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CAPITAL IS A CONSEQUENCE

Course Correction for Pakistan's Investment Reset



11 YEARS

PAKISTAN BANKING AWARDS 2026

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editorial.



Shahla Naqvi
Editor

The Economy We Don't See:

Recognizing Value, Work and Investment Beyond the Visible

An economy may be larger than the key indicators used to describe it. GDP, exports, tax revenues, bank credit and formal employment reflect economic performance, but they do not capture the full range of activity that sustains livelihoods and creates value. Across Pakistan, millions earn through informal businesses, independent work, home-based enterprises and digital services. Their contribution is real, even when it remains outside the systems through which economic activity is formally documented.

The scale of this unseen economy is substantial. Pakistan's *Labour Force Survey 2024–25* estimates that 80.8 percent of employment is informal under the revised international definition, representing 62.4 million of the country's 77.2 million employed people. The figure makes one point clear: economic participation does not necessarily translate into formal employment, documented income or access to financial services.

The nature of work is changing as well. The same *Labour Force Survey* has, for the first time, separately captured digital-platform employment. It estimates 2.2 million people are engaged in gig work as their main activity, with another 0.19 million doing so as a subsidiary activity. Freelancers, ride-hailing drivers, delivery workers and other platform workers can earn without a conventional employer, workplace or monthly salary. Gig work therefore illustrates a wider shift: the link between work, income and formal employment is becoming less straightforward.

This matters to finance because the evidence of economic activity is changing. A freelancer may have regular earnings but no payslip. A home-based business may have steady sales but no formal accounts. A small digital enterprise may serve customers across borders without a conventional physical presence. When income is irregular or documentation is limited, access to credit, insurance and other financial services can become more difficult. The issue is not the absence of economic activity; it is the absence of the forms of evidence traditionally used to recognize it.

The next shift is even more significant. Artificial intelligence is creating demand for investment in assets that are less visible than factories, machinery or commercial property. Computing capacity, data centers, software, intellectual property, research capability and specialized skills are becoming part of the infrastructure of production. Pakistan's government has announced a US$1 billion investment in AI by 2030 (Government of Pakistan, Press Information Department, February 2026), while an Emerging Technologies Data Centre costing Rs 7.93 billion has received in-principle approval and been recommended to ECNEC for further consideration (Government of Pakistan, Press Information Department, June 2026). Pakistan's National AI Policy identifies compute, data and connectivity as core infrastructure for the country's AI ecosystem (Ministry of IT & Telecom, *National AI Policy 2025*).

The significance of this investment extends beyond technology adoption. Computing infrastructure can support new businesses and digital exports, while AI capabilities can raise productivity across existing industries. Software, data, algorithms, research and specialized expertise can also become sources of intellectual property and commercial value. This is already changing the nature of investment and the basis on which businesses are assessed and financed.

This is where the idea of the economy we do not see extends beyond informality. The economy itself is changing what constitutes an asset. A freelancer with a reliable digital income stream, a small enterprise with a growing transaction history or a technology company built around intellectual property may not fit conventional financial templates, but that does not make their financing needs irrelevant.

For banks and financial institutions, the answer is not to abandon conventional credit assessment. It is to broaden the evidence used to understand economic activity while maintaining sound risk standards. Digital transaction records, alternative income evidence and a stronger understanding of emerging business models can complement established measures of creditworthiness.

This is consistent with the direction of the State Bank of Pakistan's National Financial Inclusion Strategy 2024–28, which aims to increase financial inclusion from 64 percent in 2023 to 75 percent by 2028, with greater emphasis on digital innovation, access and usage of financial services. By December 2025, financial inclusion had reached 69 percent (SBP NFIS 2024–28 *Annual Progress Report CY2025*).

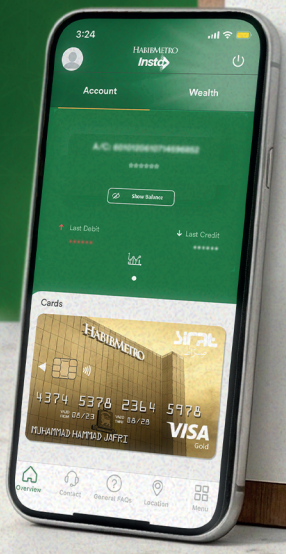
Pakistan's economy, therefore, extends well beyond the formal-informal divide. Work is becoming more fluid, businesses more digital and value increasingly tied to assets that do not appear on a traditional balance sheet. The economy we don't see is already generating income, building enterprises and creating investment opportunities. The ability to capture these untapped sources of value addition and connect them with the formal sector will lead to revamp Pakistan's economic trajectory.

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COVER STORY

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You are invited to send your write-ups to the Editor on topics of interest relating to banking and allied fields. Publishing is subject to approval by NIBAF Pakistan.

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GOVERNOR SBP CONDUCTS INTERACTIVE SESSION WITH SBOTS-28 AND CROS PARTICIPANTS

Mr. Jameel Ahmad, Governor, State Bank of Pakistan (SBP), visited NIBAF Pakistan, Islamabad on August 6, 2026, for an interactive session with participants of the 28th State Bank Officers Training Scheme (SBOTS-28) and the inaugural Cyber Risk Officers Scheme (CROS-01).

Ms. Lubna Farooq Malik, CEO, NIBAF Pakistan, welcomed the Governor and provided an overview of the two pre-induction training programs, highlighting their focus on institutional orientation, functional and technical learning, behavioral development, practical exposure, assessments, and extracurricular activities.

Addressing the participants, the Governor spoke about the evolving institutional framework of SBP, the importance of professionalism, integrity, meritocracy, and public service, and the responsibilities associated with serving at the central bank. Drawing on his own professional journey, he also shared reflections on the transformation of SBP over the years and encouraged the young officers to approach their careers with responsibility, humility, adaptability, and a commitment to continuous learning.

The session evolved into an extensive and engaging discussion, with participants raising questions on Pakistan's economic landscape, SBP's role and autonomy, workplace practices, and the evolving responsibilities of central banking professionals. The interaction continued for more than two and a half hours and concluded with a group photograph with the participants and NIBAF Pakistan management.

DR. INAYAT HUSSAIN ENGAGES SBOTS-28 AND CROS PARTICIPANTS ON FUTURE OF WORK AND CONTINUOUS LEARNING



Dr. Inayat Hussain ED, In-charge Banking & FMRM, visited NIBAF Pakistan, Islamabad, on August 6, 2026, for an interactive session with the participants of the 28th batch of the State Bank Officers Training Scheme (SBOTS-28) and the inaugural batch of the Cyber Risk Officers Scheme (CROS).

The session provided participants with insights into the changing economic and technological environment and the skills required to navigate emerging professional challenges. Dr. Inayat Hussain highlighted the growing influence of Artificial Intelligence, data science, and interdisciplinary knowledge on central banking and financial institutions.

Emphasizing the importance of lifelong learning, he encouraged the participants to remain curious and continuously update their knowledge in areas including economics, finance, technology, data science, and Artificial Intelligence. The discussion also covered professional certifications, changing workplace skills, cryptocurrencies and digital assets, and the evolving role of technology in the financial sector.

NIBAF Pakistan CEO Holds Interactive Session with Young SBOTS-28 and CROS-01 Officers



Ms. Lubna Farooq Malik, CEO, NIBAF Pakistan, held an exclusive interactive session with young officers of SBOTS-28 and CROS-01 at NIBAF Pakistan's Islamabad Campus. The session provided an opportunity for the officers to engage with the CEO, gain insights from her professional experience, and discuss leadership and the evolving financial sector.

SBOTS-28 & CROS PARTICIPANTS





PAKISTAN BANKING AWARDS

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The 11th Pakistan Banking Awards 2026 were held on August 21, 2026, at the Pearl Continental Hotel, Karachi. Governor State Bank of Pakistan Mr. Jameel Ahmad graced the occasion as the Chief Guest. Organized by NIBAF Pakistan, DAWN Media Group and A.F. Ferguson & Co., a member firm of the PwC network, the Awards have been held through a longstanding partnership since 2016.

Over the years, the Pakistan Banking Awards have evolved into a respected and prestigious platform for recognizing merit and achievement across the banking and financial services sector. The 11th edition continued this tradition while reflecting the changing priorities of the industry and its growing role in supporting financial inclusion, digital transformation and sustainable economic development.

The 2026 Awards recognized excellence across ten categories, reflecting a broad range of banking and financial sector priorities. Meezan Bank Limited was named Best Bank and also received the award for Best Bank for Customer Engagement. The Bank of Punjab (BOP) secured recognition in three categories, being named Best Bank for Women Inclusion, Best Bank for Small and Medium Enterprises, and Best Bank for Agriculture Inclusion.

The Awards also recognized excellence in specialized and emerging areas of banking. ASA Microfinance Bank Limited was named Best Microfinance Bank, while Bank Alfalah Limited received the award for Best Bank for Digital Excellence and HBL was recognized as Best Bank for ESG. Askari Bank Limited and Faysal Bank Limited both received the Best Mid-Sized Bank award.

The Best Contribution by Non-Bank Entity category was reintroduced this year, with Pakistan Microfinance Investment Company Limited receiving the award. The category recognizes the expanding role of non-bank institutions in supporting and advancing Pakistan's financial ecosystem.

The Awards were evaluated by an independent Jury comprising experienced banking professionals, former regulators and industry leaders. The Jury was chaired by Mr. Zubyr Soomro, Former Chairman, National Bank of Pakistan and Pakistan Banks Association and Former President/Managing Director, United Bank Limited and Citi Pakistan. He was joined by Mr. Naved A. Khan, Former President/CEO, Faysal Bank Limited; Mr. Shazad Dada, Former President and CEO, United Bank Limited and Standard Chartered Bank; Ms. Sima Kamil, Former Deputy Governor, State Bank of Pakistan and Former CEO, United Bank Limited; Dr. Zeelaf Munir, Managing Director and CEO, English Biscuit Manufacturers (Pvt.) Limited; and Mr. Javed Kureishi, CEO, Pakistan Business Council.

The Jury's independent judgment and evidence-based evaluation formed an important part of the Awards process, with recognition extending beyond financial performance to the broader contributions represented by the award categories.

Addressing the gathering, Governor State Bank of Pakistan Mr. Jameel Ahmad urged banks to focus on reorienting their business models towards stronger retail deposit mobilization and greater private-sector financing, emphasizing that the banking sector would remain critical to Pakistan's next phase of sustainable growth.

The Governor noted that the Pakistan economy had remained resilient despite a challenging FY26, which was marked by domestic and external shocks, including severe floods, geopolitical tensions and uncertainty in global trade. Inflation averaged close to the medium-term target, while inflation expectations remained broadly anchored. The current account deficit also remained near the lower bound of the projected range.

He noted that foreign exchange reserves had remained on an upward trajectory and comfortably exceeded the end-June target of $18 billion. He also highlighted the improved quality of reserve accumulation, noting that it had been driven mainly by State Bank purchases of foreign exchange rather than debt-driven accumulation.

While stabilization had been achieved, the Governor emphasized that it was not sufficient to deliver high and sustainable growth, and that the banking sector had an important role to play in the next phase.
At end-June 2026, total bank assets stood at Rs.69 trillion, while deposits reached Rs.43 trillion. The banking sector remained profitable, with capital adequacy ratios comfortably above international benchmarks as well as domestic regulatory requirements.

At the same time, the Governor noted that the size of banking sector assets and deposits remained relatively low as a share of GDP compared with emerging markets. The currency-to-deposit ratio also remained elevated, indicating considerable room to reduce reliance on cash and strengthen deposit mobilization.

He encouraged banks to compete more actively for retail deposits by offering attractive returns alongside quality services. Greater retail deposit mobilization, he noted, would not only broaden financial inclusion but also provide banks with more diversified and stable sources of funding.

The Governor also emphasized the need for greater private-sector credit. Private-sector credit penetration in Pakistan remained below that of comparable emerging markets, while private-sector credit as a share of GDP had declined over the past three decades.

He noted that government budget financing alone did not explain this trend, pointing out that some emerging economies with higher levels of government domestic debt nevertheless had significantly higher private-sector credit-to-GDP ratios.



Against this backdrop, the Governor urged banks to strengthen deposit mobilization and provide greater financing to the private sector to support productive economic activity and sustainable growth.

He commended the 11th Pakistan Banking Awards, organized by NIBAF Pakistan in partnership with DAWN Media and A.F. Ferguson & Co., describing the Awards as a testament to the enduring partnership among the three institutions and their shared commitment to recognizing institutions that are shaping the future of banking in Pakistan.

Earlier in the welcome address, Ms. Lubna Farooq Malik, CEO NIBAF Pakistan, highlighted the longstanding partnership among NIBAF Pakistan, DAWN Media and A.F. Ferguson & Co., a member firm of the PwC network, which has sustained the Pakistan Banking Awards since 2016.

She noted the growing participation in the Awards, with 31 institutions submitting 89 entries in 2026, compared with 19 institutions and 53 entries in different categories in 2025. She appreciated the participating institutions for their confidence in the Awards and their continued commitment to excellence.

Ms. Malik highlighted the evolution of Pakistan's banking sector, including the growing adoption of digital banking, changing customer expectations, increasing emphasis on financial inclusion, deposit growth and improving sovereign credit standing. She also underscored the importance of sound governance, effective automation and greater focus on priority sectors in strengthening the banking sector.

She noted that the Awards categories reflected these evolving priorities, including women's finance, microfinance, SME and agricultural finance, digital excellence, customer engagement and ESG, as well as the Best Mid-Sized Bank category. She also welcomed the reintroduction of the Best Contribution by Non-Bank Entity category, recognizing the role of non-bank institutions in supporting the financial sector and wider economy.

Ms. Malik appreciated the distinguished Jury, chaired by Mr. Zubyr Soomro, for maintaining the independence and credibility of the Awards process. She also acknowledged the support and patronage of the State Bank of Pakistan, particularly the presence of Governor Jameel Ahmad at the ceremony.

Concluding her remarks, Ms. Malik congratulated all participating institutions and recognized the Pakistan Banking Awards as a platform that celebrates achievement, promotes healthy competition, encourages higher standards and contributes to the development of Pakistan's financial system.

In her video message, Ms. Nazafreen Saigol Lakhani, CEO DAWN, welcomed Governor SBP, the Jury, NIBAF Pakistan, A.F. Ferguson & Co. and representatives of the banking and financial sector to the 11th Pakistan Banking Awards.

Reflecting on the Awards' 11-year journey, Ms. Lakhani, in her video message, reaffirmed the Awards' founding commitment to recognizing excellence in Pakistan's banking sector through rigorous evaluation, evidence-based assessment and an independent Jury.

She highlighted the growing credibility and reach of the Awards, marked by 89 entries from 18 banks and 13 non-bank entities this year. The introduction of a dedicated category for Best Contribution by a Non-Bank Entity reflects the expanding role of non-bank institutions in Pakistan's financial landscape.

Acknowledging the importance of an independent Jury, she paid tribute to outgoing Chairman Mr. Salim Raza for his longstanding stewardship and welcomed Mr. Zubyr Soomro as the new Chairman, alongside Mr. Javed Kureishi, CEO of the Pakistan Business Council, whose broader business perspective will enrich the evaluation process.

Turning briefly to the economy, she noted that Pakistan's GDP grew by 3.70% in FY2025–26, compared with 3.18% in FY2024–25, marking the fastest growth in four years. Although below the government's target of 4.2%, the performance reflects a gradual recovery in economic activity. The size of the economy reached US$452.1 billion, while per capita income increased from US$1,751 to US$1,901. She observed that fiscal and provincial reforms were beginning to yield dividends, with the government setting a GDP growth target of 4.0% for FY2026–27.



She also acknowledged the economic pressures arising from the Iran–US conflict, including higher import costs, disruptions to trade through the Strait of Hormuz, and a resurgence of inflationary pressure. Against this challenging backdrop, she highlighted the resilience of Pakistan's banking sector, with deposits increasing by approximately 15%, from Rs. 35 trillion to nearly Rs. 41 trillion, reflecting continued public confidence in the industry.

Ms. Lakhani concluded by thanking NIBAF Pakistan, A.F. Ferguson, and DAWN Media Group for their efforts in upholding the integrity of the Awards, and acknowledged all participating institutions for their continued trust and commitment. She extended her congratulations to the nominees and wished them well for the evening.

Chairman of the Jury, Mr. Zubyr Soomro, Former Chairman, National Bank of Pakistan and Pakistan Banks' Association and Former President/Managing Director, United Bank Limited and Citi Pakistan, acknowledged NIBAF Pakistan, A.F. Ferguson & Co. and the Jury for their extensive efforts in the Awards process.

He noted the encouraging increase in participating institutions and entries and highlighted the evolution of the Awards, including the addition of categories such as ESG.

Mr. Soomro emphasized the opportunity for the banking sector to support Pakistan's next phase of sustainable growth. He called for greater private-sector lending and reduced reliance on government securities, particularly by expanding financing to underserved segments such as SMEs, agriculture, housing finance, women and gender finance, and microfinance.

He also emphasized the need to strengthen technology and risk management and to develop partnerships with microfinance institutions. In the area of digital banking, he stressed that the objective should extend beyond increasing digital transactions to retaining funds within the formal banking system so that they can support productive lending and broader economic activity.

Referring to the Best Bank category, Mr. Soomro noted that the Jury had deliberated extensively, considering financial performance, private-sector credit growth and contributions to underserved sectors.

He emphasized that the Awards should recognize not only achievements of the past year but also the manner in which award recipients contribute to the future direction and growth of Pakistan's economy.

In recognition of his presence and support, a memento was presented to Governor SBP Mr. Jameel Ahmad by representatives of the three organizing partners of the Pakistan Banking Awards: Ms. Lubna Farooq Malik, Mr. Salman Hussain and Mr. Shakeel Masud Hussain.

Shields were presented by the Governor to the members of the Jury in appreciation of their contribution to the Awards.

Shields were also presented by the Governor in recognition of the Awards' organizing partners to Ms. Lubna Farooq Malik, CEO, NIBAF Pakistan; Mr. Salman Hussain, Territory Senior Partner, A.F. Ferguson & Co.; and Ms. Nazafreen Saigol Lakhani, CEO, DAWN. As Ms. Lakhani was not present at the ceremony, her shield was received by Mr. Shakeel Masud Hussain.

The working committees from the three partner organizations were also recognized for their contribution to the successful organization of the Awards. From NIBAF Pakistan, shields were presented by the Governor to Ms. Khawlah Usman, Director Marketing, Communication & Strategic Alliances; Ms. Mahjabeen Farooqui, Head, Facility Management Division; and Mr. Kamran Hashmi, CFO/Company Secretary.

From A.F. Ferguson & Co., the recognized members were Syed Faraz Anwer, Partner; Mr. Junaid Mesia, Partner; and Ms. Nasha Tengra, Director. From DAWN, the recipients were Ms. Sabeen Ghani, General Manager, Events & Special Projects; Mr. Shakeel Masud Hussain, CEO, DAWN News; and Mr. Junaid Akram, Senior Manager Sales, DAWN News.

Ms. Shahla Naqvi, Deputy General Manager, Marketing Communication and Strategic Alliances, NIBAF Pakistan, who served as Master of Ceremonies for the evening, was also presented with a shield in recognition of her role in seamlessly conducting the evening's proceedings.

The 11th Pakistan Banking Awards brought together senior representatives from across the banking and financial services sector to celebrate institutional achievement while reflecting on the sector's broader role in Pakistan's economic development. The 2026 edition reaffirmed the Awards as a platform that celebrates excellence across the banking and financial services sector while drawing attention to the opportunities and responsibilities that lie ahead in supporting Pakistan's economic development and sustainable growth.



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Mr. Jameel Ahmad, Governor SBP



Ms. Lubna Farooq Malik, CEO NIBAF Pakistan



Mr. Zubyr Soomro, Chairman of Jury



Ms. Nazafreen Saigol Lakhani, CEO DAWN



Best Bank for Women Inclusion 2026 (BOP)



Best Microfinance Bank 2026 (ASA Microfinance Bank)







Best Bank for Small and Medium Enterprises 2026 (BOP)





Best Bank for Agriculture Inclusion 2026 (BOP)



Best Bank for Digital Excellence 2026 (Bank Alfalah Ltd)







Best Bank for Customer Engagement 2026 (Meezan Bank Ltd)



Best Mid-Sized Bank 2026 (Faysal Bank Ltd & Askari Bank Ltd)

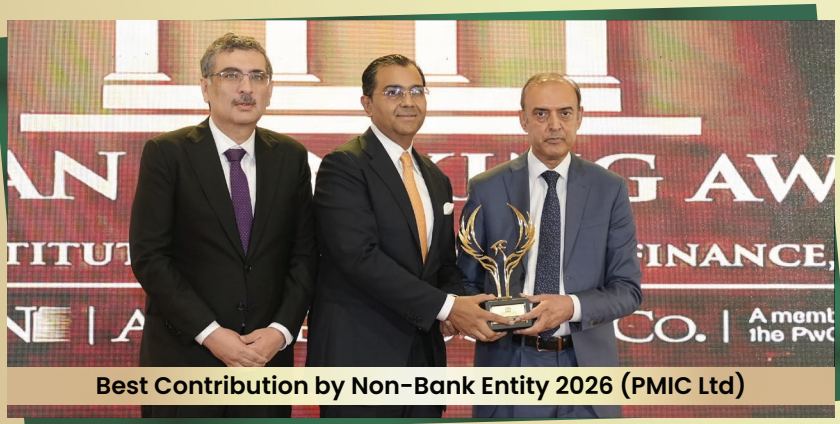


PBA 2026 - PHOTO GALLERY





Best Bank for ESG 2026 (HBL)



Best Contribution by Non-Bank Entity 2026 (PMIC Ltd)





Best Bank 2026 (Meezan Bank Ltd)





Presentation of Memento to Governor SBP Mr. Jameel Ahmad by CEO NIBAF Pakistan Ms. Lubna Farooq Malik



Mr. Zubyr Soomro, Chairman of Jury



Mr. Naved A. Khan, Jury Member



Mr. Shazad Dada, Jury Member



Jury of Pakistan Banking Awards 2026 receive Mementoes from Governor SBP



Ms. Lubna Farooq Malik, CEO NIBAF Pakistan



Mr. Salman Hussain
Territory Senior Partner A.F. Ferguson & Co.



Mr. Shakeel Masud Hussain, DAWN News
Receiving Memento on behalf of Ms. Nazafreen Saigol Lakhani, CEO DAWN

PBA 2026 - PHOTO GALLERY



Ms. Khawlah Usman, NIBAF Pakistan



Mr. Kamran Ahmed Hashmi, NIBAF Pakistan



Ms. Mahjabeen Farooqui, NIBAF Pakistan



Ms. Shahla Naqvi, NIBAF Pakistan



Syed Faraz Anwer, A.F. Ferguson & Co



Ms. Nasha Tengra, A.F. Ferguson & Co



Mr. Shakeel Masud Hussain, DAWN News



Mr. Junaid Akram, DAWN News










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NIBAF, PAKISTAN HIGHLIGHTS

JULY – SEPTEMBER 2026



EXIM BANK LAUNCHES TALENT ACQUISITION PROGRAM

with Induction of First Batch of Management Trainee Officers in Collaboration with NIBAF Pakistan

The Export-Import Bank of Pakistan (Pak EXIM), in collaboration with the National Institute of Banking and Finance (NIBAF) Pakistan, held an induction ceremony to welcome the flagship batch of young Management Trainee Officers (MTOs) under its Talent Acquisition Program (TAP). TAP aims to build a future-ready workforce for the institution through competitive merit-based selection, followed by structured off-site and on-the-job training before participants assume roles at Pak EXIM's Head Office and Regional Offices.

As a strategic initiative, TAP seeks to strengthen Pak EXIM's institutional capacity during its ongoing development by attracting, training, developing, and nurturing exceptional young talent. Through its partnership with NIBAF Pakistan, participants will gain specialized knowledge and practical exposure to the role of a national Export Credit Agency (ECA) under the mentorship of industry and subject experts. The inaugural batch marks a significant milestone in Pak EXIM's long-term vision of developing a skilled and capable workforce.

The proceedings also featured the signing of an MoU between Pak EXIM and the Export Development Fund (EDF), reinforcing joint efforts to support Pakistan's export sector, particularly SME exporters, while expanding opportunities for institutional collaboration.

NIBAF Pakistan is proud to partner with Pak EXIM in delivering the Talent Acquisition Program, which combines structured classroom learning with practical exposure to prepare young professionals for impactful careers in Pakistan's export finance ecosystem. Through strategic partnerships and high-quality capacity- building initiatives, NIBAF Pakistan remains committed to developing future-ready professionals who contribute to the sustainable growth of Pakistan's financial sector.



Hon'ble Finance Secretary, Mr. Imdad Ullah Bosal; Hon'ble Federal Secretary Commerce, Mr. Jawad Paul; Ex-Governor SBP, Dr. Ishrat Husain (NI) (HI); Advisor to PM and Board Member – EDF, Dr. Muhammad Saeed; CEO – NIBAF Pakistan, Ms. Lubna Farooq Malik; President & CEO – Pak EXIM, Mr. Shahbaz Hussain Syed; Executive Director/Secretary - EDF, Syed Abbas Mehdi and other guests at the inaugration of 1st batch of MTO Program.

NIBAF PAKISTAN LAUNCHES HUAWEI ICT ACADEMY TO STRENGTHEN DIGITAL SKILLS IN THE FINANCIAL SECTOR

The National Institute of Banking and Finance (NIBAF) Pakistan launched the Huawei ICT Academy at NIBAF Pakistan in collaboration with Huawei Pakistan, reinforcing its commitment to developing a digitally skilled workforce for Pakistan's financial sector.

The Academy will provide banking and finance professionals with access to internationally recognized training and certification in emerging technologies, including Artificial Intelligence (AI), Cloud Computing, Cybersecurity, Data Communications, and Big Data.

Through Huawei's global curriculum, participants will benefit from practical learning, advanced laboratory platforms, and industry-relevant certifications that will strengthen digital capabilities across the financial services sector.

Speaking at the inauguration on July 7, 2026, at Islamabad, Ms. Lubna Farooq Malik, Chief Executive Officer, NIBAF Pakistan, said: "The launch of the Huawei ICT Academy reflects NIBAF Pakistan's continued commitment to equipping financial sector professionals with the knowledge and skills required to lead digital transformation. By providing access to globally recognized learning and certification opportunities, we are investing in human capital that will strengthen innovation, resilience, and competitiveness across Pakistan's financial industry."

Representing Huawei Pakistan, Mr. Ahmed Bilal Masud, CEO AI and Cloud Business, highlighted the importance of collaborative efforts to develop digital talent. "Our partnership with NIBAF Pakistan demonstrates a shared commitment to preparing professionals with globally competitive ICT skills that will support Pakistan's digital transformation and the future of its financial sector."

The launch of the Huawei ICT Academy further strengthens NIBAF Pakistan's role as the country's premier capacity-building institution for the financial sector. By partnering with leading global technology organizations, NIBAF Pakistan continues to expand access to high-quality professional education and support the development of a future-ready workforce capable of meeting the evolving demands of a digital economy.







NIBAF PAKISTAN AND ISACA KARACHI CHAPTER
ENTER INTO STRATEGIC PARTNERSHIP

Ms. Lubna Farooq Malik, Chief Executive Officer, NIBAF Pakistan, and Mr. Kashif Alam Khan, President, ISACA Karachi Chapter, signed a Memorandum of Understanding (MoU) on July 23, 2026, at NIBAF Pakistan, Karachi. The MoU reflects the mutual commitment of both organizations to collaborate and strengthen their mutual understanding in areas of shared interest.

NIBAF Pakistan, as a leading institution for capacity building and professional development in the banking and financial sector, plays a vital role in enhancing the knowledge, skills, and competencies of banking professionals through specialized training and learning initiatives.

ISACA Karachi Chapter, representing a globally recognized professional community in information systems, cybersecurity, governance, risk, and emerging technologies, is committed to promoting professional excellence and strengthening digital trust through knowledge sharing, certifications, training, and industry engagement.

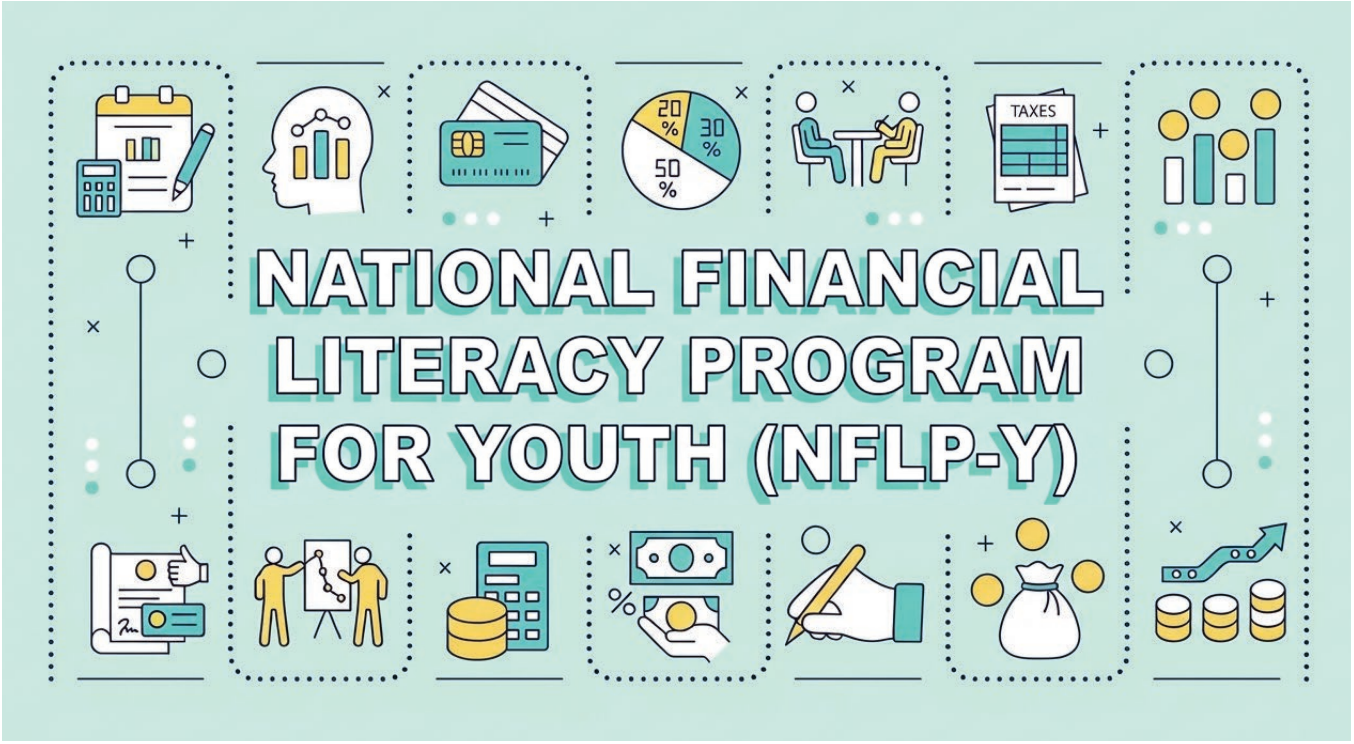
The collaboration between NIBAF Pakistan and ISACA Karachi Chapter is expected to create valuable opportunities for joint training programs, seminars, workshops, knowledge-sharing sessions, and professional development initiatives. The partnership will also contribute to enhancing awareness of cybersecurity, information technology governance, risk management, and digital transformation within the banking and financial services sector.

This strategic partnership marks an important step toward fostering stronger linkages between financial sector capacity building and the rapidly evolving fields of technology and cybersecurity. It is envisioned that the collaboration will support the development of a future-ready workforce equipped to address emerging challenges and opportunities in Pakistan's increasingly digital financial landscape.









Financial Literacy Moves Towards Curriculum Integration Across Pakistan: NIBAF Pakistan Brings National and Provincial Curriculum Authorities Together to Consolidate Approximately 180 Unified Financial Literacy SLOs.

NIBAF Pakistan, under the guidance of the State Bank of Pakistan (SBP), successfully concluded the Inter-Provincial Curriculum Workshop (IPCW) at its Islamabad Campus, bringing together curriculum and subject experts from across Pakistan. The two-day workshop marked a significant milestone under the Financial Literacy Integration Project (FLIP), resulting in the consolidation of approximately 180 unified Financial Literacy Student Learning Outcomes (SLOs) for progression towards notification and integration into national and provincial curricula.

The workshop brought together representatives from Punjab, Sindh, Khyber Pakhtunkhwa, Balochistan, Azad Jammu & Kashmir, Gilgit-Baltistan and the Federal/ National Curriculum Council Wing. The initiative reflects NIBAF Pakistan's continued efforts to move financial literacy from standalone interventions towards a structured, sustainable and curriculum-based approach, equipping future generations with practical financial knowledge and skills.

Representatives across Pakistan & AJK

~180 Unified Financial Literacy SLOs

Towards Curriculum Integration

Inspiring Financial Literacy Through Creativity: FL Competition Engages Schools Across Pakistan

NIBAF Pakistan's Financial Literacy Competition engaged 775 partner schools nationwide, providing students, teachers and principals a platform to demonstrate financial concepts through creative video-based submissions. The competition received 398 submissions, of which 394 valid entries were evaluated, with 115 outstanding entries shortlisted for recognition, comprising 50 Student, 50 Teacher and 15 Principal Awards. The initiative promoted experiential learning, creativity and practical application of financial literacy concepts among school communities.

775 Partner Schools

398 Submissions (394 Valid)

115 Outstanding Entries

Financial Literacy & Entrepreneurship Training in Collaboration with Idara-e-Taleem-o-Aagahi

NIBAF Pakistan, in collaboration with Idara-e-Taleem-o-Aagahi (ITA), Lahore, conducted a six-day Financial Literacy & Entrepreneurship Training Program across Lahore District from mid-June to early July 2026. More than 65 community- based women completed the training, gaining practical knowledge in personal financial management, household budgeting, entrepreneurship, income

generation, formal banking and digital financial services. The initiative strengthened participants' financial capability and entrepreneurial confidence while supporting greater financial inclusion.

>65 Women Trained

6 Days Training Program

Lahore District

NIBAF Pakistan Organizes Financial Literacy & E-Commerce Summer Fiesta for Students

NIBAF Pakistan participated in the 10-day Financial Literacy & E-Commerce Summer Fiesta 2026, organized by the Federal Directorate of Education (FDE) at Islamabad Model College for Boys, G-6/4, Islamabad. The program engaged approximately 40 students through interactive sessions covering financial literacy, budgeting, entrepreneurship, digital marketing, e-commerce, taxation, startup financing and banking services. The initiative strengthened students' financial capability, digital readiness and entrepreneurial mindset.

~40 Students Engaged

Financial Literacy
E-Commerce
Digital Marketing
Taxation | Banking

10 Days Program

Empowering Young Minds on World Youth Skills Day 2026

To mark World Youth Skills Day 2026, NIBAF Pakistan participated in an awareness event organized by the Pakistan Girl Guides Association (ICT Chapter) in collaboration with the Women Welfare and Development Center. Mr. Salman Shehzad, Project Director, FLIP, delivered an interactive session on financial literacy, entrepreneurship and innovation, engaging nearly 200 students. The session highlighted the importance of financial knowledge, digital skills, problem-solving and entrepreneurial thinking in preparing young people for emerging opportunities and supporting inclusive economic development.

200 Students Engaged

Key Focus Areas
Financial Literacy
Entrepreneurship
Innovation
Digital Skills

World Youth Skills Day 2026

GALLERY



















CUSTOMIZED TRAINING

During July and August 2026, the Marketing, Communication and Strategic Alliances (MC&SA) Department successfully delivered a series of customized training programs for leading financial institutions, supporting their capacity-building and professional development needs. Customized training programs on SME Banking and Trade Finance were conducted for Faysal Bank Limited, with a total of 181 employees participating across Karachi, Lahore, Faisalabad, Multan, and Peshawar. A five-day program on "SBP Prudential Regulations and Audit Compliance Framework" for the Bank of Azad Jammu & Kashmir (BAJK). The program was attended by 25 employees at NIBAF Pakistan, Islamabad Campus.

A 14-day Management Trainee Officers (MTO) Training Program was also conducted at the Islamabad Campus for EXIM Bank's MTO Batch-I, with 15 participants attending the program. Additionally, a specialized training session on "Business Conduct & Fair Treatment of Customers Regulatory Framework" was organized for MCB Bank Limited employees in Lahore on August 18, 2026. Through these customized learning interventions, NIBAF Pakistan continues to support financial institutions in developing workforce capabilities, addressing institution-specific learning needs, and fostering strategic partnerships across the banking and financial services sector.

236+ Professionals Trained

5 Financial Institutions

Customized Training Interventions

02 Cities

CERTIFICATION PROGRAM

During July and August 2026, the Marketing, Communication and Strategic Alliances (MC&SA) Department successfully conducted a Branch Manager Certification Program for 25 employees of the Bank of Azad Jammu & Kashmir (BAJK) in NIBAF Pakistan, Islamabad Campus. The program commenced on 20 July, 2026 and focused on strengthening the professional capabilities of branch management staff. In addition, NIBAF, Pakistan conducted four batches of Mobile Credit Officer Certification Programs for Zarai Taraqiati Bank Limited (ZTBL) at Islamabad Campus from July 20-August 28, 2026. The programs provided specialized learning and certification to 228 bank employees, supporting their professional development and enhancing their capabilities in credit operations.

Through these certification programs, NIBAF Pakistan continues to provide targeted learning solutions that address the evolving capability needs of financial institutions and contribute to strengthening human capital across the banking sector.



253 Bank Employees Certified / Trained



2 Financial Institutions



02 Certification Programs



05 Program Batches

ASSESSMENT SERVICES

During July and August 2026, the Marketing, Communication and Strategic Alliances Department conducted an assessment test for students of Hamdard University on July 10, 2026. The assessment marked the third batch of Hamdard University students assessed under the special Memorandum of Understanding (MoU) between the University and NIBAF Pakistan. Successful participants were awarded NIBAF Pakistan certificates in "Principles of Islamic Banking and Finance."

In addition, the Department conducted seven assessment drives for Faysal Bank Limited across Lahore, Karachi, Faisalabad, Multan, and Peshawar.

A total of 181 bank employees were assessed in the areas of SME Banking and Trade Finance. The assessments were designed to evaluate participants' knowledge and competencies in their respective areas and support Faysal Bank's professional development initiatives.

Through these assessment initiatives, NIBAF Pakistan continues to facilitate competency-based learning and assessment, enabling educational institutions and financial sector organizations to strengthen professional capabilities and support continuous development.



181 Bank Employees Assessed



07 Assessment Drives



05 Cities


PAKISTAN BANKING AWARDS
NATIONAL INSTITUTE OF BANKING AND FINANCE, PAKISTAN
DAWN
A.F.FERGUSON&Co.
BEST BANK 2026

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Fourth time in a row!
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CAPITAL IS A CONSEQUENCE

Course Correction for Pakistan's Investment Reset

Pakistan's investment story is ultimately a story about confidence. The amount of Foreign Direct Investment (FDI) entering the country is important, but the more consequential question is what the volume, composition, and concentration of that investment reveal about how global capital assesses Pakistan's economic future. Investment is not merely a financial flow; it is a forward-looking judgment about the credibility of a country's institutions, the competitiveness of its economy, and the predictability of its policy environment. When capital commits for decades, it is expressing confidence not only in a project, but in the country in which that project will operate.

By: Muhammad Azfar Ahsan



During FY2025-26, Pakistan attracted net FDI of only USD 1.64 billion, down 34 percent from the previous year and equivalent to approximately 0.39 percent of GDP. For a country of more than 250 million people, positioned at the intersection of major regional markets and endowed with substantial opportunities in mining, agriculture, energy, manufacturing, logistics, technology, and tourism, this is a disappointing statistic, to say the least. It is a signal that Pakistan's considerable economic potential is not being translated into sufficient investment confidence.

The composition of that investment makes the signal even more revealing. More than 90 percent of Pakistan's net FDI came from just five economies: China, Hong Kong, the United Arab Emirates, Switzerland, and the United Kingdom. China alone accounted for approximately 52.6 percent, followed by Hong Kong at 20.7 percent and the UAE at 14.4 percent, with Switzerland and the UK taking the contribution of the top five beyond 90 percent. These relationships are valuable and should be deepened. Investors that continue to commit capital to Pakistan despite a difficult operating environment are important anchors of confidence. But the concentration also exposes a structural weakness: an economy of Pakistan's scale should not depend so heavily on such a narrow circle of foreign capital.

The objective cannot simply be to attract more FDI. Pakistan must deepen the confidence of existing investors, encourage expansion and reinvestment, and broaden the universe of countries and companies prepared for long-term commitments. More importantly, capital should expand productive capacity, generate skilled employment, develop supply chains, introduce technology, strengthen exports, and create sustainable foreign-exchange earnings. The real question is what capital enables Pakistan to become.

That is why Pakistan needs an investment reset.

For too long, our investment debate has been dominated by promotion, facilitation, incentives, delegations, roadshows, and announcements – none is inherently wrong. But these instruments cannot substitute for the deeper conditions governing investment decisions. A country can attract attention without attracting durable capital, facilitate individual projects without improving the system, and announce billions of dollars of commitments without creating a productive asset.

Facilitation helps an investor navigate the system; the architecture determines whether the system works. Government can resolve an individual problem, but if the same problem confronts subsequent investors, it means the intervention treated the symptom rather than the cause. A sound and sustainable investment policy must remove the structural factors that make extraordinary intervention necessary.

Investors do not encounter Pakistan as a collection of ministries, regulators, and departments; they encounter one investment environment. They experience energy costs and reliability, tax predictability, ports and logistics, approvals, land, access to finance, regulatory consistency, contract enforcement, skilled labor, and the ability to repatriate legitimate returns. Government may divide these responsibilities; capital does not. To an investor, they form one commercial proposition.

Investment is ultimately a judgment about the future. A company considering a manufacturing plant, mining operation, technology platform, logistics facility, or infrastructure project is committing capital that may take years to deploy and decades to recover. Investors ask questions far beyond an initial incentive package: Will taxes remain predictable? Will energy remain viable? Will approvals arrive on time? Will regulations be applied consistently? Will foreign exchange be available? Will contracts be respected? Will the infrastructure support operations? Will economic policy remain credible after political transition?

Commercial risk can be analyzed, priced and managed. Unpredictability is far harder to price. When institutions behave unpredictably, investors demand higher returns, shorten their horizons, or choose another jurisdiction. Policy stability is, therefore, an economic asset. For long-term capital, tomorrow's policy credibility can matter as much as today's opportunity.

Pakistan has many attributes that should make it investable: market scale, strategic geography, an underdeveloped resource base, a resilient private sector, and an expanding digital economy. Agriculture, manufacturing, mining, logistics, energy, and tourism all offer considerable room for modernization and value addition.

Yet potential is not the same as "investability." Natural resources create opportunity, but infrastructure, capital, and institutions determine whether they become productive industries. Population creates market scale, but skills, purchasing power, and productivity convert size into economic value. Geography becomes an advantage only when connectivity, logistics, trade policy, and infrastructure convert location into commercial opportunity. Pakistan's central investment challenge is the gap between what the country possesses and what its institutions can convert into credible, scalable investment propositions.

The first principle should be simple: Pakistan must stop measuring investment through announcements and start measuring it through outcomes.

A memorandum does not build a factory. An announcement does not create an export industry. A delegation does not generate employment. The test begins when capital is deployed, projects reach financial close, construction starts, production begins, workers are employed, exports emerge, and investors reinvest.

Pakistan should follow significant investment through its complete lifecycle, from investor identification and project development to approvals, financial close,

construction, production, employment, exports, and reinvestment. The State should know where a project stands, what factors delay it, and which institution is responsible. Government's responsibility should not end when an agreement is signed; often, the harder work begins then.

Investment institutions should, therefore, be judged by realized capital, operational projects, employment, exports, technology transfer, domestic supplier development, and reinvestment rather than commitments generated. That would shift emphasis from activity to impact.

Existing investors are among the State's most valuable sources of intelligence because they have taken the initial risk and experienced its institutions firsthand. Their expansion signals confidence; reinvestment signals even more. Investor aftercare should become a core component of policy, with recurring problems treated as evidence of reforms required across the system.

Domestic investment deserves equal strategic attention. International investors inevitably observe what Pakistani businesses do with their own capital. When domestic companies build plants, modernize production, enter export markets, and invest in technology, they demonstrate confidence. When domestic capital becomes defensive, waits for clarity, or moves disproportionately toward short-term financial opportunities, that behavior is itself an economic signal. A reset must therefore begin, at home as well as abroad.

This brings the financial sector into the investment equation. Pakistan cannot transform its productive economy if domestic savings remain insufficiently connected with long-term investment. Banks, insurance companies, pension funds, asset managers, and capital markets provide channels through which financial resources can support industrial modernization, infrastructure, technology, export-oriented businesses, and enterprises capable of scaling.

The banking sector should strengthen financing for viable expansion, modernization, and technology adoption without compromising commercial discipline. Longer-tenor financing, stronger project appraisal, structured finance, and deeper SME engagement can connect financial capital with productive opportunities. Capital markets and institutional investors must become stronger sources of patient capital for infrastructure, technology, manufacturing, and other long-duration investments. The objective is a domestic capital ecosystem in which FDI, bank finance, institutional savings, private equity, venture capital, and capital markets reinforce one another.

The second principle is that investment must be judged by the productive capabilities it creates. The most valuable investment is not necessarily the largest immediate inflow; it leaves behind stronger companies, better skills, modern technology, deeper supplier networks, and greater export capacity. Pakistan should connect investment strategy directly with industrial and export ambitions. Mining should move beyond extraction toward processing and value addition. Agriculture should connect production with storage, processing, logistics, and international markets. Manufacturing should become more productive and technologically integrated with global value chains. The digital economy should evolve beyond isolated service exports toward a broader technology ecosystem. Tourism should be developed through connectivity, infrastructure, hospitality, and professional standards that convert natural and cultural assets into commercially viable destinations.

> **"Course correction can chan investment outcomes. Even relatively small economies ar attracting significant capital because they have worked deliberately on the condition investors value."**



This requires a more deliberate and commercially intelligent approach to promotion. Pakistan cannot credibly market every sector to every investor. It should identify sectors with genuine or emerging comparative advantages, determine their infrastructure and policy requirements, identify likely investors, and develop investment-ready propositions supported by reliable data, locations, regulatory requirements, realistic financial assumptions, and clear government responsibilities.

The objective should be a qualified investment pipeline. Roadshows should be judged by projects reaching financial close, capital deployed, and investments becoming operational, not meetings or photographs.

Pakistan should also look carefully at what is happening around it. Across the Far East, ASEAN, Central Asia, the Middle East and Africa, countries of very different sizes and circumstances are improving their investment landscapes, correcting institutional weaknesses, reducing transaction costs, developing infrastructure, and positioning themselves for new capital. This is important not simply as a matter of comparison, but as evidence that course correction can change investment outcomes. Even relatively small economies are attracting significant capital because they have worked deliberately on the conditions investors value. Africa offers a particularly instructive comparison: approximately ten African economies recorded average annual FDI inflows above Pakistan's current USD 1.64 billion during 2022–24. The lesson is not to imitate them mechanically, but to recognize that investment responds when countries improve the credibility, clarity, and commercial attractiveness of their propositions.

The concentration of Pakistan's FDI reinforces the case for diversification. Pakistan should deepen its relationships with China, Hong Kong, the UAE, Switzerland, and the UK while deliberately widening the circle of confidence. Diversification should not mean replacing existing investors; it should mean adding new sources of capital, technology, market access, and expertise. The objective is to create a more resilient investment base built on deeper relationships and partners.

The institutional structure must evolve alongside this ambition. Pakistan's economic decision-making is distributed across federal ministries, regulators, provincial governments, sectoral institutions, and coordination mechanisms. Each may have a legitimate mandate, but the investor experiences their combined effect. The challenge is not simply bureaucracy; it is the absence of a clearly owned investment journey.

This is where the discussion around the Board of Investment (BOI) and the Special Investment Facilitation Council (SIFC) belongs. Both emerged from a genuine national need: Pakistan required faster decision-making and stronger coordination to overcome bureaucratic obstacles that had discouraged investment. Extraordinary facilitation can be valuable when major projects require coordination across institutions. But extraordinary mechanisms cannot permanently substitute for permanent institutional capacity.

Pakistan ultimately needs an architecture in which investment policy, promotion, facilitation, aftercare, and performance management are connected through clearly defined responsibilities. The investor should not have to understand how the State is organized to obtain a decision. The State should be organized around the investor journey, with clear ownership, defined timelines, and measurable outcomes.

The question is whether Pakistan becomes easier to understand, easier to invest in, and more reliable for the long term.

That institutional test must be accompanied by a broader competitiveness agenda. Energy costs, taxation, logistics, infrastructure, customs, regulation, foreign exchange, and public-service delivery are often treated as separate policy matters. To investors, they are not. Together, they determine commercial viability.

Pakistan has repeatedly tried to compensate for structural weaknesses through tax concessions, special packages, and preferential arrangements. Carefully designed incentives can influence investment at the margin but cannot permanently compensate for an inefficient operating environment. If a project is viable only through exceptional concessions, the underlying proposition remains fragile.

The sustainable approach is competitiveness-led policy: improve the economics of operating in Pakistan so investors choose the country because it is commercially compelling, not temporarily subsidized. If energy is too expensive, another concession is not a structural solution. If logistics are inefficient, an exemption for one investor does not repair the system. If approvals are slow, exceptional permission for one project does not help the next hundred. The purpose of the reset should be to make ordinary government processes work well enough so that extraordinary intervention becomes the exception.

Execution must, therefore, become a central measure of economic governance. Pakistan has never suffered from a shortage of policies, committees, strategies, or reform programs. Its more persistent weakness has been implementation. An approved investment can remain stalled because land is unavailable, infrastructure incomplete, financing unresolved, regulations change, or an intergovernmental commitment is not fulfilled. Each failure damages the project, while reputational costs spread because investors share experiences across markets and industries.

Ministries and agencies should operate against defined service standards, measurable timelines, and clear accountability. Delays should be tracked, causes identified, and recurring bottlenecks converted into reforms. The objective is not another reporting layer; it is a culture in which execution carries the same weight as announcement.

The international investment environment has changed. Pakistan is not dealing with a static pool of capital waiting to be attracted. Global investors assess jurisdictions across manufacturing, technology, mining, logistics, services, and regional headquarters, weighing market size against infrastructure, skills, energy costs, regulation, market access, and policy credibility. Pakistan must, therefore, attract not only capital, but technology, talent, and participation in global value chains.

The human-capital dimension is equally important. With approximately 28 million children out of school, Pakistan faces not only an education crisis but an investment competitiveness crisis. Modern investors increasingly seek technical skills, digital capability,



"The purpose of the reset should be to make ordinary government processes work well enough so that extraordinary intervention becomes the exception."

managerial talent, and the capacity to absorb new technologies. Artificial Intelligence, automation, and digitalization are transforming production, and countries investing in human capability today will be better positioned for higher-value investment tomorrow.

Pakistan's demographic scale can become an extraordinary advantage only if population is converted into productivity. A young population without education, skills, and productive employment can become a fiscal and social burden rather than an economic dividend. Investment policy must connect with education, vocational training, digital skills, research and development, management capability, and stronger industry-academia linkages. The twenty-year investment strategy must be designed alongside an equally ambitious human-capital strategy.

The most difficult requirement is continuity. A mine, factory, technology platform, logistics facility, or infrastructure project is not built around the tenure of a government. Investors make assumptions extending beyond one budget cycle and often several political administrations. They need confidence that Pakistan's broad economic direction will remain credible when governments change.

Policy continuity does not mean freezing policy. It means ensuring legitimate changes build upon an established national direction rather than repeatedly replacing it. Pakistan should, therefore, develop a national investment strategy with a twenty-year horizon, supported by measurable five-and ten-year milestones covering investment, exports, industrial productivity, infrastructure, energy competitiveness, technology, and human capital.

Institutional memory must accompany policy continuity. Where an institution has failed, it should be reformed. Where a policy has become obsolete, it should evolve. But wholesale reinvention should not become the default response to political transition. Capital requires a longer memory than politics.

The relationship between the BOI and the SIFC should be resolved within this principle. Pakistan must distinguish between strategic investment policy, permanent facilitation, and extraordinary coordination. Whatever configuration is adopted, the end state should be clear mandates, minimal duplication, measurable performance, and an investor journey that does not depend on personalities.

A coherent investment architecture should rest on non-negotiable principles: one national direction; clear institutional responsibility; an investor-centered process; measurable service standards; aftercare; outcome-based performance management; competitiveness rather than perpetual incentives; stronger domestic capital mobilization; and continuity across political cycles. Investment outcomes must remain connected to national objectives – exports, productivity, technology, employment, value addition, and external resilience.

The ultimate test is behavioral; if international investors begin committing capital for longer periods, existing companies expand and reinvest, Pakistani businesses increase productive investment, new investors arrive from a broader range of countries, projects move faster from commitment to operation, and new investment generates measurable gains in exports, employment, and productivity, then the reset will be working. If the system merely produces announcements, committees, and conferences, the architecture will have changed in form, not substance.

Pakistan, therefore, faces a choice between two models. One relies on exceptional intervention, personalities, and temporary arrangements to overcome institutional weaknesses. The other builds systems that function predictably regardless of who occupies an office. The first can produce successes. The second can produce an investment economy.

Pakistan's opportunity remains substantial: its geography is strategic, domestic market large, entrepreneurial capacity resilient, resource base significant and digital possibilities expanding. What must change is the State's ability to convert these advantages into credible investment propositions and deliver what they promise.

The central question is no longer how much investment Pakistan can attract next year, but what kind of economy it should build over the next twenty years. If the ambition is stronger industries, higher productivity, deeper supply chains, greater exports, better jobs, stronger technology, and external resilience, investment policy must be designed around those outcomes. Capital should not merely enter Pakistan; it should help transform Pakistan.

That is the real meaning of an investment reset. It is a redesign of the relationship between the State, capital, and the productive economy: from promotion to

competitiveness, from facilitation to institutional capability, from commitments to deployment, from short-term transactions to long-term capital formation, and from fragmented intervention to institutional credibility.

Pakistan does not need another investment slogan. It needs a system in which investors can understand the opportunity, assess the risk, trust the institutions, and commit capital for the long term. Government must provide clarity and continuity; the financial sector must mobilize productive capital; businesses must invest with a longer horizon; provinces must become active partners in improving the investment environment; and investors must be treated as long-term economic partners in building productive capacity.

If that alignment can be achieved, Pakistan will no longer have to chase investment with the urgency that has characterized much of its past. Investment can increasingly become a consequence of an economy that is more competitive, more predictable, and more credible.

The reset must, therefore, begin with the State itself, not with another slogan or another campaign, but with institutional discipline to make Pakistan an economy in which confidence can become capital, capital can become productive capacity, and productive capacity can become sustained national development. ■



AI INFRASTRUCTURE AS THE NEXT INFRASTRUCTURE ASSET CLASS

Rethinking Project Finance and Capital Markets for the Compute Economy



By: Talha Ahmed Khan

Around 2023, infrastructure investors began to view artificial intelligence not merely as a technological advancement but as a significant capital allocation opportunity. The conversation shifted from innovation to investment, with AI infrastructure increasingly being assessed through the lens of long-term balance sheet assets. Data centers, the power generation capacity that supports them, the fiber networks that connect them and the semiconductors that power advanced computing have, within a remarkably short period, evolved from specialized components of the technology and real estate sectors into a recognized infrastructure asset class. Today, many institutional investors, including pension funds, sovereign wealth funds and development finance institutions, regard AI infrastructure alongside traditional infrastructure assets such as toll roads, airports, ports and electricity networks.

This article explores the factors driving this transformation, examines its implications for project finance and capital markets globally, and considers what this emerging asset class means for developing economies such as Pakistan, which seeks to strengthen digital sovereignty, attract long-term investment and expand digital infrastructure while managing significant constraints within its power sector.

The Emergence of AI Infrastructure as a New Asset Class

A Capital Expenditure Cycle Without Historical Precedent

The scale of the current investment cycle in AI infrastructure is unprecedented in modern corporate history. The world's largest hyperscale technology companies, including Amazon, Microsoft, Alphabet, Meta and Oracle, are collectively expected to invest between US$660 billion and US$700 billion in capital expenditure during 2026 alone, representing an increase of approximately 36 to 77 percent over the previous year, depending on the companies included in the comparison. Approximately three quarters of this investment, equivalent to around US$450 billion, is expected to be directed towards AI computing infrastructure, data centers and high-capacity networking. According to Goldman Sachs Research, cumulative capital expenditure by hyperscalers is projected to reach approximately US$1.15 trillion between 2025 and 2027, more than double the US$477 billion invested during the preceding three-year period. Looking further ahead, the Goldman Sachs Global Institute projects that annual global investment in AI infrastructure, encompassing computing capacity, data centers and supporting power infrastructure, could increase from approximately US$765 billion in 2026 to US$1.6 trillion by 2031. Under this baseline scenario, cumulative investment over the period is expected to reach approximately US$7.6 trillion, highlighting the emergence of AI infrastructure as one of the largest and most significant global capital investment themes of the coming decade.

What distinguishes the current AI investment cycle from previous waves of technological innovation is not only its scale but also its exceptional capital intensity. Technology companies that were once regarded as predominantly asset-light are now investing in physical infrastructure at levels more commonly associated with utilities and industrial enterprises. Recent analyst estimates suggest that capital expenditure has reached approximately half of annual revenues for several leading hyperscalers, reflecting unprecedented investment in AI computing capacity, data centers and supporting infrastructure. NVIDIA has emerged as one of the principal beneficiaries of this investment cycle, with analysts estimating that it captures approximately 41.5 cents of every dollar spent by hyperscalers on AI hardware. The company's data center business generated US$39.1 billion in revenue during a single quarter of fiscal 2026, representing year-on-year growth of 73 percent. The broader semiconductor industry is also experiencing a structural transformation. Bank of America projects that the global semiconductor market could approach US$1.3 trillion under an accelerated AI adoption scenario, while demand for logic semiconductors, particularly AI accelerators, expanded by almost 40 percent during 2025. Collectively, these trends demonstrate that AI is reshaping not only the technology sector but also the economics of global infrastructure investment.

From Corporate Capex to a Financeable Asset Class

The significance of this transformation for project finance and capital markets lies in the fact that hyperscalers are increasingly choosing not to finance and own the entire AI infrastructure build-out solely through their own balance sheets. What began as internally funded capital expenditure is rapidly evolving into a financeable, contract-backed asset class with many of the characteristics traditionally associated with infrastructure investments. These include long-duration assets, contracted or quasi-contracted cash flows supported by

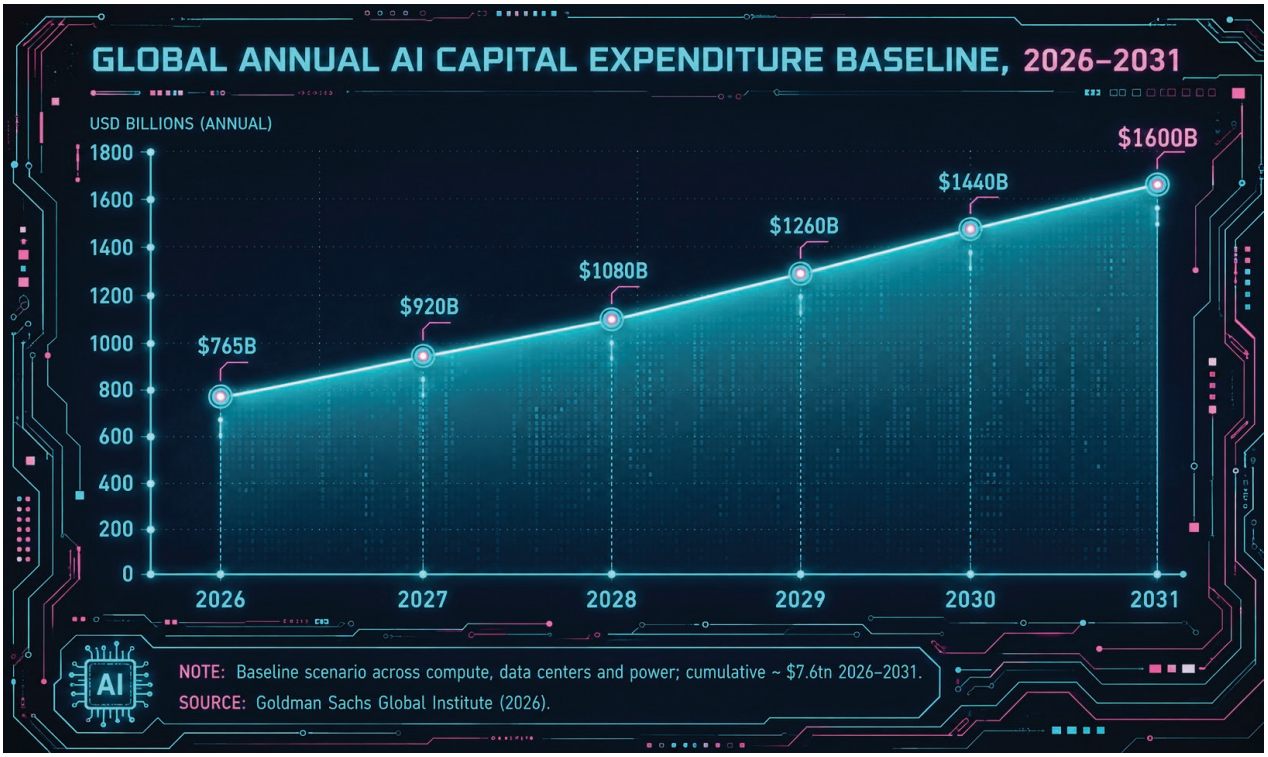


Figure 1: Global Annual AI Capital Expenditure Baseline, 2026–2031

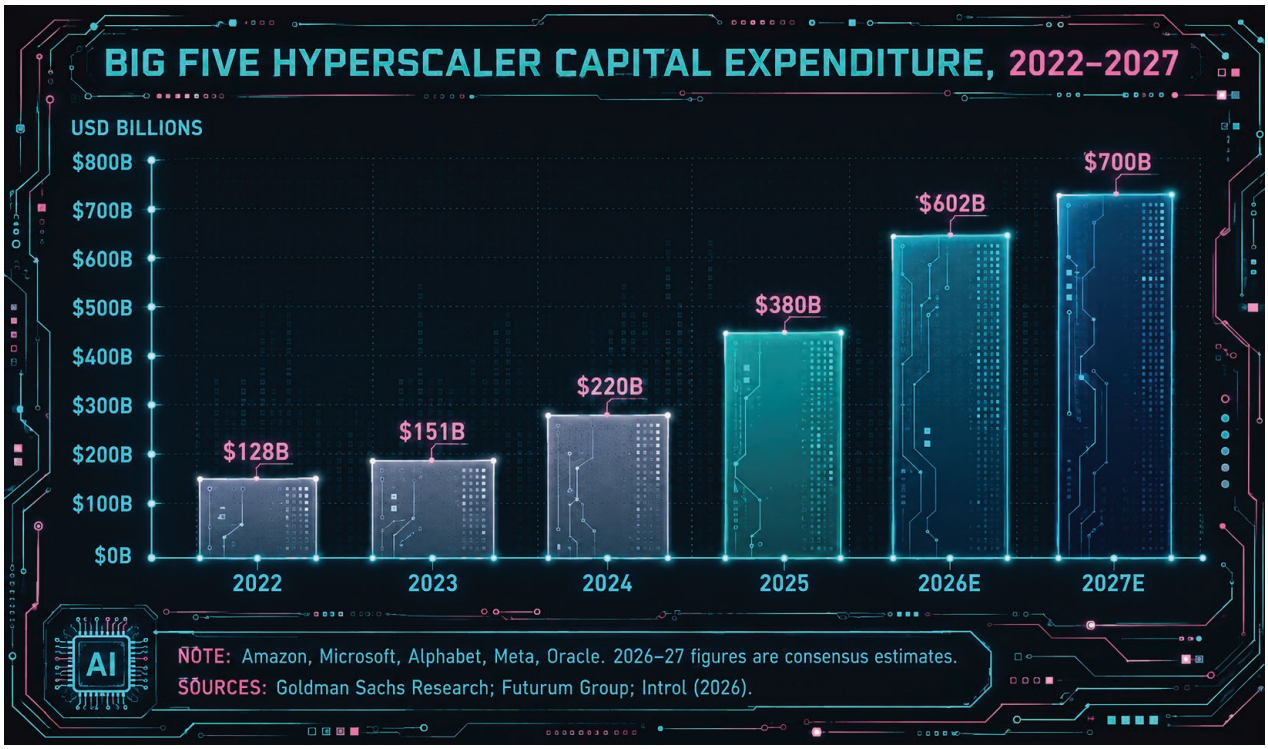


Figure 2: Big Five Hyperscaler Capital Expenditure, Actual and Estimated, 2022–2027

hyperscaler lease agreements, inflation-linked pricing mechanisms, and clearly identifiable project entities that can support leverage, securitization and secondary market transactions. Data centers have, as highlighted in recent academic research, evolved into a core asset class for institutional real estate investors. Developers, real estate investment trusts and infrastructure funds are increasingly entering into long-term lease arrangements with hyperscalers and other major technology users, enabling these companies to access computing capacity without necessarily owning every facility directly.

This evolution has created a broader and more diversified global capital structure for AI infrastructure investment. Private infrastructure funds raised a record $221 billion in 2025, with average fund sizes increasing to approximately $1.8 billion. Infrastructure as an asset class generated returns of around 12.8 percent during the year, outperforming most private market categories except private equity and venture capital. By mid-2026, nearly 700 infrastructure funds were actively seeking capital commitments, targeting an aggregate $555 billion, while private infrastructure funds collectively managed more than $1.7 trillion in assets, including approximately $400 billion of unallocated capital available for future deployment. Sovereign wealth funds have also emerged as significant investors in this ecosystem, with Gulf and Asian sovereign investors estimated to have committed approximately $120 billion towards data centers, semiconductor manufacturing facilities and high-performance computing networks during 2025 and 2026. Furthermore, an Invesco survey covering institutions managing a combined $17.2 trillion found that average infrastructure allocations increased from approximately 5 percent in 2022 to around 9 percent in 2025. This shift reflects investors' growing preference for long-term, inflation-sensitive assets and their efforts to diversify portfolios amid increasing concentration in public technology markets, where the ten largest companies in the S&P 500 now represent approximately 38 percent of the index.

Debt, Private Credit and the Return of Project Finance Discipline

Debt markets have moved just as quickly. Hyperscalers raised roughly $108 billion in bonds in 2025 alone specifically to fund data-center capacity, and market participants now project as much as $1.5 trillion in cumulative debt issuance tied to AI infrastructure over the coming years. Private credit managers, once seen as a niche alternative to bank lending, are increasingly described by their own sovereign investors as the vehicle that "captures the AI wave best", precisely because private credit and direct infrastructure equity allow investors to underwrite the contracted cash flows of a specific data center or campus rather than taking exposure to volatile technology equities. BlackRock's 2026 mid-year outlook makes a related and important point: a public bond, a private loan and a direct infrastructure equity stake can now fund the exact same underlying data-center asset, meaning investors who focus only on the label of the instrument, rather than the underlying project cash flow, risk missing where the real credit and concentration risk sits.

This is, in essence, the return of classical project finance discipline to a sector that had, for years, been financed on the strength of Big Tech balance sheets alone. Lenders are increasingly underwriting data centers the way they would underwrite a power plant or a toll road: on construction risk, power availability,

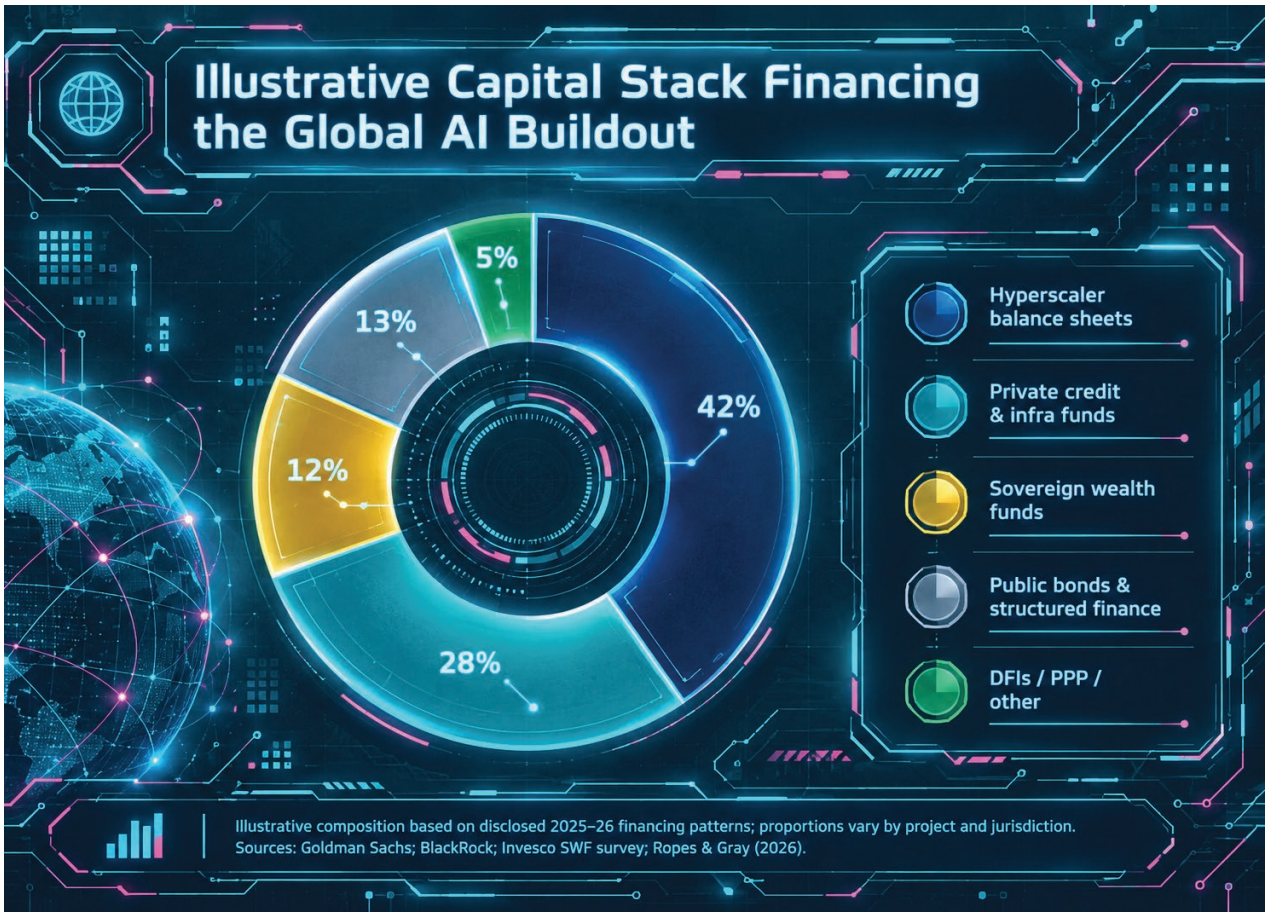


Figure 3: Illustrative Capital Stack Financing the Global AI Infrastructure Buildout

tenant credit quality, technology obsolescence and the durability of long-term lease and offtake structures. Ropes & Gray's mid-2026 review of the sector notes a clear bifurcation, investors now favor hyperscale deals with firmly committed, investment-grade hyperscaler credit, while "neocloud" GPU-as-a-service operators and sub-investment-grade tenants face materially higher costs of capital and more conservative underwriting. In other words, the market is starting to price AI infrastructure the way it prices any other long-duration infrastructure asset; through the quality of the offtake, not the excitement of the underlying technology.

> *A public bond, a private loan and a direct infrastructure equity stake can now fund the exact same underlying data-center asset — investors who watch only the label, not the underlying cash flow, are missing where risk and opportunity actually sit. — BlackRock, 2026 Mid-Year Global Outlook*

Financing AI Infrastructure in Developing Economies: The Case of Pakistan

A Structural Opportunity — and a Structural Gap

For emerging markets, the AI infrastructure build-out represents both an unusual opportunity and a familiar structural challenge. The opportunity is that AI infrastructure, unlike many previous waves of digital investment, is genuinely place-based: data centers need land, power and connectivity, and a growing share of hyperscaler and sovereign-AI demand is now being deliberately routed to markets outside the traditional US-Europe-China axis, from Brazil and Mexico to the Gulf and parts of Africa and South and Southeast Asia. Latin America's data-center market, for instance, was valued at only around $5 billion in 2023 but is projected to double to about $10 billion by 2029, led by Brazil, Mexico and Chile; evidence that hyperscale capital is willing to follow power and land availability into new geographies when the fundamentals and the policy environment are right. Pakistan sits at an early stage of this opportunity. According to recent industry estimates, the country currently has only a few operating data centers, and most sensitive commercial and government data continues to be hosted abroad, creating both an economic drain and a strategic vulnerability. Pakistan is estimated to spend roughly $700–800 million annually simply renting AI computing power from foreign cloud providers, a bill industry executives expect to rise sharply as AI adoption deepens across banking, telecom, health and the public sector.

Recent Momentum: Early but Genuine

The encouraging news is that concrete steps are now under way. In July 2026, Pakistan inaugurated Sky47's Karakoram-01 facility in Islamabad; described as the country's first purpose-built, AI-ready data center bringing together colocation, sovereign cloud,

Table 1: Recent Pakistan AI and Data-Center Infrastructure Initiatives (2025–26)

Initiative	Sponsor(s)	Key features
Karakoram-01 / Sky47	Government-linked, Islamabad	First AI-ready sovereign cloud facility: 8.5 MW; national security and public-sector focus
QGDC, Karachi Technopolis	Gul Ahmed Energy Group + Huawei Pakistan	Tier III design; $230M scaling to $600M; captive power plant reduces grid dependency
Sovereign AI Cloud	Telenor + Data Vault	First locally hosted AI data center and sovereign cloud, launched late 2025

cybersecurity and managed AI services under a single roof, with an initial capacity of 8.5 megawatts and a second, 5-megawatt facility under development at Port Qasim in Karachi. Separately, Gul Ahmed Energy Group's QGDC project in Karachi Technopolis, developed in partnership with Huawei Pakistan, is targeting a Tier III facility scaling from an initial $230 million investment toward $600 million, notable for drawing power from the sponsor's own captive power plant rather than relying solely on the national grid, an early and instructive example of how power-constrained markets can structure around the grid rather than wait for it. Telenor, in partnership with Data Vault, had already launched Pakistan's first locally hosted AI data center and sovereign AI cloud in late 2025. These initiatives sit within the government's broader "Digital Nation Pakistan" agenda, which has included a 5G spectrum auction, a doubling of undersea fiber capacity, right-of-way reforms for broadband roll-out, and the Special Investment Facilitation Council (SIFC), a single-window, whole-of-government mechanism chaired by the Prime Minister that is explicitly tasked with fast-tracking investment in IT and energy alongside defence, agriculture and mining.

The Binding Constraints: Power, Policy Predictability, and Bankability

Three constraints will determine whether this early momentum scales into a genuine asset class capable of attracting institutional and international project finance rather than remaining a series of one-off, sponsor-funded projects.

- **Energy and grid capacity.** A single next-generation hyper scale campus can now demand as much power as several hundred thousand households, and globally, data-center electricity consumption is projected by the International Energy Agency to more than double from around 415 terawatt-hours in 2024 to roughly 945 terawatt-hours by 2030, or just under 3% of global electricity demand. Pakistan's power sector already burdened by circular debt, an underused but expensive generation fleet, and transmission constraints cannot simply absorb gigawatt-scale new demand without dedicated planning. The Gul Ahmed captive-power model, and international examples of data centers co-located with dedicated renewable or gas generation, point to the kind of ring-fenced power solutions Pakistan will need to replicate at scale.

- **Regulatory and fiscal predictability.** International capital; whether infrastructure funds, DFIs or sovereign investors, prices policy risk before it prices technology risk. Tax-exemption status for projects. A credible, published, rules-based incentive regime for data-center and AI infrastructure investment; covering customs duties on hardware, repatriation of profits, long-term power tariffs, and data-sovereignty rules would do more to mobilize capital than any single incentive announcement.

- **Bankability and risk allocation.** Global lenders now underwrite data centers on the strength of hyperscaler-grade tenant credit and long-term contracted cash flows. Pakistani projects, by contrast, are largely sponsor-equity funded to date, with limited local-currency project debt and no established local track record of securitized or rated data-center paper. Building bankability will require standard-form power purchase and land-lease agreements, credible sovereign or DFI risk-sharing instruments for early movers, and, over time, a local institutional investor base, including pension funds and insurance companies, that may be willing to hold long-duration digital infrastructure paper.

The Role of DFIs, PPPs and Blended finance

This is precisely the gap that development finance institutions and public-private partnership structures are built to close in other sectors, and AI infrastructure is no exception. Lessons from investment promotion and infrastructure financing in the Gulf and beyond suggest that the projects that moved from announcement to financial close fastest were rarely the ones with the most attractive headline economics; they were the ones where a credible anchor; a sovereign guarantee, a DFI partial risk guarantee, or a multilateral first-loss tranche gave commercial lenders the comfort to price the remaining risk rather than the entire risk. The IFC, ADB, the Islamic Development Bank and bilateral DFIs have all begun exploring digital infrastructure and data-center financing programmes in emerging markets; Pakistan should be positioning bankable,

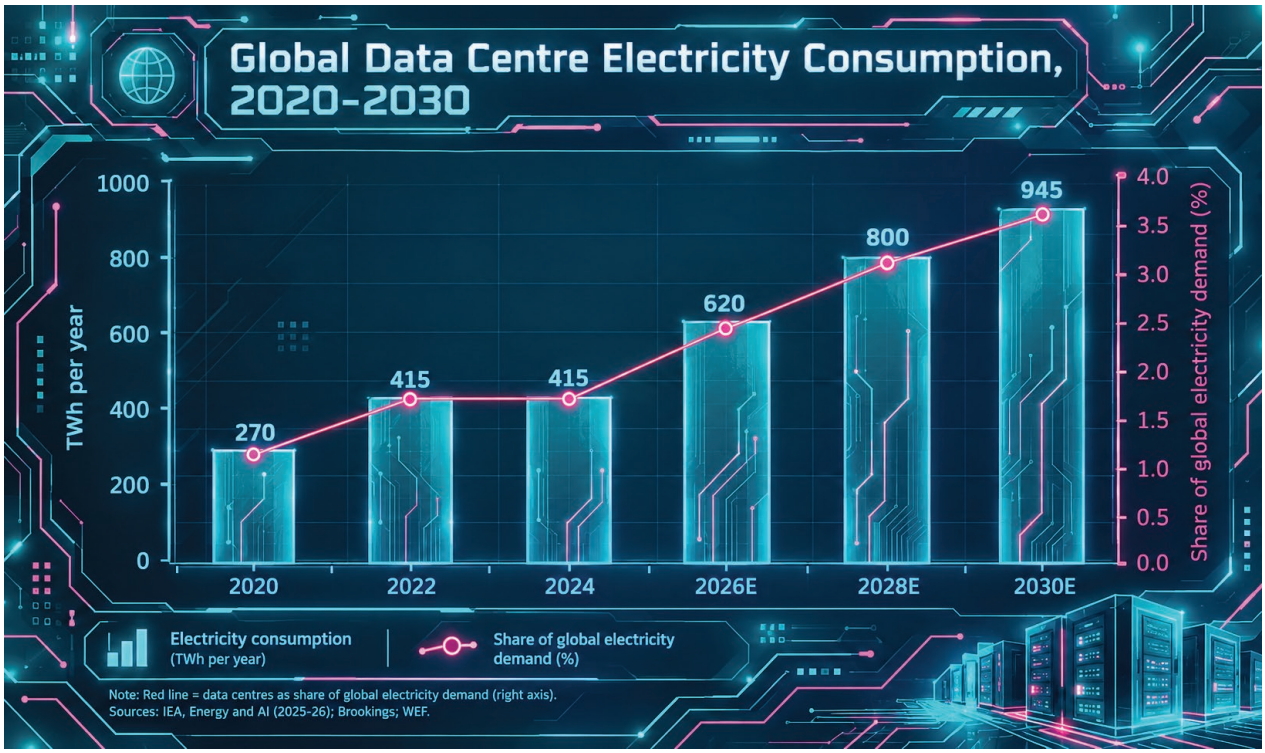


Figure 4: Global Data-Center Electricity Consumption and Share of Global Demand, 2020–2030

well-structured projects to access this capital now. A blended-finance structure; concessional or guarantee capital from a senior debt from local and regional commercial banks, and equity from a strategic sponsor with genuine operating capability is a well-tested template from power and toll-road financing that can be adapted directly to data-center and AI infrastructure projects.

Public-private partnerships have an equally important role on the demand side. Government cloud migration, digitized public services, and AI-enabled service delivery in health, education and tax administration can provide the anchor, long-tenor "off-take" that many private data-center developers currently lack in Pakistan, in much the same way that a power-purchase agreement with a national utility underwrites an independent power producer. A structured, multi-year government cloud and compute procurement programme, transparently tendered and denominated with appropriate currency and inflation protection, could be one of the single most effective tools SIFC and the Ministry of IT have available to catalyze private investment in domestic AI infrastructure.

Energy, ESG and Sustainability: The Constraint That Will Shape Financing Terms

Energy is not a secondary consideration in AI infrastructure finance; it is rapidly becoming one of the most critical determinants of project viability and investment risk. Globally, data centers consumed an estimated 415 terawatt hours of electricity in 2024, representing approximately 1.5 percent of global electricity consumption. This demand has expanded at an annual growth rate of around 12 percent since 2017, more than four times the growth rate of overall global electricity demand. The International Energy Agency's base case scenario projects that data center electricity consumption could increase to approximately 945 terawatt hours by 2030 and around 1,200 terawatt hours by 2035. Under more aggressive AI adoption scenarios, some analysts estimate that demand could approach 1,050 terawatt hours as early as 2026. At such levels, the global data center sector, if considered as a standalone economy, would rank among the largest electricity consumers in the world, highlighting the increasingly important relationship between digital infrastructure development and energy security.

> "Technology companies that were once regarded as predominantly asset-light are now investing in physical infrastructure at levels more commonly associated with utilities and industrial enterprises."

This has two direct implications for financing structures. First, lenders and equity investors increasingly require credible, contracted power solutions that is dedicated renewable power purchase agreements, on-site generation, or firm grid-connection commitments as a condition of financial close, not as an ESG add-on. Second, ESG integration in AI infrastructure is moving beyond carbon reporting toward physical risk management: water use for cooling, grid stability, and community and permitting opposition are now cited by international investors as material underwriting risks, with several US states already facing local resistance and permitting standstills. For Pakistan, this is simultaneously a constraint and an opportunity opening as well: a country with strong solar and wind resource, and a pressing need to monetize underutilized generation capacity, could position renewable-powered data centers as a genuine competitive differentiator in the region, provided tariff structures and grid codes are adapted to allow it.

Implications for Capital Markets and Economic Development

A New Asset Class for Institutional Portfolios

For capital markets more broadly, the maturation of AI infrastructure into an investable asset class has several structural implications. It is broadening the investable universe available to pension funds, insurers and sovereign wealth funds at a moment when public equity markets have become unusually concentrated, the ten largest S&P 500 constituents alone account for roughly 38% of the index, driven overwhelmingly by a handful of AI-exposed technology companies. Infrastructure and private-credit exposure to data centers offers these institutions a way to participate in AI-driven growth through contracted, inflation-linked cash flows rather than concentrated public equity risk, a point increasingly made explicitly by sovereign wealth funds themselves. It is also deepening local debt capital markets in jurisdictions that succeed in attracting this investment, since data-center project bonds, securitized lease receivables and green or sustainability-linked debt instruments create new, ratable paper for domestic institutional investors a familiar pattern from the maturation of the independent power and telecom-tower sectors over the past two decades.

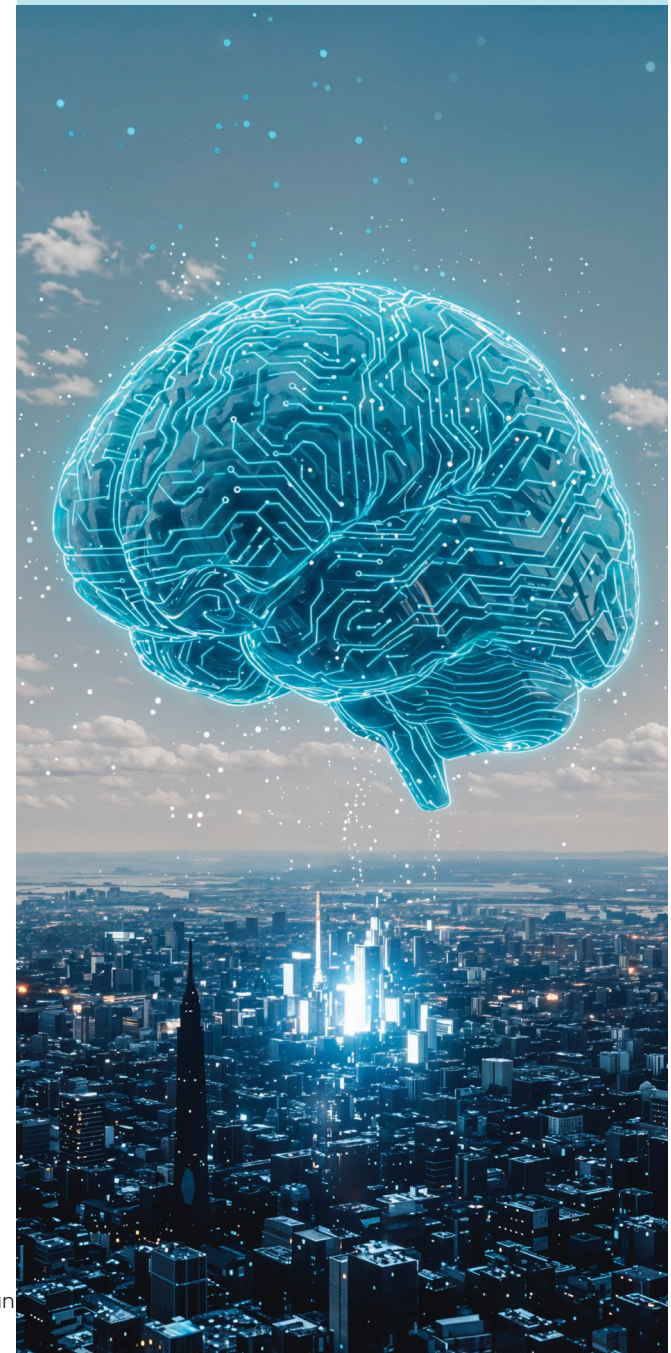
Productivity, Innovation and the Growth Dividend

The economic development case extends beyond the financing of the infrastructure itself to what that infrastructure enables. Sovereign and hyperscale compute capacity is increasingly viewed by governments not merely as a commercial investment but as a form of digital-industrial policy a way to build sovereign AI capability, retain data and value-added services onshore, and reduce structural foreign-exchange outflows on imported cloud services. For Pakistan, closing even a portion of the estimated $700–800 million annual outflow on foreign cloud computing would represent a direct, quantifiable balance-of-payments benefit, before accounting for the broader productivity gains from AI adoption in agriculture, textiles, financial services and public administration sectors that collectively employ the majority of Pakistan's workforce and where even modest AI-enabled productivity gains could be economically significant, given the country's scale and demographic profile.

Comparative Lessons from Other Jurisdictions

The Gulf offers an instructive comparative case. The UAE and Saudi Arabia have combined sovereign balance-sheet strength, deliberate industrial policy, and international partnerships exemplified by entities such as MGX and the Public Investment Fund co-investing alongside global hyperscalers and chipmakers in data centers and, in Saudi Arabia's case, semiconductor fabrication capacity to position themselves as regional AI infrastructure hubs within a remarkably short timeframe. The common thread across these initiatives is not simply capital availability; it is the speed and credibility of regulatory decision-making, dedicated power allocation for strategic projects, and a willingness to co-invest sovereign

"Reducing even part of Pakistan's estimated $700–800 million annual outflow on foreign cloud computing could deliver a direct balance-of-payments benefit, alongside significant productivity gains from AI adoption."



capital alongside private partners to de-risk early movers, which in turn crowds in further private and institutional capital. Latin America's more organic, market-led build-out doubling from roughly $5 billion to a projected $10 billion market by 2029 across Brazil, Mexico and Chile shows that a credible pipeline of bankable projects, rather than sovereign wealth alone, can also mobilize capital where power and connectivity fundamentals are sound. Pakistan's opportunity lies in combining elements of both successful models.

Practical Recommendations for Pakistan

Drawing on this comparative experience and on broader lessons from infrastructure investment promotion, several practical priorities stand out for Pakistani policymakers, regulators, financial institutions and investors over the next two to three years.

- Publish a dedicated AI and data-center investment policy, covering customs and tax treatment of imported hardware, data-sovereignty and localization rules, and long-term power tariff frameworks reducing the case-by-case negotiation that currently slows projects such as QGDC's pending tax-exemption approval.
- Ring-fence power for strategic digital infrastructure projects, whether through dedicated renewable generation, captive power arrangements modelled on captive, or priority grid-connection queues, rather than treating data centers as ordinary industrial load competing with an already stressed grid.
- Structure a blended-finance facility with DFI partners (IFC, ADB, Islamic Development Bank, bilateral development banks) offering partial risk guarantees or first-loss capital for early-mover data-center and AI infrastructure projects, to bring down the cost of commercial debt and establish a track record for future issuances.
- Use government cloud and AI service procurement as an anchor offtake, structured as multi-year, transparently tendered contracts that give private developers the bankable long-term revenue visibility that hyperscaler leases provide in more mature markets.
- Build local institutional demand for data-center and digital infrastructure paper by working with the Securities and Exchange Commission of Pakistan (SECP) and pension and insurance regulators to enable long-duration, rated debt instruments backed by contracted data-center cash flows.
- Prioritize energy-efficient, renewable-powered designs from the outset, both to manage Pakistan's own power constraints and to position domestically hosted AI infrastructure as ESG-compliant for international investors and multinational tenants who increasingly require this as a condition of leasing capacity.

Concluding Perspective

In conclusion, experience suggests that the AI infrastructure opportunity will reward the same disciplines that have always separated successful infrastructure programmes from unsuccessful ones: clarity and predictability of policy, credible risk allocation between the public and private sectors, and a genuine pipeline of bankable, well-structured projects. AI infrastructure is not, in the end, a technology asset class; it is a power, real-estate and contracted-cash-flow asset class that happens to run AI workloads. Investors, lenders and rating agencies are already treating it that way. The countries and companies that internalize this fastest, building the regulatory certainty, power solutions and anchor demand that project finance requires will be the ones that capture a meaningful share of what is now, by any measure, one of the largest capital reallocation cycles in modern economic history. For Pakistan, the early moves made in 2025 and 2026 are genuinely encouraging. The task now is to convert isolated projects into a repeatable, financeable pipeline and to do so before the current window of hyperscaler and sovereign capital-seeking momentum moves on to the next market willing to offer the certainty that this asset class, above all others, requires. ■

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WHY BUILDING UNICORNS WITH AI: THE FUTURE OF STARTUPS

the next generation of billion-dollar companies will be built around intelligence—and what Pakistan must do to compete

By: Shahid Inayet

Artificial intelligence is lowering the cost of launching a startup while raising the difficulty of building a lasting advantage. This article examines the architecture of AI-native ventures and proposes a practical route for Pakistan to turn technical talent, local knowledge and export capability into globally scalable companies.

The Unicorn is Changing

For two decades, the standard startup formula was relatively stable: identify a large market, build software, acquire users faster than competitors and use venture capital to finance growth. Artificial intelligence is rewriting that formula. It can reduce the time and cost required to design a product, write code, analyze customers, create marketing material and deliver support. At the same time, it is raising the standard for every founder. When almost anyone can assemble a credible prototype, the prototype itself is no longer proof of innovation.

This is the central paradox of the AI era: starting a company is becoming easier, but building a defensible company may be becoming harder. A "unicorn"—a privately held startup valued at US$1 billion or more—will not emerge simply because it attaches a chatbot to an existing service. The strongest future ventures will be AI-native: intelligence will sit inside their core workflow, improve through use and create an advantage that competitors cannot reproduce merely by buying access to the same model.

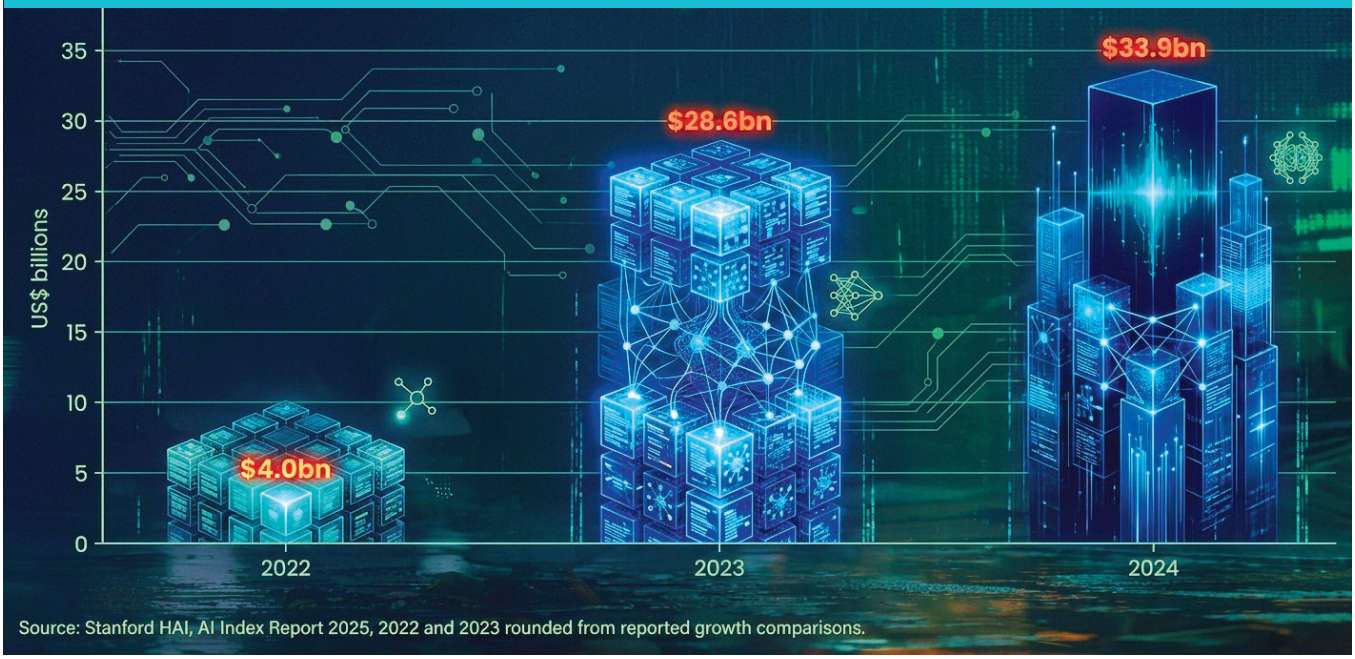
The scale of capital moving into the field explains the excitement. Stanford University's 2025 AI Index reported that global private investment in generative AI reached US$33.9 billion in 2024, 18.7 percent above 2023 and more than 8.5 times its 2022 level. It also found that 78 percent of surveyed organizations used AI in 2024, compared with 55 percent a year earlier. AI has therefore moved from an experimental technology to an operating layer for business. Yet investment is highly concentrated: the United States attracted US$109.1 billion in private AI investment in 2024, compared with US$9.3 billion in China and US$4.5 billion in the United Kingdom. The opportunity is global, but access to capital, computing power and research remains profoundly unequal.

From AI-Enabled to AI-Native

An AI-enabled startup uses artificial intelligence to make a familiar process quicker or cheaper. An AI-native startup redesigns the process because machine intelligence exists. The difference is similar to putting an online form on a bank's website versus building a digital bank whose onboarding, risk assessment, fraud monitoring and service delivery are designed as one data-driven system.

This distinction matters because generic features are rapidly commoditized. Drafting text, summarizing documents and producing images can be purchased from several model providers. If a startup's entire value proposition is "we use AI to write this for you", its margins and identity can disappear when an established platform introduces the same feature. A durable venture combines models with assets that are much harder to copy: privileged data obtained legitimately; deep integration into a customer's workflow; domain expertise; measurable outcomes; a trusted brand; regulatory approval; and distribution channels that lower the cost of acquiring each new customer. Consider the new generation of AI coding, healthcare, legal and enterprise-software companies. Their value does not come only from generating an answer. It comes from understanding context, taking action across systems, learning from corrections and fitting into high-value work. The product gradually shifts from a tool that assists a person to an "intelligence system" that coordinates a complete outcome. In healthcare, that may mean turning clinical conversations into structured notes while checking relevant rules. In logistics, it may mean forecasting demand, reallocating stock and explaining the decision. In financial services, it may mean detecting anomalies, assembling evidence and escalating a case to a human reviewer. The closer the system is to an economically important outcome, the greater its potential value—and the greater its responsibility.

Figure 1 - Global Private Investment in Generative AI Accelerated Sharply



Source: Stanford HAI, AI Index Report 2025, 2022 and 2023 rounded from reported growth comparisons.

Figure 2 - The Defensibility Flywheel: Value Compounds Beyond the Model



Five Building Blocks of an AI-Era Unicorn

First, the company must begin with an expensive, frequent and painful problem. AI cannot rescue a weak market. Founders should be able to state who pays, what failure currently costs and why the customer will change behavior. A narrow problem in a global industry can be more valuable than a broad consumer idea with no reliable route to revenue.

Second, it needs a learning loop. Each legitimate interaction should improve the product: user corrections refine recommendations; outcomes reveal which predictions were useful; and structured feedback makes the system more relevant to a particular sector. This does not mean collecting data without consent. It means designing a lawful feedback architecture in which improvement is part of the service. Over time, this creates a proprietary layer above the underlying model.

Third, it needs distribution before scale. The mythology of viral growth can distract founders from the more durable question: who already has the customers? Partnerships with banks, hospitals, universities, exporters, professional bodies and software platforms can provide trusted access to fragmented markets. Distribution can become a stronger moat than code.

Fourth, it needs unit economics that improve rather than deteriorate with use. AI products incur inference, cloud, support and quality-assurance costs. A demonstration may look magical while losing money on every task. Founders must track the cost per completed outcome, gross margin, retention, human-review time and the proportion of work successfully automated. The goal is not maximum automation. It is the right combination of machines and people to produce a reliable outcome at an attractive margin.

Fifth, it needs trust by design. High-growth companies cannot bolt governance on after deployment. They require consent, security, audit trails, model monitoring, clear accountability and human appeal where decisions affect livelihoods, finance, health or education. UNESCO's Recommendation on the Ethics of Artificial Intelligence places human rights, fairness, transparency, sustainability and human oversight at the center. For a serious startup, these are not only compliance obligations; they can be commercial differentiators.

Why Many AI Startups will not Survive

The present boom will produce important companies, but it will also produce a large graveyard. The first failure pattern is the "thin wrapper": a polished interface built almost entirely on another company's model, with no unique workflow, data or distribution. Such a product may generate early attention, yet customers can switch easily and the model provider can absorb the feature. The second is technology in search of a problem. Founders demonstrate what a model can do before establishing whether the result is sufficiently valuable, accurate and frequent for anyone to buy.

A third failure pattern is confusing speed with readiness. AI can compress months of coding into weeks, but regulated sales, institutional procurement, behavior change and trust still move at human speed. A hospital, bank or government department will require evidence, integration, security reviews and accountable ownership. Startups that forecast software-like growth while selling through institutional

channels can exhaust their capital before revenue arrives. A credible plan therefore separates product iteration, evidence generation and commercial rollout rather than assuming they occur simultaneously.

The fourth danger is dependency. A change in an application-programming-interface price, model policy, cloud availability or data rule can damage a company whose architecture has no alternatives. Sensible founders design for model choice, test performance across providers, keep sensitive information within appropriate boundaries and understand which components must remain under their control.

The fifth is over-automation. If the system acts confidently when it should ask for help, one high-profile error can destroy the trust accumulated through thousands of correct outputs. Human escalation is not evidence that AI has failed; in high-stakes work, it is part of a well-engineered product.

These risks explain why a small, profitable AI company may be strategically healthier than a highly valued but loss-making one. Valuation reflects an investor's expectation, not social value or business durability. The better sequence is to earn the right to scale: prove the problem, prove the outcome, prove repeatability, and only then apply capital to acceleration.

Why Pakistan has a Credible Opening

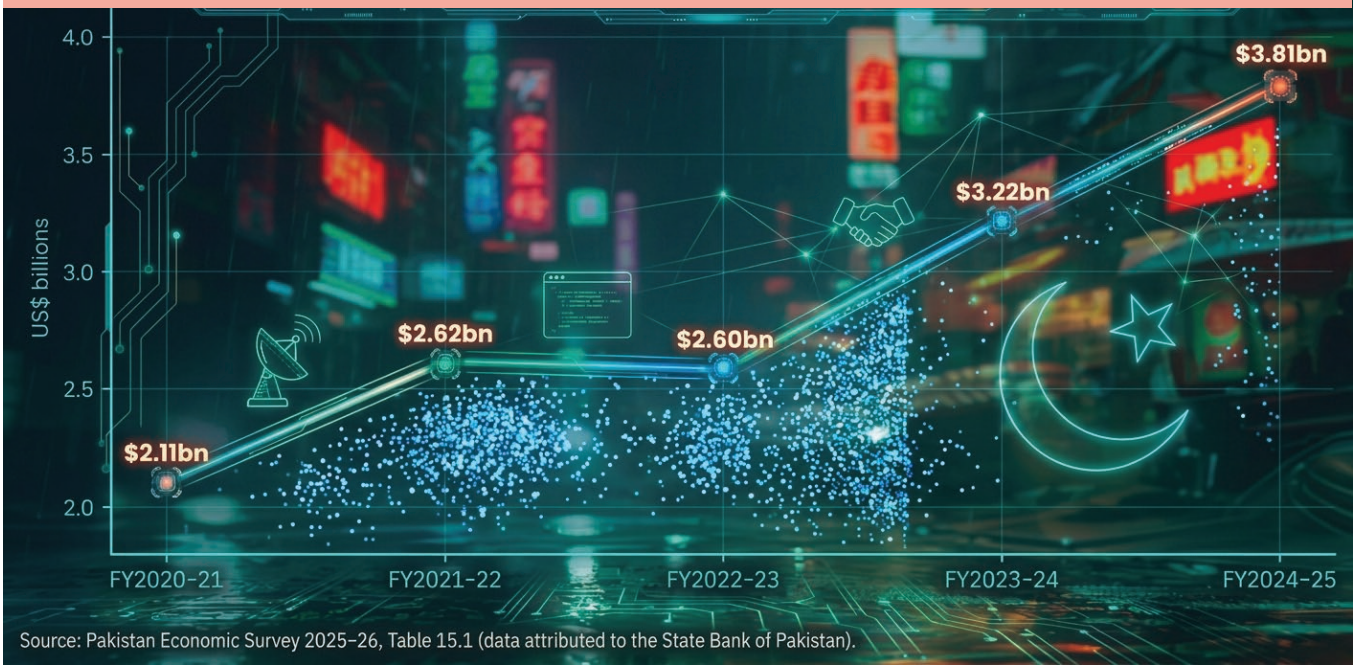
Pakistan does not need to win the race to train the world's largest foundation model. That contest requires extraordinary amounts of capital, specialized chips, electricity, data and research talent. Pakistan can compete higher in the value chain by adapting available models to problems that global platforms understand poorly and by exporting the resulting solutions.

There is already a base to build on. The Pakistan Economic Survey 2025–26 records ICT export remittances of US$3.812 billion in FY2024–25, up from US$2.108 billion in FY2020–21—a compound annual growth rate of about 16 percent. It also reports US$3.38 billion for July–March FY2025–26 and a 51 percent year-on-year increase in technology-freelancer exports to US$856.3 million during that nine-month period. These figures demonstrate technical capacity and access to international demand. The strategic challenge is to convert more service income into ownership of repeatable products, intellectual property and global customer relationships.

Pakistan also has what may become an important AI asset: difficult, under-served contexts. Urdu and regional languages, informal retail, smallholder agriculture, fragmented medical records, climate exposure, Islamic finance, cross-border trade and public-service delivery all contain problems that generic models do not solve reliably. The World Bank reported in 2025 that 85 percent of AI training-data startups were located in high-income countries and that more than half of open-source AI datasets were in English. This imbalance is a disadvantage, but also a market gap. A company that creates consented, high-quality language or sector data, and uses it to solve a paying customer's problem, can build value that an imported interface cannot.

The timing is also institutionally relevant. Pakistan's National AI Policy was approved in July 2025, establishing a formal direction for skills, innovation, infrastructure and responsible adoption. Policy alone will not produce unicorns, but it can reduce friction if implementation supports research-commercialization, access to compute, interoperable public data, regulatory sandboxes and links between universities and industry.

Figure 3 - Pakistan's ICT Export Remittances Reached a New High



Source: Pakistan Economic Survey 2025–26, Table 15.1 (data attributed to the State Bank of Pakistan).

Where Pakistan's Strongest AI Ventures May Emerge

The most promising areas are not necessarily the most fashionable. They are sectors where Pakistan has a large problem, domain knowledge and a route to regional or global customers.

Financial technology and regulatory technology are natural candidates. AI can help small businesses manage cash flow, reconcile records, assess creditworthiness from permitted alternative data, detect fraud and navigate compliance. The winning product will not merely answer financial questions; it will connect evidence, rules and transactions while showing how a conclusion was reached.

Agriculture and climate resilience offer another platform opportunity. Crop disease detection is useful, but a larger business could combine local weather, soil, satellite and market data to recommend actions, link farmers to inputs or finance, and verify results for insurers and buyers. The customer may be an agribusiness, bank, insurer or government programme rather than the farmer alone.

Health and education have enormous demand but require disciplined deployment. In health, AI can support triage, documentation, diagnostics and continuity of care, especially where specialists are scarce. In education, it can provide bilingual tutoring, assessment and teacher support. Both sectors require evidence of effectiveness, privacy protection, bias testing and human oversight. "Move fast and break things" is unsuitable where the thing being broken may be a patient's treatment or a student's future.

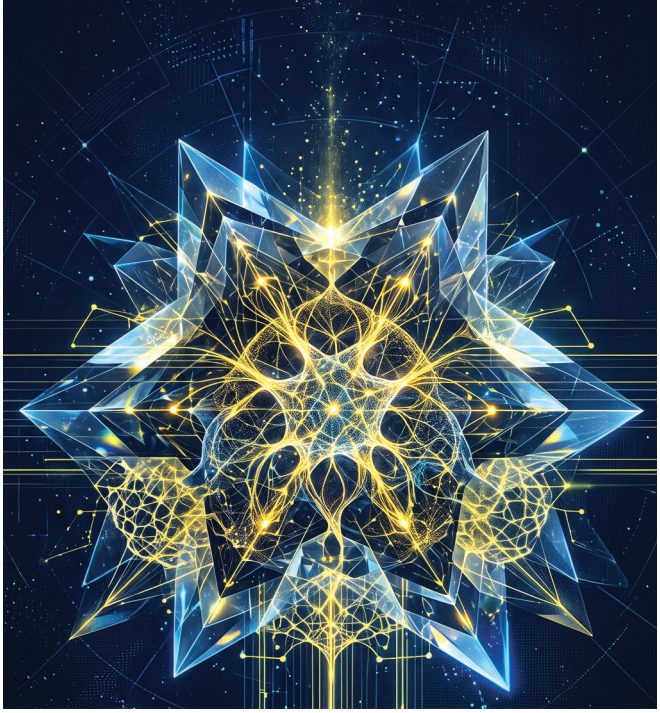
Export-oriented business software may offer the fastest commercial route. Pakistani founders can combine cost-efficient engineering with expertise in accounting, logistics, textiles, e-commerce, construction, healthcare administration or the Gulf's regulatory environment. A focused product for a narrow international workflow can charge in foreign currency and expand market by market. The ambition should be "born global, learned locally".

What Founders, Investors and Policymakers Must Change

Founders should stop treating the business plan, product and AI strategy as separate documents. The data strategy determines the moat; the workflow determines the product; the pricing model determines whether scale creates value; and the governance model determines whether customers will trust it. Before raising a large round, a founder should demonstrate a specific workflow, a measurable improvement and repeated willingness to pay. Vanity metrics such as downloads or generated outputs are weak substitutes for retention, accuracy, time saved, revenue created or loss avoided.

Investors also need a more technical form of commercial due diligence. They should ask whether performance depends on a third-party model that can change price or policy, whether the company owns any differentiated data, how hallucinations are detected, what human review costs, and whether a competitor can reproduce the product in six months. Capital should support validation and durable infrastructure, not subsidize indefinite experimentation.

> **"THIS IS THE CENTRAL PARADOX OF THE AI ERA: STARTING A COMPANY IS BECOMING EASIER, BUT BUILDING A DEFENSIBLE COMPANY MAY BE BECOMING HARDER... THE STRONGEST FUTURE VENTURES WILL BE AI-NATIVE: INTELLIGENCE WILL SIT INSIDE THEIR CORE WORKFLOWS, IMPROVE THROUGH USE, AND CREATE AN ADVANTAGE THAT COMPETITORS CANNOT REPRODUCE MERELY BY BUYING ACCESS TO THE SAME MODEL."**



Universities can become venture engines by rewarding applied research, multidisciplinary teams and licensing pathways. Pakistan has capable computer scientists,



"A SMALL, PROFITABLE AI COMPANY MAY BE STRATEGICALLY HEALTHIER THAN A HIGHLY VALUED BUT LOSS-MAKING ONE. VALUATION REFLECTS AN INVESTOR'S EXPECTATIONS, NOT NECESSARILY SOCIAL VALUE OR BUSINESS DURABILITY."

but an AI health startup also needs clinicians, designers, regulatory expertise and field access. Incubators should therefore organize around problems and sectors, not simply provide generic mentoring and demo days.

A growing network of business and technology professionals can also help founders move from an initial idea to a scalable venture. This approach has already been demonstrated in practice, with business and innovation consultants supporting early-stage founders through research, market validation and commercially viable startup development. Technology and AI specialists can help translate innovative concepts into scalable digital solutions, while other professionals can support startups in strengthening their business strategies, improving investment readiness and securing funding. Greater collaboration among consultants, technologists, universities, investors and founders could help more Pakistani startups progress from promising concepts to internationally competitive businesses.

Government's most useful role is to create enabling infrastructure and credible rules. That includes reliable connectivity and power, affordable access to compute, privacy and data-governance standards, cybersecurity capability, digital payments, procurement pathways for innovative small firms, and regulatory sandboxes. Public datasets should be opened where lawful, anonymized where necessary and documented well enough to be useful. Government should be an intelligent first customer without becoming the *only* customer.

Finally, Pakistan must strengthen the scale-up bridge. The decline in domestic venture funding after the 2021–22 peak showed the danger of business models dependent on abundant foreign capital. AI founders should build capital-efficiently, pursue revenue early and use partnerships to enter the Gulf, the United Kingdom, North America, Africa and Southeast Asia. Later-stage funds, corporate venture partnerships and diaspora networks can help companies cross the gap between a promising local product and a global category leader.

The Real Future of Startups

AI will create unicorns, but it will also create thousands of indistinguishable products. The winners will not be those that use the most impressive vocabulary or add the largest model to every task. They will combine intelligence with a difficult problem, proprietary learning, trusted distribution, sound economics and responsible governance.

For Pakistan, this is a chance to move from exporting hours to exporting intelligence. The country's talent base and rising ICT exports provide momentum, while its languages, institutions and sector-specific problems provide areas of differentiation. The constraint is not a shortage of ideas. It is the disciplined conversion of ideas into validated, trusted and globally scalable companies.

A billion-dollar valuation should therefore be treated as an outcome, not a strategy. The more useful national ambition is to build companies that solve consequential problems for millions of people, earn durable international revenue and accumulate knowledge that remains valuable even as models improve. If Pakistan builds that foundation, its first AI unicorn will be more than a headline. It will be evidence that the economy has learned how to turn local insight into global advantage. ■

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Add-ons to SBP POLICY REGIME July-September 2026

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 Pakistan website:

NIBAF PAKISTAN

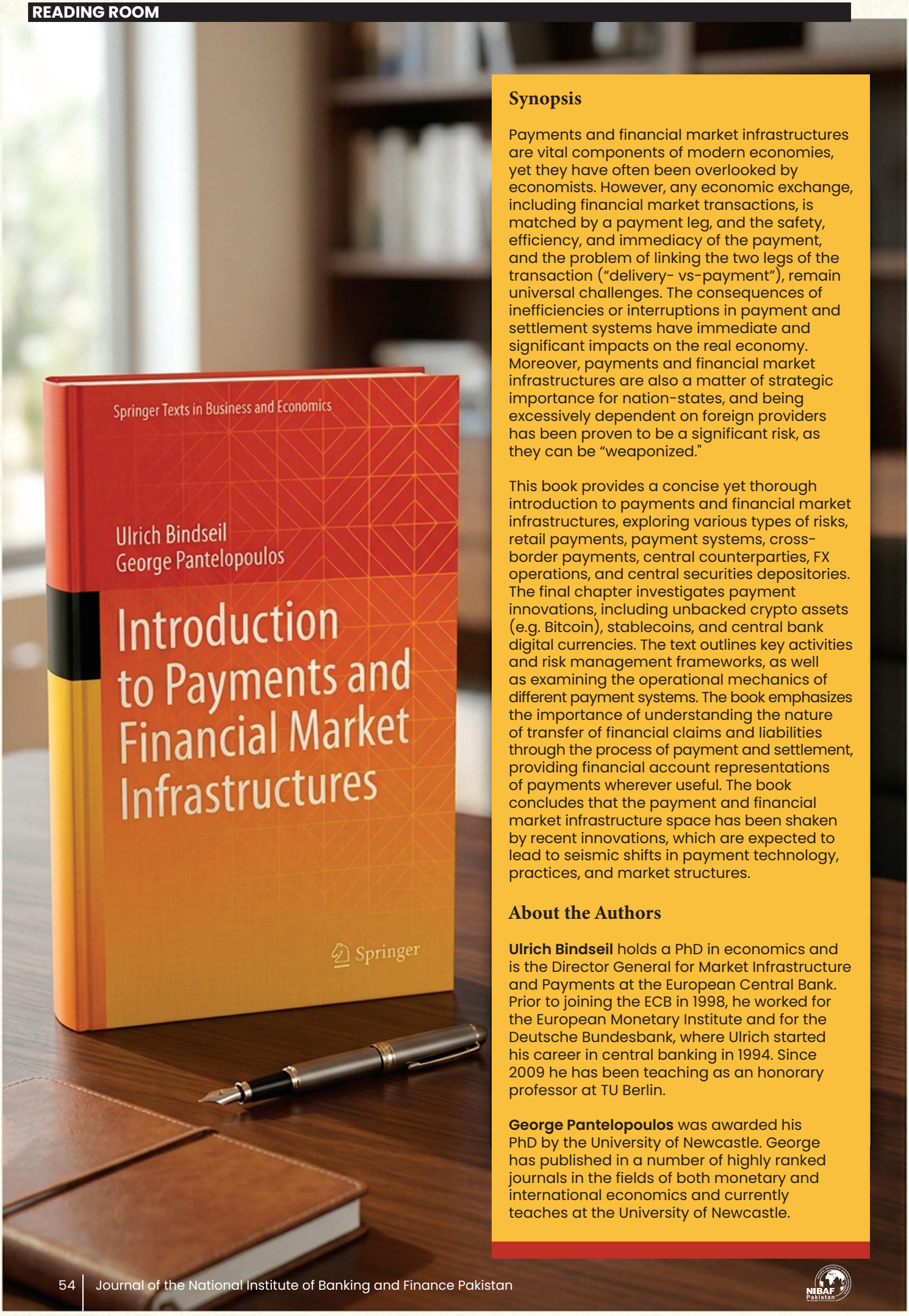


01	DMMD Circular Letter No. 12 of 2026/ September 30, 2026	Rate of Remuneration on Special Cash Reserve Account Maintained with SBP Against Deposits Raised Under FE-Circular 25 of 1998
02	IFPD Circular Letter No. 05 of 2026/ September 28, 2026	Assuming Charge as Executive Director, Islamic Finance Group
03	BPRD Circular Letter No. 20 of 2026/ September 25, 2026	Assuming Charge as Head, Banking Policy & Regulations Department
04	BPRD Circular Letter No. 19 of 2026/ September 21, 2026	Revised Standard Operating Procedure (SOP) for Digital Proof of Life and Pension Disbursement
05	BSD-2 Circular Letter No. 01 of 2026/ September 16, 2026	Assuming Charge as Director, Banking Supervision Department -2, State Bank of Pakistan
06	SH&SFD Circular Letter No. 05 of 2026/ September 14, 2026	Ineligibility of Banks'/DFIs'/MFBs' Own Employees under Wazir-e-Azam Apna Ghar Program – Ghar Ho Tu Apna
07	ACFID Circular No. 01 of 2026/ September 04, 2026	Women Microfinance Credit Guarantee Facility
08	DMMD Circular Letter No. 11 of 2026/ August 31, 2026	Rate of Remuneration on Special Cash Reserve Account Maintained with SBP Against Deposits Raised Under FE-Circular 25 of 1998

09	SH&SFD Circular No. 05 of 2026/ August 24, 2026	Performance Based Rebate on Incremental Exports (PRIE)
10	IFPD Circular No. 02 of 2026/ August 20, 2026	SBP's Regulations and Instructions – Changes
11	SH&SFD Circular No. 04 of 2026/ August 18, 2026	Revised Prudential Regulations for Housing Finance
12	CMD Circular No. 22 of 2026/ August 06, 2026	Issuance of Premium Prize Bonds (Registered) through Commercial Bank Branches
13	BPRD Circular Letter No. 16 of 2026/ August 04, 2026	Risk Weight for Unrated Large Corporate Borrowers
14	PSP&OD Circular Letter No. 01 of 2026/ August 03, 2026	Improving Payment Card Acceptance at Fuel Stations in Pakistan
15	DMMD Circular Letter No. 10 of 2026/ July 31, 2026	Rate of Remuneration on Special Cash Reserve Account Maintained with SBP Against Deposits Raised Under FE-Circular 25 of 1998
16	DMMD Circular No. 03 of 2026/ July 23, 2026	Appointment of Primary Dealers/Special Purpose Primary Dealers for Fiscal Year 2026-27

17	EPD Circular Letter No. 13 of 2026/ July 20, 2026	Price Verification Portal of Pakistan Single Window
18	SH&SFD Circular No. 03 of 2026/ July 16, 2026	Amendment in Prudential Regulations for SME Financing-Revision in SMEs' Definition
19	BPRD Circular Letter No. 15 of 2026/ July 06, 2026	Launch of InvestPak and Minimum Rate of Return on Saving Deposits
20	EPD Circular Letter No. 12 of 2026/ July 02, 2026	Discontinuation of Telegraphic Transfer Charges Incentive Scheme (TTCIS)
21	FD Circular Letter No. 04 of 2026/ July 01, 2026	Standard Operating Procedures (SOPs) for Investment in Conventional Naya Pakistan Certificates (NPC)





Synopsis

Payments and financial market infrastructures are vital components of modern economies, yet they have often been overlooked by economists. However, any economic exchange, including financial market transactions, is matched by a payment leg, and the safety, efficiency, and immediacy of the payment, and the problem of linking the two legs of the transaction ("delivery- vs-payment"), remain universal challenges. The consequences of inefficiencies or interruptions in payment and settlement systems have immediate and significant impacts on the real economy. Moreover, payments and financial market infrastructures are also a matter of strategic importance for nation-states, and being excessively dependent on foreign providers has been proven to be a significant risk, as they can be "weaponized."

This book provides a concise yet thorough introduction to payments and financial market infrastructures, exploring various types of risks, retail payments, payment systems, cross-border payments, central counterparties, FX operations, and central securities depositories. The final chapter investigates payment innovations, including unbacked crypto assets (e.g. Bitcoin), stablecoins, and central bank digital currencies. The text outlines key activities and risk management frameworks, as well as examining the operational mechanics of different payment systems. The book emphasizes the importance of understanding the nature of transfer of financial claims and liabilities through the process of payment and settlement, providing financial account representations of payments wherever useful. The book concludes that the payment and financial market infrastructure space has been shaken by recent innovations, which are expected to lead to seismic shifts in payment technology, practices, and market structures.

About the Authors

Ulrich Bindseil holds a PhD in economics and is the Director General for Market Infrastructure and Payments at the European Central Bank. Prior to joining the ECB in 1998, he worked for the European Monetary Institute and for the Deutsche Bundesbank, where Ulrich started his career in central banking in 1994. Since 2009 he has been teaching as an honorary professor at TU Berlin.

George Pantelopoulos was awarded his PhD by the University of Newcastle. George has published in a number of highly ranked journals in the fields of both monetary and international economics and currently teaches at the University of Newcastle.



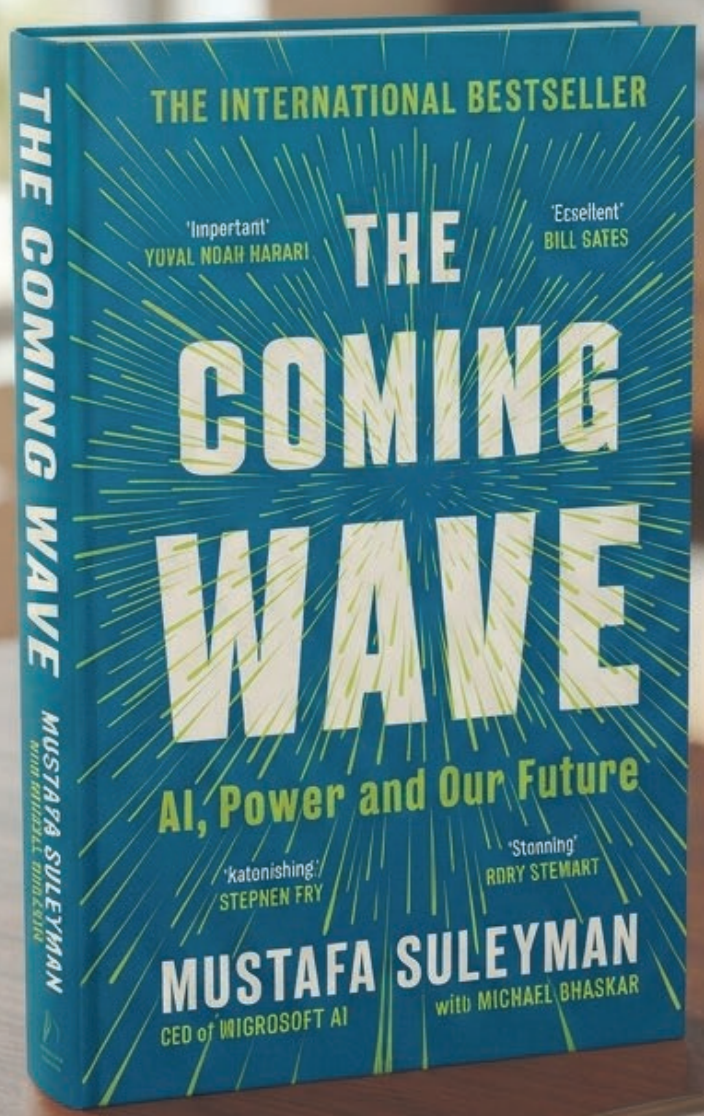
About the Book

The modern banking system grants private banks the extraordinary power to create money which causes debt-fueling inflation, widening inequality and triggering recurring financial crises. As debt expands and prices rise, ordinary citizens struggle while asset owners grow wealthier. What appears to be financial progress conceals a profound structural imbalance. This book exposes the deep flaws of the current system and advocates full-reserve banking as a compelling alternative – ending private money creation, safeguarding the value of money and restoring stability to the economy. Consistent with Islamic principles that reject debt-driven money expansion and uphold fairness, the book offers a credible solution to Pakistan's chronic economic problems.

About the Authors

Qanit Khalilullah is a chartered accountant and senior finance professional with over three decades of experience in finance, taxation, and corporate governance. He has held senior leadership positions, including Head of Internal Audit at Unilever Pakistan and Executive Vice President at Ufone and PTCL. He trained with A.F. Ferguson & Co. (PwC) and is a member of the Institute of Chartered Accountants of Pakistan and of England & Wales. Qanit is a frequent speaker on economics, finance, and fiscal and monetary policy reforms, and a leading advocate of a Zakat-based, interest-free economic system aimed at addressing debt, inflation, poverty, and unemployment.

Sohaib Umar is a senior Islamic finance professional with 30+ years of diverse experience in central banking, advisory, venture capital, and capital markets. As advisor to the Central Bank of Bahrain on Islamic finance, he played an important role in shaping Islamic finance regulations and strategy in Bahrain from 2014 to 2026. Previously, he worked as an executive manager at Ernst & Young Bahrain in their Global Center of Excellence in Islamic finance advisory. Sohaib has an MBA in finance and is also a CFA. He served for three consecutive terms on the Governance & Ethics Board of AAOIFI, the leading global standard-setting body for the Islamic finance industry.



Synopsis

We are approaching a critical threshold in the history of our species. Everything is about to change.

Soon you will live surrounded by AIs. They will organize your life, operate your business, and run core government services. You will live in a world of DNA printers and quantum computers, engineered pathogens and autonomous weapons, robot assistants and abundant energy.

None of us are prepared.

As co-founder of the pioneering AI company DeepMind, part of Google, Mustafa Suleyman has been at the center of this revolution. The coming decade, he argues, will be defined by this wave of powerful, fast-proliferating new technologies. In *The Coming Wave*, Suleyman shows how these forces will create immense prosperity but also threaten the nation-state, the foundation of global order. As our fragile governments sleepwalk into disaster, we face an existential dilemma: unprecedented harm on one side, the threat of overbearing surveillance on the other.

How do we ensure the flourishing of humankind? How do we maintain control? How do we navigate the narrow path to a successful future?

This groundbreaking book from the ultimate AI insider establishes "the containment problem"—the task of maintaining control over powerful technologies—as the essential challenge of our age.

Reviews

"Deeply researched and highly relevant."
—Al Gore, former Vice President of the United States

"Extraordinary . . . utterly unmissable."
—Eric Schmidt, former CEO, Google

About the Authors

Mustafa Suleyman is the CEO of Microsoft AI. Previously he co-founded and was the CEO of Inflection AI, and he also co-founded DeepMind, one of the world's leading AI companies.

Michael Bhaskar is a writer and publisher, author of *The Content Machine*, *Curation: The Power of Selection in a World of Excess* and *Human Frontiers: The Future of Big Ideas in an Age of Small Thinking.*

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