



## **SOAD LAW 0012**

### **Banks, Pan-Africanism and Development**

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### **PREAMBLE**

The peoples of Africa have long developed institutions for the management of wealth based on social stability, equity, and the continuity of economic cycles. African finance is not a recent creation: it has its roots in ancient and sophisticated systems that testify to a long tradition of economic innovation.

In Pharaonic Egypt, finance was based on surprisingly modern principles: management of agricultural surpluses, centralized accounting, low-interest or even negative-interest credit to prevent speculation and indebtedness that could threaten social cohesion. Papyri from the New Kingdom already mention lending mechanisms, crop insurance, and state payment systems based on grain, gold, and copper.

Other regions of Africa developed their own models: iron-based objects with monetary and symbolic value among the Yoruba, gold dust measured by weight and controlled by imperial authority in the Mali Empire, or cowries, which were widely accepted international means of exchange in East and West African economies.

Among these legacies, one of the most remarkable is that of the Kingdom of Benin in the eighteenth century, in present-day Nigeria. Under the reign of Oba Eresoyen (1740–1750), considered one of the most innovative sovereigns, the state established an embryonic banking system: a specialized house, the Owigho, where wealth could be deposited and exchanged. The local currency, the ighos, circulated well beyond the kingdom: accepted as far as Sudan, it demonstrates the existence of an integrated and dynamic African financial market.

Beyond formal institutions, African communities also developed long-standing systems of collective finance, such as tontines. These traditional savings and credit groups, still thriving today, exemplify both the creativity and the solidarity of African populations, allowing members to pool

resources, support one another, and circulate wealth within their communities, even for unbanked populations.

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This financial architecture was profoundly disrupted by the transatlantic slave trade, which tore millions of individuals from the continent and destroyed its economic structures. At the same time, slavery became the engine for the formation of Western banking capital. From the seventeenth century, major institutions were built on profits from the triangular trade: the Banque de France, originally a private bank, had a board of directors of which three quarters were slave traders, major shareholders of the French West Indies Company, and slave owners; the Bank of England, which guaranteed capital flows from British plantations, was also involved in the triangular trade; the Bank of the Netherlands supported plantations in Suriname and Curaçao; and Switzerland, which had neither colonies nor a slave port, nevertheless financed more than ten percent of recorded slave expeditions through Basel, Geneva, and Zurich trading houses, which is considerable.

In the United States, several of the largest banks—Citigroup, JP Morgan Chase, Bank of America, Wachovia—have in recent years acknowledged that they used enslaved people as collateral for loans. And if Wall Street became the world’s leading stock market, it was because it was a particularly prosperous slave market. In other words, far from being marginal, concerning only a few families, businesses, and ports here and there, slavery was at the foundation of the modern banking system: it was in fact the first globalization.

The situation in Haiti illustrates in an extreme way this involvement of banks in the history of slavery. In 1825, through a cynically named “Treaty of Friendship” imposed by France, the young independent nation was forced to pay a ransom to compensate former slave owners and avoid being invaded again. This debt, paid annually until 1946 to French institutions including the Caisse des Dépôts et Consignations, a still-active public bank, represents one of the most shocking financial expropriations in world history, with the victims of a crime against humanity forced to pay “reverse reparations to the oppressor.”

After abolition, former slave owners received so much money as compensation for the loss of their slaves that, not knowing what to do with these colossal sums, they used them to establish new banking institutions: Bank of Martinique, Bank of Guyana, Bank of Senegal, etc. These banks, some of whose structures still exist today, are built on assets directly derived from colonial exploitation and slavery.

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In the twentieth century, colonization transformed Africa into a continental financial system entirely oriented toward extraction. In West Africa, the Banque de l’Afrique Occidentale, a private institution operating under colonial concession in 1901, performed the functions of a central bank: issuing currency, controlling credit, and organizing the export of peanuts, cotton, and gold. In Côte d’Ivoire, it financed forestry concessions and forced labor. In Central Africa, the Bank of the Belgian Congo worked with companies exploiting rubber, copper, and coltan, while German and then French banks structured the economies of Cameroon, notably in cocoa and timber. In Gabon, petroleum development relied on Franco-British financial arrangements guaranteed by the metropoles.

In East Africa, British banks—Barclays, Standard Chartered—established an export economy centered on tea, coffee, and sisal, systematically excluding African populations from credit. The Kenya–Uganda railway, a strategic infrastructure, was financed by London through forced taxation. In Southern Africa, the South African banking system, built around the Rand, relied on gold and diamond extraction under the apartheid regime. In Namibia, German banks financed the expropriations related to the Herero and Nama genocide. In Mozambique, Portuguese banks supported compulsory labor on cotton plantations until the 1960s. In North Africa, French banks orchestrated large-scale land expropriation in Algeria from the 1870s, while in Egypt public debt was instrumentalized by British banks to justify the military occupation of 1882. Thus, for many historians, African colonization appears as a banking enterprise whose profit logic shaped the continent’s economic structures.

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After independence, African states inherited a system designed not to develop but to constrain. The CFA franc, pegged to the French Treasury, limits monetary sovereignty in many countries of West and Central Africa. Moreover, colonial debt, transferred to the new states at the very moment they attained legal freedom, constitutes a structural injustice: African nations and new banks had to pay for their own past domination. In the 1980s, structural adjustment programs of the IMF and World Bank imposed measures that drastically reduced public services, privatized strategic sectors, imposed asymmetric trade openings, and made economies vulnerable to external shocks. To this were added more recent cases: the role of *Crédit Lyonnais* in the context of the Rwandan genocide, and *BNP Paribas* prosecuted for financing weapons destined for Hutu militias.

Reparations remain rare, fragmentary, and largely out of step with accumulated benefits. In the United States, however, some financial institutions have begun to acknowledge their historical involvement in slavery: Bank of America, for example, has established reparations programs including community funds, creation of jobs, scholarships, targeted investments in African-American neighborhoods, and initiatives to address systemic discrimination in access to credit. Several U.S. states and cities—such as California, Chicago, and Illinois—have adopted disclosure laws requiring banks and insurance companies to publish their archives related to slavery. The Netherlands has recently followed this path, imposing on financial institutions an enhanced duty of transparency, accompanied by initial symbolic and financial reparations. In 2016, under the leadership of Louis-Georges Tin, the CRAN (the French Black Organisation) obtained from President Hollande the restitution of sums extorted from Haiti (equivalent to \$21 billion), but he backtracked a few hours after the announcement.

Faced with these centuries of dispossession, Africans and their diaspora have built alternatives. In the United States, Black Wall Street in Tulsa embodies the capacity of African-Americans to establish an autonomous banking system before its destruction in 1921 by the U.S. army and air force; the Black-owned banks that subsequently multiplied ensured access to credit denied by traditional institutions. In Brazil, community banks inspired by quilombos emerged from the 1930s, and Afro-Brazilian currencies such as the Palmas currently energize the local economy. In the Caribbean and Central America, Afro-descendant cooperatives, Panamanian mutuals created by canal workers, and Creole community funds in Belize and Costa Rica show the creativity of long-

marginalized populations. In Colombia, Afro-community banks developed in Chocó and San Basilio de Palenque; in Venezuela, Afro-descendant savings banks appeared from the 1950s in coastal regions.

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This heritage of financial resistance, coupled with the economic revival of the African continent, now creates a historic opportunity. For the first time in several centuries, Africa and its diaspora possess the human, cultural, intellectual, and economic resources necessary to build a financial architecture based on sovereignty and economic justice. To meet these requirements, it is necessary to create not one, but several Pan-African banks to repair past crimes, develop economies, support financial inclusion, mobilize diaspora resources, and assert collective capacity to guide the continent's development.

This bill enshrines this ambition in law. It recognizes the depth of African financial history, accumulated injustices, multifaceted resistance, and the necessity of building, with the diaspora, an economic system that serves African peoples and their future. The financial history of Africa and its diaspora is a history of genius, resistance, and expropriation, but also of resilience and renaissance. That is why the State of the African Diaspora considers the banking question not merely technical: it is historical, moral, strategic, and civilizational.

This text establishes the founding principles, strategic objectives, and legal and digital instruments necessary to build a sovereign, ethical, and sustainable Pan-African banking and financial system—capable of repairing the past, transforming the present, and liberating the future.

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## **Chapter 1: General Provisions**

### **1.1 Title and Commencement**

1. This Act shall be known as the Banking Act of 2025.
2. The provisions of this Act shall come into force on January 1st, 2026, subject to any transitional provisions outlined herein.
3. Additional regulations shall be published by decree of the SOAD government.

### **1.2 Definitions**

For the purposes of this Act, the following terms shall have the meanings set forth below:

- **Bank:** A financial institution that is licensed to accept deposits from the public, make loans, and provide other financial services.

- **Central Bank:** The institution established by this Act or by other laws, responsible for formulating and implementing the monetary policy of the state, managing the national currency, and overseeing the banking sector.
- **Financial Institution:** Any institution, including banks, credit unions, microfinance institutions, or any other entities involved in providing financial services such as lending, investment, and asset management.
- **Deposit:** Money placed into a financial institution for safekeeping, with the intention that it may be withdrawn, transferred, or used by the depositor or others in the future.
- **Loan:** A sum of money that is borrowed from a bank or financial institution with an agreement to repay it with interest over a specified period.
- **Regulatory Authority:** The body or bodies responsible for supervising the financial sector and ensuring compliance with banking laws, including the Central Bank or any other designated financial supervisory agency.
- **Fit and Proper Test:** The assessment process used to determine the suitability of individuals holding key positions in financial institutions, including their qualifications, financial soundness, and ethical conduct.
- **Consumer Protection:** The protection of the rights and interests of consumers of banking and financial services, including ensuring transparency, fair treatment, and redress mechanisms.

## **Chapter 2: Establishment and Regulation of Banks under SOAD Jurisdiction**

### **2.1 Licensing of Banks**

1. **Licensing Authority:** The **Regulatory Authority** (typically the **Central Bank**) shall be responsible for granting licenses to banks and financial institutions.
2. **Application Process:** Any entity wishing to establish a bank must submit an application to the Regulatory Authority, including:
  - A business plan outlining the bank's proposed operations.
  - Evidence of the minimum capital requirement set by the Regulatory Authority.
  - Proof of the qualifications and integrity of the bank's owners, directors, and senior management.
3. **Eligibility Criteria:** Banks must meet the following requirements to be eligible for licensing:

- Satisfactory proof of financial soundness, including a demonstration of minimum capital and solvency.
  - A governance framework with qualified and fit-and-proper management and directors.
  - Compliance with anti-money laundering (AML), counter-terrorism financing (CFT), and other relevant legal and regulatory frameworks.
4. **Issuance of License:** Once the Regulatory Authority is satisfied with the application, it shall issue a banking license specifying the scope of permissible activities.

## 2.2 Duties and Responsibilities of Banks

1. **Record Keeping and Reporting:** Banks shall maintain accurate records of all financial transactions and operations, and submit regular financial reports to the Regulatory Authority, including annual audited financial statements.
2. **Customer Confidentiality:** Banks shall maintain the confidentiality of their customers' financial information, except in cases where disclosure is required by law or for the enforcement of financial obligations.
3. **Prudential Standards:** Banks must comply with prudential requirements set by the Regulatory Authority, including capital adequacy ratios, liquidity requirements, and risk management frameworks.
4. **Risk Management:** Banks must establish robust systems for managing financial risks, including credit risk, market risk, operational risk, and liquidity risk.

## 2.3 Prohibited Activities

1. **Prohibited Practices:** Banks are prohibited from engaging in the following activities:
  - Conducting unregulated financial services such as illegal gambling, unlicensed insurance, or unapproved securities trading.
  - Taking undue risks that threaten the stability of the bank or the financial system.
  - Engaging in any form of money laundering or financing of terrorism.
2. **Supervision of Activities:** The Regulatory Authority shall have the power to monitor and audit the activities of banks to ensure compliance with these prohibitions.

# Chapter 3: The Central Bank

## 3.1 Establishment

1. **Central Bank:** There shall be established a **Central Bank of the State of the African Diaspora** (hereinafter referred to as "the Central Bank"), which shall serve as the primary monetary authority and the regulator of the financial system.

2. **Objectives:** The Central Bank's main objectives shall include:

- Ensuring price stability and controlling inflation.
- Promoting economic growth and financial stability.
- Regulating the money supply and overseeing the national currency.

### 3.2 Powers and Functions

The Central Bank shall have the following powers and functions:

1. **Monetary Policy:** Formulating and implementing policies to control inflation, manage interest rates, and influence the money supply.
2. **Currency Issuance:** The exclusive authority to issue and manage the national currency.
3. **Regulation of Payment Systems:** Overseeing payment systems, ensuring their security and efficiency.
4. **Lender of Last Resort:** Providing emergency financial support to financial institutions facing temporary liquidity crises.
5. **Bank Supervision:** Supervising and regulating the activities of commercial banks and other financial institutions, including conducting regular inspections and audits.
6. **Financial Stability:** Monitoring and addressing risks to the financial system, including systemic risk, bank failures, and threats to liquidity.

## Chapter 4: Supervision and Regulation

### 4.1 Regulatory Authority

1. **Mandate:** The Regulatory Authority (typically the Central Bank or an independent financial supervisory body) shall be tasked with ensuring compliance with banking laws, protecting the financial system from risks, and promoting a stable and efficient banking environment.
2. **Powers:** The Regulatory Authority shall have the power to:
  - Conduct regular inspections, audits, and reviews of licensed financial institutions.
  - Issue directives and guidelines to banks and other financial institutions to ensure compliance with legal and prudential requirements.
  - Investigate and penalize financial institutions for non-compliance or violations of this Act.

## 4.2 Inspection and Audits

1. **Inspection Powers:** The Regulatory Authority shall have the authority to conduct on-site inspections, audits, and other supervisory actions to assess the health and integrity of financial institutions.
2. **Audit Requirements:** Banks must undergo annual audits conducted by external auditors approved by the Regulatory Authority. These audits shall be submitted to the Regulatory Authority and made available to the public.

## 4.3 Consumer Protection

1. **Transparency:** Banks must provide clear, accurate, and understandable information about their products and services, including terms, interest rates, fees, and charges.
2. **Fair Treatment:** Banks are prohibited from engaging in discriminatory or exploitative practices and must treat all customers fairly.
3. **Dispute Resolution:** The Regulatory Authority shall establish an independent body for resolving complaints and disputes between consumers and financial institutions.

## Chapter 5: Resolution and Insolvency

### 5.1 Resolution Mechanisms

1. **Bank Failures:** In the event of a bank failure or severe financial distress, the Regulatory Authority may take steps to resolve the issue, including:
  - Liquidating the bank.
  - Selling the bank to another financial institution.
  - Restructuring the bank under government oversight to restore stability.
2. **Protection of Depositors:** The Regulatory Authority shall ensure that depositors are protected through appropriate mechanisms, including a **Deposit Insurance Scheme**.

### 5.2 Insolvency Proceedings

1. **Insolvency Process:** Banks found to be insolvent shall be subject to a formal insolvency process, in which assets are liquidated to pay off creditors. The order of repayment shall prioritize secured creditors, followed by unsecured creditors and depositors.
2. **Deposit Insurance Fund:** If a deposit insurance scheme exists, depositors' claims shall be settled from the fund, up to the coverage limit established by SOAD government policy.

## **Chapter 6: Miscellaneous Provisions**

### **6.1 Penalties for Non-Compliance**

1. **Sanctions:** Banks and financial institutions found in violation of this Act may face penalties, including:
  - Fines.
  - Suspension or revocation of their banking license.
  - Civil or criminal prosecution for fraudulent or illegal activities.
2. **Personal Liability:** Directors, officers, or employees of financial institutions who are found to have committed violations may be held personally liable for damages or criminal activities.

### **6.2 Amendment Procedures**

**Amendment of the Act:** This Act may be amended by the government through consultation with the Central Bank, the Regulatory Authority, and stakeholders in the banking sector, subject to approval by Parliament.

### **6.3 Transitional Provisions**

**Compliance Period:** Financial Institutions seeking to become partners of the State of the African Diaspora and operate under its jurisdiction shall have a period of three months to bring their operations into compliance with this Act.

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