



SECP

SECURITIES AND EXCHANGE  
COMMISSION OF PAKISTAN

# EMPOWERING INNOVATION: **ROADMAP FOR STARTUPS**

Post-Summit Report by the  
Securities and Exchange Commission of Pakistan

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# EXECUTIVE SUMMARY



The Pakistan Start-up Summit 2024, organized by the Securities and Exchange Commission of Pakistan (SECP), brought together a diverse group of stakeholders, including policymakers, entrepreneurs, investors, and thought leaders, to address the challenges and opportunities within Pakistan's technology enabled entrepreneurial ecosystem. The primary goal of the summit was to discuss ways to improve innovation, inclusivity, and resilience within the country's start-up sector. SECP's Innovation Office and Regulatory Sandbox were highlighted as key initiatives in reducing regulatory obstacles and facilitating experimentation among start-ups.

One of the significant outcomes of the summit was the recognition of the need for streamlined regulatory frameworks. The summit also identified limited access to funding as a major challenge for start-ups and suggested various solutions, including raising awareness to mobilize local capital, exploring alternative financing mechanisms, and building investor confidence through the sharing of success stories. Moreover, the importance of understanding the local user base was underscored, with an emphasis on

research-driven, user-centric approaches to meeting the diverse needs of Pakistan's population. A key takeaway from the summit was the recognition of the critical role of collaboration between regulators, start-ups, investors, and industry experts. It was emphasized that public-private partnerships are essential for fostering innovation and overcoming barriers to growth.

The summit also focused on promoting inclusivity and gender equality in entrepreneurship. Empowering women entrepreneurs was seen as a priority, with recommendations for dedicated funding pools, mentorship programs, and policies to address systemic barriers. Additionally, the summit highlighted the need for building resilient infrastructure, such as improving internet connectivity, payment systems, and affordable co-working spaces, especially in underserved regions. The discussion also pointed to high-potential industries like fintech, agri-tech, and e-commerce as areas ripe for innovation, and proposed the establishment of industry-specific incubators and accelerators to drive growth in these sectors.



A strong emphasis was placed on aligning short-term actions with a long-term vision to ensure sustainable growth in the start-up ecosystem. To this end, the summit outlined actionable recommendations for key stakeholders. For the SECP, the focus was on expanding the scope of its Innovation Office and Regulatory Sandbox, improving inter-regulatory collaboration, and launching user-friendly portals for start-up registration. Policymakers were encouraged to streamline regulatory processes, invest in infrastructure, and create sector-specific policies. Investors were urged to mobilize local funding, support start-ups with mentorship and

scalable funding solutions, and collaborate with accelerators. Finally, entrepreneurs were advised to leverage user research, focus on scalability, and strengthen their networks through mentorship and partnerships.

The summit highlighted the collective responsibility of all stakeholders to drive Pakistan's entrepreneurial ecosystem forward. By implementing the recommendations outlined above, decision-makers can unlock the start-up sector's potential to deliver inclusive growth, foster innovation, and build resilience for a sustainable future.





# CHAPTER-1



## 1.1. Introduction and context

### 1 Background

The inaugural Pakistan startup summit 2024 was held in Karachi on the 11-12 November, 2024. In the runup to the summit, SECP conducted a survey to ascertain the issue and challenge faced by startups in Pakistan. The survey combined with the jurisdictional research synthesized into a position paper. The gathered knowledge and analysis thereof help set a comprehensive agenda for the summit and attracted a diverse group of panelists. The participants engaged in in-depth meaningful discussion relating to the startup ecosystem.

### 2 Objectives of the summit

- Facilitate constructive dialogue between regulators and start-ups.
- Explore innovative funding models and investment opportunities.
- Promote financial inclusion and enhance gender diversity in entrepreneurship
- Identify regulatory barriers and develop actionable solutions.
- Highlight sectoral advancements in fintech, agri-tech, and digital transformation.



## 1.2 Key Themes Explored at the Summit

### 1 Fostering Financial Inclusion

The summit emphasized the importance of bringing underserved populations, particularly women and rural communities, into the financial mainstream. Key strategies included conducting user research to understand local barriers, developing innovative tech solutions to improve accessibility, implementing equitable policies, and channeling targeted investments into regions with the greatest need. Examples highlighted the potential of mobile-based financial tools and microfinancing programs tailored to women and smallholder farmers.

### 2 Driving Innovation through Data and Technology

The inaugural Pakistan startup summit 2024 was held in Karachi on the 11-12 November, 2024. In the runup to the summit, SECP conducted a survey to ascertain the issue and challenge faced by startups in Pakistan. The survey combined with the jurisdictional research synthesized into a position paper. The gathered knowledge and analysis thereof help set a comprehensive agenda for the summit and attracted a diverse group of panelists. The participants engaged in in-depth meaningful discussion relating to the startup ecosystem.

### 3 Strengthening Regulatory Frameworks

SECP's initiatives like the Regulatory Sandbox and Innovation Office were presented as key enablers of innovation. It enables controlled innovation for startups and reduces compliance barriers.

### 4 Empowering Female Entrepreneurs

The summit recognized the systemic barriers faced by women in entrepreneurship and called for inclusive policies, financial products, and gender-sensitive programs to support women-led initiatives. Suggested measures included introducing mentorship networks, creating funding pools specifically for female entrepreneurs, and advocating for representation in policymaking bodies. Attendees stressed the importance of showcasing success stories to inspire a cultural shift and encourage more women to enter the entrepreneurial space.

### 5 Building Resilience in the Ecosystem

Sessions explored strategies for creating a robust entrepreneurial ecosystem. Key focus areas included addressing funding gaps, tackling talent shortages through skill development programs, and shifting cultural attitudes to value entrepreneurship. Collaboration between public and private sectors was highlighted as critical to fostering sustainable growth, alongside calls for stronger networks and platforms to connect startups with investors, mentors, and markets.

### 6 Enhancing Digital and Physical Infrastructure

Inadequate infrastructure emerged as a significant bottleneck for startup growth. Discussions emphasized the need for high-speed internet access, robust payment systems, and digital public goods in underserved areas. Participants also highlighted the importance of establishing innovation hubs and co-working spaces in rural regions to bridge the urban-rural divide and support broader participation in the entrepreneurial ecosystem.

## 1.3 Key Takeaways from the Summit

### 1 Critical Role of Collaboration

The summit reinforced the importance of collaboration between regulators, startups, investors, and industry experts. Public-private partnerships were identified as essential for fostering innovation and building a supportive ecosystem. Enhanced cooperation among SECP, SBP and other regulators was seen as pivotal to creating an enabling environment for startups. Suggestions included regular joint forums, multi-stakeholder working groups, and industry-specific roundtables to strengthen communication and reduce barriers.

### 2 Streamlined Regulatory Frameworks

The inaugural Pakistan startup summit 2024 SECP's Innovation Office and Regulatory Sandbox were highlighted as key steps toward reducing regulatory barriers and enabling experimentation. Attendees stressed the need for clear communication about these initiatives, including guidelines and eligibility criteria for participation. Regular updates to policies, based on industry feedback, were seen as crucial for maintaining relevance and market alignment.

### 3 Addressing the Funding Gap

Limited access to funding emerged as a recurring challenge. Attendees proposed fostering local investment by introducing tax incentives for angel investors and creating government-backed co-investment funds. Expanding awareness about alternative financing mechanisms like crowdfunding and venture debt was also recommended. Panel discussions emphasized the importance of showcasing successful funding models to build trust and attract institutional investors.

### 4 Understanding the Local User Base

Startups were encouraged to adopt a user-centric approach when developing solutions. Robust user research, including ethnographic studies and pilot programs, was deemed essential for understanding Pakistan's diverse population. Attendees highlighted the need for startups to partner with academic institutions and think tanks to gain deeper insights into local needs and challenges.

### 5 Empowering Women Entrepreneurs

The summit placed strong emphasis on inclusivity, with calls to prioritize women-led startups. Suggested measures included creating dedicated funding pools, launching mentorship programs specifically for women entrepreneurs, and establishing gender-sensitive policies. Attendees also advocated for more visible representation of women in leadership roles to inspire and empower future entrepreneurs.

### 6 Fostering Digital and Physical Infrastructure

Inadequate infrastructure, particularly in underserved areas, continues to hinder startup scalability. Participants emphasized the need for public and private investments in high-speed internet, payment systems, and affordable co-working spaces. Discussions also highlighted the potential of creating shared digital resources, such as cloud-based platforms and open data sets, to reduce operational costs for startups.



## 7 Promoting Sector-Specific Innovation

High-potential sectors like fintech, agri-tech, and e-commerce were repeatedly emphasized as areas where startups can create transformative impact. Targeted initiatives, such as industry-specific incubators and accelerator programs, were recommended to foster growth. Attendees also suggested creating partnerships between startups and established businesses to co-develop solutions and scale innovations.

## 8 The Need for a Long-Term Vision

The summit highlighted the necessity of aligning short-term actions with a long-term strategy for sustainable growth. Clear follow-ups, ongoing stakeholder engagement, and structured implementation plans were identified as crucial to maintaining momentum and translating insights into action. Participants called for SECP to create a centralized dashboard to track progress and ensure accountability across initiatives.

### 1.4 Comments from Summit Participants & Attendees

The following insights were gathered through follow-up conversations with select speakers, moderators, panelists, and attendees of the Pakistan Startup Summit 2024. These discussions provided valuable perspectives on both the SECP's broader goals for fostering entrepreneurship and innovation, as well as constructive feedback on the summit's organization, content, and execution.

## 1 Facilitating Ecosystem Collaboration:

Participants highlighted the importance of SECP acting as a connector within the startup ecosystem. They recommended initiatives like industry-specific roundtables and working groups that include multiple regulators, such as SBP and FBR, and associations such as P@SHA to address systemic barriers. Attendees referenced examples where collaborative discussions—like the SECP's past events in Lahore—had been particularly impactful, suggesting these could become a recurring feature.

## 2 Addressing the Funding Gap:

The lack of funding emerged as a major theme across discussions. Attendees called for SECP to encourage the establishment of local funds, supported by government incentives, to help startups bridge financing gaps. The idea of creating a Pakistan-level fund of funds was also proposed as a way to catalyze investment and mobilize private and institutional capital.

## 3 Engaging with International Expertise:

Participants highlighted the importance of SECP acting as a connector within the startup ecosystem. Attendees expressed a desire for SECP to engage with international regulators and incorporate global success stories into its initiatives. For instance, research into how countries with similar market conditions, like Vietnam or parts of Central Asia, have fostered startup ecosystems could provide valuable insights.





## 4 Driving Inclusivity and Innovation:

Several participants underscored the need to support women entrepreneurs and underrepresented groups. Gender-focused funding programs, mentorship initiatives, and partnerships were seen as vital steps for increasing participation from underserved segments. Participants also noted that promoting sustainable and social-impact-focused innovation could generate long-term benefits for the ecosystem.

## 5 Follow-Up and Knowledge Sharing:

A recurring suggestion was for SECP to institutionalize mechanisms for ongoing engagement with the ecosystem. This could include periodic consultations with startups, investors, and regulators to address emerging challenges, share market insights, and refine policies based on real-world feedback.



## 1.5 Challenges and opportunities



**1. Challenge: Access to Funding:** Limited capital sources, risk-averse investors, high interest rates, and macroeconomic instability hinder startup growth. Many startups struggle to secure early-stage funding due to lack of investor trust and awareness. Further, over-reliance on personal savings and informal funding channels creates financial vulnerability. Furthermore, a significant 42% of survey respondents identified financing barriers as a primary obstacle to scaling their businesses. Additionally, 18.5% of startups operate informally without registration, restricting their access to formal funding channels. The position paper attributes this decline to decrease in grant and donor funding, which has historically played a vital role in Pakistan's startup ecosystem by providing high-risk, no-return capital that supports early-stage ventures without demanding ownership stakes.



**Opportunity: Unlocking Capital:** To address these challenges, mobilizing untapped local funding from family businesses, institutional investors, and alternative financing models like crowdfunding is necessary. Creating targeted awareness campaigns for local investors can help bridge the trust gap while developing platforms to connect startups with local funding sources would increase accessibility. Further, public private partnership by way of establishment of a Government backed fund of fund to provide liquidity to start-up, as proposed earlier in SECP's position also, is the way forward.



**2. Challenge: Regulatory and Policy Barriers:** Complex compliance processes, inconsistent regulatory frameworks, and lack of standardized startup definitions impede growth. Startups face uncertainty due to overlapping regulations and limited coordination among regulatory bodies. Absence of sector-specific regulations leaves some high-potential industries without clear guidance. Further, fragmented regulatory environment caused by inconsistent definitions of start-ups was highlighted in the position of paper as well as in the survey 13.2% of respondents highlighted unclear regulations and compliance challenges as key obstacles.

**Opportunity: Regulatory Evolution:** To address these issues, regulatory evolution is important. There is a need to develop centralized startup registries, phased compliance models, and adaptive, market-aligned policies through continuous dialogue with stakeholders. A centralized platform could streamline compliance processes and reduce administrative burdens. Further, establishing sector-specific regulations can provide clarity and promote innovation in emerging fields. Lastly, a designated lead agency to coordinate efforts, consolidate resources, and establish clear guidelines for start-ups be set up.



**3. Challenge: Talent Shortages:** Limited availability of skilled professionals in tech and data fields, exacerbated by emigration and weak training pipelines. Startups struggle to find qualified candidates, particularly for roles requiring advanced technical skills. Additionally, existing training programs are often misaligned with the needs of emerging industries.



**Opportunity: Building Talent Pipelines:** To bridge the talent gap, it is recommended to Partner with educational institutions to foster skill development programs and entrepreneurship education at earlier stages. Introducing startup-specific internships and apprenticeships can build a stronger talent pipeline. Further, expanding collaborations with global training providers can bring international best practices to local contexts.





**4. Challenge: Infrastructure Gaps:** Poor internet connectivity and underdeveloped payment systems limit operational efficiency, especially in rural areas. Startups in remote regions face higher operational costs due to logistical challenges. Insufficient access to reliable power and transportation further hinders scalability. Further, position paper also highlighted the unavailability of adequate infrastructure and entrepreneurial support organizations, especially in Tier 2 and Tier 3 cities, limiting startups' growth potential.



**Opportunity: Enhancing Digital Infrastructure:** To bridge this gap, there is a need to invest in digital public goods like high-speed internet, open banking frameworks, and payment platforms to enable broader participation. Prioritize infrastructure development in underserved regions to reduce the urban-rural divide. Encourage private-sector investments in creating shared digital resources for startups and develop necessary infrastructure for accelerators and incubation centres in Tier 2 and Tier 3 cities.



**5. Challenge: Cultural and Societal Barriers:** Entrepreneurship is undervalued, with local norms favoring secure jobs over risk-taking. Women in particular face systemic barriers in accessing capital, networks, and mentorship opportunities. Negative perceptions of entrepreneurship deter potential innovators from pursuing startup ventures.



**Opportunity: Fostering Inclusive Ecosystem:** To Foster a more inclusive ecosystems, targeted initiatives are needed to support women entrepreneurs with tailored financial products, mentorship, and inclusive networks. Launching initiatives to highlight successful women-led startups can shift cultural perceptions. Further, establishing women-focused coworking spaces and innovation hubs can promote inclusivity.



**6. Challenge: Data Accessibility and Security:** Fragmented data ecosystems and inadequate cybersecurity undermine trust and limit innovation. Lack of centralized, standardized data repositories increases costs for startups reliant on data-driven solutions. Further, insufficient safeguards for data privacy and security raise concerns among users and stakeholders.



**Opportunity: Data Driven Innovation:** To address these concerns, it is essential to create centralized data-sharing platforms and invest in data security to enable fintech growth and foster trust in digital solutions. Providing incentives for data-sharing partnerships can drive innovation across industries. Further, strengthening cybersecurity protocols will build confidence among users and investors.



**7. Challenge: Scaling Hurdles:** Startups face significant hurdles in scaling from early-stage ventures to sustainable businesses due to limited funding, operational inefficiencies, and the absence of mentorship and growth-focused support systems. These challenges are further exacerbated by a lack of awareness about financing opportunities, as highlighted by the survey, which found that 75% of participants were unaware of the Growth Enterprise Market (GEM) board and its potential benefits for equity financing.



**Opportunity: Focused Growth:** To overcome scaling challenges and funding gaps, it is essential to develop tailored support systems, including streamlined regulatory processes, growth-focused mentorship, and government-backed local funds. Establishing regional hubs can further facilitate localized growth and innovation. Simultaneously, strengthening awareness programs about the Growth Enterprise Market (GEM) board is crucial to unlocking equity financing opportunities for startups. Workshops, webinars, and industry collaborations can demystify the listing process, while success stories of startups leveraging the GEM board can inspire others. Together, these initiatives will create a more informed, well-supported, and capital-ready entrepreneurial ecosystem.



## 1.6 Post Summit Development – Digital Nation Pakistan Act

The Digital Nation Pakistan Act, 2025 (the "Act"), empowers the Pakistan Digital Authority (PDA) to lead the expansion of high-speed internet access, particularly in underserved areas, and to develop a strong digital public infrastructure. It includes a data exchange platform, secure digital identity systems, digital payment solutions, cloud-based government services, and open data platforms—all crucial for fostering an inclusive and efficient digital ecosystem. This post summit development provides an opportunity to address many of the challenges mentioned above in a more comprehensive manner. Further, SECP is also a member of the National Digital Commission, and the Act highlights its role in the following definition:

"Digital identity" means a legal, secure, verifiable credential issued to an eligible individual, enabling access to digital services, transactions, and interactions, which shall be developed, issued, and managed by the National Database and Registration Authority under the National Database and Registration Authority Ordinance, 2000. For legal entities, it shall be based on data maintained by the Securities and Exchange Commission of Pakistan or other relevant Federal or Provincial Government entities.

Therefore, PDA is an essential step in the right direction for addressing critical infrastructure challenges, including limited internet connectivity, restricted access to data, and inadequate cloud services—issues that hinder efficiency across various sectors. Startups, particularly in tier-2 and tier-3 cities, struggle to scale due to insufficient digital infrastructure. To drive Pakistan's digital transformation, it is imperative to implement the Act and establish the PDA. SECP on its part is evaluating and gearing up for active engagement with PDA to ensure efficient delivery.





# CHAPTER-2

## 2.1 Regulatory Interventions-SECP:

### 1. Key Reforms In the Company Act 2017:

Various amendments aimed at promoting and facilitating start-ups has been made in the Companies Act 2017. By virtue of these amendments SECP has been mandated to implement measures for providing greater ease of business, improving regulatory quality and efficiency and facilitating innovation and the use of technology in conducting business in a corporate form. For simplification of regulations, SECP has removed many regulatory requirements through amendments made in Companies Act, 2017 (in December 2021) whereby

#### I. Financial Reporting Facilitation:

- Unaudited Financial statements are not required to be filed with registrar by small private companies.
- Private companies with paid-up capital up to Rs. 1 million are no longer required to file audited financial statements.

#### II. Gender Equality

To promote gender equality, requirements to mention husband's name for registration of a company have been abolished bringing company registration requirements at par for men and women.

#### III. Fund Raising

- Private companies are allowed to issue capital through otherwise than right and for consideration other than cash. Now private companies can raise capital by receiving immovable property, intangible assets and services from potential investors.
- Private companies are allowed to issue shares to their employees through employee's stock options. Startups could greatly benefit by attracting and retaining top talent, particularly in

cases where financial constraints limit their ability to offer competitive salaries.

- Private and public unlisted companies including startups may buy back their own shares.
- guidelines for stock splits by listed companies. These guidelines aim to promote stock splits as a viable financial strategy, and helps improve liquidity of the share in the market and makes the shares more accessible to retail investors.
- SECP has also issued draft guidelines for stock splits by unlisted companies including startups for public consultation. The purpose of these guidelines is to provide a comprehensive framework for startups considering a stock split, ensuring a structured and well-informed approach.

#### IV. Optimizing Processes

- After extensive review of the existing regulations, several procedures have been simplified, several forms have been merged resulting in a substantial reduction of existing forms from 75 to only 27.
- With respect to IPO (intellectual property rights), it is shared that SECP & IPO systems are integrated and names are being reserved after checking from IPO database Requirement to have common seal is omitted.
- Requirement of filing subscription money form to registrar is omitted.

#### v. SECP Regulatory Sandbox

The SECP has successfully launched four cohorts under its Regulatory Sandbox (RSB) program since 2020, and it has now transitioned to an always-open model to provide continuous support for startups





- The RSB is designed to reduce regulatory barriers, assist startups in navigating compliance complexities, and enable controlled experimentation.

Additionally, the introduction of Section 458A in the Companies Act, 2017, empowers SECP to implement measures that facilitate market entry and exit for startups while promoting regulatory sandboxes, crowdfunding, and digital asset adoption. These initiatives collectively foster a more adaptive and innovation-friendly regulatory environment. The achievements under RSB includes:

- Amendments to NBFC Regulations to create a comprehensive framework supporting P2P Lending

P2P lending platforms can democratize access to credit, addressing the substantial credit gap where only 23% of adults in Pakistan have access to formal financial services, as reported by the World Bank.

- Guidelines issued to promote Fintech for distribution and advisory roles

Digital mutual fund distribution simplifies investment processes, potentially increasing market participation; currently, only 2% of Pakistan's population invests in mutual funds, indicating a vast untapped market.

- Regulatory Framework setup for Digital Only AMC

SECP facilitates Digital AMCs by providing a flexible regulatory framework that enables fully digital operations, streamlined e-KYC

processes, and low-cost investor access through technology integration.

- Regulatory Framework setup for Micro and Digital-only insurers

Digital insurance solutions can address the low insurance penetration in Pakistan, which stands at a mere 1% of GDP compared to a global average of 6.1%, through more accessible and affordable insurance products.

#### vi. Innovation Office:

The SECP Innovation Office, established in 2020, promotes financial literacy and startup growth through outreach and regulatory support. Revamped in 2024 and formally launched during the summit to align





with international best practices, it now focuses on cross-border collaboration, fintech adoption, and regulatory innovation. The office supports RegTech, SupTech, and emerging technology research while facilitating partnerships between startups, investors, and government authorities. It also prioritizes advocacy, capacity building, and regulatory sandbox sessions to enhance financial inclusion. With a strong focus on sustainability, women-focused programs, and global engagement, the office is committed to driving fintech innovation

and supporting a dynamic startup ecosystem.

#### **vii. Growth Enterprise Market (GEM) Board at PSX:**

Growth Enterprise Market Board is a listing platform aimed at facilitating growth-oriented businesses, whether small, medium or greenfield businesses, to raise capital to fund their growth and expansion plans. GEM Board offers companies flexible listing requirements in recognition of the company's growth phase.

## **2.2 Recommendations for the SECP:**

### **a. Regulatory Initiatives:**

- I. Develop accessible resources:** Create straightforward guidelines for startups, including company incorporation, licensing, and regulatory compliance.
- II. Provide guidance:** Host guidance sessions and publish plain-language explainer documents on SECP's website.
- III. Engage stakeholders:** Conduct quarterly webinars and workshops in collaboration with incubators, accelerators, and trade associations.
- IV. Expand activities: Scale up the Innovation Office's Initiatives by:**
  - Launching awareness campaigns about the Regulatory Sandbox.
  - Assigning dedicated startup support teams for personalized assistance.
  - Publicizing success stories to inspire greater participation.
- V. Explore technology:** Establish a center for experimenting with AI for compliance automation and blockchain for regulatory submissions.
- VI. Adopt global practices:** Take inspiration from the UK's FCA, Singapore's MAS, and Hong Kong's Fintech Supervisory Sandbox.
- VII. Unified Startup Definition:** Take the lead in creating one single, standardized definition of a start-up that will be used by all regulatory bodies to bring clarity and eliminate confusion for start-ups when they interact with different government bodies. It will make it easier for them to understand which regulations and support schemes apply to them, reducing regulatory ambiguity.

### **b. Corporate Registry:**

- I. Centralize registration:** Introduce a self-declaration mechanism whereby start-ups will be able to declare themselves as a start-up based on the unified definition, through a simple digitally enabled process. This will reduce the bureaucratic burden on start-ups, making it faster and easier for them to identify themselves and potentially access relevant benefits.
- II. Align policies:** Coordinate between SECP, SBP, FBR, and other regulatory bodies to reduce overlapping processes. Further, to address fragmentation, advocate for designation of a lead agency to coordinate efforts, consolidate resources, and establish clear guidelines for start-ups.
- III. Streamline efforts:** Create a joint regulatory task force to simplify processes like registration and tax compliance.
- IV. Integrate systems:** Link SECP's company incorporation system with FBR's tax registration and SBP's bank account requirements.



### c. Funding and Investment support:

- I. **Catalyze Investments:** Collaborate with private sector and international agencies to enhance funding availability.
- II. **Reduce risks:** Introduce co-investment funds pooling public and private capital, inspired by Singapore's Startup SG Equity Program.
- III. **Attract Investors:** Provide tax breaks for angel investors and VCs, modeled after India's Angel Tax Exemption.

### d. Product and policy Innovation:

- I. **Explore International models:** Explore international models and adapt to a local use case to enhance startup financing and capital market accessibility such as:
  - a) The Muscat Stock Exchange's promising startup index. It can present a framework for listing and supporting startups in capital markets. Pakistan can implement it in the GEM board or can have a dedicated startup index to facilitate their access to equity financing and enhanced funding opportunities.
  - b) Startup Qatar, launched by the Investment Promotion Agency Qatar (Invest Qatar), is a comprehensive platform designed to support and connect startups with key resources across the country. It offers a one-stop solution for funding, incubation, licensing, government grants, and networking opportunities to foster business growth. A central feature of the initiative is the Startup Qatar Investment Program, powered by Qatar Development Bank (QDB), which provides up to \$500,000 for new startups and up to \$5 million for established ventures looking to scale in Qatar. The program announced its first successful cohort during Web Summit Lisbon in November 2024, awarding QAR 43.8 million (approximately USD 12 million) to eleven startups, along with office space, accommodation, and entrepreneur visas. With over 1,000 applications and more than 250 startups registered via the Qatar Financial Centre, Startup Qatar is rapidly positioning the country as a regional innovation and entrepreneurship hub.

Pakistan can also replicate Qatar model to develop a robust start-up eco-system in the country.

- II. **Document Insights:** Publish post-roundtable white papers summarizing actionable commitments.
- III. **Test Innovations:** Use pilot regulatory programs to refine policies based on roundtable feedback.
- IV. **Learn from others:** Adopt models like Australia's ASIC FinTech Roundtable and Abu Dhabi's Innovation Dialogues.

### e. Handholding and Capacity building:

- I. **Hold roundtables:** Hold focus event such as Agri roundtable to engage key stakeholders, including policymakers, financial institutions, and agri-tech start-ups. By fostering dialogue among different stakeholders, this roundtable will contribute positively towards technological adoption within the agribusiness ecosystem.

In the Agri space this initiative can identify regulatory gaps, explore innovative financing mechanisms such as Electronic Warehouse Receipts (EWRs), and develop a roadmap for integrating digital solutions into Pakistan's agricultural sector.

- II. **Invest strategically:** Enhance digital and physical infrastructure, such as high-speed internet, reliable power, and secure payment systems.
- III. **Promote adoption:** Strengthen the use of digital payment solutions like Raast by streamlining any bottlenecks in regulatory framework in adoption of Raast by the regulated entities. Further, work closely with SBP for encouraging and creating awareness for the use of Raast payment system.
- IV. **Foster collaboration:** Support co-working spaces and innovation hubs in underserved regions through partnerships.
- V. **Use diverse media:** Publish explainer materials such as videos, infographics, and FAQs tailored to startup sectors, similar to the UK's Companies House.
- VI. **Educate stakeholders:** Offer programs to train investors on startup dynamics under its innovation office initiative, drawing from Malaysia's Cradle Fund.
- VII. **Build capacity:** Conduct workshops for provincial governments on startup ecosystem development.



## 2.3 Recommendations for other Government Bodies and Policy Makers:

### a. Support Financial Inclusion Initiatives:

- I. **Promote Inclusivity:** Collaborate with SBP to design policies targeting women, underbanked communities, and MSMEs.
- II. **Expand programs:** Scale up initiatives like SBP's Refinance and Credit Guarantee Scheme for Women Entrepreneurs.
- III. **Enable credit access:** Facilitate microfinance and fintech solutions to increase affordable credit availability.
- IV. **Repatriation:** Position Paper highlighted that addressing repatriation issues would make the ecosystem more attractive to foreign investors, also encouraging investment in female-led start-ups.
- V. **Enhance products:** Work with digital payment platforms to create tailored financial offerings for underserved populations.

### b. FBR to Introduce Tax Incentives for Startups:

- I. **Ease burdens:** Offer tax exemptions or reductions during startups' initial operational years (e.g., 3-5 years).
- II. **Encourage R&D:** Provide tax credits for research and development expenditures in high-growth sectors.
- III. **Attract funding:** Incentivize private investment through capital gains tax exemptions for angel and venture investors.

### c. Strengthen Education and Talent Development:

- I. **Revamp curricula:** Partner with academic institutions to integrate entrepreneurship- focused education and practical training.
- II. **Upskill workforce:** Launch bootcamps and certification programs in emerging fields like AI, fintech, and digital marketing.
- III. **Collaborate widely:** Engage industry stakeholders to align training programs with startup ecosystem needs.

### d. Support Women In Entrepreneurship:

- I. **Expand access:** Increase funding opportunities for female-led startups through targeted financial programs.
- II. **Procure Inclusively:** Mandate a percentage of government contracts for women-owned businesses.
- III. **Foster networks:** Establish nationwide mentorship and training platforms tailored to the needs of women entrepreneurs.
- IV. **Enable market access:** Develop connections for women-led businesses to investors and global markets.

### e. Replicate the "Saudi Garage" Model to Build Startup Hubs:

The Garage, launched in 2023 under Saudi Vision 2030, is the Middle East's largest startup hub, supporting 300+ startups in a 28,000 sq. meter facility in Riyadh.

Partnering with global organizations like Google for Startups, it has supported 450 founders from 50+ countries, generating SR 24.5M in revenue and raising SR 215M in investments. It offers end-to-end support including incubation, acceleration, mentorship, and funding access. Pakistan can replicate this model to build a robust and inclusive startup ecosystem.

### f. Rank provinces:

A provincial start-up ranking framework can be developed to assess and rank provinces based on defined action points such as policy implementation, infrastructure, funding access, ease of doing business, and support programs. The objective of this initiative is to acknowledge the efforts of provinces that are creating policies and taking initiatives in startup development through the creation of a conducive space for innovators and job creation. This will create healthy inter-provincial competition, encourage policy innovation, and startup ecosystem development across the country.



## 2.4 Recommendations for Private Sector Investors and Financial Institutions

### a. Increase Risk Appetite for Startups:

- I. **Design tailored products:** Develop financial instruments like venture debt, microloans, and equity funding.
- II. **Collaborate with regulators:** Partner with SECP and SBP to create co-investment funds to reduce private investment risks.
- III. **Support underserved sectors:** Focus investments on high-impact sectors like Agri-tech, health-tech, and manufacturing.

### b. Expand Mentorship Programs:

- I. **Structure collaborations:** Work with accelerators and incubators to deliver expert guidance on scaling and fundraising.
- II. **Leverage digital tools:** Develop platforms for remote mentorship, connecting urban experts with startups in underserved areas.
- III. **Reward participation:** Introduce incentives for mentors, such as recognition programs or tax benefits.

### c. Foster Public-Private Partnerships:

- I. **Create funding vehicles:** Collaborate with government agencies to co-develop financial instruments for startups.
- II. **Allocate public resources:** Use public funds to support proof-of-concept stages and reduce risks for early-stage investments.
- III. **Encourage Institutional Involvement:** Involve large financial institutions as co-investors to mobilize significant capital.

## 2.5 Recommendations for Startup Founders and Entrepreneurs

### a. Stay Informed on Regulations:

- I. **Use SECP tools:** Leverage resources like the Innovation Office and Regulatory Sandbox for compliance and guidance.
- II. **Monitor updates:** Stay abreast of regulatory changes via SECP webinars and explainer materials.
- III. **Engage proactively:** Build relationships with regulatory bodies to strengthen credibility and ensure compliance.

### b. Adopt a Customer-Centric Approach

- I. **Understand market needs:** Conduct user research to create products that address real customer challenges.
- II. **Iterate designs:** Use feedback loops to refine offerings for better usability and market fit.
- III. **Prioritize accessibility:** Ensure solutions are affordable and tailored to underserved sectors like agriculture and fintech.

### c. Focus on Resilience and Scalability:

- I. **Streamline operations:** Adopt technology to improve efficiency and reduce costs while scaling.
- II. **Diversify revenue streams:** Build financial models that can withstand market fluctuations.
- III. **Adapt quickly:** Use market analysis to pivot strategies in response to demand shifts.

### d. Collaborate Across the Ecosystem:

- I. **Build alliances:** Partner with other startups, accelerators, and investors to share resources and insights.
- II. **Tackle collective challenges:** Form working groups to solve industry-wide issues, such as compliance and infrastructure gaps.
- III. **Advocate effectively:** Use partnerships to strengthen the ecosystem's voice in policy dialogues.
- IV. **Foster knowledge exchange:** Participate in forums and initiatives that drive collective innovation and growth.



# CONCLUSION- THE WAY FORWARD

The Pakistan Startup Summit 2024 along with position paper and survey underscored the immense potential of the country's entrepreneurial ecosystem while shedding light on the critical challenges that must be addressed to unlock its full potential. Through collaborative dialogue and shared insights, the report provided a blueprint for strengthening Pakistan's startup ecosystem and driving sustained economic growth.

The report's recommendations call for:

## UNIFIED COLLABORATION



Encouraging regulators, startups, investors, and academia to align their efforts for a cohesive and supportive entrepreneurial environment.

## STRATEGIC INVESTMENTS



Prioritizing infrastructure development, talent building, and inclusive policies to bridge ecosystem gaps and enhance resilience.

## Focused Action with Long-Term Vision



Balancing immediate interventions with strategic, future-oriented plans to ensure sustainable growth and adaptability.

By implementing these strategies, stakeholders can unlock Pakistan's potential as a hub for innovation and entrepreneurship, fostering a resilient ecosystem that drives inclusive growth and global competitiveness. The journey forward requires commitment, creativity, and collective action to transform challenges into opportunities for a brighter economic future.



# **Pakistan Startup Summit Roundup**



# PRESENTATIONS & PANEL DISCUSSION SUMMARIES

## Day 01 of the Summit

### 1. Welcome Address by Mr. Mujtaba Ahmad Lodhi (Commissioner, SECP)

In his opening remarks, Mr. Mujtaba Ahmad Lodhi expressed his gratitude to the diverse gathering of entrepreneurs, investors, regulators, and ecosystem enablers. He emphasized the significance of the event in providing a platform for meaningful dialogue and collaboration to address the challenges facing Pakistan's startup ecosystem.

Reflecting on SECP's commitment to supporting innovation, Mr. Lodhi highlighted the strides made by the organization in creating an enabling regulatory environment. Initiatives such as the Innovation Office and Regulatory Sandbox were presented as key milestones in SECP's efforts to facilitate experimentation and reduce barriers for entrepreneurs.

He underscored the potential of Pakistan's young and dynamic population as a driving force for economic transformation. Mr. Lodhi also called on attendees to leverage the summit as an opportunity to forge connections, share insights, and co-create solutions that align with the country's unique challenges and opportunities.

Concluding his remarks, Mr. Lodhi expressed his optimism for the outcomes of the summit, urging all participants to embrace innovation as a catalyst for building a resilient, inclusive, and globally competitive entrepreneurial ecosystem.





## 2. Key Address Mr. Akif Saeed (Chairman, SECP)

In his address, Mr. Akif Saeed highlighted the transformative potential of the nexus between youth and technology in shaping Pakistan's startup ecosystem. With Pakistan's median age at 20 and over two-thirds of its population under 30, he identified a unique market opportunity and emphasized the importance of aligning regulatory frameworks with the needs of this dynamic demographic. He proposed bold ideas, such as integrating age diversity in corporate governance by progressively reducing the average age of board members and participants in forums like the Startup Summit.

Recognizing the underrepresentation of women, Mr. Saeed advocated for increased female participation in entrepreneurship, leveraging technology as a key enabler. He also discussed the role of regulatory technology (RegTech) in reducing compliance burdens and enhancing efficiency, citing SECP's initiatives such as the operationalization of eClear and the digitization of the company registration process. He praised the success of SECP's regulatory sandbox in enabling startups to test innovative ideas while maintaining stability, presenting it as a future cornerstone of Pakistan's entrepreneurial landscape.

Mr. Saeed also addressed the pressing need for cybersecurity and data protection as integral components of the evolving digital ecosystem. He encouraged stakeholders to engage in collaborative discussions to overcome challenges such as economic pressures, infrastructure gaps, and regulatory constraints, while unlocking opportunities to reshape markets and harness youth potential.

He concluded with a call to action for participants to leverage the summit as a platform for generating actionable ideas, forging partnerships, and building innovative solutions. His vision centered on fostering a dynamic, inclusive startup ecosystem that drives sustainable growth and positions Pakistan as a hub of entrepreneurial excellence.







### 3. Keynote Speech by Mr. Muhammad Aurangzeb (Finance Minister of Pakistan)

Mr. Aurangzeb addressed the summit virtually, emphasizing the pivotal role of Pakistan's startup ecosystem in driving economic transformation. He acknowledged startups as a critical sector for ensuring longterm substantial growth, describing the startup ecosystem as a game-changer for the economy. He commended the SECP's initiatives, including regulatory sandboxes and simplified company incorporation processes, as enablers for startups to establish themselves quickly and efficiently.

Drawing on insights from his recent participation in the Future Investment Initiative (FII) in Riyadh, Mr. Aurangzeb highlighted the global focus on artificial intelligence (AI), and its implications for Pakistan's innovation trajectory. He noted that AI and similar technologies represent significant opportunities for startups to develop solutions tailored to local challenges.

Mr. Aurangzeb also underscored the government's responsibility to create consistent and supportive policies, enabling the private sector to drive innovation and scalability. He urged banks and other regulatory bodies, including the FBR and SBP, to step up their role in providing access to financial services, fostering an environment where startups can thrive.

The minister emphasized financial inclusion as a national priority, asserting that traditional models of economic participation are no longer sufficient. He called for startups to innovate for underserved and underbanked segments, especially women, to build a more inclusive economic framework. While acknowledging recent corrections in global startup funding trends, he framed these as opportunities to refocus on sustainable business models that drive long-term growth and scalability.

Concluding his remarks, Mr. Aurangzeb expressed his confidence in the summit's ability to catalyze meaningful change, wishing attendees productive discussions and actionable outcomes.



## Panel Discussions

### 4. Panel Discussion 01:

Founders' Perspectives on Building Startups in Pakistan

Moderated by Taimoor Ali

1 Nadeem Sheikh - Neem

2 Maha Shahzad - BusCaro

3 Omair Ansari - Abhi



#### a. Overview of the discussion

The panel discussion brought together founders from diverse backgrounds to share their insights, challenges, and aspirations for building startups in Pakistan. The conversation revolved around navigating funding difficulties, leveraging local opportunities, addressing ecosystem gaps, and fostering resilience in a rapidly evolving landscape. The founders emphasized the importance of innovation, efficient resource utilization, and adapting to the unique challenges of Pakistan's entrepreneurial ecosystem.

#### I. Summary of key insights:

**Resilience in Adversity:** Founders highlighted the importance of perseverance, particularly in a challenging funding environment. Effective capital efficiency and strategic focus are critical.

**Localized Solutions:** Entrepreneurs stressed the need to create solutions tailored to Pakistan's unique socioeconomic and infrastructure challenges.

**Ecosystem Maturity:** The ecosystem is evolving, with greater understanding of technological tools, providing a foundation for more sustainable growth.

**Supportive Partnerships:** Collaboration between startups, banks, and regulators has improved, fostering more informed discussions and innovations like Raast.

**Talent Development:** Building internal expertise and fostering talent pipelines were identified as critical for long-term success.

#### II. Summary of key challenges highlighted:

**Funding Difficulties:** Securing funding remains arduous, particularly for early-stage startups in underserved sectors like public transport.

**Regulatory Hurdles:** Entrepreneurs face delays and inconsistencies in regulatory frameworks, especially in areas like licensing and compliance.

**Infrastructure Gaps:** Issues such as poor internet access and limited payments infrastructure create operational challenges.

**Talent Shortages:** Finding and nurturing the right talent is a persistent challenge, exacerbated by emigration and lack of specialized skill development.

**Limited Awareness:** Public and corporate awareness about innovative business models like earned wage access (EWA) or digital payments remains low.

### III. Summary of key opportunities Identified:

**Scaling Solutions Locally and Globally:** With proper frameworks, Pakistani startups can address local issues like financial wellness and public transport while scaling globally.

**Capitalizing on Ecosystem Growth:** The expanding dialogue around technology, APIs, and financial services is fostering a more mature ecosystem.

**Leveraging Digital Innovation:** Regulatory sandboxes and digital initiatives by SECP and other stakeholders create a conducive environment for startups to innovate and test ideas.

**Market Potential:** With a youthful population and increasing digital penetration, Pakistan remains an untapped market for tech-enabled solutions.

### IV. Notable quote:

**Maha Shahzad (BusCaro):** "We focus on what we can do and ignore all the noise around it."

**Nadeem Sheikh (Neem):** "Being a founder is not a get-rich-quick scheme – it takes a lot of passion and creativity."

**Omair Ansari (Abhi):** "Raising money, a monkey can do — but execution is the real work."



Maha Shahzad  
(BusCaro)



Nadeem Sheikh  
(Neem)



Omair Ansari  
(Abhi)

## 5. Address by Mr. Nadeem Hussain (Coach at Planet N Group)

Mr. Nadeem Hussain addressed the significant funding challenges faced by startups in Pakistan, highlighting that the country has raised less than \$750 million over the last 15 years, with much of this concentrated in a handful of large deals. He emphasized that while most startups secure funding at the pre-seed and seed stages, very few progress to Series A or beyond. This lack of scaling limits the ecosystem's potential and has resulted in only a handful of successful exits over the past decade and a half.

One key issue, according to Mr. Hussain, is the declining availability of funding, which peaked at over \$250 million in 2022, but has since fallen to around 1/10th of that. He attributed this downturn to factors such as currency fluctuations, which increase the risk for foreign investors by eroding returns. He also stressed the need for startups to focus on building strong partnerships and demonstrating their ability to scale, as current funding trends favor founders with proven track records.

Mr. Hussain noted that the regulatory framework, including holding company regulations introduced by SECP, is no longer a significant hurdle. Instead, the challenge lies in the startups' ability to execute, grow, and attract investors who are willing to take risks beyond the initial stages. He emphasized the importance of developing a robust ecosystem where startups can move beyond the pre-seed and seed stages into Series B, Series C, and eventually achieve exits.

In conclusion, Mr. Hussain highlighted that the Pakistani startup ecosystem needs to focus on scalability, building investor trust, and fostering more success stories to attract sustained funding and take the ecosystem to the next level. His insights provided a valuable roadmap for addressing the systemic barriers to growth and unlocking the potential of Pakistan's entrepreneurial sector.





## 6. Panel Discussion 02:

Dialogue on Strategies for Building a Resilient Startup Ecosystem

**Moderated by Mubariz Siddiqui**

**1 Sima Kamil - Neem**

**2 Nadeem Hussain  
Planet N Group**



### a. Summary of the discussion

The panel explored challenges and opportunities in fostering a robust startup ecosystem in Pakistan. Both esteemed speakers highlighted the need for better collaboration among

stakeholders, improved funding mechanisms, and a cultural shift towards embracing entrepreneurship. They discussed systemic barriers such as fragmented efforts, limited liquidity in startups, and a lack of entrepreneurial education. Suggestions included leveraging family-owned businesses for venture funding, nurturing entrepreneurship at the school level, and creating cohesive policies to support startups from inception to scaling.

### b. Key Insights and Challenges

#### I. Summary of key Insights.

**Fragmented Stakeholder Efforts:** Government entities and regulators are open to innovation, but their efforts remain uncoordinated. A cohesive framework is necessary to align their goals and maximize impact.

**Unlocking Local Capital:** While banks are unlikely to adopt a venture capital role due to their reliance on treasury bills, family businesses hold potential as an untapped funding source for startups.

**Scalability Is Key:** Startups must achieve scale to attract significant investment, particularly from international markets.

**Changing Workforce Trends:** With the rise of AI and automation, job availability is declining, making entrepreneurship a vital alternative for economic growth.

#### II. Summary of key challenges highlighted.

**Risk Aversion In Funding:** Banks and family businesses prefer low-risk investments like treasury bills and real estate, leaving startups starved for liquidity.

**Cultural Barriers:** Pakistan's societal mindset prioritizes secure jobs over entrepreneurial risk-taking, limiting the pool of aspiring founders.

**Educational Gaps:** A lack of entrepreneurial education at the foundational level leaves young people ill-prepared for the challenges of running startups.

**Weak Ecosystem Support:** Incubators and platforms like NICs are perceived as ineffective in driving real growth or raising significant funding.

#### III. Summary of key opportunities identified.

**Engaging Family Businesses:** Young owners of family businesses, inspired by global exposure should be encouraged to mentor and invest in startups.

**Entrepreneurship Educational Reforms:** Introducing entrepreneurship education at the primary and secondary school levels can instill a mindset shift and foster a culture of innovation.

**Collaborative Initiatives:** Forming small, agile entities involving corporates, banks, and regulators can provide mentorship, coaching, and funding to startups.

#### iv. Notable quotes:

**Sima Kamil:** “We don’t have a standard definition of a startup. We’re all over the place. We need an entity that puts all of these things together.”

**Nadeem Hussain:** “Without scale, you are not going to get foreign money.”

## 7. Panel Discussion 03:

**Empowering Female Entrepreneurs:** Challenges, Opportunities, and Support from the Public and Private Sectors

Moderated by Sumera Abbasi

1 Leila Serhan - VISA

2 Nadeem Hussain  
ZoodPay

3 Vladimira Briestenska  
Neem

4 Dr. Sara Saeed  
Sehat Kahani

5 Mariam Hadi - ADB



#### a. Summary of the discussion

The panel focused on the barriers faced by female entrepreneurs, ranging from limited access to funding and male-dominated networks to cultural stereotypes. The panelists highlighted systemic issues like fragmented data, inadequate financial products tailored for women, and insufficient collaboration between public and private sectors. Each speaker shared experiences and actionable insights for fostering a supportive ecosystem for women-led businesses, with a recurring emphasis on breaking down structural and societal barriers.

#### b. Key Insights and Challenges

##### i. Summary of key insights

**The Global Nature of Challenges:** Female entrepreneurs across different regions face similar barriers, including funding gaps, male-dominated networks, and societal stereotypes.

**Importance of Tailored Financial Solutions:** Current financial tools are largely male-centric. There is a pressing need for women-specific credit scoring systems and financial products that align with their unique needs and behaviors.

**Data Gaps in Gender-Specific Insights:** The lack of gender-disaggregated financial data hinders the development of targeted policies and products for female entrepreneurs.

**Collaboration as a Catalyst:** Coordinated efforts between public and private stakeholders can address infrastructure, funding, and mentoring gaps more effectively than isolated initiatives.



**Representation and Visibility:** Women entrepreneurs need access to platforms that amplify their visibility, allowing them to showcase their capabilities and access opportunities at both local and global levels.

**Infrastructure and Support:** Structural supports like affordable childcare, flexible working conditions, and mentorship programs are critical for enabling women to balance **entrepreneurship with other responsibilities**.

## II. Summary of key challenges highlighted

**Funding Gaps:** Female entrepreneurs struggle to secure funding, with much of the focus remaining on mentoring rather than financial investment.

**Cultural and Societal Biases:** Societal norms undervalue women's economic contributions, creating barriers to risk-taking and entrepreneurial ventures. Younger female founders are often intimidated by male-dominated networks. There is no space created for them.

**Fragmented Efforts:** Stakeholders often work in silos, creating inefficiencies and duplicative efforts, which dilute the impact of support initiatives.

**Intimidating Ecosystems:** Male-dominated networks and formal environments can discourage younger women from fully participating or accessing mentorship and funding.

## III. Summary of key opportunities Identified

**Developing Women-Focused Financial Products:** Financial institutions can create innovative products tailored specifically to women's needs, such as loans with flexible repayment options or lower collateral requirements.

**Building Collaborative Frameworks:** Public-private partnerships can bring together resources, expertise, and networks to create a holistic ecosystem for female entrepreneurs.

**Introducing Entrepreneurship Education:** Entrepreneurship programs in schools and universities can cultivate a mindset shift and prepare young women for leadership roles in business.

**Enhancing Visibility and Mentorship:** Initiatives like Visa's "She's Next" can expand access to grants, training, and national/international exposure for women entrepreneurs.

**Streamlining Processes Through Data Sharing:** Collaboration between regulators and financial institutions to share data can simplify account openings and credit approvals for women entrepreneurs.

## IV. Notable quotes:

**Naureen Hyat:** "Pink credit cards are not the solution— tailored products that consider women's specific needs are what's required."

**Dr. Sara Saeed:** "Women are often over mentored and underfunded."

**Naureen Hyat**



**Dr. Sara Saeed**



## 8. Panel Discussion 04:

**Creating a Conducive Ecosystem for Startups: The Role of Policy, Funding, and Support Agencies**

Moderated by Amna Masood

1 Akhtar Javed  
State Bank of Pakistan

4 Asher Nazim  
Aion Digital

2 Khalida Habib - (SECP)

5 Zubair Bilal - (FBR)

3 Khurram Zafar  
47 Ventures

6 Sharjeel Murtaza  
Karandaaz



### a. Summary of the discussion

The panel explored the systemic barriers and opportunities in building a startup-friendly ecosystem in Pakistan. Topics included regulatory challenges, funding gaps, and the importance of creating a centralized framework for startups. Panelists emphasized the need for collaboration among stakeholders, harmonized regulatory criteria, and simplified compliance processes to encourage entrepreneurship. Discussions also highlighted the potential of open banking, crowdfunding, and digital public infrastructure in driving innovation.

### b. Key Insights and Challenges

#### I. Summary of key insights

**Harmonization of Policies:** There is no uniform definition of a startup in Pakistan, leading to inconsistent support and regulations across institutions. Harmonizing criteria and creating a centralized startup registry could address this issue.

**Role of Innovation and ESG Principles:** Startups must adopt environmental, social, and governance (ESG) principles to gain credibility and align with global funding trends.

**Simplification of Compliance:** The current regulatory framework involves lengthy compliance processes, deterring startups. Simplifying documentation and processes can make it easier for startups to operate.

**Need for Crowdfunding Frameworks:** SECP is working on creating crowdfunding frameworks, which could serve as an alternative funding mechanism for startups.

**Encouraging Entrepreneurship:** Both young professionals and seasoned individuals need to view entrepreneurship as a viable career path. Ecosystem hubs can concentrate talent and resources to support startups.

**Open Banking and Fintech Innovation:** Open banking can disrupt traditional financial systems, democratizing data access and fostering innovation.

#### II. Summary of key challenges highlighted

**Funding Gaps:** Banks avoid funding startups due to their high-risk profiles and lack of credit histories. The funding landscape relies heavily on venture capitalists, limiting options for startups.

**Siloed Efforts:** Stakeholders, including regulators and support organizations, often work independently, reducing the collective impact of their initiatives.

**Policy and Implementation Disconnect:** While policies exist to facilitate startups, poor implementation leads to frustration among entrepreneurs, particularly for processes like international payments and account openings.



**Fragmented Digital Infrastructure:** Data silos across the public and private sectors impede the development of a cohesive digital ecosystem, limiting innovation and accessibility.

**Cultural Perceptions:** Social attitudes discourage entrepreneurship, viewing it as less stable or prestigious compared to traditional employment.

### III. Summary of key opportunities Identified

**Centralized Startup Registry:** Establishing a unified registry and policy framework can provide clarity and consistency for startups and stakeholders.

**Crowdfunding Platforms:** A crowdfunding framework could provide an alternative funding source for startups, reducing reliance on traditional banks.

**Public-Private Collaboration:** Partnerships between regulators, financial institutions, and private entities can improve efficiency, streamline compliance, and foster innovation.

**Focused Startup Hubs:** We've often been focused on spreading entrepreneurship across Pakistan, but that doesn't always work. Creating designated startup hubs, as seen in countries like the US, can concentrate resources and talent, accelerating ecosystem growth.

**Digital Public Infrastructure:** Leveraging initiatives like RAAST and digitized ID systems can improve access, reduce inefficiencies, and encourage innovation.

### IV. Notable quotes

**Asher Nazim:** "The open banking era is here, breaking monopolies and enabling regulated data exchange, which will change the paradigm for startups."



## 9. Panel Discussion 05:

**Navigating Pakistan's Startup Ecosystem:** Overcoming Challenges and Unlocking Opportunities in Capital, Talent, and Markets

Moderated by Ahmed Uzair

1 Omer Khan - PostEx

2 Misbah Naqvi  
Invest2Innovate

3 Rabeel Warraich  
Sarmayacar

4 Atif Awan - Indus Valley  
Capital

5 Ayesha Saleem  
Lakson Venture Capital



#### a. Summary of the discussion

This panel addressed the key obstacles and opportunities within Pakistan's startup ecosystem, focusing on challenges such as limited access to funding, talent shortages, and economic instability. The speakers shared insights on navigating these difficulties and emphasized a strategic shift toward profitability and sustainability over growth. They discussed the importance of leveraging existing opportunities, such as the potential of AI, and recent innovations in fintech and agri-tech, while also fostering local investment.

#### b. Key Insights and Challenges

##### I. Summary of key Insights

**Profitability vs. Growth:** Startups must balance between growth and sustainability, especially in a constrained funding environment. Investors now focus more on profitability and long-term viability.

**Macroeconomic Influences:** Pakistan's startup ecosystem is significantly affected by global trends, including inflation and capital market shifts, but remains ahead of regional counterparts like Bangladesh in terms of ecosystem maturity.

**AI as an Equalizing Force:** AI is transforming the workforce by automating processes and improving efficiency, presenting significant opportunities for startups to reduce costs and enhance productivity.

**Sector-Specific Opportunities:** Fintech continues to thrive, with significant untapped potential in financial products targeting women. Agritech also presents substantial growth opportunities yet to be realized.

**Focus on Local Investment:** Encouraging local investors to support startups can reduce reliance on international capital and create a more resilient funding environment.

**Tailored Resource Allocation:** Startups need to strategically allocate resources based on their stage, prioritizing flexibility and team agility to navigate changing dynamics.

##### II. Summary of key challenges highlighted

**Shrinking Funding Pool:** Global inflation and macroeconomic instability have led to a reduction in available capital for startups, making fundraising slower and more competitive.

**Talent Shortages:** The scarcity of engineering and technical talent limits startups' ability to scale effectively, with many skilled professionals seeking opportunities abroad.

**Economic Instability:** High interest rates and a volatile economic environment make it difficult for startups to plan long-term and secure stable investment.

**Entrepreneurial Risk Aversion:** In the current economic climate, fewer individuals are willing to leave secure jobs to start businesses, reducing the pool of new founders.

**Regulatory Barriers:** While some progress has been made, regulatory hurdles remain a significant challenge for startups attempting to scale.

##### III. Summary of key opportunities Identified

**AI and Automation:** The adoption of AI and related technologies offers startups a chance to reduce costs, improve operations, and create scalable solutions for local and international markets.

**Fintech and Financial Inclusion:** There is strong demand for fintech solutions, particularly financial products targeting underserved demographics, such as women.

**Agritech Innovation:** Agritech remains a largely untapped sector with significant potential for growth, offering startups an opportunity to address inefficiencies in agriculture.

**Local Investor Engagement:** Building relationships with local investors and fostering their understanding of venture capital's high-risk, high-reward nature could unlock new funding channels.

**Collaboration and Knowledge Sharing:** Events like roundtables and working sessions can help create actionable strategies and foster a stronger sense of collaboration among stakeholders.



#### IV. Notable quotes:

**Misbah Naqvi:** “Building products that are painkillers, not vitamins—we need to focus on must-have solutions, not just nice-to-haves.”

**Rabeel Warralch:** “Top three challenges for startups in Pakistan are talent, talent, and talent.”

**Ayesha Saleem:** “Capital is available—it’s just harder to access. Investors want to see resilience and a plan for riding out challenges.”

**Misbah Naqvi**



**Rabeel Warralch**



**Ayesha Saleem**



#### 10. Panel Discussion 06:

**Unlocking Startup Growth:** Capital Markets, Funding, and Easing Business Regulations

**Moderated by Asif Qureshi**

1 **Nadeem Naqvi - PSX**

2 **Ammara Masood Systems Limited**

3 **Saleem Ghauri - Netsol**

4 **Badiuddin Akber Central Depository Company**

5 **Khaldoon Bin Latif Alfalah Investments**



##### a. Summary of the discussion

The panel addressed critical barriers and solutions for accelerating startup growth in Pakistan. Topics included the need for significant funding, reducing taxation bottlenecks, and aligning business regulations to foster innovation. Panelists explored the role of public and private stakeholders in building trust among investors and easing the startup journey through streamlined registration and compliance processes. They emphasized leveraging global trends like SaaS and AI, creating government-supported master funds, and introducing fiscal incentives to mobilize investment in tech-driven startups.

##### b. Key Insights and Challenges

###### I. Summary of key Insights

**The Role of Government:** A more active government role is necessary to mobilize large-scale funding, provide tax incentives, and create a federal-level master fund to match startup financing.

**Investor Dynamics:** Institutional investors, such as mutual funds and insurance companies, need to diversify and include startup funding in their portfolios to bridge funding gaps.

**Global Megatrends:** Pakistan has opportunities to tap into global megatrends, such as AI and SaaS, by developing tech startups that can scale and serve international markets.

**Importance of Streamlined Business Processes:** Ease of business registration, taxation, and compliance is crucial for startups to scale quickly. Platforms like CDC and SECP are making strides in these areas.

**Encouraging Local Talent and Solutions:** Startups need to focus on niches, develop SaaS-based products, and address local challenges while competing with international standards.

**Leveraging Corporate and Banking Expertise:** Corporates and banks have the expertise and resources to help startups navigate local markets while building resilience through mentorship.

## II. Summary of key challenges highlighted

**Funding Bottlenecks:** Startups struggle to secure sufficient funding due to high interest rates, risk-averse investors, and a lack of institutional support.

**Taxation Challenges:** Complex and burdensome taxation policies discourage investment and slow down the growth of the startup ecosystem.

**Global Competition:** Local vendors face difficulties competing with international players due to limited funding, inadequate global regulatory compliance, and lack of talent.

**Risk Perception and Education:** Investors lack the capacity to properly analyze and understand startup risks, limiting their willingness to engage with new ventures.

**Fragmented Ecosystem:** A siloed approach by stakeholders, including regulators, corporates, and financial institutions, hampers the development of a cohesive startup environment.

## III. Summary of key opportunities identified

**Master Federal Fund:** Establish a government-backed master fund to co-finance startups, reducing risk for private investors and attracting larger funding pools.

**Crowdfunding and Fiscal Incentives:** Introduce crowdfunding frameworks and fiscal incentives, such as tax breaks, for individuals and institutions investing in startups.

**Simplified Business Processes:** Platforms that offer single-window solutions for business registration, taxation, and compliance can significantly improve the ease of doing business.

**AI and SaaS Development:** Promote AI-driven innovations and SaaS-based product development to cater to local and global markets.

**Corporate Mentorship Programs:** Encourage corporates and banks to share expertise and provide mentorship to startups, particularly in understanding risk frameworks and local regulations.

**Global Market Positioning:** Help Pakistani startups identify niches where they can compete globally by leveraging technology and focusing on scalability.

## IV. Notable quotes:

**Badruddin Akber:** “There’s no incentive to invest in startups under current interest rates. Large institutional investors need to take the lead.”

**Khaldoon Bin Latif:** “Understanding risk frameworks is key for startups—not just capital but also mentorship to navigate local challenges is critical.”

Badruddin Akber



Khaldoon Bin Latif





## Day 02 of the Summit

### 1. Opening Address by Ms. Khalida (Executive Director, SECP)

Ms. Khalida Habib opened the second day of the Pakistan Startup Summit 2024 with a warm welcome to attendees, acknowledging their dedication to advancing the nation's startup ecosystem. Reflecting on the previous day's discussions, she commended the insightful dialogues on critical topics such as sustainable funding, female entrepreneurship, and the role of public-private partnerships. These conversations, she noted, underscored the collective vision of creating an inclusive, growth-oriented environment for startups in Pakistan.

She elaborated on SECP's initiatives, highlighting its regulatory sandbox and Innovation Office as key frameworks for supporting startups. These initiatives, she explained, provide entrepreneurs with opportunities to test and refine innovative ideas in a controlled environment, while maintaining consumer protection and fostering trust among stakeholders. By balancing regulation with facilitation, SECP aims to position itself as a catalyst for entrepreneurial growth.

Ms. Habib also emphasized the transformative role of technology in building a robust startup ecosystem. She urged stakeholders to harness the potential of digital finance, big data, and emerging technologies to create scalable solutions that address Pakistan's unique challenges. She further stressed the importance of cultivating a culture of collaboration, encouraging partnerships between startups, regulators, and investors to unlock the ecosystem's full potential.

The speech also called attention to the importance of diversity and inclusion, particularly in empowering female entrepreneurs. She highlighted the need to create equitable opportunities for underrepresented groups and recognized the vital contributions of women in shaping the future of entrepreneurship.

Concluding her remarks, Ms. Habib set the tone for the day's sessions, encouraging attendees to participate actively in discussions on digital finance, policy innovation, and leveraging data for growth. She urged the audience to take actionable insights from the summit and transform them into concrete steps toward building a globally competitive startup ecosystem in Pakistan.





## 2. Key Address by Abdul Rehman Warraich (Commissioner SECP)

Abdul Rehman Warraich, Commissioner at SECP, delivered a thought-provoking keynote that set the tone for day 2 of the summit by emphasizing the critical role of dialogue between regulators, entrepreneurs, investors, and market experts. He stressed that the summit aimed to align perspectives, bridge policy gaps, and foster collaboration to strengthen Pakistan's startup and private equity ecosystems.

Mr. Warraich highlighted the potential of Pakistan's domestic market to meet investment needs and discussed the importance of identifying suitable institutional investors, such as insurance companies, pension funds, and banks. He underscored the need to explore new investment vehicles, including private venture funds and voluntary pension systems, which could play a pivotal role in channeling capital toward startups. By allocating small portions of long-term portfolios to startups and private equity, he noted, investors could unlock significant value while diversifying their assets.

Collaboration among regulators, particularly SECP, SBP, and FBR, was a recurring theme. Mr. Warraich called for an end to working in silos, advocating instead for harmonized policies that reflect market expectations and enhance confidence in the ecosystem. He strongly supported the idea of granting tax concessions to startups operating within private equity or venture capital frameworks, arguing that such incentives could drive transparency and growth.

The keynote also touched on infrastructure needs, such as the establishment of technology zones with financial support, to enable startups to scale. Mr. Warraich emphasized the value of capturing and sharing data on startups and market trends, which would build trust among stakeholders and create a knowledge-driven environment.

Additionally, he pointed to the untapped potential of crowdfunding as an alternative funding mechanism and reiterated the importance of regular consultations with market players to keep regulations agile and aligned with evolving demands. Government support, particularly in enabling younger companies to participate in public tenders, and improving macroeconomic stability to attract risk capital, was highlighted as a critical driver for long-term success.

In conclusion, Mr. Warraich expressed SECP's commitment to institutionalizing collaboration and building a supportive environment for startups, ensuring that Pakistan's entrepreneurial ecosystem could thrive amidst global competition.





### 3. Key Address by Syed Sohail Javaad (Executive Director SBP)

Syed Sohail Javaad, Executive Director at the State Bank of Pakistan (SBP), delivered an insightful keynote on the progress and challenges of Pakistan's digital payments ecosystem. He outlined three major initiatives spearheaded by the SBP to foster innovation and inclusion: the entry of nonbank players like EMIs and digital banks into the financial ecosystem; enabling remote onboarding for individuals and merchants through NADRA's biometric systems; and the launch of Raast, Pakistan's ISO20022-compliant instant payment system designed to enhance efficiency and future-proof the payments infrastructure.

Mr. Javaad highlighted the rise of mobile banking and app-based e-commerce transactions, which have begun to surpass card-based transactions by volume. However, cash remains dominant, with over-the-counter (OTC) payments and cheques still widely used. Less than 20% of payments in Pakistan are fully digital, underscoring significant challenges to adoption. He identified low digitization in the SME and MSME sectors, complex user interfaces (UI), and cybersecurity concerns as key hurdles, further compounded by insufficient IT investments and reliance on traditional card-based systems.

The keynote emphasized the importance of building trust and addressing these structural barriers to unlock the potential of Pakistan's youthful population, particularly women, who are driving the shift to digital. Mr. Javaad also noted that the poor accessibility of digital platforms, reflected in suboptimal UI/UX design, is indicative of a broader need for user-focused solutions.

He called on startups and financial institutions to prioritize sustainable business models over aggressive customer acquisition, stating that well-planned strategies will ensure long-term success. Praising certain fintechs for their participation in SBP's sandbox initiatives, Mr. Javaad stressed the importance of adhering to global standards, such as Raast and interoperable QR codes, to foster innovation and position Pakistan's payments infrastructure as a global leader.





#### 4. Address by Dr. Sohail Munir on the Pakistan Digital Stack

Dr. Sohail Munir delivered an impassioned address, emphasizing the critical need for Pakistan to embrace digital transformation as a national priority. Highlighting the disconnect between Pakistan's digitally savvy youth and an outdated economy and inefficient government systems, he called for bold reforms to unlock the nation's potential. Drawing on global examples, Dr. Munir introduced the concept of a digital society where citizens, businesses, and governments collaborate to create value. He stressed that digital governance—centered on efficient, transparent, and citizen-centric services—must replace traditional government functions to drive inclusion and economic growth.

Dr. Munir underscored the immense economic potential of investing in digital infrastructure. Globally, every dollar invested in digital contributes \$20 to GDP, while Dubai's data-sharing services alone generate over 12.4 billion AED annually. Declaring digital transformation as a "national emergency," he outlined ambitious five-year goals: enabling 70% of Pakistan's population to access digital services, increasing the digital economy's contribution to GDP to 15%, and creating a 100% paperless government.

Central to this vision is the Pakistan Digital Stack, a foundational framework based on key components such as digital identity (anchored to NADRA), data exchange, and consent-based service delivery. Drawing inspiration from India's success with its digital stack and substacks (e.g., health and agristack), Dr. Munir highlighted their role in reducing costs, driving economic inclusion, and fostering growth. He described Digital Public Infrastructure (DPI) as a public good that ensures equitable access, empowers marginalized groups, and delivers transformative economic outcomes.

Dr. Munir shared a critical development in this journey: the submission of the Digital Nation Pakistan Act to parliament. If approved, the act will establish a governance framework led by the Prime Minister, bringing together key stakeholders like SECP and NADRA to enable integrated decision-making, clear role definitions, and cross-sector collaboration.

In conclusion, Dr. Munir reminded the audience that digital transformation is about more than just technology. It is about delivering frictionless, inclusive services that meet the needs of all citizens, particularly those from marginalized communities, while creating a modern, efficient, and thriving digital economy.





## 5. Address by Dr Alexander Apostolides (Research Associate at CCAF)

Dr. Alexander, representing the Cambridge Center for Alternative Finance, outlined the role of regulatory sandboxes and other innovation initiatives in enabling regulators to engage effectively with financial technology (fintech) firms.

Dr. Alexander emphasized that regulators globally recognize the benefits of fintech, such as financial inclusion and market development, but are also aware of risks like fraud, unfair practices, and technology reliability. In response, regulators adopt various strategies, including "wait-and-see" approaches, test-and-learn models, and proactive regulatory innovation initiatives like sandboxes and digital tools.

Regulatory sandboxes are key to these initiatives, providing fintech firms with a controlled environment to test their products, allowing them to engage with consumers earlier while staying within regulatory frameworks. This approach benefits both fintech firms, which gain clarity on compliance, and regulators, who gain insights into market trends and business models, enabling them to refine policies. Some sandboxes also test policies or use synthetic data environments (digital sandboxes) to support early-stage startups.

Dr. Alexander highlighted the global growth of sandboxes, with over 120 regulatory sandboxes now established worldwide. These initiatives are increasingly favored over innovation offices due to their practical applications in supporting fintech innovation. The Cambridge Center also offers tools like the Regulator Knowledge Exchange, the Global Regulatory Innovation Dashboard (GRID), and the Regulatory Innovation Assessment Tool, which help regulators assess and implement appropriate approaches to managing fintech innovation in their jurisdictions.

In conclusion, Dr. Alexander emphasized that regulatory sandboxes and innovation initiatives are becoming essential for regulators worldwide to address the balance between fostering innovation and mitigating risks. By leveraging such tools, regulators can better understand financial innovations, provide clearer regulatory guidance, and support the development of a dynamic and secure fintech ecosystem.





## 6. Panel Discussion 07:

**Unlocking Innovation:** SECP's Regulatory Sandbox Journey—Successes, Lessons and the Innovation Office's Role

**Moderated by Amina Aziz**

1 Nayyar Hussain  
Salaam Takaful

2 Shamooun Tariq  
Maidan Wealth

3 Asher Nazim - Aion Group

4 Imran Khalil  
Float Securities

5 Tom Ward - (CCAF)



### a. Summary of the discussion

The panel discussed SECP's regulatory sandbox as a catalyst for fostering innovation in Pakistan's financial sector. Panelists shared their experiences testing products like parametric insurance, fractionalized gold, and digital wealth management platforms, emphasizing how the sandbox provided regulatory clarity, customer-centricity, and market credibility. They highlighted global trends in sandbox evolution, including flexibility and digital tools, but also pointed out challenges such as siloed operations, outdated infrastructure, and scalability barriers. Recommendations included stronger regulatory collaboration, streamlined compliance, and post-sandbox support to ensure a smoother transition for startups into broader markets.

### b. Key Insights and Challenges

#### I. Summary of key insights

**Regulatory Sandboxes Drive Innovation:** SECP's sandbox helped firms refine business models, integrate customer-centric practices, and gain credibility.

**Global Sandbox Evolution:** Tom Ward highlighted the shift to continuous-access sandboxes and digital sandboxes using synthetic data for early testing.

**Customer-Centricity:** The sandbox facilitated designs focused on consumer protection, as seen in Salaam Takaful's parametric insurance and Mahana's savings tools.

**Role of Collaboration:** A coordinated effort among regulators and industry players is essential to foster trust and innovation.

#### II. Summary of key challenges highlighted

**Scalability Issues:** Products like parametric insurance face hurdles due to low awareness and affordability in rural areas.

**Fragmented Stakeholder Coordination:** Financial institutions, regulators, and technology providers often work in silos, delaying innovation.

**Technological Infrastructure:** Outdated systems and limited adoption of modern tools (e.g., APIs) hinder efficiency.

**Post-Sandbox Transition:** Firms graduating from the sandbox struggle with minimal support and face bureaucratic hurdles.



Regulatory Ambiguity: Lack of clear guidance on cloud usage and compliance adds complexity for startups.

### III. Summary of key opportunities Identified

**Post-Sandbox Support:** Providing transitional regulatory assistance can help firms scale successfully.

**Islamic Fintech Growth:** SECP can introduce sandboxes tailored to Shariah-compliant solutions, tapping into growing demand.

**Streamlined KYC Processes:** Collaborating across regulators like SECP, FBR, and SBP could simplify onboarding and compliance.

**Digital-Only Brokerage Models:** New regulations lower barriers to entry for fintech startups, offering an avenue for innovation.

**Expanding Digital Infrastructure:** Investments in APIs, cloud platforms, and modern tech stacks can enhance market efficiency and user experience.

### IV. Notable quotes

Shamoon Tariq: "You're on your own after graduating from the sandbox. Many companies do not see the light of day after that, because they're now in the same bureaucratic cycle."



## 7. Panel Discussion 08:

**Unlocking Big Data's Potential:** From Insight to Innovation in Business and Tech

### Moderated by Mehwish Saad

1 Omer Bin Ahsan - Hubbal

2 Omar Khalid - Tasdeeq

3 Syed Asif Jafri - Kistpay

4 Mr. Ausaf Ahmed - Jazzcash



#### a. Summary of the discussion

This panel focused on how big data is transforming business and technology in Pakistan, showcasing innovative uses of data across financial, credit, and technological sectors.

The panelists emphasized the importance of leveraging data for driving decision-making, enhancing financial inclusivity, and enabling innovation. They discussed the role of data in building credit scores, bridging technological gaps, and fostering trust in a fragmented market. The panelists also highlighted the challenges around data accessibility, technological infrastructure, and cultural attitudes while proposing solutions to advance data-driven ecosystems in the country.



## b. Key Insights and Challenges

### I. Summary of key Insights

**Building Trust Is Foundational for Startups:** Entrepreneurs must establish personal credibility and showcase early successes to gain the confidence of stakeholders, especially when introducing innovative fintech solutions.

**Data as a Cornerstone for Financial Decisions:** Real-time payment and transaction data is essential for assessing creditworthiness and supporting better financial decision-making, particularly for SMEs and underbanked populations.

**Device Financing as a Credit Incubation Tool:** Financing smartphones not only empowers individuals with digital access but also acts as an incubator for building credit histories for future financial inclusivity.

**Efficiency Challenges in B2B Transactions:** The reliance on cash and cheques in Pakistan's B2B ecosystem results in inefficiencies, such as multi-day payment delays, which affect supply chains and overall economic performance.

**Systemic Barriers in Data Sharing:** A lack of unified frameworks and legal policies around alternate data sharing (e.g., telecom, utilities) limits innovation and broader adoption of advanced credit-scoring models.

### II. Summary of key challenges highlighted

**Data Fragmentation and Lack of Unified Frameworks:** The absence of legal policies and collaborative data-sharing mechanisms between financial institutions, government entities, and telecoms creates inefficiencies and hampers innovation.

**Cultural and Systemic Barriers to Formalization:** Many businesses, especially in sectors like construction, operate in opaque structures designed to avoid taxes and banking systems, making it difficult to extend financing or formalize these segments.

**Credit Accessibility for Marginalized Groups:** A significant portion of the population cannot afford devices or access formal financial services, with women and rural communities being particularly underserved in the credit ecosystem.

**High Costs of Compliance for Startups:** Startups face substantial regulatory and compliance hurdles, including navigating fragmented processes across various stakeholders, which slows innovation and scalability.

**Low Awareness and Adoption of Digital Services:** Both urban and rural populations lack awareness of digital financial products like insurance or credit scoring, which limits their scalability and adoption.

**Limited Scalability Due to Data Gaps:** Insufficient alternate data sources and access to reliable credit histories constrain the ability of fintechs to make accurate credit assessments, especially for first-time borrowers.

### III. Summary of key opportunities identified

**Digital Transformation in B2B Payments:** By reducing reliance on cash and cheques, businesses can save on financial losses and improve efficiency through digital payment systems.

**Centralized Credit Ecosystem:** Developing a repository for credit data can enable easy access and promote informed decision-making for lenders and borrowers.

**Device Financing and Inclusion:** Smartphone financing for underserved groups, including women, offers an entry point into the financial ecosystem and helps build credit histories.

**Cross-sector Collaboration:** Partnerships between telecom operators, financial institutions, and utility companies to share alternative data (e.g., SIM registration, utility bill records) can support innovative solutions.



#### iv. Notable quotes

**Syed Asif Jafri:** "Device financing is an incubation route for Pakistanis to go through and prove themselves. It builds a credit score for future financing."



### 8. Panel Discussion 09:

**Balancing Risk and Opportunity: Data Protection in a Connected World**

Moderated by Syed Talal Hasan

1 Kyle Gardner  
Atlantic Council

2 Mukaram Khan - (PTA)

3 Monis Akhlaq - NADRA

4 Abbas Ali - EY

5 Shaukat Bizenjo - (SBP)



#### a. Summary of the discussion

This panel explored the intricate balance between enabling digital growth and safeguarding data in a connected world. The discussion delved into the increasing challenges posed by digital fraud, data breaches, and cybersecurity vulnerabilities, particularly for startups and emerging businesses in Pakistan. The speakers emphasized the importance of fostering robust data protection mechanisms, enhancing collaboration among regulators, and adopting global best practices tailored to local contexts. Key themes included the risks associated with data localization, the critical role of trust in the digital ecosystem, and the necessity of educating businesses and consumers about cybersecurity.

#### b. Key Insights and Challenges

##### i. Summary of key insights

**Data Flow vs. Localization:** Speakers highlighted that localizing data may increase vulnerabilities by creating single points of failure. Instead, emphasis should be placed on secure data flows to ensure resilience.

**Importance of Collaboration:** Effective data protection requires collaboration between regulators, startups, and corporations. Shared frameworks and knowledge exchanges can strengthen cybersecurity defenses.

**Consumer Trust and Education:** Building customer trust through transparent data practices and raising awareness about cybersecurity threats like phishing and spoofing were identified as crucial for business sustainability.

**Adapting to Emerging Threats:** Regulators like SBP and PTA have developed cybersecurity guidelines to address evolving digital threats. Startups must adopt these practices proactively to safeguard their operations.



## II. Summary of key challenges highlighted

**Cybersecurity Awareness Gap:** Many businesses, especially startups, view cybersecurity as a cost burden rather than a growth enabler. This results in insufficient investment in protective measures.

**Rising Digital Fraud:** The adoption of digital platforms has led to a tenfold increase in scams such as phishing since 2019, with SMEs and low-literacy consumers being particularly vulnerable.

**Fragmented Data Ecosystems:** The lack of unified data-sharing frameworks among stakeholders hinders effective risk mitigation and proactive fraud prevention.

**Resource Constraints:** Startups often lack the financial and technical capacity to implement advanced cybersecurity protocols, leaving them exposed to reputational and operational risks.

## III. Summary of key opportunities identified

**Standardized Cybersecurity Practices:** National-level guidelines, such as those introduced by PTA, can help create a consistent cybersecurity baseline for all businesses.

**Consent-Based Data Access:** NADRA's initiatives on consent-driven data sharing and audit mechanisms offer a model for secure digital engagement.

**Leveraging Technology for Awareness:** Investments in AI and machine learning can enable predictive fraud detection and strengthen consumer education campaigns.

**Public-Private Partnerships:** Collaborative efforts between regulatory bodies and private entities can create comprehensive cybersecurity frameworks and bolster startup resilience.

## IV. Notable quotes

**Kyle Gardner:** "People think localized data storage is more secure, but it's often more vulnerable due to single points of failure."

**Mukaram Khan:** "Brakes are there to enable you to run fast, but people see them as speedbreakers—cybersecurity should be viewed as an enabler, not a hindrance."

**Abbas Ali:** "Startups must engage their customers to raise awareness about digital scams. Cybersecurity isn't just about tools but trust and education."

Kyle  
Gardner



Mukaram  
Khan



Abbas  
Ali



## 9. Presentation by Mussarat Jabeen (Executive Director SECP)

**Ms. Mussarat Jabeen's** address at the SECP Startup Summit 2024 marked the official launch of SECP's Innovation Office, a milestone reflecting SECP's commitment to innovation, inclusivity, and sustainable growth in Pakistan's financial ecosystem.

The Innovation Office, established in 2020, serves as a centralized platform to support startups and innovators by guiding them through regulatory systems, fostering collaboration, and promoting sustainable practices. Ms. Jabeen outlined the office's vision of creating an ecosystem that empowers startups to innovate confidently while addressing regulatory barriers. She emphasized that the office balances consumer protection and financial stability with the flexibility required for innovation and experimentation.



### Key objectives of the Innovation Office Include:

- **Pre- and Post-Sandbox Guidance:** Assisting startups in understanding regulatory expectations and navigating processes during and after sandbox participation.
- **Capacity Building and Advocacy:** Conducting sessions to build awareness among startups, investors, and other stakeholders about regulatory frameworks and market trends.
- **Research and Market Insights:** Providing data-driven reports and resources to help innovators make informed strategic decisions.
- **Sustainability Initiatives:** Prioritizing projects that address gender inclusivity, environmental impact, and social causes, with special emphasis on supporting women entrepreneurs.

Ms. Jabeen shared that the Innovation Office has adopted a phased implementation strategy. The first phase focuses on advocacy, capacity building, and supporting regulatory sandbox participants. The second phase aims to strengthen research capabilities and publish detailed market insights, fostering a deeper understanding of emerging trends and regulatory updates.

In addition to local collaborations, she highlighted the importance of cross-border partnerships and learning from global best practices. She drew examples from leading regulators like the Dubai Financial Services Authority (DFSA) and the UK Financial Conduct Authority (FCA), whose frameworks for fostering financial innovation provide valuable lessons for Pakistan.

Ms. Jabeen concluded by calling on stakeholders to collaborate with SECP in creating a more innovation-friendly regulatory environment, emphasizing the critical role of mentorship, guidance, and resource-sharing in enabling startups to scale and succeed.



## 10. Panel Discussion 10:

**From Start-Up to Scale-Up: Building Culture and Processes for Growth**

**Moderated by Saayyed Ahmed Masud**

1 Omer Khan - Postex

2 Zeeshan Ijaz - ICAP

3 Shehribano Kazim - Ex-Cheetay

4 Jonas Eichhorst - Bykea



### a. Summary of the discussion

The panel focused on the evolving challenges and strategies startups face as they transition from early-stage ventures to scalable enterprises. Key areas of discussion included maintaining alignment with the founding mission, managing internal dynamics like culture and team cohesion, scaling operations effectively, and the role of external stakeholders such as regulators and mentors. The speakers also shared insights on balancing innovation with operational formalization and discussed how startups can learn from both local and international examples of scaling successfully.

### b. Key Insights and Challenges

#### I. Summary of key Insights

**Founding Mission Stays Constant, but Strategies Evolve:** The core mission of a startup should remain unchanged, but communication, KPIs, and goals must evolve as the company grows.

**Culture Is Central to Scaling:** A motivated, cohesive, and aligned team is crucial. Mission-driven organizations tend to retain talent better, even with limited financial resources.

**Balancing Innovation and Structure:** Transitioning to scale requires implementing scalable systems, processes, and documentation to ensure operational efficiency without stifling creativity.

**Diversity and Inclusion Enhance Innovation:** Diverse teams, including differently-abled individuals, bring new perspectives that can improve product development and operations.

**Learning from Scale-Ups and Global Markets:** Companies should study the challenges and best practices of both local and international scale-ups to better prepare for the complexities of growth.

#### II. Summary of key challenges highlighted

**Team Dynamics and Retention:** Startups often struggle with hiring mission-driven talent and retaining them as the company grows, especially with limited financial resources.

**Operational Formalization vs. Creativity:** Balancing innovation with the need for structured processes can be difficult, especially in sectors requiring heavy operations.

**Burnout and Perceived Unfairness:** Team members can become demotivated if they perceive discrepancies in effort and reward or favoritism within the organization.

**Scaling Sustainability:** Startups risk compromising profitability and core service quality if they prioritize rapid growth over building scalable and sustainable processes.

**Limited Ecosystem Support for Scaling:** While early-stage support is growing, there is a lack of mentorship, forums, and resources focused on scaling startups in Pakistan.

**Regulatory and Operational Hurdles:** Inconsistent policies, lack of infrastructure, and limited guidance from regulators hinder the scaling process.

### III. Summary of key opportunities Identified

**Building a Knowledge-Sharing Ecosystem:** Establishing forums and mentorship platforms for sharing scaling experiences can help startups avoid common pitfalls.

**Focus on Internal Growth and Processes:** Once startups achieve a certain market share, focusing on building strong internal systems and culture can ensure sustainable scaling.

**Utilizing Technology to Drive Inclusion:** Leveraging tech solutions can create opportunities for differently-abled individuals and other underserved segments.

**Regulatory Support:** Consistent regulations and facilitation by the government and regulators can significantly enhance the scaling journey.

**Emphasizing Team Development:** Investing in leadership and team training ensures startups are equipped to handle the complexities of scaling.

### IV. Notable quotes

**Omer Khan:** "The customer is not always right. The goal is to deliver value sustainably while treating the customer with respect." **Shehribano Kazim:** "Burnout feeds on confusion and a perceived sense of unfairness. Communication and transparency are key to keeping teams motivated."





## 11. Panel Discussion 11:

**Bridging Gaps with Embedded Finance:** Enhancing Interoperability in Regulated Markets

Moderated by Halima Iqbal

1 Nadeem Shaikh - Neem

2 Nayyab Babar - Jazzcash

3 Iqleem-uz-Zaman - IT Minds

4 Muhammad Ali - EFU Life



### a. Summary of the discussion

This panel explored the transformative potential of embedded finance—integrating financial products like payments, insurance, and mutual funds into non-financial platforms. Speakers highlighted its role in boosting financial inclusion by leveraging user trust with platforms (e.g., ride-hailing, healthcare, and retail). The discussion also emphasized the importance of partnerships, data-driven personalization, and regulatory support to scale embedded finance. However, tech integration, user education, and breaking traditional finance barriers remain critical challenges.

### b. Key Insights and Challenges

#### I. Summary of key Insights

##### **B2B2C Model as a Growth Enabler:**

Platforms like Neem and EFU Life emphasize the value of embedding financial services within established ecosystems, leveraging existing trust and relationships between the platform and users, ensuring a scalable approach to reach underserved populations.

**Addressing Gaps in Financial Inclusion:** Despite progress, Pakistan needs massive amounts of focused work to address the full spectrum of financial inclusion.

##### **User-Centric Use Cases for Insurance and Mutual**

##### **Funds:**

Insurance embedded within daily transactions has led to a broader uptake. Similarly, mutual funds embedded in digital financial apps make investing more accessible, especially for new customers.

**Simplification and Scalability:** For scalability, simplifying financial products like insurance and mutual funds by removing unnecessary complexity is crucial.

#### II. Summary of key challenges highlighted

##### **Complex Integration:**

APIs, SDKs, and tech stacks are challenging to build for seamless embedding into platforms.

**Cash Flow and Theft Issues:** Merchant ecosystems, especially in distribution, face inefficiencies and losses without digital solutions like QR payments.

**Awareness and Education:** Lack of user understanding of insurance and mutual funds remains a key barrier, even in urban areas.

### Regulatory Constraints:

Traditional finance laws (e.g., paper-based processes) make it harder to innovate and scale embedded financial services.

Redemption Delays in Mutual Funds: Slow processes compared to banking products discourage investors, highlighting the need for real-time settlement systems.

### III. Summary of key opportunities identified

#### Partnerships for Scale:

Collaborations with platforms like JazzCash, ride-hailing apps, and NGOs can embed products into user journeys and create trust-based scaling opportunities.

**Simplifying Financial Products:** Removing barriers like insurance exclusions or mutual fund complexities makes products more user-friendly.

#### SECP's Role:

Continued regulatory flexibility (e.g., digital savings frameworks, support for non-traditional channels) is enabling innovation and adoption of embedded finance.

**Mass Awareness Campaigns:** Education around mutual funds and insurance is critical for scaling adoption, especially among underserved communities.

**Tech-Enabled Real-Time Access:** Platforms must enable instant access to redemptions, payments, and products to compete effectively with banks.

### IV. Notable quotes and/or case studies mentioned

**Muhammad Ali:** "The insurance industry learned we can't grow organically; embedding insurance into ecosystems with millions of users is the way to scale."

**Nayyab Babar:** "Pakistan is a price-sensitive market. Lending and embedded financial products must make sense at a unit economics level for both merchants and consumers."

Muhammad Ali



Nayyab Babar





## 12. Panel Discussion 12:

**Innovative Financial Solutions In the Digital Space: SME, Education, Fractionalized Financing, and More**

**Moderated by Naureen Hyat**

1 Ammar H Khan - NCGCL

2 Arif Lakhani - Qisst Bazar

3 Kamran Azim - Taleem Finance

4 Rayaan Saeed - Abhi



### c. Summary of the discussion

The panel explored the critical gaps in credit access in Pakistan and the innovative approaches being implemented to address these issues. With only 2.4% of the population currently benefiting from credit, the discussion highlighted the importance of leveraging technology, partnerships, and innovative financial models to create impactful change.

The speakers represented diverse credit models in education financing, BNPL, and SME financing, emphasizing collaboration, regulatory evolution, and ecosystem alignment to drive financial inclusion and address credit needs effectively.

### d. Key Insights and Challenges

#### I. Summary of key Insights

**Education Financing:** The education financing market holds immense potential, especially for low-to-medium cost schools, with tailored financial solutions tied to specific outcomes providing potential use cases.

**Buy Now, Pay Later (BNPL):** BNPL offers an effective credit model for unbanked populations, easing cash flow constraints and expanding access to consumer goods.

**SME Financing:** Innovative models like reverse factoring, based on receivables from large corporations, can unlock working capital for SMEs.

**Risk Pricing and Distribution:** Fair risk pricing frameworks are crucial to expand lending into underserved sectors like SMEs and education.

#### II. Summary of key challenges highlighted

**Access to Data:** Undocumented transactions and a lack of credible data hinder effective credit scoring, particularly for SMEs and unbanked consumers.

**Regulatory Frameworks:** Cumbersome collateral registration processes and inadequate frameworks for innovations like invoice factoring discourage lending.

**High Cost of Lending:** Reaching underserved borrowers remains costly due to inefficiencies in managing defaults and a lack of standardized risk pricing.

**Lack of Collaboration:** Fragmented stakeholders (banks, fintechs, government) and limited public-private partnerships slow the scaling of innovative financing solutions.

### III. Summary of key opportunities identified

**Leveraging Technology for Data:** AI-driven analytics and alternative data sources, like e-commerce transactions, can improve credit scoring and enable scalable financing.

**Public-Private Partnerships:** Collaboration between financial institutions, EdTech platforms, and government initiatives can amplify impact, particularly in education financing.

**Expanding BNPL and SME Financing Models:** BNPL can increase consumer credit adoption among the unbanked, while reverse factoring offers a scalable solution for SME working capital.

**Risk De-Risking through Guarantees:** Guarantees from institutions like NCGCL can mitigate risk and unlock liquidity for underserved sectors.

### IV. Notable quotes

**Arif Lakhanl:** "Pakistan cannot function without physical stores — people want to interact physically with the product before buying it."



## 13. Panel Discussion: 13

**Peer-to-Peer Lending:** Unlocking New Avenues for Alternative Financing

Moderated by Dr. Adnan Akhtar

1

Muhammad Qasim Saya  
Postex

2

Kamran A Zubairi  
Mashreq Bank

3

Kasra Zunnaiyyer Azim  
Trukkr



### a. Summary of the discussion

The panel focused on peer-to-peer (P2P) lending as a vital alternative financing avenue in Pakistan, highlighting its potential to address funding challenges and increase financial inclusion. Discussions revolved around P2P lending's ability to connect unbanked investors with underserved borrowers, its regulatory evolution through SECP's sandbox, and its contributions to the ecosystem of startups, SMEs, and transporters.

### b. Key Insights and Challenges

#### I. Summary of key insights

**P2P Lending's Role:** P2P lending bridges gaps in financial inclusion by enabling small-ticket financing for SMEs and underserved sectors like e-commerce and transport logistics.

**Technology-Driven Solutions:** Digitization of industries like transport and e-commerce is key to enabling efficient lending by improving data transparency and borrower profiles, thus reducing risk for investors.



**Regulatory Frameworks:** The SECP sandbox played a pivotal role in testing and developing P2P regulations. Continued regulatory evolution, including more relaxed entry barriers, is needed to support industry growth.

**Crowdfunding and Venture Debt:** Crowdfunding serves as an entry-level financing tool for startups, while venture debt offers scalable funding solutions for later stages of growth, with the potential to leverage local financial institutions for additional capital.

**Collaborative Ecosystem:** A unified financial ecosystem, integrating fintechs, banks, and regulatory bodies, is critical for enabling credit access, transparency, and overall financial inclusion.

## II. Summary of key challenges highlighted

**Credit Risk and Recovery:** Lending is highly dependent on recovery. Without robust mechanisms, defaults can destabilize the model, particularly in underserved industries.

**Access to Collateral:** Many borrowers lack tangible assets to offer as collateral, making traditional financing inaccessible and raising risk in alternative models like P2P lending.

**Regulatory Constraints:** While P2P regulations have been introduced, certain aspects like wallet size limits, escrow accounts, and collateral management remain restrictive.

**Borrower Data and Trust Deficit:** The unavailability of reliable borrower data and limited financial literacy create trust issues for investors and prevent effective credit underwriting.

**Market Perception and Scale:** Investors remain hesitant due to lack of familiarity with P2P lending models. Additionally, limited examples of successful implementations slow adoption.

## III. Summary of key opportunities identified

**Untapped Cash Reserves:** Large amounts of idle, unbanked cash in the economy can be mobilized through P2P platforms, providing both investment opportunities and growth capital.

**Sector-Specific Lending Models:** Tailored P2P solutions for sectors like transport logistics and e-commerce can address specific financing needs while leveraging sector-specific data for risk assessment.

**Equity Crowdfunding Potential:** Equity crowdfunding could be a game-changer for startups, allowing them to raise capital while engaging investors as brand advocates and stakeholders.

**Startup Sukuks:** Structured sukuks for startups could unlock Islamic financing and attract investors interested in ethical, Sharia-compliant investment models.

**Technology Integration:** Digital infrastructure, such as escrow accounts and open APIs, can improve transparency, trust, and efficiency in alternative financing models.

## IV. Notable quotes and/or case studies mentioned

**Kamran Zuberi:** "Crowdfunding is not new to Pakistan—it exists informally through family loans. Formalizing it with transparency and tech-driven solutions can unlock untapped potential."

**Kasra Zunnalyar:** "Lending is the recovery game—if you can't recover the money, you've failed. The industry needs to focus on transparent processes and borrower-side regulations."

**Kamran Zuberi**



**Kasra Zunnalyar**







### Closing Address by Mr. Shauzab Ali (Country Head Asian Development Bank)

In his closing address, Mr. Shauzab Ali commended SECP for organizing the Startup Summit 2024, bringing together key stakeholders, including regulators, investors, and entrepreneurs. He underscored the transformative role of startups in driving economic development, citing global success stories like Tesla, Google, and NVIDIA as examples of how innovation can reshape industries and generate unprecedented economic value. Mr. Ali emphasized the unique potential of

Pakistan's startup ecosystem, driven by a large, youthful population and increasing access to cellular and digital technologies. Startups, he noted, are particularly suited to address Pakistan's persistent challenges, including financial inclusion, underserved demographics, and an economy heavily reliant on informal and cash-based transactions.

Drawing lessons from India's success in agriculture, payments, and e-commerce, Mr. Ali highlighted the importance of replicating similar innovations to spur economic growth in Pakistan. He criticized the inertia prevalent among large corporations in

Pakistan, describing how startups disrupt industries, foster competition, and drive greater efficiency. Startups, he argued, also offer an opportunity to attract local and international investment by delivering high returns, even in high-risk environments like Pakistan.

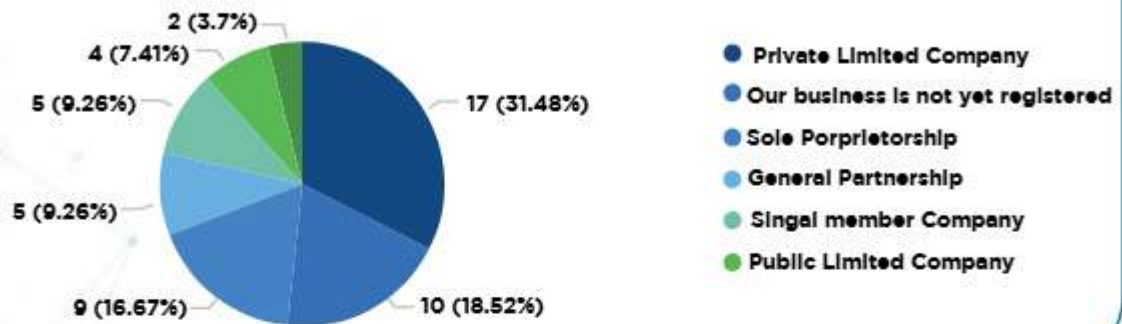
Discussing ADB's commitment to financial inclusion, Mr. Ali elaborated on the Women Inclusive Finance Sector Development Program. Through this initiative, ADB has mobilized over \$155 million in funding to improve workplace conditions for women, enhance access to finance for women-led MSMEs, and develop liquidity channels from banks and capital markets to underserved groups. He shared that the second phase, expected to launch in March 2025 with an expanded budget of \$300-350 million, aims to strengthen these efforts further.

Concluding his remarks, Mr. Ali reaffirmed ADB's commitment to supporting Pakistan's startup ecosystem, working collaboratively with SECP and other stakeholders to create a dynamic, inclusive, and sustainable environment for entrepreneurs.

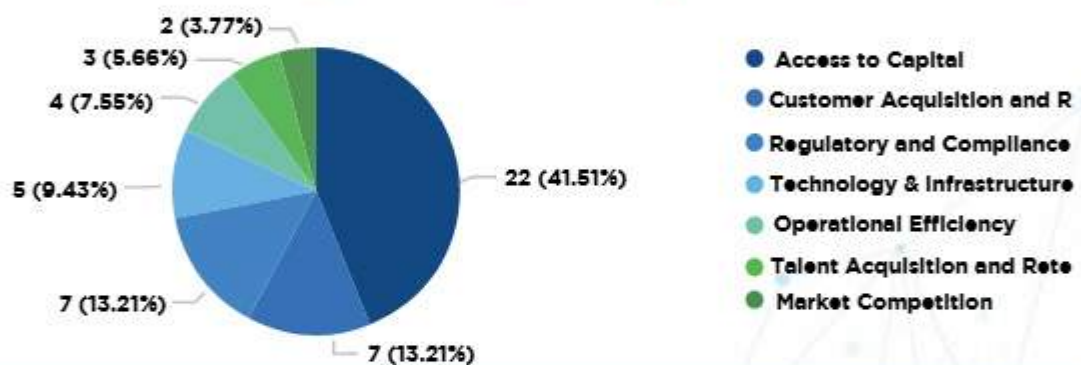


## Summary of Survey Report

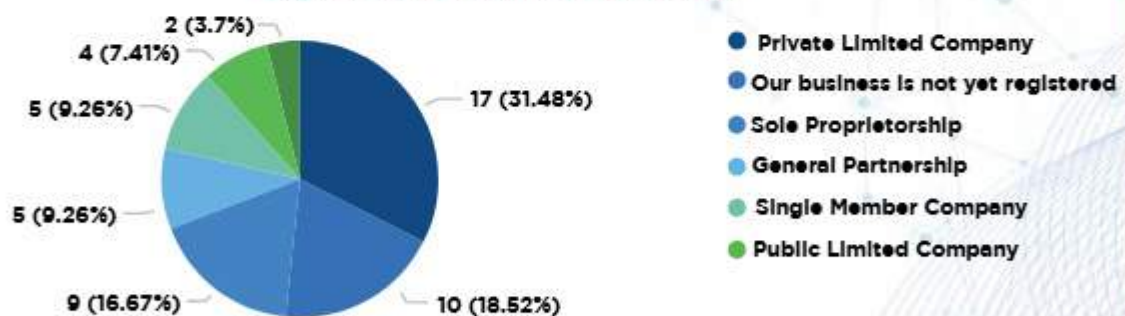
### Legal status of business in Pakistan



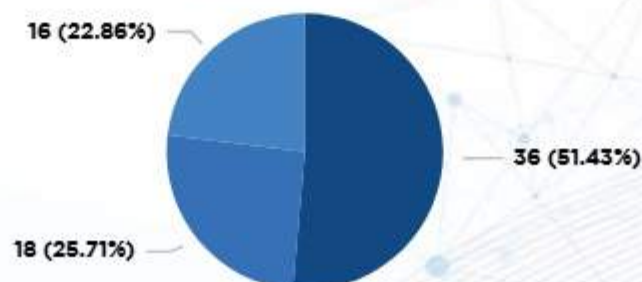
### What is the biggest challenge to scaling your business



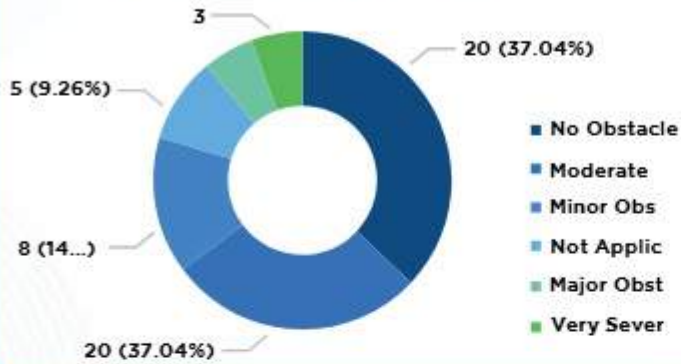
### Legal status of business in Pakistan



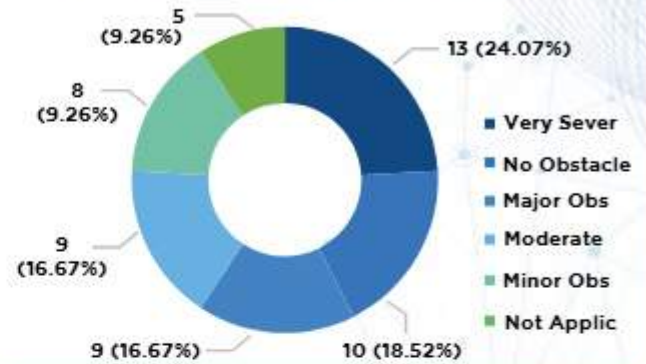
### Business Models



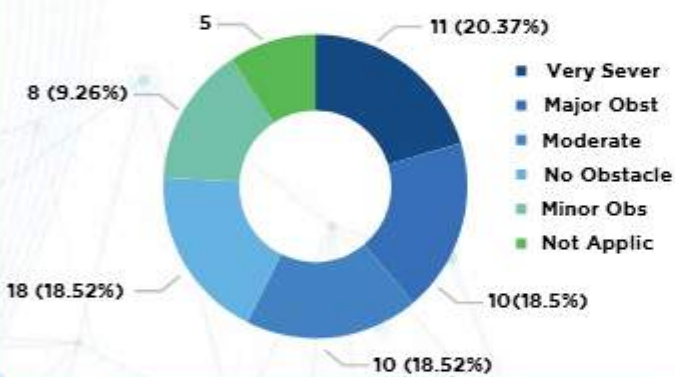
### Accelerators and Incubators



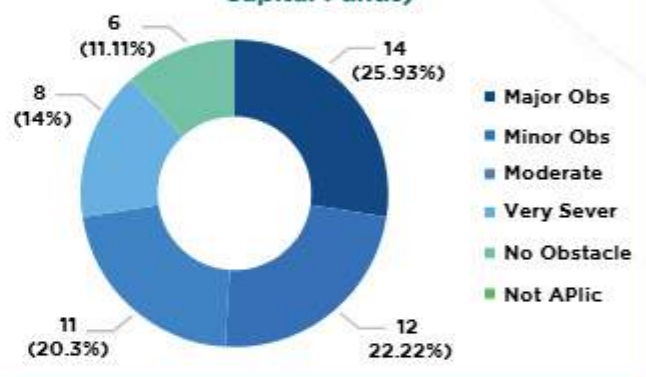
### Access to Government Start-up Funds



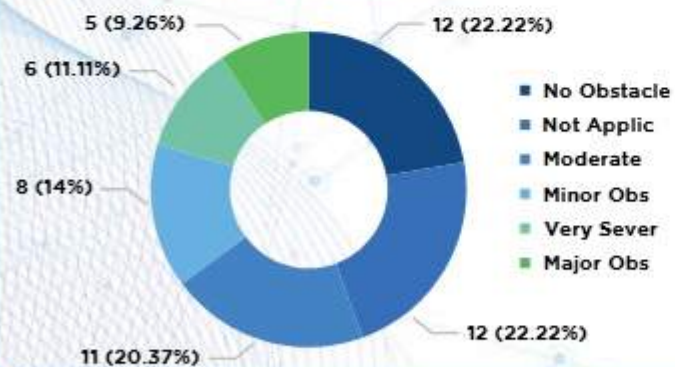
### Access to Angel Investors



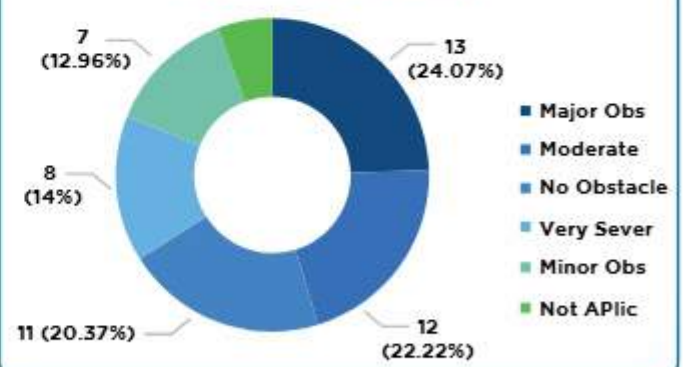
### Access to Equity Finance (Including Venture Capital Funds)



### Access to Debt Finance



### Access to Debt Finance

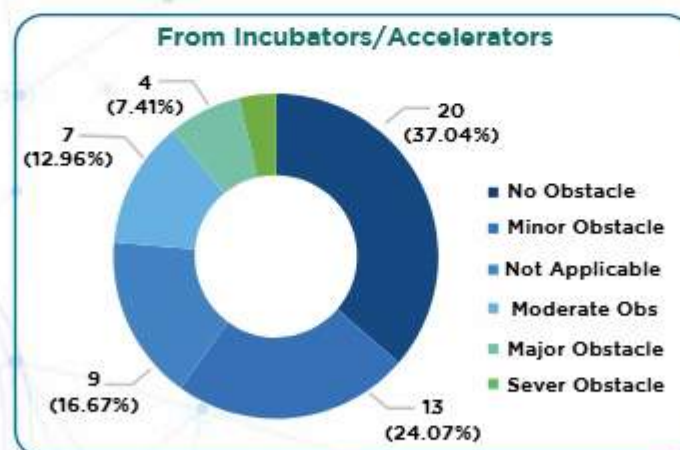
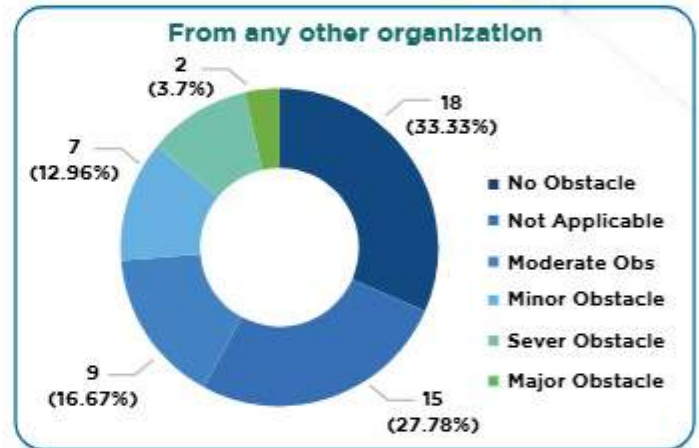
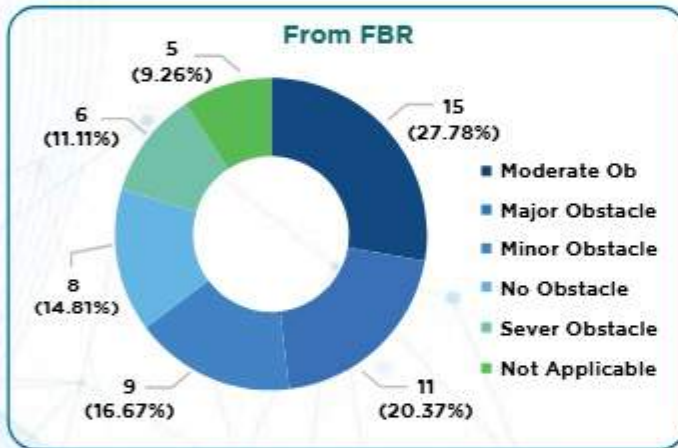
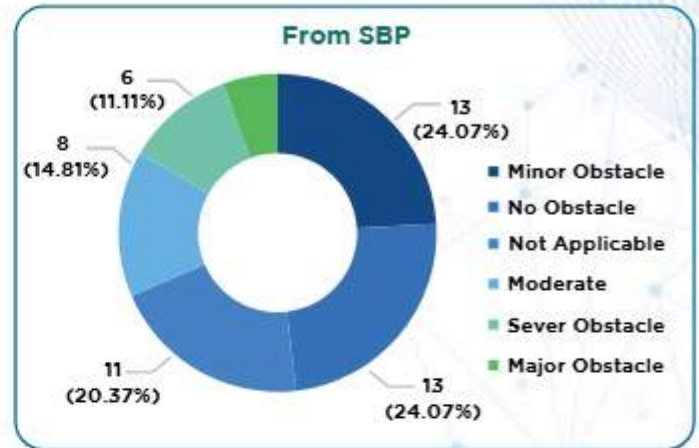
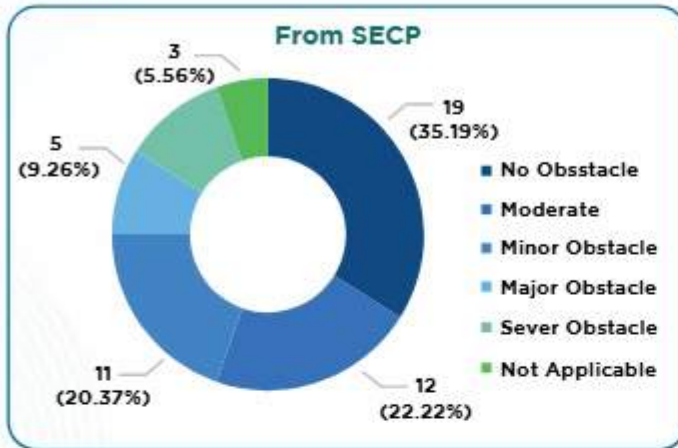




Which sector does your start-up fall under? Number of start-ups under different sectors	
<input checked="" type="checkbox"/> E-commerce	10
<input type="checkbox"/> Education	4
<input checked="" type="checkbox"/> Finance	10
<input type="checkbox"/> Healthcare	3
<input checked="" type="checkbox"/> Not Specified	16
<input type="checkbox"/> Others (please specify)	11
logistics and supply chain sector	1
Clothing and Garments	1
Consultation	1
Fashion and apparel	2
IT	1
Policy and Support Framework	1
Services	1
Special retail	1
vee too	1
XYZ	1
<input checked="" type="checkbox"/> Technology	16
<b>Total</b>	<b>70</b>

In which year your startup was founded	Number of Start-ups	Percentage of Grand Total
1912	1	2%
1990	1	2%
2014	1	2%
2017	1	2%
2020	2	4%
2018	3	6%
2019	6	11%
2021	6	11%
2024	10	19%
2022	11	20%
2023	12	22%
<b>Total</b>	<b>54</b>	<b>100%</b>

To what degree are the following elements of Business Support Service an obstacle to current operations of your start-up:









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