PakTech Today | Pakistan's Premier Technology Magazine
Vol. 01, Issue 10

STARTUP ECONOMY Venture Capital / Policy Analysis / Research Commentary

Pakistan's Startup Funding Winter — Correction or Crisis?

After equity investment collapsed nearly 90% in two years, Pakistan's startups are being asked to prove whether they were ever built to last — or whether the money simply ran out before the truth caught up with the hype.

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Position: Entrepreneurship & Venture Finance

Introduction

For two heady years, Pakistan's startup scene behaved like it had joined the big leagues. Between 2021 and 2022, disclosed equity funding surged past $355 million, ride-hailing and grocery-delivery apps burned cash to chase growth, and "unicorn-in-waiting" became a favourite headline. Then the money simply stopped arriving.

By 2024, disclosed equity investment had fallen to roughly $22.5 million — a decline of almost 90 percent from the 2022 peak, and the lowest figure on record. Airlift, once the country's most-funded startup, had already shut down; by mid-2025, Careem quietly wound up the ride-hailing business that first put Pakistani tech on the global map. The question dividing founders, investors, and policymakers is no longer whether the boom ended. It is whether what came after is a healthy correction — or a slow-moving crisis.

> ***"Capital did not leave Pakistan. It became allergic to hype — and started asking founders to prove their unit economics before it asked for growth."***

Anatomy of a Cool-Down

The numbers tell a story of concentration, not disappearance. Deal count collapsed from 39 in 2023 to just 15 in 2024, a 61 percent drop, even as the average disclosed deal size rose 68 percent to roughly $3.75 million. Investors did not stop writing cheques; they narrowed their list, favouring fintech, healthtech, and agritech ventures with real revenue over consumer apps chasing scale.

By 2025, early signs of stabilisation appeared. Equity funding alone recovered to about $36.6 million, and once hybrid and venture-debt financing are counted, total capital raised climbed past $74 million — more than double the previous year. Fintech led the rebound, anchored by Islamic-finance platform Haball's $52 million debt round from Meezan Bank, while founders increasingly turned to non-dilutive grants, venture debt, and strategic partnerships rather than pure equity.

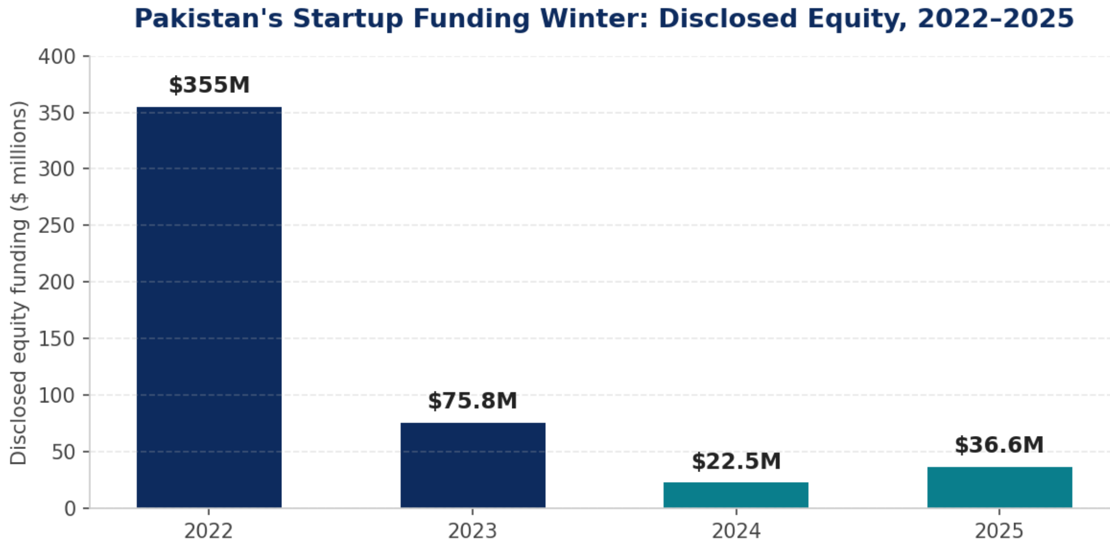

Figure 1: Disclosed startup equity funding in Pakistan, 2022–2025 ($ millions). Source: Data Darbar, Invest2Innovate (i2i).

Key Findings & Impact

The case for "correction" rests on quality, not quantity. Rehan Jalil's Securiti AI, built by a Pakistani-born founder, was acquired for $1.7 billion in 2025; SadaPay was bought by Turkey's Papara; PostEx expanded into the Gulf on a $7.3 million pre-Series A round. Government schemes — the Pakistan Startup Fund's non-dilutive grants, SECP's regulatory sandbox, and a simplified five-year tax regime for registered startups — are giving founders room to build without diluting early.

The case for "crisis" is harder to wave away. Pakistan's cumulative startup funding since 2015 still sits under $1 billion, against India's $161 billion over the same period. Research and development spending remains at just 0.16 percent of GDP, far below the global average of 2.62 percent, while skilled talent continues to leave for better-funded ecosystems abroad. Women-founded ventures have received only 18.75 percent of total funding since 2015, and in 2024 all-women teams raised nothing at all — a gap that policy incentives have yet to close.

What's Next?

Whether 2025's rebound holds through 2026 will depend on choices founders and regulators are only beginning to make. Reforms already underway — a lowered listing threshold on the Pakistan Stock Exchange's Growth Enterprise Market, expanded angel-investor tax credits, and licensing space for micro-VCs — need to translate into actual exits, not just paperwork. Diversifying beyond fintech, building a local base of institutional limited partners, and linking university research to early-stage ventures would all reduce the ecosystem's dependence on foreign risk appetite.

Call it what you like — correction or crisis — but the founders still standing are no longer building for a headline. They are building for a balance sheet, and that, more than any single funding round, may be the most durable thing to come out of Pakistan's venture winter.

About the Author

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Keywords: Startup Funding; Venture Capital; Pakistan Tech Ecosystem; Fintech; Venture Debt; SECP Regulatory Sandbox

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