

THE INTERNATIONAL CURRENCY SYSTEM IN THE AGE OF DE-DOLLARISATION AND DIGITISATION*

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Abstract. The purpose of this article is to analyse the transformation of the global monetary and financial system and assess the gradual decline of the US dollar's role in international finance, taking into account the implications for Ukraine. *Methodology.* The study uses economic analysis and comparative statistics to examine macroeconomic imbalances; a systemic and political-economic approach to analyse the politicisation of the dollar; structural analysis and comparison of international practices to study the processes of trade de-dollarisation; historical and economic methods to assess the monetary experiments of the Federal Reserve System; institutional and forecasting approaches to analyse the digitalisation of the financial sector. Scenario modelling and expert assessments were used to construct the scenario forecast. *Results.* Despite de-dollarisation initiatives and the development of digital currencies, it has been proven that the US dollar retains its leading position thanks to the depth and liquidity of its financial markets, the trust placed in its institutions, and the lack of viable alternatives. In the medium to long term, there is a possibility that the role of the EUR, CNY, digital currencies and regional currency blocs may increase, which could result in the formation of a multipolar currency system. A scenario forecast for the development of the global financial architecture has been proposed, incorporating neutral, optimistic, pessimistic and technological options. Among these, the most probable scenario is the neutral one, which is characterised by a gradual decline in the role of the dollar without any sharp changes. *Practical implications.* The results of the study can be utilised by scientists, government agencies, central banks, and financial institutions. For Ukraine, the potential benefits of these systems include the formulation of a currency diversification strategy, the management of international reserves, and the integration into new digital payment systems. These developments have the potential to contribute to increased financial stability and to the adaptation of the economy to the conditions of a multipolar and digitalised currency architecture. *Value / Originality.* The article offers a comprehensive scenario analysis of the future global currency system, highlighting the risks and opportunities for national economies in the context of de-dollarisation and digitalisation.

Keywords: US dollar, global monetary system, dedollarisation, macroeconomic imbalances, digital currencies, fintech platforms, scenario forecast, Ukraine.

JEL Classification: F31, F33, E42, O33

1. Introduction

During the second half of the XX century, the US dollar maintained its status as the world's main reserve currency and universal instrument for international settlements, which was ensured by the scale of the American economy, the depth of financial markets,

trust in institutions, and political stability in the United States. However, in the XXI century, trends are becoming increasingly apparent that call into question the absolute hegemony of the dollar in the global monetary and financial system. The novelty of the study lies in a comprehensive analysis of the factors of

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de-dollarisation and digitalisation, which simultaneously influence the transformation of the international monetary architecture and shape the preconditions for the transition from a unipolar to a multipolar system.

The relevance of the topic is due to the fact that the transformation of the international monetary and financial system has a direct impact on the economic stability and financial policy of individual countries, in particular Ukraine. In conditions of global uncertainty, it is particularly important to assess possible development scenarios and determine strategies for adapting to new realities.

The aim of the study is to identify and systematise the factors of de-dollarisation and digitalisation of the international monetary and financial system, justify the scenarios for its transformation, and assess the potential consequences for Ukraine.

To achieve this goal, the following research tasks have been set: to analyse macroeconomic imbalances in the United States and their impact on the role of the dollar; to investigate the politicisation of the dollar as an instrument of geopolitical influence; to examine the processes of de-dollarisation of international trade; to assess the impact of digitalisation in the financial sector, including the spread of central bank digital currencies and the development of payment technologies; to develop a scenario forecast for the transformation of the international monetary and financial system and to determine the consequences for Ukraine.

The research methodology is based on economic analysis, systemic and political-economic approaches, historical-economic methods, institutional analysis, and forecasting methods. The logic of the presentation of the material involves a sequential consideration of the factors of currency system transformation, analysis of their impact on global finance, formation of a scenario forecast, and assessment of practical consequences for Ukraine.

2. Factors Contributing to the De-dollarisation of the International Monetary System

The modern international monetary and financial system is undergoing a gradual transformation, manifested in the gradual decline of the US dollar and the growing importance of alternative currencies and digital financial instruments (Shin, Wooldridge, Xia, 2025). These processes are driven by a complex set of economic, political and technological factors, among which the following are key.

1. Macroeconomic imbalances in the United States. One of the key factors in the gradual decline of the dollar's role in the global economy is the macroeconomic imbalances in the United States. Over the past few decades, the American economy has shown a steady trend towards chronic government

budget and trade deficits. This means that government spending systematically exceeds revenue, and imports of goods and services significantly exceed exports. As a result, there is a constant need for external financing, which undermines confidence in the dollar as a "safe asset".

The rapid growth of US public debt is one of the most visible manifestations of imbalances. Over the past two decades, debt has increased several times over, exceeding the country's GDP. This poses risks to the stability of the financial system, as debt servicing requires significant budgetary expenditure and makes the economy more vulnerable to changes in interest rates (Arslanalp, Eichengreen, Simpson-Bell, 2024).

Another aspect is excessive dollar issuance, which intensifies during periods of crisis. The economic stimulus programmes implemented by the Federal Reserve System lead to an increase in the money supply and create inflationary pressure. Fluctuations in FRS interest rates directly affect global liquidity, forcing investors to increasingly turn to alternative currency instruments.

Macroeconomic imbalances in the United States have a dual effect. On the one hand, they undermine confidence in the dollar as a stable reserve currency. On the other hand, they create conditions for the search for alternative currency mechanisms, which stimulates the process of de-dollarisation in international trade and finance. Countries with a high level of dependence on the dollar are increasingly diversifying their reserves, increasing the share of the euro, gold or even the yuan.

Thus, the United States' chronic budget and trade deficits, rapid growth in public debt, and excessive dollar issuance are fundamental macroeconomic imbalances that are gradually reducing its role in the global economy. These imbalances pose long-term risks to the stability of the dollar and are prompting other countries to seek more balanced currency solutions.

2. The politicisation of the dollar in international relations. The dollar is increasingly being used as an instrument of geopolitical influence. A currency that has long been perceived exclusively as a neutral financial instrument is now increasingly becoming a means of political pressure.

The United States and its allies actively use the dollar infrastructure to implement sanctions policy. Freezing the international reserves of certain countries, blocking the assets of foreign companies, and restricting access to payment systems (in particular SWIFT) turn the dollar into a mechanism of political control. This undermines confidence in it as a universal currency and stimulates the search for alternative payment channels.

Countries under sanctions are creating their own payment systems and expanding the use of national currencies in international trade. Examples include

the development of the Chinese CIPS system, which is positioned as an alternative to SWIFT, as well as bilateral agreements between BRICS countries on settlements in national currencies (Mishchenko, Naumenkova, Mishchenko, Tishchenko, 2025).

The politicisation of the dollar means that it is no longer a "neutral" instrument of international finance. This creates long-term risks for its dominance, as states seek to minimise their dependence on currency mechanisms that can be used as a means of political pressure. As a result, the role of alternative currencies, primarily the euro and the yuan, is growing, as they are increasingly used in bilateral settlements.

Therefore, the politicisation of the dollar in international relations can be considered another factor in the de-dollarisation of the global economy. The use of currency as an instrument of sanctions and geopolitical influence encourages countries to seek alternatives, form regional currency blocs, and develop their own payment systems. This gradually reduces the role of the dollar as a universal 'anchor' of the global financial architecture.

3. Fragmentation of the global economic system and de-dollarisation of trade. One of the defining processes of the modern global economy is its gradual fragmentation, manifested in the formation of new regional centres of power and currency blocs. This process is directly linked to the de-dollarisation of international trade and financial relations.

The growing influence of countries in the Global South, such as China, India, Brazil and South Africa, is contributing to the emergence of alternative economic and financial spaces. The eurozone, the Asian financial space, and potential currency unions in Latin America are gradually establishing their own settlement mechanisms, thereby reducing their reliance on the US dollar.

There is a growing number of bilateral trade agreements in which the dollar is not used as an intermediary currency. Examples include settlements between China, India, Brazil, and agreements within BRICS. This indicates the de-dollarisation of international trade and countries' desire for financial autonomy.

The euro and the yuan are becoming increasingly important in global calculations. The euro is strengthening its position thanks to the integration of European financial markets, while China is actively promoting the yuan through its Belt and Road Initiative and the development of its own payment infrastructure.

The fragmentation of the global economic system means a gradual departure from the unipolar model, where the dollar served as the sole "anchor". Instead, a multipolar structure is emerging, in which several currencies compete for the status of regional and international means of payment (J.P. Morgan, 2025).

This reduces the dominance of the dollar, but at the same time increases the volatility and complexity of the global financial architecture.

Thus, the fragmentation of the global economy and the de-dollarisation of trade are interrelated processes that are gradually transforming the international monetary and financial system. They are reducing the role of the dollar as a universal currency, while paving the way for the formation of regional currency blocs and a multipolar financial architecture.

4. US monetary experiments. An important factor contributing to the gradual decline of the dollar's role in the global economy is the unconventional monetary experiments conducted by the US Federal Reserve System (FRS) in response to economic crises and structural challenges.

After the 2008 financial crisis, the US Federal Reserve launched large-scale quantitative easing (QE) programmes, which involved buying government and mortgage securities to increase liquidity. This led to a sharp increase in the money supply in the global economy. Although these measures helped to stabilise financial markets, they created inflationary risks and increased the global system's dependence on the decisions of the US regulator.

In addition to QE, the Federal Reserve used other instruments, such as lowering base rates to almost zero, large-scale lending programmes and support for the banking system. During the COVID-19 pandemic, these measures reached unprecedented levels, which again led to excess liquidity and fluctuations in the dollar exchange rate.

Such monetary experiments undermined the dollar's reputation as a stable currency. Countries and investors increasingly began to diversify their reserves to reduce their dependence on the FRS's decisions. The growing role of gold, the euro and even the yuan in international reserves is a direct consequence of the desire to reduce the risks associated with the instability of dollar policy.

The US monetary experiments have a dual effect: they support the domestic economy and financial markets, but at the same time create long-term risks for the international monetary system. Excess liquidity, interest rate fluctuations and inflationary waves are forcing other countries to seek alternative settlement and reserve mechanisms.

Therefore, it can be assumed that the monetary experiments of the United States have become an important factor in reducing confidence in the dollar as a universal reserve currency. They have stimulated the process of de-dollarisation and reinforced the trend towards the formation of a multipolar monetary and financial system.

5. Technological transformations in the financial sector. The current stage of global economic development is characterised by rapid technological changes that

directly affect the functioning of the international monetary and financial system. These transformations are creating new instruments and payment channels that are gradually reducing dependence on the US dollar.

One of the key areas is the development of central bank digital currencies (CBDCs). China is actively promoting the digital yuan, which is already being used in pilot international transactions. The European Central Bank and the Federal Reserve are also exploring the possibility of creating their own digital currencies. The use of CBDCs could radically change the structure of international settlements, as they allow transactions to be carried out directly between central banks without the intermediation of the dollar (IMF, 2025).

FinTech companies are creating alternative payment and transaction channels. Blockchain-based payment systems, decentralised financial services (DeFi) and global e-money platforms (PayPal, Revolut, Alipay) are gradually being integrated into international trade. This reduces the role of traditional banking instruments, which have historically been closely linked to the dollar infrastructure (World Bank, 2021).

Although cryptocurrencies remain high-risk assets, their role in international finance is growing. Bitcoin and other cryptocurrencies are increasingly being used as a store of value and a means of circumventing currency restrictions. This puts additional pressure on the dollar, as countries and companies are able to conduct transactions outside the traditional financial system (Illes, Kosse, Wierst, 2025).

Technological transformations are undermining the dollar's monopoly in international settlements. They are paving the way for multi-currency and multi-channel systems, where digital currencies and regional payment infrastructures operate alongside the dollar. This makes the global financial system more flexible, but at the same time more complex and less predictable.

The analysis shows that technological changes are becoming a powerful factor in the transformation of the international monetary and financial system. They are gradually reducing the role of the dollar as the sole universal instrument and shaping a new multipolar financial architecture.

3. Transformation of the International Monetary System

Despite de-dollarisation trends, the US dollar maintains its leading position in the global monetary and financial system thanks to the depth and liquidity of US financial markets, trust in institutions and the legal system, and the lack of viable alternatives. US government debt instruments remain the most reliable and liquid assets for central banks and global investors. The euro is limited by the level of integration

of European markets, while the yuan faces geopolitical risks and a high degree of control over the Chinese financial system.

According to the IMF, as of 2024, approximately 58–60% of global currency reserves are denominated in dollars, with the euro accounting for approximately 20% and the yuan less than 3%. The dollar is used in more than 40% of international transactions and remains the main currency for pricing key commodities such as oil, gas, grain, and metals. By comparison, the pound sterling and the Japanese yen each have a share of less than 5%, although they are included in the SDR basket. Attempts by BRICS countries to create alternative payment systems, such as CIPS, have so far failed to replace SWIFT and dollar liquidity.

At the same time, de-dollarisation processes are gradually changing the structure of the system. Countries of the "global south" are increasingly concluding agreements in national currencies, the role of gold as a 'neutral reserve asset' is growing, and digital currencies and fintech platforms are spreading. This is forming a multipolar model in which, alongside the dollar, the importance of the euro, yuan and other regional currencies is growing. This means that the modern monetary and financial system is undergoing a gradual transformation: the dollar retains its dominant position, but its share in reserves and settlements is gradually declining, creating the conditions for the formation of a new multipolar financial architecture.

The prospects for the development of the global monetary system indicate that the decline in the role of the dollar in international trade and finance will be gradual. In the coming years, its dominance will remain, although the gradual growth of the role of the euro, the yuan and regional currency blocs, such as the eurozone, the Asian financial space or potential currency unions in Latin America, may lead to the formation of a multipolar currency system in the long term. The dollar will not disappear from the international system, but its share in global reserves and trade will gradually decline.

At the same time, the transformation of the global financial system will be gradual. Institutional inertia, the depth of US financial markets and the lack of viable alternatives mean that even crises or political decisions in the US are unlikely to rapidly change the global currency structure.

Characterising the pace of change, one can state that: 1) in the short term (1–5 years), the dollar will remain the main reserve currency; its dominance will remain unchanged, and any fluctuations will have only a limited impact on the global system; 2) in the medium term (5–15 years), there may be a gradual increase in the role of the euro and the yuan, especially in bilateral settlements between countries in Asia, Africa and Latin America; regional currency blocs will form,

reducing dependence on the dollar; 3) in the long term (more than 15 years), a transition to a multipolar currency system is likely, in which the dollar will remain an important element, but no longer the sole "anchor" of the global financial architecture.

A thorough analysis of prevailing trends enables the delineation of several prospective scenarios for the evolution of the international monetary and financial system in the medium and long term. They differ in terms of the speed and depth of change, as well as their consequences for the global economy and individual countries (Mishchenko, Somyk, 2007). To specify possible development trajectories, a scenario forecast for the transformation of the international monetary and financial system is proposed, as shown in Table 1.

The scenario forecast demonstrates various trajectories for the transformation of the international monetary and financial system. The optimistic scenario reflects the possibilities of accelerated multipolarity, the digital scenario focuses on profound transformation under the influence of central bank digital currencies and fintech platforms, while the pessimistic scenario outlines the risks of a crisis of confidence in the dollar, which could cause large-scale financial instability. The most realistic scenario is a neutral one, consistent with the evolutionary nature of the transformation of the global currency architecture. The dollar will remain a key element of the international currency system for a long time to come, but its share will gradually decline in favour of other currencies. Other scenarios are also possible, as their implementation depends on global economic, political and technological factors, including the digitalisation of the financial sector (Mishchenko, Tishchenko, Naumenkova, Mishchenko, 2025).

For Ukraine, all scenarios must provide for the need for early adaptation, diversification of reserves, and integration into new payment systems. At the same time, the level of risk will vary significantly depending on the trajectory of the global currency system's development (Tishchenko, 2025).

The decline of the US dollar's role in the global economy may have direct consequences for Ukraine, which will manifest themselves in both the short and long term.

In the short term (1–2 years), currency volatility and difficulties in accessing external financing will remain the main risks for Ukraine. Fluctuations in the hryvnia exchange rate due to the instability of the dollar could increase inflationary pressure and affect import prices, particularly for energy and raw materials. Traditional dependence on the dollar in external loans may become a factor in increasing the cost of borrowing for the state and businesses. In addition, the possible transition of some trade contracts to the euro will require Ukrainian companies to adapt to new settlement conditions.

In the longer term (3–10 years), Ukraine faces both challenges and new opportunities. One of the key areas could be the diversification of foreign exchange reserves: increasing the share of euros or gold would reduce dependence on the dollar. Deeper financial integration with European capital markets and payment systems will help strengthen ties with the EU. The transition to multi-currency settlements could reduce the risks associated with the dominance of the dollar and expand opportunities for co-operation with European and Asian countries.

At the same time, Ukraine will need institutional adaptation: strengthening the independence of the

Table 1

Scenario forecast for the transformation of the international monetary and financial system

Scenario	Essence	Types of changes	Global implications	Implications for Ukraine
Neutral (most likely)	Gradual decline in the role of the dollar without sharp breaks	Reduction of the dollar's share in reserves by 5–10% over 10–15 years	The formation of a multipolar system with the strengthening of the role of the euro, yuan and gold	Diversification of reserves, gradual integration into European financial markets
Optimistic (accelerated multipolarity)	The rapid growth of alternative currencies and digital instruments	Decrease in the share of the dollar to 40–45% in 5–10 years	Strengthening of the yuan's role, active use of the euro, emergence of regional currency blocs	New opportunities for trade diversification, but increased volatility risks and the need for adaptation
Pessimistic (crisis of confidence in the dollar)	Sharp decline in confidence in the dollar due to turmoil in the US	Reduction of the dollar's share to <35% in 5–7 years	Global financial instability, sharp exchange rate fluctuations, strengthening role of gold and regional currencies	Significant risks to financial stability, urgent diversification of reserves and search for new financing channels
Digital (digital transformation scenario)	Profound transformation under the influence of CBDC and fintech platforms	The emergence of new global payment channels, reduction of the dollar monopoly	Formation of a multi-channel financial system with traditional and digital currencies	Integration into new digital payment systems, modernisation of financial infrastructure and regulatory framework

Source: compiled by the authors

National Bank, market transparency and the legal system will become a prerequisite for access to capital in a multipolar currency system. For businesses, currency fluctuations will affect the cost of imports, export revenues and investment attractiveness. In the event of a sharp fall in the dollar, financial turmoil is possible, which could affect the cost of servicing external debt and reduce investment flows.

Thus, for Ukraine, the decline in the role of the dollar means short-term risks of volatility and increased financing costs, but at the same time opens up long-term opportunities for diversifying reserves, expanding trade and integrating with European and Asian markets. The transformation of the global currency system will be evolutionary in nature, so Ukraine should use this time to diversify its currency reserves, expand trade partnerships, and adapt its financial policy to a multi-currency world. This will reduce dependence on the dollar and ensure the stability of the Ukrainian economy in the future multipolar financial system.

4. Conclusions

The study confirmed that the modern international monetary and financial system is undergoing a gradual transformation driven by a combination of economic, political and technological factors. Despite de-dollarisation initiatives and the growing role of alternative and digital currencies, the US dollar retains its leading position thanks to the depth and liquidity of financial markets, trust in institutions and the absence of full-fledged substitutes.

It has been determined that the key factors contributing to the decline of the dollar are macroeconomic imbalances in the United States, the politicisation of currency in international relations, the fragmentation of the global economy, the monetary experiments of the Federal Reserve, and the digitalisation of the

financial sector, which includes the spread of CBDCs, the development of fintech platforms, and new payment technologies. Together, these processes are creating the conditions for a gradual transition from a unipolar to a multipolar currency system.

The scenario forecast for the development of the international monetary system indicated that the most probable scenario is one of neutrality, characterised by a gradual decline in the dollar's role without any sudden fluctuations. This scenario is consistent with the evolutionary nature of the transformation. Concurrently, optimistic, pessimistic and technological scenarios delineate alternative trajectories contingent on global economic, political and innovation factors, including the digitalisation of financial processes.

The results of the study are of practical importance for Ukraine. They indicate the need for timely adaptation to new conditions, diversification of foreign exchange reserves, active integration into European and international financial markets, and modernisation of financial infrastructure, taking into account the development of digital currencies and payment systems. The implementation of these measures will contribute to enhancing financial stability and ensuring the economic security of the state in the context of a multipolar and digitalised currency architecture.

Prospects for further research include an in-depth analysis of the impact of CBDCs on the structure of international settlements, a study of regional currency blocs and their interaction with the global system, and modelling of possible consequences for countries with open economies, including Ukraine. Of particular importance is the study of institutional and regulatory aspects of integration into new digital payment systems, the assessment of financial volatility risks, and the development of strategies to ensure the stability of the national economy in the context of a multipolar and digital currency architecture.

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