**The rise of fintech**

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The banking sector in Pakistan has witnessed exceptional growth, particularly during the first quarter of 2023. A performance review by JS Global revealed record-breaking increases in income, attributed to an unprecedented surge in interest rates that provided a steady flow of interest-based income for banks.

The State Bank of Pakistan's data showed a significant year-on-year growth of 7.1 per cent in deposits by December 2022, reaching Rs22.467 trillion compared to Rs20.972 trillion in December 2021. The rise of digital financial services, driven by fintech innovation, has been a crucial contributor to this growth.

The Pakistani fintech ecosystem has been on an accelerated upwards trajectory over the last decade, driven by high-bandwidth penetration (3G/4G) surpassing 43 per cent and mobile penetration reaching over 77 per cent. With a young population, where 64 per cent are under 30 years of age, fintechs have played a vital role in introducing a new era of digital financial services in the country. Today, an estimated 269 fintech companies operate in Pakistan, focusing on mobile banking, digital payments, and lending for underserved segments. The sector is projected to cross $36 billion by 2025, creating approximately four million new jobs in the economy.

A pioneer in the branchless banking space in Pakistan, easypaisa quickly captured a significant market share due to its unprecedented ease of access and convenience. Over the years, easypaisa has undergone a remarkable transformation, evolving from a simple money transfer service in 2009 to a versatile platform with over 250 use cases today.

Today, it serves as the leading mobile wallet with over 35 million registered users or 12 million monthly active users and more than 150,000 registered agents across the country. While leading the fintech revolution in the country, the platform offers innovative products such as savings and investments, open APIs, mini apps, Asaan Digital Account, Buy Now Pay Later, Credit Score Visualization, and Digital Lending.

The easypaisa platform has recorded exponential growth during the first half of the current year and processed more than Rs3 trillion via Rs1 billion transactions since the beginning of 2023 till date. The platform has witnessed a 73 per cent growth in value and a 44 per cent rise in transactions during H1'23. This significant expansion has revolutionized the fintech space in Pakistan offering a wide array of digital financial services that cater to the diverse needs of customers.

JazzCash, another major fintech player, boasts a sizable number of monthly active users. These two micro banks account for over 85 per cent of total mobile banking transactions in Pakistan, contributing significantly to financial inclusion in a country where only around 19 per cent of adults have a bank account. NayaPay has also emerged as a prominent player in the fintech landscape of the country. This emerging fintech company is poised to contribute significantly to the digital financial services sector.

One of the primary advantages of fintech in Pakistan is its potential to promote financial inclusion by providing secure financial services. Through the use of basic mobile phones, fintech has enabled individuals to open bank accounts and engage in digital transactions. Research also suggests that the impact of digital financial inclusion of individuals alone can increase Pakistan’s GDP by $36 billion by 2025.

Fintech companies in Pakistan are at the forefront of technological advancements, leveraging artificial intelligence, big data analytics, and blockchain to provide personalized customer support. These companies deploy the latest technologies to deliver highly secured, instant, easy-to-access, and customer-centric financial services and products. The exploration of emerging technologies and trends continues to shape the future of financial services.

Fintech companies have played a crucial role in assisting the unbanked and underbanked segments of society, particularly during times of crisis and need. Through seamless donations, online funds collection, and efficient flood relief initiatives, fintech platforms have provided a lifeline to those in vulnerable situations, empowering them with financial access and aid, and fostering a more inclusive and resilient society.

As the country embraces digital transformation, fintechs have emerged as key drivers of financial inclusion. These platforms are revolutionizing Pakistan's financial landscape through their innovative and customer-centric approach.

As fintech companies continue to spearhead advancements, Pakistan's financial landscape stands on the cusp of a transformative era, poised to redefine the way financial services are accessed and utilized by millions nationwide.

The writer is an independent journalist with a keen interest in business and fintech.