at the same time, we have to be very much aware of what are the structural shifts that are happening in the global arena. We have to be relevant, using technology such as digital money, using technology for assessing climate change is going to be very important. We need to understand some of the broader issues of geo-economic shift."

Dr Rizwan Malik, Head of the Islamic Finance Centre at the Bahrain Institute of Banking and Finance said, "Of course, AI and machine learning is not a myth anymore. It is the reality of life and we have to adapt and get used to it. There are a lot of pleasant news in that, of course, where we can delegate a lot of roles and responsibilities, but at the same time, it also gives rise to some unpleasant – if I can use the word – unpleasant fear that is there on what the potential of this technology is."

Mr Juan Carlos Crisanto Deputy Chair of the FSI (Financial Stability Institute) said, "Digital training works best when there is a process in place for monitoring and assessing the impact based on that, taking decisions of upgrading or updating the content. This means that assessing effectiveness is about getting feedback from the learners, getting feedback from bosses, and other stakeholders. But then it's important to have a capacity building function whose role is to assess this impact, and find ways or help to find ways to upgrade the learning approaches and update the content because it's so important, particularly when you talk about digital training, that it doesn't become obsolete and ineffective."

The panel advocated for public-private partnerships in capacity-building efforts to create a more agile and future-ready workforce.

Wrap-Up Session: Key Insights and Next Steps

The seminar concluded with a compelling wrap-up session led by Mr Riaz Nazarali Chunara, CEO, NIBAF Pakistan, who emphasized the need for collaborative capacity-building initiatives that go beyond regulatory bodies to include financial institutions and academia. He addressed the growing regulatory complexity, calling for streamlined policies and training programs that can adapt to rapid financial and technological advancements.

Mr Chunara stressed the importance of institutional support and long-term planning for capacity-building efforts, noting that workforce transformation requires continuous investment. He also underscored the role of AI and digital acumen in workforce evolution, emphasizing that financial institutions must proactively integrate digital training into their operational models.

Additionally, the discussion highlighted the impact of climate risks and geopolitical uncertainties on financial stability, urging institutions to develop resilient and adaptable financial strategies. Lastly, he emphasized the importance of partnerships and knowledge-sharing platforms to ensure a globally competitive and well-equipped financial workforce.

Conclusion: Advancing Regional Financial Stability

The seminar provided a vital platform for SAARC countries to exchange knowledge, identify best practices, and develop actionable strategies for financial capacity building. With rapid technological disruptions reshaping the industry, continuous learning, collaboration, and innovation will be fundamental in ensuring financial institutions remain resilient, inclusive, and future-ready.

Brochure is available at:

<https://www.sbp.org.pk/Saarc/events/2025/SAARCFINANCE-seminar.pdf>

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NATIONAL FINANCIAL LITERACY PROGRAM FOR YOUTH (NFLP–Y)

Highlights (January – June 2025)

The State Bank of Pakistan (SBP), as part of its strategic vision, continues to advance financial inclusion by promoting financial literacy nationwide. To this end, the central bank with the support of National Institute of Banking and Finance Pakistan (NIBAF-P), a subsidiary of SBP, has been implementing various programs and adopted several initiatives to cascade financial literacy among various segments of the society. The main objective of these financial literacy initiatives is to create financial awareness, enhance financial knowledge and understanding of basic financial concepts, as well as developing skills and attitudes towards budgeting, savings, investments and so much more. These programs also play a vital role in deepening financial inclusion by instilling early financial discipline, reducing reliance on informal practices and expanding the reach of regulated financial services. Moreover, by fostering entrepreneurial skills among students, they contribute to market development, nurturing a pipeline of future SMEs, startups and innovators that the banking sector will eventually serve. A financially literate population underpins

financial stability, as people who understand money management are better prepared to save, repay and participate productively in long-term economic growth.

Fifteen boot camps were organized across Federal Directorate of Education (FDE) schools in Islamabad, engaging over 3,000 students (1,300 male, 1,700 female). Through these interactive sessions, students learned practical skills in saving, budgeting, digital payments and entrepreneurship. Activities such as Meena Bazaars, pocket money management and fundraising projects offered hands-on exposure, with some participants going on to launch small businesses and open bank accounts.

More than 2,500 government teachers from 438 schools and colleges were trained on financial literacy and pedagogy through 100 training sessions. By empowering teachers as knowledge multipliers, financial concepts will cascade to thousands of students annually, embedding financial discipline/concepts at the grassroots level.

With sustainability perspective and for the benefit of the students nationwide, NIBAF-P has already developed detailed Student Learning Outcomes (SLOs) from grade 1 to 12, to be used as a guideline for preparing model chapters and supplementary learning materials. Integration of these SLOs into the national curriculum of Pakistan is in process. Introducing financial literacy from Grade 1 to Grade 2 plays a pivotal role in shaping children's attitudes and behaviors towards money and banking from the very beginning of their educational journey. At this early stage, students begin to understand the concepts of value, saving, spending and sharing, which gradually evolve into more advanced financial skills as they progress. Embedding these foundational lessons not only builds confidence in handling money but also nurtures habits of responsibility, discipline and informed decision-making. This early exposure creates a generation of future customers who are more likely to engage with formal financial channels, while for academia, it represents a forward-looking approach to integrating essential life skills into the curriculum. Ultimately, early financial education fosters a financially aware, responsible and empowered generation capable of contributing meaningfully to both personal and national economic growth.

Financial Literacy Week 2025 was also celebrated in April, 2025. This national event reaffirmed financial literacy as a 21st-century life skill. The event emphasized on empowering youth to make informed financial choices and fostering an entrepreneurial spirit vital for national progress.

Summer Fiesta 2025 was a 10-day program, launched by the Federal Minister for Education that offered students free courses in digital skills, entrepreneurship, financial literacy and e-commerce. As a strategic partner, NIBAF-P delivered sessions on budgeting, taxation, banking, digital platforms for business, and National Financial Inclusion Strategy (NFIS) awareness, enabling youth to connect classroom learning with real-world applications.

In collaboration with HBL and SBP BSC, two high-impact webinars were hosted in Rawalpindi and Muzaffarabad, bringing together experts from SBP, NIBAF-P, FDE, HBL, and ADB (Asian Development Bank). With 200+ participants, discussions highlighted the transformative role of digital platforms, branchless banking, Raast and fintech solutions in extending financial literacy and services to underserved communities across Pakistan and AJ&K.

NIBAF Pakistan, in collaboration with Karandaaz and Punjab Education Foundation (PEF), has launched one of the country's largest school-based financial literacy programs, targeting over 100,000 students across 1,000 PEF schools. The initiative embeds core concepts such as earning, saving, budgeting and digital banking into regular learning, while preparing nearly 2,000 teachers and Master Trainers to deliver impactful classroom sessions. This initiative is directly aligned with SBP's National Financial Education Roadmap (2025–2029). This program not only advances financial inclusion but also contributes to national priorities on quality education, economic empowerment and economic prosperity.



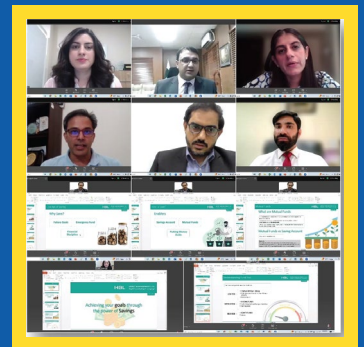
These initiatives nurture a financially aware future generation, expand adoption of formal channels and foster entrepreneurship, strengthening the financial ecosystem and market development. The integration of financial literacy into the national curriculum opens avenues for research, curriculum innovation and partnerships, ensuring education remains relevant to today's economic realities. Through these initiatives SBP is cultivating future-ready customers with financial discipline, expanding financial inclusion, deepening digital adoption and nurturing tomorrow's SME and retail banking clients. Integrating financial literacy into the education system through dedicated financial literacy programs, interactive boot camps and formal curriculum integration not only enriches school education but also equips students with essential life skills that extend beyond textbooks.

These initiatives provide practical exposure to money management and entrepreneurship, while creating research opportunities and strengthening teacher capacity. By combining classroom learning with hands-on financial literacy activities, these efforts lay the foundation for a financially informed, responsible and economically active generation.

A financially literate generation grows into confident adults who engage with formal banking channels, thereby creating demand for savings, credit, insurance and digital products. By instilling early financial concepts, these initiatives have deepened financial inclusion and reduced reliance on informal practices to a great extent and broadened the reach of regulated services. Furthermore, by fostering entrepreneurial skills among students, they nurture a pipeline of future SMEs, startups and innovators that will drive market development and expand business opportunities for the banking sector.

Together, these efforts mark a decisive step toward a financially inclusive, digitally connected and economically resilient Pakistan.

GALLERY





NIBAF PAKISTAN IMPACT FY 24-25 AT A GLANCE

We are proud to share the annual impact snapshot of NIBAF Pakistan, highlighting our commitment to capacity-building, innovation, and professional excellence in Pakistan's financial sector.

This achievement reflects NIBAF Pakistan's unwavering mission to empower talent, strengthen institutional capacity, and advance the financial sector through world-class training and assessment.



548

TRAININGS CONDUCTED

Delivering 548 impactful trainings across sectors.



19,867

PARTICIPANTS

Nearly 20,000 professionals trained and empowered in transformative learning.



56,729

PERSON-DAYS

56,729 person-days invested in building skills and capacity.



1,620

TRAINING DAYS

Over 1,600 days dedicated to learning and development



377

TRAINERS ENGAGED

A strong network of 377 expert trainers across disciplines



14,447

E-LEARNING ENROLMENTS

14,447 learners reached through digital platforms



89

ISLAMIC FINANCE TRAININGS

Expanding expertise with 89 Islamic Finance sessions



14,972

ISLAMIC FINANCE PERSON-DAYS

14,972 person-days devoted to Islamic Finance capacity building

ASSESSMENT & EXAMINATION

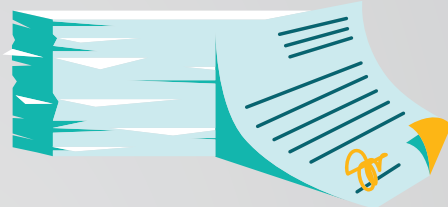
Overall



28,864

**PARTICIPANTS
ASSESSED NATIONWIDE**

*Upholding assessment standards
for nearly 29,000 candidates.*



269

**EXAMINATION
PAPERS DELIVERED**

*Ensuring quality and integrity
with 269 examinations conducted.*

Online via LMS (Subtotal)



27,254

**PARTICIPANTS
ASSESSED ONLINE**

*Digital-first assessments
reached over 27,000
participants via our LMS.*



258

**ONLINE PAPERS
CONDUCTED**

*258 structured assessments
delivered seamlessly online.*

Paper Based (Subtotal)



1,610

**PARTICIPANTS
ASSESSED ON PAPER**

*Paper-based assessments
engaged over 1,600
participants across banks.*



11

**PAPERS CONDUCTED
ON PAPER**

*11 in-person assessments
conducted across
multiple banks.*


 An illustration on a blue background showing a hand holding a smartphone. The phone screen displays an 'Account' page with a green balance area and a 'Pay Now' button. Surrounding the phone are various financial symbols: a hand dropping a coin, a bank card with 'BANK NAME' and card number '5322 2596 2153 2368', and several floating dollar bills and coins. Plus signs are scattered around the elements.

DIGITAL PAYMENTS FOR BROADER ACCESS

FINTECHS, THE IDEAL COLLABORATORS

By: Owais Ahmed Qureshi

The global financial ecosystem is undergoing a profound transformation since the last decade, driven by the rapid adoption of digital payments and the rise of financial technology companies (fintechs). This evolution is not merely technological but is reshaping economic structures, enabling financial inclusion, and offering innovative solutions to both consumers and businesses. Fintechs, through their digital-first approach, are eliminating traditional barriers to financial services, particularly in underserved regions. From QR code-based payments to mobile wallets and wearables, fintechs are expanding consumer options and reducing costs, fostering a more inclusive and efficient economy.

Digital payments have revolutionized the way financial transactions are conducted. The world is shifting rapidly from cash-based economies to digital-first financial ecosystems. This transformation is being driven by the emergence of fintech companies that shift towards innovative technologies to provide more efficient, accessible, and cost-effective payment solutions. In today's context, where financial inclusion and transparency are global goals, fintechs play a critical role in bridging the gap between the banked and unbanked populations. Their agile and scalable models present a stark contrast to traditional banking institutions, making them ideal collaborators for governments, regulators, and the private sector in broadening access to finance.

Current Landscape of Payment Systems Across the Globe

The current global payment landscape is a dynamic and rapidly evolving ecosystem, influenced by technological advancements, consumer behavior, regulatory developments, and economic needs. Traditional methods like cash, cheques, and manual banking transactions once dominated financial exchanges. These methods, while foundational, posed limitations in terms of speed, efficiency, security, and accessibility. However, the past decade has seen a paradigm shift toward digitization, transforming the way individuals and businesses interact financially.

In developed countries such as the United States, Canada, and much of Europe, the shift toward digital payments has been characterized by the widespread adoption of credit and debit cards, internet banking, and mobile payment platforms. Giants like PayPal revolutionized online transactions in the early 2000s, paving the way for contactless payments and mobile wallets. Today, platforms such as Apple Pay, Google Pay, and Samsung Pay enable users to make purchases with a simple tap of their smartphones or wearables. Contactless cards have become a standard in these regions, offering speed and convenience in everyday transactions.

Europe has advanced digital payment integration through the Single Euro Payments Area (SEPA), which streamlines cross-border transactions in euros, facilitating e-commerce and improving financial interoperability. Nordic countries like Sweden and Finland are at the forefront of this cashless revolution. In Sweden, for instance, more than 80% of transactions are digital, and many retailers no longer accept cash.

In Asia, the transformation has been even more revolutionary. China leads the world in mobile payments with platforms like Alipay (by Ant Financial) and WeChat Pay (by Tencent). These super apps combine social, commercial, and financial functionalities, allowing users to pay for everything from groceries to utility bills, split restaurant bills, and send red packets (digital cash gifts) during festivals. Mobile payment penetration in China exceeds 90% in urban areas, reshaping the traditional banking and retail sectors.

India has also made significant strides through the Unified Payments Interface (UPI), an instant real-time payment system developed by the National Payments Corporation of India. UPI allows users to link multiple bank accounts to a single mobile application and perform seamless peer-to-peer and merchant transactions. It has seen explosive growth, registering billions of transactions monthly, thanks to its interoperability, zero-fee structure, and government support through initiatives like Digital India.

Southeast Asia, home to emerging economies like Indonesia, Vietnam, and the Philippines, is also experiencing rapid growth in digital payments. E-wallets such as GrabPay, GoPay, and ShopeePay are expanding financial access among the unbanked and underbanked populations. These wallets are often tied to ride-hailing or e-commerce platforms, providing embedded financial services.

Africa presents one of the most compelling success stories in digital financial inclusion. The introduction of mobile money by Kenya's Safaricom through M-Pesa in 2007 revolutionized access to financial services. M-Pesa allows users to deposit, withdraw, transfer money, and pay for goods and services using basic mobile phones, without the need for a bank account. This model has since been replicated across several African countries including Tanzania, Ghana, Uganda, and Rwanda, fundamentally changing the financial lives of millions.

Latin America, particularly countries like Brazil and Mexico, is also experiencing a digital payment surge, propelled by fintech startups and government initiatives. Brazil's PIX, an instant payment platform launched by its central bank, is a prime example. It allows 24/7 instant transfers and has been widely adopted by consumers, businesses, and even street vendors.



Countries like China, the Bahamas, and Nigeria are introducing national digital currencies to enhance payment systems, lower remittance costs, boost financial inclusion, and support monetary policy.

On a global level, another major trend is the exploration and development of Central Bank Digital Currencies (CBDCs). Countries like China (with its Digital Yuan), the Bahamas (Sand Dollar), and Nigeria (eNaira) have launched pilot projects or rolled out national digital currencies to complement existing payment systems and address issues like remittance costs, financial inclusion, and monetary policy implementation. Major economies, including the European Union and the United States, are conducting research and consultations to assess the feasibility and implications of launching their own CBDCs.

There are clear disparities between developed and developing nations in terms of digital infrastructure, broadband and mobile penetration, consumer digital literacy, and regulatory readiness.

Despite these impressive developments, challenges persist. There are clear disparities between developed and developing nations in terms of digital infrastructure, broadband and mobile penetration, consumer digital literacy, and regulatory readiness. Many regions still struggle with last-mile connectivity, lack of trust in digital systems, and low awareness about the benefits of electronic payments.

Fintechs Driving Financial Inclusion

Fintech companies are fundamentally reshaping the payment system industry by addressing the needs of the underserved and unbanked populations—those who have historically been left out of the formal financial system. Financial inclusion, as defined by the World Bank, involves ensuring that individuals and businesses have access to useful and affordable financial products and services—transactions, payments, savings, credit, and insurance—delivered in a responsible and sustainable way. Fintechs are making this a reality through technology-driven solutions that surpass traditional barriers such as geographic isolation, lack of documentation, and prohibitive costs.

One of the most profound ways fintechs drive financial inclusion is through mobile technology. Mobile money services have become the bedrock of financial access in many developing countries. In Sub-Saharan Africa, platforms like M-Pesa have provided millions of people with the ability to send and receive money, pay for goods and services, and even save and borrow, all through basic feature phones. These services operate without the need for a traditional bank account, making them accessible to rural populations and informal workers who may not meet conventional banking criteria.

In South Asia, fintech adoption is equally transformative. Pakistan's Easypaisa and India's Paytm are pioneering platforms that have digitized payments for vast segments of the population. Easypaisa, launched by Telenor Pakistan, allows users to pay bills, transfer money, receive government stipends, and even access microloans through their mobile phones. Similarly, Paytm in India has evolved from a mobile recharge platform into a comprehensive financial services provider offering payments, banking, lending, and insurance services. These platforms often work in tandem with government-led financial inclusion efforts, such as India's Jan Dhan Yojana, which aimed to bring every household into the banking system.

Fintechs also reduce dependency on physical banking infrastructure, which is a significant advantage in areas where bank branches are scarce or nonexistent. Through digital platforms, users can access financial services 24/7 without needing to travel long distances or take time off work. Moreover, the cost of service delivery through digital channels is significantly lower, allowing fintechs to reach customers that traditional banks find commercially unviable.

Furthermore, fintechs use alternative credit scoring models based on behavioral data, mobile usage patterns, utility bill payments, and e-commerce history to assess creditworthiness. This approach enables them to extend credit to individuals with no formal credit history—a common barrier in developing countries. By offering microloans, pay-later services, and flexible repayment plans, fintechs help people build financial resilience and participate in economic activities.

Language localization and user-centric interface design are also crucial elements of fintech-led inclusion. Many fintech apps offer services in local languages and use intuitive graphics to assist users with low literacy levels. Customer support is often available via chatbots, social media, or community-based agents, ensuring that assistance is accessible and efficient.

Economic Boost Through Agile Investment Models

The fintech sector presents a compelling case for driving economic growth, particularly in developing and emerging markets, through its lean and agile investment strategies. Unlike traditional banks that require extensive capital to build physical infrastructure, including branch offices, ATM networks, secure vaults, and large in-house staff, fintechs are structured around digital platforms. This asset-light approach means that their core investments lie in software development, cybersecurity, user interface design, data analytics, and scalable cloud infrastructure.

The reduced need for brick-and-mortar facilities significantly lowers overhead costs, enabling fintech firms to pass on these savings to consumers in the form of lower transaction fees, better interest rates, and more innovative financial products. It also allows fintechs to operate across multiple regions without the limitations imposed by geographic boundaries. In practical terms, a fintech startup can expand from

serving a single city to covering an entire nation or even crossing borders, all while maintaining a centralized digital infrastructure.

This agility is not only cost-effective but also promotes financial democratization. With digital solutions, fintechs can cater to small-scale users, daily wage economy workers, freelancers, micro-enterprises, and informal sector participants who were previously underserved due to cost constraints or credit unavailability. Services such as digital wallets, micro-investment apps, and buy-now-pay-later platforms are made viable and scalable only through fintech's virtual operating model.



// Fintech startups can scale rapidly from local to national or even cross-border markets using centralized digital infrastructure—offering cost-effective growth and greater financial inclusion. //

Moreover, fintechs play a catalytic role in supporting small and medium-sized enterprises (SMEs), which form the backbone of most economies, particularly in Asia, Africa, and Latin America. These businesses often struggle to secure financing from traditional banks due to a lack of collateral or formal documentation. Fintechs address this gap by offering digital lending products, revenue-based financing, and invoice discounting services, using real-time business performance data and AI-based risk assessments. This not only ensures credit access but also enables SMEs to maintain liquidity, expand operations, and contribute to job creation.

Digital payment gateways and merchant platforms provided by fintechs empower local businesses to accept card payments, mobile wallets, and QR code-based transactions without the burden of complex setups or heavy fees. The convenience and affordability of such solutions stimulate economic transactions, enhance business visibility, and foster a culture of e-commerce and digital trade, especially vital in post-pandemic recovery phases.

Fintechs also contribute indirectly to economic growth by formalizing transactions that were previously part of the informal or cash-based economy. Every digital payment generates a transaction record, which adds transparency and traceability to financial activity. This digital footprint becomes invaluable for governments and tax authorities striving to broaden the tax net, increase public revenues, and fight illicit financial flows. As financial activities become more traceable, it also becomes easier to identify and curb corruption, money laundering, and tax evasion.

Another aspect of fintechs' economic influence lies in their ability to adapt quickly to changing market needs and regulatory landscapes. Their flexible business models, supported by agile development cycles, allow them to release updates, launch new services, and integrate third-party tools rapidly. This responsiveness not only improves user experience but also ensures

alignment with national economic priorities such as financial inclusion, digital transformation, and support for underserved sectors.

Expanding Consumer Options in Payment Systems

One of the most transformative impacts of fintech innovation has been the vast expansion of consumer options in the realm of digital payments. In contrast to traditional banking models—where payment methods were limited to cash, cheques, or basic card transactions—fintechs have introduced a lot of alternatives designed to meet the dynamic lifestyles, preferences, and needs of today's diverse consumer base.

At the core of this transformation are mobile wallets and peer-to-peer (P2P) transfer services that allow users to send and receive money instantly, regardless of physical location. Services such as Venmo, Cash App, and Zelle in the U.S., Paytm and Google Pay in India, and Easypaisa and JazzCash in Pakistan exemplify how users can manage day-to-day financial interactions with just a smartphone and internet access. These platforms support a wide array of functions—from paying utility bills and topping up mobile balances to transferring remittances and splitting expenses among friends—all with intuitive user interfaces and robust security measures.

The emergence of Buy-Now-Pay-Later (BNPL) models has further expanded consumer choice by offering flexible spending options. Companies like Klarna, Afterpay, and Sezzle allow consumers to make purchases and spread payments over several weeks or months without the burden of traditional credit card interest rates. This model not only promotes consumer spending and e-commerce growth but also extends informal credit facilities to those who may lack access to traditional lines of credit.

Cross-border remittances have also been revolutionized by fintechs. Platforms such as Wise (formerly TransferWise), Remitly, and WorldRemit offer faster, cheaper, and

// Fintech's competitive ecosystem drives rapid innovation, pushing companies to improve security, app performance, customer service, and integrate with services like ride-hailing and e-commerce. //



more transparent alternatives to legacy money transfer operators. They eliminate the need for intermediaries, provide real-time exchange rate comparisons, and significantly reduce transfer times from days to minutes. This is particularly important for migrant workers sending funds to support families in their home countries, especially in regions such as South Asia, Africa, and Latin America.

Fintechs have not stopped at merely replicating traditional financial services—they have reimagined them. For instance, QR code payments and Near Field Communication (NFC)-enabled transactions through smartwatches, fitness bands, or smartphones are now commonplace in many parts of the world. These touchless payment methods gained even more relevance during the COVID-19 pandemic, providing a hygienic and seamless way to transact. Wearable devices linked to digital wallets allow users to make purchases at stores, transit systems, or even vending machines without needing to carry a physical wallet.

The competition-driven environment of the fintech ecosystem continuously encourages rapid innovation. As new players enter the market, existing companies strive to improve user experiences by offering more secure authentication methods (like biometrics and tokenization), enhanced app performance, 24/7 customer service, and integrations with other digital services such as ride-hailing or e-commerce platforms.

Fintechs are also tailoring their offerings to meet the specific needs of different demographic segments. For example, apps focused on the youth may offer prepaid cards and allowances with parental controls, while solutions for daily wage workers may include instant payouts and tax estimation tools. Senior-friendly fintech apps emphasize simplicity, accessibility, and clear visuals, making digital payments accessible for older populations previously hesitant to adopt such technologies.



TECHNOLOGICAL INNOVATIONS IN PAYMENT MODES

Technological advancement is at the core of fintech's transformative influence on the financial services sector. One of the most compelling developments in recent years has been the emergence of diverse, user-friendly payment modes designed to cater to various customer segments—from urban consumers with access to smartphones and wearables, to rural populations with limited infrastructure.

QR Code Payments Among the most widely adopted innovations is QR (Quick Response) code-based payments. Especially prevalent in Asia, QR code payments allow consumers to make transactions by scanning a unique code using their smartphones. This method eliminates the need for physical cards or terminals, requiring only a printed or digital QR code and a mobile app. Platforms such as Alipay and WeChat Pay in China, and Bharat QR in India, have popularized this mode of payment, making it accessible even to micro-merchants and street vendors. It offers a low-cost and scalable solution ideal for developing markets where POS infrastructure is limited.

NFC (Near Field Communication) Payments NFC technology enables contactless transactions by allowing devices such as smartphones, smart cards, or wearables to communicate with payment terminals through short-range radio waves. Users can simply tap their device near an NFC-enabled reader to complete a payment. Services such as Apple Pay, Google Pay, and Samsung Pay have mainstreamed NFC usage in developed countries. This method provides a seamless, fast, and hygienic alternative to cash or physical card payments, a feature that gained increased relevance during the COVID-19 pandemic.

Wearable Payment Devices The integration of payment functions into wearable technology marks a significant leap in user convenience and mobility. Devices like smartwatches, fitness bands, and even smart rings now allow users to make payments without carrying wallets or phones. This is particularly useful for individuals engaged in sports or outdoor activities where carrying traditional payment methods might be impractical. Wearables with built-in NFC chips are being adopted for public transportation, vending machines, and retail stores, signaling a shift toward more ambient and ubiquitous payment experiences.

Biometric Authentication Security and ease-of-use are key concerns in digital transactions. Biometric authentication—using fingerprints, facial recognition, or iris scans—has emerged as a powerful solution for identity verification and fraud prevention. Many fintech applications now offer biometric login and

transaction approval features, reducing the reliance on PINs or passwords. This not only enhances user experience but also significantly boosts security by making unauthorized access more difficult. Biometric ATMs and point-of-sale devices are also becoming more common, especially in countries like India, where government initiatives like Aadhaar have supported biometric integration.

Voice-Activated Payments and AI Integration

Emerging technologies are further pushing the boundaries of payment innovation. Voice-enabled assistants such as Amazon's Alexa or Google Assistant are now being integrated with payment capabilities, allowing users to make transactions using voice commands. Combined with artificial intelligence, these systems can analyze user behavior, recommend financial actions, and personalize payment experiences. AI-driven chatbots within fintech apps also assist users with transactions, troubleshooting, and financial planning, offering a human-like interaction that is available 24/7.

Blockchain and Cryptocurrency Payments

While still evolving in terms of regulation and mainstream adoption, blockchain-based payment systems are disrupting traditional remittance and settlement mechanisms. Cryptocurrencies such as Bitcoin, Ethereum, and stablecoins are increasingly being accepted by merchants and platforms as valid payment options. Blockchain's decentralized nature offers the benefits of lower fees, faster cross-border transfers, and improved transparency. In regions with unstable local currencies or limited banking access, crypto-enabled wallets are providing viable financial alternatives.

Rural and Offline Payment Solutions Fintechs are also focusing on offline and low-connectivity environments, ensuring that innovation does not remain an urban privilege. Solutions like USSD-based mobile banking, SIM toolkit applications, and Bluetooth-based offline payments are bridging the connectivity gap. These technologies are particularly vital in regions such as Sub-Saharan Africa, South Asia, and remote Latin American communities, where internet access may be unreliable.

These advancements collectively reduce friction in the traditional payment process, promote cashless transactions, and accelerate transaction speed. They also empower a wider spectrum of society by providing tools that are adaptable to different literacy levels, technological proficiencies, and economic circumstances. Whether in a high-tech metropolis or a rural marketplace, fintech-powered innovations are driving the future of payments—one that is faster, safer, and more inclusive than ever before.

Digital Payments Promoting a Documented Economy

One of the most profound benefits of digital payment systems, especially in the context of developing economies, is their role in promoting a documented and transparent economic ecosystem. In countries where large portions of the population operate within informal markets, often transacting in cash and outside the purview of financial regulators, digital payments offer a transformative solution that fosters accountability, broadens the tax base, and enhances public service delivery.

Creating an Electronic Audit Trail

At the heart of a documented economy is the ability to record, trace, and verify financial transactions. Each digital payment, whether through a mobile wallet, debit card, QR code, or online platform, leaves behind a data trail. This digital footprint acts as a verifiable record of economic activity, enabling:

- Accurate financial reporting and bookkeeping for individuals and businesses.
- Improved monitoring of commercial activity and cash flows.
- Identification of income sources for tax authorities.

Unlike cash, which is anonymous and untraceable, digital payments inherently reduce opacity in economic transactions. This discourages practices such as tax evasion, under-the-table wages, and unreported earnings that often flourish in cash-driven environments.

The Pakistani Example: Raast and the Path Toward Transparency

Pakistan presents a compelling case study in how digital payment infrastructure can stimulate formalization. The government-led initiative Raast, an instant digital payment system developed by the State Bank of Pakistan, aims to enable secure, real-time transactions across individuals, businesses, and government entities.

Raast is designed to handle payments for salaries, pensions, welfare programs (like BISP or Ehsaas), and utility bills. Key features include:

- Real-time fund transfers at no or low cost to consumers.
- Interoperability across banks, fintechs, and mobile service providers.
- Inclusive onboarding using CNIC (national ID) numbers linked to mobile numbers and bank accounts.

By facilitating direct government-to-person (G2P) payments and person-to-person (P2P) transfers without intermediaries, Raast reduces the leakage of funds and increases transparency. It has helped onboard previously unbanked citizens into the formal financial sector, giving them access to savings, credit, and insurance services.

Boosting Tax Collection and Revenue Mobilization

As economies move from cash to digital modes of payment, governments gain deeper visibility into transactions, which improves tax compliance and broadens the tax base. When small vendors, retailers, and freelancers begin using digital channels for payments, their incomes become traceable, allowing for:

- Better income assessments by tax authorities.
- Reduction in underreporting of earnings and under-invoicing.
- Incentivization of formal business registration.

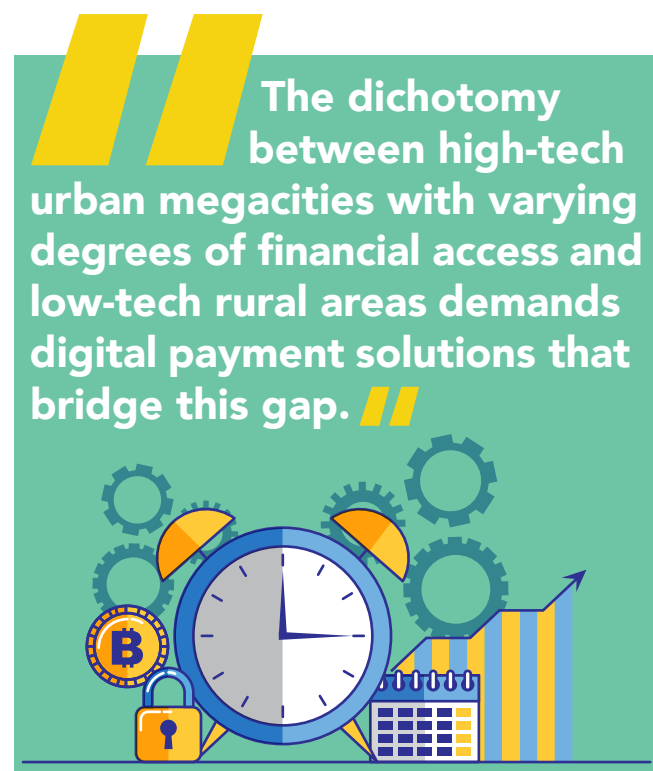
This not only boosts national revenue but also helps governments build more equitable tax systems, where contributions are aligned with actual earning capacities.

Reducing Corruption and Informal Leakage

A digital economy inherently minimizes opportunities for corruption. When public sector disbursements, salaries, procurement payments, or subsidies are made digitally and directly to beneficiaries, there is less room for middlemen, bribery, or embezzlement. For example:

- Digital payroll systems ensure that employees receive their full salaries without deductions by corrupt intermediaries.
- Welfare payments made directly into mobile wallets prevent misappropriation of funds.
- Digital toll collections and utility bill payments reduce manipulation and manual override of payment systems.

Such transparency builds trust in public institutions and enhances overall governance.



Enabling Targeted Social and Economic Interventions

With the integration of digital identity systems, such as Pakistan's NADRA (National Database & Registration Authority), with digital payment platforms, governments can deliver targeted support to citizens. Social programs, subsidies, and emergency cash transfers can be executed swiftly and efficiently, especially during crises such as the COVID-19 pandemic.

A documented economy allows for:

- Better targeting of subsidies (e.g., food, fuel, health) based on real income data.
- Monitoring usage and impact of public programs in real time.
- Adaptive policy-making, where interventions are guided by data on actual household spending and saving behavior.

This data-driven governance ultimately improves service delivery, policy responsiveness, and social equity.

Empowering Micro and Small Enterprises

Digital payments help formalize micro, small, and medium enterprises (MSMEs), which are often the backbone of developing economies but largely operate outside tax and regulatory systems. When these businesses begin accepting digital payments via QR codes, mobile wallets, or online platforms, they not only become visible to regulators but also to financial institutions that can offer them:

- Credit lines and loans, based on digital transaction history.
- Business analytics tools to optimize sales and inventory.
- Access to e-commerce platforms, expanding their market reach.

This shift unlocks growth potential for MSMEs while enabling governments to better support and regulate the sector.

Challenges and the Way Forward

Despite the immense benefits, promoting a documented economy through digital payments is not without challenges:

- Digital literacy remains low in many rural or disadvantaged communities.
- Infrastructure gaps, such as internet availability or smartphone penetration, limit reach.
- Privacy concerns and resistance to change hinder user adoption.

Addressing these issues requires a multi-stakeholder approach involving government, fintechs, regulators, NGOs, and the private sector. Incentivizing digital transactions through tax rebates, expanding digital education, and investing in nationwide IT infrastructure are all critical next steps.



Unlocking Access in Densely Populated Asian Economies

Asia is a continent of remarkable diversity and scale, home to over 4.7 billion people, which accounts for more than half of the global population. This demographic concentration presents both significant challenges and enormous opportunities for digital payment ecosystems. The complex mix of densely populated urban centers alongside vast rural areas, coupled with linguistic and cultural diversity, requires fintech innovations that are scalable, adaptable, and highly localized to meet the diverse needs of consumers.

Population Density and Financial Inclusion Challenges

Countries like India, Bangladesh, Indonesia, and the Philippines are characterized by massive populations with varying degrees of financial access. Urban megacities bustle with millions of residents often underserved by traditional banking infrastructure due to overcrowded branches and lengthy wait times, while rural areas suffer from limited connectivity and scarce banking facilities. This dichotomy demands digital payment solutions that bridge the gap between high-tech urban environments and low-tech rural realities.

India's UPI: A Revolution in Payments

India's Unified Payments Interface (UPI) has emerged as a global benchmark for digital payments in populous countries. Launched in 2016 by the National Payments Corporation of India (NPCI), UPI facilitates instant, interoperable peer-to-peer (P2P) and person-to-merchant (P2M) transactions through a mobile app.

- As of 2024, UPI processes over 10 billion transactions per month, reflecting rapid consumer adoption across urban and rural demographics.
- The platform's success lies in its simple, unified interface that links multiple bank accounts, enabling users to send or receive money using just a mobile number or a Virtual Payment Address (VPA).

- UPI supports payments in multiple Indian languages and is designed to work on low-end smartphones with minimal data consumption, making it accessible even in bandwidth-constrained regions.

UPI's open architecture has also encouraged innovation by fintech startups and banks alike, creating a competitive yet collaborative ecosystem that benefits consumers with diverse choices.

Mobile Wallets in Bangladesh and Indonesia

Similarly, countries like Bangladesh and Indonesia are witnessing surging adoption of mobile wallets as primary digital payment tools, especially among low-income and unbanked populations.

- Bangladesh's bKash, launched in 2011, is a pioneer mobile money service that has grown exponentially, reaching over 50 million users. bKash allows users to deposit, withdraw, transfer money, pay bills, and even access microloans—all via simple mobile phones without requiring a traditional bank account.
- In Indonesia, fintechs like OVO and GoPay have integrated digital payments with everyday activities, such as ride-hailing, food delivery, and retail purchases, encouraging frequent use and financial ecosystem engagement.

These platforms cater specifically to users with limited literacy or technological familiarity by offering intuitive user interfaces, voice-assisted navigation, and regional language support. They also deploy agents and merchant networks to facilitate cash-in and cash-out operations, ensuring liquidity and trust in predominantly cash-driven economies.

In the evolving landscape of digital payments, traditional banks and fintech companies should shift from competition to collaboration, combining their strengths to create innovative, customer-focused financial ecosystems that drive efficiency, expand access, and foster industry-wide innovation.

Lightweight and Localized Solutions

A key to unlocking financial access in these densely populated countries is the development of lightweight fintech applications optimized for:

- Basic or feature phones: Not everyone owns smartphones; many users rely on devices with limited processing power and storage.
- Low-bandwidth environments: Internet connectivity in rural and remote areas may be slow or intermittent. Fintechs design apps that consume minimal data and function effectively under such constraints.

- Multilingual interfaces: With hundreds of languages spoken across Asia, fintechs are localizing content and interfaces to remove language barriers, making digital payments more approachable.
- Offline capabilities: Some fintech solutions incorporate offline modes or USSD (Unstructured Supplementary Service Data) technology to allow transactions without continuous internet access.

Such adaptations are critical in bridging the digital divide, ensuring no demographic is left behind due to technological limitations.

Driving Inclusive Economic Growth

By expanding digital payment access, fintechs in Asia are enabling millions of people to participate in the formal economy for the first time. The benefits include:

- Increased financial inclusion for women, small farmers, and informal workers, who traditionally face barriers to banking.
- Enhanced efficiency in remittances and P2P transfers, reducing costs and transaction times.
- Growth of MSMEs (Micro, Small, and Medium Enterprises) through easier access to digital payments, credit, and insurance.
- Government welfare delivery improvements via direct benefit transfers and subsidies, reducing leakages and ensuring timely aid.

The cumulative effect is an ecosystem where technology not only facilitates financial transactions but also empowers individuals and businesses to build resilient economic futures.

Collaborative Opportunities Between Banks and Fintechs

In the evolving landscape of digital payments and financial services, the relationship between traditional banks and fintech companies should be shifted from one of competition to one of mutual collaboration. Both sectors should recognize that by admitting each other's strengths, they can create innovative, customer-centric financial ecosystems that are greater than the sum of their parts. This collaboration is reshaping the financial services industry, driving efficiency, expanding access, and fostering innovation.

Open Banking: The Catalyst for Collaboration

One of the most significant enablers of this partnership is the rise of open banking. Open banking frameworks require traditional banks to share customer data securely with authorized third-party fintech providers through Application Programming Interfaces (APIs). This data sharing is transforming how financial services are delivered:

- Personalized Financial Products: Fintechs use the rich data accessed via APIs to tailor products and services to individual customer needs. For example, budgeting apps can analyze transaction data to offer customized savings plans, while lending platforms assess creditworthiness beyond traditional credit scores.

- **Enhanced Customer Experience:** By integrating banking services with fintech solutions, consumers enjoy seamless, intuitive, and often faster interactions, whether paying bills, managing investments, or applying for loans.
- **Innovation Acceleration:** Open banking breaks down silos and encourages fintech startups to develop creative solutions without having to build a banking infrastructure from scratch.

Open banking initiatives are now widespread, with regions like the European Union (under PSD2 regulations), the UK, and Australia leading the charge. Emerging markets are also beginning to adopt open banking principles to spur digital financial inclusion.

Complementary Strengths of Banks and Fintechs

- **Banks' Core Competencies:** Traditional banks have a long-standing reputation for trust, stability, and regulatory compliance. Their extensive experience with risk management, security protocols, and customer due diligence remains invaluable, particularly in safeguarding consumers' assets and personal data.
- **Fintechs' Agility and Innovation:** Fintech companies excel in customer-centric design, rapid product development, and leveraging emerging technologies like artificial intelligence, machine learning, and blockchain. Their nimbleness allows them to adapt quickly to evolving customer preferences and market demands.

When combined, these complementary attributes enable the development of hybrid financial solutions. For example:

- A bank may partner with a fintech lending platform to provide faster loan approvals while ensuring regulatory compliance.
- Fintechs can integrate with bank payment gateways to offer enhanced digital wallets with loyalty programs and real-time analytics.

Such collaborations can reduce operational costs, improve service delivery, and broaden the financial ecosystem's reach.

Regulatory Sandboxes: Nurturing Innovation Safely

Central banks and financial regulators play a crucial role in fostering bank-fintech collaboration by creating regulatory sandboxes. These are controlled environments where fintech startups can test new products and services under relaxed regulatory conditions but with appropriate safeguards to protect consumers.

Benefits of regulatory sandboxes include:

- **Safe Experimentation:** Fintechs can innovate without the immediate pressure of full regulatory compliance, allowing them to iterate and improve their offerings based on real-world feedback.
- **Consumer Protection:** Regulators oversee sandbox activities to ensure risks are managed, building consumer trust in novel financial products.

- **Data-Driven Policy Making:** Regulators gain insights into emerging technologies and business models, enabling them to craft informed, flexible regulations that balance innovation with security.

Countries such as the UK, Singapore, and Canada have established successful regulatory sandboxes, creating vibrant fintech ecosystems that attract investment and talent.

Examples of Successful Collaborations

- **JP Morgan and OnDeck:** The partnership leverages OnDeck's digital lending platform with JP Morgan's capital and customer base to streamline small business loans.
- **BBVA and Atom Bank:** BBVA, a traditional Spanish bank, invested in Atom Bank, a digital-only challenger bank, combining BBVA's regulatory expertise with Atom's digital innovation.
- **Standard Chartered and various fintechs:** Standard Chartered collaborates with fintechs for block chain-based trade finance solutions and mobile payment services across Asia and Africa.

The Road Ahead

The future of financial services lies in ecosystem-based collaboration, where banks, fintechs, RegTechs (Regulatory Technology, refers to the use of technology to streamline and automate regulatory compliance processes), and even non-financial players (like telecom companies and retailers) co-create integrated platforms. This approach promises to:

- Enhance financial inclusion by reaching underserved markets.
- Accelerate digital transformation across sectors.
- Provide consumers with greater choice, transparency, and convenience.

Conclusion

Digital payments, fueled by fintech innovation, are transforming financial access globally. By offering diverse, low-cost, and user-friendly solutions, fintechs are making financial services accessible to previously excluded populations. Their virtual models reduce infrastructure costs, stimulate economic activity, and contribute to a more documented and transparent economy.

The role of RegTech ensures that this innovation remains secure and compliant, while collaborations between banks and fintechs promise holistic and sustainable growth. Especially in regions like South Asia, the potential of digital payments to drive financial inclusion and economic development is immense. As the digital economy continues to evolve, the focus must remain on inclusive design, robust security, and adaptive regulations. By aligning technological advancements with policy goals, we can ensure that digital payments truly lead to broader access and a more equitable financial future for all. ■



PUBLIC SECTOR INTERVENTION

A KEY TO INCLUSIVE AND SUSTAINABLE DEVELOPMENT

By: Akram Khatoon

This article explores the urgent need for enhanced public sector intervention to address Pakistan's growing economic and social imbalances. Despite efforts to maintain high growth rates until 2016, the country has since witnessed deepening disparities—especially between urban and rural sectors—driven by rising poverty, unemployment, and internal migration. The COVID-19 pandemic further stagnated economic progress, while international financial institutions point to weak institutional frameworks as a major constraint on sustainable development. With public investment recently showing signs of recovery, this article examines the role it can play in promoting equitable growth and reducing long-standing structural inequalities.

Until financial year 2016, economic managers of the country tried to keep the economic growth rate in fast track, but thereafter it started exhibiting severe socio-economic imbalances, particularly between the urban formal and the rural informal sectors. Increasing inequality is depicted from much higher unemployment and poverty levels in the rural sector, which in turn is the outcome of increasing number of landless population in rural areas. Increasing intensity of this phenomenon in recent years has given fillip to migration of the work force to urban areas, thus enhancing rural dependency on the urban sector and ultimately raising the relative poverty level. Besides that, the onslaught of severe COVID pandemic during the period from beginning of 2020 to the end of 2022 has totally stagnated the country's economic growth rate.

Consequently, all the foreign funding agencies like IMF, World Bank and Asian Development Bank are of the view that persistent economic imbalances emerged due to lack of strategic approach of broad economic institutions like the central bank and the legal system, which defines the rules of the game relating to economic transactions at all levels. Hence the country has failed to show sustained long run economic growth rate. They are also of the view that Pakistan, having a population exceeding 200 million, needs to improve the quality of life of its people. In the presence of already heavy external debt, the country needs a healthier investment climate to boost and sustain the economic growth rate needed to arrest growing poverty in the country.

“No doubt, there has not been a significant increase in public sector investments consecutively for the last three years. However, in the recent budget, the total public sector investment has now reached a little more than four trillion rupees.”

No doubt, there has not been a significant increase in public sector investments consecutively for the last three years. However, in the recent budget, the total public sector investment has now reached a little more than four trillion rupees. This includes the federal development budget of Rs 1 trillion, Rs 2,869 billion allocated for all four provincial development projects, and Rs 225 billion designated for State-Owned Enterprises (SOEs) to carry out development projects.

Yet, the scale of development work required remains immense. In addition to that, the pressure on the country's resources has intensified due to unforeseen natural disasters such as drought conditions and other adverse impacts of climate change. Compounding this strain are economic shocks, particularly the steep rise in the import bill. This increase has been driven by imprudently planned imports and a sharp escalation in petroleum prices in the international market.

As a result, the available funds are proving to be insufficient for developing essential infrastructure—especially in sectors like energy, water supply, and transport. These areas urgently require expansion and revitalization to support sustainable economic growth, which is critically needed to improve the quality of life across the country.

In view of fiscal constraints already being quite severe, as depicted from the very low tax – GDP ratio, which ranges from 9% to 9.4% in recent years and in the absence of quality fiscal measures, which ensure needed level of savings and investments without adverse impact on current spending, particularly social sector related spending, make it impossible for further enhancement in PSDP budget, even for critical infrastructure needs. Private sector involvement in infrastructure development has been negligible, as until recently, the construction of roads, dams, and the development of the energy sector have been the near-exclusive domain of the public sector. As a result, significant structural gaps have emerged, which could disrupt the momentum of economic growth for a long time to come. Now the country finds itself at a crossroad, where it is to be decided to what extent private sector role is to be entertained, particularly for infrastructure development. The energy crisis in the country and railways running on loss have already inclined the government to invite private and foreign investors to this area.

“The country finds itself at a crossroad, where it is to be decided to what extent private sector role, is to be entertained particularly, for infrastructure development.”



China's voluntary intervention to assist Pakistan in developing its infrastructure, modernizing its transportation network, and, most importantly, promoting extensive industrialization to transition the economy from an agriculture-based structure to a more urbanized one through the China-Pakistan Economic Corridor (CPEC) projects has proved to be a blessing from Allah for Pakistan. As per reports from government sources, by December 2024 around 43 projects worth \$24.7 billion were completed, which include development of infrastructure particularly energy and port development projects, while eight projects with a budget of \$759.6 million are underway across Pakistan, including Gwadar free zone phase 2 and flood affected infrastructure rehabilitation.

“A complete shift to public-private arrangements is not advisable. Instead, there is a need to enhance the role of the public sector in undertaking a maximum number of major infrastructure and social sector projects.”

No doubt, public private partnership has immense scope for undertaking infrastructure, education and health development projects in developing countries, but that needs strict monitoring, good governance and a highly competitive environment (leaving no chances of cartelization in any field of economic activity) for achieving maximum efficiency and giving cost effective services to consumers and government. In the present scenario, a lack of monitoring and good governance remains a major factor impeding the effective implementation of development projects. Given this situation, a complete shift to public-private arrangements is not advisable.

Instead, there is a need to enhance the role of the public sector in undertaking a maximum number of major infrastructure and social sector projects. All utility services-related projects should remain under the umbrella of the public sector.

The privatization of Karachi Electric (K-Electric) supply serves as a cautionary example. The frequent load shedding currently affecting Karachi residents is a direct result of continued mismanagement by private owners.

Private hospitals and majority of privately run educational institutions in the country are not accessible to even students from lower middle-income families. The economically disadvantaged population in big cities has access only to government hospitals and there too, on the pretext of non-availability of life saving drugs, poor patients have to bear the cost of medicines and other special medical care services. Similarly, private schools charge exorbitant tuition fees, making them inaccessible to low and lower middle-income families.

The magnitude of the infrastructure needs across all sectors of the economy, as well as the social sector, justifies increased intervention by the public sector. This holds true even if it means greater dependency on external borrowings, provided that public investment is productive and yields significant returns for the budget. In other words, public investments should have a higher yield than private investments. Along with efficient utilization of funds, public investment must be supported by good-quality current spending. Additionally, there should be a sizable cut in distortional taxes to reduce the intensity of economic and social disparities.

For all IMF and Asian Development Bank-supported programs, Pakistan needs to ensure macroeconomic stability, debt sustainability, and the promotion and protection of its public investments through fiscal adjustments. This can be achieved if the government focuses more on mobilizing revenue and reducing current expenditures rather than capital expenditures.

“The government must maintain the external debt-to-GDP ratio below 20%. This requires using borrowed funds only for highly productive and cost-effective projects.”



Most importantly, the government must maintain the external debt-to-GDP ratio below 20%. This requires using borrowed funds only for highly productive and cost-effective projects. For that, it is essential that evaluation of all projects is done comprehensively and these are monitored vigorously at the implementation stage.

In view of rising non-developmental expenditures, particularly defense spending due to the emerging situation on the eastern and western borders, and growing insecurity in the South East Asian region as a whole—and with the tax-to-GDP ratio dropping to a low of 9%, the fiscal deficit is likely to increase further. Rising bill of imports of goods and services which touched \$ 64.0 billion by the fiscal year 2024 (July 1, 2023 to June 30, 2024) further rose to \$ 70.1 billion during fiscal year 2025 (FY25) and consequently, balance of trade of goods and services further worsened from \$ 25.3 billion in FY24 to \$ 29.4 billion in FY25P*, with no hope of any respite in rising trend of oil prices in future. Hence for mobilization of funds for financing PSDP of over Rs 4.0 trillion, (which has slipped down to 5% of GDP, a concerning situation for a middle-income developing economy) major reliance will have to be on external borrowings / financial assistance. All borrowings for meeting shortfalls of PSDP budget need to be arranged cost free or at low cost, with a grace period not less than 10 years relating to repayment schedule.

To make all public sector investments cost effective, it is to be ensured that all projects to be undertaken start in time and all norms of good governance are met at all levels, which entails strict monitoring to ensure creation of required number of job opportunities from each project and completion of projects within the estimated budget and meeting all social development targets, particularly relating to education and health care.

The Economic Survey report for the current fiscal year indicates an increase in infrastructure development, primarily driven by private domestic investment, largely in partnership with the public sector.



“Overall allocations made for PSDP budget amounting to Rs 4.2 trillion both for federal and provincial development projects for the next fiscal year brings hope for removing economic and social imbalance, as 60% of total development budget is meant for developing physical infrastructure, which is likely to create tremendous employment opportunities.”

A major share of current year's public sector investment has gone into development of physical infrastructure. Investment in social sector that is education and health care remains at stagnated level of 2.3% and 1.7% of GDP respectively. The government's claim of achieving fiscal stability while ignoring the necessary spending on the social sector lacks credibility. The stagnant state of the education and health sectors offers little hope of meeting targets across the broader economy. However, overall allocations made for PSDP budget amounting to Rs 4.2 trillion both for federal and provincial development projects for the next fiscal year brings hope for removing economic and social imbalance, as 60% of total development budget is meant for developing physical infrastructure, which is likely to create tremendous employment opportunities through mega projects like construction of planned big dams, energy projects, motorways and railways etc. resulting in improving quality of life of people.

For a long time to come, public sector intervention will be necessary to bring about visible change across all sectors of the economy, as well as to improve the social well-being of the masses. This is a vital criterion for achieving success under the Sustainable Development Goals (SDGs) by the end of 2030. To meet this objective, the government must focus on promoting and protecting public investment. This investment should be aligned with macroeconomic stability and external debt sustainability. Achieving this will require good governance, reforms to streamline current spending, and an expanded scope for revenue mobilization. At the same time, care must be taken not to place additional financial burdens on already disadvantaged segments of the population. ■

**Source: Summary Balance of Payments as per BPM6, SBP*

Add-ons to **SBP POLICY REGIME** January–June 2025

The primary objective of this feature is to highlight changes, or ‘add-ons’ to the SBP policies, on a quarterly basis to provide the readers better comprehension and analysis of the central bank’s policy regime, as well as being an easily accessible time-lined reference guide.

All circulars are easily accessible in the PDF of the Journal, available on the following link on the NIBAF website: <https://nibaf.sbp.org.pk>



01

Revised Prudential Regulations (PRs) for Microfinance Banks

ACFID Circular No. 01 of 2025/ May 16, 2025

<https://www.sbp.org.pk/acd/2025/C1.htm>

02

Revisions in Data File Structures (DFS) under Reporting Chart of Accounts (RCOA) through DAP4

BSD-1 Circular No. 01 of 2025/ January 24, 2025

<https://www.sbp.org.pk/bsd-1/2025/C1.htm>

03

Revision in Data File Structure (DFS) Under Reporting Chart of Accounts (RCOA) through DAP4

BSD-1 Circular No. 02 of 2025/ January 24, 2025

<https://www.sbp.org.pk/bsd-1/2025/C2.htm>

04

Implementation of International Financial Reporting Standard 9 (IFRS 9)

BPRD Circular Letter No. 01 of 2025/ January 22, 2025

<https://www.sbp.org.pk/bprd/2025/CL1.htm>

05

Basel III Capital Framework: Treatment of FX Translation Reserves

BPRD Circular Letter No. 02 of 2025/ January 24, 2025

<https://www.sbp.org.pk/bprd/2025/CL2.htm>

06

Deduction of Zakat at Source in Respect of Saving Banks / Profit & Loss Sharing and Similar Bank Accounts (Asset Code No.101) and Deposit thereof Immediately After Deduction Date

BPRD Circular Letter No. 04 of 2025/ February 27, 2025

<https://www.sbp.org.pk/bprd/2025/CL4.htm>

07

Office and Business Hours During the Month of Ramadan-UI-Mubarak 1446 A.H.

BPRD Circular Letter No. 06 of 2025/ March 01, 2025

<https://www.sbp.org.pk/bprd/2025/CL6.htm>

08

Transition to Virtual Private Network for SBP Hosted Portals (Service Desk and RAS) Connectivity

BPRD Circular Letter No. 07 of 2025/ March 07, 2025

<https://www.sbp.org.pk/bprd/2025/CL7.htm>

09

Change in Nomenclature of Firms on Panel of Auditors

BPRD Circular Letter No. 11 of 2025/ May 15, 2025

<https://www.sbp.org.pk/bprd/2025/CL11.htm>

10

Delisting of Firm from Panel of Auditors Maintained Under Section 35(1) of Banking Companies Ordinance, 1962

BPRD Circular Letter No. 14 of 2025/ June 25, 2025

<https://www.sbp.org.pk/bprd/2025/CL14.htm>

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SBP's Policy Rate and Overnight Repo / Reverse-Repo Facilities

DMMD Circular No. 01 of 2025/ January 27, 2025

<https://www.sbp.org.pk/dmmd/2025/C1.htm>

12

Buyback of Government Securities

DMMD Circular No. 02 of 2025/ February 11, 2025

<https://www.sbp.org.pk/dmmd/2025/C2.htm>

13

SBP's Mudarabah based Financing Facilities (MFF) - Shariah Compliant Standing Ceiling Facility and OMO Injections

DMMD Circular No. 03 of 2025/ March 05, 2025

<https://www.sbp.org.pk/dmmd/2025/C3.htm>

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SBP's Policy Rate and Overnight Repo / Reverse-Repo Facilities

DMMD Circular No. 04 of 2025/ May 05, 2025

<https://www.sbp.org.pk/dmmd/2025/C4.htm>

15

Changes in Procedures of Government Securities Auctions and Monetary Policy Liquidity Operations in respect of Pakistan Real-Time Interbank Settlement Mechanism Plus (PRISM+)

DMMD Circular No. 05 of 2025/ June 11, 2025

<https://www.sbp.org.pk/dmmd/2025/C5.htm>

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Rate of Remuneration on Special Cash Reserve Account Maintained with SBP Against Deposits Raised Under Fe-Circular 25 of 1998

DMMD Circular Letter No. 01 of 2025/ February 04, 2025

<https://www.sbp.org.pk/dmmd/2025/CL1.htm>

17

Rate of Remuneration on Special Cash Reserve Account Maintained with SBP Against Deposits Raised Under Fe-Circular 25 of 1998DMMD Circular Letter No. 02 of 2025/ February 28, 2025
<https://www.sbp.org.pk/dmmd/2025/CL2.htm>

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Rate of Remuneration on Special Cash Reserve Account Maintained with SBP Against Deposits Raised Under Fe-Circular 25 of 1998DMMD Circular Letter No. 03 of 2025/ March 28, 2025
<https://www.sbp.org.pk/dmmd/2025/CL3.htm>

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Rate of Remuneration on Special Cash Reserve Account Maintained with SBP Against Deposits Raised Under Fe-Circular 25 of 1998DMMD Circular Letter No. 04 of 2025/ April 30, 2025
<https://www.sbp.org.pk/dmmd/2025/CL4.htm>

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Selection of Primary Dealers/Preliminary Primary Dealers/Special Purpose Primary Dealers for Fiscal Year 2025-26DMMD Circular Letter No. 05 of 2025/ May 07, 2025
<https://www.sbp.org.pk/dmmd/2025/CL5.htm>

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Upgradation of Foreign Exchange Computerized Reporting SystemDMMD Circular Letter No. 06/ May 16, 2025
<https://www.sbp.org.pk/dmmd/2025/CL6.htm>

22

Rate of Remuneration on Special Cash Reserve Account Maintained with SBP Against Deposits Raised Under Fe-Circular 25 of 1998DMMD Circular Letter No. 07 of 2025/ May 30, 2025
<https://www.sbp.org.pk/dmmd/2025/CL7.htm>

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Rate of Remuneration on Special Cash Reserve Account Maintained with SBP Against Deposits Raised Under Fe-Circular 25 of 1998DMMD Circular Letter No. 08 of 2025/ June 30, 2025
<https://www.sbp.org.pk/dmmd/2025/CL8.htm>

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Launch of the Pakistan Real-Time Interbank Settlement Mechanism Plus (PRISM+)DI&SD Circular No. 1 of 2025/ June 11, 2025
<https://www.sbp.org.pk/disd/2025/C1.htm>

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Replacement of Term “LIBOR” with “Relevant Benchmark Rate”

EPD Circular Letter No. 01 of 2025/ April 07, 2025

<https://www.sbp.org.pk/epd/2025/FECL1.htm>

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Revised Format of Electronic Proceeds Realization Certificate (ePRC)

EPD Circular Letter No. 02 of 2025/ June 12, 2025

<https://www.sbp.org.pk/epd/2025/FECL2.htm>

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Export Undertaking/Declaration in Pakistan Single Window (PSW)

EPD Circular Letter No. 03 of 2025/ June 13, 2025

<https://www.sbp.org.pk/epd/2025/FECL3.htm>

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Reimbursement of Telegraphic Transfer (T.T.) Charges Scheme against Home Remittances

EPD Circular Letter No. 04 of 2025/ June 30, 2025

<https://www.sbp.org.pk/epd/2025/FECL4.htm>

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Promotion of Home Remittances

EPD Circular Letter No. 05 of 2025/ June 30, 2025

<https://www.sbp.org.pk/epd/2025/FECL5.htm>

30

Incentive Scheme for Marketing of Home Remittances

EPD Circular Letter No. 06 of 2025/ June 30, 2025

<https://www.sbp.org.pk/epd/2025/FECL6.htm>

31

Standard Operating Procedures (SOPs) for Investment in Conventional Naya Pakistan Certificates (Certificates)

FD Circular Letter No.01 of 2025/ February 20, 2025

<https://www.sbp.org.pk/acc/2025/CL1.htm>

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Standard Operating Procedures (SOPs) for Investment in Conventional Naya Pakistan Certificates (Certificates) Conventional

FD Circular Letter No. 02 of 2025/ June 16, 2025

<https://www.sbp.org.pk/acc/2025/CL2.htm>

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**Prime Minister's Youth Business & Agriculture Loan Scheme (PMYB&ALS)
Inclusion of Tier-4**

SH&SFD Circular No. 01 of 2025/ February 03, 2025

<https://www.sbp.org.pk/sme/d/circulars/2025/C1.htm>

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**Reporting of Private Sector Commodity Financing Data
on Data Acquisition Portal (DAP)**

SH&SFD Circular No. 02 of 2025/ March 25, 2025

<https://www.sbp.org.pk/sme/d/circulars/2025/C2.htm>

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**Adoption of 'Accounting and Auditing Organization for Islamic Financial
Institutions' (AAOIFI) Shariah Standard**

IFPD Circular No. 01 of 2025/ January 24, 2025

<https://www.sbp.org.pk/ifpd/2025/C1.htm>

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**Adoption of 'Accounting and Auditing Organization for Islamic Financial
Institutions' (AAOIFI) Shariah Standards**

IFPD Circular No. 02 of 2025/ January 31, 2025

<https://www.sbp.org.pk/ifpd/2025/C2.htm>

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**Adoption of 'Accounting and Auditing Organization for Islamic Financial
Institutions' (AAOIFI) Shariah Standards**

IFPD Circular No. 03 of 2025/ March 21, 2025

<https://www.sbp.org.pk/ifpd/2025/C3.htm>

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Instructions for Profit and Loss Distribution and Pool Management for IBIs

IFPD Circular Letter No. 01 of 2025/ January 21, 2025

<https://www.sbp.org.pk/ifpd/2025/CL1.htm>

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Raast Participation Criteria

PSP&OD Circular No 01 of 2025/ February 21, 2025

<https://www.sbp.org.pk/psd/2025/C1.htm>

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Member Institutions of Deposit Protection Corporation (DPC)

DPC Circular Letter No. 01 of 2025/ May 27, 2025

<https://www.dpc.org.pk/Circulars/2025/CL1.pdf>

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Member Institutions of Deposit Protection Corporation (DPC)

DPC Circular Letter No. 02 of 2025/ May 29, 2025

<https://www.dpc.org.pk/Circulars/2025/CL2.pdf>

FUTURE MONEY

Fintech, AI and Web3

Edited by: Ronit Ghose

Synopsis

The world of money is rapidly changing, but what does it all really mean? Exploring key developments such as blockchain, DeFi, AI and the metaverse, the book brings these technical topics to vivid life via narrative deep dives into selected founders and their companies.

Spanning multiple geographies from London to Lagos, via Ahmedabad, Dubai, Hong Kong, Karachi and more, *Future Money* pulls together the story how money is changing in the internet era. Written in jargon-free language, this book clearly provides an understanding of new technologies, showcases the democratization of financial access and presents a vision of the digital future of money, finance and culture.

Delivered by one of the world's leading analysts on fintech, Web3 and innovations in finance, this is a must-read for anyone interested in understanding the developments, challenges and opportunities of fintech, crypto, Web3 and beyond.

Reviews

"*Future Money* is a must-read for anyone looking to understand how the financial services industry is evolving at an unprecedented pace. Ronit Ghose, as one of the world's leading financial analysts, has always been at the forefront of identifying industry defining trends. In this book, he does a fantastic job describing how the banking landscape is fundamentally being disrupted. This is an essential guide for anyone seeking a deeper understanding of the forces reshaping the financial services landscape."

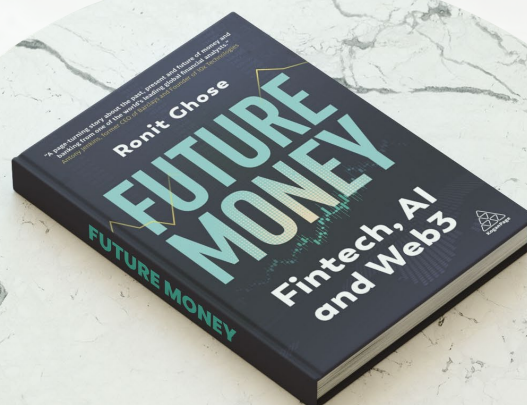
— **Jeff Tijssen, Expert Partner & Global Head of Fintech at Bain & Company**

"*Future Money* shares the challenges of disrupting an industry which had barely changed in decades. Ronit Ghose skilfully covers the strategies of the key players in fintech together with the highs – and lows – of our individual approaches, which have reshaped how we all bank today."

— **Anne Boden, Founder of Starling Bank**

About the Author

Ronit Ghose runs the Future of Finance team at Citi. He was Citi's Global Head of Banks Research and Co-Head of Fintech Research. He is also an advisory board member at the Centre for financial Technology at Imperial College Business School, and various technology startups and venture capital firms in the UK, Asia Middle East and Africa. Prior to his almost three decades at the cutting edge of finance, Ghose worked for former UK Prime Minister.



FROM INTENTION TO IMPACT

A Practical Guide to Diversity, Equity and Inclusion

By: Malia C. Lazu

Synopsis

How business leaders can move their DEI efforts from intention to impact through strategy and culture change.

In the aftermath of George Floyd's murder, corporate America has doubled down on its public intentions to be more inclusive and equitable. Yet beyond the pledges it is difficult to see which system changes make a real difference. In *From Intention to Impact*, Malia Lazu draws on her background as a community organizer, her corporate career as a bank president, and now her experience as a leading DEI consultant to explain what has been holding organizations back and what they need to do better. First and foremost, she recognizes that truly moving from intention to impact means targeting and changing the traditions and culture that normalize whiteness.

From Intention to Impact shows what organizations, leaders, and people at all levels must do to create more inclusive environments that honor and value diversity. Lazu shares a seven-stage guide through this process as well as a 3L model of listening, learning, and loving that readers can use from the initial excitement of doing "something" to the frustration when the inevitable pushback comes, and finally to the determination to do the hard work despite the challenges—on corporate and political fronts. Most compelling, *From Intention to Impact* shows that, while commitment from the top is paramount, for DEI to be most effective, it needs to be decentralized—among managers, within teams, and across the organization.

A crucial read for anyone looking to future-proof their company, *From Intention to Impact* goes beyond the "feel good" PR-centric actions to showcase the real DEI work that must be done to create true and lasting systemic change.

Reviews

"A must-read, this DEI primer for business leaders taps into Malia's know-how and experience that utilizes an inclusive and sustainable economic well-being strategy resulting in competitive advantage for American enterprise."

—John E. Colón, Lecturer, *Zicklin School of Business, Baruch College (CUNY)*; DEI Consultant, *VISIONS Inc.*

"Leaders from small to large organizations will benefit from Lazu's experience-based strategic and tactical insights into how to make real change that creates a more profitable and just country for all."

—Chris Oddleifson, Former CEO, *Independent Bank Corp/Rockland Trust Company*

About the Author

Malia C. Lazu is an award-winning, tenured strategist in diversity and inclusion and a lecturer in the Technological Innovation, Entrepreneurship, and Strategic Management group at the MIT Sloan School of Management. She is former EVP and Regional President of Berkshire Bank and the creator of several accelerators designed to support minority-owned businesses in the Boston area, as well as the consultancy the Lazu Group.





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