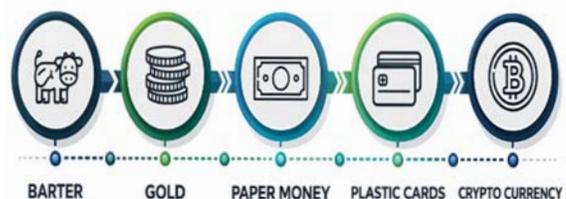


## Pakistan's Crypto and Digital Assets Sector

By: ICMA Research and Publications Department

Digital assets are blockchain based instruments that are transforming the digital economy. Money has evolved from barter to traditional currency, digital fiat, and now blockchain based assets, marking a major shift in the global financial system. Cryptocurrencies remove intermediaries and prevent double spending, offering growth and investment opportunities. In Pakistan, the sector is emerging, remains volatile, and operates under evolving regulatory guidance, presenting both risks and potential for innovation.

### EVOLUTION OF MONEY



### Key Milestones in Pakistan's Crypto and Digital Assets Sector

Timeline	Key Developments
2018	SBP issues advisory on virtual assets due to lack of legal framework.
2023	Crypto trading volumes reach USD 25 billion, showing rising adoption in Pakistan.
2023-24	Government transitions from an implicit crypto ban to formal regulatory planning, driven by FATF and IMF requirements.
Mar 2025	Pakistan Crypto Council (PCC) established to coordinate crypto policy and regulatory frameworks.
May 2025	Pakistan Digital Assets Authority (PDAA) established; 40 million Pakistanis actively participating in crypto markets, with estimated annual volumes of USD 300 billion.
Jul 2025	Pakistan Virtual Assets Regulatory Authority (PVARA) created to license and regulate crypto service providers.
Sep 2025	PVARA begins regulatory implementation, including licensing, AML/CFT compliance, and regulatory sandboxes.
Dec 2025	PVARA grants No Objection Certificates (NOCs) to major exchanges including Binance and HTX; MoU signed for asset tokenization.
Jan 2026	PVARA signs MoU with World Liberty Financial affiliate to explore USD-pegged stablecoin integration for payments.
Mar 2026	Virtual Assets Act 2026 passed, formalizing PVARA with full licensing and enforcement authority; planning for a Digital Pakistani Rupee as part of financial inclusion strategy.

### Pakistan's Crypto and Digital Assets Market

**Overview** - Pakistan ranks 3rd globally in digital asset adoption, according to the 2025 Chainalysis Global Crypto Adoption Index. Millions participate in crypto markets, with annual volumes estimated at USD 300 billion. The Virtual Assets Act 2026 created the Pakistan Virtual Assets Regulatory Authority (PVARA) to regulate crypto service providers, reduce legal uncertainty, and attract compliant domestic and foreign investment.

**Significance** - Clear rules reduce financial and operational risks. They boost fintech innovation and give unbanked populations access to digital finance. Aligned with Digital Nation Pakistan 2026, this initiative strengthens investor confidence, mobilizes capital, and connects Pakistan to the global digital finance ecosystem.

## Key Developments

- 1) **Market Rules:** PVARA grants, suspends, or cancels licenses and can impose fines. Early licensing of exchanges like Binance and HTX encourages legal participation, fintech growth, and job creation.
- 2) **Investor Safety:** KYC, AML, and security rules reduce fraud and build trust. Enforcement prevents incidents like the USD 60 million crypto scam and channels funds into formal systems, improving tax collection.
- 3) **Global Standards:** Compliance with international AML/CFT rules attracts institutional investors, promotes technology transfer, and positions Pakistan as a regional hub for digital finance.
- 4) **Innovation & Inclusion:** Regulations support tokenization, stablecoins, and remittance services. Millions of previously unbanked users gain access, boosting entrepreneurship and economic activity. Plans for a Digital Pakistani Rupee further enhance financial inclusion.
- 5) **Capacity & Skills:** PVARA focuses on investor education, professional training, and Shariah-compliant crypto products to improve market skills and encourage innovation.
- 6) **Economic Impact:** Formalizing the USD 20–30 billion informal crypto economy and expanding fintech adoption supports GDP growth, technology-driven productivity, and high-tech job creation.

## What Accountants Should Know

Accountants play a strategic role in Pakistan’s crypto market, ensuring compliance, transparency, and effective risk management. Their work supports the safe growth of the digital assets sector.

- 1) **Licensing** - PVARA regulates crypto providers under the Virtual Assets Act 2026. Accountants ensure reporting, audits, and digital asset valuation follow compliance rules.
- 2) **Compliance** - AML, CFT, and KYC standards are strictly enforced. Accountants track compliance, manage risks, and strengthen investor trust and market credibility.
- 3) **Cross-Border** - With global exchanges like Binance and HTX, and the rise of stablecoins and tokenized assets, accountants manage foreign asset valuation, currency exposure, and international reporting.

- 4) **Planning** - Regulatory sandboxes allow blockchain experiments. Accountants create cost models, performance metrics, and risk-adjusted plans for new digital services.
- 5) **Global Standards** - Alignment with international rules ensures accountants maintain audits, internal controls, and compliance reporting, keeping Pakistan’s crypto market credible and globally competitive.

## About PVARA

# PVARA

The Pakistan Virtual Assets Regulatory Authority (PVARA)

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is Pakistan’s independent regulator for crypto and digital assets. It was established in July 2025 under the Virtual Assets Act 2025 and operates under the Ministry of Finance.

PVARA is responsible for licensing and supervising virtual asset service providers, ensuring that crypto activities in Pakistan operate within a clear legal framework. It enforces KYC, AML, and international compliance standards, monitors market activities, and takes action against violations.

The authority aims to protect investors, prevent financial crimes, and encourage responsible innovation in the digital assets sector. Its establishment is a major step in aligning Pakistan with global regulatory standards and supporting the growth of a secure and transparent digital finance ecosystem.



# S.W.O.T Analysis

## of Pakistan's Crypto and Digital Assets Sector

The following provides a brief overview of Pakistan's crypto and digital assets sector using the S.W.O.T framework. It highlights the key strengths, weaknesses, opportunities, and threats of the sector and is not a detailed analysis.

### STRENGTHS

- ◆ Pakistan ranks 3rd globally in crypto adoption (Chainalysis 2025), showing strong retail participation.
- ◆ Large youth population with growing IT and blockchain skills supports ecosystem growth.
- ◆ Annual remittances > USD 30B create demand for low-cost blockchain transfers.
- ◆ Initiatives like Crypto Council, regulatory discussions, and CBDC exploration show growing policy support.
- ◆ Local startups are experimenting with tokenized assets, fintech services, and digital payment tools.

### WEAKNESSES

- ◆ Licensing system and supervisory capacity under PVARA are still being finalized.
- ◆ Trading largely occurs on international exchanges, limiting domestic activity.
- ◆ Local exchanges, custody services, and blockchain products remain limited, restricting market depth.
- ◆ Past fraud incidents affect investor confidence.
- ◆ Low crypto and digital asset awareness among users increases risk of scams and fraud.

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### OPPORTUNITIES

- ◆ Blockchain payment systems could reduce remittance costs for overseas Pakistanis.
- ◆ Digital wallets and tokenized finance can expand services for approximately 100 million underbanked adults.
- ◆ Tokenization and distributed ledgers could improve land registries, welfare transfers, and supply chains.
- ◆ Sharia-compliant digital assets could position Pakistan as a regional Islamic fintech hub.
- ◆ Regulatory clarity and licensing can attract international exchanges, fintech firms, and institutional investment.

### THREATS

- ◆ Crypto mining faces challenges from electricity shortages.
- ◆ High volatility could impact retail investors and market stability.
- ◆ Fraud and cybercrime, including phishing, Ponzi tokens, and exchange breaches, remain a threat.
- ◆ Strict PVARA licensing penalties may discourage smaller innovators.
- ◆ Weak compliance and AML oversight could attract international scrutiny.