OpenVoiceNews

Transparent. Unbiased. Yours.

Mutual Fund Assets in Pakistan Surge Sevenfold to Rs 3.9 Trillion

---

August 17, 2025
— Categories: Finance

Pakistan’s mutual fund industry has expanded nearly sevenfold in just six years, with assets under management hitting Rs 3.93 trillion by June 2025, according to the Securities and Exchange Commission of Pakistan (SECP). The surge reflects a growing appetite for both conventional and Shariah-compliant investments and a stronger reliance on market-driven growth over traditional banking.

Back in 2019, mutual funds managed only Rs 578 billion. Today, that figure has climbed to Rs 3.93 trillion, a 6.8-fold jump. Analysts say the expansion highlights investors' increasing confidence in private investment vehicles and their willingness to take ownership of financial decisions instead of relying solely on banks.

Conventional funds remain the largest segment, with assets reaching Rs 2.206 trillion, more than five times higher than in 2019. But Shariah-compliant funds are quickly catching up, soaring 6.7 times to Rs 1.726 trillion. Islamic products now make up 44 percent of the total market, up from 39 percent six years ago. This underscores a clear shift toward faith-based financial instruments that align with investor values.

Still, the sector has not been immune to government policy. Between December 2024 and June 2025, total assets dropped from Rs 4.43 trillion to Rs 3.93 trillion after the government imposed up to a 16 percent additional tax on banks with low advance-to-deposit ratios. To avoid penalties, banks pushed big clients into mutual funds temporarily, only for much of that liquidity to return to deposits once compliance targets were met. The episode illustrates how heavy-handed tax measures can distort markets.

Despite that dip, momentum remains strong. The SECP says it is working with stakeholders to broaden offerings, including exchange-traded funds, infrastructure-backed investments, and ESG-focused products. Regulators also aim to modernize access through digital platforms and targeted plans such as savings programs designed for women, in an effort to expand inclusion and investor independence.

Participation is widening. Retail investors' share of assets has edged up from 38 percent in 2019 to 39.2 percent in 2025, while corporate participation slipped to 61 percent. The number of individual accounts has grown to 768,769, alongside 6,361 corporate accounts. This shows that ordinary Pakistanis are increasingly taking responsibility for their own financial futures.

Analysts credit the boom to low bank deposit returns, rising financial literacy, and pro-market reforms. At the same time, they warn that Pakistan's fund sector is still small compared to regional peers. Long-term growth will depend on innovation, broader product choices, and steady regulation to protect investor trust without stifling opportunity.

The dramatic rise in assets shows the potential of mutual funds to channel domestic savings into productive investments. If reforms stay on track, Pakistan's mutual funds could become a cornerstone of financial independence. Citizens would then have a clear alternative to stagnant bank deposits and a greater ability to build wealth through free-market channels.