

Jameel Ahmad: Speech - CFA Society Pakistan 22nd Annual Awards Ceremony

Speech by Mr Jameel Ahmad, Governor of the State Bank of Pakistan, at the 22nd Annual Awards Ceremony, organised by the CFA Society Pakistan, Karachi, 7 November 2025.

* * *

Chairperson SECP, Mr. Akif Saeed;
Mr. Muhammad Asim, President, CFA Society Pakistan;
Presidents & CEOs Banks and FIs;
Distinguished Guests, Ladies & Gentlemen;

Assalam –o Alaikum and a very good evening;

I am delighted to attend today the 22nd Annual Awards ceremony, organized by the CFA Society Pakistan. I am encouraged to note that we are recognizing financial institutions not just on the basis of their size and profitability, but also for their contributions towards important socioeconomic objectives, including gender diversity, quality of research, and efforts to attract investment into our country. I am grateful for the opportunity to be a part of this ceremony and to share my views on the important role that this platform can play in further deepening and development of the financial system of Pakistan.

But before I share my views on this topic, let us briefly recall the difficult economic situation we had when the last time I was here – in late 2022 – at the CFA Society's 19th Annual Awards. We were going through extremely challenging circumstances, with rising inflation, widening twin deficits and depleting FX reserves. Many analysts were predicting a sovereign default within few weeks.

However, the government and the SBP remained steadfast and adopted a series of unpopular yet necessary policy and regulatory measures. As a result, we have moved past that difficult period, and today our economy is in a significantly better position. Inflation is down and is projected to stay within the target range of 5 – 7 percent. Our FX reserves are now almost five times their low in early 2023. We are targeting to increase them further to achieve at least three months of import coverage. From the government's side, the fiscal consolidation is continuing, as reflected in consecutive primary balance surpluses over the past two years. Consequently, our debt dynamics have also improved considerably. Our total public debt-to-GDP peaked in FY23 and is down 5 percentage points since then. Lastly – but most importantly – economic growth is gaining momentum, reaching 3 percent in FY25. We expect it to rise close to the upper bound of our projected range of 3.25 – 4.25 percent in FY26, supported by improved macroeconomic fundamentals and easing financial conditions.

This macroeconomic stability has been achieved through significant effort and difficult policy decisions, which of course, came at a cost. Now that our economy is stabilized and on the path to recovery, it is essential that we reflect on the lessons learned from – both the recent past and earlier phases of our business cycles. In my view, to achieve

higher and more sustainable growth, we must maintain the ongoing macroeconomic stability and shift our growth model toward enhancing productivity, boosting exports, and attracting investments in the new and emerging sectors of the global economy, as opposed to inward-looking industries. Achieving this will require collective efforts from both public and private sectors.

Ladies and gentlemen!

For emerging economies to achieve sustainable and inclusive economic growth, one of the key ingredients is a deep and well-functioning financial ecosystem – one that can cater to the financing needs of a wide range of public and private sector stakeholders. In Pakistan's case, the financial system is dominated by commercial banks, which have been primarily involved in meeting the government's budgetary requirements. This leaves a large gap in meeting the credit and investment needs of the private sector. In many emerging economies, this demand for funds is also met by the capital markets, which serve as the major platform for financial intermediation.

In this regard, Pakistan has lagged behind many other emerging economies in developing deep and liquid capital markets capable of meeting the credit and investment needs of a broader range of businesses and consumers. Let me briefly discuss three key indicators to illustrate this point.

First, the size of our domestic equity market – as measured by market capitalization of listed firms as percent of GDP – is at around 13 percent as of end-FY25. According to World Bank data till 2024, this is quite low as compared to other major emerging economies, such as India at 131 percent, Malaysia 107 percent, Thailand 99 percent, and Brazil at 30 percent. This suggests that, despite the recent improvements, Pakistan's equity market remains relatively shallow compared to peers, indicating limited reliance on capital markets for corporate financing.

Second, the size of Pakistan's corporate debt market is almost negligible relative to GDP. While Asian economies generally have smaller corporate debt markets relative to western economies, our market is even smaller than the regional average of 2.8 percent of GDP.

Third, our equity market is also less liquid than those of our peer economies. At 5 percent of GDP, the traded value of stocks in Pakistan is quite low as compared to India at 86 percent, Thailand at 57 percent, Brazil at 42 percent, and Malaysia at 39 percent. Liquidity in Pakistan's equity market also tends to be concentrated among a few sectors and stocks, reflecting limited breadth of market participation. Evidence from different studies suggests that liquid markets attract more investments from institutional investors.

Closely linked to my previous point is the size of assets under management of investment funds in Pakistan, which remains below 5 percent of GDP, according to a recent OECD report. This is significantly lower than more developed markets in the region, such as Korea at 67 percent, Malaysia at around 55 percent, and Thailand at 38 percent. This limited scale of the investment fund industry highlights some underlying

structural constraints in our capital markets. These include a narrow investor base, limited product diversity, and relatively low household participation in formal investment channels.

Ladies and gentlemen!

Addressing these shortcomings is our collective responsibility. Expanding the domestic retail investor base and providing a facilitative regulatory environment are already key priorities that the SBP, in collaboration with other regulators, is working on. Ultimately, it all comes down to financial inclusion. A financially literate population has widespread implications for the broader macroeconomy and the investment landscape. This is where financial literacy plays a pivotal role. With a better understanding of how to budget, save, invest and navigate the financial system, citizens can increase their opportunities for socioeconomic advancement.

I am pleased to share that the SBP has long been at the forefront of promoting financial literacy in the country, in collaboration with the financial services industry and academia. Increasing financial literacy also remains one of the high-level strategic goals under SBP's Vision 2028, alongside building an innovative and inclusive digital financial services ecosystem.

I would also like to take this opportunity to acknowledge the important financial literacy initiatives undertaken by our fellow regulators - especially the SECP - as well as our private-sector stakeholders, including CFA Society Pakistan and our brokerage and investment houses. Conducting awareness sessions, mock investment competitions, and award ceremonies like today's event are all commendable efforts by the financial services industry to advance our collective goal of building a prosperous and financially empowered country.

That said, as we look ahead, there is a need to broaden our investor base and deepen our markets. Expanding digital access and simplifying onboarding through measures like simpler and streamlined e-KYC and small-ticket investment options can help bring more individuals into the fold, which can help gradually increase turnover and improve market depth over time. Similarly, we need to expand our efforts through investor education programs to reach more people in rural and underserved areas to integrate them into the formal financial services industry. These efforts align closely with SBP's broader agenda of promoting financial inclusion, which can help diversify investor base and mobilize more household savings into productive investment channels. At the same time, developing alternative investment products such as exchange-traded funds and Shariah-compliant instruments, along with greater transparency of market data, can help cater to diverse investor preferences and provide broader avenues for participation.

On the institutional side, there is a need to improve market infrastructure and governance. Similarly, raising corporate governance and disclosure standards, to improve transparency and building public trust and confidence, are also vital. Last but not the least, upholding public trust in investment avenues is also critical. This is important especially in times like these when illicit operators exploit the lack of financial literacy to wipe away people's lifetime savings in a matter of minutes.

Ladies and gentlemen!

While concluding, I must reiterate that this is the time for us to come and work together to put our economy on a sustainable and inclusive growth trajectory. We also need to make sure that we do not shy away from taking tough policy and business decisions, in order to avoid a repeat of the boom-bust growth cycles and long-term economic stagnation. With a broad, resilient and inclusive financial services industry, supported by enabling regulatory environment, I am sure that we will be able to achieve economic prosperity for our country.

With that, I would like to extend my heartfelt gratitude to CFA Society Pakistan for successfully organizing its prestigious awards ceremony every year. I would also like to congratulate all the winners and nominees. Let us continue to strive for excellence and contribute to the betterment of our economy and people by building a more inclusive, dynamic, and future-ready financial ecosystem.

I thank you for your time.