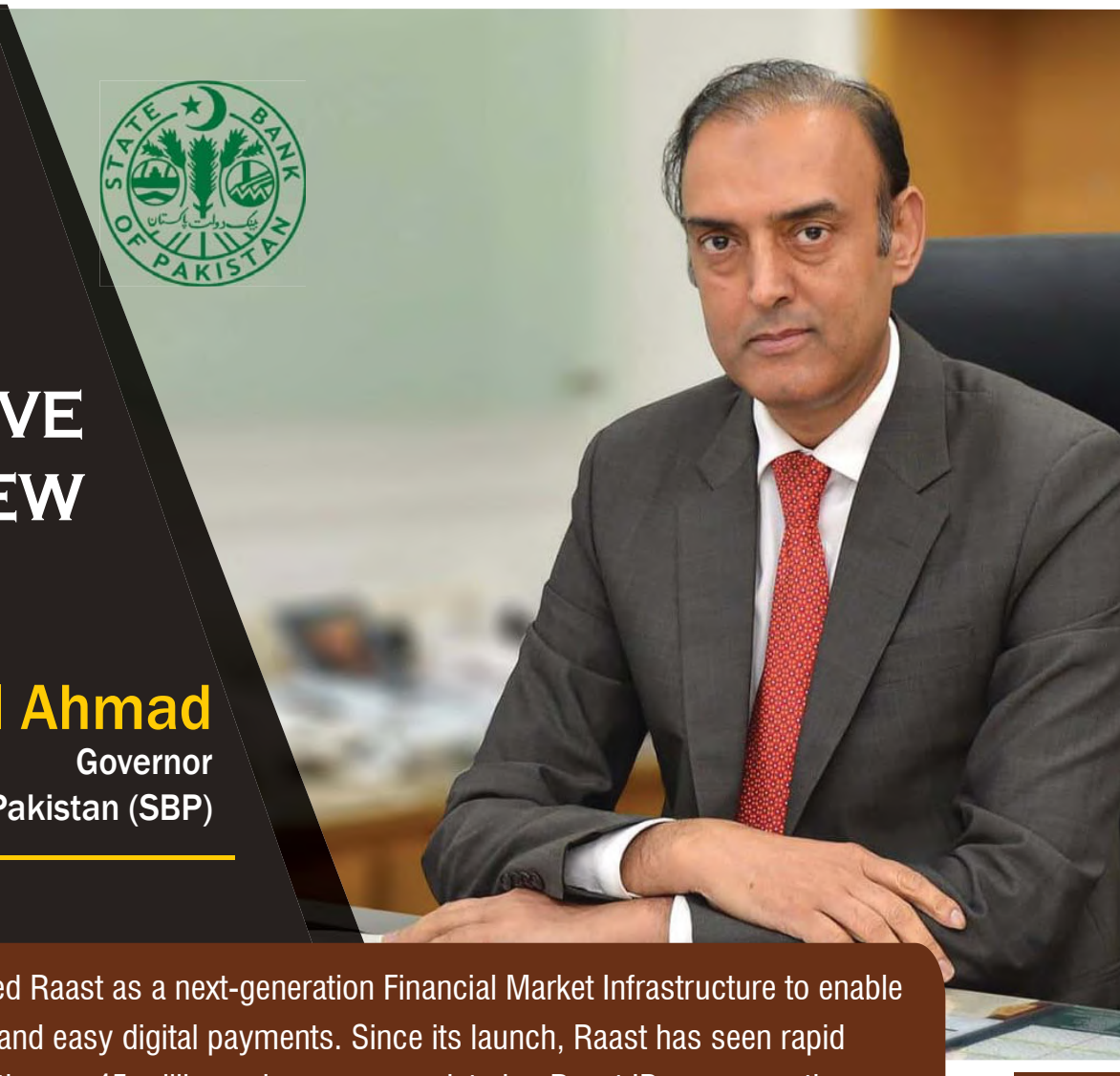
EXCLUSIVE INTERVIEW



Mr. Jameel Ahmad

Governor
State Bank of Pakistan (SBP)

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ICMA: What is SBP's long-term vision for advancing digital financial services in Pakistan?

Governor SBP: The State Bank of Pakistan envisions a future for our financial system where digital financial services drive inclusive and sustainable economic development in the country. Our goal is to foster a digitally connected and fully interoperable financial ecosystem—one where individuals, businesses, and institutions can transact with trust, ease, and efficiency. We are transforming our financial services by enabling open banking, building interoperable platforms, and promoting cost-efficient merchant solutions to support entrepreneurship across the country.

This transformation is driven by a robust, state-of-the-art, and fully interoperable digital payments infrastructure. Pakistan recently launched its high-value processing core real-time gross settlement system called PRISM+. PRISM+ has a fully integrated central securities depository for government securities trading and settlement. For retail payments, SBP has also launched its instant payment system called Raast. Both PRISM+ and Raast are built on the ISO 20022 standard, which is now being referred to as the future language of payments. With the launch of PRISM+ for wholesale and Raast for instant retail payments, SBP's digital payments processing infrastructure is now geared for innovation and universal digitization of the economy.

SBP has also continuously updated our regulatory framework to enable new fintechs as part of our financial ecosystem. On one hand, regulations for Electronic Money Institutions, payment system operators and service providers, and digital banks allow technology-enabled entities to introduce innovative, tech-driven products that are accelerating the shift toward a digital economy and play a key role in providing digital financial services.

On the other, our regulations for remote account opening, shared eKYC, and technology risk management pave the way for responsible innovation that promotes convenience while ensuring consumer protection and necessary safeguards. The rollout of QR-based payments via Raast will further reduce the cost of digital transactions for merchants and retailers, expanding the reach and utility of digital payments. In recent years, Pakistan's digital finance landscape has seen rapid evolution. With rising adoption and accessibility, digital payment channels are becoming the preferred choice for consumers—signaling a strong and growing trust in the digital financial system.

ICMA: How do local and global partnerships support SBP's fintech and innovation strategy?

Governor SBP: As a progressive central bank, SBP believes in the value of global collaboration and partnerships that allow learning and adoption of new technologies. SBP is fully engaged with international multilateral organizations, as well as other central banks and key players. Because of our collaborative efforts, the capacity of our staff has substantially increased in recent years. SBP is also looking to establish cross-border linkages of payment systems to enable low-cost and efficient transfer of remittances to Pakistan. For this, we are engaged with entities like the Arab Monetary Fund to link our payment systems. Finally, the introduction of regulations for EMIs, PSOs, PSPs, and digital banks also helps us attract talent from abroad, which contributes to domestic capacity building.

ICMA: How has Raast impacted the growth of digital payments, and what future developments are planned?

Governor SBP: SBP introduced Raast as a next-generation Financial Market Infrastructure to enable instant, free, and easy digital payments. Since its launch, Raast has seen rapid adoption—with over 45 million unique users registering Raast IDs, representing approximately 32% of Pakistan's adult population, and more than 1 million merchants adopting Raast IDs. This remarkable uptake has significantly expanded the reach of digital payments for both individuals and businesses.

Raast currently supports three key use cases: bulk payments, person-to-person (P2P) transfers, and merchant payments. Its robust capability to carry additional information has enhanced reconciliation processes, reporting, and financial insights of its participants. By enhancing transaction speed, security, and accessibility, Raast is reshaping Pakistan's payment ecosystem and advancing digital financial services with greater transparency, better reconciliation, and opportunities for the development of new financial products. Recently, SBP has introduced broad-based access criteria that allow not only regulated entities but also utilities, corporates, fintechs, and other organizations to participate in Raast.

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Looking ahead, SBP has established Raast Payments Pakistan (Pvt) Ltd., a dedicated subsidiary with its own independent Board composed of market leaders and strategic thinkers. This step underscores SBP's long-term commitment to strengthening the resilience and sustainability of the digital payments ecosystem. The subsidiary will drive continuous innovation, enhance operational efficiency, and adapt to evolving user and market needs. International expansion is also underway. Integration with cross-border payment systems—such as Buna—is in progress, which will enable seamless and cost-effective remittance inflows from the Arab region.

SBP is also planning to upgrade Raast's core infrastructure to ensure it remains resilient, scalable, and future-ready, supporting Pakistan's journey toward a cashless, digitally inclusive economy.

ICMA: What key achievements highlight SBP's progress in expanding digital retail transactions?

Governor SBP: Retail payments in Pakistan are showing a strong upward trajectory. In FY24, transaction volumes increased to 6.6 billion from 5.2 billion in FY23, whereas the total value also increased to PKR 548.8 trillion from PKR 405.3 trillion—reflecting an annual growth of approximately 26% in volume and 35% in value. Notably, the share of retail payments conducted through digital channels increased significantly, reaching 85% by volume in FY24, up from 78% in FY23. This momentum has carried into FY25 as well. As per provisional data for FY25, the volume of total retail payments has reached 8.9 billion, amounting to almost PKR 622 trillion. Approximately 88% of the transaction volume was conducted digitally in FY25.

The primary driver behind this continued growth is the increased adoption of mobile app-based banking, which has become the preferred channel for a growing number of users, offering convenience, accessibility, and real-time financial management. Mobile app-based banking has expanded by 49% by volume during FY25, compared to 43% in FY24. The Cashless Economy initiative recently announced by the Prime Minister will further accelerate the process of digitization in the country.

ICMA: What criteria and safeguards guide the licensing and oversight of digital banks?

Governor SBP: SBP has established a comprehensive framework for the licensing of digital banks. After a detailed and rigorous evaluation of all submitted applications, SBP issued No Objection Certificates (NOCs) and In-Principle Approvals to five digital retail banks: HugoBank Limited, KT Bank Pakistan Limited, Mashreq Bank Pakistan Limited, Raqami Islamic Digital Bank Limited, and EasyPaisa Digital Bank Limited. These five applicants were selected following a thorough assessment in accordance with the defined criteria under the Digital Bank Regulatory Framework. Subsequently, SBP has granted commercial operations approval to EasyPaisa Digital Bank Limited and pilot operations approval to Mashreq Bank Pakistan Limited and Raqami Islamic Digital Bank Limited.

Regarding the oversight of digital banks, SBP, given the technology-centric nature of these banks, places significant emphasis on ongoing oversight and risk management. Digital banks face a distinct risk landscape compared to traditional banks, including cybersecurity threats, third-party dependencies, data privacy concerns, and operational risks. Moreover, digital banks are expected to maintain strong consumer protection measures, particularly in areas of automated decision-making, data usage transparency, and grievance redressal mechanisms, to ensure responsible and inclusive financial services.

ICMA: How is SBP approaching the regulation of virtual assets and the potential launch of a digital currency?

Governor SBP: Pakistan has recently enacted its Virtual Assets Ordinance, which provides a framework for the licensing, regulation, and monitoring of virtual assets and their service providers in Pakistan. Under the new law, the Pakistan Virtual Assets Regulatory Authority (PVARA) has been established. The Governor of SBP is also on the Board of PVARA, and SBP is actively working with the authority to formulate and operationalize the regulatory framework for virtual assets and their providers in the country.

CBDC is a recent concept in which the central bank of a country may issue the national or fiat currency in digital form using new and emerging technologies. As the issuer of our national currency, the State Bank of Pakistan (SBP) has also undertaken the exploration of the Central Bank Digital Currency (CBDC) initiative as part of its broader strategic objectives to enhance financial inclusion, improve the efficiency of digital payment systems, advance the digitalization of the economy, and reduce the usage of cash in our society.

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Since both the concept of CBDC and its underlying technology are in a nascent stage, the majority of countries globally are exploring the issuance of digital currencies and are in various stages of either conducting a Proof of Concept (PoC) or a pilot launch to explore technology options and identify use cases. Few countries have rolled out their versions of CBDCs at a national scale.

As part of this exploration, SBP has engaged with other central banks that are piloting or implementing CBDC projects, and with various technology providers. The objective of these engagements is to gain a comprehensive understanding of different CBDC models being deployed in various countries, the underlying technologies that are available, monetary impact, governance approaches, and—most importantly—the practical use cases that could be relevant to Pakistan's unique economic and financial environment. SBP plans to undertake a comprehensive PoC with a selected technology provider in this domain, primarily for identifying viable design choices, possible use cases, available technology options, and capacity building of its staff. Once the PoC is completed, SBP will assess the findings and determine the next steps in line with its broader policy framework and strategic priorities.

ICMA: In what ways is SBP adopting data analytics and technology to strengthen regulatory effectiveness?

Governor SBP: In terms of data analytics, SBP has a strong infrastructure in place. To help with data gathering, processing, and decision-making, we have set up a data warehouse.

In order to support a number of data analytics goals and use the data to improve our data-driven policies, SBP is using data portals to gather supervisory and reporting data from its regulated entities. To ensure that SBP takes appropriate action when circumstances call for it, we are currently updating our data management infrastructure and extensively using data to conduct in-depth financial sector analysis and improve regulatory efficacy. SBP has also digitized its internal case processing, and now all cases are processed using our internal knowledge management system. Similarly, our regulated entities can also submit their cases to SBP using our Regulatory Approval System (RAS). These systems have enhanced our working efficiency and case processing capabilities. SBP is also committed to embracing transformative technologies such as artificial intelligence and machine learning to bolster fraud prevention and enable proactive supervision.

ICMA: What initiatives is SBP pursuing to improve financial inclusion, especially for women and underserved communities?

Governor SBP: For a country with an adult population of around 137 million, we have 95.8 million unique bank accounts and digital wallets, which make up almost 70% of the adult population. This is phenomenal growth since 2015, when only 16% of the adult population had bank accounts.

Inclusive participation in the digital economy is a strategic imperative for national growth and stability. If the digital transformation leaves behind our youth, women, and marginalized communities, we will only be reinforcing the very inequities that digital technology promises to address.

I would like to underscore the steps that the State Bank has taken, starting with its Vision 2020, such as the launch of the National Financial Inclusion Strategy, the Banking on Equality policy to reduce or balance the gender gap in banking, and the introduction of the Asaan Mobile Account, enabling the low-income segment to digitally open bank accounts without an internet connection.

It became imperative to realign the financial inclusion framework to address the evolving requirements of a more inclusive financial ecosystem. In 2024, SBP launched its Vision 2028, where improvement in financial inclusion remained a key strategic goal. We are committed to increasing the depth, breadth, and quality of financial services, particularly for the low-income populace, SMEs, and farmers.

ICMA: How is SBP integrating climate resilience and sustainability into its digital finance agenda?

Governor SBP: SBP has been cognizant of its responsibility, as well as the responsibility of the financial sector, in implementing initiatives regarding a climate-resilient economy. Given the sensitivity of the issue, SBP has incorporated climate change as one of the strategic themes in its Vision 2028, with a goal to develop policies that promote climate-resilient and sustainable financing initiatives. SBP has taken various measures:

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1) In 2017, SBP issued Green Banking Guidelines under which Regulated Entities (REs) have been advised to manage environmental and social risks associated with their operations and financing activities. Particularly with respect to sustainability, banks/DFIs have been advised to adopt paperless banking services, which include delivering customer services through electronic means, sending e-statements of bank accounts, and online submission of customer applications. Further, in the context of energy conservation, SBP advised its regulated entities to deploy energy-efficient IT equipment and cost-effective, renewable sources of energy, such as the use of solar technologies for running bank branches, ATMs, and other infrastructure.
2) The Environmental and Social Risk Management Implementation Manual, issued by SBP in 2022, supports the transition to a climate-resilient economy by introducing standardized tools for environmental and social risk classification, monitoring banks' own environmental impact, and encouraging lending to 'green' sectors.
3) The Government of Pakistan has approved the Pakistan Green Taxonomy (PGT), jointly developed by SBP and the Ministry of Climate Change & Environmental Coordination. The PGT intends to provide clarity to financial markets on how to identify green economic activities, increase the transparency of green investments and financial products, mitigate climate-related financial risks, and help the financial sector direct capital flows to projects or activities that will meet the country's environmental and climate objectives. PGT will further support the streamlining of green product development within the banking industry and will attract investments toward environmentally friendly projects.

*The Editorial Board thanks **Mr. Jameel Ahmad, Governor, State Bank of Pakistan (SBP)** for sparing his precious time to give an exclusive interview for Chartered Management Accountant Journal.*