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Pakistan's BNPL Market Sees Rapid Growth

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Pakistan's financial technology sector is experiencing a surge in buy now, pay later (BNPL) services as digital payment adoption accelerates across the country. Major fintech companies report triple-digit growth in BNPL transactions over the past year, capitalizing on increasing smartphone penetration and a young, tech-savvy population. The State Bank of Pakistan (SBP) has noted this emerging trend in its recent financial stability report, highlighting both opportunities and risks in the largely

unregulated space. While consumers enjoy greater purchasing flexibility, economists warn about potential debt accumulation among inexperienced borrowers.

The BNPL model's popularity stems from its accessibility compared to traditional credit options. With approximately 80% of Pakistan's adult population lacking access to formal banking services, these digital solutions fill a critical gap in the financial ecosystem. Providers typically offer interest-free installment plans for e-commerce purchases, electronics, and even utility bills. However, the absence of standardized credit checks raises concerns about responsible lending practices. Financial analysts observe that many users maintain multiple BNPL accounts simultaneously, potentially overextending their repayment capacity without proper safeguards.



Regulators face mounting pressure to establish clear guidelines for this booming sector. The Securities and Exchange Commission of Pakistan (SECP) is currently drafting framework legislation to protect consumers while fostering innovation. Key considerations include mandatory credit assessments, transparent fee structures, and dispute resolution mechanisms. Industry leaders argue that premature overregulation could stifle growth in Pakistan's promising fintech sector, which attracted \$75 million in venture capital funding last year. Finding the right balance between consumer protection and financial innovation remains the central challenge for policymakers.

As Pakistan's digital economy matures, the BNPL phenomenon presents both promise and peril. When used responsibly, these services can enhance financial inclusion and stimulate economic activity. However, without proper safeguards, they risk creating a generation of

overleveraged consumers. The coming year will prove decisive as regulators, fintech firms, and traditional financial institutions negotiate the future of alternative credit in Pakistan. One thing remains certain: the country's financial landscape is undergoing irreversible transformation, with BNPL services at the forefront of this digital revolution.

