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Pakistan's Spy Agency Cracks Down on Black Market Dollar Trade

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Pakistan's Inter-Services Intelligence (ISI) agency has launched a decisive crackdown on illegal dollar trading to stabilize the plummeting Pakistani Rupee (PKR), achieving a one-rupee recovery in the open market. This article explores the operation, its economic impact, and the broader implications for Pakistan's financial sovereignty.

On July 24, 2025, a deputy chief of the ISI met with currency exchange firms in Karachi to address the sharp decline of the PKR, prompting a robust security operation against black market dollar traders, as reported by Reuters. Malik Muhammad Bostan, chairman of the

Exchange Companies Association of Pakistan (ECAP), told Reuters, “The dollar is down one rupee today in the open market. This is because we’re finally getting the supply we need.” The intervention, led by Major General Faisal Naseer of the ISI’s internal security arm, involved the Federal Investigation Agency (FIA), forcing many illegal dealers underground, per Al Arabiya. This marks the second such crackdown in two years, following a 2023 operation that curbed speculative trading, according to Reuters.

The rupee’s slide, driven by dollar hoarding, cross-border smuggling, and banking restrictions, had pushed demand toward unregulated markets offering higher rates, with grey market prices 5% above interbank rates, noted Adnan Sheikh of Pakistan Kuwait Investment Company. The ISI’s actions align with Pakistan’s \$7 billion International Monetary Fund (IMF) program, which mandates keeping the interbank and open market rate gap within 1.25% to protect remittances, a critical \$39 billion lifeline, per Bloomberg. Tighter border controls with Iran and Afghanistan, loosened after earlier tensions with India, had exacerbated illicit currency flows, straining formal supply, Bostan explained.

This crackdown underscores Pakistan’s resolve to restore economic stability and curb illicit financial activities that undermine national interests. The military’s role, while controversial, reflects a pragmatic approach to safeguarding the economy against external and internal threats. Posts on X, like those from @AribaShahid, highlight the operation’s success in stabilizing the market, though challenges persist in upscale Karachi areas where dollar shortages linger.

Pakistan’s firm action against black market trading signals a commitment to economic sovereignty. By bolstering the rupee and securing remittance flows, the nation strengthens its financial foundation, prioritizing stability over chaos.