The Pan-African Payment System

AiCE Africanism & Pan-African Studies — PAPSS and the last mile of the AfCFTA

The Last Mile of AfCFTA: Payment Infrastructure

The African Continental Free Trade Area, examined in an earlier unit, creates the legal framework for a single African market — eliminating tariffs and enabling the free movement of goods, services, and people across 54 African countries. But a single market without a single payment system is incomplete. If a Kenyan trader wants to pay a Ghanaian supplier, the transaction currently requires conversion from Kenyan shillings to US dollars and then to Ghanaian cedis, with bank fees at each step. Most African cross-border payments are routed through correspondent banking systems in New York or London — adding cost, time, and dependency on foreign financial infrastructure to every intra-African commercial transaction.

The Pan-African Payment and Settlement System (PAPSS), launched in 2022 under the auspices of the African Export-Import Bank and the African Union, is designed to solve this problem. PAPSS allows African businesses to make and receive cross-border payments in their own currencies, without routing through US dollars or foreign correspondent banks. A Nigerian naira payment to a South African rand account processes directly through PAPSS, with settlement happening through central banks in the two countries.

PAPSS is potentially one of the most significant infrastructure achievements in African economic history. If fully implemented across all 54 AfCFTA member states, it would eliminate the foreign currency cost of intra-African trade, reduce transaction times from days to seconds, and remove the dependence on foreign financial infrastructure from the arteries of Africa's internal economy. It would, in effect, create the financial plumbing that allows the AfCFTA single market to function as a genuine single market rather than 54 separate markets connected by expensive, slow, foreign-intermediated payment systems.

PAPSS: The Pan-African Payment and Settlement System
Launch: January 2022 — first transactions processed in West Africa; expanding to full continental coverage.
Purpose: enable African businesses to pay each other in local currencies without routing through US dollars or foreign banks.
Operator: African Export-Import Bank (Afreximbank), in partnership with the African Union and the AfCFTA Secretariat.
Mechanism: central banks of participating countries settle transactions bilaterally; PAPSS provides the messaging and routing infrastructure.
Cost saving: eliminates the 5-10% currency conversion cost on most intra-African cross-border transactions.
Time saving: reduces settlement time from 3-5 days (current correspondent banking) to near real-time.
Integration with mobile money: designed to eventually integrate with systems like M-Pesa, enabling low-cost cross-border person-to-person payments.
Strategic significance: removes dependence on SWIFT and foreign correspondent banking from intra-African commerce — a genuine step toward financial sovereignty.

> *"The Africa that controls its own infrastructure controls its own destiny. The Africa that rents its infrastructure from others has outsourced its future. This generation must decide which Africa it wants to build."*
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> **— Adesina Olagunju, Founder, AiCE**

Key Takeaways

PAPSS is the financial plumbing the AfCFTA needs to function as a genuine single market — eliminating the currency-conversion costs and multi-day delays of routing intra-African trade through New York or London. Its full implementation across all 54 member states, and eventual integration with mobile money, would be one of the most significant infrastructure achievements in African economic history. The next lesson examines a different foundational layer: the digital identity systems that determine who can access services at all.