

FINTECH EXPANSION AND FINANCIAL INCLUSION: EVIDENCE FROM PAKISTAN

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Abstract

Despite recent advancements in the digital financial ecosystem, Pakistan has one of the largest unbanked populations in the world with millions of adults lacking access to formal financial services. The burgeoning growth of financial technology (fintech) - including mobile wallets, branchless banking, real-time payments, and online credit - offers a potential game-changer in extending financial inclusion. Our study adopts a qualitative approach to understand the nexus between fintech growth and financial inclusion in Pakistan. This study has used semi-structured interviews with 10 respondents (fintech users, fintech service providers and policy experts) selected purposively. Policy documents and reports on the fintech sector were analysed to triangulate the data. Thematic analysis identified five key enabling factors including: digital accessibility, trust and security, affordability, regulatory support, and digital literacy. The study shows that while fintech has substantially increased financial inclusion, particularly with Raast, JazzCash and Easypaisa, there are still significant barriers to further inclusion due to deficiencies in infrastructure, digital literacy, gender equality, and trust. This research adds to the growing literature on fintech for financial inclusion in emerging markets and provides policy insights in line with Pakistan's National Financial Inclusion Strategy (NFIS) 2024-28.

Keywords: Fintech, financial inclusion, Pakistan, digital payments, mobile banking, branchless banking, qualitative, thematic, SBP, NFIS

1. INTRODUCTION

Access to financial services - defined as the use of affordable, accessible and reliable financial services - is widely acknowledged as an important component of inclusive economic growth (Demirgüç-Kunt et al., 2022; World Bank, 2021). Savings, credit, insurance and payment services allow individuals and firms to manage risks and invest in productive activities, and for them to engage in formal economic activity. Yet, despite decades of policy reforms and institutional changes, many adults globally are still excluded from the formal financial system, with the gap being particularly pronounced in developing countries, rural areas, among women and the poor (Sahay et al., 2015; Razzaq et al., 2024). Pakistan is a case in point. As a country of over 240 million people, with an overall adult financial inclusion rate of around 64% in 2023, Pakistan has a large financial inclusion gap, which hampers poverty alleviation, formalisation of the economy, as well as macroeconomic policy transmission (SBP, 2024; Invest2Innovate, 2025). The State Bank of Pakistan (SBP) has recognised financial inclusion as a national priority, reflecting this in the National Financial Inclusion Strategy (NFIS) 2024-28 that aims to lift financial inclusion to 75% of adults by 2028 and reduce the gender gap from 34% to 25% by 2028 (Profit Pakistan Today, 2025; SBP, 2025). The swift rise and growth of financial technology (also known as fintech) has provided new opportunities to achieve these goals. Fintech refers to a variety of technology-powered financial services and infrastructure innovations such as mobile money wallets and branchless banking agents, peer-to-peer (P2P) payments, digital loans, and insurtech (Lee & Shin, 2018; Gomber et al., 2018). In Pakistan,

leading fintech platforms like JazzCash, Easypaisa and the SBP instant payment system (Raast) have shown the potential to reach millions of under-served and unserved customers. In 2023, Raast facilitated more than 102 million person-to-person (P2P) transactions, up from 7.9 million in 2022 (ADB, 2024). Online and mobile transactions have grown from 17% of transactions in early 2020 to 75% in September 2024 (ADB, 2024). However, the growth of fintech in Pakistan has been uneven and its translation into meaningful financial inclusion - defined not just by account opening but also usage, service quality, and economic empowerment - has been limited. Structural constraints such as low digital literacy, poor digital infrastructure in rural Pakistan, trust issues towards digital platforms and gender exclusion undermine the inclusion potential of fintech (Razzaq et al., 2024; The Fintech Times, 2024). Insight into the pathways through which fintech facilitates or limits financial inclusion from the perspectives of users, providers and policy makers is therefore crucial to inform and develop strategies.

This research fills this gap by undertaking a qualitative study based on the lived realities and expert insights of fintech stakeholders in Pakistan. The study seeks to answer the following research question: What impact does the expansion of fintech have on financial inclusion in Pakistan, and what are the main enablers and barriers of this relationship?

2. LITERATURE REVIEW

2.1 Conceptualizing Financial Inclusion

Financial inclusion is a multifaceted concept that refers to the supply, access, use and quality of formal financial services for all members of society (Sarma, 2008; Demirgüç-Kunt et al., 2022). Economic literature has moved from a unidimensional approach focused on financial account ownership to multidimensional approaches that include the depth and fit of financial services, consumer protection, and economic welfare (Koomson et al., 2020). Demirgüç-Kunt et al.'s (2022) Global Findex Database, the most widely accepted measure of financial inclusion, splits financial inclusion into account ownership, savings, borrowing, and electronic payments as different but complementary aspects of inclusion.

In terms of economic development, financial inclusion is linked with poverty alleviation, income smoothing, investment for productive purposes and buffering against shocks (Beck et al., 2007; Suri & Jack, 2016). Morgan and Pontines (2018) find a positive link between financial inclusion and financial stability, where inclusion is achieved through adequate risk management systems. Mookerjee and Kalipioni (2010) also demonstrate that a higher supply of financial services is linked to reduced income inequality across a large number of countries, highlighting the role of inclusion policies in reducing inequality. Pakistan's National Financial Inclusion Strategy has evolved to include these holistic approaches. The SBP's Pakistan Financial Inclusion Index (P-FII), introduced in 2024, offers a 360-degree, 3 sub-index perspective (Access, Usage and Quality) measuring 69 indicators against 2030 targets (AFI, 2026). As Figure 1 below illustrates, the P-FII index score has improved from 54.8 (2023) to 58.1 (2024), with the Access sub-index at 72.3, Usage at 62.5 and Quality at 43.9 - suggesting that while access to financial services has improved significantly, the quality and active usage of these services require further policy focus.

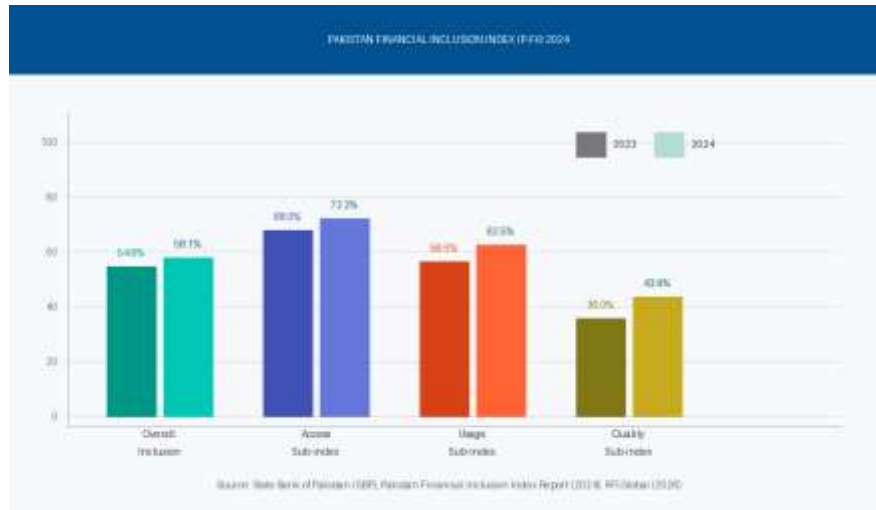


Figure 1: Pakistan Financial Inclusion Index (P-FII) Components, 2023–2024. Source: State Bank of Pakistan (2024); AFI Global (2026).

2.2 The Theoretical Relationship between Fintech and Financial Inclusion

Fintech has the potential to be a game-changer in the field of financial inclusion by reducing the cost of delivering financial services, expanding the geographic footprint of financial services via digital channels, facilitating identity verification and credit scoring through alternative data, and reducing transaction costs (Gomber et al., 2018; Pazarbasioglu et al., 2020). The theoretical arguments for fintech-based inclusion are based on multiple factors. First, mobile and online delivery channels avoid the high fixed costs of branch-based banking, allowing profitable service delivery to low-income and remote populations (Lee & Shin, 2018). Second, non-traditional data - such as mobile phone usage, transaction records and utility bills - can be used to calculate credit scores for people without credit history, allowing for access to loans (Schuetz & Venkatesh, 2020). Third, agency banking and branchless banking models use existing retail networks, such as kiriyana shops and mobile phone airtime vendors, as banking outlets, enhancing the geographic coverage of financial services (ADB, 2024).

These theoretical connections are supported by empirical evidence from developing countries. Suri and Jack's (2016) study of M-Pesa in Kenya showed that acceptance of mobile money led to an increase in income for about 2% of Kenyan households, with disproportionate impacts on women. Likewise, India's Unified Payments Interface (UPI) recorded 117.6 billion transactions in 2023, marking a shift in payment habits across all income levels (ADB, 2024). These lessons from similar settings in developing economies offer a reason for optimism about the inclusion potential of fintech in Pakistan, but it is necessary to take into account key differences - such as the lower smartphone adoption rate, poor digital infrastructure in rural areas, and greater gender inequality in Pakistan.

2.3 Pakistan's Fintech Ecosystem

Pakistan's fintech ecosystem has grown significantly since the SBP first introduced branchless banking regulations in 2008 and laid the groundwork for more than 500,000 branchless banking agents (Invest2Innovate, 2025). The ecosystem is centred around two leading mobile wallets - JazzCash (owned by Jazz, formerly Mobilink) and Easypaisa (owned by Telenor Pakistan) - which dominate the digital wallet market share. The introduction of the State Bank of Pakistan's (SBP) Raast instant payment system in 2021 is a major infrastructure development, allowing free, real-time person-to-person (P2P) and person-to-merchant (P2M) payments and handling more than 102 million transactions in 2023 (ADB, 2024).

The SBP estimates the Pakistani digital payments market will expand to \$36 billion by 2025, spurred by smartphone adoption, 4G network roll-outs, and increasing digital transactions (Invest2Innovate, 2025). Pakistan's digital infrastructure, although patchy, is a stepping-stone for fintech growth, with 143 million broadband and 193 million cellular subscribers. Figure 2 shows the share of mobile or online transactions increased from 17% in 2020 to 75% in September 2024 - a staggering growth powered by a shift in consumer behaviour during the pandemic, the Raast platform and increased acceptance of digital payments by merchants.

Regulations have improved, with the SBP's National Financial Inclusion Strategy (NFIS) 2024-28 setting targets, the establishment of five licensed digital banks, the creation of an open banking framework and an Innovation and Fintech Hub in Karachi (Profit Pakistan Today, 2025). The Securities and Exchange Commission of Pakistan (SECP) supplements SBP regulation of investment and capital market-related fintech. Despite this enabling regulatory environment, there are several structural barriers that limit the impact of fintech expansion for financial inclusion - a 34 percentage point gender gap in financial inclusion, weak rural and peri-urban fintech adoption and cybersecurity and consumer protection concerns (SBP, 2024; Razzaq et al., 2024).

The literature proposes a number of barriers that limit the impact of fintech growth on actual financial inclusion in developing economy contexts similar to Pakistan. Digital infrastructure barriers - such as low smartphone penetration, lack of rural internet coverage, and limited access to electricity - limit access to digital financial services among low-income and excluded groups (Schuetz & Venkatesh, 2020; Pazarbasioglu et al., 2020). Security and trust issues are a major barrier in environments where digital financial inclusion is constrained by low digital literacy and past experiences of financial fraud (Ali et al., 2024). Akhtar and Liu (2023) identify trust in mobile money services as a major predictor of mobile money use in Pakistan, through perceived usefulness and ease of use.

Rural-urban access divides are compounded by the cost of smartphones and internet data plans reaching significant proportions of low-income households' budgets. The financial inclusion literature in Pakistan, in particular, highlights the rural-urban digital divide, low levels of education, and cultural norms dictating limited female access to and control over digital devices as additional factors affecting financial inclusion (Razzaq et al., 2024; The Fintech Times, 2024). The Asian Development Bank (2024) reports that, according to available estimates, 92% of women in Pakistan were financially excluded compared to 70% of men, a difference that is not related to fintech but must be explicitly considered by fintech interventions.

3. METHODOLOGY

This research adopts a qualitative approach to study the impact of fintech growth on financial inclusion in Pakistan. A qualitative design was chosen to allow the researcher to explore the experiences, perspectives and interpretations of participants; aspects that have been captured through quantitative measures, but to a lesser extent (Creswell & Poth, 2018; Patton, 2015). The research topic - the ways that fintech affects financial inclusion - is social and contextual in nature, making the qualitative approach well suited.

3.1 Research Design

The study was undertaken from an interpretivist philosophical stance, acknowledging the socially constructed nature of knowledge about fintech and financial inclusion and the influence of the interests of the parties involved (Lincoln & Guba, 1985; Creswell & Poth, 2018). A qualitative case study approach was taken, using Pakistan's fintech sector as a case to explore financial inclusion. This allowed the researcher to use multiple sources of data (interview data and documentary analysis) to triangulate data across inquirants.

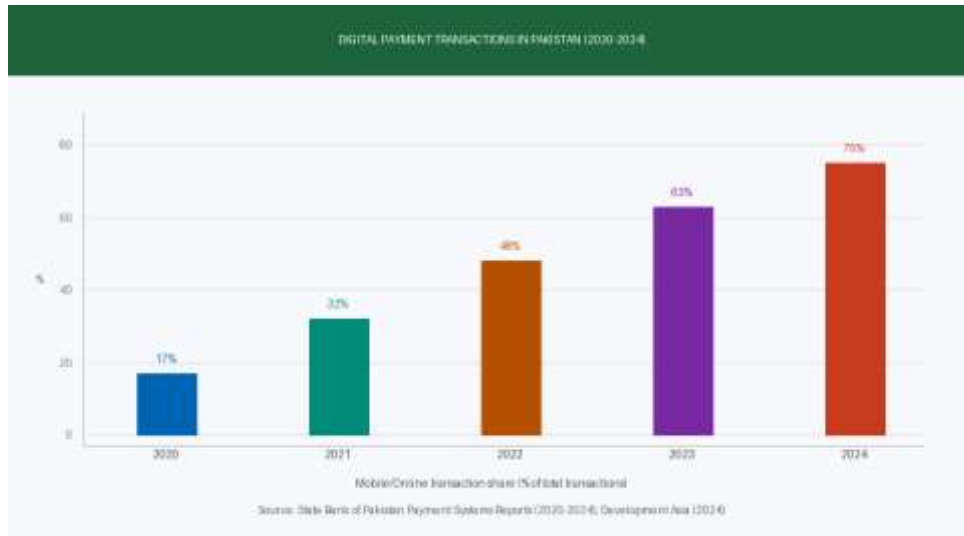


Figure 2: Mobile and Online Transaction Share in Pakistan (2020–2024). Source: State Bank of Pakistan Payment Systems Reports (2024); ADB Development Asia (2024).

3.2 Data Collection

We conducted semi-structured, in-depth interviews with 10 purposively sampled participants. This approach was used to ensure representation of various stakeholder groups that are relevant to the research question (Patton, 2015). Participants included: three fintech users (a mix of urban and semi-urban residents with different levels of digital expertise); three fintech service providers (representatives of mobile wallet and digital banking providers); two policy and regulators (officials familiar with SBP's NFIS and digital finance regulation); and two academics and financial inclusion experts from civil society organisations. Data collection through interviews took place between January and March 2024 and interviews lasted between 45 and 75 minutes. Consenting participants' interviews were recorded and transcribed verbatim.

Alongside the interview data, other secondary data was examined for triangulation. These included: the SBP's NFIS 2024-28; the Pakistan Financial Inclusion Index Report (2024); quarterly payment system reports published by the SBP; the Global Findex Database (2021); fintech sector reports by Invest2Innovate and the Asian Development Bank; and academic peer-reviewed literature on fintech and financial inclusion in the developing world.

3.3 Data Analysis

Data were analysed using thematic analysis according to the six-step procedure outlined by Braun and Clarke (2006): (1) familiarization with the data through repeated reading of interview transcripts and documents; (2) generating initial codes from the data; (3) searching for themes through collation of codes; (4) reviewing themes for fit and distinctiveness; (5) defining and naming themes; and (6) producing the report. The researcher took a reflexive thematic analysis approach (Braun & Clarke, 2006), keeping an audit trail of the analysis. Credibility was ensured through member checking with some participants (Lincoln & Guba, 1985). Data was systematically organised and coded using NVivo.

3.4 Ethical Considerations

The project was approved by a human research ethics committee. Participants provided written consent and were assured of anonymity and confidentiality. Participants are referred to by pseudonyms (e.g., P1-P10) in the analysis. Data were securely stored and only used for research. Participants were reminded that their participation was voluntary and no-one was under any compulsion to participate.

4. FINDINGS

The thematic analysis of the interview data, complemented by documentary evidence, produced five key themes: (1) digital access and infrastructure; (2) trust, security and consumer confidence; (3) affordability and cost; (4) regulatory and institutional support; and (5) digital and financial literacy. The framework of themes is summarised in Figure 3. These are discussed in more detail in the next subsections, with illustrative quotations from the interviews and evidence from other sources.

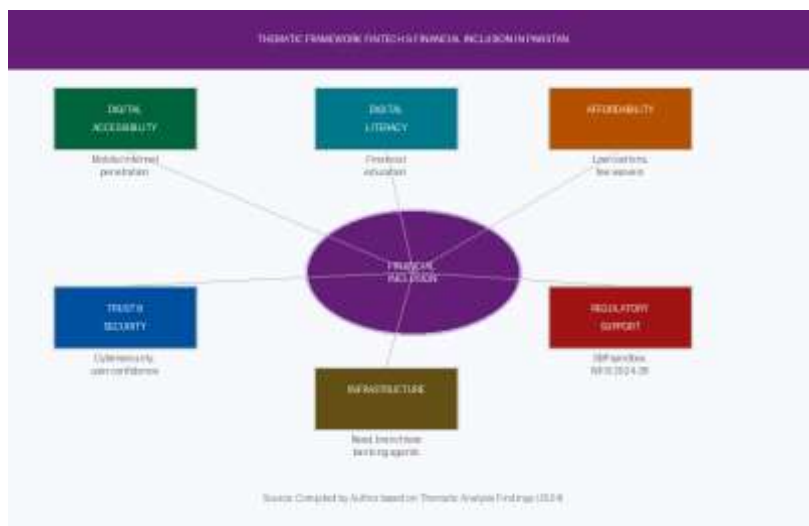


Figure 3: Thematic Framework – Fintech Expansion and Financial Inclusion in Pakistan.
Source: Author's Compilation Based on Thematic Analysis (2024).

4.1 Theme 1: Digital Accessibility and Infrastructure

Digital access was identified as the prerequisite for fintech-enabled financial inclusion by all categories of participants. A key enabler of financial inclusion was cited as improvements in mobile network infrastructure, affordability of mobile phones, and growth in branchless bank agents. Service providers cited substantial investment in the last-mile delivery of financial services, especially through repurposing existing "karyana" (local grocery) stores as mobile money agents, a strategy highlighted in the regulatory literature as a key component of Pakistan's branchless banking (ADB, 2024).

"The most significant change I've observed in the past three years is that people in my community who didn't have bank accounts now have their JazzCash account on their phone. There's an agent just next door in the shop" (P4, Fintech User, Lahore). This is consistent with data showing that the percentage of transactions conducted through mobile and online channels increased from 17% of the total in 2020 to 75% in September 2024 (SBP, 2024), signalling a shift in Pakistanis' financial service usage.

But interviewees indicated issues with the digital divide, especially in rural and peri-urban areas. Policy stakeholders highlighted that despite a high level of broadband penetration at 143 million subscribers, quality and reliability of internet in rural districts is insufficient to ensure seamless access to fintech services. "We have subscribers, but we don't have bandwidth. A bad connection when you're trying to send money to a family member is worse than no connection - it's trust-breaking" (P8, Policy Expert). This echoes the literature's recognition of infrastructure quality, rather than infrastructure provision, as a key factor influencing the adoption of digital financial services (Schuetz & Venkatesh, 2020).

4.2 Theme 2: Trust, Security and Consumer Confidence

Trust for digital financial platforms was a key theme that cut across issues of adoption and active use. Several interviewees reported trust was a major barrier to financial inclusion, reflected in reluctance to put money into digital wallets, disclose personal financial details, and engage in high-value transactions. These concerns were more acute among older users, rural users, and women users, reflecting a range of vulnerabilities arising from a lack of digital literacy, past fraud experiences, and cultural factors impacting technology adoption.

"My mother is not doing mobile banking because she heard that her friend was scammed. That one case is spread through the community. It took years to build digital banking and one scam can destroy it" (P2, Fintech User, Karachi). This user's comment is consistent with the well-documented phenomenon in financial inclusion literature that social learning and community narratives has a greater influence on technology adoption among low-income and digitally inexperienced users (Akhtar & Liu, 2023).

Service providers recognised cybersecurity as both a technical and reputation risk. Fintech providers explained that their investments in biometric and two-factor authentication and AI-based fraud detection mechanisms are integral to their customer recruitment and retention efforts. Regulators commented that the SBP's consumer protection regime, including the Banking on Equality Policy and consumer complaints redressal mechanism, offers a key institutional safety net, but that enforcement efforts need to be ramped up to keep pace with the rapid growth of the fintech sector.

4.3 Theme 3: Cost and Affordability

User participants attributed cost as a key - but changing - barrier to fintech. Participants recounted that past concerns over transaction costs for small value peer-to-peer transfers and payments have been a barrier to adoption for low-income users. The arrival of Raast as a free instantaneous payment platform was unanimously described as a gamechanger.

"Raast has made all the difference to me. I didn't use to use it because I would wait until I had enough money to make the transfer to my sister and pay the fee. With Raast I can transfer 500 rupees to my sister for free. There is a big difference in using and not using it" (P1, Fintech User, Rawalpindi). This finding echoes the theoretical expectation that zero marginal cost digital payment system technologies can unlock the interest of previously reluctant low-income users (Pazarbasioglu et al., 2020).

But users also cited indirect affordability factors such as the cost of smartphones and mobile data as barriers that would not be addressed by Raast and other platforms alone. Service providers cited the emergence of affordable Android phones in the PKR 10,000-15,000 range, but affirmed that even these prices are beyond the means of the bottom income quintile. Policy experts noted the need for subsidies and public-private partnerships to address smartphone affordability issues in addition to investments in digital payment infrastructure.

4.4 Theme 4: Regulatory and Institutional Framework

All respondents agreed that regulatory frameworks are important drivers of fintech inclusion. The regulatory framework of the SBP, which includes the National Financial Inclusion Strategy (NFIS) 2024-28, the licensing of five digital banks, the Regulatory Sandbox framework of the SECP, and the development of an open banking framework, was repeatedly referred to as indicators of institutional commitment as well as a source of market confidence for fintech investors and fintech service providers (SBP, 2025; Invest2Innov

"The NFIS 2024 provided a clear roadmap for the industry. When the regulator says it's aiming for 75% financial inclusion by 2028 and then supports it with certain policy instruments, it affects the way you make investment decisions. You know there's a market" (P6, Fintech Service Provider). This view highlights how regulatory certainty can operate as a coordination tool, bringing private investment in line with public inclusion goals.

However, there were areas according to participants where regulatory frameworks needed to be fortified. Personally sensitive financial data regulation was regularly identified as insufficient to the amount of data handled by fintech platforms, presenting risk to consumers and regulatory uncertainty for providers. One researcher participant highlighted the balance between regulatory caution and the pace of innovation: "The SBP is doing the right thing, but often the regulation of fintech is lagging by two or three years. In a dynamic industry the result of this is that whole classes of products are operating in a regulatory grey area" (P9, Research/Academic).

4.5 Theme 5: Financial Literacy and Digital Literacy

Digital literacy and financial education were seen as enabling factors that flowed through all other enabling factors. Participants noted low levels of digital literacy (including basic ability to use digital devices, navigate fintech apps and understand digital financial products) as a fundamental enabler, especially in rural communities and among older people and women. Financial education - an understanding of the importance of saving, insurance, and managing credit - was also seen as an enabling factor that constrained the extent of financial inclusion, despite access.

"If we put someone through a mobile wallet account, but they don't know how to use it, or they're scared they're going to make a mistake and lose their money, they're not going to use it. Having an account is not inclusion. Using it with confidence is inclusion" (P7, Policy Expert). This participant's emphasis on usage rather than account ownership is reflected in the quality dimension of the P-FII index, where Pakistan scored 43.9 - the lowest of the three sub-indices - suggesting there is a long way to go (AFI, 2026).

The State Bank of Pakistan's (SBP) National Financial Education Roadmap (NFER) 2025-29, released in April 2025, and the Financial Literacy Week program (150 financial literacy camps in 60 cities) are steps in the right direction (SBP, 2025). But interviewees stressed the need for financial education initiatives to be tailored to local languages, cultural practices, and use cases of fintech to have the maximum impact on those in need.

5. DISCUSSION

This study sheds light on the multifaceted nature of the relationship between fintech growth and financial inclusion in Pakistan, confirming some of the theoretical propositions in the literature while also highlighting subtleties and complexities that complicate narratives of technological inclusion. Consistent with Gomber et al. (2018) and Pazarbasioglu et al. (2020), the study supports the propositions that fintech platforms - especially mobile wallets and instant payment systems - have led to the expansion of formal financial services across geographic and demographic segments in Pakistan. The exponential rise in digital payment volumes reported in Figure 2 and the rise in P-FII scores across all sub-indexes (Figure 1) offer quantitative supporting evidence for participants' qualitative reports of access expansion.

The study also shows that there is a gap between access and inclusion - a distinction that the quality sub-index of the P-FII (43.9) and participant narratives about the low level of confidence in using the services among new accounts holders both highlight. This stands in harmony with Koomson et al.'s (2020) point that financial inclusion needs to be assessed not just in terms of access but also in terms of quality of usage and economic empowerment. The five enabling themes identified - digital accessibility, trust, affordability, regulatory support, and digital literacy - represent an enabling framework, where the lack of or low development of any one theme can hinder the inclusive potential of fintech in Pakistan, even if other themes are well developed.

The gender aspect of financial inclusion in Pakistan is worth highlighting. As Figure 4 shows, while there are substantial improvements in financial inclusion, the gender gap remains at 34

percentage points (64% for males and 30% for females), and the NFIS 2024-28 seeks to close this gap to 25 percentage points by 2028 (SBP, 2025). Participants' claims about the disproportionate exposure of women to trust and safety issues, limited access to digital devices, and autonomy in financial decision-making, indicate that to reduce the gender gap in financial inclusion, targeted measures are needed that extend beyond digital platform design to address the socioeconomic and cultural factors that constrain the participation of women.



Figure 4: Gender Gap in Financial Inclusion – Pakistan, 2023 Actuals and 2028 NFIS Targets. Source: SBP National Financial Inclusion Strategy 2024–28; Profit Pakistan Today (2025).

The regulatory environment theme aligns with findings from the broader comparative fintech literature, which identifies regulatory clarity and proportionality as critical determinants of fintech-driven inclusion at scale (Lee & Shin, 2018; Sahay et al., 2015). The SBP's NFIS 2024–28 represents a sophisticated and evidence-based regulatory framework, and participants' accounts confirm that its existence provides meaningful guidance to private sector actors. The operationalization of digital banks and the development of open banking infrastructure represent particularly significant structural investments that could catalyze the next wave of fintech-driven inclusion.

Table 1: Summary of Thematic Findings – Fintech and Financial Inclusion in Pakistan

Theme	Key Findings	Supporting Evidence	Policy Implication
Digital Accessibility	Branchless banking agent expansion; mobile transaction share 75% (2024)	SBP QPS Reports 2024; ADB 2024	Invest in rural connectivity; subsidize last-mile agents
Trust & Security	Social fraud narratives deter adoption; biometrics build confidence	Akhtar & Liu, 2023; P2 interview	Strengthen consumer protection; publicize grievance redressal
Affordability	Raast transformative for low-income users; device cost remains barrier	P1 interview; Pazarbasioglu et al., 2020	Public-private device subsidy; zero-fee digital payment mandate

Regulatory Support	NFIS 2024-28 provides market confidence; data privacy gaps persist	SBP 2025; P6 interview	Expedite data protection legislation; sandbox expansion
Digital Literacy	Low usage confidence limits inclusion depth; NFER 2025-29 needed	P-FII Quality score 43.9; P7 interview	Contextualized literacy programs; school curriculum integration

Source: Author's Thematic Analysis of Interview Data and Secondary Sources (2024).

Table 2: Key Fintech and Financial Inclusion Indicators – Pakistan (2020–2024)

Indicator	2020	2022/23	2024
Adult Financial Inclusion Rate (%)	~33	64	58.1 (P-FII)
Mobile/Online Transaction Share (%)	17	48	75
Raast P2P Transactions (millions)	N/A	7.9	102+
Unique Bank Accounts (millions)	~45	83	90+
Broadband Subscribers (millions)	~70	115	143
Gender Gap in Inclusion (% pts)	~40	34	34
Digital Banks Operational	0	0	5 (licensed)

Source: SBP (2024); SBP (2025); Invest2Innovate (2025); AFI Global (2026); ADB (2024).

6. CONCLUSION AND RECOMMENDATIONS

This is a qualitative exploration of the links between fintech growth and financial inclusion in Pakistan from the viewpoints of fintech users, providers, policy makers and academics. The results confirm fintech has had important and measurable impacts on financial inclusion in Pakistan, with increasing digital transaction values, rising P-FII scores, and user stories of increased economic empowerment via mobile wallets and real-time payment platforms. The five themes that have enabled fintech-driven inclusion in Pakistan - digital accessibility, trust and security, affordability, regulatory support, and digital literacy - form an interrelated set of themes that extend and contextualise mainstream theories of financial inclusion.

However, the research also highlights structural constraints to the depth and breadth of fintech-driven financial inclusion in Pakistan. The quality of financial inclusion - as reflected by the P-FII's lowest sub-index of 43.9 - suggests that account opening has progressed faster than usage and empowerment. The 34 percentage point gender gap is both a significant equity concern and opportunity: if the gender gap is closed, tens of millions of adult women will be added to the formal financial system, with proven positive impacts on household well-being, productivity, and macroeconomic growth.

The study makes the following recommendations to policymakers, regulators and fintech industry stakeholders based on these insights. First, the SBP should focus on the quality component of financial inclusion under the NFIS, through the development of metrics and mechanisms to hold stakeholders accountable beyond account opening, looking to include usage, diversity and welfare. Second, the development of targeted digital literacy initiatives - conducted in local languages, and through community channels, with a focus on women and rural populations - should be resourced at scale and assessed for impact, alongside platform design. Third, participants' concerns over data protection should be addressed through an overarching Personal Data Protection Act that ensures consumer rights and regulatory certainty for fintech providers. Fourth, affordability of devices should be tackled through public-private partnerships, including subsidies for low-income smartphone users, or development of low-cost fintech platforms using feature phones.

This research adds to the increasing body of literature on fintech and financial inclusion in emerging markets by providing empirical evidence of the "ground truth" as it emerges from a range of fintech stakeholders in Pakistan. It provides insights into the promise and limits of fintech as a vehicle for inclusion, and the importance of holistic policy design that considers infrastructure, trust, affordability, regulation and literacy as interrelated, rather than isolated, issues. Future research should use longitudinal and mixed-methods approaches to map the dynamics of fintech-driven inclusion outcomes as Pakistan's digital financial ecosystem evolves further, and to examine the causal impacts of specific policy initiatives - such as the operationalisation of digital banks and the NFIS 2024-28 - on inclusion outcomes in terms of gender, geographies and income.

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