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Pakistani Rupee Rises as Crackdown Targets Underground Currency Networks

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The Pakistani rupee strengthened for the third consecutive day on Friday, driven by a sweeping campaign against illegal money exchange and informal remittance systems. The Federal Investigation Agency (FIA) has launched a nationwide crackdown, targeting underground operations that have long contributed to the country's foreign exchange instability.

According to FIA officials, this effort is grounded in credible intelligence and focuses on dismantling unlicensed foreign exchange businesses and informal money transfer systems, commonly known as hawala and hundi. These shadow networks bypass official banking channels, allowing large sums of money to flow in and out of the country without oversight.

So far, the operation has led to 256 raids across the country, resulting in the arrest of 282 individuals. Authorities have filed 213 criminal cases and recovered over Rs 762 million (approximately USD 2.6 million). Numerous shops involved in illicit currency dealings have been shut down, signaling that the agency's actions are not merely symbolic.

Law-enforcement agencies (LEAs) have provided full operational support, helping identify and apprehend suspects tied to this underground financial web. FIA Director General Raja Riffat Mukhtar emphasized the agency's commitment to rooting out those responsible, stating that all available resources are being deployed to hunt down individuals involved in hawala and hundi operations.

Mukhtar warned that those facilitating illegal foreign exchange transfers will face strict consequences, noting that investigations have uncovered solid evidence of smuggling and cross-border financial crime. He also hinted that international agents linked to these networks are under surveillance, and further action is imminent.

The FIA has reiterated its zero-tolerance stance against black-market currency trading and unregulated remittance systems. Officials believe this crackdown marks a critical step toward restoring integrity and legality to Pakistan's financial landscape.

The timing of the operation is telling. With the economy under strain and foreign exchange reserves in a precarious position, the current government is under growing pressure to deliver tangible results. While public confidence in the administration remains mixed, the aggressive targeting of illicit networks is being seen as a potential reprieve from currency volatility, according to economic observers.

Still, the move reflects broader concerns over the country's failure to modernize its financial system. Pakistan remains heavily reliant on informal money transfers, especially from its overseas workforce, due to the inefficiency of formal banking channels and distrust in state institutions. Until deeper reforms are introduced, criminal actors will continue to exploit this vacuum.

For now, the rupee's upward trend offers a much-needed signal of market confidence, at least in the short term. Whether this momentum continues will depend on how far the crackdown reaches and whether the government can sustain pressure on the networks profiting from the system's weaknesses.