



**PAPSS**

Pan-African Payment  
& Settlement System

# **PAN AFRICAN PAYMENTS SETTLEMENT SYSTEM (PAPSS):**

*DELIVERING A FINANCIALLY INTEGRATED REGIONAL MARKET*

PAPSS is a cross border payment and settlement market infrastructure established by-- the African Export-Import Bank ("Afreximbank") in collaboration with the West African Monetary Institute (WAMI) and African Continental Free Trade Area ("AFCFTA") secretariat. The PAPSS platform was launched on the 13th of January 2022 in Accra, Ghana after a successful testing phase in the West African Zone which comprises Gambia, Ghana, Guinea, Liberia, Nigeria, and Sierra Leone.

Heavy reliance on exchange currencies such as the US dollars, Euros and Pounds ("FX") for payments processing, clearing and settlement on cross-border transactions has been a major impediment to regional trade. The PAPSS platform now seeks to enable easy and seamless payment processing, clearing and settlement for cross-border transactions in local currencies and in real-time, cutting out the need for FX and international settlement counterparties.



With the establishment of PAPSS, the need for international banks and conversion of local currencies to FX has been eliminated as funds can now be transferred directly between trade counterparties in their local currency. The system automatically validates fund transfers (checks for compliance and legality between trade countries) at near-instant speed thereby allowing for real-time settlement between initiator bank and recipient bank in any applicable currency.

PAPPS is an inclusive platform which integrates all payment service providers outside of the traditional banking systems including payment service providers, card schemes and other intermediaries. Outside of business transactions, the platform also enables efficient and secured money flow within the retail end of the market by facilitating salary payments, money transfers, shopping, or investment payment exchanges. This will bolster regional mobility and e-commerce, giving Africa the chance to truly morph into a single borderless market.

The PAPPS Infrastructure is driven by synergies between the Central Banks of the AFCFTA member countries with these reserve banks acting as secondary clearing agents for their respective countries whilst the AFREXIM Bank remains the primary clearing agent and will also be responsible for providing settlement guarantees and overdraft facilities required to preserve the integrity of the Marketplace. Interbank Settlement will be facilitated in USD with a multilateral netting arrangement between the Central Banks at 11:00 UTC daily.





In a bid to align and consolidate financial/trade policies of the different participating countries and to achieve financial oversight whilst preserving market integrity, the Central Banks remain at the apex of financial activities in the various participant countries, prescribing the minimum liquidity threshold for Direct Participants (these are financial institutions that maintain a settlement account with the relevant Central Bank, they are responsible for proving the needed liquidity to secure the pre-funding arrangement required to achieve Real-Time Gross Settlement in the PAPPS marketplace), the Central Banks also have the prerogative to prescribe nature and form of transactions eligible for settlement on the platform.

The new regional payment system is a laudable initiative which without doubt has the capacity to integrate Africa by enhancing payment efficiencies across the region and significantly reducing the incidental cost of currency conversion which prior to PAPPS cost the region circa USD5Billion per annum. Nonetheless, for the new market infrastructure to deliver economic prosperity to the region on a massive scale, it remains imperative that African Countries boost their export potential through improved manufacturing/production capacity and to bridge the massive infrastructure gaps needed to enable the mobility of goods and services across the region.

## **HOW TO GET STARTED**

Do you need to know more about Pan African Payments Settlement System? Our Technovation team is available to support you.

You may contact our team on: Email: [info@dealhqpartners.com](mailto:info@dealhqpartners.com)  
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