

Digital Economy: A leveller or a source of Economic inequality in Pakistan

Outline:

I. Introduction

The digital economy is a leveller of economic equality in Pakistan by lowering entry barriers for small businesses and expanding income opportunities across regions and genders. While critics cite digital divide, its inclusive reach firmly positions it as an equalizer rather than source of inequality in Pakistan.

II. Digital Economy: an overview

III. Digital Economy is a leveller of Economic equality in Pakistan:

A. Digital finance integrates the unbanked poor into the formal economy.

According to State Bank of Pakistan, there were 177 million bank accounts in Pakistan as of mid-2023, covering about 60% adult population.

B. E-commerce lowers entry barriers for small and informal businesses.

Pakistan's E-commerce market reached \$10 Billion in 2023, according to Asian Development Bank, Pakistan's Digital Ecosystem: A Diagnostic Report 2025

C. Online marketplaces provide equal market access to small producers.

Case study: Digital marketplaces including platforms like Telenor's Khushhal Zamindar allow farmers to sell and list their produce directly to consumers, wholesalers, retailers etc.

D. Freelancing platforms equalize income opportunities across regions.

Pakistan's freelancers sent \$400 million to country during first 9 months of FY025.
(Pak Economic survey 24-25)

E. Remote work reduces urban-rural employment disparities

E. Digital jobs expand woman's participation in the labor market

Women make up 21% of the ICT workforce

Supported by programmes like e-Rozgaar centers
(Pak Economic survey 24-25)

F. E-governance ensures transparent and equal access to public services

Case study: Pakistan Citizen's Portal,
Dastak App (KPK)

G. Fintech credit improves access for SMEs traditionally excluded by banks

The Bank of Punjab launched Pakistan's first fully digital SME lending solution resulting in 295% increase in SME borrowers and 91% growth in SME loan portfolio by June 2025

H. Digital platforms promote merit-based competition over social privilege

"Digital networks democratize production, enable more participation in economic activities, lowering traditional barriers tied to privilege."

(Yochai Benkler in his book, "The Wealth of Networks.")

I. Digital

I. Digital economy facilitates data-driven, pro-poor policy making

Case study: National Digital Masterplan

led by Pakistan Digital Authority
focuses on data governance and
services like health, education etc.

J. Expansion of digital trade and exports increases national income and economic growth

IT exports of Pakistan reached \$3.8 billion in FY025, making an 18% increase over previous year. (State Bank of Pakistan)

IV. Digital Economy is not a source of Economic Inequality in Pakistan.

V. Conclusion

"The most powerful force for reducing inequality is access," argues Joseph Stiglitz, and in the twenty-first century, that access is increasingly digital. The rapid expansion of digital economy has transformed how societies create, distribute, and access economic opportunities, reshaping traditional patterns of inequality across the world. In Pakistan, where poverty, regional disparities, financial exclusion, and gender gaps have long restricted economic mobility, the rapid expansion of the digital economy is reshaping the very foundations of opportunity. The digital economy in Pakistan encompasses digital finance, e-commerce, online labour platforms, fintech services, e-governance systems, digital trade, and data-driven governance mechanisms that are reshaping markets, employment, and public service delivery. Digital finance and fintech integrate the unbanked poor and small enterprises into the formal economy, while e-commerce and online marketplaces lower entry barriers and provide equal market access to small producers. Similarly, freelancing platforms and digital jobs equalize income opportunities across regions and expand woman's participation, whereas e-governance ensure transparent service delivery and enable effective pro-poor policymaking, alongside

rising digital exports that contribute to national growth. Critics argue that unequal internet access and digital skill gaps risk creating a new form of exclusion, however, the rapid spread of smartphones, mobile broadband, digital ID systems, and inclusive fintech models ^{demonstrates} increasingly that digitalisation, unlike traditional growth models, structurally widens access rather than concentrating it. In fact, the digital economy in Pakistan functions primarily as a powerful leveler of economic equality.

To begin with, Digital finance integrates the unbanked poor into the formal economy by removing structural barriers to financial access. Traditionally, large segments of Pakistan's population particularly the poor and rural households remained excluded from banking due to documentation requirements, distance from branches, and high transaction costs. Digital finance addresses this exclusion by enabling mobile wallets, branchless banking, and biometric verification, allowing ~~ext~~ individuals to save, transfer and receive money without conventional bank accounts. This is evident from the 2023 report of **State Bank of Pakistan**, which reports that there were **177 million bank accounts** in Pakistan in 2023, covering about

60% of adult population. Thus, digital platforms like transforms financial exclusion into participation.