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Pakistan Establishes New Regulator as State Bank Advances Toward Digital Currency

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Pakistan has launched a dedicated digital asset watchdog to oversee the country's growing virtual finance ecosystem, as the State Bank of Pakistan (SBP) advances preparations for a central bank digital currency (CBDC). The creation of this oversight body signals Islamabad's intention to position itself as a regional leader in digital finance, with a clear regulatory framework that aims to balance innovation with financial integrity.

The newly formed Pakistan Digital Asset Authority (PDAA) has been tasked with regulating and supervising digital assets, including cryptocurrencies, tokenized securities, and other

blockchain-based instruments. This follows the formation of the Pakistan Crypto Council in March, which was set up to represent industry stakeholders and facilitate dialogue between the government and the private sector. The PDAA will serve as the key regulator for all matters concerning digital assets, working alongside the Securities and Exchange Commission of Pakistan (SECP) and the SBP to ensure consistency and transparency in oversight.

The move comes amid growing global momentum for central bank digital currencies. The SBP is currently exploring frameworks for launching Pakistan's own CBDC, a state-backed digital version of the Pakistani rupee. According to officials familiar with the initiative, the aim is to enhance transaction efficiency, reduce reliance on cash, and counter illegal financial flows. Pakistan's pivot toward digital finance is seen as a strategic opportunity to modernize its financial sector while expanding financial inclusion. Experts note that with a young, tech-savvy population and rising interest in cryptocurrency, Pakistan is well-placed to capitalise on this digital wave if it can implement effective safeguards.



This institutional push reflects a pragmatic, forward-looking approach that seeks to harness technological progress without ceding control to unregulated markets. The creation of the PDAA shows that the government recognises both the opportunities and risks posed by digital assets. If properly managed, this new framework could attract international fintech investment, improve consumer trust, and position Pakistan as a digital finance hub in South Asia. As the SBP fine-tunes its CBDC roadmap, a coherent and investor-friendly regulatory environment will be essential in translating this momentum into lasting economic advantage. The test now lies in implementation and in ensuring that the regulatory architecture remains dynamic enough to keep pace with an evolving financial landscape.