



**PAN-AFRICAN
PAYMENT AND
SETTLEMENT
SYSTEM (PAPSS)
BROCHURE**

Introduction

The Pan African Payment and Settlement Systems (PAPSS) is a central Financial Market Infrastructure (FMI) that supports payment arrangements for the purpose of expanding the international trade of African States, and to facilitate central bank's economic and financial integration.

PAPSS is currently live in the West African states Monetary Zone (WAMZ) in the following countries: Nigeria, the Gambia, Sierra Leone, Liberia, Ghana, and Guinea. Engagements are ongoing with all African Central Banks and all regional payment institutions.



Why PAPSS

- To facilitate intra-African trade, and provide a mechanism to support and formalise the informal and unrecorded cross-border trade.
- To provide an alternative to high-cost and lengthy correspondent banking relationships to facilitate efficient trade and other economic activities among African countries. This will be done through an inter-operable, efficient, low-cost and risk-controlled payment, clearing and settlement system.
- To reduce the reliance on, and cost of foreign currency for intra-African trade.

How it Works

- Settlement is on a Multilateral Net Basis and on agreed settlement currencies.
- Defines a common framework for transactions, including operating rules, business practices and standards, participation requirement and funding schemes, among others.
- Operates round the clock and messages are ISO20022 standard.

Requirements

- Submit PAPSS application form on an existing visible trade transaction.
- Eligible transactions as per Memorandum 9 and 10 of CBN FX manual, that is, Import Letter of Credit and Bills for Collections, export transactions.
- Goods of African origin.
- Beneficiary must be in West African Monetary Zone (WAMZ) region piloting PAPSS - Nigeria, Gambia, Sierra Leone, Liberia, Ghana, and Guinea.
- Beneficiary bank must be a PAPSS Participant.
- Instruction must state Form M reference of transaction and remittance details.





Transaction Process

- Client submits a PAPSS application request at the branch.
- Due diligence is conducted on the application form.
- CBN approval is obtained for the transaction.
- IBC authoriser checks for completeness and authorises.
- Client NGN account is debited for principal and related charges.
- The beneficiary receives payment in their local currency.
- Customer receives notification.
- Settlement is carried out in local currency.

Benefits

- Guarantees the final settlement of the funds to the recipient participant.
- Removes the dependencies on third currencies and correspondent banking; facilitates intra-African trade.
- Drive the Africa Continental Free Trade Area agreement (AfCFTA) to yield growth in transactional activities (trade and payments) from corporates and retail clients.
- Reduced pressure on the FX Liquidity being provided by the Central bank.
- Reduction in costs associated with correspondent banking fees and central delays.
- Enables client's to fully fund their trade obligations as against the current fragmented client's FX purchase model.



For more information on PAPSS, kindly contact your relationship manager.
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