

Jameel Ahmad: Shaping a future through collaboration in digitization

Speech by Mr Jameel Ahmad, Governor of the State Bank of Pakistan, at the Future of Banking Summit, Karachi, 12 November 2025.

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Mr. Asif Peer, CEO, Systems Limited;
Presidents & CEOs of Banks;
Distinguished Guests; Ladies & Gentlemen!

Assalam-o-alaikum and a very Good Morning.

It is my great pleasure to join you all today. I would like to commend Systems Limited for organizing the Future of Banking Summit in Pakistan. Events like this provide an excellent platform for thought leaders and industry experts to exchange ideas, learn from global trends, and shape a forward-looking vision for Pakistan's financial sector.

In line with the theme of this event, I would like to share my thoughts on the technological advancements shaping the future of the financial services industry. I will also discuss SBP's vision for digitization of the financial services industry and highlight some of our key achievements. Finally, I will share my expectations from the industry regarding the adoption of technology and innovation that will help us embrace the future ahead.

Ladies and Gentlemen,

Innovations in computing power, telecommunications, and data analytics are reshaping the way we live and work. Massive data sets are being processed in real time through advanced algorithms, allowing instant insights into behaviors, needs, and solutions.

The world is transforming at an unprecedented pace, and technology is the key driver of this change. Innovations in computing power, telecommunications, and data analytics are reshaping the way we live and work. Massive data sets are being processed in real time through advanced algorithms, allowing instant insights into behaviors, needs, and solutions. These developments have fundamentally altered our lifestyles - from how we communicate and learn to how we earn and spend. Workplaces have become digital, professions are evolving, and new opportunities are emerging every day. The digital future is no longer a distant vision; it is our present reality.

Financial services are also rapidly changing and evolving. Mobile phones, supported by secure biometric authentication, have become the primary gateway to financial services. Customers today expect banking to be simple, secure, and seamless - available anytime, anywhere. Social media and digital platforms have also shaped expectations for personalized, instant engagement. Emerging technologies such as artificial intelligence, big data analytics, and 5G connectivity will further redefine how financial institutions operate and interact with customers. They will not only improve efficiency and customer experience but also open new pathways for inclusion and innovation in Pakistan's financial ecosystem.

The question now evolving is that why should financial services be the forte of traditional banks only? Today, entities with vast computational power, intelligent algorithms, and access to large data sets are entering the financial space. These include not only Big-Techs firms, but also agile Fintechs and innovative start-ups. Together, they are redefining how financial products are designed, delivered, and experienced.

This shift presents both an opportunity and an existential challenge for the traditional financial sector. The rise of cloud computing, artificial intelligence, distributed ledger technologies, and mobile platforms is blurring the boundaries between banks, technology firms, and service providers. To stay relevant, financial institutions must evolve. This means upgrading technology, adopting global standards, diversifying business models, and investing in customer protection and digital awareness. The future will belong to those who can adapt, collaborate, and innovate with speed and purpose.

Ladies and Gentlemen,

The State Bank of Pakistan, along with other financial services regulators, must also evolve to meet the demands of a rapidly changing landscape. During the past few years, SBP has undertaken significant initiatives to encourage the adoption of technology across the financial sector. This includes upgradation of our digital payment infrastructure, both retail and large value, and introducing enabling regulations for digital banks, electronic money and payment institutions. At the same time, SBP has taken measures to safeguard our financial system from cyber threats and operational vulnerabilities, ensuring that innovation is matched with resilience and trust.

During the past few years, we have witnessed significant growth in the number of transactions being conducted using our digital banking channels. In FY25, of the 9.1 billion transactions processed by our banking and payment channels: 68% were conducted using mobile apps, whereas 5% and 3% transactions were carried out via cards and internet banking portals, respectively. Only 12% of transactions were conducted over the counter and another 12% using ATMs. On the other hand, in terms of value, PKR 612 trillion were processed through banking channels, of which 70% were conducted at the branch level, mostly using cheques and cash. 16% of the value was transacted via mobile apps and another 6% through internet-banking portals.

Last year, the number of retail transactions performed digitally through our banking system increased by 44% while the value transacted digitally grew by 56%. This shows that retail customers are increasingly using mobile apps for their day-to-day transactions. However, large-value payments continue to be conducted via conventional channels, such as cheques and in-branch services.

Another major concern is the large value of currency in circulation, which is around 10.5 trillion rupees or around 8.5 percent of our GDP. While currency in circulation depends on multiple factors, including taxation policies and returns offered on bank deposits, etc., SBP believes that proving easy-to-use and trusted digital channels can help the broader economy digitize and document a significant portion of cash transactions. Going forward, we expect the financial industry to process over 15 billion transactions digitally during FY26.

Ladies and Gentlemen,

This brings me to SBP's vision for the digitization of the financial services industry, which is based on the principles of providing user with ease-to-use and trusted digital services.

First, we would like our digital payments infrastructure to be state-of-the-art and fully interoperable thereby enabling customers and businesses make and receive payments instantly. Raast is an embodiment of this vision and is the most critical component of our Digital Public Infrastructure. The launch and continual expansion of Raast, represents a landmark development not simply as a payment switch, but also as a core national infrastructure. Raast enables citizens, businesses, and government entities to transact in real time, securely and at low cost. By reducing friction and broadening access, Raast supports State Bank's vision of a modern payments ecosystem that is accessible to every Pakistani regardless of geography, income, or institutional affiliation. The Prime Minister of Pakistan has also made Raast the corner stone of his key strategic initiative for digitizing the economy and making it cashless. The entire government services are now being shifted onto Raast and the private sector is rapidly adopting the new system as well.

My key message for the banking and payments industry is to increase the pace of digitization of their customers' transaction, both in public and private sector. SBP is offering the Raast system free to its participants; and look forward for the support of banks and other stakeholders for its widespread adoption.

We want to expand our financial services industry to encourage the entry of tech enabled innovative companies. As of today, two digital banks are commercially live and another one will become operational very soon. Furthermore, six EMLs and six payment institutions who are commercially live and few others are getting ready to enter the market. We expect these new digitally enabled entities to help bring affordable financial services, encourage product innovation and provide user-friendly interfaces for the people of Pakistan. It would be extremely important for them to solve the problems of low inclusion and digitization, which we are facing today. Be it a small farmer who wants to receive payments instantly, or a female entrepreneur who wants access to credit for growing her business or a household who wants to store value safely; our objective is to translate every digital advancement into greater financial inclusion, operational efficiency, and public trust.

Second, there is a need to create an enabling environment for the adoption of Open Finance by the financial services industry especially banks. Open Banking is the consent enabled sharing of banking data with third parties so that they can develop innovative solutions for their customers. It also includes payment initiation services which is the consent enabled initiation of payment by the third parties. The underlying principle of Open banking is that the customer is the owner of their data and financial institutions are merely custodians of that information. Hence, the customer should be able to use their data for availing third party services. SBP expects that open banking initiative riding on the rails of faster payments will bring in a new era of customer-centric digitization of the economy.

Another key area is the e-KYC project, which has been developed, and being led by Pakistan Banks' Association. This e-KYC platform has been launched and currently 8 banks are pushing their customers data on the platform. Another 15 banks will soon be able to push their customers data using this platform. I strongly urge the Pakistan Banks' Association to enable all banks on this platform and extend the sharing of e-KYC to other player of the financial ecosystem. This will facilitate customer and businesses onboarding journey making it simpler and faster.

Third, we want to integrate our payment systems with the systems of other friendly countries for facilitating inward remittance flows and other trade and tourism related transactions. The objective is to make these transfers near real-time, less costly and safer. For seamless integration of payment systems, the industry needs to adopt international standards. SBP has already adopted ISO 20022 messaging standard, both for its retail and large value payment systems, Raast and PRISM plus, which make us compatible with other payment systems and ensures seamless integration.

Fourth, building customer trust in digital financial services is a pre-requisite for achieving wider adoption. As payment volumes shift to digital channels, the need for strong cybersecurity and fraud protection becomes even more crucial. Users must have confidence that the financial system is secure and that safeguards are in place to protect their funds and data. A single incident can damage confidence, so prevention, monitoring and swift response are essential. SBP continues to strengthen its regulatory cyber security frameworks and expects institutions to invest in resilient and robust infrastructure, continuous monitoring mechanisms and customer awareness programs. The industry need to address Cybersecurity threats as well as prevention of frauds and scams on priority and ensure continuous availability of online dispute resolution mechanisms and liability frameworks for their customers.

The emergence of Large and Small Language Models coupled with Retrieval-Augmented Generation or RAGS are not only enhancing the quality of our work force and human productivity but also resulting in the development of innovative systems like Agentic AI. The innovations in AI has huge potential for our industry: from addressing consumer protection issues to enhancing the effectiveness of our compliance and risk management functions. Banks and other financial institutions needs to invest in these new technologies in a manner that expands their product development, customer support and compliance related abilities in an innovation friendly and responsible manner. We must not forget that the promise of AI comes with responsibility; State Bank of Pakistan is committed to promoting responsible and transparent AI adoption in financial services. AI's use should be fair, explainable, and aligned with the principles of consumer protection, privacy, and ethical governance.

Finally, State Bank wants to promote innovation and extend outreach to innovators, students and industry. In this regard, SBP is in advanced stages of launching its own Innovation Hub, which will bring exciting developments for the industry. As part of this initiative, SBP launched the first cohort of its Regulatory Sandbox. The first cohort focuses on exploring innovative ways for bringing inward remittances in Pakistan, Open Banking and Onboarding of Merchants. This collaborative approach will allow innovators to test new ideas in a controlled environment while ensuring customer safety and regulatory compliance.

Ladies and Gentlemen,

Today Pakistan stands at a critical junction, ready to embrace the momentum of global change and build a financial system that empowers citizens while promoting financial inclusion for sustainable economic development. Over the last few years, the industry has developed its digital financial services offerings, resulting in the continued expansion of digital financial services. Banks and Fintechs are introducing seamless experiences, improving interoperability, and providing convenient, mobile-first access to services that were once tied to physical branches. Today, many customers can open accounts, make payments, apply for loans, and manage their finances through mobile apps.

In conclusion, I would like to emphasize that digital financial services in Pakistan are passing through a critical evolutionary phase. The country has the talent, infrastructure, and vision to build a financial system that fosters innovation and inclusiveness. By working together – regulators, banks, Fintechs, policymakers, and the private sector – we can shape a future where every Pakistani can confidently participate in the digital economy. I firmly believe that Pakistan is on the cusp of digital transformation. As leaders in the financial services industry, it is our responsibility to guide this transformation with purpose and vision. Let us harness the power of technology and the insights from data to build financial services that meets the needs of all customers. Together, we can create a financial ecosystem that reflects the promise of a prosperous, and digitally empowered Pakistan.

In the end, I am once again grateful to the organizers for inviting me to share my thoughts today.

Thank you all for your attention.