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IT/ICT SECTOR PROFILE PAKISTAN 2026











INFORMATION TECHNOLOGY

SECTOR PROFILE · IT & IT-ENABLED SERVICES

Pakistan | Comprehensive Edition | July 2026

An investor-grade profile of Pakistan's fastest-growing export industry - software services, IT-enabled services, the freelance economy, and digital infrastructure - incorporating the Pakistan Economic Survey 2025-26, verified SBP and PTA data, the Finance Act 2026, and the Digital Nation Pakistan framework.

PREPARED FOR	PRIMARY SOURCES	EDITION
Investors, Businesses & Academia	**PES 2025-26 · SBP · PTA · PSEB · FBR · MoITT**	**Comprehensive · Print Edition**

About This Profile

This profile provides a comprehensive, evidence-based assessment of Pakistan's information technology and IT-enabled services sector for national and international audiences - investors evaluating market entry, businesses assessing outsourcing and partnership opportunities, policymakers, and academic researchers. It is written to be read as an analyst report, with charts and tables used selectively to complement the narrative.

Scope & Methodology

The profile covers export performance and the freelance economy, industry structure, human capital, physical and digital infrastructure including telecommunications, the policy and fiscal framework including the Finance Act 2026, investment opportunities, risk factors, and regional benchmarking. Analysis is anchored in primary official sources - the Pakistan Economic Survey 2025-26 (Chapter 15), State Bank of Pakistan export remittance data, Pakistan Telecommunication Authority statistics, PSEB and MoITT documentation, and Federal Board of Revenue instruments - supplemented by international industry data for cross-country comparison. All references appear in Section 12.

Quality Assurance

Every quantitative claim in this edition has been cross-validated against the source documents cited, and a structured self-audit covering data accuracy, source attribution, and analytical consistency was conducted in July 2026. Figures that are estimates or projections rather than official statistics are identified as such in the text and attributed to their originating institutions.

Data Currency

Data are current as at 5 July 2026 unless otherwise stated. Fiscal-year references follow Pakistan's July-June fiscal year. Figures for July-March FY2026 are nine-month provisional data as reported in the Pakistan Economic Survey 2025-26. Fiscal parameters reflect the Finance Act 2026 as effective 1 July 2026.

Disclaimer

This document is for information purposes only and does not constitute investment, legal, or tax advice. Tax rates and programme parameters change through annual Finance Acts and statutory regulatory orders; readers should verify current parameters with the Federal Board of Revenue, PSEB, and implementing agencies before transacting. While every effort has been made to ensure accuracy, no liability is accepted for decisions made in reliance on this document.

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Acronyms & Abbreviations

4IR	Fourth Industrial Revolution	**NDC**	National Digital Commission
AI	Artificial Intelligence	**NIC**	National Incubation Center
B2B	Business to Business	**P@SHA**	Pakistan Software Houses Association
BPO	Business Process Outsourcing	**PDA**	Pakistan Digital Authority
CAGR	Compound Annual Growth Rate	**PES**	Pakistan Economic Survey
CMMI	Capability Maturity Model Integration	**PSEB**	Pakistan Software Export Board
FDI	Foreign Direct Investment	**PSX**	Pakistan Stock Exchange
FBR	Federal Board of Revenue	**PTA**	Pakistan Telecommunication Authority
FTR	Final Tax Regime	**SBP**	State Bank of Pakistan
FTTH	Fibre to the Home	**SECP**	Securities & Exchange Commission of Pakistan
ICT	Information & Communications Technology	**SIFC**	Special Investment Facilitation Council
ITeS	IT-Enabled Services	**STP**	Software Technology Park
ISO	International Organization for Standardization	**STZA**	Special Technology Zones Authority
LFS	Labour Force Survey	**USF**	Universal Service Fund
MoITT	Ministry of IT & Telecommunication	**VC**	Venture Capital
NADRA	National Database & Registration Authority	**WHT**	Withholding Tax
NCSP	National Co-Working Space Programme	**5G**	Fifth-Generation Mobile Networks

THE SECTOR AT A GLANCE · FY2025-26

Eight numbers that frame the opportunity

ICT EXPORTS JUL-MAR FY26	FY2025 FULL YEAR	TRADE SURPLUS	FREELANCER EXPORTS
$3.38B	**$3.81B**	**$2.91B**	**$856M**
+19.7% YoY; highest of any service sector (SBP)	+18.3%; four-year CAGR 16% (SBP)	86% of export remittances (PES 2025-26)	Jul-Mar FY26, +51% YoY (SBP)

REGISTERED IT COMPANIES	TELECOM SUBSCRIPTIONS	BROADBAND SUBSCRIBERS	EXPORT TAX RATE
34,420	**207.2M**	**161M**	**0.25%**
SECP-registered IT/ITeS, March 2026 (PES)	teledensity 82.6%, March 2026 (PTA)	penetration 64.2% vs 32.6% in 2019 (PTA)	final tax, extended to June 2029 (FA 2026)

Sources - Pakistan Economic Survey 2025-26, Ch. 15; State Bank of Pakistan; PTA; Finance Act 2026.

1. Executive Summary

Pakistan's IT and IT-enabled services sector is the country's fastest-growing export industry and its largest net services exporter. ICT export remittances reached US$3.38 billion in July-March FY2026, up 19.7% year on year, the highest of any service sector, and IT services now account for 46.1% of total services exports, having overtaken readymade garments in export value (PES 2025-26; SBP). The sector achieved a trade surplus of US$2.91 billion, equal to 86% of its export remittances, making it the most net-foreign-exchange-efficient industry in the economy.

The growth is broad-based and compounding. Full-year exports have risen from US$2.1 billion in FY2021 to US$3.81 billion in FY2025, a 16% compound annual rate, and the July-March FY2026 run-rate points materially higher. The freelance economy is growing fastest of all: freelancer export receipts surged 51% to US$856 million in July-March FY2026, supported by SBP reforms that simplified export realisation and encouraged formal channels. The industry base has deepened in parallel, with 34,420 IT and ITeS companies registered with SECP as of March 2026 and more than 1,300 startups operating in National Incubation Centers.

Government policy is aligned behind the sector to a degree unusual in Pakistan's policy history. The Finance Act 2026 designated IT a strategic national asset and extended the concessional 0.25% final tax on IT export income for three years to June 2029, preserving one of the lowest effective tax rates on export earnings anywhere. The Digital Nation Pakistan Act 2025 established the institutional architecture for digitalisation, the National AI Policy 2025 targets one million trained AI professionals by 2030, and the long-awaited 5G spectrum auction was conducted in March 2026, raising approximately US$509.6 million (PES 2025-26). The national ambition is explicit: US$15 billion in annual IT exports.

The investment case rests on structural cost and demographic advantages: a large English-speaking talent pool with annual IT and computer science graduate output estimated at 25,000–75,000 depending on definition and source (SBP; PASHA; industry estimates) , delivery costs well below regional alternatives, 100% foreign ownership and full profit repatriation under the standing investment regime, and a domestic digital market of 161 million broadband subscribers that is itself scaling rapidly. The constraints are equally structural - talent retention, energy and connectivity reliability, and payment-rail gaps - and are examined in Section 10.

FIVE INVESTOR ENTRY POINTS

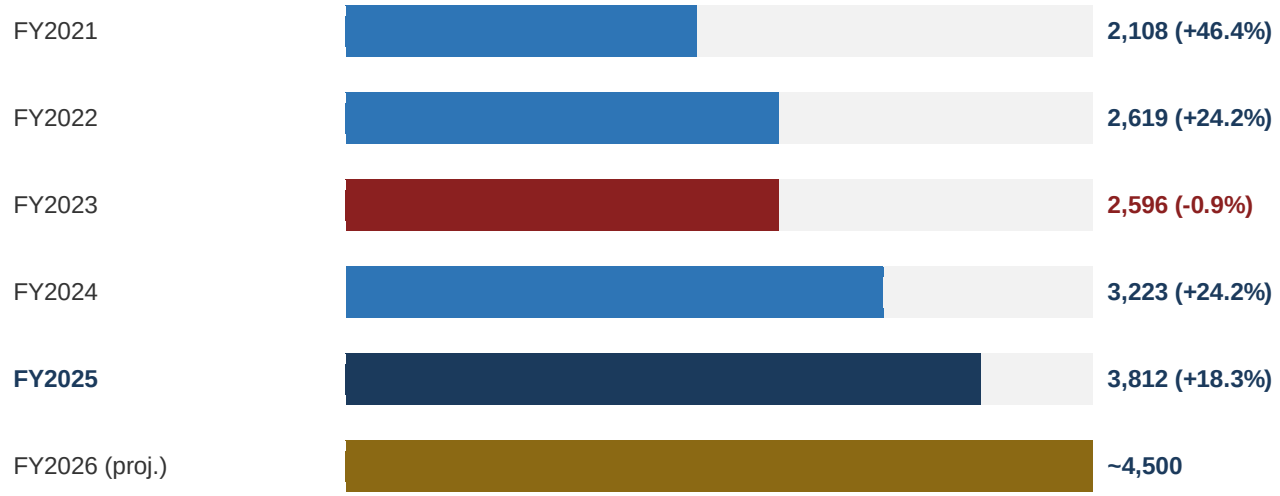
01 · EXPORT DELIVERY	02 · IT PARKS & ZONES	03 · FINTECH & DIGITAL	04 · TELECOM & 5G	05 · VENTURE & STARTUPS
Offshore development & BPO delivery centres; 0.25% export tax to 2029; deep cost advantage.	STZA zones & new IT parks; Islamabad park (720K sq ft) completing 2026; Karachi park (tendering stalled as of mid-2026).	161M broadband users; digital payments scaling; Virtual Assets Act 2026 regulatory opening.	5G rollout from 2026; fiberisation target 60%; towers, fibre, and data-centre demand.	1,300+ NIC startups; early-stage valuations reset; AI & SaaS talent pipeline forming.

2. Export Performance & the Digital Economy

2.1 The Export Trajectory

Pakistan's ICT export remittances have grown every year but one since FY2021, compounding at 16% annually over five years (SBP). The single down year, FY2023, coincided with the broader macroeconomic crisis and import restrictions; the recovery since has been immediate and steep. The July-March FY2026 figure of US$3.38 billion is 19.7% above the same period last year, and March 2026 alone brought US$413 million, up 20% year on year. On the current trajectory, full-year FY2026 exports would approach US$4.5 billion, though this remains a projection until SBP reports the final figure.

ICT export remittances by fiscal year (US$ million, SBP)



Source - SBP, as published in PES 2025-26 Table 15.1. FY2026 projected from Jul-Mar actuals (US$3.38 billion, +19.7%); projection, not an official figure.

2.2 Trade Surplus & Composition

What distinguishes IT from every other major Pakistani export is its net foreign-exchange efficiency. The sector imports little to produce its exports: the trade surplus of US$2.91 billion in July-March FY2026 equalled 86% of export remittances, and grew 20% year on year (PES 2025-26). By comparison, textile exports carry substantial imported cotton, energy, and machinery content. Composition is led by computer and information services, software consultancy, and freelance digital services, with the United States the largest destination market, followed by the United Arab Emirates and the United Kingdom (SBP export data). SBP reforms during FY2026 simplified export realisation procedures, standardised documentation, and set processing timelines, measurably improving the ease of repatriating export income through formal channels.

SHARE OF SERVICES EXPORTS	VS GOODS EXPORTS	SURPLUS GROWTH
46.1%	**Ahead**	**+20%**
largest single services export (PES 2025-26)	surpassed readymade garments in value	trade surplus YoY, Jul-Mar FY26

2.3 The Freelance Economy

Pakistan's freelance workforce is one of the largest in the world, and its formal export receipts are accelerating: US$856.3 million in July-March FY2026, up 51% from US$567.5 million a year earlier (SBP). Two forces drive the surge. First, SBP's realisation reforms and the 0.25% final tax for PSEB-registered freelancers have pulled earnings from informal channels into the banking system, meaning part of the recorded growth is formalisation of income that previously went uncounted - a documentation gain in itself. Second, the training pipeline is industrial in scale: the DigiSkills programme alone delivered over 5.14 million course enrolments in July-March FY2026, and freelancers trained under the programme have cumulatively earned approximately US$1.65 billion (PES 2025-26). PSEB's e-Rozgaar network of more than 80 co-working centres, with a target of 250, provides physical infrastructure in secondary cities.

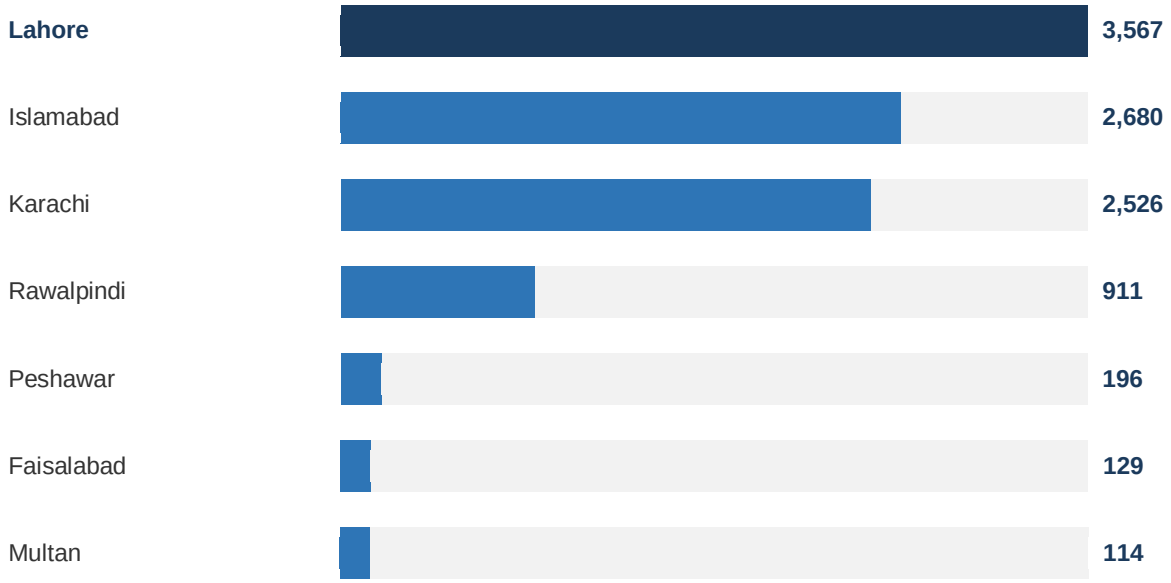
3. Industry Structure

The industry has scaled from roughly 10,000 SECP-registered IT and ITeS companies in 2022 (BOI/IFC) to 34,420 by March 2026 (PES 2025-26) - more than a threefold increase in four years, driven by formalisation incentives, export growth, and low entry barriers. The population spans a handful of at-scale exporters, a broad middle of specialised development houses, and a long tail of small firms and formalised freelance businesses.

3.1 Geography & Segment Bifurcation

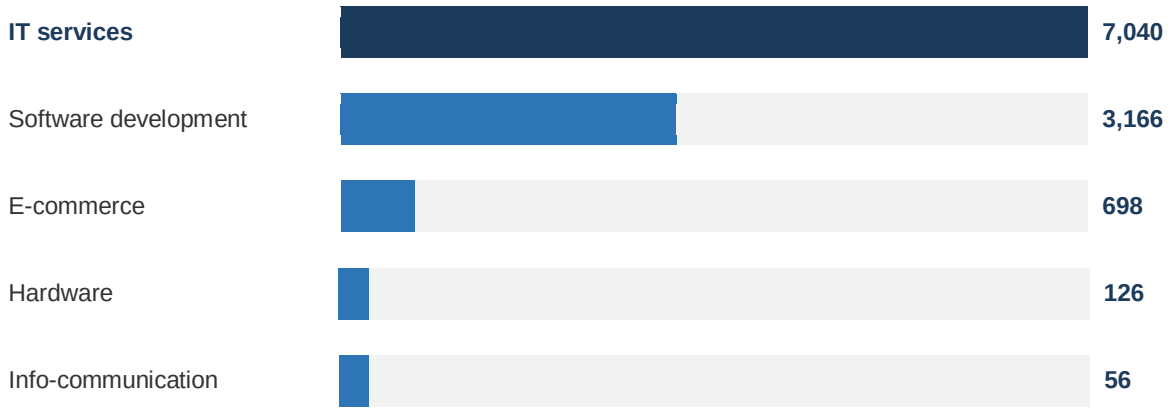
Geographically the industry concentrates where the talent is: Lahore, Islamabad-Rawalpindi, and Karachi together host the substantial majority of companies, with Lahore is the largest single city.By line of business, software development and broader information technology services dominate, with e-commerce firms, hardware, and communications a small minority. At the top of the market, Systems Limited is the sector's PSX-listed flagship, NetSol Technologies is NASDAQ-listed, and firms including TRG Pakistan, 10Pearls, Techlogix, Kalsoft, and Abacus operate at international delivery scale. Global corporations run development and services centres in Pakistan, including S&P Global in Islamabad, and P@SHA member firms count numerous Fortune 500 companies among their clients. More than 150 IT companies hold ISO 9001, ISO 27001, or CMMI certifications (MoITT), and the startup layer adds over 1,300 companies in National Incubation Centers.

IT/ITeS companies by city - distribution at last full mapping (BOI/IFC, 2022)



Source - BOI/IFC Technology Sector Profile (2022), based on MoITT company mapping. Shares indicative: the registered base has since more than tripled to 34,420 companies (SECP, March 2026), with concentration patterns broadly unchanged.

Companies by nature of business (BOI/IFC, 2022)



Source - BOI/IFC (2022). Services and software development dominate the population; hardware remains a minor segment, underscoring the sector's export-services orientation.

THE ECOSYSTEM IN NUMBERS · FY2025-26

DIGISKILLS ENROLMENTS	NIC STARTUPS	B2B LEADS GENERATED	CERTIFIED COMPANIES
5.14M	**1,300+**	**4,228**	**150+**
trainings delivered Jul-Mar FY26 (PES)	in National Incubation Centers	20 intl events; $73.9M reported business (PSEB)	ISO 9001 / ISO 27001 / CMMI (MoITT)

SOFTWARE TECH PARKS	E-ROZGAAR CENTERS	WOMEN IN STP WORKFORCE	TRAINED-FREELANCER EARNINGS
50+	**80+**	**21%**	**$1.65B**
1.9M sq ft; 18,000 professionals (PSEB)	co-working for freelancers; target 250	of professionals employed in STPs (PSEB)	cumulative, DigiSkills-trained (PES)

3.2 Success Stories

Three cases illustrate the sector's range, from legacy exporters to new manufacturing adjacencies.

SYSTEMS LIMITED

The PSX flagship

Founded in 1977 as Pakistan's first software house, Systems Limited is today the sector's listed flagship on the Pakistan Stock Exchange, delivering services across North America, Europe, and the Middle East, and anchoring the domestic talent market.

NETSOL TECHNOLOGIES

NASDAQ pioneer

NetSol became the first Pakistani-origin technology company listed on NASDAQ (1999). Its asset-finance and leasing platforms are deployed with global automotive-finance clients, with primary delivery from Lahore - proof that Pakistani product companies can hold blue-chip enterprise accounts across decades.

GOOGLE CHROMEBOOK ASSEMBLY

Hardware adjacency

A Chromebook assembly line was inaugurated in Pakistan in partnership with Google (PES 2025-26) - the first local assembly of a global-brand computing device, signalling that the sector's growth is beginning to extend from services into electronics manufacturing.

4. Human Capital

The sector's core input is people, and the demographic arithmetic is favourable: roughly two-thirds of Pakistan's 252.09 million people are under 30 (PBS Census 2023). PSEB estimates the country produces on the order of 75,000 IT and computer science graduates annually, feeding a technology workforce in the hundreds of thousands with English-language capability - a structural advantage in outsourcing markets.

Public skilling programmes operate at unusual scale. DigiSkills has become one of the world's larger online skilling platforms by enrolment, with 5.14 million trainings delivered in July-March FY2026 alone. The National AI Policy 2025 targets one million trained AI professionals by 2030, backed by a national compute grid and international partnerships. A National Semiconductor HR Development Programme is training students in digital design and verification, positioning Pakistan for entry into a global semiconductor market that has surpassed US$600 billion and is projected to exceed US$1 trillion by 2030 (PES 2025-26). Digital inclusion is advancing in parallel: more than 240,000 women were trained in digital skills during the year, and 21% of professionals employed in PSEB's software technology parks are women.

The Talent Equation

Supply is not the constraint; retention is. Pakistani IT salaries are a fraction of Gulf and Western levels, which sustains the export cost advantage but also drives emigration of senior engineers, and remote work lets global employers hire Pakistani talent without moving it.

For investors, the practical implications are to underwrite mid-level attrition, invest in internal training pipelines, and structure retention around equity and international exposure. The graduate pipeline replenishes the base; the scarce resource is 8-15 year experience.

The same dynamic is an opportunity: Pakistan's diaspora technology leadership increasingly routes work, capital, and clients back into the country.

5. IT Infrastructure: Parks, Zones & Incubation

PSEB manages more than 50 Software Technology Parks across Pakistan, hosting over 350 IT and ITeS companies in roughly 1.9 million square feet and employing more than 18,000 professionals who contribute over US$245 million to the economy (PES 2025-26). The pipeline is expanding on two tracks. PSEB plans to establish 10-12 new STPs during FY2026 (PES 2025-26), and two flagship projects anchor the next phase: a 720,000 square foot IT park in Islamabad completing in 2026, expected to create about 7,500 jobs and US$60 million in annual exports, and a 1,120,000 square foot park in Karachi targeted for 2028, with capacity for more than 220 companies, about 13,400 jobs, and US$90 million in export potential.

The Special Technology Zones Authority (STZA) framework adds a second, deeper incentive layer for larger investments: zone enterprises receive long-horizon tax exemptions and duty-free import of capital equipment under the STZA Act 2021, designed explicitly to attract anchor technology investors and technology transfer. Combined with National Incubation Centers in major cities hosting 1,300+ startups, the infrastructure ladder now runs from a freelancer's co-working seat to an anchor tenant's special economic zone - a completeness that did not exist five years ago.

6. Telecommunications & Digital Infrastructure

The digital economy runs on telecom rails that have expanded dramatically. Total telecom subscriptions reached 207.22 million by March 2026, with teledensity at 82.6%. Broadband subscribers reached 161.0 million - a 174% increase from 58.7 million in FY2018 - taking broadband penetration to 64.2% from 32.6% in 2019. Cellular services now cover 92% of the population, with 3G/4G signals available to over 81%, delivered from 60,014 cell sites of which 97% are 4G-enabled (PTA, in PES 2025-26). Data consumption reached an estimated 30,783 petabytes in FY2026, up from 27,727 in FY2025.

The sector is also a major fiscal contributor: telecom revenues reached Rs 837 billion in July-March FY2026, with Rs 285 billion contributed to the national exchequer and US$567 million in sector investment (PTA). The structural event of the year was the 5G spectrum auction conducted on 10 March 2026, which raised approximately US$509.6 million and opens a multi-year network investment cycle - towers, fibre backhaul, and small cells - under the government's declared Year of 5G. The National Fiberization Policy targets 60%

fibre coverage, against a current FTTH base of 2.7 million subscribers, defining a long runway for fixed-line infrastructure investment.

Indicator (PTA / PES 2025-26)	March 2026	Reference point
Telecom subscriptions	207.22 million	teledensity 82.6%
Broadband subscribers	161.0 million	58.7 million in FY2018
Broadband penetration	64.2%	32.6% in 2019
FTTH subscribers	2.7 million	60% fiberisation target
Cell sites (Dec 2025)	60,014	97% support 4G
Telecom revenues (Jul-Mar FY26)	Rs 837 billion	Rs 285 billion to exchequer
5G spectrum auction (10 Mar 2026)	US$509.6 million	phased commercial rollout

Source - PTA data as published in PES 2025-26, Chapter 15.

7. Policy & Governance Framework

Pakistan's digital policy architecture consolidated substantially in 2025-26. The Digital Nation Pakistan Act 2025, enacted in January 2025, is the foundational statute: it establishes the National Digital Commission chaired by the Prime Minister, the Pakistan Digital Authority to execute a National Digital Masterplan, and an oversight layer, with Pakistan Stack-style digital public infrastructure and data-exchange layers at its core. Around it sit the National AI Policy 2025 (approved by cabinet, targeting one million AI-trained professionals), the Virtual Assets Act 2026 regulating digital assets, and NADRA's dematerialised digital identity integrated into its mobile platform (PES 2025-26).

THE POLICY ARC · 2018-2026

2018 **Digital Pakistan Policy** First holistic digital strategy; export and skilling focus.	**2021** **STZA Act** Special Technology Zones: long-horizon exemptions for anchor investors.	**JAN 2025** **Digital Nation Pakistan Act** NDC & Pakistan Digital Authority; National Digital Masterplan.
2025 **AI Policy & Virtual Assets Act** 1M AI professionals target; digital-asset regulation opens.	**MAR 2026** **5G Spectrum Auction** Conducted 10 March 2026; ~US$509.6M raised; phased rollout begins.	**JUL 2026** **Finance Act 2026** 0.25% export tax locked to June 2029; strategic-asset designation.

Institutionally, MoITT sets policy; PSEB is the export promotion and registration agency; PTA regulates telecommunications; Ignite manages the National Incubation Center network from USF-type funding; and STZA administers technology zones. For foreign investors the standing investment regime matters most: 100% foreign ownership of IT/ITeS companies, 100% repatriation of profits, and PSEB registration as the gateway to the concessional export tax regime (BOI). PSEB's own promotion effort is substantial - Pakistan participated in 20 major international technology events in July-March FY2026, generating 4,228 qualified B2B leads and US$73.9 million in reported business (PES 2025-26).

The sector is the centrepiece of URAAN Pakistan's E-Pakistan pillar. The National Economic Transformation Plan 2024-29 sets explicit targets: US$10 billion in exports of ICT and high-technology products and services, US$5 billion in freelancing and gig-economy revenue, certification of 50,000 high-quality fourth-industrial-revolution graduates, and an enabling environment for more than 10,000 startups per year (Ministry of Planning, Development & Special Initiatives, 2024). Against the FY2026 trajectory documented in this profile, Pakistan stands nearly half of the way to the plan's headline ICT export target with three plan years remaining - ambitious, but on a visible path.

8. Fiscal & Tax Framework: The Finance Act 2026

The Finance Act 2026, effective 1 July 2026, resolved the sector's single largest fiscal uncertainty. The concessional 0.25% final tax on IT and ITeS export income - due to expire on 30 June 2026 - was extended for three years to 30 June 2029, for PSEB-registered companies and freelancers. The Finance Bill documentation went further, designating the IT sector a strategic national asset. For an industry whose planning horizon had been repeatedly compressed by one-year extensions, a three-year runway is a material improvement in investability.

Measure	Status under Finance Act 2026
Export income tax (S.154A)	0.25% final tax for PSEB-registered exporters & freelancers, extended to 30 June 2029
Sector designation	IT declared a strategic national asset in budget documentation
Foreign ownership / repatriation	100% ownership and full profit repatriation (standing regime, unchanged)
International card transactions	Withholding tax on international credit/debit card payments (S.236Y) cut from 5% to 0.5%, effective 1 July 2026
Technology zone incentives	STZA framework continues: long-horizon exemptions, duty-free capital equipment

Sources - Finance Act 2026 (FBR); Finance Minister's budget statements (June 2026); STZA Act 2021. Verify operative rates with FBR and PSEB before transacting.

What the Finance Act 2026 Means for Investors

The effective tax rate on IT export income remains 0.25% of gross receipts through FY2029 - among the lowest effective rates on export earnings in any jurisdiction - provided the entity is PSEB-registered and proceeds arrive through formal banking channels.

The three-year extension, rather than the annual renewals of prior years, allows delivery-centre business cases to be underwritten across a full investment cycle.

The cut in card-payment withholding tax from 5% to 0.5% substantially lowers the cost of imported digital services and cloud subscriptions paid by card — a modest but direct benefit for IT firms and freelancers who pay for AWS, GitHub, Adobe, or similar tools on foreign-currency cards..

9. Investment Opportunities

The sector offers entry points across the capital-intensity spectrum, from asset-light delivery operations to infrastructure plays. Four theses stand out.

9.1 Export Delivery & Nearshoring

The core opportunity remains what it has been for a decade, now with better economics: offshore software development, BPO, and managed services delivered from Pakistan at costs materially below India for comparable English-language talent, taxed at 0.25% on export income through FY2029. The client mix is shifting toward the Gulf: GCC digitalisation programmes are large, time-zone adjacent, and culturally proximate, and the Gulf, particularly the UAE, is a fast-growing IT export destination for Pakistan. A delivery centre established in an STP or STZA zone stacks infrastructure subsidies on top of the tax regime.

9.2 Digital Infrastructure: 5G, Fibre & Data Centres

The March 2026 spectrum auction starts a multi-year 5G capital cycle across towers, fibre backhaul, and network densification, while the 60% fiberisation target against 2.7 million current FTTH connections defines the fixed-line runway. Data-centre capacity is the quiet gap: domestic demand from banking digitisation,

cloud adoption, and data-localisation preferences is growing against limited local supply, and power-cost management (including captive renewables) is the key operating variable.

9.3 Fintech & the Domestic Digital Market

The domestic market is now large enough to support venture-scale outcomes: 161 million broadband subscribers, rising digital payment adoption on SBP rails, and a regulatory opening through the Virtual Assets Act 2026. E-commerce and digital financial services remain underpenetrated relative to the connectivity base - the classic emerging-market gap between connections and transactions - and the demographic pyramid keeps feeding first-time digital consumers into the funnel.

9.4 Venture Capital & Startups

With more than 1,990 startups in National Incubation Centers, a repriced early-stage market after the global 2022-23 correction, and an AI skilling push, early-stage entry valuations are attractive relative to talent quality. The exit environment remains the honest caveat: PSX technology listings are few and strategic acquirers mostly foreign, so funds should underwrite longer holds and cross-border exits.

Opportunity	Key Enablers	Risk Factors
Export delivery centres	0.25% tax to 2029; STP/STZA infrastructure; cost advantage	Senior-talent attrition; client concentration
5G / fibre / data centres	Spectrum auctioned; fiberisation target; demand growth	Power costs & reliability; FX for equipment
Fintech & e-commerce	161M broadband base; SBP payment rails; VA Act 2025	Monetisation depth; documentation of economy
Venture / startups	1,300+ NIC pipeline; repriced valuations; AI skilling	Exit routes; follow-on capital scarcity

Sources - PES 2025-26; PTA; SBP; Finance Act 2026; STZA.

10. Challenges & Risk Factors

Risk ratings are the authors' qualitative assessment of relevance to international investors. The sector's risks are operational rather than existential; none has stopped its compounding, but all affect margins and planning.

Talent Retention & Brain Drain

HIGH RISK

Senior engineers emigrate to Gulf and Western markets or work remotely for foreign employers at multiples of local salaries. The graduate pipeline replenishes volume but not experience; mid-level attrition raises delivery risk on multi-year contracts and inflates senior compensation.

Connectivity & Energy Reliability

MEDIUM RISK

Export delivery depends on uninterrupted power and bandwidth. Grid instability and periodic internet disruptions impose redundancy costs - generators, multiple ISPs, failover sites - that are manageable but real, and that weigh on client perceptions in SLA-sensitive engagements.

Payment Rails & Platform Gaps

MEDIUM RISK

The absence of major international consumer payment platforms raises friction for freelancers and small exporters, pushing some earnings through informal channels despite SBP reforms. Progress is real but incremental; enterprise banking channels function normally.

Policy & Regulatory Continuity

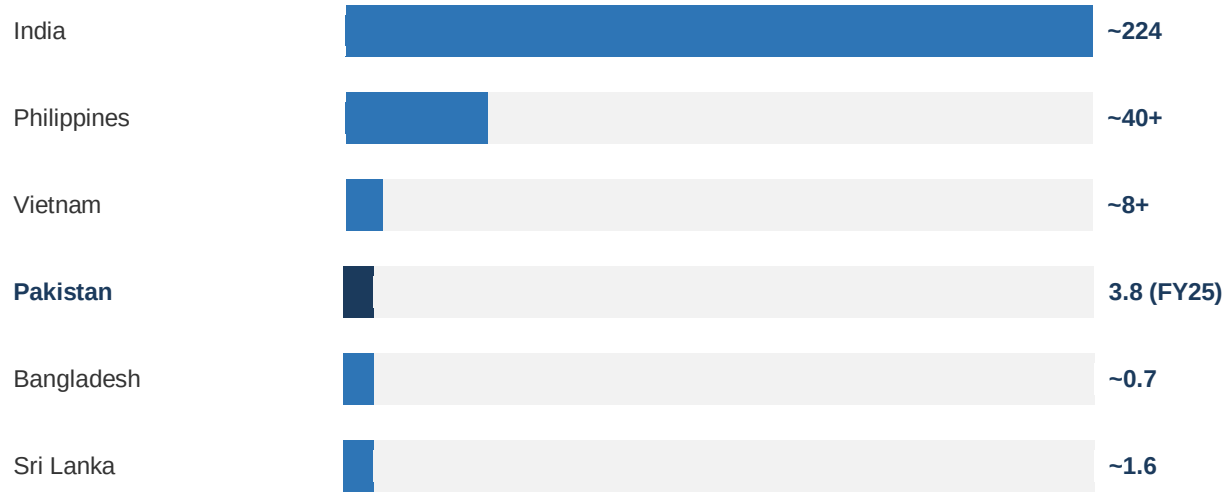
MEDIUM RISK

The three-year tax extension reduces the sector's chief uncertainty, but broader regulatory volatility - telecom taxation, data rules, import policies on equipment - remains a planning risk. The strategic-asset designation signals intent; execution consistency is the test.

11. Regional Benchmarking

Pakistan is a small player in global IT services by absolute size and an outlier on growth rate. India's IT industry exports roughly US$224 billion annually (NASSCOM) and the Philippines' IT-BPM sector over US$40 billion (IBPAP) - two orders and one order of magnitude larger respectively. But the growth arithmetic favours the challenger: Pakistan's 16-19% growth compounds from a low base, its wage structure undercuts both incumbents, and its freelance economy gives it a distribution channel into global demand that does not depend on large-enterprise sales cycles. Bangladesh, the closest structural comparator, exports roughly US$0.7 billion in ICT services with a similar demographic profile.

Annual IT/ITeS services exports, approximate (US$ billion)



Sources - NASSCOM (India, FY25); IBPAP (Philippines); national industry bodies; SBP (Pakistan). Figures approximate; definitions and periods vary by country.

The Upside Case

The national target of US$15 billion in annual IT exports implies roughly a fourfold increase from FY2025. At the sector's four-year CAGR of 16%, exports reach that level in about nine years; at the current 19.7% pace, in roughly seven.

No heroic assumptions are required beyond continuity: the tax regime is fixed to 2029, the talent pipeline is funded, the infrastructure ladder is built, and the demand side - global services trade plus GCC digitalisation - is growing.

The binding constraints are executional: retaining senior talent, keeping connectivity reliable, and maintaining policy stability. Each is visible, priced, and improving - which is precisely what an early-cycle entry point looks like.

12. References

All data and analysis are sourced from primary and authoritative secondary sources, presented in APA 7th Edition format.

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Compiled from official and primary sources: Pakistan Economic Survey 2025-26 - SBP - PTA - PSEB - FBR - MoITT

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