

Digital Payments in Pakistan: Progress and Challenges



Currently, the payment system has two major types: the traditional cash-based system and the digital payment system. Globally, the digital payment system is making fund transfers easier compared to the traditional cash-based system. It works as an electronic method of transferring payments; for example, net banking applications, debit and credit cards, mobile wallets, and blockchain-supported systems. In Pakistan, the government is continuously trying to expand the use of digital payments through different stakeholders like the State Bank of Pakistan, commercial banks, and telecoms. More than 100 million people have access to mobile and internet services in Pakistan, which is helping to increase the adoption of the digital payment system. However, there are still many obstacles in this process, such as low literacy levels, slow infrastructure development, regulatory issues, cybersecurity threats, and scams. In this article, we will discuss the current system of digital payments in Pakistan, ongoing development progress, and the challenges to achieving the target of a fully functional digital payment system.

Developments

In the early 2000s, the banking system was limited to a few banks operating in Pakistan with a small number of branches. Most people were not able to access the internet or the banking system due to low awareness and weak internet infrastructure. By 2010, there were five national banks, twenty-five private banks, and six international banks working in Pakistan. A major breakthrough in branchless banking came with the introduction of Easypaisa (Telenor Microfinance Bank). Later, JazzCash was launched by Mobilink Microfinance Bank, and Upaisa by U Microfinance Bank. Currently, JazzCash and Easypaisa hold the largest share in

branchless banking and digital payments, serving people who do not have access to traditional banking. Ordinary users with Android phones and internet access are using these platforms for payments such as utility bills, mobile top-ups, and fund transfers.

From 2011 to 2020, the government gradually shifted the payment of salaries and pensions to the digital banking system. During COVID-19, it became necessary to introduce a contactless banking system in Pakistan. In 2021, the Government of Pakistan introduced RAAST to strengthen the digital payment system, Roshan Digital Accounts (RDA) for overseas Pakistanis, and the PayPak Card for domestic transactions. RAAST is the first online payment system in Pakistan designed to support digital payments. Similarly, Roshan Digital Accounts (RDA) allow non-resident Pakistanis to invest in Pakistan's economy, which ultimately improves foreign reserves and strengthens the digital payment ecosystem.

As of March, the total number of banks is 55, with 18,450 branches of all commercial banks, Microfinance Banks (MFBs), and Development Financial Institutions (DFIs) operating in Pakistan. The total number of ATMs stands at 18,957 to facilitate digital payments. This increasing trend in the banking system shows major development in both the banking sector and the digital payment system.



**Muhammad Tanveer
Ul Qamar, FCMA
CEO, Allied Financials**

The Government of Pakistan is continuously reshaping the payment system towards a digital model by issuing licenses to Fintech companies, introducing QR codes, and encouraging collaboration between banks and telecom companies. Major players like SadaPay and NayaPay offer easy payment processes through user-friendly mobile applications.

The State Bank of Pakistan (SBP) launched Pakistan Financial Literacy Week (PFLW) in March 2024 to enhance financial inclusion through digital means, under its Strategic Vision 2028. ICMA is also supporting SBP's Strategic Vision 2028 and observed Pakistan Financial Literacy Week (PFLW) 2025 on 22nd April 2025.

Currently, in Pakistan, there are around 190 million mobile network users, out of which about 125 million people have access to 3G/4G internet. Due to this transformation in a major part of the population, the government has improved the digital payment system with the support of traditional banks, RAAST, Fintech companies, and telecom operators. At present, there are around 45 million branchless banking users. A large segment of the population is engaged in the digital payment system for their needs such as school fees, utility payments, tax payments, and online shopping at e-commerce platforms. In remote areas, many women are using mobile wallets for home remittances, which is a positive sign of change in the payment system.

The government has achieved 89% of business payments digitally in 2025. The latest development, included in the Budget 2025–26 to minimize the cash-based economy, requires all businesses to legally pay and receive payments digitally or through banks if the invoice amount exceeds Rs. 200,000. Any violation is subject to punishment. This step is helping to strengthen the digital payment system and improve tax collection.

Currently, 35% of adults in Pakistan are using bank accounts, which has increased significantly from just 8% in 2013. In rural areas, the rate is still very low, as only 14% of women and 56% of men have access to banks. In rural Punjab, 40% of the population has bank access, compared to only 23% in Balochistan's rural areas. In comparison, India has 80–90% of its population with access to banks.

Digital retail payments were 76% in 2023, which increased to 84% in 2024 and then 89% in the third quarter of 2025. In the third quarter of 2025, over 2 billion transactions were recorded in a single quarter. Annual transaction volume grew by 70% in 2024, and 12% quarter-on-quarter growth was recorded in the third quarter of 2025. Mobile application transactions reached 1.686 billion in the third quarter of 2025 (a 16% increase). Internet banking recorded 14.1 million transactions in 2025, up from 12 million in 2024. Mobile banking users increased from 18.7 million in 2024 to 22.6 million in



2025. Branchless banking users grew from 59 million in 2024 to 68.5 million in 2025. Mobile wallet users increased from 3.7 million in 2024 to 5.3 million in 2025. PayPak debit cards reached 11 million in 2024, accounting for 25% of total debit cards. The total number of POS machines increased from 125,000 in 2024 to 179,000 in 2025, with 99 million transactions. The total number of ATMs increased from 18,960 in 2024 to 19,500 in 2025.

RAAST was introduced in 2021, and its P2P service was launched in 2022. It processed 496 million transactions worth Rs. 11.6 trillion in 2024. By the third quarter of 2025, the number of transactions had reached 371 million, with a value of Rs. 8.5 trillion.

Key Stakeholders of Digital Payment System

• State Bank of Pakistan (SBP)
• Mobile Companies (Mobilink, Ufone, Zong, Warid, Telenor)
• Commercial Banks (ABL, NBP, UBL, MCB, etc.)
• Fintechs (SadaPay, NayaPay, etc.)
• Government Programs (BISP, Ehsaas, RDA)
• E-Commerce Platforms (OLX, Daraz, FoodPanda, etc.)

Key Modules of Digital Payment System

• Debit and Credit Cards
• Mobile Wallets (JazzCash, Easypaisa, Upaisa, NayaPay, SadaPay)
• Net Banking Apps (MyABL, UBL Digital, Meezan, etc.)
• Point of Sale (POS) Terminals
• QR Codes for Digital Payments
• RAAST Payment System
• 1-Link
• NIFT
• RTGS
• E-Commerce Payment Gateways (Checkout.com, PayFast, HBL Pay, Alfalah Gateway)

Key Challenges

- 1) **Infrastructure:** One of the most important challenges is that infrastructure development has not covered the entire population of Pakistan. In many rural and remote areas, issues of weak signals, lack of internet coverage, and electricity shortages persist, which are key hurdles for the economy and the expansion of the digital payment system. In major cities like Karachi, Lahore, Islamabad, and Faisalabad, most of the population can access mobile internet, but there are still areas even within Lahore where no signal or internet is available inside homes—people have to go outside to make calls or use the internet. Slow internet speed is also a major problem, often creating delays or failures during payment transactions.
- 2) **Literacy:** The current education system does not include subjects or awareness programs on banking systems or online payment transactions. A large part of the population does not know how to use smartphones or the internet for digital payments. Many people are not even familiar with how to fill out a cheque, which highlights the low financial literacy level. According to World Bank reports, only 21% of adults in Pakistan use bank accounts, which is very low compared to regional averages.
- 3) **Cybersecurity Problems:** In recent years, scammers and fraudsters have been active, stealing money from bank accounts and carrying out fraudulent transactions. As a result, many people avoid using internet banking due to fear of fraud. It is the government's responsibility to ensure a secure environment for digital payments so that people can trust the system and adopt it.
- 4) **Culture:** Pakistan has a strong cash-based culture, mainly due to two reasons: lack of awareness and tax evasion. It is necessary to introduce digital payment awareness in the education curriculum and make it mandatory to pay government fees and taxes through digital platforms. Currently, the Punjab government's E-Pay app and Islamabad's Citizen Portal are facilitating some digital government payments, but the adoption is still limited.
- 5) **Cost:** Traditional shopkeepers prefer cash payments because they cannot afford the cost of POS devices and transaction charges. This remains a major hurdle for the expansion of the digital payment system. The government should introduce policies requiring financial institutions to provide free POS devices and remove transaction charges to encourage wider adoption of digital payments.
- 6) **Regulatory Problems:** Although the Government of Pakistan is continuously developing a regulatory

framework, many gaps remain in the system. Key institutions such as the State Bank of Pakistan (SBP), Securities and Exchange Commission of Pakistan (SECP), and Pakistan Telecommunication Authority (PTA) are active in this space, but their collaboration has not yet fully met the needs of digital payment system growth. One of the most important requirements is to simplify the licensing process for fintech companies so they can more easily facilitate peer-to-peer (P2P) digital payments.

Conclusion

In Pakistan, the digital payment system has improved significantly over the last decade, but it has still not reached the level achieved by regional countries like India. The Government of Pakistan should take serious actions such as spreading awareness about digital payments through nationwide campaigns, introducing relevant activities in school and college curricula, and conducting workshops through social organizations. It is necessary to develop offline digital payment options and expand internet coverage and mobile networks.

To address scams and fraud, the government must strengthen consumer data protection, upgrade security standards, and raise public awareness. Similarly, RAST needs further improvement, and certain payments—such as taxes, SECP fees, NADRA fees, and traffic challans—should be made mandatory through digital channels. A dedicated regulatory body should be established to oversee the entire digital payments ecosystem and to conduct continuous research for expansion and improvement.

By doing so, Pakistan can significantly strengthen its digital payment system, making it secure, transparent, and resilient. Key regulatory bodies such as SBP, SECP, PTA, and NADRA must also enhance their collaboration to provide a trusted environment for users. Once these targets are achieved, Pakistan will be able to move toward lower corruption, higher tax collection, and sustainable economic growth.

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About the Author: The writer is a Fellow member of ICMA and an entrepreneur and runs a management accountancy firm. He has over 15 years of diversified experience in financial reporting, tax consultancy, corporate services, and real estate investment advisory. He also has experience in providing freelancing services in financial reporting and management accounting.