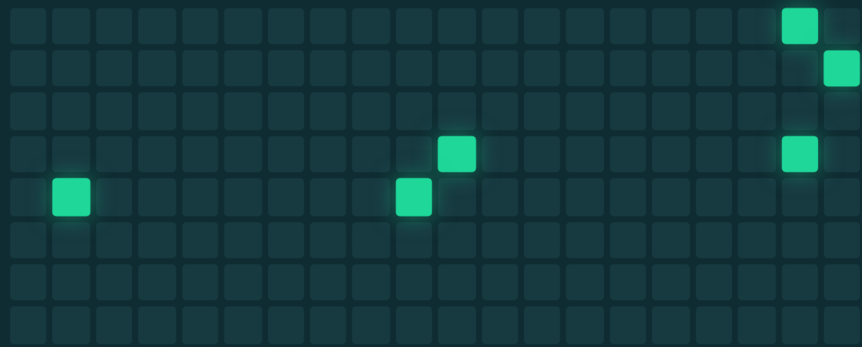
AdalFi

AdalFi Impact Report 2021–2026:

Deposit-rich.
Credit-poor.

How AdalFi turned banks’ own data into more than SAR 1.5 billion of credit for the people the formal system could not assess, and what five years of it shows.

EVERY SQUARE IS HALF A MILLION ACCOUNTS.
ONLY THE GREEN ONES HAVE CREDIT.



Has formal credit: a few million   Account, no credit: ~100M

Cumulative credit enabled, Jul 2021 to Jul 2026, across multiple partner institutions. Local-currency figures converted at PKR 280 per USD.

GET THE HIGHLIGHTS

The report in six numbers.

SCALE

SAR 1.5B+

of credit enabled through partner banks, from a few hundred thousand riyals a month in 2021 to more than SAR 3.75 million a day.

FIRST ACCESS

68,760

people entered the formal credit system for the first time, in a country where only 12% of adults borrow formally.

ASSET QUALITY

0.2%

90+ day default rate, on a book where 53% of borrowers had never borrowed before. Sector SME NPL runs 6–8%.

SMALL BUSINESS

1 in 43

SME borrowers in Pakistan now runs on our rails. SAR 560M enabled, roughly 7 in 10 borrowing for the first time.

REACH

990

towns reached, with 69% of lending outside the four largest cities. Once the decision no longer needed a branch visit, distance stopped deciding.

WOMEN

12%

of the book went to women, above the 9% national target.

01 · THE PROBLEM

Banked.
Not funded.

Credit fails the two customers an economy needs most. Pakistan digitised its deposits, not its decision to lend.

THE SHAPE OF THE GAP

Exclusion here is no longer about who holds an account; nearly everyone does. It is about who a bank can say yes to. Payments went digital — 88% of retail transactions and PKR 50 trillion a year on instant rails — while formal borrowing barely moved. The customer is **thin-file or no-file**: a real financial life, invisible to a system reading collateral, salary slips and a bureau record instead of behaviour.

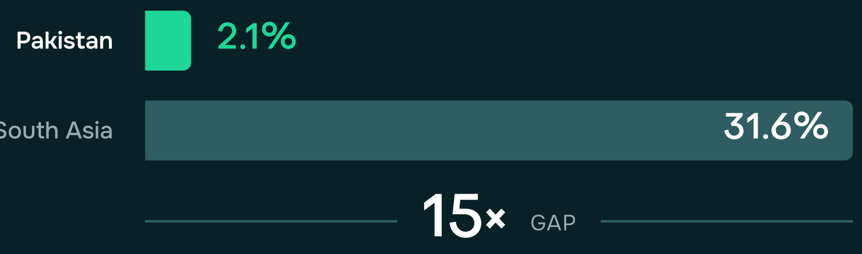
01 · THE GAP IN NUMBERS

~100M	Bank & wallet accounts — but only a few million hold any credit relationship with their bank.
12%	Adults who borrowed formally in five years. ~75% could not be sure of raising emergency funds.
2.1%	Of firms have a bank loan, against 31.6% across South Asia: a 15× gap.

EXHIBIT 1

Pakistan's firms borrow at a fifteenth of the regional rate

Share of firms holding a bank loan, %



Source: World Bank Enterprise Surveys. Bars to common scale.

Three groups carried almost all of it.

Between them they account for most of the country's economic activity, and almost none of its formal credit.

01 · SMALL BUSINESSES

The backbone of the economy

2.1% of firms hold a bank loan. Shops, workshops, small manufacturers and traders carry much of the country's employment, and nearly all of them are undocumented: no audited accounts, often no property in the owner's name, a business conducted in cash and relationships. **Nothing was built for them.** Microfinance stops below them; commercial lending starts above them and asks for the collateral they do not have.

02 · WOMEN & RURAL HOUSEHOLDS

The underrepresented

Two groups the system reached last, for different reasons. Pakistan ranks 148th of 148 on the gender gap, and 14% of women hold a full-service account against 56% of men — less likely to hold property, a documented salary, or a credit record. Rural households face a different geometry: assessment required presence, presence required a branch, and branches follow density. Distance from a city became distance from capital.

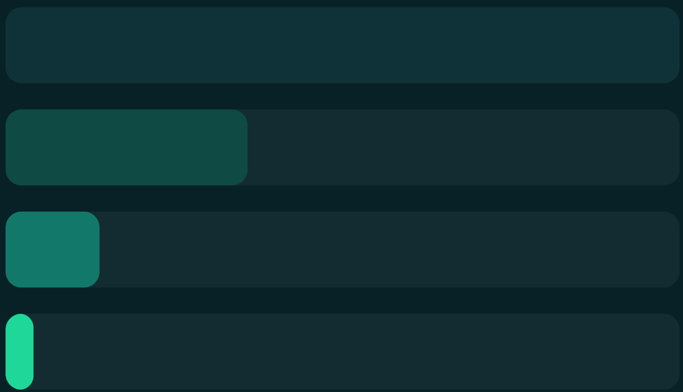
03 · LOW-INCOME, GIG, NEW-TO-CREDIT

The overlooked

The largest group and the least visible. People earning below the median, whose needs were small enough that assessing them was never worth the cost. Gig workers and freelancers, whose income is real but arrives irregularly and matches no salary slip. And anyone new to credit, who cannot build a record without a loan and cannot get a loan without a record. Three in four adults say they could not readily raise emergency money. Most of them are working.

01 · THE CREDIT FUNNEL

Formal credit is the narrow end of a very wide funnel.



~100M
Bank & wallet accounts

a few million
Any credit relationship

12%
Borrowed formally in 5 yrs

2.1%
of firms have a bank loan

Getting a person through that first opening — from an account to a first loan — is exactly where the market fails, and exactly where our work begins.

NOT ONLY MENAP

$5.7T

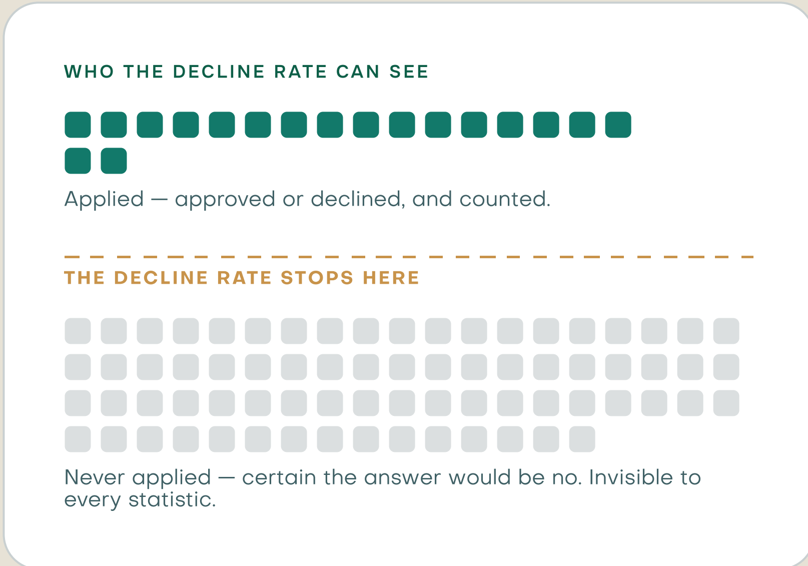
The IFC puts the credit gap for formal micro, small and medium enterprises across emerging markets at roughly US$5.7 trillion: tens of millions of firms that cannot obtain the financing they need. Small business lending is the largest identified unmet credit market in the world — and the constraint is the one described here: not capital, but the cost of deciding who to give it to.

THE QUIETER FILTER

And the funnel only counts the people who applied.

Beneath it sits **self-omission**: the people who wanted credit but never applied, certain the answer would be no. They appear in no rejection statistic, and no decline rate captures them.

> Pre-qualified credit is the one form that finds them, because the offer arrives before the question has to be asked.



02 · WHAT ACTUALLY CHANGES

Exclusion was a price tag.

The cost of a decision fell to almost nothing, and the incentives inverted with it.

When the cost of deciding collapses, the incentive to lend upward disappears with it. The borrowers least worth assessing were the ones with the smallest, least documented needs — the people for whom credit would have mattered most.

Exclusion was not a judgment anyone made about them. It fell out of the price of looking.

Priced out

The first “no” was final — the door stayed shut on anyone too costly to assess.

03 · ADALFI

Already on file.

The evidence was always there. Nobody could afford to read it.

THE MECHANISM

Every bank already holds years of a customer's deposits, transfers and cash flow. AdalFi reads that signal — billions of transactions — and turns it into a real-time credit decision, so a bank can lend to a customer it already has but never recognised as bankable.

> **No branch visit, no collateral, no loan officer's read of a person, no weeks of paperwork.**

From data a bank already holds to a decision in minutes.

01

Existing data

The partner bank's own account and transaction history: the customer's real financial behaviour, already on file.

→

02

The decision

Our models turn that behaviour into an instant, calibrated credit assessment, and improve with every repayment they observe.

→

03

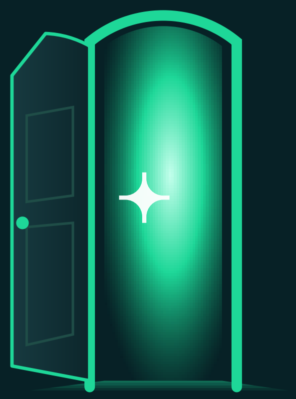
An instant "yes"

The bank lends, on its own balance sheet, in minutes, at scale, to towns a branch network never reached.

For the borrower it is a yes that finally reflects how they manage money. For the lender it is a way to say that yes profitably, across the whole shelf, from a first salary advance to an SME line.

Open the door.
They walk through.

Not what we lent: what would not have happened otherwise.



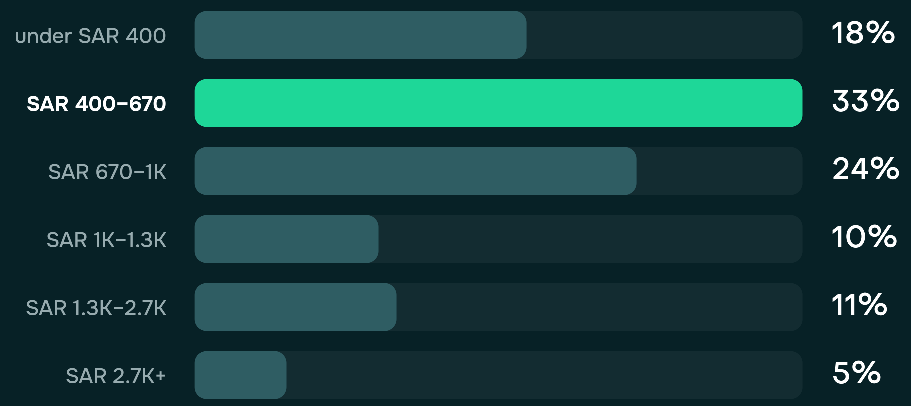
68,760

people entered the formal credit system for the first time. Each one is now visible to a bank for the rest of their financial life.

EXHIBIT 4 · WHO BORROWS

Lending below the median. Not to the elite.

Borrower monthly income. The median borrower earns about SAR 670/mo, below the national average household income.

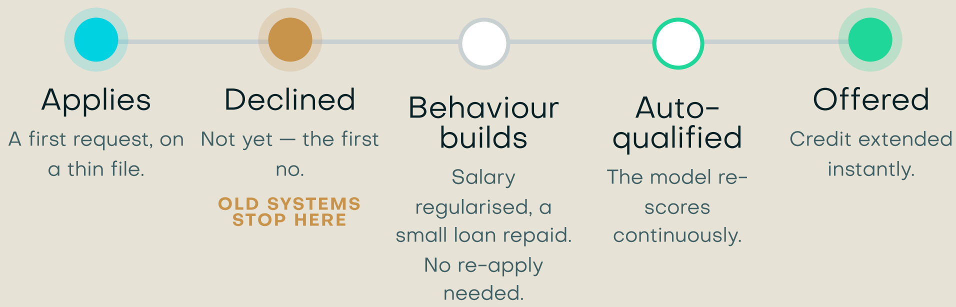


04 · AUTONOMOUS SCORING

A locked door. Now a moment in time.

The barrier was never the first “no.” It was that the first “no” was final. The model keeps scoring in the background; the moment behaviour clears the bar, the door reopens on its own.

> A decline is a snapshot of a moment, not a verdict on a person.



The door doesn’t stay shut; it reopens on its own — no new application, no branch visit.

1 in 43 SME borrowers in Pakistan runs on our rails.

What it is: collateral-free business finance, revolving working capital lines and term loans, for the “hidden middle” too big for microfinance and too small or too new for traditional commercial lending.

Assessing a business loan by hand takes a bank four to six weeks and a loan officer’s judgment, and most applicants are declined at the end of it. Transactional scoring inverts the exercise: the bank reads its own transaction data, sees which businesses already qualify, and offers them credit in minutes. The state-backed collateral-free SME scheme, the country’s flagship effort, reached roughly 8,000 businesses over four years across eight banks. **On AdalFi, roughly 6,400 businesses have borrowed — about 1 in 43 SME borrowers in the country’s banking system.**

SAR 560M	7 in 10	~6,400	SAR 315M
ENABLED FOR SMALL BUSINESS	BORROWING FOR THE FIRST TIME	BUSINESSES BORROWED ON ADALFI	IN REVOLVING CREDIT LINES

EXHIBIT 5

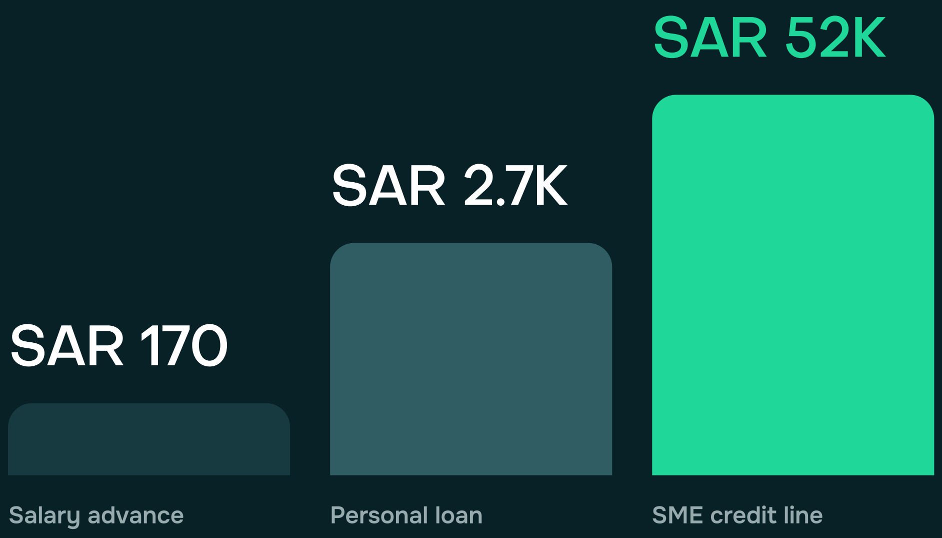
1 in 43 SME borrowers in the banking system borrows on these rails

Each dot is one SME borrower in Pakistan’s banking system

EXHIBIT 6

From a SAR 170 advance to a SAR 52K business line.

Median loan size by product. Not to linear scale.



NOTE WHAT SITS IN THE MIDDLE

A large share of small business owners finance their businesses on personal credit, because that is the only product they can qualify for. They should be receiving a business line sized to their turnover; they are offered a personal loan sized to a salary they do not have.

> The ladder is not only about how much a borrower can reach; it is about whether the product they reach is the right one.

04 · WOMEN

Above the national target. In the country ranked last.

The gap it fills: women are routinely asked for collateral they don't own and credibility the system won't extend. AdalFi reached **~15,600 women borrowers**, a 12% share against a 9% national target — it falls out of a model that never takes a name, a gender or an address as an input.

A FINDING WORTH PAUSING ON

On personal loans, women receive larger loans relative to income than men in every income band — real trust, not a token limit.

EXHIBIT 7

Where the product fits, women show up: nearly 1 in 4 on credit cards

Women as a share of borrowers, by product, %. Dashed line = 9% target.

Overall share across the book: 12%. The ceiling is product design and the device gap, not demand.

04 · FARMERS & RURAL

Reaching where the branch network stops.

What it is: seasonal, revolving agricultural credit that follows the crop cycle, so farmers buy seed and fertiliser at the right time instead of borrowing from a middleman against the harvest at punitive rates.

In a developing economy, physical distance is itself a credit barrier. Assessment required presence, presence required a branch, and branches follow density and deposits, so distance from a city became distance from capital. **Removing the branch visit from the decision removes distance from the equation.**

SAR 265M REACHED FARMING HOUSEHOLDS

77% NEW TO FORMAL CREDIT

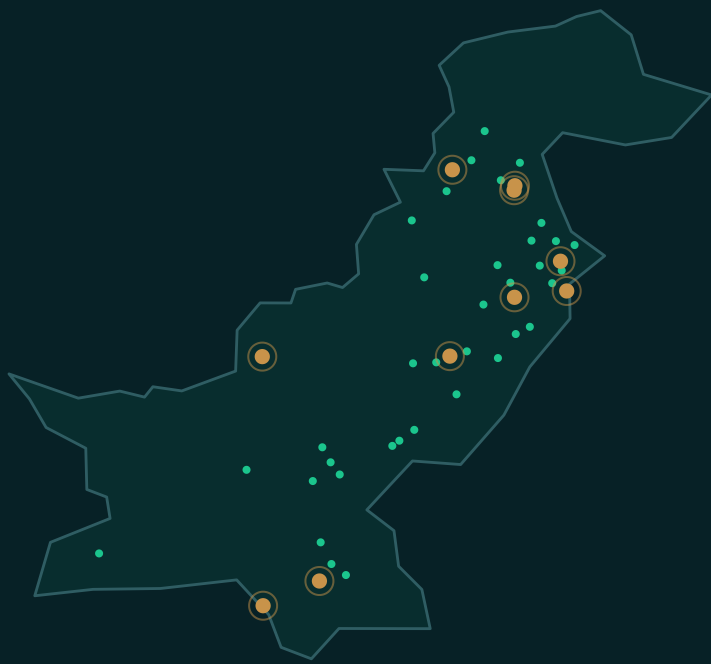
990 TOWNS REACHED

69% OUTSIDE THE FOUR LARGEST CITIES

EXHIBIT 8

Distance was the lock. Data is the key.

Lending reaches far beyond the metros the branch network was built around.



10 metros · where the branch network reaches

Cities 11–50 · 990 towns reached, 69% outside the metros

04 · RESILIENCE: SALARY ADVANCE

A lifeline, without having to ask for one.

What it is: a short advance against wages already earned, released before payday.

The alternative was rarely a bank. It was a relative, a colleague, a shopkeeper, or a moneylender priced by the month. Each carries a cost that is not financial: **you have to ask.** Asking a family member for money in the middle of the month is a small humiliation that people arrange their lives to avoid.

An advance against earned wages removes the asking. The money is already the worker's; only the timing changes. There is no conversation, no explanation, and no obligation to anybody in the room.

681,963

SALARY ADVANCES ENABLED

To roughly **56,600 workers**: a median of seven advances each.

●●●●●●●

MEDIAN ADVANCES TAKEN PER WORKER

04 · SPEED AS CAPABILITY

What becomes possible at the speed of an opportunity.

Some opportunities have a window. A provincial programme put electric two-wheelers within reach of tens of thousands of households, and the constraint was never demand or capital — it was whether a lender could stand up a bespoke programme, assess a population it had never scored, and disburse at volume before the window closed. Under manual origination that is not possible.

Roughly 20,000 electric two- and three-wheelers were financed on AdalFi. What made that possible was not a lending product. It was four AdalFi properties.

~20,000
ELECTRIC VEHICLES FINANCED

~9,100t
CO_2 AVOIDED EACH YEAR, MODELLED

~SAR 720
FUEL SAVED PER HOUSEHOLD, PER YEAR

Custom programmes, quickly

A scheme with its own eligibility rules, subsidy mechanics and partner set, configured rather than rebuilt.

Scoring with no file

Self-employed parents with no salary slip and no credit record, assessed on obligations they were already meeting.

Instant disbursement

Funds to the end customer without a queue forming behind manual processing.

Ecosystem integration

Dealers, verification agencies and government systems connected into a single flow.

Environmental figures are modelled estimates on a stated assumption set, not measurements. Most of this volume arrived inside a provincial scheme that has since largely concluded, so the total is a stock rather than a run rate.

05 · SCALE

Tripled. Three years running.

More than SAR 1.5 billion, written through the crunch. From a few hundred thousand riyals a month in 2021 to processing more than SAR 3.75 million a day.

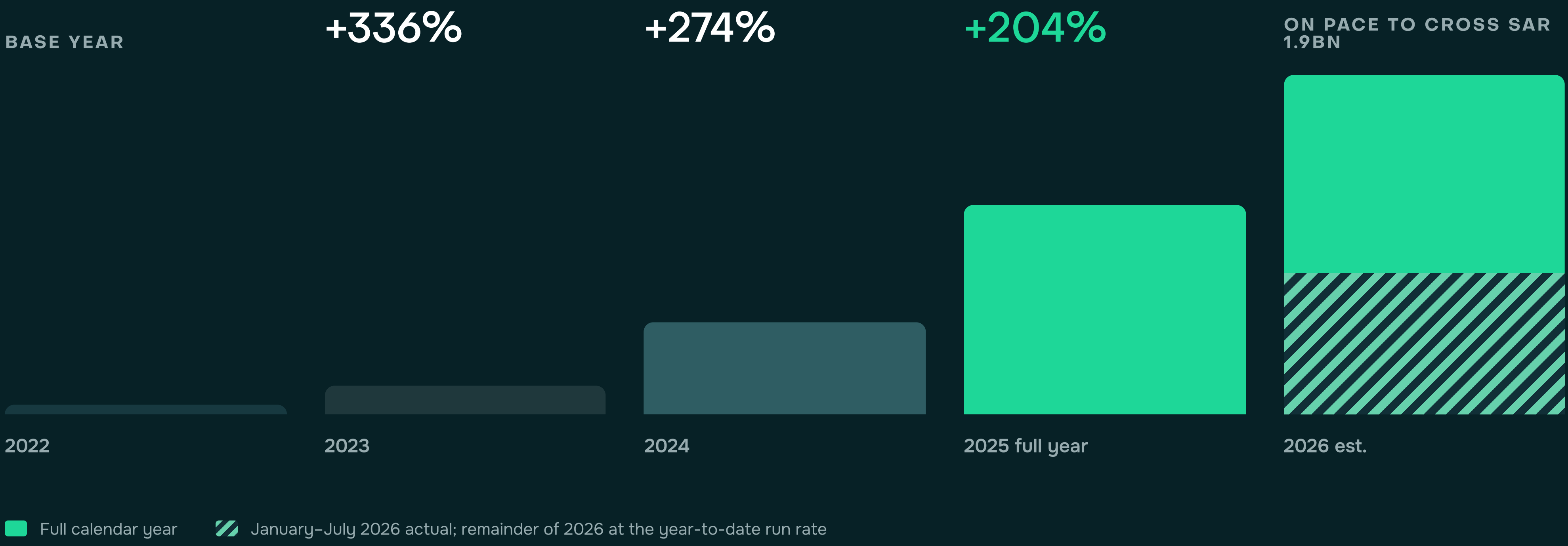
WHY GROWTH COMES FIRST

Growth is the least interesting thing in this report, but it has to be established first, because everything that follows depends on this being a real book rather than a pilot. Three questions: how fast it grew, when it was written, and what it was lent against.

EXHIBIT 9

Roughly 3× every year since 2023.

Growth on prior full year. Bars to a common scale; absolute amounts withheld.



Unseen. Not unbankable.

A 0.2% default rate, on a book where most borrowers had never borrowed before. Reach and scale count for nothing if the book goes bad.

0.2%
90+ DAY DEFAULT

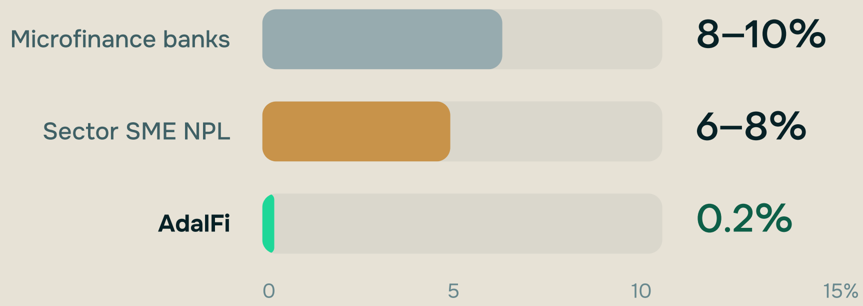
VS

53%
FIRST-TIME BORROWERS

EXHIBIT 11

Losses sit orders of magnitude below the channels serving the same borrowers

Non-performing share of portfolio, %. Axis 0–15%. Highest to lowest.



Inclusion and asset quality are not a trade-off. Reaching new-to-credit, lower-income borrowers and keeping losses near zero is a design outcome of data-driven underwriting.

Against the national baselines.

SMALL BUSINESS CREDIT **~8,000** businesses reached in four years, across eight banks, by the flagship state-backed collateral-free SME scheme	→	ON ADALFI **1 in 43** SME borrowers in the banking system now borrows on rails we run
WOMEN BORROWERS **9%** the State Bank's national target for women as a share of borrowers	→	ON ADALFI **12%** of our borrowers are women; on personal loans they receive larger loans relative to income than men
WHERE CREDIT LANDS **4 metros** hold the overwhelming share of formal credit and the branch network	→	ON ADALFI **990 towns** reached, with 69% of lending outside the four largest cities
SHARE OF THE NEW FLOW **1.8M** net-new borrowers added by the entire bank channel in the year to December 2025	→	ON ADALFI **~3% / ~6%** of net-new bank borrowers, and of net-new SME borrowers, nationally

08 · WHAT THIS PROVES

Most of the world is more creditworthy than its credit systems believe.

The finding here is not really about AdalFi, and not only about MENAP. The people a credit system turns away, or never asks, are very often creditworthy already — and repaid at a rate the sector does not achieve on its most documented customers.

> The risk that justified excluding them was, for the most part, not there.

> **What was there was the cost of finding out.**

Nothing described here required new capital, a new branch network, or a change in regulation. It required reading evidence a lender already holds about customers it already has. **Wherever that is true, so is the rest of it.**

FIVE YEARS. ONE FINDING.

The gap was never the people.

METHODOLOGY & SOURCES

Our figures

Credit enabled is compiled from AdalFi's monthly ledger, July 2021 to July 2026, across all partner institutions. Revolving facilities are recorded on a limit basis. The 2026 figure covers January to July and is partial. Borrower characteristics are computed from the products for which borrower-level records are held, deduplicated by national identifier, a subset of the full book. Local-currency amounts converted at PKR 280 per USD.

National context

State Bank of Pakistan, Financial Stability Review 2025, SME Finance Review and Payment Systems data. Karandaaz Financial Inclusion Survey 2024. World Bank Enterprise Surveys and Global Findex. IFC MSME Finance Gap, updated estimate 2025. Pakistan Microfinance Network. SMEDA. Pakistan Bureau of Statistics, HIES 2024/25. World Economic Forum Global Gender Gap Report 2024.

Informal credit

Costs of informal agricultural credit are drawn from State Bank of Pakistan research on grower mark-ups and studies of the commission-agent system by PIDE and the International Growth Centre, alongside historical survey work on moneylender rates in Sindh. The speed at which small traders return to debt is from vendor-borrowing studies by Innovations for Poverty Action and the Kellogg School of Management. Nano-lending pricing is from market reporting.

Attribution & limits

AdalFi provides the assessment layer; partner banks originate and hold every loan. Government-subsidised programmes are executed by partner banks on AdalFi, so outcomes there are co-produced and are described throughout as credit "enabled" rather than as lending by AdalFi. Environmental figures are modelled from a stated assumption set and reported as central estimates, not measurements.

THE NEXT CHAPTER

Lend with confidence. Scale with AdalFi.

Smarter credit decisions. Lending beyond barriers.

AdalFi

Riyadh
Unit 1410, Level 29, Tower B
Olaya Towers
Riyadh, Saudi Arabia
+966 56 448 6233

Boston
400 TradeCenter, Suite 2990
Woburn, MA 01801
United States

Lahore
39 Empress Road
Lahore, Pakistan
+92 321 7771669