

PAKISTAN BANKING & FINANCIAL SERVICES SECTOR

FINTECH



**TRADE DEVELOPMENT AUTHORITY
OF PAKISTAN**





TDAP INTRODUCTION

Trade Development Authority of Pakistan is the premier trade promotion organization mandated to develop and promote products and services of the country in international markets. TDAP implements policies and directives of Federal Government and its Board of Directors for enhancing, promoting and facilitating trade.

TDAP supports and facilitates businesses through latest information and capacity building initiatives to enhance and improve their leverage in international trade.

To achieve its objectives, TDAP organizes as well as participates in local & international trade fairs, country specific exhibitions & trade delegations. It also conducts seminars and organizes contacts and information exchange events both physically as well as digitally.

This publication is part of the efforts of TDAP to share details and showcase Pakistan's products and services in international markets.



SECTOR PROFILE

Share of financial services in GDP of Pakistan is 3.6% in the year 2019-2020. Financial sector of Pakistan constitute banks, Development Finance Institutions (DFIs), Microfinance Banks (MFBs), Non-banking Finance Companies (NBFCs), insurance companies, Modarabas and other financial intermediaries.

Pakistan 's financial sector has indeed great future and potential because of the rising middle income population of 40 million, youth population size, high consumerism, opportunities to harness domestic savings and wealth generation, opportunities to enhance financial inclusion.

Pakistan had a major breakthrough in micro finance industry and branchless banking. The telecom and mobile operators are licensed and there has been growing initiatives recently for FinTech and affiliated technology, data services etc.

The export of financial services from Pakistan accounted for 91,000 US Thousand Dollars in the year 2019-20. Pakistan has a massive fintech opportunity with more than 100 million unbanked adult population and almost 3 million off-grid small businesses. (source: trademap. org)

Pakistan's massive fintech opportunity: US\$ 100mn+ unbanked adults and 3mn+ off-grid small businesses

Banking and Financial Services Include:



Commerical
Bank Services



Fintech



Paytechs



LendTechs



WealthTechs



BankingTechs



Development Finance
Institutions (DFIs)



Microfinance
Banks (MFBs)



Non-banking
Finance
Companies



Insurance
companies



Modarabas

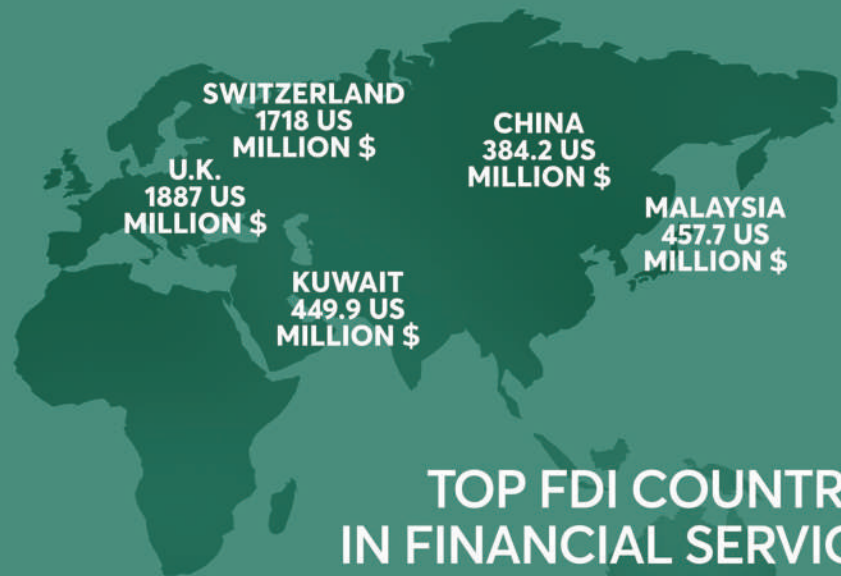


Other Financial
intermediaries



TOP EXPORT DESTINATION IN SERVICES

1. U.S.A
2. China
3. UAE
4. Germany
5. U.K.
6. Malaysia
7. Turkey
8. Cayman Island
9. Qatar



TOP FDI COUNTRIES IN FINANCIAL SERVICES



FINTECH IN PAKISTAN

Financial Technology (Fintechs) companies are revolutionizing the financial services industry throughout the world. By unlocking innovation, Fintechs are allowing the financial industry to serve customers in novel ways, enabling them to provide higher quality services at lower prices.

Fintech Categories in Pakistan

- Payment Service Providers
- Payment Independent Software Vendors
- Merchant Aggregators
- Digital Credit/Savings
- Wallet Services
- Insurance Tech



WHY INVEST IN PAKISTAN FINTECH INDUSTRY



Income Tax Credit on Exports

Income Tax Credit on IT & ITeS exports till June 2025



Income Tax Credit For Startups

Income Tax Credit for PSEB registered IT start-ups for 3 years



100% Foreign Ownership

100% foreign ownership of IT & ITeS companies



100% Profit Repatriation

100% repatriation of profits to foreign IT & ITeS investors



Venture Capital Tax Holiday

Tax holiday for venture capital funds till 2024



Accelerated Depreciation

Accelerated depreciation of 30% on computer equipment



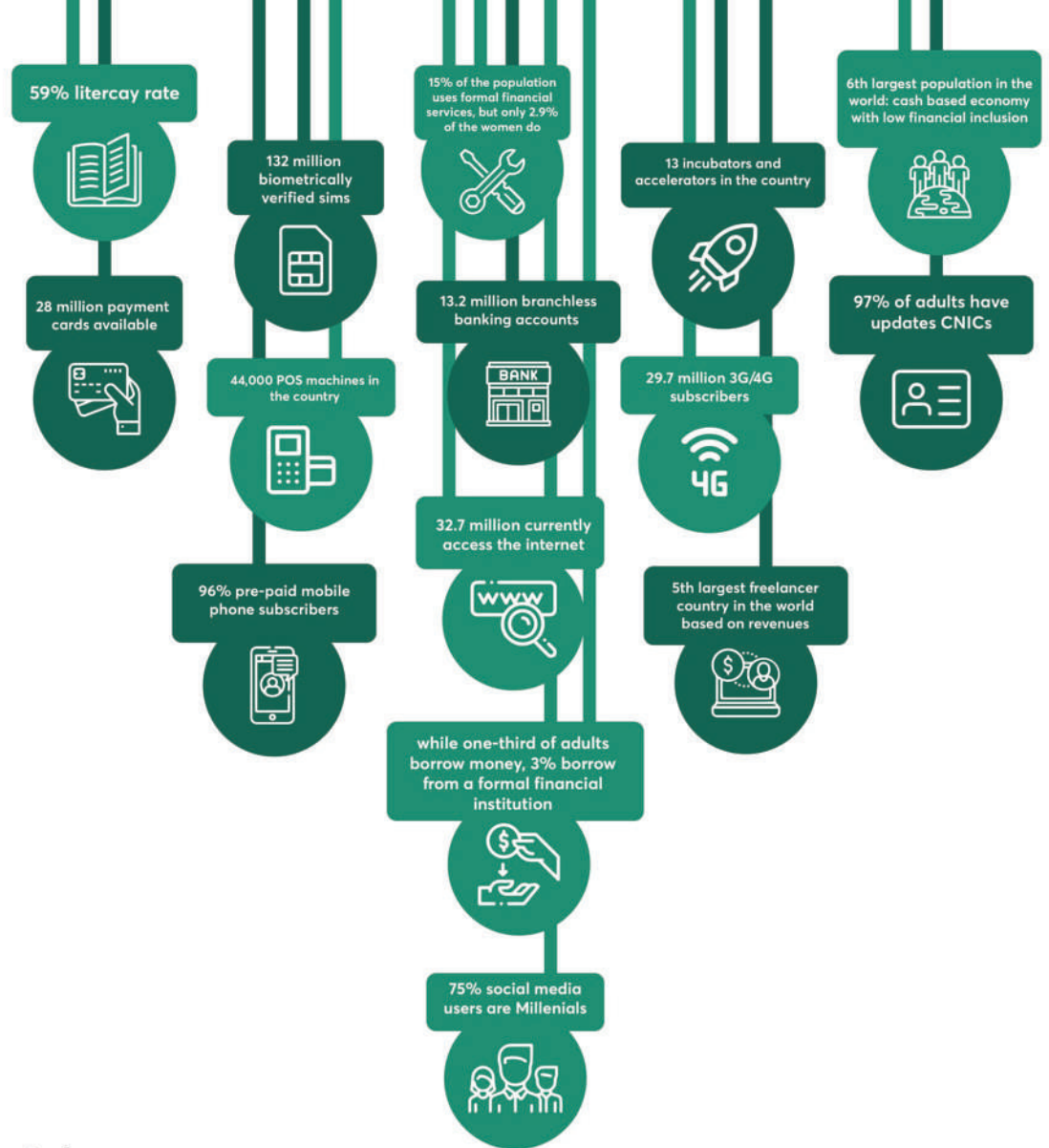
Cost effective and Connected

Provision of low rent spaces in Software Technology Parks (STPs), with fiber-optic connectivity



Value-Focused Talent

The annual cost of a software engineer resource is one fifth that in the USA and Europe



**Pakistan's Financial
Services Sector & Communications
& Identity Infrastructure Provide the
Necessary Enablers & Drivers for
Digitization & Further Growth**

STATE BANK OF PAKISTAN REGULATED INSTITUTES

BANKS:

Public Sector Commercial Banks

- First Women Bank Limited
- National Bank of Pakistan
- The Bank of Khyber
- The Bank of Punjab
- Sindh Bank Limited

Specialized Banks

- Zarai Tarqiat Bank Limited
- Industrial Development Bank of Pakistan Limited
- Punjab Provincial Cooperative Bank Limited
- SME Bank Limited

Local Private Banks

- Habib Bank Limited
- United Bank Limited
- MCB Bank Limited
- Allied Bank limited
- Bank Al-Falah Limited
- Bank Al-Habib Limited
- Habib Metropolitan Bank
- Samba Bank Limited
- JS Bank Limited
- Faysal Bank Limited
- Askari Bank Limited
- Standard Chartered Bank
- Soneri Bank Limited
- SILKBANK Limited
- Summit Bank Limited

Islamic Banks

- Meezan Bank Limited
- Al-Baraka Bank Limited
- Bank Islami Pakistan Limited
- MCB Islamic Bank Limited
- Dubai Islamic Bank Pakistan

Foreign Banks

- Citi Bank N.A
- Deutsche Bank AG
- Industrial & Commercial Bank of China
- Bank of China Limited

DEVELOPMENT FINANCE INSTITUTIONS:

- Pakistan Kuwait Investment Company Ltd
- Pak Oman Investment Company Ltd
- Pak-Brunei Investment Company Ltd
- Pak Libya Holding Company Ltd
- Saudi Pak Industrial & Agricultural Investment Company Ltd.
- House Building Finance Company Ltd
- PAIR Investment Company Ltd
- Pak China Joint Investment Company Ltd
- Pakistan Mortgage Refinance Company Ltd

MICROFINANCE BANKS:

- First Microfinance Bank Limited
- NRSP Microfinance Bank Limited
- Khushhali Microfinance Bank Limited
- Telenor Microfinance Bank Limited
- Pak Oman Microfinance Bank Limited
- U Microfinance Bank Limited
- Mobilink Microfinance Bank Limited
- APNA Microfinance Bank Limited
- Advans Pakistan Microfinance Bank Ltd
- Sindh Microfinance Bank Limited
- FINCA Microfinance Bank Limited

A CLOSER LOOK INTO THE REGULATORY INITIATIVES IN PAKISTAN

Regulation	Pros
BRANCHLESS BANKING	Elaborate framework
	Well-defined product offerings
	Role definition for each player
	Strong AML and risk guidelines with well defined KYCs for all product types
PSP/ PSO	Opens up doors for new players to enter the financial space and offer payment services through digital channels
	Allows for business model innovation with different players attacking the market with different thinking
ASAAN ACCOUNT	Relaxed KYCs for bank accounts
	Allow for fully digital account opening by the use of bio-verisys facilities by NADRA
	Instant customer gratification

Source: FinSurgents research and analysis.

PAYMENT SYSTEM OPERATORS:

- 1LINK (Pvt.) Ltd.
- Virtual Remittance Gateway (Pvt.) Ltd.
- National Institutional Facilitations Technologies (Pvt.) Ltd. (NIFT)

source: www.sbp.org.pk



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