MobilinkBank
MICROFINANCE
Issue 6

Microinsights

Strengthening SME’s Through Digital Inclusion

Sept’ 2025

Executive Summary

Pakistan's Small and Medium Enterprises (SMEs), constituting over **3.3 million** businesses and contributing 40% to the national GDP (SMEDA, 2023), face a critical growth barrier: **digital exclusion**. This analysis reveals that while 148 million Pakistanis have mobile broadband access (PTA, 2025), SME digital adoption remains critically low, with only 15% engaged in e-commerce (Karandaz, 2023).

The core problem is a transition from connectivity to capability. This edition of Microinsight is based on a review of current market data, identifying key challenges in a significant skills gap and a $4.8 billion finance gap (IFC, 2023), focusing upon how Mobilink Bank caters it and proposes a multi-stakeholder framework for solutions to digitally empower SMEs, enhance their competitiveness, and integrate them into the formal economy.

SMEs are the Backbone of Pakistan’s Economy

With over 5.2 Million SMEs in Pakistan contributing significantly to GDP and exports, employing 80% of the labour force, constituting 30% of total exports’ it leaves a significant room to boost our economic efficiency.

Source: (Credit Book, 2024)

Problem Statement: The Digital Capability Gap

The primary issue hindering SME growth in Pakistan is not a lack of basic connectivity, but a profound **Digital Capability Gap**. SMEs remain largely analog in a digital economy, which directly impacts their productivity and access to finance.

- **Economic Impact:** SMEs employ **80% of the non-agricultural workforce** but operate at a fraction of their potential due to inefficient, manual processes (SMEDA, 2023).
- **Financial Exclusion:** The inability to generate a verifiable digital footprint makes SMEs "invisible" to traditional credit scoring models, contributing to an estimated **$4.8 billion finance gap** (IFC, 2023). This creates a vicious cycle where a lack of capital prevents investment in the very digital tools that could help them secure funding.

Current Status: The Digital Landscape for Pakistani SMEs

The environment is ripe for digital adoption, but progress is uneven and largely superficial.

Research Methodology

This analysis employs a **desk research methodology**, synthesizing the most recent and credible data from a range of public and private sources to build a comprehensive landscape of SME digitalization in Pakistan.

Key sources include:

- **Official Reports:** Publications from the State Bank of Pakistan (SBP), Small and Medium Enterprises Development Authority (SMEDA), and Pakistan Telecommunication Authority (PTA).
- **International Studies:** Data from the International Finance Corporation (IFC) and the World Bank.
- **Local Research:** Insights from Pakistani think tanks and specialized institutions like Karandaz.
- **Sector Analysis:** Review of current market trends in digital payments, e-commerce, and fintech.

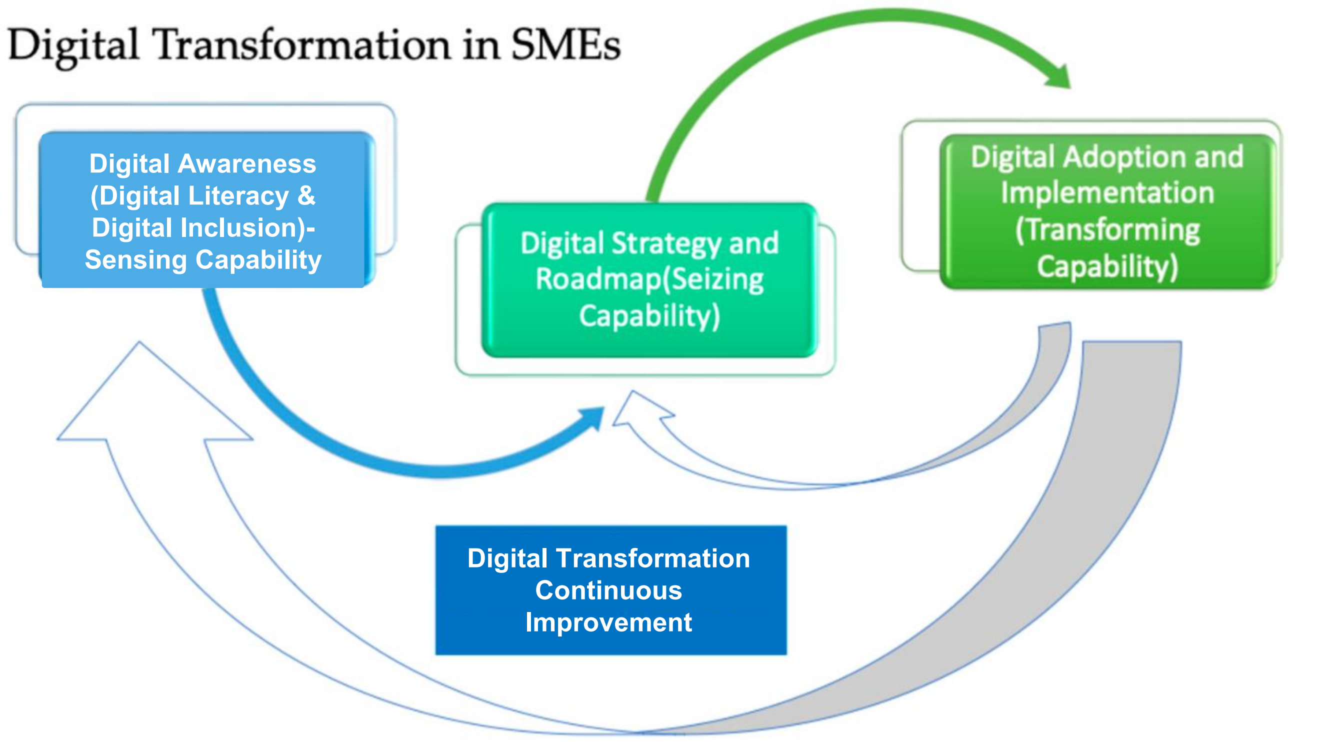
Did you know?

While large-scale manufacturing grew by **15.4%,** SMEs are core to reducing poverty and driving innovation. Pakistan has over **3.2 million** SMEs accounting for **40%** of GDP and **30%** of exports.

Key Challenges

SMEs face a convergent set of barriers that prevent them from embracing digital tools effectively.

- **Digital Literacy Deficit:** A significant majority of SME owners lack the skills and confidence to effectively use digital tools beyond basic communication, creating a fundamental adoption barrier.
- **Financial Constraints:** The perceived high cost of digital software and marketing, combined with limited access to capital, makes investment in digitalization a low priority for cash-strapped businesses.
- **Infrastructural and Trust Issues:** Beyond major urban centers, unreliable electricity and internet connectivity persist. Furthermore, a deep-seated **trust deficit** concerning online fraud and data privacy discourages the shift from cash-based transactions.



Quantifying the Impact

We know the gap exists, but what is the tangible cost of inaction? The data reveals a significant 'digital dividend' for SMEs that successfully adopt technology

5x

SMEs with high web visibility report **5x higher revenue growth** than those with low or no visibility. (World Bank, 2023)

15%

The use of digital financial services can **reduce operational costs for SMEs by up to 15%** by streamlining transactions and record-keeping.

DIGI

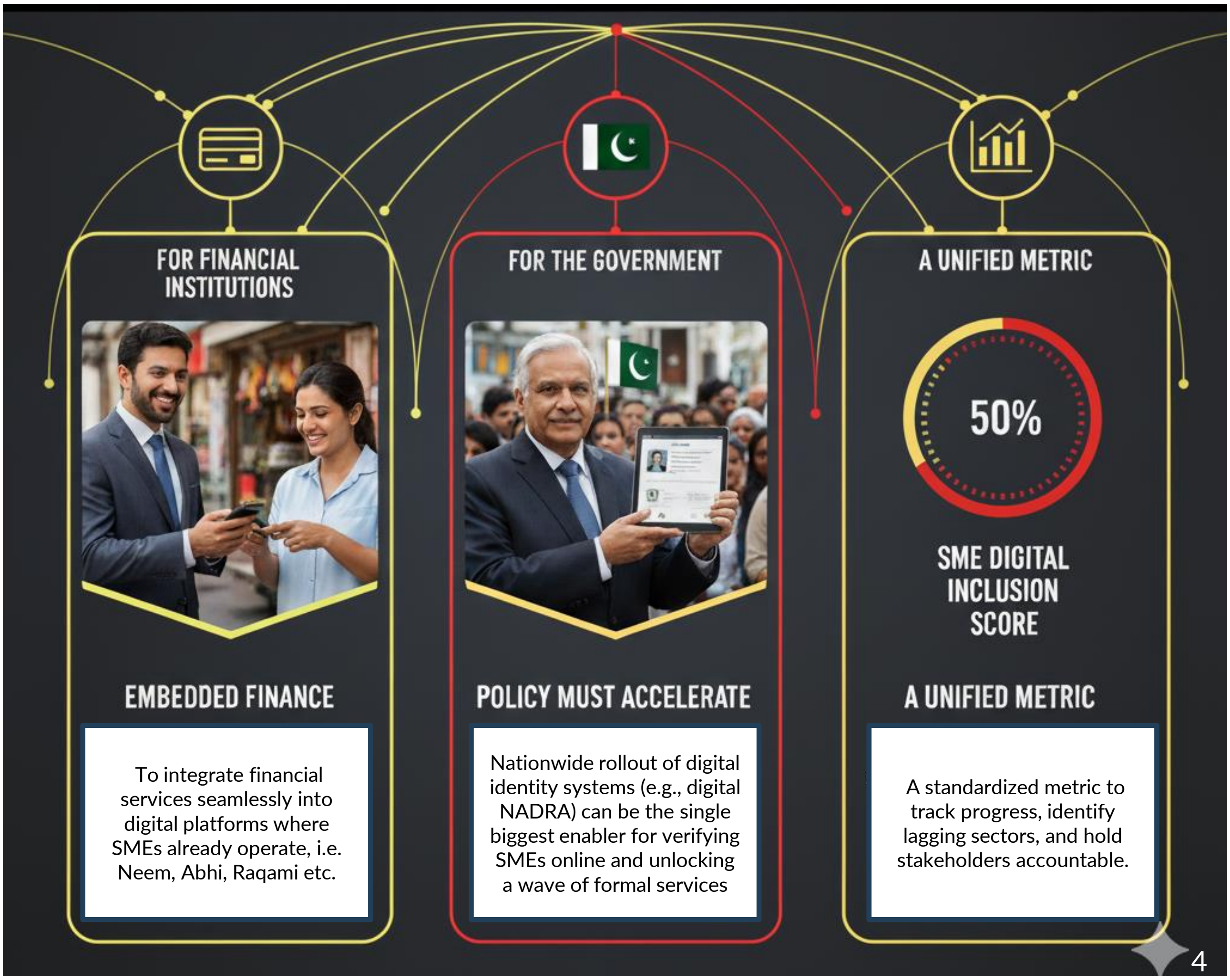
Digitally-enabled SMEs are **more likely to export** and diversify their customer base, making them more resilient to local economic shocks.

The Road Ahead: A Call For Collective Action

"At Mobilink Bank, our aim is to empower SMEs by building a dynamic ecosystem where innovation and digitalisation are the primary drivers of sustainable growth."

- *Muhammad Hassan (Head SME)*

Areas to explore:



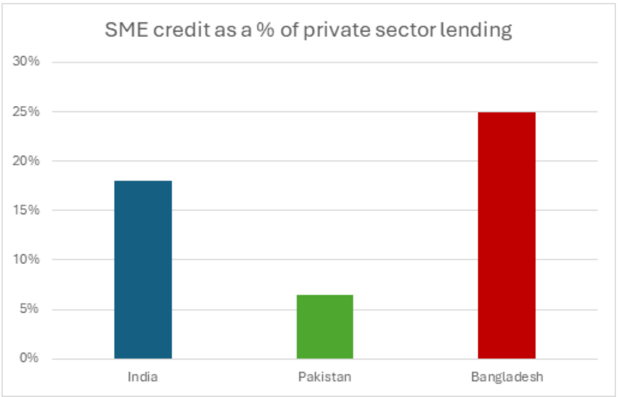
Insights

Women Borrowers of Microfinance Banks

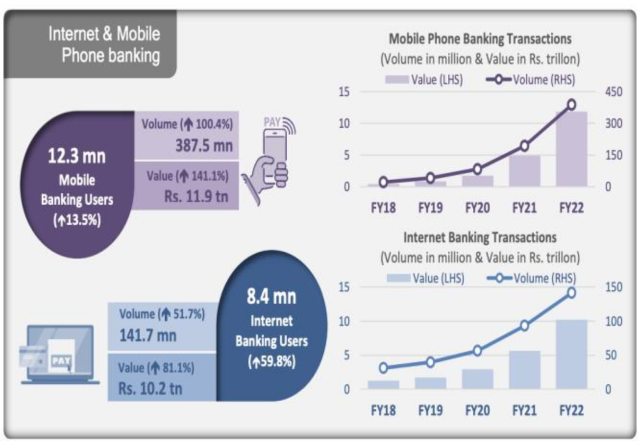
Women Borrowers in SME Finance

Source: SBP

https://www.cdpr.org.pk/insights-for-change/supporting-sme-growth-in-pakistan-through-the-small-and-medium-enterprise-development-authority-smeda/



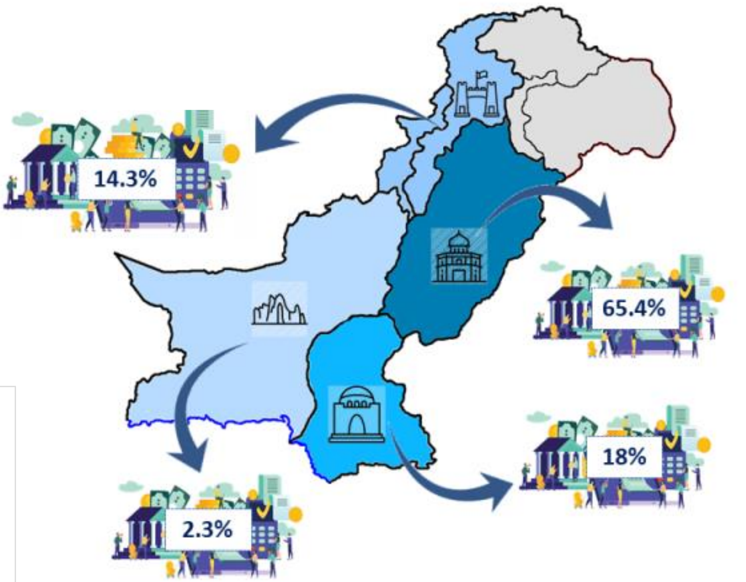
https://profit.pakistantoday.com.pk/2022/09/18/propelling-financial-inclusion-through-female-participation/



https://www.southasiainvestor.com/2023/04/digital-pakistan-2023-technology.html

SME's & their spread in Pakistan's Provinces

(No Data for Gb & AJ&K)



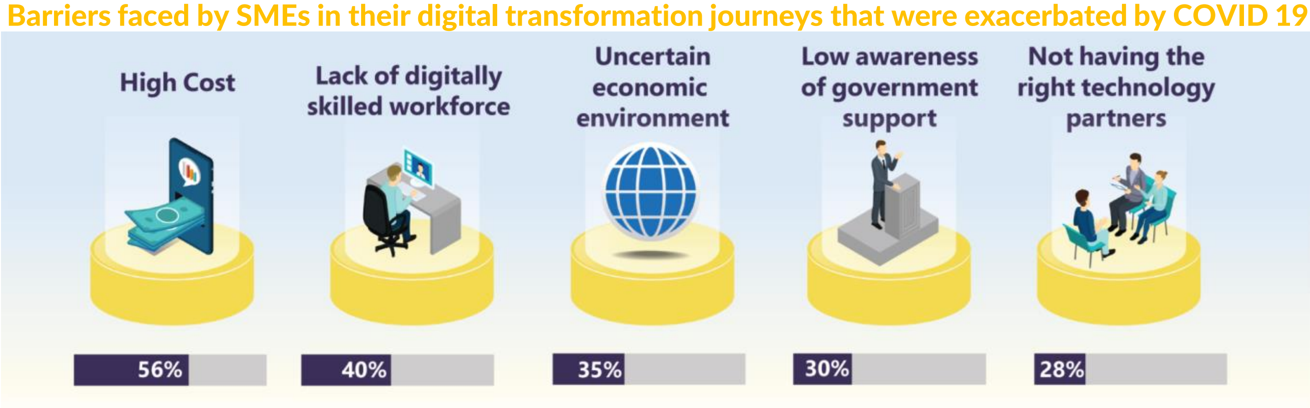
Source: YouGov online survey of approx. 1,000 people from companies with up to 250 employees (January 2023)

IONOS

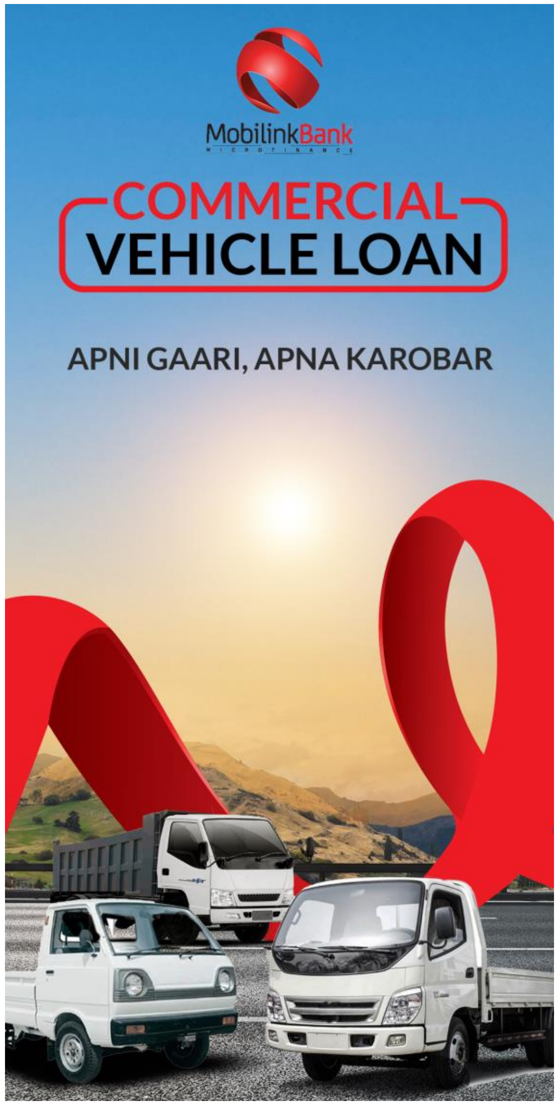
Source: YouGov online surveys of approx. 1,000 people from companies with up to 250 employees (January 2022 and January 2023)

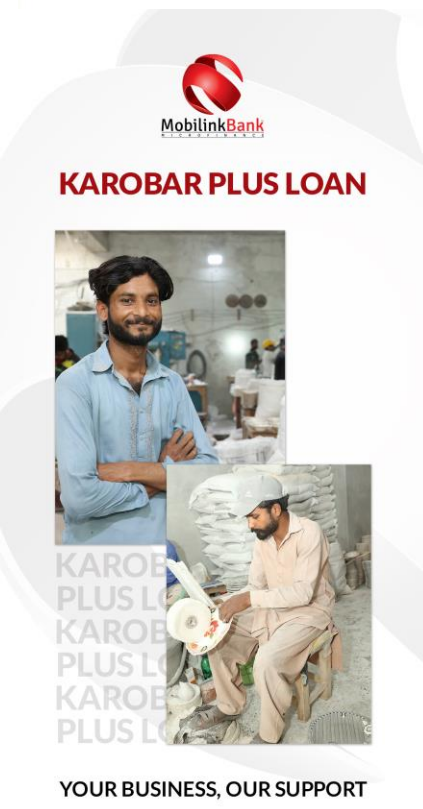
IONOS

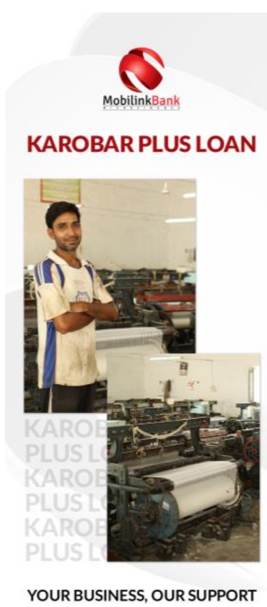
Barriers faced by SMEs in their digital transformation journeys that were exacerbated by COVID 19

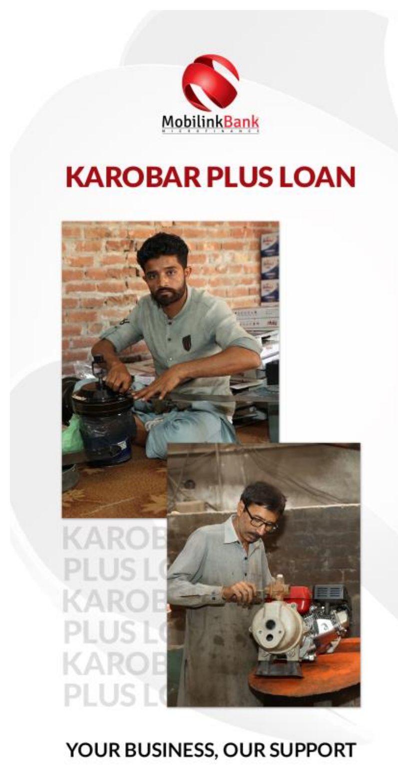


The Mobilink Bank Lens









Success Story: Shabana Bano’s Inspiring Journey

Life was not easy for **Shabana Bano**, a resilient divorced woman from Hala, responsible for raising two children on her own. Despite her talent and passion for sewing, embroidery, and selling handmade goods, her business remained small and limited. She lacked sufficient funds to buy products in bulk, and without offering warranties to customers, her sales opportunities were restricted. On top of that, she struggled to access online business opportunities.

But Shabana refused to lose hope. Determined to change her financial situation, she reached out to **Mobilink Bank**, where she was guided by RO Aneela Arbab from the Hala Branch.

After learning about Mobilink Bank’s products, Shabana chose the **SME Karobar Plus Loan** because of its lower markup and convenient installment plan.

With an SME loan of **PKR 550,000**, Shabana purchased inventory in larger quantities, expanded her product range, and strengthened her business operations. Customers began to trust her more, knowing they could rely on her as a single source for quality goods. As a result, her sales increased by **70%**, and she was able to employ **two other women**, providing them with stable income and support.

Today, Shabana not only supports her own family but is also uplifting her community. She stands as a symbol of hope and determination for women facing challenges, proving that with the right opportunities and financial support, women can transform their dreams into reality while creating employment for others.

Shabana’s Message:

“Mobilink Bank’s SME Loan has changed my life. I am not only a source of hope and strength for myself but also for other women. My story proves that when women are given opportunities and support, they can fulfill their dreams and also create livelihoods for others. I am proud that I did not give up, and with Allah’s help, I turned my struggles into success.”

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