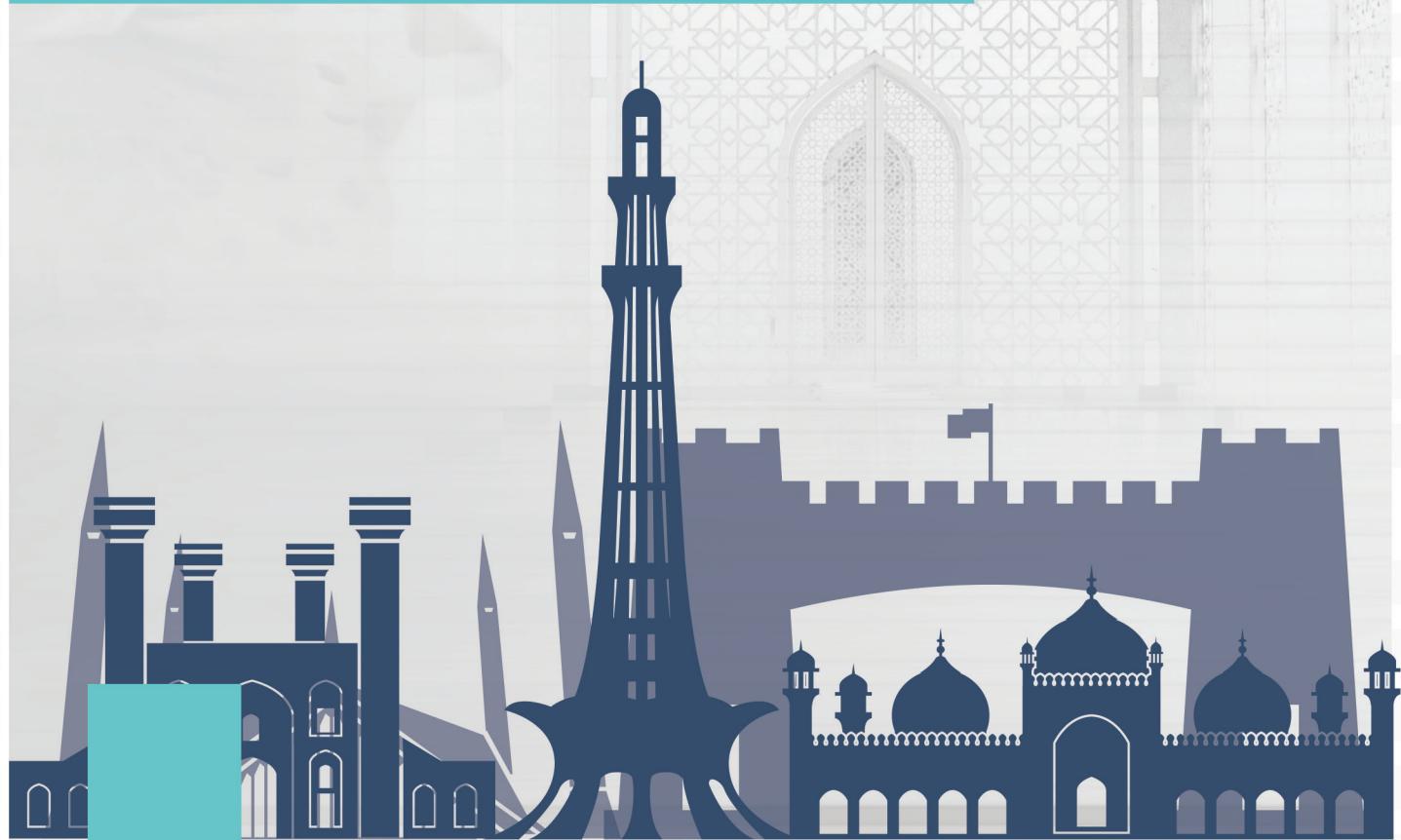


Pakistan Country Focus

January 2026

Saleh Kamel Islamic Economy Database





1 ECONOMIC SECTOR OVERVIEW

Pakistan's economy demonstrated resilience and steady growth, with GDP increasing by **2.68%** by the end of 2025. This progress was supported by stability across key economic indicators. The services sector, accounting for **58.4%** of GDP, emerged as the main driver of growth, expanding by **2.91%**, while the industrial sector grew by **4.77%**. Within manufacturing, performance varied, yet small-scale industries and key segments such as textiles, pharmaceuticals, and automobiles showed encouraging improvement. Agriculture sector, representing **23.54%** of GDP and employing over **37%** of the workforce, continued to serve as a vital backbone of the economy.¹

2 ISLAMIC BANKING IN PAKISTAN

2.1 ISLAMIC BANKING LANDSCAPE

Pakistan's Islamic banking landscape continues to expand in both inclusion and diversity. The country now hosts **six** fully fledged Islamic banks with a total of **3,182** branches, forming the core of its Shariah-compliant financial system. These institutions are complemented by **15** Islamic windows within conventional banks, reflecting strong and growing demand as well as firm regulatory commitment to expanding Islamic financial services across the wider banking sector. The number of branches operating under Islamic windows has reached **2,735**³. The landscape is further strengthened by **3** Islamic windows in microfinance banks, enabling Shariah-compliant financial inclusion for lower-income segments, a key policy priority in Pakistan's economic agenda.

Pakistan has strengthened digital innovation with two digital banks: Raqami Islamic Digital Bank, established in 2023 as a fully digital Shariah-compliant bank, which received a pilot license from the State Bank of Pakistan in May 2025 to commence limited operations⁴, and BankIslami, which launched aik, a nationwide digital Islamic banking platform, further advancing Shariah-compliant financial services and marking a significant step in the modernization of ethical banking.⁵

In addition, six Islamic banks in Pakistan — Al Baraka Bank, Bank Islami, Dubai Islamic Bank, Meezan Bank, Faysal Bank, and MCB Islamic Banking — have successfully achieved a digital transformation milestone by launching their own mobile applications, enhancing the accessibility and reach of Shariah-compliant financial services.

Furthermore, Mashreq Bank introduced Mashreq NEO in 2025, a Shariah-compliant digital banking platform that enables quick, paperless account opening, offers current and savings accounts with Shariah-compliant returns of 5–10%, free digital transfers, and debit cards with benefits at thousands of outlets. These initiatives aim to enhance financial inclusion, empower individuals and overseas Pakistanis, and provide a secure and convenient banking experience across the country.⁶

This shift signals the sector's transition toward technology-enabled, customer-centric services, positioning Pakistan as an emerging hub for Islamic fintech in the region. Together, these components highlight a dynamic Islamic banking system that is expanding outreach, fostering innovation, and supporting the country's broader Islamic economy ambitions.



¹ Finance Division, Government of Pakistan. (2025). Pakistan Economic Survey 2024/25.

² World Bank. (2024). Pakistan country data. World Bank.

³ State Bank of Pakistan. (2023, September 20). SBP grants in-principle approval to five digital retail banks.

⁴ Pakistan Today. (2025, May 19). Raqami: Pakistan's first digital Islamic retail bank awarded restricted license by State Bank of Pakistan to commence pilot operations.

⁵ BankIslami. (2024). BankIslami unveils 'aik', Pakistan's first fully digital Islamic banking solution. BankIslami.

⁶ Mashreq. (2025, November 24). Mashreq introduces NEO, Pakistan's first Islamic first digital banking platform. Mashreq.



Islamic Banking in Pakistan



2.2 ASSETS AND CAPITAL OF ISLAMIC BANKS IN PAKISTAN

Total Assets of Islamic Banks in Pakistan in billion USD 2024



At the end of 2024, the total assets of Islamic banking institutions in Pakistan amounted to USD **25.98** billion, reflecting the sector's overall strength. Meezan Bank leads the industry with total assets of USD **14** billion, underscoring its strong market position. It is followed by Faysal Bank with USD **5.62** billion and Bank Islami with USD **2.65** billion. Dubai Islamic Bank – Pakistan and MCB Islamic Banking report total assets of USD **1.63** billion and USD **1.10** billion, respectively. While Al Baraka Bank – Pakistan has an asset base of USD **0.98** billion. These figures underscore the dominance of a few key players in Pakistan's Islamic banking sector. They also highlight the vital role of fully fledged Islamic banks in the country's financial system and their growing appeal to investors seeking Shariah-compliant banking solutions.

Source : Moody's BankFocus, 2025.

* Faysal Bank Limited. (2025). Half yearly report: June 30, 2025.

** MCB Islamic Bank Ltd. (2024). Annual report 2024.

Total Capital of Islamic Banks in Pakistan in billion USD 2024



The total capital of Islamic banking institutions in Pakistan amounts to USD **319.27** million, with notable variation across individual banks. Meezan Bank leads the sector with capital of USD **75.57** million, underscoring its strong financial position. It is followed by MCB Islamic Banking and Faysal Bank, with capital levels of USD **55.8** million and USD **54.5** million, respectively, reflecting their solid market presence. Al Baraka Bank holds USD **52.05** million, while Dubai Islamic Bank and Bank Islami report capital of USD **41.83** million and USD **39.52** million, respectively. This distribution highlights both the competitive landscape and the diversity within Pakistan's Islamic banking sector.

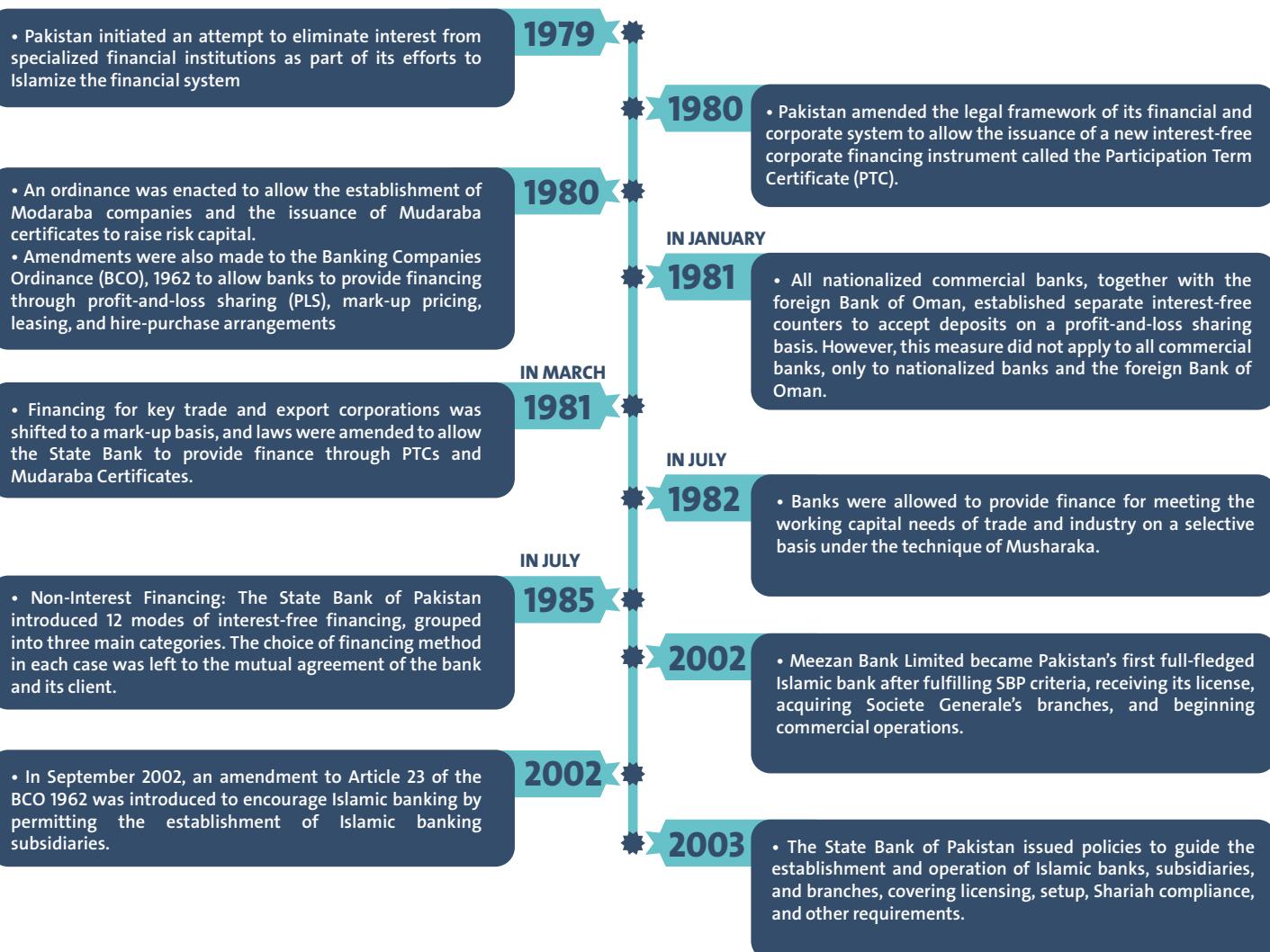
Source : Moody's BankFocus, 2025.

* MCB Islamic Bank Ltd. (2024). Annual report 2024.

** Faysal Bank Limited. (2025). Half yearly report: June 30, 2025.

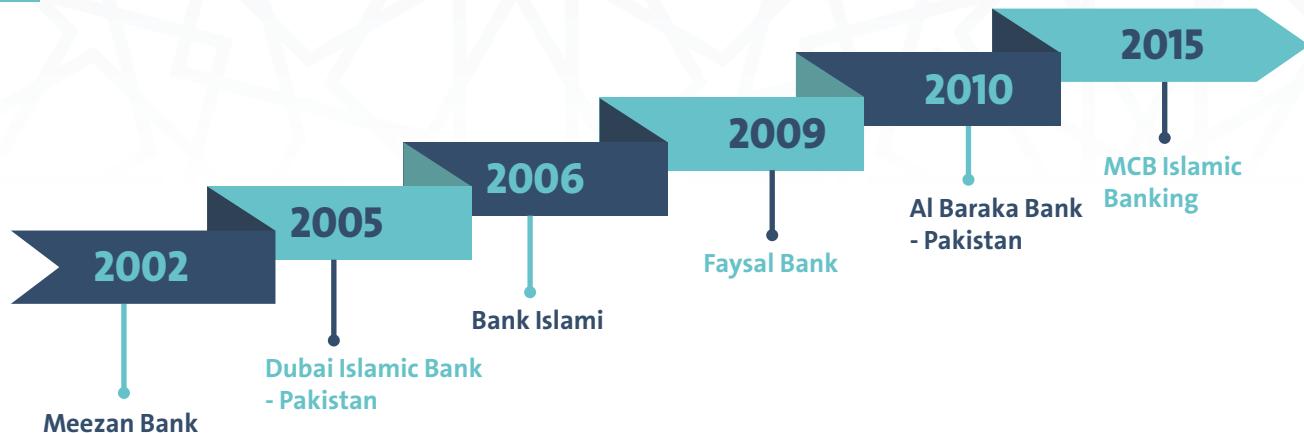
2.3 KEY MILESTONES IN ISLAMIC BANKING IN PAKISTAN

In the **1970s** and early **1980s**, Pakistan took bold steps to eliminate Riba, becoming among a small number of countries attempting nationwide interest-free banking. To support this transition, numerous measures were implemented, including amendments to banking and other relevant laws, such as the State Bank of Pakistan Act, Banking Companies Ordinance, Companies Ordinance, recovery laws, and the Negotiable Instruments Act, to facilitate the interest-free banking system. The industry was given a specific timeline to transition to the Islamic banking system. In parallel, the State Bank of Pakistan provided standardized products for the sector, enabling the nationwide implementation of Islamic banking. New regulations regarding financing methods, profit distribution, and SBP financing facilities were established, laying the groundwork for the transformation of the financial system. Nevertheless, Pakistan continues to operate a dual banking system.



Source :State Bank of Pakistan. (2007). Islamic banking sector review: 2003–2007.

2.4 YEAR OF ESTABLISHMENT OF ISLAMIC BANKS IN PAKISTAN



3 ISLAMIC FINTECH

According to the Global Islamic Fintech Index (GIFT), Pakistan ranks **9th** out of 64 countries in terms of its Islamic fintech ecosystem. In 2024, the country took significant steps toward introducing a Shariah-compliant central bank digital currency (CBDC), advancing legislation to issue a digital currency that adheres to Islamic financial principles. This initiative aims to provide asset-backed stability, ensure automated Shariah compliance, and enhance the efficiency of cross-border trade and remittances, positioning Pakistan at the forefront of the digital Islamic finance movement in the region. showing that Pakistan is one of the emerging markets experiencing growth in its conduciveness to Islamic fintech, alongside Bahrain, Qatar, and Türkiye, in addition to the top five strongest markets.⁷

Islamic fintech sector in Pakistan comprises **30** companies operating across multiple segments and offering a wide range of Shariah-compliant financial services. Alternative finance is the largest segment, followed by payments, remittance and foreign exchange services, digital banking, and P2P finance. Additionally, there are companies specializing in digital Islamic banking apps, trading and investment platforms, and takafultech. This diverse landscape highlights the rapid growth of Islamic fintech in Pakistan, providing ethical, innovative, and accessible financial solutions for both individuals and businesses.

Islamic Fintech Services in Pakistan



⁷Qatar Financial Centre (QFC). (2024). Global Islamic fintech report 2024–25.



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4 TAKAFUL SECTOR

The Takaful sector in Pakistan has been steadily expanding, comprising a total of **35** companies, including **11** fully fledged Takaful operators and **24** Takaful windows within conventional insurers. Fully fledged Takaful companies provide comprehensive Shariah-compliant insurance solutions, while conventional insurers have also introduced Takaful windows to offer Islamic insurance products. Together, these initiatives highlight the growing significance and diversification of the Takaful industry in Pakistan, catering to an increasing number of individuals seeking Shariah-compliant financial protection.

Takaful Sector in the Pakistan



5 HALAL INDUSTRY

Pakistan is a significant player in the global halal industry, with activities spanning food, pharmaceuticals, cosmetics, and logistics. The sector is supported by **two** Halal Standardization and Accreditation Bodies that oversee halal standards and certification. The country is also home to **22** halal certification bodies, providing oversight across various sectors. This robust infrastructure enables Pakistani enterprises to expand halal certification and production practices, meet rising international demand, and strengthen Pakistan's position in the global halal market.



Pakistan ranks **8th** globally in the 2024/25 Global Islamic Economy Report Halal indicator, achieving a score of **64.1**. This strong performance positions the country as a key player in the global Halal food economy, reflecting its growing influence and potential in Halal food production. In the Halal Food sector specifically, Pakistan ranks **8th** with a score of **59.8**, and its halal food market, valued at USD **147.12** billion, is poised for growth due to a majority-Muslim population, increasing urbanization, and an expanding halal-certified industry.

The country also demonstrates notable progress in Islamic finance, holding the **8th** position with a sector score of **115.2** and contributing USD **58.1** billion in Islamic financial assets, highlighting the development of its financial services and Islamic banking infrastructure.



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In 2023, global Muslim spending on modest fashion reached USD **326.95** billion, with Pakistan contributing USD **54.28** billion. This market is projected to grow to USD **433.28** billion by 2028, at a CAGR of **5.8%**. Similarly, the global halal pharmaceuticals market, valued at USD **107.1** billion in 2023, is expected to reach USD **148.88** billion by 2028 (6.8% CAGR), with Pakistan contributing USD **10.23** billion, underscoring its emerging role in this sector.⁸

Summary of Pakistan's Position in the Global Islamic Economy

Sector	Pakistan's Rank (2024/25)	Score	Pakistan's Market Contribution
Halal Indicator (Overall)	8th	64.1	USD 147.12 billion
Halal Food	8th	59.8	USD 58.1 billion in Islamic financial assets
Islamic Finance	8th	115.2	USD 54.28 billion
Modest Fashion			USD 10.23 billion
Halal Pharmaceuticals			

⁸ DinarStandard. (2024). State of the Global Islamic Economy Report.



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