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RESERVE CURRENCIES: ARE CHANGES POSSIBLE?

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Abstract. The article examines the main trends in the changing structure of official reserve assets. For more than half a century the US dollar has been the dominant reserve currency in most countries. The dollar's reserve currency status has been based on its global use for trade invoicing, cross-border investment and exchange rate anchoring. The dollar's dominance was also supported by the US status as a global power, one that helps to guarantee the security of its allies. But, since the beginning of this century, two important trends can be noted: a significant increase in the total volume of global reserve assets and a decrease in the dollar's share in them. Many central banks, especially holders of excessive reserve assets, have taken the path of diversifying their foreign exchange reserves, increasing the share of nontraditional reserve currencies and gold, and reducing dependence on the dollar. The dominant role of the dollar is also under pressure from the policies pursued by issuers of competing currencies in order to strengthen their international role, primarily by the EU and China. A potential threat to the dollar's dominance may be the development by many countries of the central bank digital currencies, which are expected to be used in cross-border transactions. The trend of de-dollarization of reserve assets is promoted by the US itself, which actively uses the policy of sanctions to achieve its foreign policy goals, which undermines confidence in the dollar. Rising geopolitical tensions could trigger strategic adjustments in the structure of foreign exchange reserves.

Keywords: official reserve assets, reserve currencies, US dollar, gold, central bank digital currencies, CBDC.

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РЕЗЕРВНЫЕ ВАЛЮТЫ: ПЕРЕМЕНЫ ВОЗМОЖНЫ?

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Аннотация. Рассматриваются тенденции в изменении структуры официальных резервных активов. Более полувека доллар США занимает доминирующее положение в резервах большинства стран. Однако за последние годы многие центральные банки пошли по пути диверсификации своих валютных резервов и сокращения зависимости от доллара. Расширяется использование нетрадиционных резервных валют, увеличивается доля золота в резервах, идет активная разработка проектов создания цифровых валют центральных банков, которые потенциально также могут составить конкуренцию доллару. Дедолларизации резервных активов способствует использование Вашингтоном политики санкций, что подрывает доверие к американской валюте.

Ключевые слова: официальные резервные активы, резервные валюты, доллар США, золото, цифровые валюты центральных банков.

Despite significant changes in the international monetary and financial system and in the global economy as a whole, the currency composition of official reserves remained surprisingly stable for several decades starting in the 1960s. The breakdown of the Bretton Woods monetary system,

the final demonetization of gold, the transition to floating exchange rates, accelerated financial globalization, the introduction of a single European currency, the significant strengthening of developing countries' economic potential, and China's rise to a leading position in the global economy, all

of this had little effect on the structure of foreign exchange reserves in most countries worldwide. However, over the past 15–20 years, the changing role of the dollar as a reserve currency has become one of the most hotly debated topics, not only among economic experts but also at the political level. This shift has been driven by a number of economic, technological, and geopolitical factors.

RESERVE ASSETS: COMPOSITION AND DYNAMICS

Each country holds *official reserve assets*¹, which are highly liquid foreign assets available to monetary authorities (the central bank and the government). Reserve assets are essential for financing a balance of payments deficit, intervening in foreign exchange markets to regulate the exchange rate of the national currency, and serving other relevant purposes, such as maintaining confidence in the currency and the broader economy, or acting as a form of collateral for foreign borrowing.

Reserve assets comprise four main constituents: foreign currency in the form of cash, deposits, and securities; monetary gold held by monetary authorities; Special Drawing Rights (SDRs) – international payment and reserve instruments issued by the International Monetary Fund (IMF); and, finally, a country's reserve position in the IMF, which includes the reserve tranche (the currency component of the country's quota in the Fund's capital) and the country's claims on the IMF under borrowing agreements.

Since 2000, the global economy has seen rapid growth in aggregate reserve assets, with the largest contribution coming from emerging market and developing countries, which have surpassed developed countries in terms of volume since 2005 (Fig. 1). Although growth has slowed over the past decade, aggregate reserves still increased nearly sevenfold from 2000 to 2023, rising from \$ 2.2 trillion to \$ 14.9 trillion. It is important to note that during this period, not only did the absolute size of reserves grow, but their ratio to global GDP also increased significantly, from 6.4% to 14.1% [sources 1, 2].

¹ The economic literature also uses the term “international reserves”.

The rapid growth of reserve assets was driven by several factors. A significant contribution came from the so-called global imbalances, the formation of persistent and substantial current account surpluses in some countries. These primarily include export-oriented countries in East and Southeast Asia (especially China) and oil-exporting countries, which actively intervened in currency markets to prevent the appreciation of their national currencies and maintain the export competitiveness of their products, thereby accumulating reserves. It is no coincidence that periods of rapid growth in reserve assets and increasing global imbalances almost entirely overlapped.

Serious financial shocks on both global and regional scales over the past decades have also played a significant role in the growth of reserves. These include the Asian financial crisis of 1997–1998, the Great Recession of 2007–2009, the European debt crisis of 2010–2012, as well as numerous financial crises in individual countries (Mexico in 1995, Turkey in 1994 and 2001, Russia in 1998, Brazil in 1999, Argentina in 2002, etc.). The negative experiences accumulated during these episodes have prompted many national authorities to adopt a more cautious approach in the financial sphere. The availability of large reserve assets helps maintain financial stability and also provides the necessary space for stabilization policies. According to experts, the precautionary motive has become a key factor behind the significant accumulation of foreign exchange reserves by developing countries [1].

The theoretical justification for this factor lies in the well-known “original sin” hypothesis, put forward by Eichengreen et al. [2]. According to this hypothesis, most developing countries are unable to borrow funds abroad in their national currencies due to the underdevelopment of their domestic bond markets. Borrowing in foreign currencies, in turn, creates currency risks and raises the threat of a balance of payments crisis. In this context, the accumulation of foreign exchange reserves serves as a form of self-insurance against the risks associated with the “original sin”.

It is important to emphasize that a downside of holding significant foreign exchange reserves is the high opportunity cost. These reserves are typically invested in the government bonds of devel-

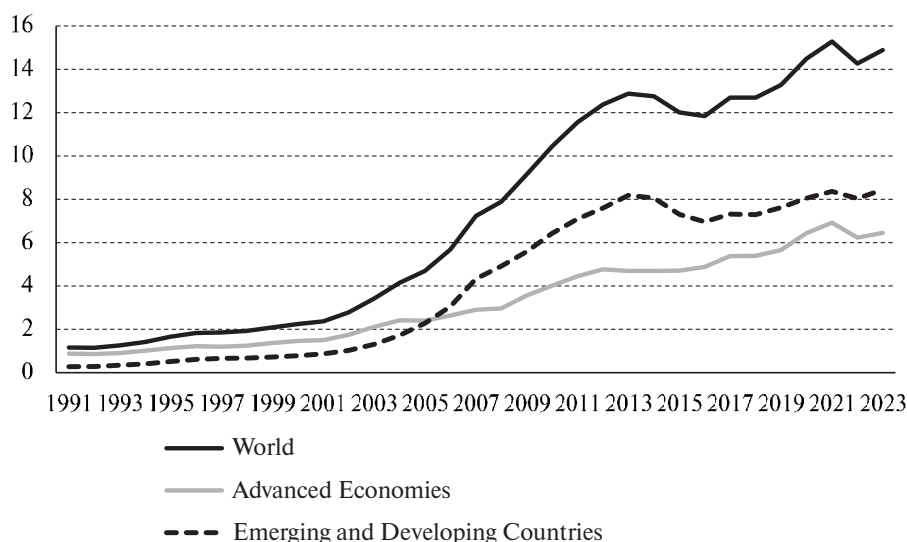


Fig. 1. Total reserve assets, 1991–2023, trillion dollars

Calculated by the author based on: [source 1].

oped countries. While these bonds are considered relatively risk-free, they offer much lower returns than could potentially be achieved by allocating foreign exchange resources differently².

Besides, the availability of significant foreign exchange reserves can also have negative macroeconomic implications, as they form part of the central bank's total assets. An increase in reserve assets leads to an increase in the monetary base and, through the mechanism of monetary multiplication, to an expansion of the money supply. While the growth of effective demand has a stimulating effect on the economy, it also intensifies inflationary pressures. To eliminate this undesirable effect, the central bank may pursue a sterilization policy by reducing the amount of domestic assets in parallel with the growth of foreign exchange reserves. However, this carries the risk that the share of foreign exchange reserves in the central bank's assets may become so large that the country effectively shifts to a currency board regime, in which the domestic money supply becomes heavily dependent on fluctuations in foreign exchange reserves. While such an approach enables effective control of high inflation, its rath-

² According to the estimate of American economist Lawrence Summers, if the ten leading countries with excess reserves were combined, the opportunity cost of their reserves in the case of long-term investment in the global capital market would amount to 1.85% of the total GDP of these countries [3].

er undesirable consequence is the de facto loss of the central bank's role as an independent monetary regulator. Even if this outcome is avoided, sterilized currency interventions can contribute to a contraction in domestic lending, creating a kind of "crowding-out effect" [4].

Since the growth of foreign exchange reserves can have ambiguous consequences for a country, the question of assessing their adequacy arises. In international practice, various criteria are used: covering three months of a country's imports with reserves, financing 20% of liabilities included in the broad money supply, and fully covering a country's short-term external debt. Since 2016, the IMF has used a composite indicator for assessing reserve adequacy, the Assessing Reserve Adequacy (ARA) metric. It consists of four components (with different weights depending on whether a country has a fixed or floating exchange rate): export earnings, broad money supply, short-term external debt, and portfolio liabilities [source 3]. Reserves in the range of 100–150% of the composite indicator are generally considered sufficient.

According to experts from the Bank for International Settlements, in most emerging market and developing countries, the volume of reserve assets currently exceeds the proposed benchmarks [1, p. 6]. Certainly, these benchmarks serve as general guidelines rather than specific policy targets for central banks. A comprehensive assessment of

reserve adequacy requires consideration of numerous country-specific factors, such as the exchange rate regime, the degree of openness of the financial account in the balance of payments, the depth and liquidity of the national financial market, the availability of additional external sources of financing, and others. In any case, significant and especially excessive international reserves present central banks with the challenge of managing them effectively by regulating their structure.

CURRENCY STRUCTURE OF RESERVE ASSETS

In practice, foreign currency reserves play the most important role among reserve assets. Gold is not used directly to regulate the balance of payments or conduct interventions in the foreign exchange market. SDRs have a strictly limited scope of application, and the share of the reserve position in the IMF in total reserve assets is now extremely small (about 1%). As of the beginning of 2025, the total amount of foreign currency held in official reserve assets worldwide was \$ 12.4 trillion, accounting for 78.6% of the total³ [source 4].

Since the need to use foreign exchange reserves can arise at any time, there should be no restrictions on their use by those foreign countries that accept these assets. This presupposes the fulfillment of two conditions: first, the universal use of a specific asset, determined by its convertibility; and second, the possibility of its immediate use, determined by its liquidity. The concept of liquidity in reserve assets almost automatically implies convertibility; any asset that is immediately available but not freely convertible is not considered liquid internationally.

For this reason, foreign exchange reserves consist primarily of a limited number of freely convertible currencies. In addition, reserve currencies are often those in which many countries have liabilities, owing to the deeper stock and bond markets in the issuing countries. In other words, a key feature of a reserve currency issuer is its freedom from the so-called “original sin”. The IMF lists the “big four” (the US dollar, euro, pound ster-

³ As of the beginning of 2025, the international reserves of the Russian Federation had the following structure: foreign currency – 63.3%, monetary gold – 32.1%, SDRs – 3.8%, and the reserve position in the IMF – 0.8% [source 5].

ling, and Japanese yen), as well as the Chinese yuan, Canadian dollar, Australian dollar, and Swiss franc, as the main reserve currencies. As of early 2025, these currencies accounted for 95.7% of global foreign exchange reserves⁴ [source 4].

As history shows, at various stages of the development of the global monetary system, one or two dominant currencies typically accounted for the vast majority of total foreign exchange reserves. Immediately after the Second World War, approximately 85% of reserves were held in British pounds sterling. In the 1950s and 1960s, the pound began to give way to the US dollar. By the mid-1970s, the US dollar already accounted for about 75% of foreign exchange reserves. Over the past 30 years, there have been no fundamental changes in the structure of global foreign exchange reserves, the dollar has retained its dominant position (Fig. 2). After the introduction of the single European currency, the share of the euro in world reserve assets began to increase, but the debt crisis in the euro area dealt a serious blow to its attractiveness. In recent years, the euro has accounted for approximately 20%, while the pound sterling and the yen account for 5–6% each. The shares of other reserve currencies are gradually increasing but remain relatively small: the yuan, Australian dollar, and Canadian dollar each account for 2–2.5%, and the Swiss franc only 0.2%.

When examining the structure and dynamics of currency reserves, a number of theoretical questions arise. One such question is: What factors contribute to a national currency’s ability to function as a reserve currency? In modern economic theory, global money is not considered a distinct function of money. Instead, this role is fulfilled by national currencies, which, in the sphere of international economic relations, can perform the usual monetary functions: medium of exchange (circulation and payment), store of value, and unit of account (measure of value). However, even if national currencies are freely convertible and capable of performing these functions, their liquidity may

⁴ It should be noted that IMF member countries submit information on the structure of their foreign exchange reserves on a voluntary and strictly confidential basis. At the beginning of 2025, there were 191 countries in the Fund, but only 149 submitted such information. Therefore, the IMF database contains information on the structure of only 92.5% of the total foreign exchange reserves.

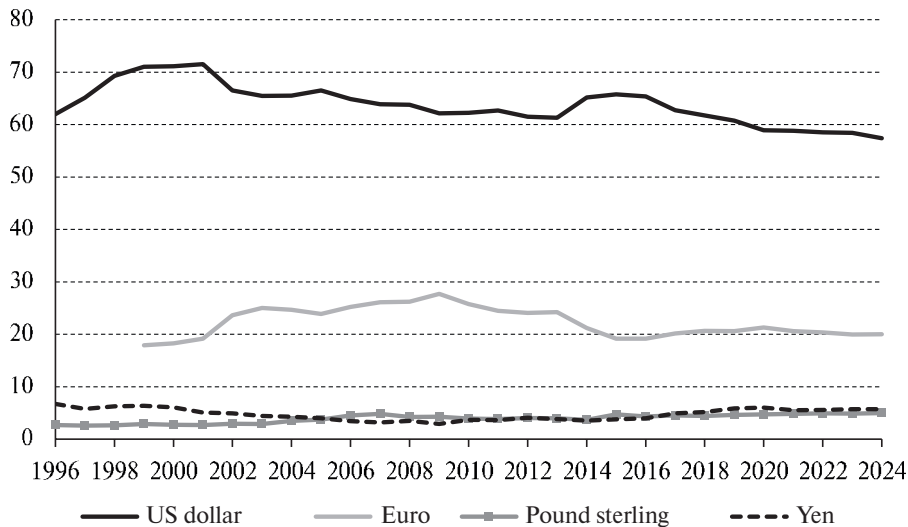


Fig. 2. Shares of major currencies in total foreign exchange reserves, 1996–2024, %

Calculated by the author based on: [source 4].

still vary depending on how widely they are used by participants in international economic transactions.

According to IMF estimates, the US dollar is the most frequently traded currency in the foreign exchange market (44% of turnover), the most widely used for trade invoicing (54% of world trade), and the most common denomination for financial claims (51% of cross-border bank claims). Almost 75% of the world's external public debt is denominated in dollars [5, pp. 4-5]. Furthermore, the dollar is used more often than any other currency as an “anchor” by countries with fixed exchange rate regimes [source 6]. Thus, it is the most actively used currency in both international trade and international financial transactions; in other words, it performs all key monetary functions. This is also true to some extent for the euro, though on a much smaller scale.

Other reserve currencies do not perform all monetary functions equally. For example, the yen and the pound sterling are used primarily for investment purposes, while the yuan is rarely used for that purpose, although in recent years, it has been increasingly used in foreign trade settlements. At the same time, none of these currencies is used by other countries as an anchor for pegging their own currencies. All of this largely explains why the US dollar continues to retain its dominant position as a reserve currency.

However, average data on the global currency reserve structure mask substantial differences at the level of individual countries. For instance, in 2021, Sweden's currency reserves consisted of 63% euros and 19% US dollars, while in Israel, the ratio was reversed: 26% euros and 67% dollars [source 7]. At the megaregional level, the distribution of dollar reserves is also notably uneven: Asian countries (excluding the Middle East) account for 65% of total dollar holdings, while European countries account for only 14% [6]. This raises another conceptual question that has become the subject of active debate: What determines a country's policy in shaping the structure of its reserves?

In studies devoted to analyzing the principles guiding states in managing the composition of their foreign exchange reserves, two hypotheses can be distinguished: the “Mercury hypothesis” and the “Mars hypothesis”⁵ [7]. According to the former, the structure of reserves is largely determined by the scale and intensity of trade and financial ties with specific countries that issue reserve currencies. This largely explains why, for example, the US dollar dominates in the foreign exchange reserves of Canada and Latin American countries, while the euro predominates in the reserves of many European countries.

The “Mars hypothesis” emphasizes the strategic, diplomatic, and military power of countries

⁵ In ancient Roman mythology, Mercury was the god of commerce, and Mars was the god of war.

that issue reserve currencies. In other words, when managing foreign exchange reserves, countries may be guided not only by the structure of their foreign economic relations but also by geopolitical considerations. Proponents of this hypothesis argue that it helps explain certain otherwise puzzling aspects of the currency composition of international reserves, for example, why the dollar's share is higher in Japan than in China, in Germany than in France, and in Saudi Arabia than in other oil-exporting countries. In such cases, the existence of a special security relationship with the United States must be taken into account. As a result, "the dollar's dominance as an international unit is buttressed by the country's role as a global power guaranteeing the security of allied nations" [7, p. 5].

DOLLAR HEGEMONY: *PRO ET CONTRA*

Perhaps the main question that has recently drawn particular attention from the expert community is: How stable is the dominant position of the US dollar as a reserve currency? Opinions on this matter are divided.

Some experts are optimistic about the dollar's future prospects. For example, a 2023 Federal Reserve note titled "*The International Role of the U.S. Dollar*" states that the "diminution of the U.S. dollar's status seems unlikely in the near term" [8]. To support this view, Federal Reserve experts calculate an aggregate index of international currency usage. This index is a weighted average of five indicators for which time series data are available: share in official foreign exchange reserves (25% weight), volume of foreign exchange transactions (25%), issuance of debt securities in that currency (25%), cross-border deposits (12.5%), and cross-border loans (12.5%). According to the Federal Reserve's calculations, the dollar's share as an international currency has remained virtually unchanged since 2001 (see table).

Alongside these arguments, Ben Bernanke noted that the strengthening of the dollar's position as the main reserve currency is supported by the fact that the Federal Reserve essentially performs the role of a lender of last resort in the glob-

Table. Index of international currency usage

Currency	2001	2010	2022
Dollar	68.1	68.6	69.0
Euro	26.4	27.4	23.1
Pound sterling	7.9	6.3	6.4
Japanese yen	9.8	7.4	7.3
Chinese yuan	0.0	0.3	3.0

Compiled based on: [8].

al monetary system [9, p. 40]. During the Great Recession and the COVID-19 pandemic, the Fed acted as a dollar supplier, entering into currency swap agreements with 14 central banks, including those in four emerging market countries: Brazil, South Korea, Mexico, and Singapore. Under these agreements, foreign central banks could obtain dollars in exchange for their own currencies, which they then lent to banks within their jurisdictions. Since 2013, similar agreements with the central banks of England, Canada, Switzerland, Japan, and the ECB have become permanent.

Another important factor contributing to the dollar's continued dominance as a reserve currency is the presence of significant network effects, situations in which the value of a good increases as more people use it. Under such conditions, a country is more likely to choose a particular currency as a reserve if it believes others will do the same. A kind of scale effect comes into play, reducing transaction costs significantly. As a result, "once a currency gets established as a leading currency, it is almost in a natural monopoly situation, resulting in a self-justifying dominance" [10, p. 204].

Another argument closely related to the existence of network effects is used by proponents of the A related argument used by proponents of the dollar's strength is that "reserve currency status tends to change very slowly, inducing inertia. There is a strong inertial bias in favor of using whichever currency has been the reserve currency in the past" [5, p. 10]. Network effects reinforce this inertia and create a persistent dependence on previous developments, a phenomenon known as "path dependence", where a previous choice (even if suboptimal) can predetermine the future course of events.

At the same time, there is a growing number of adherents to the opposing view, which suggests that the erosion of US dollar dominance is already underway [11]. The formal basis for this argument can be found in statistical data showing that the dollar's share in official reserves has declined by 13.3 percentage points over the past 25 years, from 71.1% to 57.8%. The weakening of the dollar's key position is evident not only in quantitative indicators but also in a number of important qualitative changes.

First and foremost, it is important to note that the decrease in the dollar's share is not accompanied by a corresponding increase in the use of other "big four" currencies as reserve assets. Instead, there is a clear trend toward the broader use of non-traditional reserve currencies such as the Australian, Canadian, and Singaporean dollars, the Chinese yuan, the South Korean won, and the Swedish and Norwegian kroner. Over the past 25 years, their combined share of global reserve assets has increased from 1.5% to 11.8%. This indicates that central banks in many countries are actively diversifying their currency portfolios. IMF experts highlight that this policy is becoming increasingly widespread, identifying 46 countries with a significant proportion of non-traditional currencies in their international reserves. These include Ireland (34%), Turkey (33%), Chile (28%), New Zealand (17%), Australia (16%), France (12%), the United Kingdom (11%), and Germany (10%) [11, p. 25]. The need to diversify the structure of foreign exchange reserves is driven by a combination of factors.

On the one hand, the development of open financial systems and the growing liquidity of foreign exchange markets in a number of countries help reduce transaction costs when dealing with their national currencies, making these currencies more attractive for use as reserves. The expansion of the over-the-counter foreign exchange market, supported by electronic trading platforms, and the spread of innovative financial technologies, such as automated market making (AMM) and automated liquidity management (ALM), also play an important role. All of this reduces the need to acquire and store dollars as a universal medium of exchange. All of this reduces the need to acquire and hold US dollars as a universal medium of ex-

change. In addition, the increasing use of modern financial technologies in the foreign exchange market diminishes the importance of network effects in determining the composition of reserve currency portfolios.

On the other hand, the accumulation of excess reserve assets encourages central banks to manage their currency portfolios more actively, often distinguishing between different reserve tranches: a "liquidity tranche", which must be held in the most liquid and low-risk assets to ensure immediate access when needed, and an "investment tranche", which can be more actively managed and invested in less liquid but higher-yielding assets, including those denominated in non-traditional currencies [12].

In addition to market mechanisms, the dominant role of the dollar is also influenced by the policies deliberately pursued by the issuers of competing currencies, aimed at strengthening their international roles. For example, in January 2021, the European Commission developed a *Strategy to Stimulate the Openness, Strength, and Resilience of the EU's Economic and Financial System*, aimed at establishing Europe's leading role in global economic governance [source 8]. A key principle of the strategy is the promotion of the euro's international role, which is seen as a pillar of Europe's "strategic autonomy". A significant step in this direction was the issuance of 10-year euro-denominated bonds in June 2021 under the *Next Generation EU* (NGEU) program, intended to support the post-pandemic recovery of the European economy. The program, with a total volume of 750 billion euros, is set to run for six years. Since these bonds are effectively backed by the budgets of all EU member states, they are expected to compete with U.S. Treasuries as a safe asset, thereby increasing demand for the euro as a reserve currency.

The Chinese yuan also has the potential to strengthen its competitive position. The People's Bank of China emphasizes that it "will advance the opening-up reform to facilitate the international use of the RMB in a steady and prudent manner, and strike a balance well between development and security" [source 9, p. 37]. While it is often argued that the yuan cannot develop into a full-fledged reserve currency without full capital account convertibility, some experts do not see this

as an insurmountable obstacle [13]. In their view, central banks will be willing to hold yuan reserves as long as they can easily buy and sell the currency in international markets. This requires the development of offshore yuan markets, the establishment of swap lines with the Chinese central bank, and the maintenance of a stable exchange rate.

China is gradually building such conditions. Specifically, it has established a network of 31 offshore clearing banks for yuan settlements in 27 countries, including many developed and large emerging economies. Since 2015, China has operated its own cross-border interbank payment system, CIPS, which provides clearing and settlement services for international transactions in yuan. Beijing also actively uses bilateral currency swap agreements with foreign central banks. By 2024, China had concluded such agreements with 40 countries, including many developed economies, and the total quota of these swap lines reached 4.2 trillion yuan [14]. Moreover, China's substantial foreign exchange reserves (\$3.2 trillion as of early 2025) enable it to prevent sharp fluctuations in the exchange rate of its national currency. As a result, according to some reports, over 80 central banks worldwide already hold yuan-denominated reserves.

Another trend in the changing structure of many countries' reserves, which could contribute

to the weakening of the dollar's dominant position, also deserves mention. Following the Great Recession, a long-standing decline in official monetary gold holdings gave way to renewed interest in gold as a reserve asset (Fig. 3). This trend is especially pronounced in emerging market and developing countries, whose physical gold reserves have increased 2.5-fold over the past 20 years, from 139.2 million to 354.8 million troy ounces [source 1].

IMF experts note that "both the volume and value of gold reserves increase with the imposition of sanctions from the U.S., UK, Euro Area, and Japan" [15, p. 30]. The growing uncertainty in the global economy, rising geopolitical risks, and the sharp intensification of sanctions policies pursued by developed countries have prompted many central banks to adjust the structure of their reserve portfolios. In general, this has meant reducing the share of foreign currencies that could potentially be frozen and increasing gold holdings, as gold is a neutral, safe asset that can be stored domestically and is thus free from sanctions risk. Taking into account not only the increase in the physical volume of gold reserves but also the rise in its market price, the share of gold in global official reserves rose from 9.4% in 2005 to 15.9% in 2024 [source 1].

The decline in incentives to accumulate US dollar reserves is also promoted to a certain extent

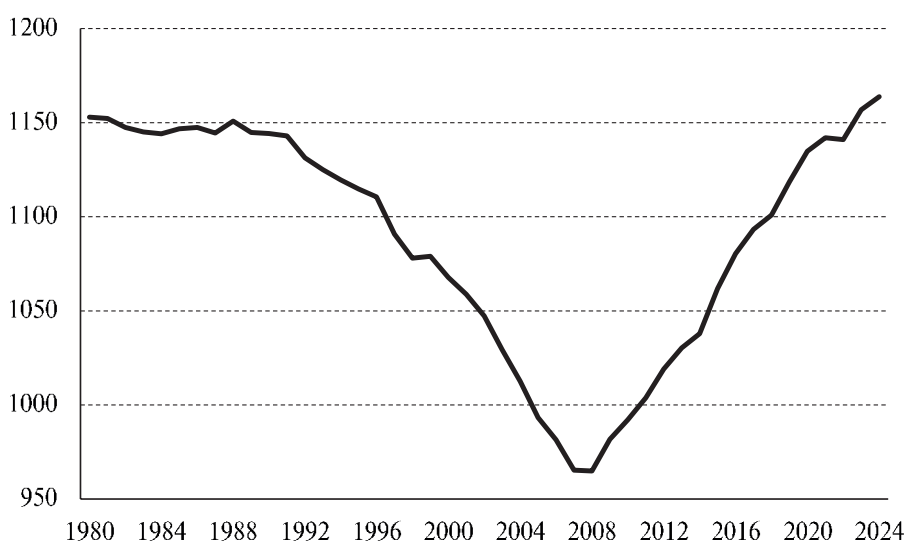


Fig. 3. Monetary gold reserves in official reserves, 1980–2024, million troy ounces

Build based on: [source 1].

by the fact that in recent years, against the backdrop of an overall reduction in the number of countries with fixed exchange rates, there has been a steady decline in the share of countries that peg their currencies to the dollar, – from 26.5% in 2010 to 19.6% in 2023 [source 6, p. 9]. In this context, the need for dollars for currency intervention purposes is decreasing.

Finally, another new trend in the global financial system that potentially threatens the dollar's dominance as a reserve currency is worth noting: the development by many countries of central bank digital currencies (CBDCs), which are intended to be used, among other things, in cross-border transactions. Moreover, projects are being developed for international settlement systems between central banks based on CBDCs. For example, in 2021, the *mBridge* project was launched as a result of cooperation between the BIS, the central banks of China, the UAE, and Thailand, and the Hong Kong Monetary Authority. In 2024, Saudi Arabia joined the project. In addition, the project observers include the central banks of 29 countries, as well as the IMF, the ECB, and the World Bank. The *mBridge* project envisages the creation of a blockchain-based settlement system and involves the direct transfer of CBDCs between participating countries for international payments. According to the BIS, in mid-2024, this project reached the minimum viable product (MVP) stage, marking the beginning of its practical implementation [source 10].

The use of CBDCs can have a number of advantages over the traditional international settlement system: significantly faster payments, elimination of intermediaries and, consequently, reduced transaction costs, and greater reliability and data protection ensured by blockchain technology. Besides, the use of CBDCs allows payments to be made without resorting to the SWIFT financial messaging system, which reduces potential sanctions risks. All of this could diminish the importance of traditional factors supporting the widespread use of the dollar and thus weaken its role in the international monetary system, which is also recognized in the US. One of President Trump's first decisions after taking office was the executive order of January 23, 2025, "Strengthening American Leadership in Digital Financial Tech-

nology", which prohibits the creation, issuance, circulation, and use of CBDCs within the jurisdiction of the United States, as they "threaten the stability of the financial system, individual privacy, and the sovereignty of the United States" [source 11].

RESULTS AND CONCLUSIONS

For over 70 years, the US dollar has been a key element of the international monetary system, serving as the most important reserve asset. However, the global economy is constantly evolving: the emergence of increasingly open financial systems in many countries and the development of innovative financial technologies are inevitably altering the currency landscape. Given the inertia characteristic of changes in reserve currency status, the change in the structure of currency reserves could proceed very gradually if the US did not provoke the weakening of the dollar's position with its own policies.

After the collapse of the gold standard in its classical form and the establishment of the Bretton Woods monetary system, in which gold played a purely nominal role and no longer performed monetary functions, the US long tried to convince the world that "the dollar is as good as gold", and seemed to have succeeded in it. However, unlike the precious metal, modern paper (fiat) money has no intrinsic value. Other countries' use of a particular national currency as a reserve asset is largely based on trust in it, that is, on confidence in the issuing country's ability and willingness to maintain its stability and liquidity. The actions taken by the US in recent years to achieve its foreign policy goals through financial sanctions, including through the use of the dollar's dominant position, inevitably undermine confidence in it. As of the beginning of 2025, 37 countries were subject to various types of US sanctions. "As a response, while countries were asking who could be the next to be sanctioned, central banks have tried to diversify their foreign exchange holdings" [16, p. 7]. Therefore, in the current environment, the forecast made by IMF experts several years ago looks increasingly realistic: "Rising geopolitical tensions could trigger strategic shifts in reserve holdings" [5, p. 33].

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