



KPMG Taseer Hadi & Co.  
Chartered Accountants

# Pakistan Banking Perspective 2026



# Contents

**04** Summary  
Perspective

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**07** Economic  
Environment

---

**12** Financial  
Performance  
Highlights

---

**25** The Future  
of Banking

---

**39** Workforce & Talent  
Transformation

---

**44** Regulatory  
Landscape

---

**52** In the News

---

**57** Numbers  
and Ratios

---

# Foreword

Welcome to the 2026 edition of our annual Pakistan Banking Perspective. This year's edition presents an overview of Pakistan's banking sector, highlighting the evolving challenges and emerging opportunities shaping the industry.

Pakistan's economic landscape continues to navigate a period of gradual stabilization amid a complex global and domestic environment. While certain macroeconomic indicators point towards improving conditions, uncertainty persists, requiring financial institutions to remain prudent and forward-looking in their strategies. The banking sector, therefore, continues to adopt a measured and cautiously optimistic outlook towards growth, while balancing profitability, risk management, and customer expectations.

The industry is undergoing a significant phase of transformation, driven by rapid technological advancements, increasing regulatory focus, and changing stakeholder expectations. Strategic investments in digital capabilities, sustainability initiatives, and innovation are becoming central to long-term value creation. At the same time, evolving regulatory priorities are shaping a more inclusive and customer-centric financial ecosystem.

In parallel, the workforce landscape is being redefined by emerging skill requirements, technological disruption, and increasing competition within the financial services sector. Institutions are placing greater emphasis on building agile, future-ready talent models to remain competitive in this dynamic environment.

This publication analyzes the financial results, as of 31 December 2025, of 22 leading commercial banks across Pakistan, comparing their performance to prior periods. The list of included banks can be found in the relevant section of this document.

We invite you to explore the insights presented in the following pages and engage with us on the trends shaping the future of banking in Pakistan. We extend our gratitude to our colleagues who contributed to this publication.

**KPMG Taseer Hadi & Co. Chartered Accountants**

18 April 2026



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# | 04 Summary Perspective



# Summary Perspective

**The Pakistan Banking Perspective 2026** provides a comprehensive view of the banking sector's performance and outlook, highlighting continued resilience amid a transitioning economic and interest rate environment. During 2025, the sector experienced balance sheet expansion, with total assets growing by approximately 19% to PKR 61.5 trillion, supported largely by investment-led growth. Despite margin pressures arising from declining policy rates, profitability remained stable, supported by improved asset quality, reversal of provisions, and growth in non-funded income streams. Alongside financial performance, key themes shaping the sector include digital transformation, artificial intelligence adoption, sustainability considerations, regulatory evolution, and workforce transformation.

The global economic outlook remains uncertain, with downside risks stemming from persistent geopolitical tensions, evolving trade dynamics, and policy uncertainty across major economies. While inflationary pressures have begun to ease globally, growth remains moderate as central banks cautiously navigate the transition from tightening to easing monetary policies. Any resurgence in commodity prices, particularly oil, or escalation in regional conflicts could further impact global stability and growth prospects.

Pakistan's economic environment has shown signs of stabilization during 2025, following a period of elevated inflation and macroeconomic stress. Inflation has declined significantly, enabling the State Bank of Pakistan to initiate a monetary easing cycle through policy rate reductions. This is expected to support economic activity, improve business sentiment, and encourage private sector credit growth. However, the easing cycle also presents risks, including potential pressure on the external account driven by rising import demand and exchange rate sensitivities.

GDP growth is expected to recover gradually, supported by improved macroeconomic indicators and policy continuity. However, the outlook remains contingent on maintaining fiscal discipline, ensuring external financing stability, and advancing structural reforms. Key areas of focus include energy sector sustainability, enhancing agricultural productivity, promoting export diversification, and privatization of state-owned enterprises. Additionally, continued emphasis on digital financial inclusion and formalization of the economy will play an important role in supporting long-term, sustainable growth. Close monitoring of global developments and domestic policy execution will remain critical to preserving economic stability.

[See more on page 07 : Economic Overview](#)

Pakistan's banking sector continued to exhibit strong balance sheet growth and stability. Total assets increased by approximately 19.4%, while deposits grew steadily, reflecting continued depositor confidence. Asset quality improved, with the non-performing loan (NPL) ratio declining to around 5.7%, accompanied by a significant reduction in provisioning levels. Liquidity and capital adequacy remained strong, supported by a high investment-to-deposit ratio as banks maintained a cautious approach to private sector lending. Despite these strengths, declining policy rates have begun to compress net interest margins, prompting banks to increasingly focus on non-funded income streams, cost optimization, and operational efficiency to sustain profitability.

[See more on page 12 : Financial Performance Highlights](#)

The future of banking in Pakistan is being reshaped by a convergence of digital innovation, sustainability imperatives, and rapid technological advancement. The expansion of the digital economy is driving transformation across payments, customer engagement, and service delivery, supported by advancements in digital infrastructure such as real-time payment systems, digital identity frameworks, and data ecosystems. At the same time, banks are increasingly integrating environmental and sustainable finance considerations into their strategies, aligning with global ESG trends and regulatory expectations.

Artificial intelligence and automation are emerging as key enablers of efficiency and innovation within the sector, with applications spanning credit risk assessment, fraud detection, customer service, and operational processes. As AI adoption accelerates, banks are transitioning from experimental use cases to enterprise-wide implementation. However, this digital transformation also introduces heightened risks, particularly in the areas of cybersecurity and digital resilience. Strengthening cyber defenses, ensuring data protection, and building resilient digital architectures have become critical priorities as banks navigate an increasingly complex threat landscape. Collectively, these trends are redefining the competitive landscape and positioning technology as a central pillar of future growth. [See more on page 25: The Future of Banking](#)

# Summary Perspective

Workforce and talent transformation has emerged as a defining priority for the banking sector. The combined impact of artificial intelligence adoption, the Islamic banking conversion mandate, and the emergence of digital banks is fundamentally reshaping workforce requirements. Nearly half of financial institutions in Pakistan have already deployed or are exploring AI solutions, while global trends indicate a strong emphasis on re-skilling to keep pace with technological change. At the same time, competition for digital talent is intensifying, with digital banks adopting technology-first operating models and competing for specialized skill sets. Addressing talent gaps, investing in reskilling, and building agile workforce strategies will be critical for banks to successfully navigate this transition.

**See more on page 39: Workforce & Talent Transformation**

The regulatory landscape continues to evolve, with increasing emphasis on strengthening financial stability and advancing financial inclusion. Initiatives such as the Women Finance Framework reflect a focused effort to improve access to finance for under served segments, particularly women-led businesses, and to promote inclusive economic growth. In parallel, broader regulatory developments, including recovery and resolution planning frameworks, are reinforcing the resilience of the banking sector and enhancing preparedness for potential financial stress scenarios. As these frameworks mature, the key challenge for banks will be effective implementation and integration into governance structures, risk management practices, and overall business strategy. Furthermore, the introduction of the Teenager Accounts/Wallet framework reflects a shift toward early financial inclusion, enabling individuals aged 13 to 18 to access formal financial and digital banking services, and supporting long-term financial awareness and participation in the formal economy.

**See more on page 44: Regulatory Landscape**

In the later part of the document, a detailed compilation of financial statements and key ratios of 22 banks is presented, providing an industry-wide view of financial performance based on published, audited data. This enables comparative analysis across institutions and offers deeper insights into sector-wide trends.

**See more on page 57 : Industry Numbers & Ratios**

For the reader's convenience, this report includes a brief overview of the major developments in the banking sector that captured attention during 2025 and the surrounding period. Key highlights include:

- **Pakistan's Banking Sector Profits Reach PKR 685 Billion, led by UBL, Meezan & NBP, driven by strong margins and efficiencies, with the sector remaining resilient despite moderating interest rates.**
- **Raast Processes PKR 18 Trillion in FY26 as Instant Payments Gain Nationwide Adoption**
- **Sukuk Share in Government Debt Portfolio Rises to 14%**
- **Pakistan's Digital Economy Poised to Reach 7% of GDP by 2030**

**See more on page 52 : News making Headlines**

**We invite you to explore these perspectives in the following pages. We are available to discuss these trends, and specific topics that interest you, to help guide your organization on its path to sustainable success.**

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Read Banking Perspective 2026



# | 07 Economic Environment



The geopolitical landscape in 2026 is marked by significant developments, notably the US-Iran conflict, which has profound implications for regional stability and economic dynamics. This conflict has escalated tensions in the Middle East, affecting global oil supply chains and leading to volatility in energy prices. Prior to the conflict, oil prices were stable at around USD 70 per barrel. However, the closure of the Strait of Hormuz driven prices up to USD 100 per barrel, significantly impacting energy costs and inflationary pressures globally.

The International Monetary Fund (IMF) has revised its estimates for Pakistan, projecting an inflation rate of 8% in 2026, up from previous projections of 6%, due to increased energy costs. GDP growth forecasts have been adjusted downward to 3.2%, reflecting the impact of geopolitical tensions and disrupted trade routes. The IMF emphasizes the need for countries to bolster fiscal and monetary policies to mitigate adverse effects, highlighting the importance of maintaining macroeconomic stability and enhancing resilience through diversified energy sources and strategic partnerships.

Despite these challenges, opportunities have emerged for Pakistan. The country's enhanced role in regional diplomacy has opened doors for increased cooperation with Gulf countries and Iran on economic and security fronts. This diplomatic engagement positions Pakistan as a key player in fostering regional stability and economic collaboration. The closure of the Strait of Hormuz has also enhanced the strategic importance of Pakistani ports as alternative options for global trade routes, offering new avenues for economic growth and international partnerships.

For the banking industry, these developments present unique opportunities. As Pakistan's geopolitical position improves, banks can capitalize on increased foreign investment and trade flows. The strategic importance of Pakistani ports can lead to expanded financing opportunities for infrastructure projects and trade facilitation. Additionally, banks can play a pivotal role in supporting renewable energy initiatives and ESG projects, aligning with global sustainability trends.

The banking sector must adapt to the changing economic landscape by strengthening risk management frameworks and enhancing liquidity buffers. Maintaining capital adequacy and ensuring robust credit risk management are vital for resilience. Proactive policy measures, including fiscal consolidation, energy sector reforms, and investment in renewable energy, are essential to reduce dependency on imported oil. Leveraging technology to enhance financial inclusion and drive economic growth is also crucial.

*In recent development Pakistan's leadership, has stepped up diplomatic engagement with Iran and key Gulf states amid fast-moving regional de-escalation efforts. The Strait of Hormuz has been declared fully open by Iranian authorities, easing concerns over energy supply disruptions, while in parallel developments a temporary Lebanon ceasefire reportedly brokered through diplomatic efforts involving Donald Trump has added to improving regional sentiment. Markets have reacted positively, with global equities firm and oil prices softening to around USD 87 per barrel.*



Pakistan is witnessing improved macroeconomic stability, driven by fiscal consolidation, moderated inflation, and strengthened external buffers. This stability is underpinned by sustained engagement with multilateral partners. However, global economic conditions remain subdued, influenced by trade tensions, supply-side disruptions, and tightening financial conditions. The International Monetary Fund (IMF) projects a GDP growth of 3.6% for FY2026, marking a recovery from FY2025, yet still below the economy's long-term potential.

The World Bank and Asian Development Bank (ADB) offer similar forecasts, highlighting climate-related disruptions, structural rigidities, and vulnerabilities to external shocks as key constraints. Domestically, inflation has eased significantly, supported by tight monetary policy and softening global commodity prices except for oil price hike due to middle east war which we believe is temporary. The external account has stabilized, bolstered by strong remittance inflows, modest export recovery, and disciplined import management. Fiscal indicators have improved, with the government posting primary surpluses under its commitments with the IMF.

The banking sector remains resilient. The State Bank of Pakistan's (SBP) Mid-Year Performance Review indicates strong capital buffers, robust deposit growth, stable profitability, and improving asset quality metrics. Yet, challenges persist: climate shocks, low productivity in agriculture and industry, limited export diversification, tight external financing conditions, and the need for structural reforms—particularly in taxation, state-owned enterprise (SOE) governance, and energy pricing.

## Global Economic Environment

Global growth continues to decelerate. The IMF projects world GDP growth at 3% in 2025 and 3.3% in 2026, below historical averages, reflecting persistent uncertainty from tariff escalations, geopolitical tensions, and financial market volatility. The October 2025 World Economic Outlook notes that global inflation is expected to ease from 4.1% in 2025 to 3.8 in 2026 and a further reduction to 3.4% in 2027, though divergence persists between advanced and emerging economies. World trade volume is forecast to grow around 2.6% in 2026 and increase to 3.1% in 2027, reflecting modest recovery but still far below pre-2020 averages due to fragmentation and subdued global demand.

## Pakistan's Macroeconomic Performance

### Growth Outlook

The IMF projects Pakistan's GDP to grow 3.6% in FY2026, up from 2.7% in FY2025, supported by improving confidence, steadier macroeconomic policies, and ongoing reforms under the Extended Fund Facility (EFF). The World Bank

echoes a similar trajectory, projecting 3% growth in FY2026, with medium-term improvements dependent on successful flood recovery efforts, export competitiveness, and continued fiscal discipline. The National Accounts Committee (NAC) reported a growth of 3.89% during the second-quarter FY2025-2026 citing growth leadership by industry with 7.4% growth. ADB estimates growth at 3% for FY2026, citing climate-driven risks to agriculture and constrained external financing as key challenges.

### Inflation and Monetary Policy

Inflation has moderated significantly, supported by tight monetary policy, easing commodity prices, and improved supply conditions. The Finance Division reports inflation at 2.4% in January, down sharply from 24% a year earlier, reflecting the impact of stabilization measures. The SBP's forward guidance suggests space for gradual monetary easing, although risks from energy adjustments and global oil price volatility remain. The projected inflation for FY2026 is 5.8% in light of global geopolitical developments.

## Fiscal Performance

Fiscal consolidation remains a key policy pillar. Sustained revenue growth, controlled expenditures, and reductions in subsidies have helped achieve primary surpluses, supported by IMF programme commitments. The Finance Division notes improved macroeconomic stability and strengthened fiscal buffers during FY2026. However, recurrent climate shocks have increased spending pressures in agriculture and infrastructure, and the tax-to-GDP ratio remains structurally low.

## External Sector

Pakistan's external account remains stable. Rising remittances—up 31.7% year-on-year during July–January FY2025—have supported reserves and reduced pressure on the currency. Exports have improved marginally but remain vulnerable to energy shortages, high input costs, and lack of diversification. The current account is supported by import management measures, and resilient service exports.

## Structural Reforms

Both the IMF and World Bank emphasize the urgency of accelerating structural reforms, especially in tax policy and administration, SOE governance and privatization, energy sector reforms, exchange rate management, and climate resilience investments. Delays in reforms could undermine recovery and limit medium-term growth prospects.

## Industry (LSM)

Large-Scale Manufacturing (LSM) has regained momentum, supported by textiles, apparel, petroleum refining, automotive, and food processing. LSM grew 6% during Jul–Nov FY2026, reaching its highest QIM index since 2016. However, the sector remains exposed to energy costs, import dependence, and global demand fluctuations.



## Sectoral Developments

### Agriculture

The agriculture sector continues to recover from severe flooding in 2025. The World Bank reports significant losses—with major crops, irrigation systems, and rural infrastructure heavily affected—suppressing short-term growth potential. Early indicators for FY2026 show improved input demand, increased fertilizer offtake, and higher agricultural credit disbursement (up 11.4% year-on-year). However, looming concerns on fertilizer production due to constraints posed by closure of Strait of Hormuz could bring devastating effects for the agricultural produce.



### Financial Markets

Pakistan's equity market experienced strong performance throughout 2025, driven by macro stabilization and renewed foreign interest. The KSE-100 recovered significantly, closing 2025 at 174,054 points—an 51% annual increase. Fixed-income markets remained sensitive to global rate cycles and domestic interest-rate expectations, though improved fiscal indicators have supported sovereign yield compression.



### Services

The services sector has benefited from improved consumer confidence, digitalization trends, and stabilized financial markets. With PSX among the top-performing global indices in 2024–25, market sentiment remains constructive.



## Forward-Looking Outlook for 2026

Pakistan’s economic trajectory hinges critically on sustained macroeconomic discipline, effective implementation of structural reforms, strengthening social protection, diversification of exports, climate resilience investments, growth in digital finance and SME credit, and continued momentum toward Islamic banking transformation.

If reforms remain on track and external conditions stabilize, Pakistan may sustain 3.5–4% annual growth in the medium term, with the banking sector continuing its role as a key stabilizing force going way ahead of leading to government.

Pakistan’s economic trajectory hinges critically on:



**Sustained macroeconomic discipline**



**Effective implementation of structural reforms**



**Strengthened social protection**



**Diversification of exports**



**Climate resilience investments**



**Growth in digital finance and SME credit**



**Continued momentum toward Islamic banking transformation**

## Conclusion

Pakistan’s stabilization efforts are delivering results: inflation moderation, fiscal consolidation, strengthened external buffers, and a resilient banking sector. However, sustaining these gains requires unwavering commitment to reforms, broad-based productivity improvements, and enhanced climate preparedness.

The banking industry—standing at the intersection of policy, capital, and innovation—will continue to be central to Pakistan’s growth model. Strategic investments in technology, customer-centric models, risk governance, and sustainable finance will define the sector’s role in shaping Pakistan’s economic future.

# 12 Financial Performance Highlights



# Financial Performance Highlights

The year 2025 marked a period of disinflation, rate normalization, and balance-sheet expansion for Pakistan's banking sector. Exiting the 2024 peak-rate era, the sector entered 2025 with lower average policy rates, a decline in asset yields, and a renewed focus on repriced deposits and investments. Profitability varied across franchises, with those demonstrating strong current-account momentum, non-funded income growth, and tight expense control maintaining better margins. Asset Quality improved in the form of falling NPLs. Banks accelerated digitization and Islamic conversion programs, with cyber resilience becoming a central theme. The year 2025 was characterized by banks that effectively managed funding costs, strengthened current account franchises, and leveraged fee-based income engines to navigate the transition most successfully. As we look towards 2026, strategic guidance points to a "pricing-down, productivity-up" playbook, emphasizing more CASA, increased fee pools, AI-led efficiency, and Shariah scale-up.

By December 2025, industry assets surpassed approximately Rs. 61.5 trillion, reflecting a 19% year-on-year growth. Asset growth was investment-led, increasing by 33% year-on-year, while net advances declined by 5% as short-tenor exposures matured and underwriting remained conservative. With the average policy rate significantly lower than in 2024, banks reported net interest income compression, offset where possible by low-cost deposit growth and a richer non-funded income mix, including fees, payments, bancassurance, and opportunistic gains.

Profitability was driven by factors such as stable earning assets and significant reversal in provisions against NPLs, the impact of higher taxation on the industry, and improved operational self-sufficiency.

**Asset Growth:** Pakistan's banking sector recorded strong balance sheet expansion during CY25, with total assets growing by 19.4 percent to PKR 61.5 trillion. As a result, banking sector assets increased to 54.1 percent of GDP in FY25, compared with 49.0 percent in the preceding year. This expansion was largely investment led, with banks continuing to channel surplus liquidity into government securities. Notwithstanding improvements in macroeconomic conditions and a decline in borrowing costs, banks remained cautious in expanding private sector lending, reflecting a gradual shift away from the traditional intermediation model toward more conservative balance sheet and risk management practices.

**Asset Quality:** The sector's asset quality continued to improve in 2025. The ratio of Non-Performing Loans (NPLs) to total loans decreased to 5.7% at end-December 2025, from 6.0% at end-December 2024.

Financial Soundness Indicators relating to liquidity improved further during 2025. The Liquidity Coverage Ratio remained strong at 235.8 percent as of end December 2025, well above the minimum regulatory requirement of 100 percent, while the Net Stable Funding Ratio also remained at a comfortable level of 182.6 percent. This resilience is further reinforced by capital buffers, with the Capital Adequacy Ratio remaining stable and significantly above the regulatory minimum of 11.5 percent.

Prioritizing innovative banking through digital service channels and back-office process automation is becoming essential. Additionally, banks are also tackling challenges such as converting to Islamic banking and managing workforce expectations.

# Financial Performance Highlights

Pakistan's banking sector continued to demonstrate resilience amid evolving macroeconomic conditions. During the preceding year, banks operated in a challenging environment characterized by double-digit inflation and elevated policy interest rates.

A significant share of the banking sector's investments remained concentrated in government securities during 2025, primarily reflecting elevated sovereign borrowing requirements for fiscal deficit financing. Approximately 95 percent of banks' total investment portfolios consisted of government securities, underscoring the sector's continued preference for low risk and highly liquid assets. This investment-led balance sheet structure highlights banks' cautious asset allocation strategy and sustained focus on balance sheet strength and earnings stability amid a gradually improving macroeconomic environment.

The 2025 global banking landscape illustrates a pronounced divergence in lending dynamics, risk appetite, and asset quality across major regions. Data from the ECB Supervisory Banking Statistics (Q4 2025) indicates that European banks continue to operate at near-full lending capacity, reflected in an ADR of 100.49%, alongside a contained non-performing loan (NPL) ratio of 2.18%. Similarly, KPMG's China Mainland Banking Survey 2025 reports that Chinese banks maintain a high ADR of 96.8% with an even lower NPL ratio of 1.5%, underscoring robust credit risk management frameworks and deep integration with domestic economic activity.

In contrast, Pakistan's banking sector remains comparatively conservative. With an ADR of around 40%, domestic banks exhibit limited credit intermediation to the private sector, while the industry-wide NPL ratio stands elevated at 5.7%. These trends suggest that, relative to global peers, Pakistani banks continue to navigate structural challenges—most notably a weaker legal recovery environment, sustained demand for government borrowing, and constrained private-sector credit absorption.



## Total Assets

# 19.4%

Up from PKR 51.5 trillion LY to PKR 61.5 trillion CY



## Gross Advances

# -4.5%

Down from PKR 16.6 trillion LY to PKR 15.9 trillion CY



## Investments

# 32.6%

Up from PKR 28.6 trillion LY to PKR 37.9 trillion CY



## Net Profit

# 8.3%

Up from PKR 632 billion LY to PKR 685 billion CY



## Deposits

# 25.2%

Up from PKR 31.4 trillion LY to PKR 39.4 trillion CY



## Gross ADR

# 40.3%

Down from 52.9% LY



## Net Interest Margin

# 4.2%

Down from 4.5% LY



## Return on Assets

# 1.20%

Down from 1.32% LY



## Return on Equity

# 19.6%

Down from 21.8% LY



## Non-Performing Loans

# -9.2%

Down from PKR 996 billion LY to PKR 905 billion CY



## Infection Ratio

# 5.7%

Down from 6.0% LY

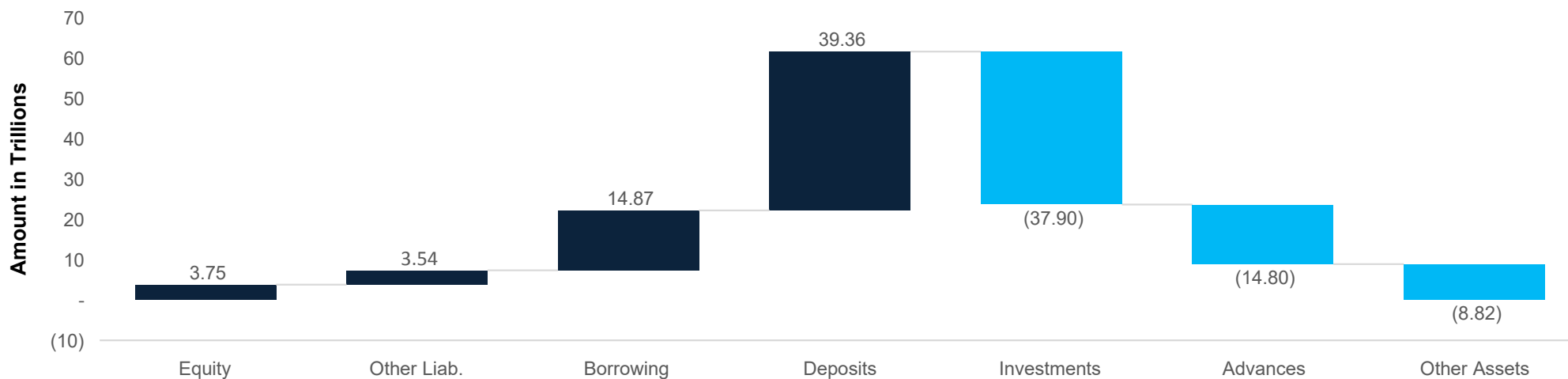


## Capital Adequacy Ratio

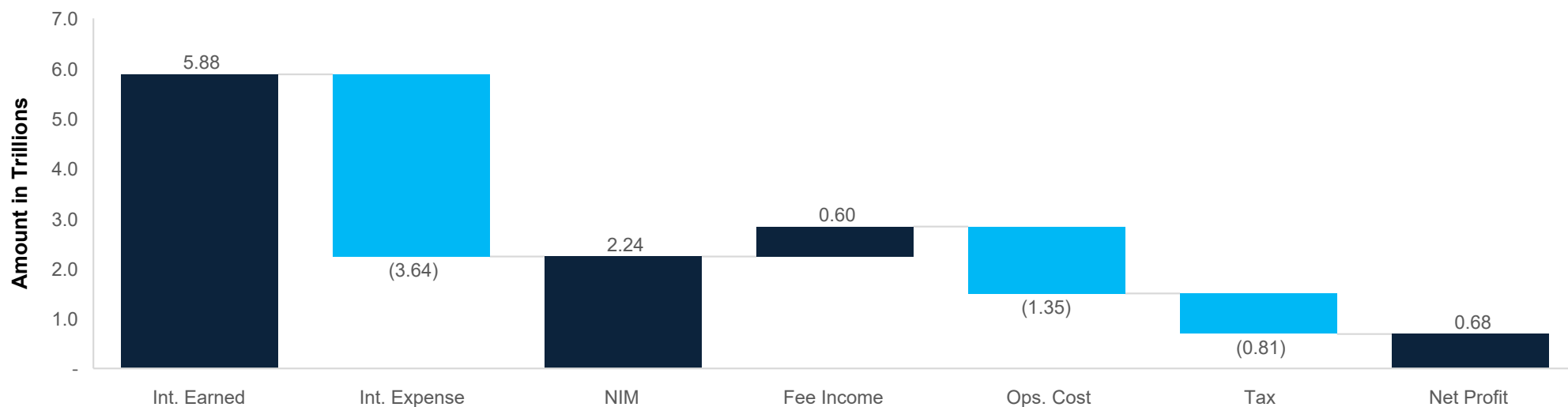
# 18.7%

Up from 18.4% LY

## Industry Positions as at 31 December 2025

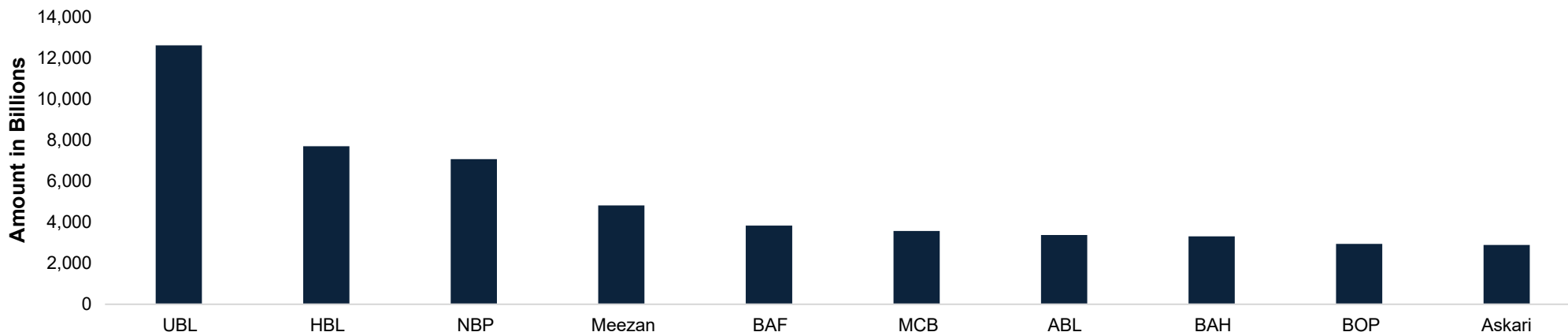


## Banking Profits in 2025

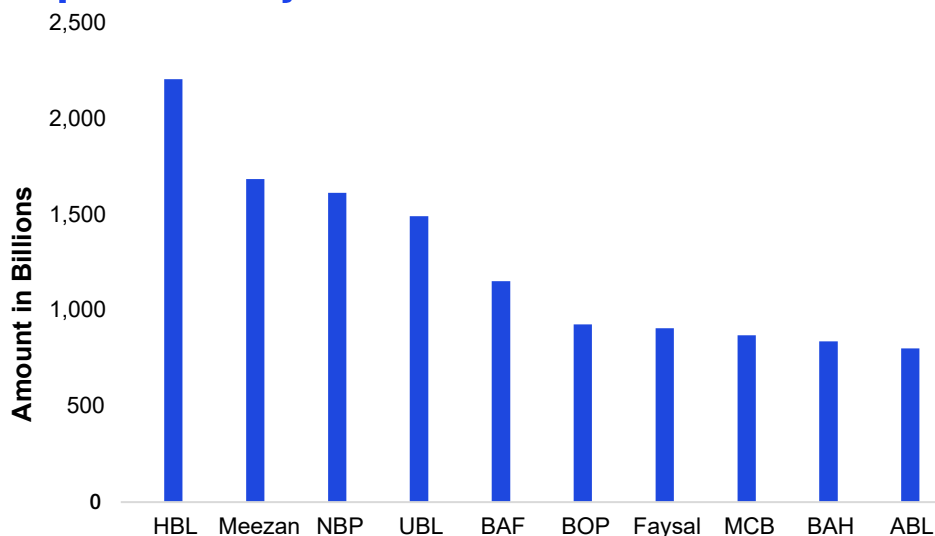


# Top Performing Banks

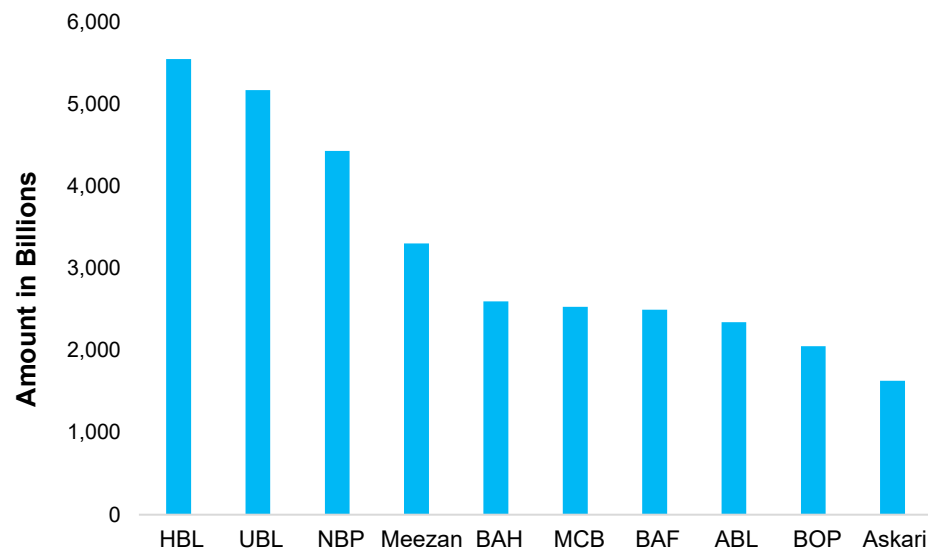
## Top 10 Banks by Total Assets



## Top 10 Banks by Gross Advances

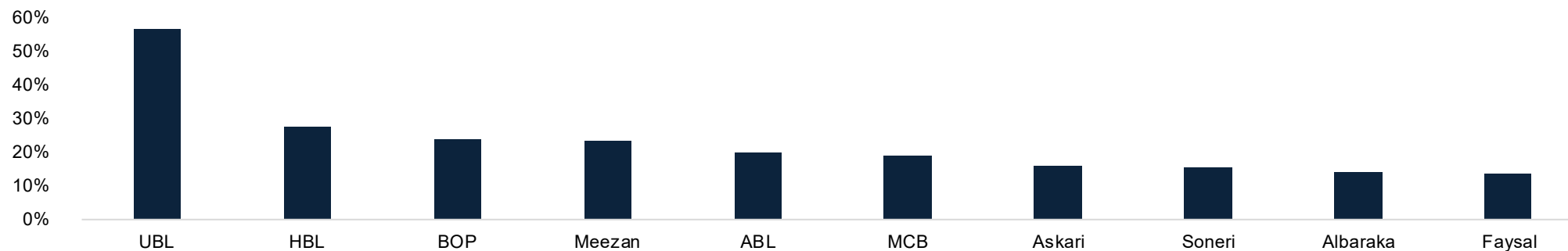


## Top 10 Banks by Total Deposits

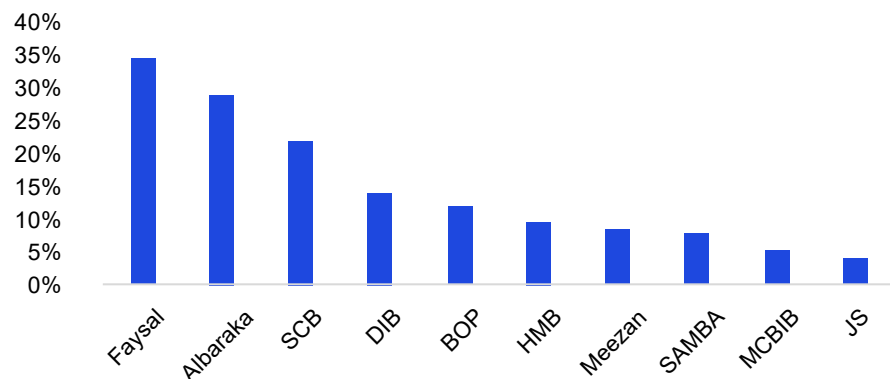


# Top Performing Banks

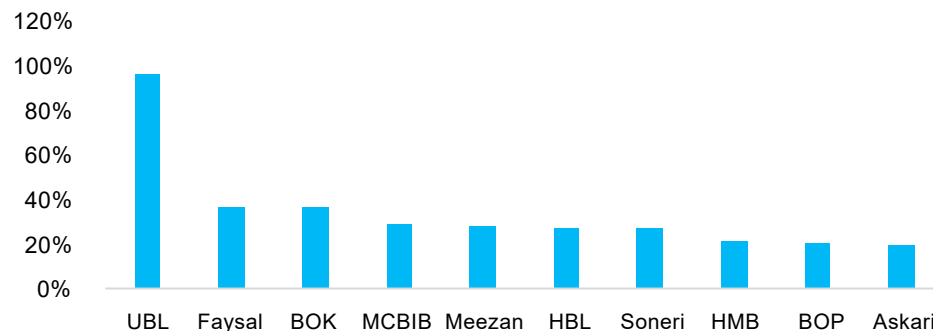
## Top 10 Banks with highest growth in total assets



## Top 10 Banks with highest growth in gross advances



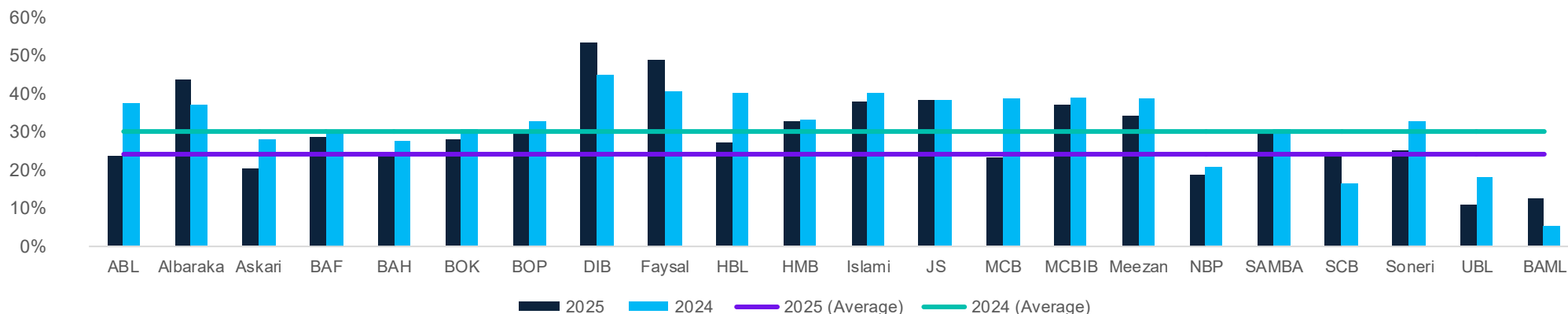
## Top 10 Banks with highest growth in deposits



# Asset Quality

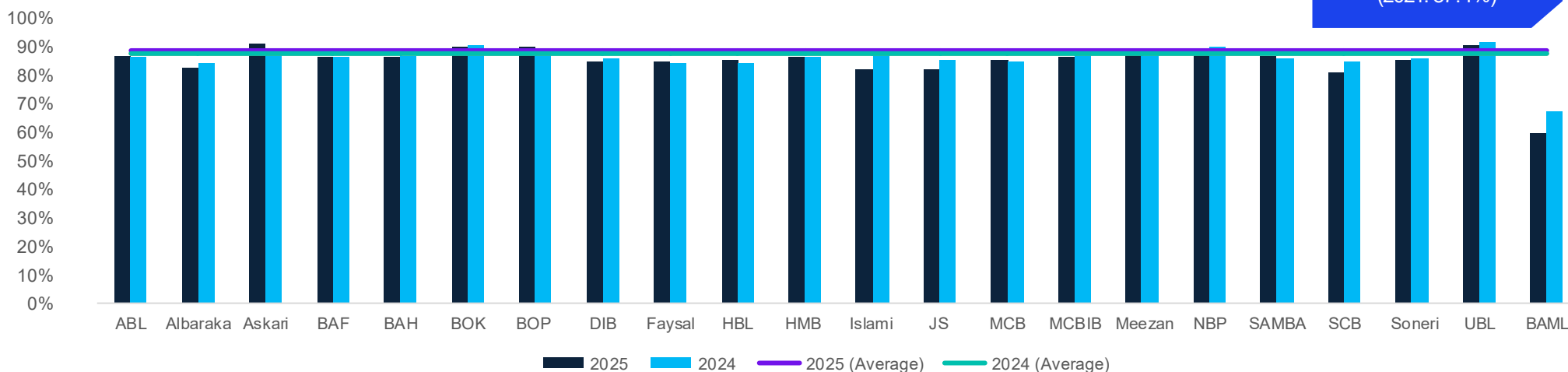
## Advances to Total Assets

Average: **24.1%**  
(2024: 30.1%)



## Earning Assets to Total Assets

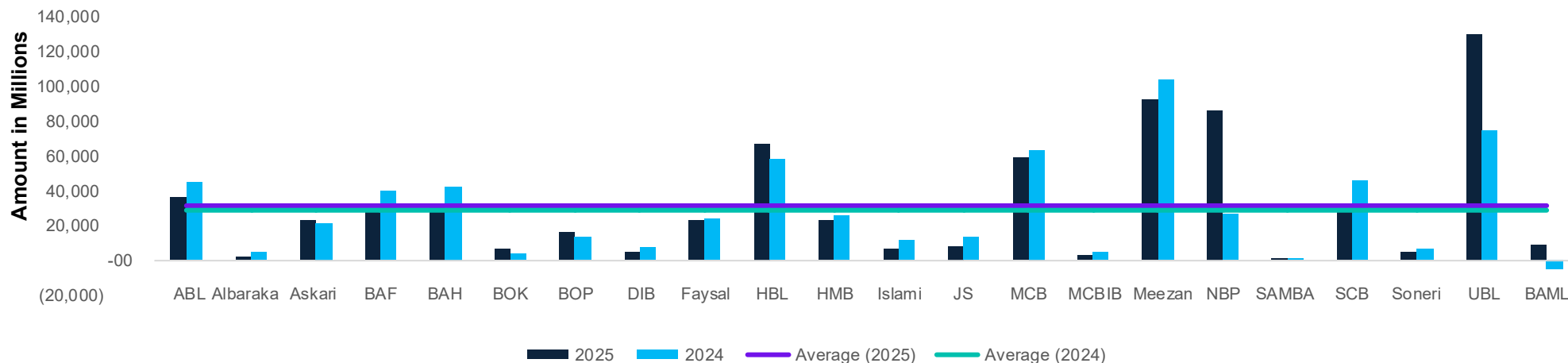
Average: **87.4%**  
(2024: 87.4%)



# Profitability

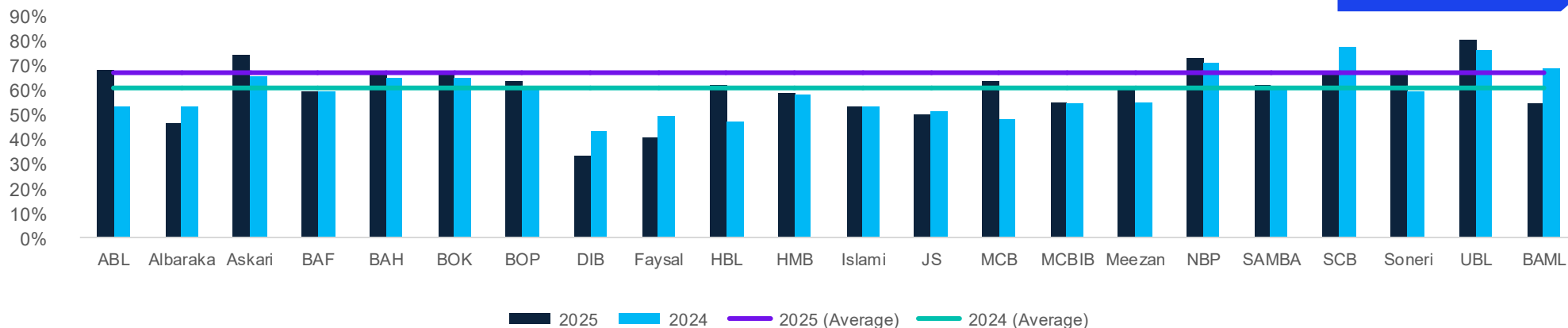
## Profit After Tax

Average: **31,135**  
(2024:28,541)  
Amount in Million



## Liquid Assets to Total Assets

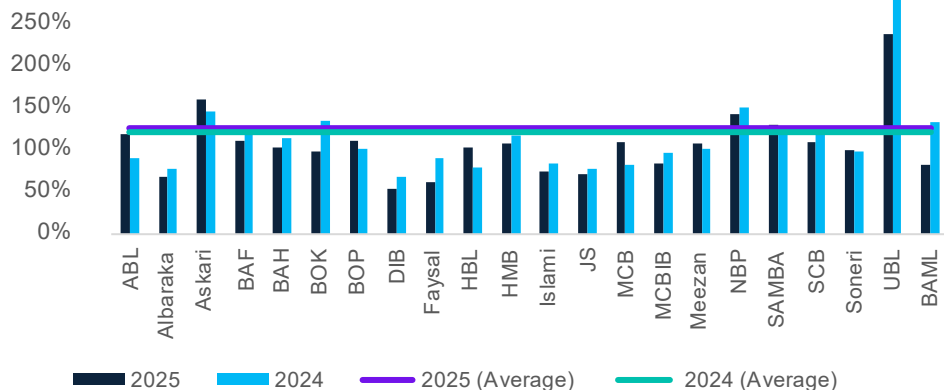
Average: **66.8%**  
(2024: 61.1%)



# Liquidity

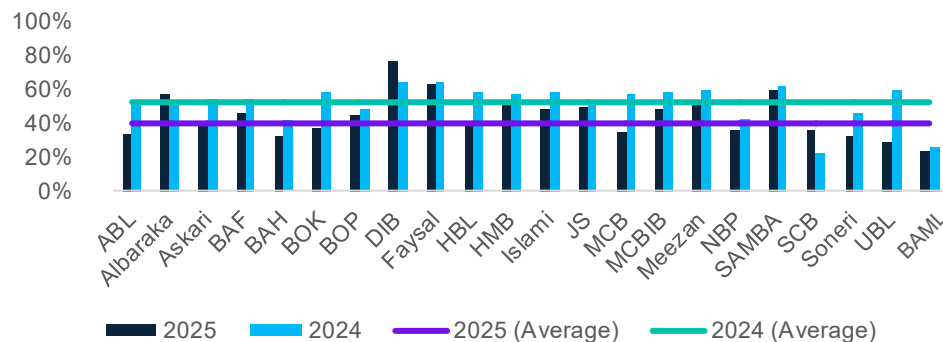
## Liquid Assets to Total Deposits

Average: **104.5%**  
(2024: 100.1%)



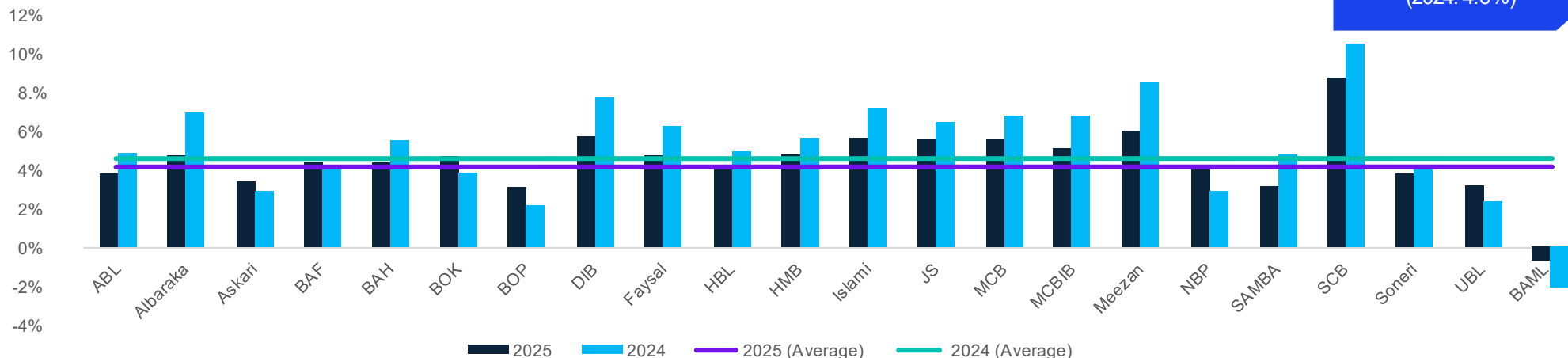
## Advances to Deposits Ratio

Average: **40.3%**  
(2024: 52.9%)



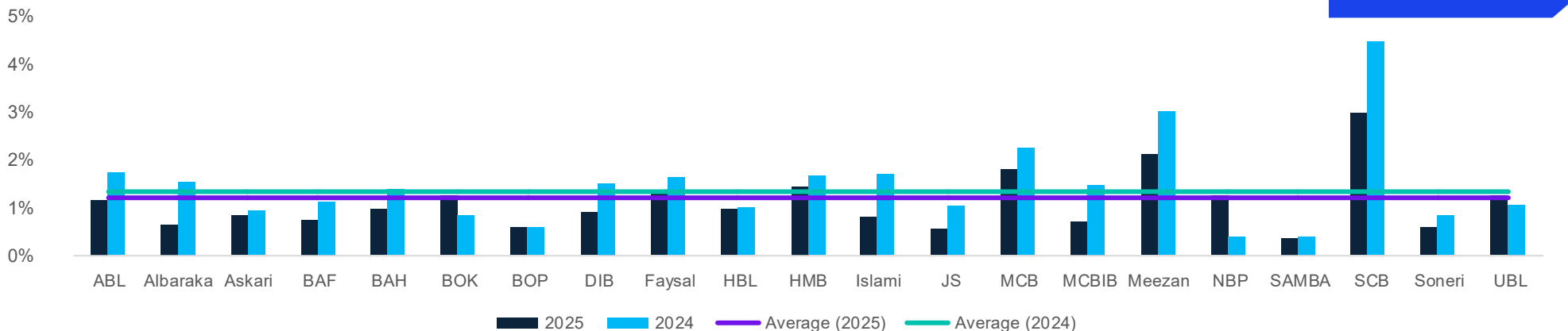
## Net Interest Margin

Average: **4.2%**  
(2024: 4.6%)



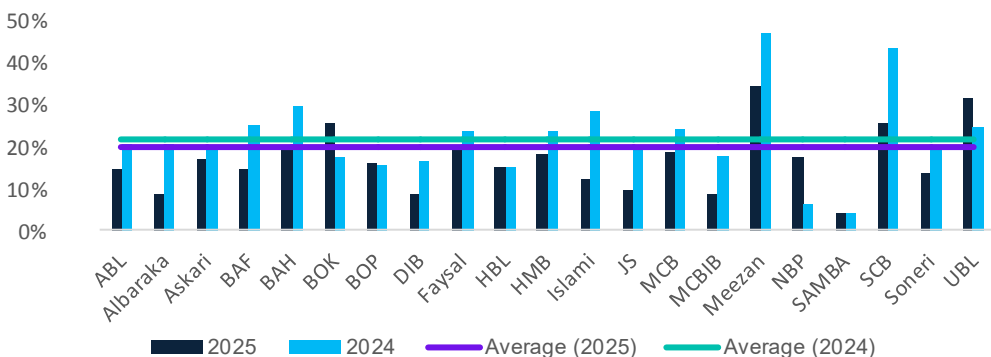
# Profitability

## Return on Average Asset\*



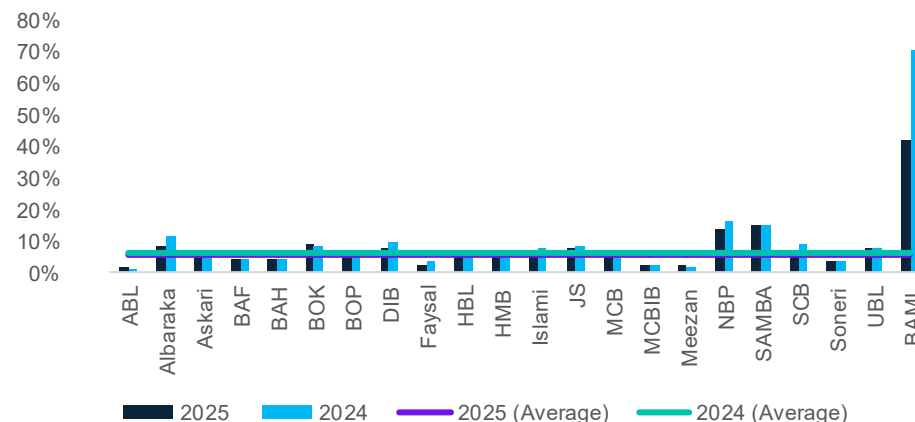
\*BAML has been excluded as it is an outlier

## Return on Average Equity\*



\*BAML has been excluded as it is an outlier

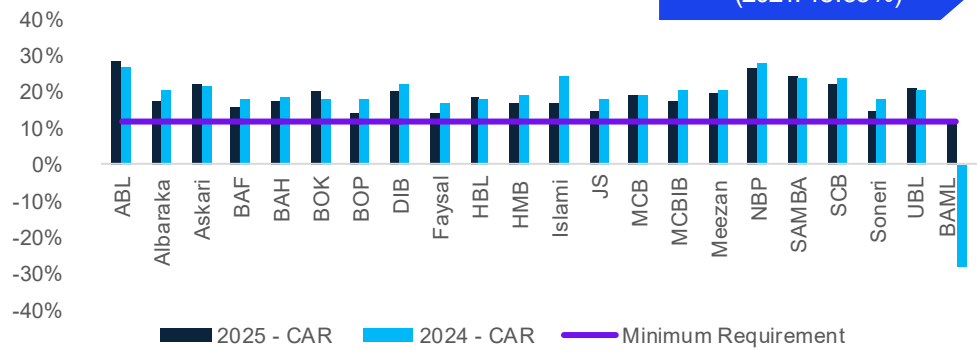
## Infection Ratio



# Efficiency

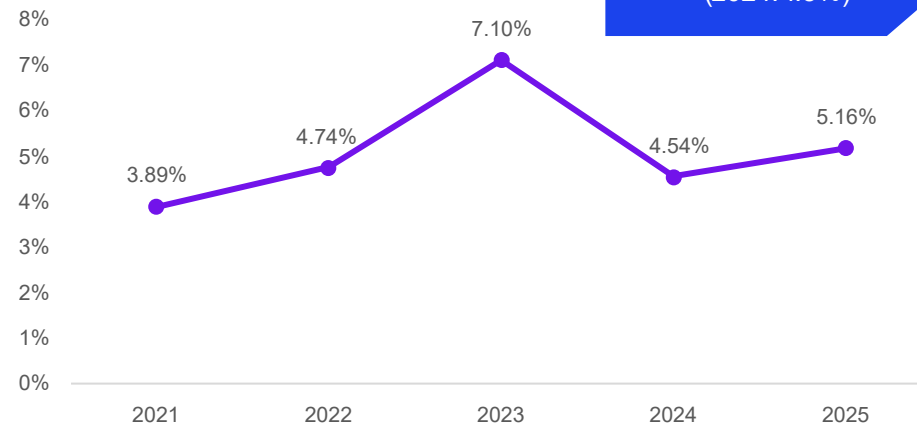
## Capital Adequacy Ratio

Average: **18.70%**  
(2024: 18.35%)



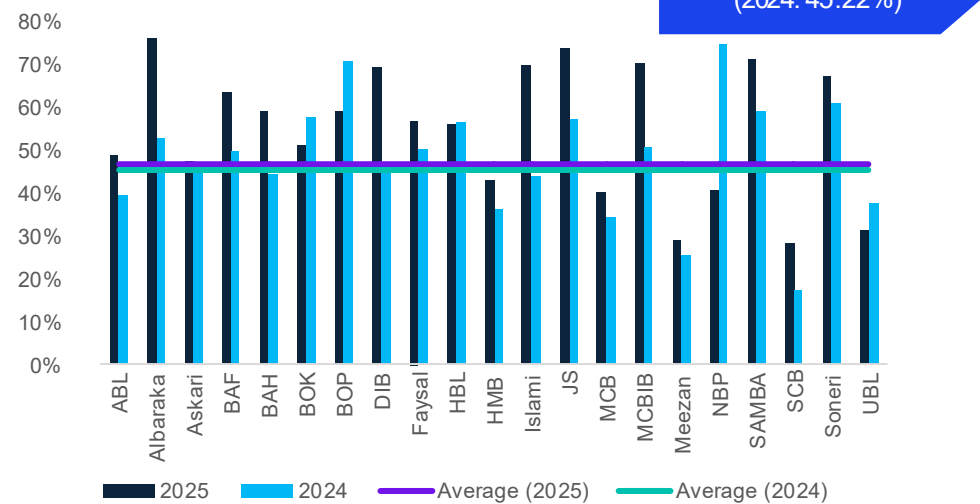
## Spread Analysis

Average: **5.2%**  
(2024: 4.5%)

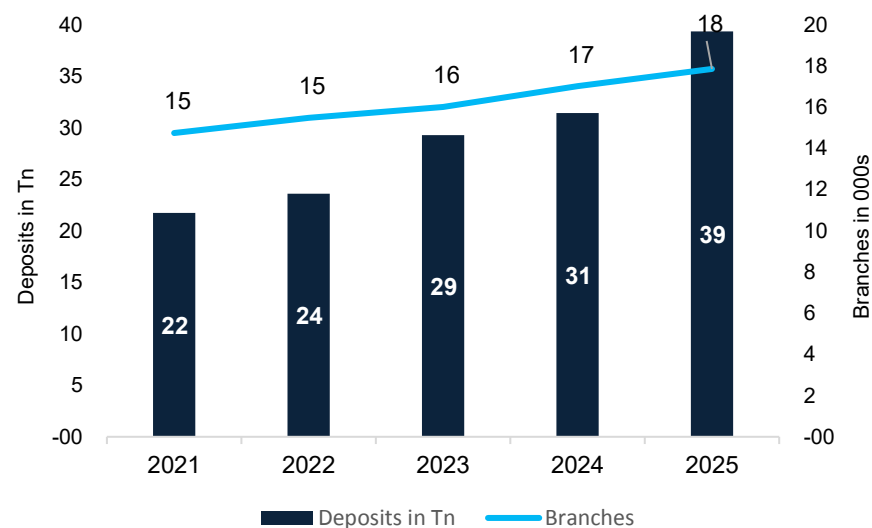


## Cost to income ratio\*

Average: **46.61%**  
(2024: 45.22%)



## Growth of Deposits vis-à-vis Branches

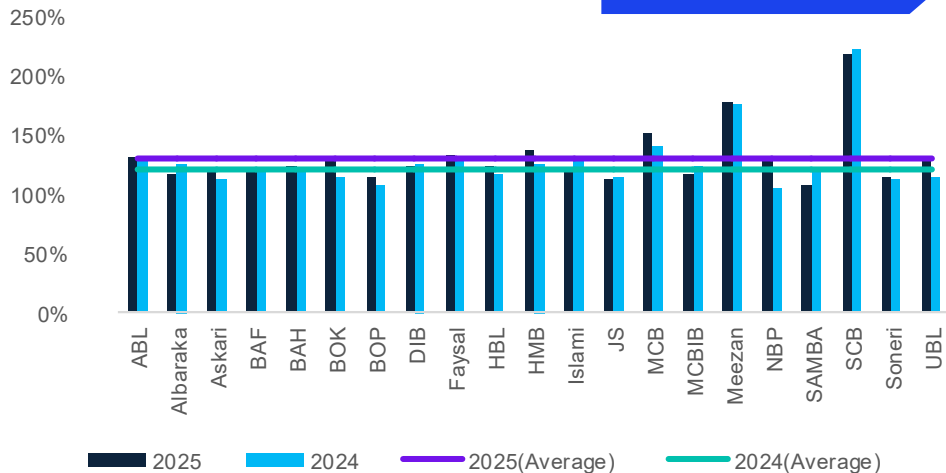


\*BAML has been excluded as it was an outlier

# Valuation

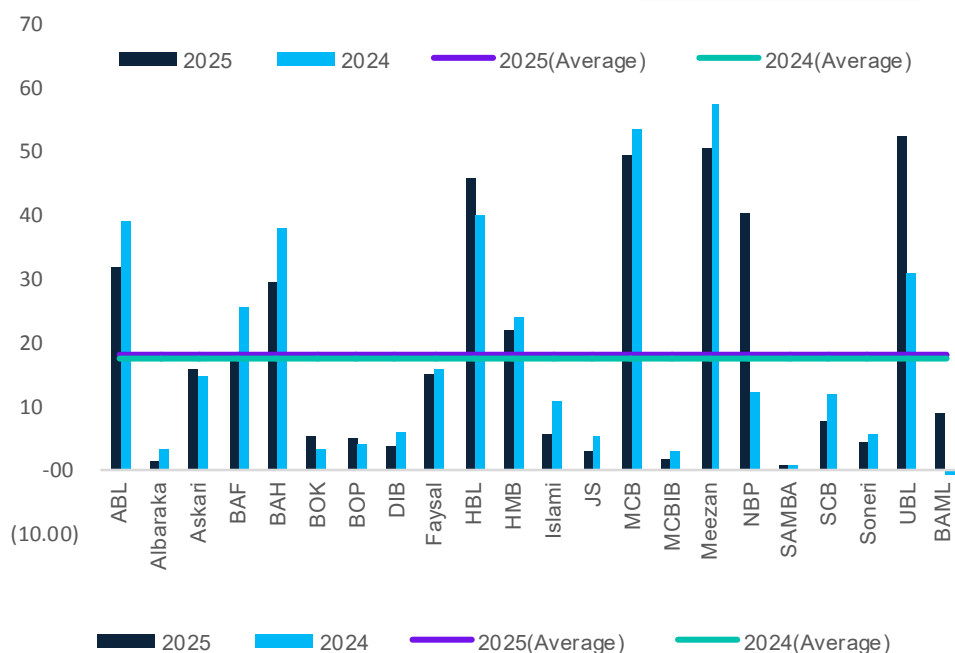
## Operating Self Sufficiency

Average: **129.62%**  
(2024: 120.25%)



## Earning Per Share

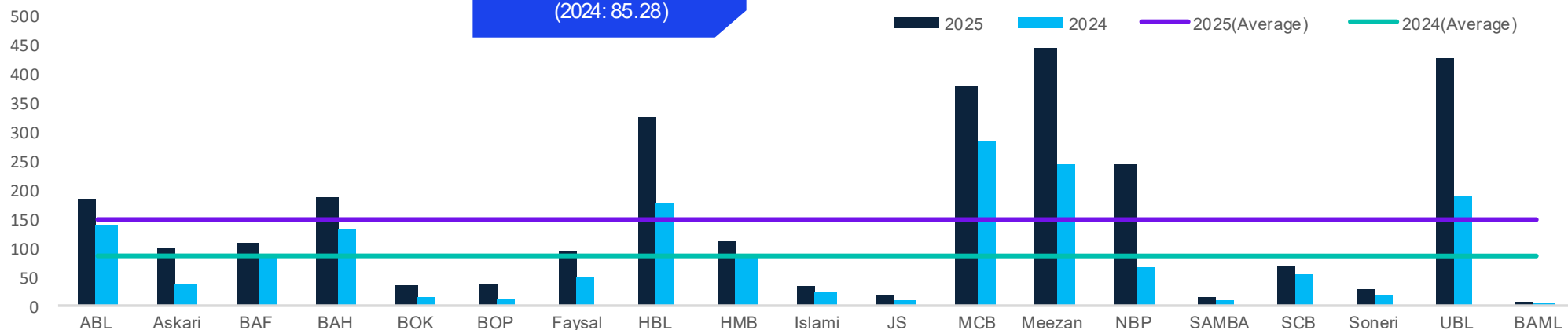
Average: **18.80**  
(2024: 18.20)



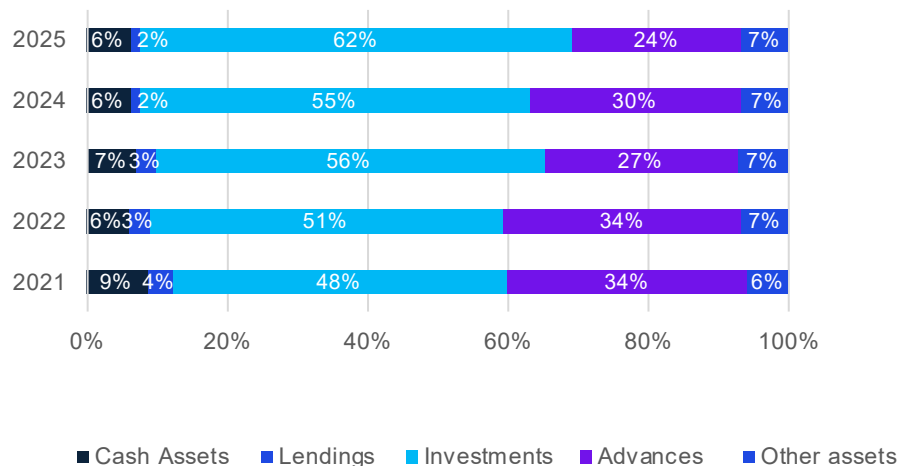
\*BAML has been excluded as it was an outlier

## Market Price Per Share

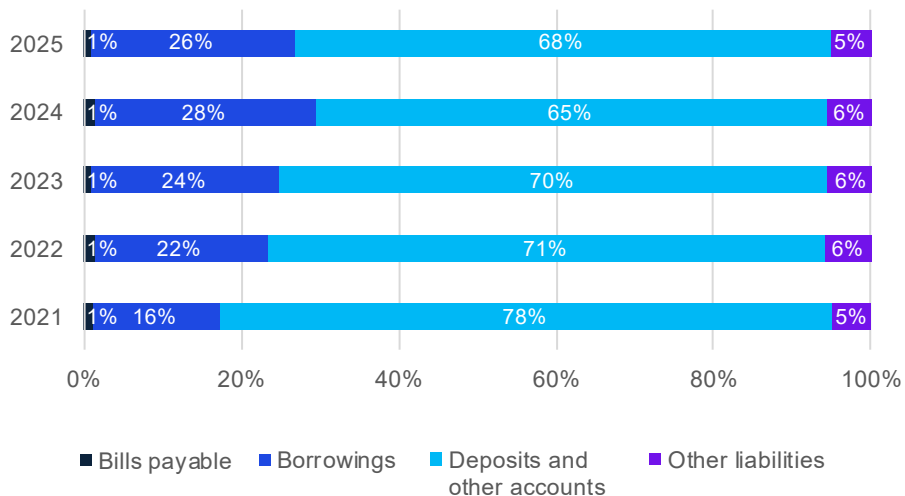
Average: **149.23**  
(2024: 85.28)



## Composition of total assets



## Composition of total liabilities

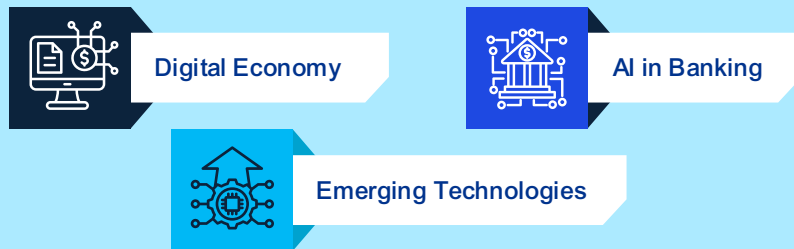


# | 25 The Future of Banking



# The Future of Banking

The future of banking is no longer defined by institutions alone, but by the ecosystems in which they operate. As financial services continue to evolve, a range of forces are collectively reshaping the industry. Among these, a few critical themes stand out as key enablers of this transformation, forming the foundation of how banks will operate, compete, and grow in the years ahead.



While the future of banking will be influenced by multiple dimensions, this article focuses on these three interconnected pillars that are fundamentally redefining value creation in financial services. Together, they provide a lens through which the trajectory of modern banking can be better understood — from infrastructure and intelligence to innovation.

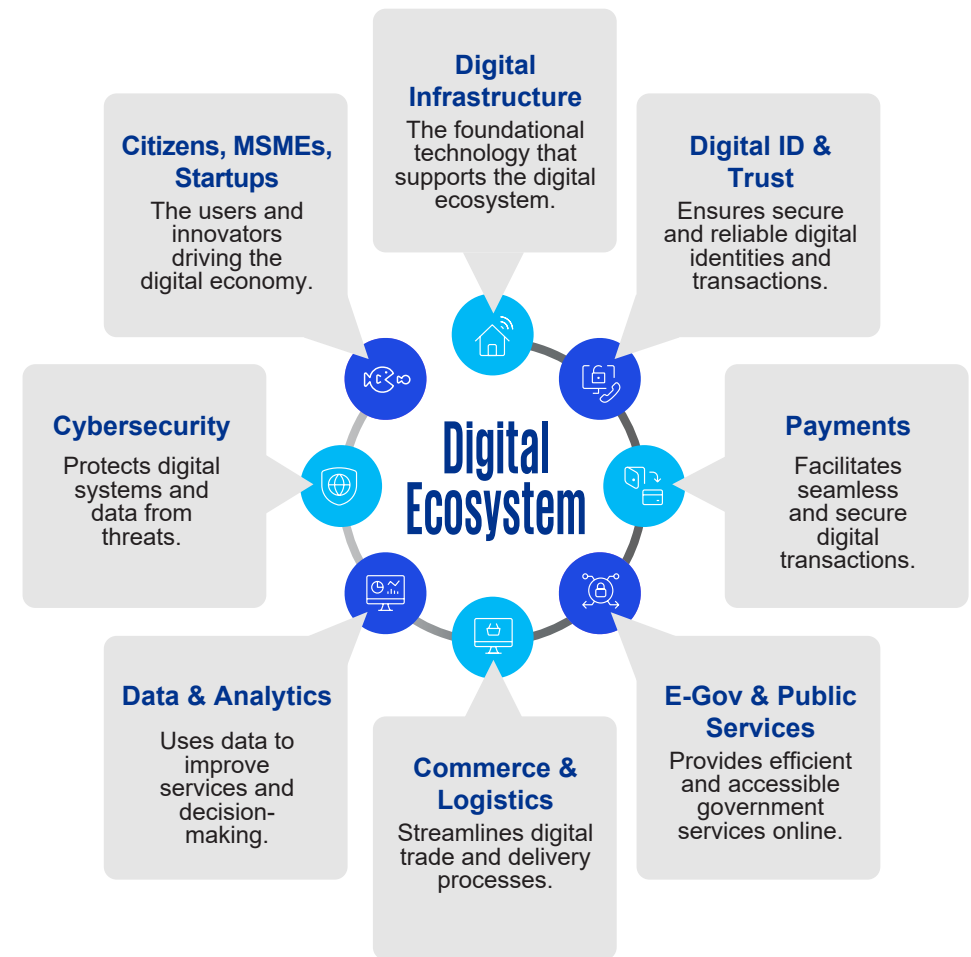
## Digital Economy



According to a report by the Overseas Investors Chamber of Commerce and Industry (OICCI) the digital economy could contribute 5-7 per cent to GDP by 2030 if structural bottlenecks are addressed and reforms accelerated, This section explains the key pillars of a successful digital economy a robust digital ecosystem and a comprehensive financial inclusion framework which together form the foundation for accessible, efficient, and innovative financial services. It then examines the initiatives and strategies Pakistan has implemented to build these pillars, including real-time payment systems, digital banking frameworks, fintech innovation, and mobile-based financial services. By comparing what an ideal digital economy requires with the country's current progress, the article provides a clear and practical view of Pakistan's journey toward a fully modern, inclusive, and technology-driven financial system.

## From Connectivity to Capability: The Pillars of a Digital Ecosystem

Pakistan's financial sector is undergoing a structural shift toward a digital economy . At the heart of any digital economy is the digital ecosystem which is defined by its core dimensions such as infrastructure, platforms, regulation, and data and is supported by a diverse set of stakeholders. These include governments, financial institutions, fintechs, technology providers, businesses, and consumers, each performing a distinct role in enabling functionality and trust.



## Key Value Chains

01

**Digital Infrastructure**

Broadband, mobile (4G/5G), fiber, datacenters, cloud, edge, reliable power.

02

**Digital Identity & Trust**

eID, eKYC, PKI, digital signatures, consent frameworks.

03

**Payments & Financial Services**

Real-time rails, banks, PSPs, cards, open banking APIs, wallets, settlement.

04

**E-Government & Public Services**

Digital health, Digitization of taxation, social transfers, licensing, education platforms.

05

**Commerce & Logistics**

Marketplaces, merchant acceptance, POS, invoicing, last-mile logistics.

06

**Data, Analytics & Interoperability**

Secure data exchange, APIs, credit scoring, policy analytics.

07

**Cybersecurity & Privacy**

CERT, incident response, encryption, privacy regime enforcement.

08

**Skills, Inclusion & Literacy**

Citizen training, MSME digitization, local language UX.

09

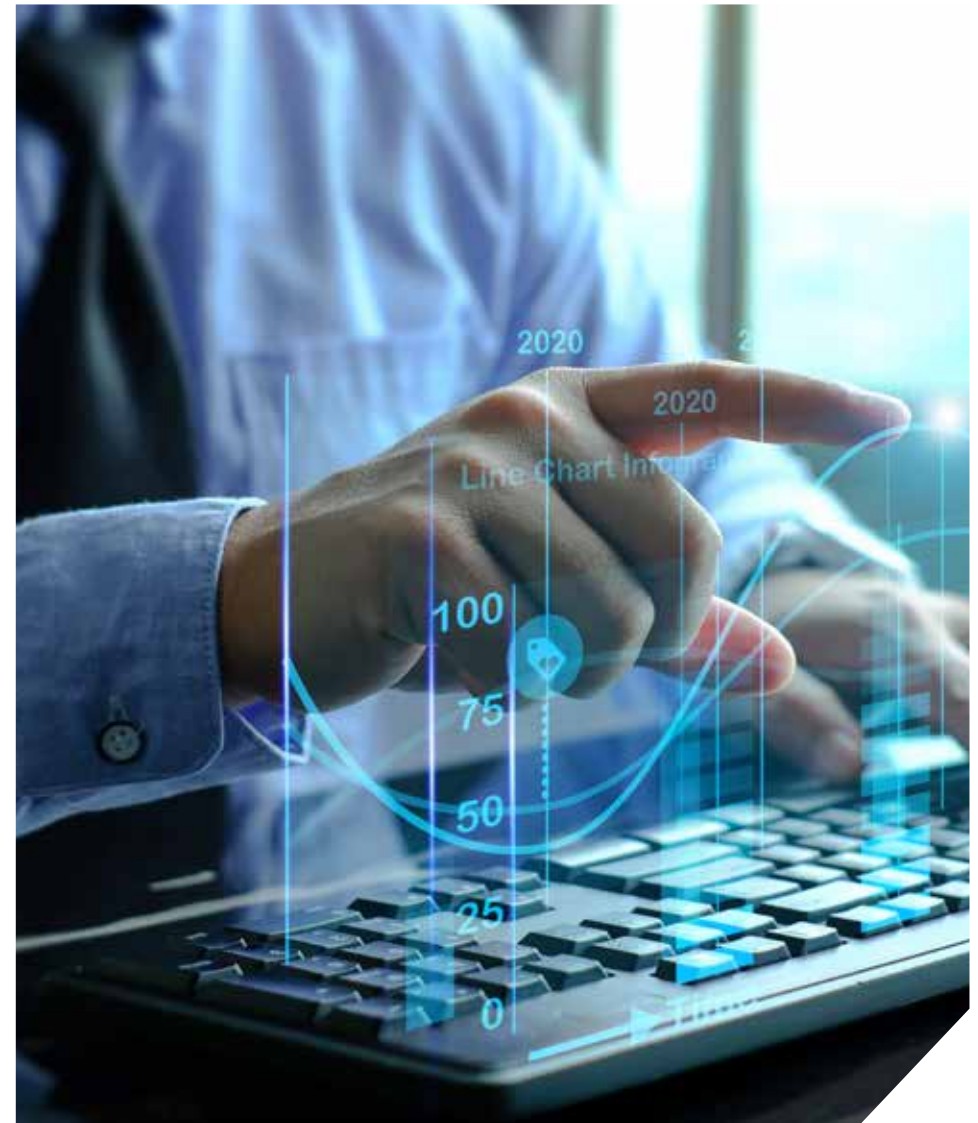
**Innovation & Startup Ecosystem**

Incubators, sandboxes, VC, R&amp;D.

10

**Hardware & Supply Chain**

Devices, POS terminals, local manufacturing, secure firmware.



## Inclusion at Scale: Designing a Financial System for All

The second most important initiative towards building a Digital Economy is financial inclusion. Advancing a digital eco system demands a financial inclusion framework shaped by global practice ad focused on barriers from access to trust.

### Key Pillars of a Financial Inclusion Framework

#### Enabling Policy & Regulatory Environment

**National Strategy:** A clear roadmap with measurable goals and timelines for digital payments and financial inclusion.

**Risk-Based Regulation:** Rules that allow banks, FinTechs, and PSO/PSPs to innovate while maintaining safety.

**Interoperability:** Seamless transactions across banks, wallets, and service providers.

**Data Protection & Cybersecurity:** Strong frameworks to safeguard data/privacy and mitigate fraud.

#### Foundational Digital Infrastructure

**Digital Identity:** Universal, verifiable IDs (e-KYC) that make account opening easy and secure.

**Connectivity:** Widespread internet and mobile network access, especially in rural/remote regions.

**Shared Payment Infrastructure:** Low-cost, national-level payment systems open to all providers.

**Agent Networks:** Branchless banking agents who serve as last-mile access points for deposits, withdrawals, and customer support.

#### Promoting Digital Payments & Services

**Digitizing Government Flows:** Mandatory digital channels for G2P (social safety nets, pensions) and P2G (taxes, utilities).

**Merchant & MSME Acceptance:** Incentives (POS devices, QR codes, fee waivers) for small businesses to accept digital payments.

**Innovative Financial Products:** Mobile wallets, micro-credit, micro-savings, and insurance tailored to low-income and underserved groups.

#### Financial Literacy & Consumer Protection

**Financial Literacy Campaigns:** Nationwide education on using digital payments securely and avoiding fraud.

**Consumer Grievance Mechanisms:** Accessible, fast-response systems to resolve complaints and fraudulent transactions.

**Transparency:** Clear disclosure of fees, terms, and conditions to build consumer confidence.

## Pakistan Pillars

### Pakistan Financial Inclusion Strategy Pillars



Digital Infrastructure & Connectivity



Tailored Financial Products



Digital Identity & KYC



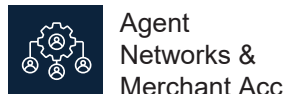
Public-Private Partnerships



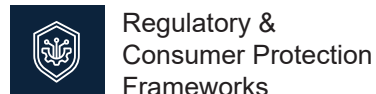
Affordable Digital Payment Rails



Interoperability & Open APIs



Agent Networks & Merchant Acc



Regulatory & Consumer Protection Frameworks



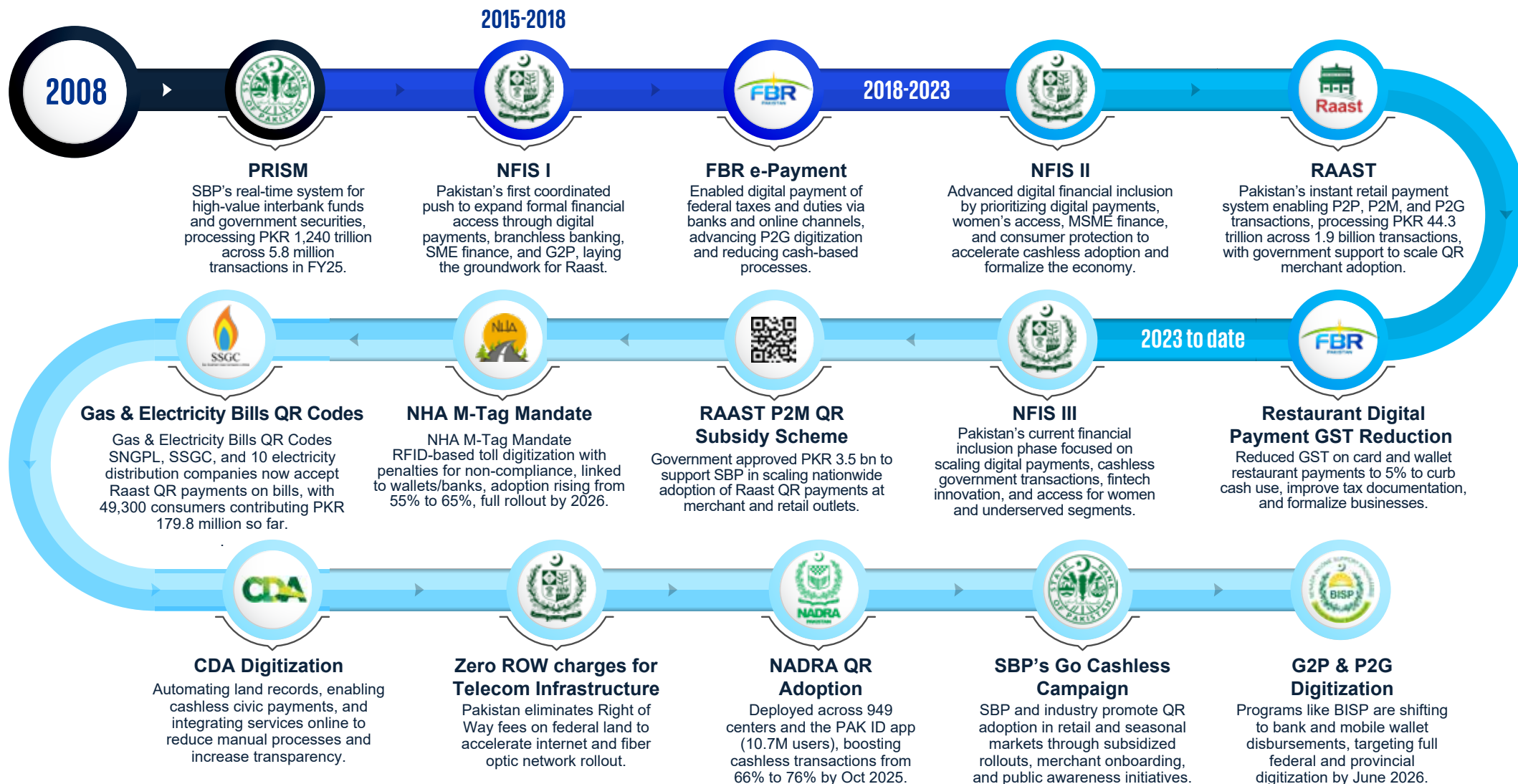
Financial & Digital Literacy



Gender Inclusion

## Pakistan's Digital Journey: From Policy to Progress

Pakistan's transition toward a digital economy has been supported by a series of regulatory and infrastructure initiatives led primarily by the State Bank of Pakistan and the Government of Pakistan.



## Strategic Steps Taken Toward a Digital Economy

Keeping in view the multiple initiatives undertaken in recent years, there has been a growing focus on developing the foundational infrastructure required for a modern digital ecosystem. Policymakers and regulators have increasingly prioritized initiatives that not only support innovation but also enhance the accessibility and resilience of Pakistan’s financial system. These efforts are aimed at strengthening the key building blocks of Pakistan’s digital economy. This includes the development of real-time payment infrastructure, the introduction of digital banking frameworks, measures to encourage fintech innovation and collaboration, and the continued expansion of mobile-based financial services, among others.

### Raast: Building Pakistan’s Real-Time Payments Backbone

Launched in 2021, RAAST is the country’s first instant payment system, supporting three primary use cases: Person to Government (P2G), Person to Person (P2P), and Person to Merchant (P2M). Currently, RAAST operates as a payment gateway, with an individual’s phone number serving as the RAAST ID that facilitates fund transfer to the individual’s financial account linked to the RAAST ID.

#### Core Features Driving RAAST Adoption



**Instant settlements** in Raast build trust and convenience by ensuring funds are transferred and received immediately, eliminating delays in transactions.



Raast’s **interoperability** enables seamless transactions across banks, wallets, and payment platforms, ensuring universal access and usability for all users.



Raast enables payments through mobile numbers and QR codes, **simplifying transactions** and making digital payments accessible even for first-time users.



Raast eliminates fees on P2P transfers and significantly reduces MDR on P2M transactions, **lowering costs** for both individuals and merchants.



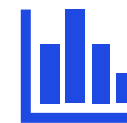
Raast ensures **secure and reliable transactions** through SBP’s oversight, strong authentication, and real-time settlement, building trust among users and merchants.



Raast enhances **accessibility** by extending instant, low-cost digital payments to unbanked and rural populations, driving deeper penetration of financial services.

RAAST is Pakistan’s first instant digital payment infrastructure, launched by the State Bank of Pakistan (SBP) in 2021. It was rolled out in 3 phases:

Phases	Volume of Transactions (Q1 FY 2026)	Value of Transactions (PKR) (Q1 FY 2026)
Bulk Government Payments	4.9 million	1,452 billion
Person-to-Person Payments	534.7 million	11,280 billion
Person-to-Merchant Payments	4.3 million	17.0 billion



**2.8b**  
Total Retail Payment Volume



**120 m**  
Mobile Banking App Users



PoS terminals processed 122 million transactions valued at:  
**PKR 620b**



Share of ATM transactions:  
**10%** Volume &  
**03%** Value of total retail payments



Over-the-Counter (OTC) transactions accounted for 10% of retail volume but **67%** Of transaction value (PKR 110.4 trillion)






QR code transactions totaled 28 million with **PKR 92b** Value

## From Brick to Click: The Next Frontier of Financial Services in Pakistan

In our previous publication, we briefly touched upon the five digital banks licensed by the State Bank of Pakistan, highlighting their potential to accelerate financial inclusion, strengthen the digital payments ecosystem, and drive innovation across Pakistan’s banking sector.

Since then, the digital banking landscape has continued to evolve as these institutions progress through various stages of regulatory approval, pilot operations, and operational readiness. While the sector remains in the early phases of implementation, several important developments have taken place over the past year. The table below provides an update on the current status of each of the five digital banks and their progress toward operational launch.

Bank Name	License Effective Date	Key Updates
 RAQAM رقم	February 06, 2026	Newly licensed Shariah-compliant Islamic Digital Retail Bank
 المشرق mashreq	September 15, 2025	Licensed Digital Retail bank commencing operations
 easypaisa digital bank	January 23, 2025	Completed first year of operations; reported profit of 17.04 Billion

## Driving Innovation at the Edge of Banking

Alongside the growth of digital payments and digital banking frameworks, Pakistan has strengthened its fintech ecosystem through regulatory initiatives. The State Bank of Pakistan has introduced frameworks for Electronic Money Institutions (EMIs) and a Regulatory Sandbox to encourage innovation and collaboration between banks, fintech startups, and payment service providers.

These initiatives have facilitated the development of digital wallets, payment platforms, and other technology-driven financial services.

## Key Regulatory Initiatives and Fintech Progress (2025–2026)

Initiative	Latest Update / Data
<b>Regulatory Sandbox</b>	First cohort of 6 fintech entities shortlisted for pilot testing innovative solutions in open banking, digital remittances, and merchant onboarding (Jan 2026)
<b>Electronic Money Institutions (EMIs)</b>	~28 licensed EMIs operating in digital wallets, merchant payments, and prepaid cards
<b>Mobile &amp; Branchless Banking</b>	Mobile banking app users: 22.6M; Branchless wallets: 68.5M; e-money wallets: 5.3M
<b>Digital Transactions (FY2024-25)</b>	Over 1.68 billion transactions worth PKR 27 trillion; 89–90% of retail payments now digital

These developments highlight the growing role of fintech innovation and mobile-based financial services in Pakistan’s digital economy, enabling greater financial inclusion, expanding access points, and accelerating the shift away from cash-based transactions.

## The Road Ahead for Pakistan’s Digital Economy

Looking ahead, achieving a digital economy will require a coordinated approach: expanding digital banking and mobile-based services, implementing a comprehensive financial inclusion framework, addressing key digital ecosystem impediments, encouraging fintech innovation through regulatory support and sandboxes, and strengthening real-time payment infrastructure. By successfully integrating these elements, Pakistan can increase access to financial services for underserved populations, enhance payment efficiency, and create an environment where technology-driven financial solutions thrive laying the foundation for a truly inclusive, modern, and digitally empowered economy.

# The Role of AI in Banking



In this section, we will discuss how Artificial Intelligence (AI) is transforming the banking industry from a future possibility into an everyday reality. We will explore how leading global banks are using AI to improve efficiency, enhance customer experience, and strengthen risk management, while also understanding where Pakistan currently stands in this journey. The article will further highlight the key areas where AI can create the most impact, including fraud detection, credit decisions, and operational efficiency. In addition, we will examine how AI is reshaping the risk management lifecycle and why responsible AI practices are becoming increasingly important. Overall, this article aims to provide a clear and practical view of how banks can use AI effectively to stay competitive in a rapidly evolving financial landscape.

smarter lending choices, personalize customer experiences, and run operations more efficiently. What sets these banks apart is not just the use of technology, but how deeply it is integrated into their overall strategy. They are investing in strong data systems, building skilled teams, and creating clear plans to scale AI across the organization. This allows them to move faster, reduce costs, and respond better to customer needs. At the same time, they are ensuring responsible use of AI through proper controls and governance. This shift shows that AI is no longer a future idea, it is already shaping the present, and banks that do not move in this direction risk being left behind in an increasingly competitive market.

## The Cost of Standing Still

One of the biggest risks for banks today is not failure but doing nothing or moving too slowly. Banks that only focus on small or basic AI use cases may find it difficult to keep up with competitors who are using AI in a more serious and integrated way across their business. Over time, this delay can lead to higher costs, slower decision-making, weaker customer experience, and missed opportunities for growth. While some banks may feel that waiting is a safe option, in reality it increases the gap between them and the leaders in the market. As AI continues to improve and become more important in banking, those who do not adapt quickly will struggle to stay relevant. In today's environment, standing still is not a safe choice, it is a growing disadvantage that becomes harder to recover from with time.

## Global Leaders Setting the Pace

Across the world, leading banks are no longer just experimenting with AI, they are using it to completely change how they operate and compete. AI is now part of their everyday decision-making, helping them detect fraud instantly, make

JPMORGAN  
CHASE & CO.



AI tool COiN analyzes legal and loan documents

Prevented \$1.5B fraud losses, 98% accuracy, 60% fewer false positives

AI fraud detection integrated with "Erica"

Saves \$200M annually, 0% fewer false positives

AI-based AML system with Google Cloud

Detects 2 to 4x more suspicious activity, 60% fewer false alerts

WELLS  
FARGO

citibank

AI customer engagement & LIFE loan decision algorithm

3 to 10x higher engagement, personalized services for 70M customers

Payment Outlier Detection ML platform

Detects abnormal payments globally across 90 countries



## Building the Foundations of Responsible AI

Before banks can fully benefit from AI, they need to build a strong and responsible foundation. AI is not just about technology, it requires the right combination of data, systems, people, and controls to ensure it works effectively and can be trusted. Without these foundations, AI initiatives may remain limited in impact or create risks instead of value. To successfully scale AI and use it in a reliable and sustainable way, banks need to focus on five key capabilities:

**01 Data Infrastructure**  
Ensures AI models are built on accurate, consistent, and well-managed data, reducing errors and improving reliability.

**02 Technology Platforms**  
Supports the development and scaling of AI solutions, enabling secure, real-time processing and smooth integration across systems.

**03 Talent**  
Ensures the right skills are in place to build, manage, and apply AI effectively in high-impact areas.

**04 Governance**  
Provides clear controls and oversight to keep AI fair, transparent, and compliant with regulatory expectations.

**05 Partnerships**  
Helps accelerate adoption by bringing in external expertise, advanced tools, and innovative solutions.



## The Real Value of AI in Banking

Fundamentally, AI is resolving some of the long-standing issues in the banking sector. It is assisting the banks to lend credit to underserved domains through the analysis of alternative data. It is enhancing fraud detection by finding out patterns which are not available to conventional systems. It is automating the routine processes which take time and the manpower can be diverted to more productive processes. And most importantly, AI is redefining customer experience. Banking is ceasing to be reactive to the extent that it is taking a predictive form. Banks are now able to anticipate needs and react real time instead of waiting that customers will act on the matter. While the use cases and value of AI in banking are becoming increasingly clear, their success depends heavily on the right foundations being in place. Strong data infrastructure, advanced technology platforms, skilled talent, and effective governance are not just supporting elements, they are essential to scale AI initiatives and deliver consistent results. Without these capabilities, even the most promising AI applications may fail to create real impact. By building these foundations, banks can ensure that AI-driven solutions across areas like risk, operations, and customer experience are not only effective but also sustainable and aligned with long-term business goals.

Banking Priority	AI Application	Value Delivered
Financial Inclusion	Alternative data credit scoring	Expands SME & retail lending
Risk & Fraud Management	Real-time transaction monitoring	Reduces fraud losses
Operational Efficiency	Intelligent automation	Lowers operating costs
Customer Experience	Chatbots & personalization	Improves satisfaction
Regulatory Compliance	Automated monitoring/reporting	Reduces compliance burden



## Understanding the AI Maturity Journey

The transition to an AI-driven bank is not immediate, it evolves through distinct stages:

Stage	Description	Typical Capabilities
Exploration	Initial AI experiments	Chatbots, basic analytics
Adoption	Use in selected areas	Credit scoring, fraud detection
Integration	AI across operations	Process automation, insights
AI-Driven Bank	AI-led decision making	Real-time intelligence

Currently, most Pakistani banks sit between Exploration and Early Adoption, highlighting a significant opportunity for growth.



## Pakistan: A Market Ready for Acceleration

Although most of the world banks are already leading in their AI path, when it comes to Pakistan, it is a different case. This is not an opportunity to develop; it is an opportunity to jump forward. In the case of banks in Pakistan, it is not necessary to implement AI everywhere, but in those areas where its impact will be most beneficial.

(AI is being used in basic things such as chat bots, AI customer experience and not being leveraged where it should be)

The most influential spheres are some of the following:



### Smart Credit Decisions

The extension of lending based on alternative and non-traditional data, helping banks reach underserved segments and make faster, more informed credit decisions.



### Advanced Fraud Detection

Enhancement of security through real-time monitoring and pattern recognition, enabling early detection and prevention of suspicious activities.



### Process Simplification

Automation of repetitive and manual processes to improve efficiency, reduce errors, and lower operational costs across functions.



### Personalized Banking

Providing tailored financial services and recommendations based on customer behavior, preferences, and transaction patterns.



### Risk Identification & Monitoring

Using AI to identify emerging risks early and continuously track them, allowing banks to take proactive actions and reduce potential losses.



### Regulatory Compliance

Automating compliance checks and improving the accuracy, speed, and consistency of regulatory reporting and monitoring.



### Operational Risk

Detecting process inefficiencies, control gaps, and potential failures to strengthen internal controls and minimize disruptions.



### Customer Due Diligence

Strengthening KYC and AML processes by improving customer onboarding, monitoring transactions, and identifying suspicious behavior more effectively.

## Challenges and the Need for Responsible AI

Even though the advantages of the usage of AI in banking are numerous, there are also the challenges associated with the adoption of AI in banking.

Banks must ensure:



**Transparency**  
in AI decision  
making



**Explainability**  
of models



**Data privacy**  
protection



**Continuous  
monitoring**  
and validation



**Clear  
accountability**  
frameworks

Following these principles is not just about meeting regulations, but also about building trust in AI systems. If AI decisions are not transparent or easy to understand, customers and regulators may not feel comfortable relying on them. Similarly, poor data privacy or unclear accountability can lead to serious risks, including loss of reputation and financial penalties.

At the same time, maintaining all this is not easy. AI models can be complex and difficult to explain and managing large amounts of data adds further challenges. Continuous monitoring also requires strong systems, skilled people, and ongoing effort. This makes it important for banks to find the right balance, using AI effectively while ensuring it remains safe, reliable, and trustworthy.



## The Road Ahead

AI will play a central role in shaping the future of banking in Pakistan, but achieving real impact will depend on how effectively banks move beyond small-scale experimentation and embed AI into their core strategy and day-to-day operations. This will require a clear long-term vision, strong leadership commitment, and consistent investment in key foundations such as data infrastructure, technology platforms, and skilled talent. Banks will need to focus on high-impact use cases where AI can deliver measurable value, while gradually scaling its adoption across critical areas like risk management, compliance, operations, and customer experience. At the same time, building trust will be essential, which means ensuring transparency in AI decisions, maintaining strong governance frameworks, and protecting customer data. Collaboration with fintechs and technology partners will also play an important role in accelerating innovation and reducing time to market. As competition increases and customer expectations continue to evolve, the banks that succeed will be those that act early, adapt quickly, and use AI not just as a supporting tool but as a core driver of efficiency, innovation, and long-term competitive advantage.

## Emerging Technology



### Open Banking

Open banking enables third-party financial service providers to securely access consumer financial data through APIs, driving innovation and transforming how financial services are delivered. It enhances customer experience by offering personalized solutions such as budgeting tools, tailored loans, and better financial products, while also promoting competition and collaboration between banks, fintechs, and technology firms. This, in turn, improves efficiency, supports faster account-to-account payments, and expands financial inclusion by enabling better credit assessment for underserved individuals and small businesses. Additionally, open banking empowers consumers with greater control over their data through consent-based systems. However, alongside these benefits, it also introduces risks related to data privacy and security, including potential breaches and misuse of sensitive financial information, highlighting the need for strong regulatory and cybersecurity frameworks.

#### Open Banking in Pakistan:

Organizations like Karandaaz Pakistan have played a key role in advancing this agenda through research and stakeholder engagement, while the State Bank of Pakistan is actively exploring implementation aligned with financial inclusion and digital payment goals. This transition can be enabled through the development of a clear regulatory framework, standardized open APIs, and secure consent-based data-sharing protocols, alongside the use of regulatory sandboxes to pilot innovative use cases. Open banking is also positioned to accelerate the shift from a cash-based economy to interoperable digital systems by integrating with existing infrastructure such as Raast, ultimately improving efficiency, expanding access to financial services, and fostering a more connected digital financial ecosystem.

Expands financial  
inclusion

Drives  
innovation

Promotes  
competition



### Benefits of Open Banking

Personalized  
financial services

Control  
over data

Progress for  
small businesses

#### From Policy to Practice: Implementing Open Banking in Pakistan

To adopt this in Pakistan, the State Bank of Pakistan must establish a clear regulatory framework covering API standards, licensing, and secure data-sharing protocols, alongside building standardized APIs and digital identity systems as promoted by Karandaaz Pakistan. Implementation should include collaboration through regulatory sandboxes and pilot programs, supported by strong cybersecurity measures, data protection laws, and consumer awareness to ensure trust and safe adoption.



## Understanding Blockchain: A New Architecture of Trust

Blockchain is a decentralized and distributed digital ledger that records transactions in a secure, immutable, and transparent manner. Unlike traditional systems that rely on centralized authorities and multiple intermediaries, blockchain enables a shared “single source of truth” across participants. Each transaction is encrypted, time-stamped, and permanently recorded, making it highly resistant to tampering or unauthorized alteration.

For Pakistan, where inefficiencies, documentation gaps, and trust deficits persist across both legal and financial systems, this shift is significant. Blockchain fundamentally changes how trust is established moving from institution-based verification to technology-enabled transparency, with its impact realized across multiple areas, some of which are outlined below.



### Revolutionizing Banking & Cross-Border Payments

One of blockchain’s most impactful applications lies in **cross-border payments**, a critical area for Pakistan given its heavy reliance on remittances.

Globally, banks such as JPMorgan Chase and HSBC are leveraging blockchain to enable near-instant international settlements, reducing processing time from days to seconds.

#### Pakistan Relevance

- Remittances exceeding **\$25–30 billion annually** can be processed faster and at lower cost
- Reduced dependency on correspondent banking networks
- Improved transparency and traceability of international flows

Blockchain can also complement systems like Raast by enabling **cross-border real-time payment corridors**, particularly with GCC countries.



### Transforming Legal Systems: Transparency, Efficiency & Justice

Pakistan’s legal system faces challenges such as case backlogs, property disputes, and lack of transparency. Blockchain can play a transformative role in addressing these issues:

**Case Management: Digitized**, tamper-proof case records can streamline judicial processes and reduce delays.

**Land & Property Records:** A blockchain-based land registry can prevent duplicate ownership claims and fraud.

**Smart Contracts:** Self-executing agreements reduce reliance on intermediaries and minimize disputes.

Countries like Estonia and the UAE have already implemented blockchain in governance and legal registries, demonstrating improved efficiency and public trust.



### Strengthening AML and Regulatory Oversight

Blockchain’s immutable nature provides a significant advantage in strengthening anti-money laundering (AML) and counter-terrorist financing (CFT) frameworks. Every transaction recorded on a blockchain creates a permanent and traceable audit trail, making it easier to monitor financial flows and detect suspicious activity.

For the State Bank of Pakistan, this creates an opportunity to enhance regulatory oversight through more transparent and near real-time monitoring systems. In an economy where informal transactions still play a substantial role, such capabilities can help formalize financial activity, reduce illicit flows, and improve compliance across institutions. Additionally, similar blockchain-based frameworks can be extended to government subsidy disbursements, enabling end-to-end tracking of funds and ensuring that benefits reach intended recipients with greater transparency and efficiency.



### Supporting Financial Inclusion Through Digital Identity

While blockchain is not a direct solution to financial inclusion, it can act as a powerful enabler when integrated with digital financial infrastructure. One of the key barriers to financial inclusion in Pakistan is the lack of reliable documentation for large segments of the population.

Blockchain-enabled digital identity systems can simplify onboarding processes by providing secure and verifiable identity records. This allows banks and financial institutions to extend services to underserved populations, particularly in rural areas, while maintaining compliance standards. Over time, this can contribute to expanding the formal financial ecosystem and improving access to banking services.

## Institutionalization of Blockchain in Pakistan's Financial Ecosystem

Cryptocurrencies such as Bitcoin represent one of the most prominent applications of blockchain. What makes Pakistan's blockchain trajectory distinct is not just technology adoption, but the gradual institutional embedding of digital asset governance into formal policy and regulatory structures. Estimates suggest millions of informal crypto users exist in Pakistan, despite regulatory ambiguity. Pakistan hence is shifting towards a coordinated policy and advisory mechanisms such as the Pakistan Crypto Council, which reflects a structured attempt to bring together regulators, fintech stakeholders, and industry participants under a unified dialogue framework for digital asset governance. Rather than treating crypto activity as purely informal or external, this signals a move toward institutional consultation and policy alignment around blockchain-based financial systems.

In parallel, discussions around a structured Virtual Assets regulatory framework (often referred to in policy circles as PVARA-type architecture) indicate a transition toward formal oversight of digital assets within Pakistan's financial system. This reflects an approach where virtual assets are not excluded from the financial system but are instead being positioned for regulated integration under compliance, licensing, and monitoring structures aligned with SBP and SECP oversight mechanisms. Together, these developments indicate that blockchain is increasingly being treated not as an experimental technology outside the financial system, but as a potential regulated infrastructure layer within Pakistan's evolving digital finance architecture.

### Key Opportunity Areas for Pakistan:

<b>Trade Finance Platforms</b>	Digitizing letters of credit and documentation across banks and regulators
<b>Remittance Corridors</b>	Blockchain-enabled transfers with GCC countries for faster inflows
<b>Land Registry Systems</b>	Secure and transparent property ownership records
<b>Digital Identity (eKYC)</b>	Integration with national databases for efficient onboarding

## Global Use Cases

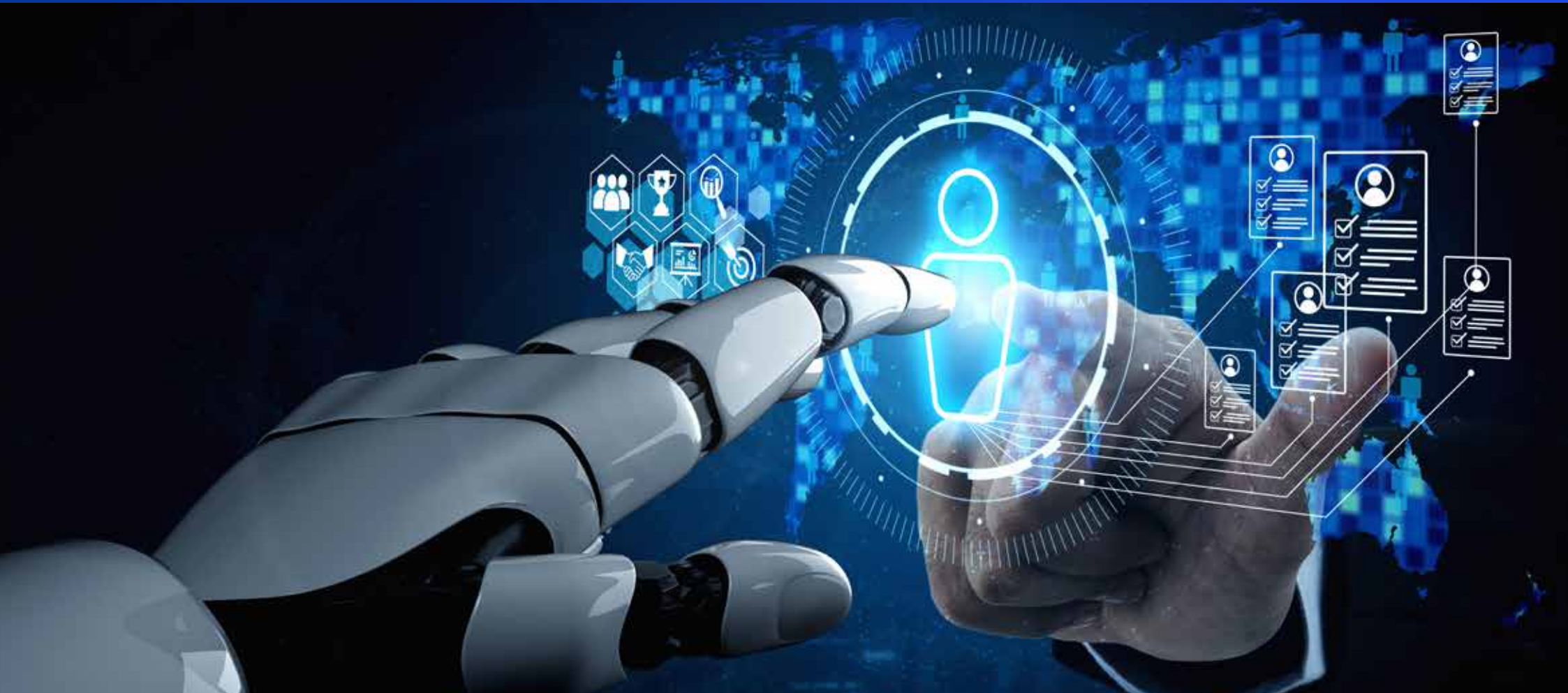
Country	Application	Impact
<b>Estonia</b>	Digital identity & e-governance	Seamless public service delivery
<b>UAE</b>	Blockchain in trade & government	Reduced fraud and faster processing
<b>Singapore</b>	Interbank blockchain payments	Real-time settlement systems
<b>Sweden</b>	Land registry digitization	Reduced property disputes
<b>China</b>	Trade finance platforms	Improved efficiency & transparency

These examples highlight that successful adoption depends on regulatory clarity, infrastructure readiness, and strong public-private collaboration.

### The Way Forward: A Phased and Collaborative Approach

To unlock the full potential of blockchain, Pakistan must adopt a structured and collaborative strategy. This includes developing clear regulatory guidelines, investing in education and capacity building, and encouraging partnerships between financial institutions, regulators, and technology providers. Pilot programs in high-impact areas can help demonstrate value and build confidence, while a phased implementation approach ensures risks are effectively managed.

# | 39 Workforce & Talent Transformation



# From Reskilling to Reinvention

## Navigating the trends in AI, Islamic Banking Conversion, and a New Talent Paradigm in Pakistani Banking Industry

Pakistan's banking sector is going through a major transition. The growing use of artificial intelligence, the push to shift fully to Islamic banking by January 2028 and the emergence of digital banks and fintech that are competing with a limited talent pool are all reshaping not only how banks operate but also who they employ, what skills they prize, and how they cultivate the next generation of bankers.

### KPMG Global Finding — Strategic Workforce Planning

In KPMG's 'The Future of HR: From Flux to Flow' survey, 300 HR leaders revealed that while most see Strategic Workforce Planning as the top workforce priority by 2025, merely 25 per cent of HR practitioners feel they are currently able to effectively understand how the size, skills, and organisation of the workforce must evolve. In Pakistan, where the magnitude of structural change is particularly acute, the gap between aspiration and execution is a critical risk.

## The Artificial Intelligence Imperative

About 83% of bank CEOs globally are prioritizing workforce reskilling to keep pace with AI. What started as small-scale pilots is now moving into core operations, shaping everything from customer experience to fraud detection and cyber defense. In Pakistan, the direction is similar, though adoption is still at an earlier stage. Hence, AI should be prioritized to streamline internal processes like compliance monitoring, back-office automation, transaction reconciliation even before customer-facing applications are ready. The implication for HR is unambiguous: the reskilling pipeline must begin well ahead of the deployment curve, not after it.

The year-on-year rise in digital transactions is directly reshaping workforce requirements: as customers migrate to digital channels, the transactional role of branch staff gives way to advisory, problem-solving, and relationship functions that demand a fundamentally different skill profile. Banks have responded by embedding blended learning solutions combining digital modules with regulatory and policy training across their large, distributed workforce.



## 83% Prioritizing Reskilling

Bank CEOs globally are prioritizing workforce reskilling to unlock AI's potential.



## Core Operations Focus

AI moving from pilots to core operations, shaping customer experience and fraud detection.



## Reskilling Pipeline

The pipeline must begin well ahead of deployment, not after it.

The challenge, however, extends beyond upskilling. AI governance is itself a new talent category. As central banks globally look for ways to minimize the risks associated with AI adoption, SBP is taking steps in this direction by finalizing its 'Guidelines on the Responsible Use of Artificial Intelligence in Financial Services' to provide a framework for safe and responsible AI deployment.

The SBP surveyed 55 regulated entities (REs) in Pakistan's financial services sector, including commercial banks, microfinance institutions, digital banks, and payment service operators. The survey revealed that nearly half of the REs have already deployed AI in their operations or are in the process of development.

This rapid pace of adoption highlights both the scale of opportunity and the urgency of putting governance structures in place. Banks that build AI governance capability ahead of the regulation will be positioned to lead; those that wait will find themselves scrambling.

### Global Benchmark—KPMG CEO Outlook 2025

83% of banking CEOs globally are prioritizing workforce reskilling to unlock AI's potential. Banks are rethinking roles and entry-level skills to enable human-machine collaboration that boosts productivity without eroding the human touch. Pakistani banks must begin this rethinking urgently, lest the talent pipeline fall behind the technology curve.

### The Islamic Banking Conversion Mandate

Pakistan's 26th Constitutional Amendment, enacted in October 2024, mandates the complete elimination of Riba (interest) from the financial system by 1 January 2028. This is arguably the single largest structural workforce challenge ever faced by Pakistan's banking sector.

The talent gap is both acute and highly specific. With thousands of Islamic banking branches already operational, the industry requires skilled Islamic bankers each year just to maintain current operations, before factoring in the large-scale conversion of conventional banking staff. Experts, including former regulators who helped establish Islamic banking in Pakistan, emphasize that the demand for trained human resources will only grow as the economic system undergoes this fundamental shift.



## Constitutional Mandate

26th Amendment enacted October 2024.

## January 2028 Deadline

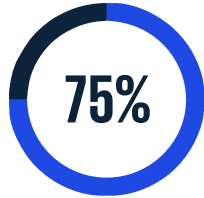
Complete elimination of Riba required.

## Workforce Transformation

Comprehensive retraining at every level.

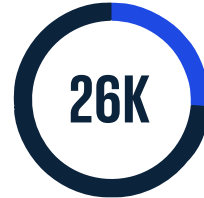
### The Scale of the Challenge

Pakistan has 26,000 madaris (Islamic seminaries) across the country, yet more than 75% of Shariah board members of Islamic banks received their education from a single Karachi-based institution. The supply of qualified Shariah scholars, those who can interpret Islamic law AND develop commercially viable banking products, is critically thin. (Source: Research on Islamic Finance Education in Pakistan, published in Cogent Economics & Finance, 2022; Business Recorder, December 2024)



### Single Source

Shariah board members educated from one Karachi-based institution.



### Madaris Nationwide

Islamic seminaries across Pakistan

Banks that have moved earliest are developing the institutional muscle that others may need to replicate at speed. Successfully converting to Islamic banking involves more than redesigning financial products, it also requires comprehensive retraining of staff at every level, from relationship managers and branch managers to credit officers and treasury professionals, to ensure full compliance with Shariah principles.

## The Digital Bank Revolution and New Talent Competition

Pakistan's Digital Banking Framework has introduced a new category of licensed institutions: Digital Retail Banks (DRBs) and Digital Full Banks (DFBs) that operate with fundamentally different talent architectures. Built on lean, technology-first models, these institutions do not carry the branch network, legacy systems, or hierarchical workforce structures of traditional banks. They recruit aggressively for data scientists, AI engineers, cloud architects, UX designers, and product managers at compensation levels and with workplace cultures that established banks historically have not matched.

Hybrid working environment is becoming the new global norm, with 76% of organizations expecting it to be widely adopted. Digital banks are leveraging this trend to offer workforce flexibility. In contrast, conventional banks in Pakistan continue to face challenges in implementing remote or hybrid work, as operational limitations and traditional workplace practices make such flexibility less feasible.



### Data Scientists & AI Engineers

Recruiting aggressively for specialized technical talent.



### Cloud Architects

Building technology-first models without legacy systems.



### UX Designers

Designing customer-centric digital experiences.



### Product Managers

Driving innovation at competitive compensation levels.

This creates dual talent pressure on conventional banks. On one side, they may invest in building digital skills within their existing workforce. On the other, they may compete for the same scarce pool of technology and digital banking professionals that competitors are targeting.

*The KPMG Global Tech Report 2026, based on a survey of 760 financial services technology leaders globally, identifies talent shortages as one of the most significant constraints on banking sector transformation, alongside technical debt and cybersecurity concerns. 89% of financial services organizations surveyed identify as innovators or fast followers, yet real constraints including the inability to attract and retain digital talent are preventing momentum from translating into scalable outcomes. Pakistan's banks face this global challenge with additional local headwinds.*

The talent competition also has a gender dimension that the sector has insufficiently addressed. Pakistan's female workforce participation stands at approximately 22%: among the lowest in South Asia. Within banking, digital transformation creates a genuine opportunity to change this. Remote and hybrid work arrangements, digital customer service and analytics roles, and compliance functions can be structured in ways that accommodate the flexibility many women need to participate in the formal workforce. Banks that design inclusive talent strategies may access a substantially larger pool.

The competitive response to digital talent pressure also requires banks to rethink their employee value proposition (EVP). Compensation alone may not be sufficient. Effective EVPs in the current market combine competitive pay with real learning opportunities, defined career paths, and work that connects to broader sector priorities such as financial inclusion and the growth of Islamic finance. For a generation of graduates seeking work that makes an impact, an authentically communicated vision of banking transformation can serve as a compelling narrative to attract right talent.

## Conclusion

Globally, only 25% of HR practitioners feel prepared to plan for workforce evolution, according to KPMG's Future of HR research. In Pakistan, where the transformation timeline is constitutionally fixed and commercially urgent, this gap is not merely an operational inconvenience. It is a strategic risk that must be reported to boards. CHROs and banking leaders may place workforce transformation on the same strategic footing as technology investment, capital management, and regulatory compliance. This means commissioning rigorous skills gap assessments by business line and role category.

***The banks that will lead Pakistan's financial sector in 2030 are those that treat workforce transformation as their most important strategic investment today. The Islamic banking conversion clock is ticking. AI is no longer coming. It is here. The question is not whether to transform, but whether Pakistan's banks are building the human capital to lead that transformation rather than merely survive it.***

# | 44 Regulatory Landscape



# The Recovery and Resolution Blueprint

Banks have always had contingency plans. But the 2008 global financial crisis demonstrated that many did not have viable plans to recover from severe shocks, and no regulator had a credible mechanism to manage failure without public funds. The SBP's issuance of BPRD Circular No. 02 of 2025 and FIRD Circular No. 01 of 2025 is Pakistan's formal, structured response to that lesson.



*While major economies have been building and stress-testing these frameworks since 2011, Pakistan's 2025 Recovery & Resolution Planning (RRP) circulars represent a deliberate, well-timed step. The implementation deadline of June 2026 provides a realistic runway, but credible preparation must begin now.*



## The SBP's RRP Framework: A Two-Part Architecture

The RRP framework comprises two distinct yet complementary components, aligned with the internationally recognized sequencing of crisis management.

### 1. Recovery Planning: Building the Institution's Own Firewall

Recovery planning serves as the institution's primary line of defense, activated by management upon breach of predefined triggers. Recovery plans are required to be comprehensive, forward-looking, and operationally credible. The obligation rests with the bank's board and senior management, embedding accountability for crisis preparedness at the highest governance level. The exercise of formally mapping recovery options, calibrating indicators, and stress-testing viability against severe scenarios will require investment in analytical capabilities, governance processes, and data infrastructure. The principal components mandated under the circular include:

## Global Context: How the World Got Here

Following the 2008 crisis, the G20 endorsed the Financial Stability Board's (FSB) Key Attributes of Effective Resolution Regimes in 2011 as the international standard for how jurisdictions should design their banks' crisis management frameworks. The core philosophy: *"costs of bank failure must fall on shareholders and creditors not taxpayers"*. Jurisdictions across the EU, UK, US, and Asia progressively transposed these standards, and recent events confirmed their relevance.

**Silicon Valley Bank (US, 2023):** Failed due to unchecked interest rate risk and rapid deposit outflows amplified by social media. Resolved via bridge bank in 48 hours but supervisory gaps triggered sweeping reform.

**Credit Suisse (Switzerland, 2023):** Failed despite Basel III compliance, confirming that good regulation is necessary but never sufficient without equally robust supervision and pre-tested resolution plans.

Jurisdiction	Framework	Key Feature / Recent Development
European Union	BRRD (2014) + Single Resolution Mechanism	Bail-in tool, Single Resolution Board (SRB) as resolution authority; 2 formal resolution cases to date (Banco Popular 2017, Sberbank 2022).
United Kingdom	Banking Act 2009 + Resolvability Assessment Framework	Five stabilization powers incl. bail-in; SVB UK transferred to HSBC in March 2023 — no taxpayer funds involved.
United States	Dodd-Frank Act — Orderly Liquidation Authority + Living Wills	FDIC as receiver; SVB & Signature Bank resolved via bridge bank in 2023. 564 bank failures handled by FDIC since 2001.



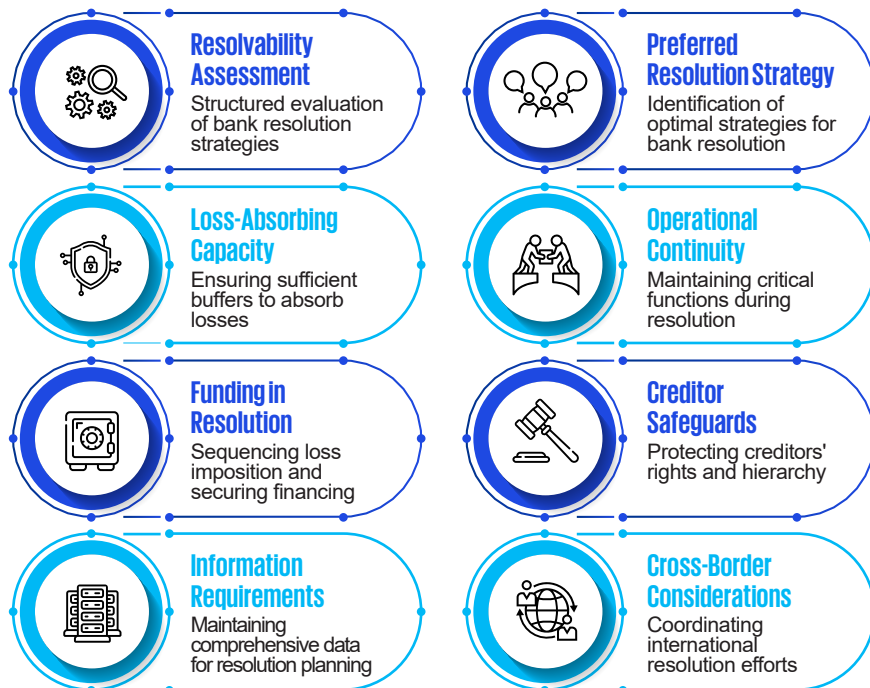
# The Recovery and Resolution Blueprint

“ Recovery planning isn't just a document; it's the foundation of long-term viability. ”

“ Resolution planning is the regulator's pre-commitment to managing failure in an orderly, structured way. It is the bridge between a bank's failure and financial system stability, and it must be built before the crisis, not during it. ”

## 2. Resolution Planning: The Regulator's Contingency Instrument

The objective of resolution is not to rescue the institution as such, but to ensure that its failure is managed in a manner that preserves the continuity of critical services, protects depositors, minimizes fiscal costs, and maintains financial stability. The resolution planning circular establishes the SBP's role as resolution authority and creates the formal framework within which resolution plans for Pakistan's licensed banks are prepared, maintained, and made operationally ready. The principal components mandated under the circular include:



### Integration with Existing Risk Management Processes

It is imperative that the RRP Framework is integrated within the existing Risk Management Framework to achieve synergy and leverage the results as inputs for designing or updating of the risk appetite, ICAAP, ILAAP, stress testing and capital, and liquidity contingency plans.

The Recovery Plan should also be embedded into the banks' operational activities, such as business planning, environmental scanning, strategy setting, product development, and asset/liability management. This will ensure that the business planning and strategic decision making is robust and covers all the operational aspects of the business. Ultimately, a robust Recovery Plan, tailored to business strategy and objectives, is likely to be more effective in mitigating risk emanating from plausible severe stress scenarios.

### Final words: From Framework to Operational Readiness

The RRP circulars represent a structurally important development in Pakistan's banking regulatory landscape. The framework is well-conceived, sequenced logically between recovery and resolution, aligned with FSB Key Attributes, and appropriately calibrated to the SBP's role as resolution authority.

The greater challenge observed in jurisdictions that have implemented similar frameworks is the operationalization of these requirements. Plans must be tested, iterated, and stress-tested again. Supervisory capacity must keep pace with the analytical demands of assessing recovery and resolution plans across a diverse banking sector. And banks must embed the discipline of crisis preparedness into their governance culture, not merely their regulatory filing calendar.

“ The RRP mandate is not a final destination, but the beginning of a culture where crisis preparedness is woven into the very fabric of banking governance. ”

# Bridging the Financing Gap | The Women Entrepreneurs Finance Code (WE Finance Code)

Women represent nearly half of the nation, and their active participation in business and finance is essential for driving economic growth and unlocking the full potential of the country.

According to the Pakistan Bureau of Statistics (2023 Census), Pakistan's population stands at approximately 241 million, with women representing approximately 48.5% i.e. 117 million of the population. Despite this significant share, lending to women business owners has traditionally been approached primarily as a social or developmental initiative, rather than being integrated into mainstream banking strategies.

As a result, the financing gap persisted, not due to lack of effort, but largely because cultural norms and societal perceptions limited acceptance of women in business. Without robust data or clear accountability, women-led enterprises remained largely invisible to formal financial institutions, representing both a social concern and an untapped economic opportunity.

Previous development-focused programs and financial inclusion initiatives showed strong intent but were rarely embedded into core banking practices. To address these challenges, the Women Entrepreneurs Finance Code (WE Finance Code) was introduced as a global initiative to recognize women-led businesses as a distinct and measurable market segment. By emphasizing data transparency, leadership commitment, and measurable actions, the Code seeks to make women-led businesses visible to financial institutions and support gender-intelligent banking policies.

## Overview of the WE Finance Code

*The WE Finance Code empowers women-led businesses by providing structured access to finance, data-driven insights, and stronger accountability.*

Launched in 2023 under the leadership of the World Bank, the WE Finance Code is a global framework aimed at closing the financing gap for women-led micro, small, and medium enterprises (WMSMEs). It reflects a coordinated effort among 14 governments and 8 multilateral development banks, supported by development institutions and financial ecosystem partners.

The Code strengthens financial systems through leadership commitment, transparency, and accountability. A defining feature is its focus on gender-disaggregated data, which signatories must collect to:

Increase visibility of women-led businesses

Inform data-driven decision-making by financial service providers

Support targeted financial solutions for women entrepreneurs

Globally, this approach transforms financing from fragmented efforts into a systematic, measurable, and sustainable pathway for women's entrepreneurship.

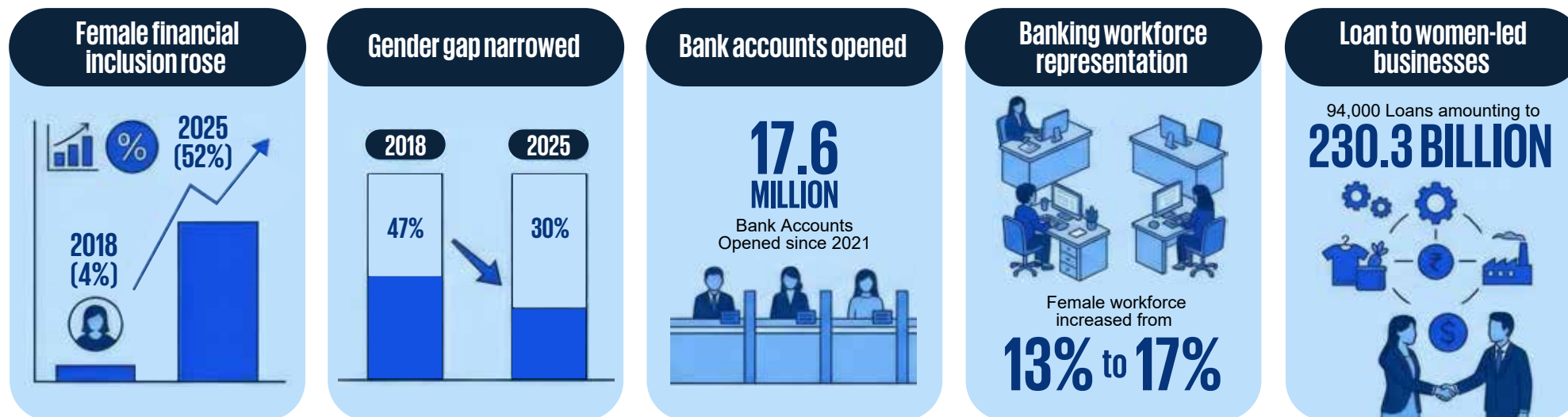
## Pakistan's Adoption of the WE Finance Code

To align with global efforts, the State Bank of Pakistan (SBP) formally adopted the WE Finance Code in 2025 by issuing a framework for financial institutions. This positions Pakistan alongside other countries implementing structured measures to close the financing gap for women-led businesses while addressing local challenges in financial inclusion and women's economic participation.

As part of the Code's implementation, SBP mandates banks to collect gender-disaggregated data on lending and portfolio performance for women-owned enterprises, enhancing visibility, accountability, and enabling the design of targeted financial solutions.

## SBP's Prior Initiatives for Women's Financial Inclusion

Even before adopting the WE Finance Code, Pakistan had made progress under its broader financial inclusion agenda. Women's participation in the formal financial system improved steadily, supported by growth in bank account ownership and representation within the banking workforce.



To support this progress, SBP and the Government introduced targeted mechanisms: concessional refinance and credit guarantee schemes through SBP IH&SMEFD Circular No. 05 of 2017, later expanded under Circular Letter No. 01 of 2019, designed to reduce collateral constraints and encourage lending to women entrepreneurs.

These measures complement broader policy initiatives, including the “Banking on Equality” (BOE) Policy 2021, which aims to improve women's access to financial services, promote gender diversity, and strengthen financial literacy.

## Infrastructural Support for Financial Inclusion

Developments in digital financial services and payment system infrastructure also form part of the enabling environment. While not a direct component of the WE Finance Code, such infrastructure may support the Code's objectives by:

- Enabling remote access to financial services
- Simplifying transactions and reducing reliance on physical branches
- Enhancing the accessibility and convenience of financial services for women-led MSMEs

## Implementation Strategy in Pakistan

SBP's strategy to translate the WE Finance Code into actionable outcomes includes:

**Sector-wide coordination:** Mobilizing banks, regulators, and development partners to align with the Code's objectives

**Gender-disaggregated data reporting:** Tracking lending, deposits, and portfolio performance for women-led businesses to enhance visibility, accountability, and enable targeted financial solutions

**Women-focused financial products:** Encouraging banks to develop collateral-light lending, SME advisory programs, and capacity-building initiatives

**Engagement and awareness-building:** Conducting workshops, consultative sessions, and roadshows to mobilize commitment and develop national action plans

These implementation actions can be executed through a multi-layered institutional approach:

## Governance Level

Financial institutions can embed gender inclusion within board-level priorities, policies, and oversight mechanisms, ensuring sustained leadership commitment.



## Strategic Level

These priorities can be translated into measurable objectives, including defined targets and performance indicators to drive accountability.

## Operational Level

Institutions can implement gender-disaggregated data frameworks and integrate inclusion considerations into credit processes, product design, and portfolio management.



## Product Level

Banks can develop tailored financial solutions, including collateral-light lending and advisory support for women-led businesses.



## Ecosystem Level

Broader enablers, such as financial literacy initiatives, entrepreneurial support networks, and stakeholder engagement, can play a critical role in strengthening participation and ensuring that women entrepreneurs can effectively access and utilize financial services.

**Commitments matter, but the true outcomes will be realized when the WE Finance Code translates intent into a more inclusive, women-led, data-informed, and resilient financial ecosystem.**

# Advancing Early Financial Inclusion – Teenager Account / Wallet

“ *The framework positions adolescence as a critical entry point for financial inclusion, enabling youth to move beyond being future participants to becoming active contributors to the formal economy.* ”

The State Bank of Pakistan (SBP) has introduced a structured framework for Teenager Accounts/Wallets under BPRD Circular No. 01 of 2026, allowing individuals aged 13 to 18 years to access banking and digital financial services through Banks, Microfinance Banks, and Electronic Money Institutions.

This represents a clear shift from traditional supervised minor accounts toward greater operational autonomy within a controlled regulatory environment. The approach is aligned with broader objectives of promoting digital adoption, financial awareness, and responsible financial behavior among youth.

Given Pakistan’s demographic profile, with an estimated 26 million individuals aged 13 to 18, the framework creates a significant opportunity to integrate a large youth segment into the formal financial ecosystem at an early stage.

## Regulatory and Strategic Approach of the Framework

The initiative is aligned with the SBP’s Strategic Plan 2023–28 and the National Financial Inclusion Strategy (NFIS) 2024–28, both of which emphasize expanding access to formal financial services, strengthening financial capability, and improving usage quality across underserved segments.

Within this policy framework, youth are recognized as a key segment for early financial inclusion, supporting the development of long-term financial behavior and economic participation.

The Teenager Accounts/Wallet framework addresses structural gaps in youth access to formal financial systems by enabling regulated financial participation at an earlier stage of financial lifecycle development. It reflects SBP’s broader objective of building a financially inclusive, stable, and efficiently functioning financial ecosystem supported by responsible access and regulatory safeguards.

## Financial Inclusion Continuum and Digital Economy Linkages

The framework reflects the SBP’s ongoing efforts to expand access to formal financial services through structured and regulated channels. It is consistent with earlier initiatives that enabled supervised access to basic banking services for minors under guardian oversight, forming the foundational layer of youth participation in the formal financial system.

The framework also supports Pakistan’s evolving digital and freelance economy, where many adolescents already earn through IT-enabled services, freelancing platforms, and digital content creation. By enabling account ownership in their own name, it facilitates direct receipt and management of income within the formal financial system. This shift enhances financial inclusion, improves transparency of inflows, and integrates early-stage digital earners into the documented economy.

## Lifecycle Continuity

Upon attainment of majority age, accounts are transitioned into full retail banking relationships, subject to fulfillment of standard requirements, ensuring continuity of financial access.

## Microeconomic Impact





The integration of youth into the formal financial system is expected to contribute to strengthening of deposit mobilization and improved documentation of financial flows within the economy.

# Advancing Early Financial Inclusion – Teenager Account / Wallet

It also strengthens the formal routing of transactions and remittance inflows through regulated channels, contributing to improved financial transparency and system efficiency. Over time, this is expected to contribute to deeper financial inclusion and help develop a more financially aware and economically engaged workforce aligned with Pakistan's evolving economy.

## Youth Banking Facilities within the Region

Approaches to youth financial inclusion vary across jurisdictions, reflecting different balances between financial access, regulatory safeguards, and parental oversight:

Country	Age	Key Features
	10+ years	Minors can open accounts via guardian; banks may allow limited independent operation from age 10; debit/ATM/cheque book allowed at bank discretion; no overdraft or credit facilities.
	Youth/student account (bank-defined age limits)	School/student banking with guardian oversight; remittance inflows allowed; transaction and balance limits apply; credit/loan access only in limited, case-based arrangements with guarantees (not general entitlement).
	13–18 years	Supervised youth savings accounts; debit cards and SMS alerts available; account control largely with guardian oversight; limited independent digital functionality.
	Under 18	E-wallets and accounts under SAMA EMI framework; guardian/curator verification required; regulated digital onboarding through licensed EMIs; controlled access to basic digital financial services.

It aligns with SBP's broader objective of an inclusive and resilient financial system, where responsible access to financial services supports long-term economic participation.

“Resolution planning is the regulator's pre-commitment to managing failure in an orderly, structured way. It is the bridge between a bank's failure and financial system stability, and it must be built before the crisis, not during it.”

## Future Product Evolution

The framework establishes an enabling foundation for future development of youth-oriented financial solutions within the regulated financial eco-system.

As financial inclusion progresses, institutions may progressively introduce tailored products aligned with evolving customer needs, subject to regulatory safeguards, consumer protection standards, and responsible finance principles. This supports gradual innovation while maintaining system stability and financial discipline.

## Overall Perspective

The Teenager Accounts/Wallet framework marks a shift toward earlier integration of youth into the formal financial system, supporting the development of financial capability from an early stage.

# | 52 In the News



# In the News

## Pakistan Meets External Debt Obligations Amid Rising Reserve Pressure

Pakistan successfully met over USD 1.43 billion in external debt obligations on April 8, including a USD 1.3 billion Eurobond repayment and USD 126.125 million in coupon payments, fulfilling its scheduled commitments in full and on time through existing foreign exchange reserves. The State Bank of Pakistan's reserves stood at USD 16.3 billion, with the country's total foreign exchange reserves at USD 21.89 billion in the first week of April 2026. This development comes as Pakistan prepares to repay an additional USD 3.5 billion in debt to the United Arab Emirates within April.



**Repaid  
\$1.43  
Billion**

## Banks Structure PKR1.2 Trillion Financing Facility to Address Power Sector Circular Debt

The Government of Pakistan, in collaboration with a consortium of leading commercial banks including Habib Bank Limited, Meezan Bank, and United Bank Limited, finalized a PKR 1.225 trillion financing facility to partially retire circular debt in the power sector. The facility is structured to finance existing high-cost liabilities into more sustainable, lower-cost funding arrangements, easing fiscal pressure without directly increasing consumer tariffs.

This transaction represents one of the largest coordinated banking deals in Pakistan's history and highlights the sector's critical role in supporting sovereign financial stability. Beyond immediate liquidity relief, the facility is expected to improve cash flow across the energy value chain, enhance operational sustainability of power sector entities, and create a more stable foundation for future sector reforms.



**PKR 1.2  
Trillion  
Financing  
Facility**

## BankIslami Launches Digital Islamic Banking Platform Aik to Drive Financial Inclusion



In 2025, BankIslami launched Aik, Pakistan's first fully digital Islamic banking platform, offering end-to-end Shariah-compliant services through a mobile-first interface. The platform enables seamless digital onboarding, payments, transfers, and account management, eliminating the need for physical branch interaction and significantly enhancing customer convenience.

Building on this, BankIslami has integrated Raast-enabled QR payments, allowing real-time, account-to-account transactions and merchant acceptance without reliance on cards. The initiative positions the bank at the forefront of digital Islamic finance, supporting financial inclusion by expanding access to Shariah-compliant banking services across underserved and digitally evolving segments.

## Pakistan Banking Sector Profits Reach PKR 685 Billion, Led by UBL, Meezan & NBP



**Meezan Bank**  
The Premier Islamic Bank



Pakistan's banking sector recorded cumulative profits of PKR 685 billion in CY2025, reflecting an 11% year-on-year increase, even as interest rates began to moderate. UBL led profitability with PKR 130 billion, followed by Meezan Bank (PKR 90.7 billion) and National Bank of Pakistan (PKR 85 billion). The growth was primarily driven by strong net interest margins accumulated during the high-rate cycle, improved cost efficiencies, and lower provisioning pressures. Despite expected margin compression going forward, the sector remains well-capitalized and resilient, supported by a large deposit base and continued exposure to government securities.

## Pakistani Fintechs Go Global: HABAL Raises \$52M as Saudi Expansion



Pakistan's fintech ecosystem is rapidly globalizing, with ABHI and HABAL expanding into Saudi Arabia through strategic partnerships and digital finance platforms. This expansion is complemented by HABAL's \$52 million funding round, including \$5 million equity investment from Zayn VC and \$47 million in financing backed by Meezan Bank. The funding is aimed at scaling supply chain finance and SME digitization solutions, positioning Pakistani fintechs as credible players in regional markets. This marks a significant shift from a domestic-focused ecosystem to one that is exporting financial innovation across the Middle East.

## Raast Processes PKR 18 Trillion in FY26 as Instant Payments Gain Nationwide Adoption



Pakistan's Raast instant payment system processed over PKR 18 trillion in FY26, reflecting rapid adoption across individuals, businesses, and government entities. Initially driven by peer-to-peer transfers, the system is now expanding into Person-to-Merchant (P2M) payments, enabling QR-based transactions for small retailers and businesses. Major banks including HBL, UBL, and Bank Alfalah are actively onboarding merchants, while government agencies are leveraging Raast for disbursements and collections. The platform is emerging as a critical backbone for Pakistan's digital payments ecosystem, significantly reducing transaction costs and reliance on cash.

## ABHI's Acquisition of FINCA Redefines Fintech-Bank Convergence



In a shift for the financial services ecosystem, ABHI in partnership with TPL Corp. acquired controlling stake in FINCA Microfinance Bank in early 2025 one of the first instances of a fintech acquiring a regulated microfinance bank in

Pakistan. With FINCA's presence across 100+ cities and its branchless banking infrastructure, the deal enables ABHI to scale its digital lending model, including earned wage access and AI-based credit scoring, into a full-service banking platform. The transaction signals a structural shift where fintech's are no longer partners to banks but emerging as owner operators.

## Banks' Investment in Government Securities Surpasses PKR 27 Trillion Amid High Interest Rates

Pakistan's banking sector has increased its exposure to government securities to over PKR 27 trillion, reflecting continued reliance on risk-free investments amid elevated interest rates and fiscal borrowing pressures. While this strategy has supported profitability and capital preservation, it has also led to a crowding-out effect, limiting credit availability to the private sector, particularly SMEs and corporates. The trend highlights a structural imbalance in the financial system, with implications for long-term economic growth.



**PKR 27  
Trillion  
High Interest  
Rates**

## UBL Completes Silkbank Acquisition While Delivering 73% Profit Growth and Strong Deposit Expansion

United Bank Limited (UBL) finalized the acquisition of Silkbank in 2025, adding over PKR 300 billion in assets and strengthening its presence in consumer and SME banking. Concurrently, UBL delivered a 73% year-on-year increase in profitability and nearly doubled its deposit base to over PKR 5.1 trillion, reflecting aggressive deposit mobilization and balance sheet expansion. The integration of Silkbank is expected to further enhance cross-selling opportunities, improve scale efficiencies, and strengthen UBL's retail franchise.



**73%  
Profit  
Growth**

## HBL Strengthens Market Leadership with PKR 5.5 Trillion Deposits and Expands ESG & Digital Capabilities



Habib Bank Limited (HBL) retained its position as Pakistan's largest bank, with deposits exceeding PKR 5.5 trillion, providing a strong low-cost funding base. Alongside its scale advantage, HBL has invested in digital transformation and sustainability initiatives, including the deployment of an AI-based ESG monitoring platform in partnership with Ahya Technologies. The bank continues to expand its digital payments ecosystem, enhance mobile banking adoption, and integrate sustainability into its core strategy, reinforcing its leadership in both scale and innovation.

## Bank Alfalah Scales AlfaMall and BNPL Offering to Drive Digital Commerce Growth



Bank Alfalah has expanded its AlfaMall platform into a comprehensive digital commerce ecosystem by integrating it with WhatsApp, enabling seamless product discovery, purchasing, and financing within a single interface. The platform's Buy Now Pay Later (BNPL) feature is driving higher card utilization and fee-based income, while deepening customer engagement. This initiative reflects a broader industry shift toward embedded finance, where banking services are integrated directly into consumer digital journeys.

## MCB Launches Digital Supply Chain Finance Platform to Expand SME Lending



MCB Bank introduced a digital supply chain finance platform in collaboration with fintech partners, enabling SMEs to access real-time invoice financing and working capital solutions. By digitizing credit assessment and disbursement processes, the platform reduces turnaround times and improves transparency. This initiative addresses long-standing financing gaps in the SME sector while allowing MCB to diversify its lending portfolio into higher-yield, structured credit products.

## Meezan Bank Crosses PKR 3 Trillion in Assets as Islamic Banking Gains Market Share



Meezan Bank surpassed PKR 3 trillion in total assets, reinforcing its position as Pakistan's leading Islamic bank. The bank continues to expand across corporate, retail, and trade finance segments, supported by strong demand for Shariah-compliant products and increased issuance of government Sukuk. Islamic banking's share in the overall banking sector continues to rise, highlighting a structural shift in customer preferences toward faith-based financial solutions.

## Easypaisa and JazzCash Drive Financial Inclusion with Over 100 Million Accounts



Branchless banking platforms Easypaisa and JazzCash have collectively surpassed 100 million registered accounts, significantly expanding access to financial services across Pakistan. Both platforms are scaling digital payments, merchant onboarding, and micro-lending offerings, particularly targeting underserved and rural populations. Their rapid growth underscores the critical role of fintech in complementing traditional banking channels and driving financial inclusion.

## Pakistan's Digital Economy Poised to Reach 7% of GDP by 2030: OICCI Report



The Overseas Investors Chamber of Commerce & Industry (OICCI) estimates that Pakistan's digital economy could contribute 5–7% to GDP by 2030, provided key structural reforms are implemented. Current indicators show strong momentum, with IT exports at \$3.8 billion, freelance earnings at \$779 million, and over 150 million broadband users. However, regulatory bottlenecks, taxation issues, and infrastructure gaps continue to constrain growth potential.

## Only 18% of Telecom Towers Fiberized, Highlighting Infrastructure Gaps

Pakistan's digital infrastructure remains underdeveloped, with only 18% of telecom towers connected via fiber, significantly below the global benchmark of approximately 40%. This limitation affects network capacity, service quality, and the rollout of next-generation technologies such as 5G. Addressing these infrastructure gaps will be critical to supporting the growth of digital banking, fintech, and the broader digital economy.



## Sukuk Share in Government Debt Portfolio Rises to 14%

Pakistan's share of Shariah-compliant Sukuk within its government debt portfolio increased to 14% in the first half of FY26, reflecting a continued shift toward Islamic financing instruments. The growth was driven by increased issuance of Government Ijarah Sukuk, which recorded the highest expansion among domestic debt components during the period.



According to official data, total public debt reached approximately PKR 81.4 trillion, with domestic debt comprising the majority share. The rising proportion of Sukuk indicates a gradual rebalancing of the government's borrowing mix toward Shariah-compliant and relatively lower-cost instruments, supported by sustained issuance and investor demand.



# | 57 Numbers and Ratios



# List of Banks Included

ABL	Allied Bank Limited
Albaraka	Al-Baraka Bank (Pakistan) Limited
Askari	Askari Bank Limited
BAF	Bank Al-Falah Limited
BAH	Bank Al-Habib Limited
BAML	Bank Makramah Limited
BOK	The Bank of Khyber
BOP	The Bank of Punjab
DIB	Dubai Islamic Bank Pakistan Limited
Faysal	Faysal Bank Limited
HBL	Habib Bank Limited
HMBL	Habib Metropolitan Bank Limited
Islami	Bank Islami Pakistan Limited
JS	JS Bank Limited
MCB	MCB Limited
MCBIB	MCB Islamic Bank Limited
Meezan	Meezan Bank Limited
NBP	National Bank of Pakistan
Samba	Samba Bank Limited
SCB	Standard Chartered Bank (Pakistan) Limited
Soneri	Soneri Bank Limited
UBL	United Bank Limited

**Consolidated statement of financial position as at 31 December 2025 For 22 Banks (Rupees in Million)****2025****2024**

<b>Assets</b>		
Cash and balances with treasury banks	3,480,071	2,906,193
Balances with other banks	333,167	308,965
Lendings to financial institutions	942,355	774,240
Investments	37,901,709	28,576,762
Advances / Islamic financing	14,800,056	15,520,187
Fixed assets (Including Right of use assets)	1,291,297	1,090,757
Intangible assets	162,894	96,308
Deferred tax assets	44,656	52,412
Other assets	2,575,469	2,192,650
<b>Total assets</b>	<b>61,531,674</b>	<b>51,518,474</b>
<b>Liabilities</b>		
Bills payable	561,777	708,053
Borrowings	14,874,392	13,516,845
Deposits and other accounts	39,364,790	31,434,234
Liabilities against ROUA	317,802	249,145
Subordinated debt	163,378	173,395
Deferred tax liabilities	352,234	182,928
Other liabilities	2,145,705	2,083,729
<b>Total liabilities</b>	<b>57,780,078</b>	<b>48,348,329</b>
<b>Net assets</b>	<b>3,751,596</b>	<b>3,170,145</b>
<b>Represented by</b>		
Share capital / head office capital account / Islamic Banking Fund	343,878	343,541
Share Deposit Money	5,000	-
Reserves	895,453	805,873
Surplus / (deficit) on revaluation of assets	723,224	533,380
Unappropriated profit / (Loss) / unremitted profit	1,757,532	1,462,985
<b>Total equity attributable to the equity holders of the Bank</b>	<b>3,725,087</b>	<b>3,145,779</b>
Non controlling interest	26,509	24,366
	<b>3,751,596</b>	<b>3,170,145</b>

**Consolidated statement of profit and loss account for the year ended 31 December 2025 For 22 Banks (Rs in Million)**

	2025	2024
Mark-up / return / Profit /interest earned	5,878,062	7,363,627
Mark-up / return / Profit /interest expensed	(3,640,879)	(5,335,558)
Net markup / interest income	<b>2,237,183</b>	<b>2,028,069</b>
<b>Non-markup / interest income</b>		
Fee, commission and brokerage income	309,822	279,029
Dividend income	26,018	22,142
Share of profit of associates and joint ventures	18,268	16,968
Foreign exchange income/(loss)	126,406	97,187
Gain / (Loss) from derivatives	3,597	9,420
Gain / (loss) on securities - net (Realized gain + Unrealized gain on HFT Inv)	92,490	136,081
Other income	19,776	27,296
Gain on disposal of associates	-	-
Total non-markup interest income	<b>596,377</b>	<b>588,123</b>
<b>Total Income</b>	<b>2,833,560</b>	<b>2,616,192</b>
<b>Non-mark-up / Interest expense</b>		
Operating expenses	1,325,949	1,191,512
Worker's welfare fund	26,185	25,294
Other charges	3,147	3,015
Total non-mark-up / interest expenses	<b>1,355,281</b>	<b>1,219,821</b>
Profit before Provisions and Taxation	1,478,279	1,396,371
(Reversal) / Provisions and write offs – net	(14,186)	71,939
Extraordinary / Unusual items	-	354
Profit before taxation	<b>1,492,465</b>	<b>1,324,078</b>
Taxation	(807,502)	(692,653)
Profit after taxation	<b>684,963</b>	<b>631,425</b>
(Loss) / Gain from Discontinued operations	(76)	938
PAT from Cont. and Discontinued. Operations	<b>684,887</b>	<b>632,363</b>

	Capital Adequacy Ratio		Current Deposit Mix		Return on Avg. Asset		Return on Avg. Equity		Net Interest Margin	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
ABL	28.2%	27.0%	37.6%	36.4%	1.17%	1.72%	14.33%	20.38%	3.63%	4.80%
Albaraka	17.6%	20.3%	27.8%	25.0%	0.64%	1.53%	8.56%	20.23%	4.66%	6.93%
Askari	21.9%	21.5%	30.8%	28.5%	0.85%	0.92%	16.74%	19.31%	3.36%	2.88%
BAF	15.7%	17.8%	38.2%	38.2%	0.74%	1.13%	14.61%	24.84%	4.17%	3.99%
BAH	17.4%	18.3%	49.1%	45.1%	0.98%	1.38%	19.58%	29.31%	4.65%	5.47%
BAML	11.6%	(28.0%)	23.3%	22.4%	3.45%	(1.77%)	55.24%	222.74%	(0.68%)	(2.04%)
BOK	20.2%	17.8%	18.8%	19.8%	1.25%	0.84%	25.52%	17.13%	4.67%	3.82%
BOP	14.2%	17.9%	23.2%	20.7%	0.58%	0.58%	15.89%	15.38%	3.07%	2.11%
DIB	20.0%	22.2%	26.2%	28.0%	0.91%	1.51%	8.78%	16.25%	5.70%	7.80%
Faysal	14.3%	16.7%	36.7%	38.0%	1.34%	1.63%	19.74%	23.79%	4.67%	6.20%
HBL	18.3%	17.7%	35.9%	35.8%	0.97%	1.00%	14.85%	14.88%	4.26%	4.88%
HMB	16.6%	18.9%	36.9%	43.7%	1.44%	1.66%	18.17%	23.52%	4.73%	5.57%
Islami	16.7%	24.1%	42.2%	37.1%	0.80%	1.70%	12.41%	27.98%	5.68%	7.19%
JS	14.6%	18.1%	39.7%	35.2%	0.54%	1.03%	9.55%	19.57%	5.46%	6.45%
MCB	18.7%	18.7%	49.4%	45.3%	1.78%	2.23%	18.83%	23.99%	5.47%	6.74%
MCBIB	17.5%	20.5%	30.5%	28.7%	0.71%	1.48%	8.49%	17.67%	5.11%	6.71%
Meezan	19.4%	20.6%	47.5%	46.7%	2.11%	2.99%	34.02%	46.76%	5.97%	8.42%
NBP	26.5%	28.1%	48.8%	50.3%	1.24%	0.40%	17.14%	6.15%	4.01%	2.88%
Samba	24.4%	23.8%	23.3%	19.8%	0.37%	0.39%	4.04%	4.16%	3.15%	4.74%
SCB	21.9%	23.5%	58.7%	47.8%	2.98%	4.47%	25.23%	43.06%	8.75%	10.48%
Soneri	14.9%	17.7%	27.2%	27.4%	0.57%	0.84%	13.49%	19.86%	3.76%	3.94%
UBL	21.0%	20.6%	50.7%	57.8%	1.26%	1.07%	31.48%	24.67%	3.18%	2.36%

	Cost Income Ratio		Spread		Operating Self Sufficiency		Liquid assets to total assets		Liquid assets to total deposits		Gross advances to deposits	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
ABL	48.8%	39.4%	3.1%	4.6%	129.9%	128.2%	67.8%	53.3%	97.6%	74.6%	34.2%	52.9%
Albaraka	76.1%	52.6%	5.4%	7.5%	115.2%	124.5%	46.6%	52.9%	56.0%	64.7%	57.1%	51.5%
Askari	47.2%	45.2%	4.2%	4.8%	120.2%	112.0%	74.0%	65.9%	131.5%	120.9%	38.3%	53.8%
BAF	63.6%	49.3%	5.8%	4.3%	118.1%	118.2%	59.6%	59.2%	91.7%	103.1%	46.2%	54.1%
BAH	58.7%	44.0%	5.1%	3.1%	122.6%	120.7%	67.0%	64.8%	85.4%	94.5%	32.3%	42.1%
BAML	121.3%	(1835.0%)	1.3%	2.8%	357.8%	85.5%	54.3%	68.5%	68.7%	109.9%	23.7%	26.3%
BOK	50.7%	57.7%	2.7%	(1.6%)	127.9%	113.8%	67.6%	64.9%	81.0%	111.6%	37.2%	58.2%
BOP	59.1%	70.6%	4.4%	0.6%	114.1%	107.1%	63.5%	60.0%	91.4%	83.5%	45.2%	48.5%
DIB	69.3%	46.3%	7.9%	11.0%	122.8%	124.8%	33.5%	43.4%	44.8%	56.7%	76.4%	64.7%
Faysal	56.6%	49.9%	5.9%	6.2%	132.1%	126.7%	41.1%	49.4%	51.1%	74.1%	63.6%	64.7%
HBL	55.6%	56.3%	5.5%	3.7%	123.9%	115.2%	61.6%	46.9%	85.6%	65.0%	39.8%	58.9%
HMB	42.6%	36.3%	5.5%	4.4%	136.1%	125.9%	58.5%	58.4%	88.5%	96.3%	52.2%	57.6%
Islami	69.6%	43.5%	5.6%	5.7%	120.0%	127.8%	53.1%	52.9%	62.1%	69.8%	48.9%	58.5%
JS	73.6%	56.9%	5.1%	5.2%	112.8%	114.8%	49.9%	51.4%	58.9%	64.6%	49.8%	53.1%
MCB	40.1%	34.3%	4.7%	4.4%	150.7%	140.2%	63.9%	48.5%	90.5%	68.5%	34.4%	57.4%
MCBIB	70.2%	50.5%	6.2%	5.3%	116.1%	123.5%	55.1%	54.3%	69.2%	79.9%	47.9%	58.6%
Meezan	29.0%	25.3%	5.7%	9.0%	176.5%	174.6%	60.7%	55.3%	88.6%	83.7%	51.1%	60.2%
NBP	40.6%	74.5%	6.6%	4.4%	126.8%	105.2%	73.3%	71.1%	117.1%	124.3%	36.5%	43.3%
Samba	71.1%	58.8%	4.7%	4.5%	106.9%	121.7%	61.7%	59.7%	107.2%	101.7%	60.0%	61.7%
SCB	28.1%	17.2%	10.8%	13.6%	218.4%	221.0%	67.5%	77.2%	90.6%	97.7%	35.7%	22.8%
Soneri	67.2%	60.6%	3.2%	3.7%	114.3%	111.7%	66.7%	59.7%	82.5%	81.3%	32.2%	46.0%
UBL	31.3%	37.6%	4.1%	2.1%	130.4%	114.2%	80.3%	75.8%	196.3%	231.7%	28.9%	59.3%

	Infection Ratio		Advances to total assets		Earning per share		Market Price		Market Capitalization (in million)	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
ABL	1.4%	1.2%	23.4%	37.3%	31.73	38.77	182.8	137.9	209,285	157,871
Albaraka	7.9%	11.5%	43.6%	37.1%	1.36	2.94	-	-	-	-
Askari	5.3%	4.7%	20.2%	27.8%	15.77	14.58	100.6	38.3	145,742	55,465
BAF	4.1%	3.7%	28.8%	29.8%	17.62	25.27	109.1	83.3	171,990	131,425
BAH	4.3%	3.7%	23.9%	27.4%	29.19	37.70	186.6	131.4	207,436	146,075
BAML	41.6%	70.0%	12.2%	5.2%	8.83	(1.00)	5.8	2.7	5,820	2,650
BOK	8.9%	8.2%	28.0%	30.8%	5.02	3.12	34.9	14.8	40,389	17,103
BOP	4.8%	6.5%	29.9%	32.7%	4.71	4.00	38.6	10.8	126,152	35,366
DIB	7.6%	9.3%	53.1%	45.0%	3.51	5.73	-	-	-	-
Faysal	2.3%	3.6%	49.1%	40.5%	14.80	15.74	92.8	48.5	140,797	73,578
HBL	4.6%	4.3%	26.9%	40.2%	45.48	39.85	323.4	174.5	474,395	255,907
HMB	4.8%	4.8%	32.6%	32.9%	21.63	23.80	111.3	87.0	116,613	91,161
Islami	6.8%	7.4%	37.9%	40.1%	5.42	10.67	33.0	23.0	36,554	25,467
JS	7.6%	7.9%	38.3%	38.4%	2.84	5.03	16.9	9.1	34,595	18,579
MCB	6.0%	4.6%	23.0%	38.7%	49.29	53.35	379.4	281.3	449,588	333,357
MCBIB	1.9%	2.1%	37.2%	38.8%	1.47	2.73	-	-	-	-
Meezan	1.8%	1.6%	34.0%	38.7%	50.47	57.28	444.4	242.0	800,130	434,273
NBP	13.8%	16.1%	18.9%	20.8%	39.97	12.21	242.2	66.9	515,241	142,373
Samba	15.1%	15.0%	29.4%	30.7%	0.72	0.69	14.2	9.3	14,357	9,326
SCB	6.9%	8.8%	24.5%	16.2%	7.43	11.90	68.4	53.0	264,739	205,194
Soneri	3.4%	3.2%	25.1%	32.7%	4.13	5.35	26.7	17.7	29,392	19,536
UBL	7.5%	7.4%	10.8%	17.9%	52.13	30.7	424.6	189.1	1,063,279	463,022

# Indicative Financial Position (Assets as at 31 December 2025)

Rupees in Mn	Cash & Bank	Investments	Lendings to Financial Institutions	Loans and advances – Net of provision	Operating fixed assets and Intangible assets	Other assets	Total Assets
ABL	185,064	2,140,315	-	789,950	152,768	107,517	3,375,614
Albaraka	27,340	103,674	15,996	135,966	8,123	20,824	311,923
Askari	123,977	2,028,241	14,128	586,122	43,741	101,281	2,897,490
BAF	251,693	2,178,172	19,674	1,104,924	99,489	181,134	3,835,086
BAH	197,616	2,031,294	24,454	791,491	99,747	164,907	3,309,509
BAML	15,680	86,309	14,200	26,033	10,635	60,826	213,683
BOK	28,615	274,957	3,439	126,706	6,802	12,781	453,300
BOP	117,598	1,548,043	221,422	882,764	45,945	134,968	2,950,740
DIB	29,541	106,409	35,206	237,283	15,503	23,167	447,109
Faysal	110,732	636,088	-	872,024	71,340	86,827	1,777,011
HBL	618,729	4,186,246	247,785	2,076,777	205,452	373,155	7,708,144
HMB	102,647	859,675	45,951	551,696	27,354	104,358	1,691,681
Islami	72,891	321,687	19,000	291,751	35,806	28,951	770,086
JS	119,368	581,459	38,839	542,342	60,677	72,939	1,415,624
MCB	253,050	2,099,046	99,042	821,712	117,579	188,313	3,578,742
MCBIB	23,116	155,824	8,741	125,390	10,869	13,358	337,298
Meezan	346,249	2,608,334	12,325	1,640,935	76,495	135,597	4,819,935
NBP	409,471	4,924,847	46,000	1,337,739	77,341	282,999	7,078,397
SAMBA	10,451	117,362	1,500	60,610	5,897	10,621	206,441
SCB	100,576	478,413	12,480	214,151	38,586	28,665	872,871
Soneri	62,846	479,247	30,598	214,324	27,611	37,850	852,476
UBL	605,988	9,956,067	31,575	1,369,366	216,431	449,087	12,628,514
<b>Total 2025</b>	<b>3,813,238</b>	<b>37,901,709</b>	<b>942,355</b>	<b>14,800,056</b>	<b>1,454,191</b>	<b>2,620,125</b>	<b>61,531,674</b>
<b>Total 2024</b>	<b>3,215,158</b>	<b>28,576,762</b>	<b>774,240</b>	<b>15,520,187</b>	<b>1,187,065</b>	<b>2,245,062</b>	<b>51,518,474</b>
<b>Change</b>	<b>18.6%</b>	<b>32.6%</b>	<b>21.7%</b>	<b>(4.6%)</b>	<b>22.5%</b>	<b>16.7%</b>	<b>19.4%</b>

# Indicative Financial Position (Liabilities and Equity as at 31 December 2025)

Rupees in Mn	Bills payable	Borrowings	Deposits	Sub-ordinated loans	Other liabilities	Equity	Total
ABL	13,861	643,733	2,344,862	-	104,285	268,873	3,375,614
Albaraka	8,547	4,378	259,643	3,124	14,178	22,053	311,923
Askari	23,259	994,567	1,630,040	6,000	90,916	152,708	2,897,490
BAF	56,958	832,128	2,495,389	14,000	236,400	200,211	3,835,086
BAH	59,749	290,299	2,597,997	25,984	159,128	176,352	3,309,509
BAML	2,750	7,405	168,856	1,496	9,460	23,717	213,684
BOK	3,212	35,698	378,123	-	12,589	23,677	453,299
BOP	9,139	624,808	2,050,948	30,813	131,711	103,321	2,950,740
DIB	8,027	15,943	334,681	7,120	33,161	48,178	447,110
Faysal	33,288	121,637	1,426,836	-	77,488	117,761	1,777,010
HBL	59,423	1,216,020	5,546,000	20,374	377,713	488,615	7,708,145
HMB	29,736	298,635	1,118,287	-	110,950	134,074	1,691,682
Islami	9,895	14,613	658,990	3,000	35,066	48,521	770,085
JS	17,735	40,741	1,199,432	11,491	65,102	81,124	1,415,625
MCB	31,133	476,169	2,529,503	-	204,758	337,179	3,578,742
MCBIB	5,515	22,370	268,934	-	12,710	27,768	337,297
Meezan	73,768	887,048	3,302,337	16,990	251,594	288,198	4,819,935
NBP	20,817	1,689,657	4,427,668	-	402,329	537,926	7,078,397
SAMBA	2,411	52,207	118,927	4,991	9,105	18,800	206,441
SCB	16,839	14,677	650,141	-	80,752	110,462	872,871
Soneri	17,083	61,644	689,106	7,995	39,860	36,786	852,474
UBL	58,632	6,530,015	5,168,090	10,000	356,486	505,292	12,628,515
<b>Total 2025</b>	<b>561,777</b>	<b>14,874,392</b>	<b>39,364,790</b>	<b>163,378</b>	<b>2,815,741</b>	<b>3,751,596</b>	<b>61,531,674</b>
<b>Total 2024</b>	<b>708,053</b>	<b>13,516,845</b>	<b>31,434,234</b>	<b>173,395</b>	<b>2,515,802</b>	<b>3,170,145</b>	<b>51,518,474</b>
<b>Change</b>	<b>(20.7%)</b>	<b>10.0%</b>	<b>25.2%</b>	<b>(5.8%)</b>	<b>11.9%</b>	<b>18.3%</b>	<b>19.4%</b>

# Indicative Income Statement (for the year ended 31 December 2025)

Rupees in Mn	Net Markup / Interest Income	Non-Markup / Interest Income	Operating expenses	Profit before provisions	Net Provision / (Reversal)	Profit / (Loss) before tax	Taxation	Profit / (Loss) from discontinuing operations	Profit / (Loss) after tax
ABL	105,105	31,743	66,823	68,151	(7,641)	75,792	39,463	0	36,329
Albaraka	11,958	2,568	11,049	3,376	(726)	4,102	2,233	0	1,869
Askari	87,704	18,658	50,248	55,471	1,819	53,652	30,628	0	23,024
BAF	135,883	47,387	116,521	65,273	3,310	61,963	34,087	(76)	27,800
BAH	130,970	31,959	95,632	65,813	(2,389)	68,202	35,735	0	32,467
BAML	(858)	7,958	8,614	(1,897)	(21,030)	19,133	10,302	0	8,831
BOK	19,001	4,125	11,725	11,401	(881)	12,282	6,466	0	5,816
BOP	81,136	19,996	59,726	40,374	4,980	35,394	19,864	0	15,530
DIB	21,580	4,349	17,961	7,626	(1,818)	9,444	5,354	0	4,090
Faysal	69,695	32,646	57,909	43,390	(4,879)	48,269	25,800	0	22,469
HBL	275,501	85,606	200,700	157,214	9,123	148,091	81,327	0	66,764
HMB	68,109	24,735	39,524	52,004	1,996	50,008	26,847	0	23,161
Islami	35,684	9,515	31,457	13,335	(632)	13,967	7,962	0	6,005
JS	63,056	24,032	64,072	22,211	2,910	19,301	11,762	0	7,539
MCB	161,203	44,230	82,414	120,052	(5,067)	125,119	66,344	0	58,775
MCBIB	14,731	2,636	12,197	5,039	132	4,907	2,628	0	2,279
Meezan	252,455	41,580	85,405	204,183	3,886	200,297	108,120	0	92,177
NBP	248,620	69,633	129,235	188,979	9,196	179,783	93,905	0	85,878
SAMBA	5,593	2,128	5,491	2,199	644	1,555	829	0	726
SCB	61,463	19,090	22,664	56,681	(1,811)	58,492	29,712	0	28,780
Soneri	27,042	8,133	23,622	10,951	(654)	11,605	7,048	0	4,557
UBL	361,552	63,670	132,960	286,453	(4,654)	291,107	161,086	0	130,021
<b>Total 2025</b>	<b>2,237,183</b>	<b>596,377</b>	<b>1,325,949</b>	<b>1,478,279</b>	<b>(14,186)</b>	<b>1,492,465</b>	<b>807,502</b>	<b>(76)</b>	<b>684,887</b>
<b>Total 2024</b>	<b>2,028,069</b>	<b>588,123</b>	<b>1,191,512</b>	<b>1,396,371</b>	<b>71,939</b>	<b>1,324,078</b>	<b>692,653</b>	<b>938</b>	<b>632,363</b>
<b>Change</b>	<b>10.3%</b>	<b>1.4%</b>	<b>11.3%</b>	<b>5.9%</b>	<b>(119.7%)</b>	<b>12.7%</b>	<b>16.6%</b>	<b>(108.1%)</b>	<b>8.3%</b>

# Definitions

Average Advances	The average of opening and closing gross advances at two-year ends.
Average Assets	The average of opening and closing total assets at two-year ends.
Average Deposits	The average of opening and closing deposits at two-year ends.
Average Equity	The average of opening and closing equity at two-year ends.
Annual Increase	The percentage change compared to the previous year.
Annualised Increase	The percentage change over the last two years on annualised basis.
CASA	Current and saving deposits to total deposits.
Equity	Equity includes share capital / head office capital account, reserves, unappropriated profit / accumulated losses, non-controlling interest and surplus / deficit on revaluation of assets.
Gross Advances	Loans, cash credits, overdrafts, ijarah, etc. and local & foreign bills discounted & purchased before provisions.
Impairment Cover	Number of times impairment charge on advances and investments is covered by net profits before charging impairment.
Interest Bearing Assets	Interest bearing assets means cash and balances with treasury banks, balances with other banks, lending to financial institutions, fixed income investments and advances (excluding non-performing assets).
Interest Bearing Liabilities	Interest bearing liabilities means borrowings, deposits and other accounts, sub-ordinated loans and liabilities against assets subject to finance lease.
Market Capitalization	Product of total outstanding number of ordinary shares and market price per share as at year end.
Non-funded Income	Fee, commission & brokerage, rent, income from dealing in foreign currencies, profit on sale of fixed & other assets and other non-fund receipts.
Non-mark-up / Non-Interest Income / Other Income	Fee, commission and brokerage income, dividend income, income from dealing in foreign currencies / derivatives, gain on sale of securities, unrealised profit on revaluation of investments classified as held for trading, share of profit from joint venture and associate and other income.

# Definitions

Net Interest Margin	Mark-up / return / interest earned (before provisions) as a percentage of interest-bearing assets less mark-up / return / interest expensed as a percentage of interest-bearing liabilities.
Non-Performing Advances	Classified advances that fulfil the criteria of non-performing advances as specified in the Prudential Regulations issued by the State Bank of Pakistan.
Net Provisions	Charge & reversal of provision against non-performing advances, against off balance sheet obligations, for diminution in value of investments, bad debts directly written-off and recoveries of previously written-off debts.
Other Comprehensive Income	Includes effect of translation of net investment in foreign branches, gains and losses on re-measurement of actuarial liability, surplus / (deficit) on revaluation of fixed assets and investments, surplus / (deficit) arising on revaluation of assets of associated undertaking.
Operating Cost	All expenses charged to arrive at profit before tax excluding cost of funds and provisions.
Other Liabilities	Other liabilities include deferred tax liabilities and liabilities against assets subject to finance lease.
Return on Average Assets	Profit after tax as a percentage of average total assets.
Return on Average Equity	Profit after tax as a percentage of average equity.
Right-of-Use Assets	An asset that represents a lessee's right to use an underlying asset for the lease term.
Spread	Difference between mark-up / return / interest earned on advances as a percentage of average advances (net of provision), at two-year ends, and mark-up / return / interest expense of deposits as a percentage of average deposits, at two-year ends.
Taxation	Charge for current (including prior) and deferred taxation in the profit and loss account.
Total Income	Sum of net mark-up income and non-mark-up income.



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