



# Unlocking Pakistan's \$121 Billion Opportunity

## The Untapped Potential

**40%**



Small and Medium Enterprises (SMEs) form the backbone of Pakistan's economy, contributing **40% to GDP**<sup>1</sup>.

**72%**



Pakistani SMEs **employ 72%** of the non-agricultural workforce, playing a crucial role in job creation<sup>2</sup>.

**28 Mn**



Within the country's ecosystem of **28 million businesses**, the majority are classified as SMEs<sup>3</sup>.

Therefore, SMEs are a key driver of Pakistan's future growth with significant potential for digital transformation and scalability

## The Cash Constraint Hindering SME Growth



As per 2022 data, a **staggering 85% of \$255 billion** in total B2B transactions (SMEs and Corporates) remained trapped in cash inefficiencies<sup>4</sup>.



This represents a **significant barrier to their growth**, hindering access to financial solutions, stifling operational efficiency, and increasing fraud risks.



In Pakistan, **only 15% of SME B2B payments** are currently digital<sup>5</sup>.

## The Transformative Potential of Commercial Cards



With over \$121 billion worth of SME payment flows primed for digitization, out of domestic B2B payments in Pakistan estimated at **\$255 billion in 2022**, commercial cards offer a huge opportunity<sup>6</sup>.



Key benefits of commercial cards for SMEs include:

- Unlocking up to 50 days of interest-free working capital.
- simplifying cross-border trade,
- Automatic development of business credit
- Data-rich insights

**Commercial card solutions offer a win-win solution for both SMEs and issuers** by opening doors to lucrative B2B payment streams for issuers while empowering SMEs with convenient, flexible payment options, real-time expense tracking, efficient processing, and granular spending controls.

## The Need for a Collaborative Ecosystem



Despite the advantages offered by commercial cards for SMEs and issuers, their adoption in Pakistan has remained low - 1% of total card spend in Pakistan (as per 2022 data)<sup>7</sup>.

### Recommendations

#### Policy Makers:

Revisit collateral requirements with the help of alternative credit-scoring models and sandboxing with government-backed guarantees the collateral requirement for issuance of commercial cards

Promote the adoption of commercial cards by setting a minimum issuance quota for each issuer, with a focus on SME accounts

Streamline foreign exchange processes for B2B transactions

#### Issuers:

Launch targeted awareness campaigns showcasing the value proposition of commercial cards, partner with fintechs to expand access to credit, introduce low-risk corporate debit card options to facilitate initial adoption & Invest in robust card management systems integrated with SME-utilized platforms.

#### About the Study

Visa commissioned a study to analyze the landscape of SME B2B payments in Pakistan, aiming to accelerate the adoption of digital solutions and empower business growth. The research employed a mixed-methods approach, incorporating market sizing and analysis of B2B payment flows and qualitative interviews with stakeholders and industry experts.

1.Competition Commission of Pakistan (2023). Enhancing the Economic Efficiency of Small and Medium Enterprises in Pakistan. Competition Commission of Pakistan. [https://cc.gov.pk/assets/images/Downloads/assessment\\_studies/enhancing\\_the\\_economic\\_efficiency\\_of\\_smes\\_in\\_pakistan.pdf](https://cc.gov.pk/assets/images/Downloads/assessment_studies/enhancing_the_economic_efficiency_of_smes_in_pakistan.pdf). 2. Dawn (2024). Helping MSMEs flourish. <https://www.dawn.com/news/1824837>. 3. Korefusion (2023). Visa: Pakistan Commercial Card Landscape 2023. Korefusion. 4. Korefusion (2023). Visa: Pakistan Commercial Card Landscape 2023. Korefusion. 5. Ibid. 6. Korefusion (2023). Visa: Pakistan Commercial Card Landscape 2023. Korefusion. 7. Korefusion (2024). Navigating the Future of Digital B2B Payments in Pakistan. Korefusion