

The Political Economy of De-Dollarization: Navigating the Currency Shift under BRICS

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Abstract

The United States' dollar has long maintained a position of primacy within the global financial & monetary system and international trade governance architecture. However, the BRICS (Brazil, Russia, India, China, and South Africa) is actively endeavouring to restructure its reliance on the US dollar in global trade, promoting local currency transactions and developing alternative financial infrastructure to diminish the dollar's hegemonic role. This strategic realignment is driven by a desire for enhanced financial autonomy and reduced vulnerability to external monetary policy decisions. The de-dollarization process has the potential to recalibrate the global economic order, eroding US influence on international trade and finance. This study assesses the BRICS' de-dollarization efforts and their implications for the international trade and global financial architecture. The expansion of BRICS, bolstered by the inclusion of Egypt, Indonesia, Ethiopia, Iran, and the UAE (BRICS+), amplifies the bloc's economic influence and revitalizes its pursuit of a robust alternative to the existing global trade and financial arrangement. The BRICS+ is spearheading a paradigm shift in the global financial landscape, aggressively advocating for alternative currencies, payment systems, and financial institutions that challenge the dollar's dominance. However, this ambitious endeavour has pressing challenges, necessitating deep economic integration, robust financial infrastructure, and coordination among BRICS+ nations. The BRICS' de-

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dollarization initiative has the potential to disrupt the existing financial paradigm, recasting the global economic order and ushering in a new era of multi-polarity that could redefine the global balance of power. This study contributes to the critical discourse on global trade and finance, highlighting the BRICS' efforts to craft a more diverse, inclusive, and sustainable financial system that could reshape the global economic landscape.

Keywords: De-dollarization; Global Financial System; Trade Dynamics; BRICS; Global Economic Order; Multi-polarity

1. Introduction

A currency's global stature is substantially bolstered by its role in international trade, where it functions as a medium of exchange and unit of account, thereby catalyzing demand for its use (Auboin, 2012). Centuries of global economic evolution have crafted a hierarchical arrangement, with certain currencies reigning supreme in international trade owing to their perceived value and trustworthiness, resulting in an uneven landscape where nations rely heavily on these dominant currencies for international transactions. In this connection, United States' (US) dollar has long been dominating the international transactions. The dollar has retained its status as the world's primary reserve currency since World War II, commanding a substantial majority of global foreign exchange reserves at 58%, share in export invoicing at 54% and share in foreign exchange transactions at 88% with the Euro, the next most widely held reserve currency, accounting for a considerably smaller share of 20%, 30% and 31% respectively (Atlantic Council, 2025). The dollar's hegemonic status in international transactions has continued for an extended duration, with the currency playing a critical position in global trade, investment, and reserve requirements. The dollar's stability, liquidity, and widespread acceptability have strengthened its position as the preferred currency for cross-border transactions, trade settlements, and foreign exchange reserve holdings (Bertaut, et al., 2025). Its dominance in global markets has been a longstanding phenomenon, remarkably enduring even as the US economy's share of global output has gradually declined over the past twenty years, highlighting the dollar's persistent and disproportionate influence in

international trade and finance (Arslanalp et al., 2022). However, the changing global financial and monetary landscape re-oriented dependence on US' dollar for international trade and financial transactions. The process of reducing dependence of US dollar in the international transactions is known as de-dollarization.

The declaration by Russia and China, signalling their intention to phase out the US dollar in bilateral transactions represents a notable milestone in the evolving landscape of de-dollarization (Chabarovskaya, 2025). A perfect storm of geo-economics and monetary shifts has converged, precipitating urgent calls for multilateral reform amidst increasingly complex global dynamics. Within this turbulent milieu, China, as the economic linchpin of BRICS, is charting a new course, spearheading groundbreaking initiatives that leverage local currencies in trade and policy, poised to potentially reshape the global economic architecture (Johnston, 2024a). This strategic shift reflects BRICS' commitment to reshaping global economic governance and promoting a more inclusive international financial architecture. The BRICS group is set to transform its financial landscape by starting with bilateral implementations and potentially expanding to broader multilateral use among its members. In this connection, BRICS has challenged the Bretton Woods institutions (the World Bank and the International Monetary Fund (IMF) through its New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA). The BRICS expansion injects fresh momentum into the bloc's quest for a multi-polar world order, leveraging the collective economic prowess of its new member states. With the addition of key nations like Egypt, Ethiopia, Indonesia, Iran, and the UAE, BRICS Plus is poised to redefine global economic dynamics and challenge the status quo. The BRICS monetary agenda is a major drive to restructure the global financial architecture, aligning it with the evolving landscape of international economics and politics, and giving emerging markets a stronger voice in global economic decision-making. Raising status of BRICS' agenda is bringing attention to the flaws of the Bretton Woods institutions, prompting attempts to create alternative institutional arrangements, nevertheless, it appears that these efforts will unlikely yield smooth displacement of the existing system challenging the dollar diplomacy, due to the complexity of the global financial system and geo-politics (Johnston, 2025). In addition, the Society for Worldwide Interbank Financial Telecommunication (SWIFT) framework enables to communicate and transfer funds efficiently and securely globally. Being the central component of the international

financial system, SWIFT allows countries and businesses to conduct trade and financial transactions; however, it has been used as a potent instrument for sanctions (Iran, Russia, and North Korea) to leverage geopolitical dominance dictating the terms of international relations. BRICS thus resorted to endorsing alternative payment systems and strengthening global financial governance through NDB, CRA, and local currency trade to foster economic collaboration and south-south cooperation for a multi-polar world order. These initiatives aim at lessening the vulnerability to external economic pressures, boosting their global influence and bargaining power and fostering sustainable development and economic growth. However, the quest for de-dollarization is a multifaceted and ambitious enterprise that is hampered by significant challenges, including the need for deep economic integration, robust financial infrastructure, and enhanced coordination among BRICS+ nations, which must navigate intricate economic interdependencies, develop new financial frameworks, and harmonize policies to reduce dependence on the US dollar and promote financial stability, thereby necessitating a high degree of cooperation and collective action to overcome the technical, economic, and geopolitical barriers that stand in the way of achieving a more diversified and resilient global financial system. BRICS is dynamically working to reorganize their dependence on the US dollar in global trade by promoting local currency trade and developing alternative financial infrastructure, aiming to decrease global dependence on dollar. This rearrangement is driven by the aspiration for greater financial autonomy and reduced exposure to external monetary policy decisions. Admitting these facts, the major objectives of this study are evaluating BRICS' efforts towards de-dollarization and its implications for international trade and global financial architecture and examining the challenges and complexities associated with the BRICS nations' de-dollarization efforts to successfully navigate this transition.

The rest of the paper is organized as follows: Section 2 covers comprehensive survey of relevant literature. Methodology is discussed in Section 3. Section 4 underlines global monetary and financial landscape. BRICS' de-dollarization trajectory is explained in Section 5, while Section 6 comprises findings and discussion. Finally, Section 7 encloses concluding observations of this study.

2. Literature Review

With a robust economy, stable institutions, and openness to global trade and investment, the US dollar has maintained its position as the world's leading currency for over three-quarters of a century (Eichengreen, 2011). The dollar and euro currently dominate international trade invoicing, but the Chinese RMB is poised to become a major settlement currency in the long term, driven by government policy and market trends. The dollar-euro duopoly remains stable due to network effects and limited international currency options (Auboin, 2012). The US dollar has been the most preferred currency worldwide for foreign exchange reserves. Unless a significant and enduring shock that undermines the US dollar's value and appeal while simultaneously boosting alternatives, the dollar's status as the world's premier international currency will likely persist, providing stability and continuity in global finance for the foreseeable future (Bertaut, et al., 2025).

The BRICS financial schema assumes a critical role within the paradigm of global monetary reform, traversing the evolving dynamics of international geo- economy. This agenda seeks to recalibrate the existing international monetary architecture, endorsing a multi-polar system that mirrors the shifting global economic landscape. The acceptance of local currencies in transactions among BRICS+ nations is expected to diminish transaction costs and mitigate reliance on external currencies, thereby enhancing regional financial autonomy (Johnston, 2024b). The quest to de-dollarize has been gaining momentum worldwide for nearly a decade (Tripathi, 2025). It implies a shift away from the US dollar's dominance in global transactions, reserves, and trade. The imperative to strengthen the global financial framework against vulnerabilities is a pressing concern for upholding global economic order in the long term. The expected decline in trust in the SWIFT arrangement has come to an end, resulting in a potentially everlasting loss of confidence. Moreover, the shift towards de-dollarization is not a unilateral manoeuvre, but rather an endogenous response to discernible patterns, which will likely continue in shaping the global financial landscape. Moreover, the apparent abdication of the US' responsibility in upholding a stable global currency has sparked a search for alternatives. While a gold-backed BRICS currency has not succeeded to gain momentum. Consequently, national currencies are emerging as potential for transactions (Poenisch, 2025). As part of economic cooperation, BRICS+ are looking into ways to boost the use

of their local currencies for trade settlements, thereby minimizing the role of global currencies like the US dollar and Euro. Moreover, SWIFT's role in enforcing economic sanctions has made it a powerful tool for geopolitical leverage. Being cut off from SWIFT can have severe economic consequences, including trade disruptions and isolation from global markets. BRICS countries are fundamentally drafting a new course, seeking alternatives to the existing payment systems and currency frameworks, and diverging from the macroeconomic stability paradigm established by Bretton Woods's arrangement (Johnston, 2025). The BRICS is embracing a paradigm shift, pursuing innovative payment solutions and currency arrangements. The fault lines of geo-economic, technological, and monetary upheaval have converged, igniting a clarion call for multilateral reform. Amidst the turbulence, China, the economic juggernaut at the heart of BRICS, is forging ahead with visionary initiatives that harness the power of local currencies, setting the stage for a seismic shift in the global economic landscape (Johnston, 2024a). Increasing intra-BRICS trade can diminish the dominance of the US dollar in transactions, particularly in the short term, through bilateral agreements, local currency trade, and currency swaps, ultimately fostering long-term trade partnerships and diversified reserve holdings without dollar accumulation (Fliagin & Abdulganiyu, 2025). The New Development Bank (NDB) is a cornerstone of the collaborative efforts under the BRICS in global economic cooperation, pioneering a unique development financing model. Despite the complexities of economic convergence and policy alignment, the bank's initiatives are significant strides toward a more integrated future. The NDB's success is pivotal in shaping the BRICS economies' future and potentially establishing a common currency, marking a new era in global economic cooperation (Nach & Ncwadi, 2024).

Despite the BRICS' vocal advocacy for a multi-polar world, progress towards de-dollarization remains elusive. National interests, trade dependencies, and the looming threat of US sanctions have stifled collective action, revealing disconnect between rhetoric and reality (Toussaint, 2025). US President Donald Trump has warned that the US stipulates unwavering loyalty from the BRICS to either cease efforts to develop alternative currencies challenging the dollar's dominance, or risk facing crippling tariffs and losing access to the huge US market. It's time for BRICS nations to choose or face severe economic consequences, including 100% tariffs and exclusion from the US

market. The era of tolerating dollar-dethroning ambitions is over. Economies that rely heavily on the US dollar or euro for trade invoicing tend to experience greater price volatility in imports due to exchange rate fluctuations, thereby, their trade volumes more significantly impacted by changes in the exchange rates (Boz et al., 2022). This underscores the importance of exchange rate management for countries with significant foreign currency-denominated trade.

The BRICS de-dollarization initiative is a strategic endeavour to challenge the U.S. dollar's dominance in global finance, promoting economic independence and resilience against dollar-driven volatility. By advocating for local currency usage and establishing alternative financial institutions, BRICS seeks to reshape the global economic architecture, fostering a multi-polar financial system that enhances the financial sovereignty of developing nations and promotes a more inclusive and equitable international economic order (Arnold, 2024). In order to thrive in dynamic environment, BRICS Plus and other emerging economies should prioritize reducing dollar dependency, cultivating regional financial resilience, and skilfully managing geopolitical intricacies. A combination of flexibility, cooperation, and forward-thinking risk management will be essential for successfully traversing this complex terrain (Saaida, 2024). The pursuit of de-dollarization, while ambitious, is fraught with significant challenges and complexities. These impediments underline the need for profound economic integration, resilient financial architecture, and enhanced coordination among BRICS+ nations.

3. Methodology

The methodology proposes a robust and comprehensive approach to investigating the complex associations between de-dollarization initiatives and the evolving international economic paradigm, thereby providing a nuanced understanding of the complex dynamics at play. This study adopts a descriptive analytical framework to examine the factors shaping the de-dollarization agenda under the BRICS framework. This framework facilitates a thorough examination of the multifaceted implications of de-dollarization efforts, ultimately yielding a rich and contextualized analysis of the shifting international economic landscape. It embarks on a critical exploration of the evolution of the global

monetary and financial order, tracing the trajectory of the Bretton Woods institutions (the International Monetary Fund and the World Bank) and the SWIFT network, while also delving into the geo-economics of dominant currencies and the supremacy of the US dollar. Further, it meticulously maps the BRICS' concerted efforts towards de-dollarization, offering a nuanced understanding of the shifting paradigms of international trade and transactions, as the global financial landscape undergoes a profound transformation.

4. Global Monetary and Financial Landscape

4.1. The Evolution of IMF

The Bretton Woods conference (the United Nations Monetary and Financial Conference) held in July 1944 brought together 44 nations, shaping a new global financial order. This historic meeting gave origin to the International Monetary Fund (IMF) and the World Bank (WB) Group, establishing a framework for international finance and currency convertibility. The arrangement lasted until the system's collapse in 1971. The breakdown of the fixed exchange rate regime led to the emergence of a floating exchange rate system, which has persisted as the dominant framework for international currency exchange.

The IMF officially began operating in December 1945, after twenty-nine countries ratified its Articles of Agreement, marking its formal establishment. The IMF works to promote global economic stability and cooperation, aiming to achieve sustainable growth and improved living standards for its member countries through policy support and financial guidance that prioritizes economic resilience and job creation (International Monetary Fund, 2025a). The IMF exercises oversight of the global economic system covering global, regional, and country-specific monitoring. By scrutinizing countries' economic and financial policies, it identifies potential vulnerabilities and provides tailored policy recommendations to foster stability, mitigate risks, and sustain economic growth.

In 1969, the IMF introduced the Special Drawing Right (SDR) as an additional reserve asset, at a time when currencies were pegged to gold and the US dollar dominated as a

reserve asset, with the SDR's value initially tied to a specific amount of gold equivalent to one US dollar. Following the collapse of the fixed exchange rate system in 1973, the IMF redefined the SDR as a composite unit of account, pegged to the value of a diversified basket of major world currencies including the US dollar, euro, Chinese renminbi, Japanese yen, and British pound. Notably, the SDR is not a currency in its own rather a unique international reserve asset that can be exchanged for convertible currencies as required. As a unit of account, the SDR plays a crucial role in the financial operations of the IMF and various other international organizations, providing a stable reference point for financial transactions and accounting purposes (International Monetary Fund, 2025b). On August 1, 2022, the IMF has allocated the following weights to the five currencies comprising the SDR valuation basket, reflecting their significance in global trade and finance represented in Table 1.

Table 1: Currency Weights in SDR

Sr. No.	Currency	Weights (2022)	Fixed Number of Currency Units
1	US dollar	43.38	0.57813
2	Euro	29.31	0.37379
3	Chinese Renminbi	12.28	1.0993
4	Japanese Yen	7.59	13.452
5	Pound Sterling	7.44	0.08087

Source: International Monetary Fund (2025b)

The IMF's governance structure diverges from that of the United Nations General Assembly, as voting power and decision-making authority are weighted according to member countries' relative economic standings. Consequently, the IMF strives to adapt its governance framework to reflect the evolving global economic landscape, particularly the growing influence of emerging market and developing economies. The IMF's supreme decision-making body, the Board of Governors, comprises representatives from each member country (one governor and an alternate governor), typically the finance minister or central bank governor. With all IMF powers vested in it, the Board may delegate most authority to the Executive Board, reserving key decisions for it, and convenes annually. The Table 2 outlines the quota and voting shares held by IMF member countries. Total 191 member countries of the IMF have SDRs quota with US

tops the list with a quota of 17.42% and vote share of 16.49%, followed by Japan (6.47% and 6.14%), China (6.40% and 6.08%), Germany (5.59% and 5.31%), France (4.23% and 4.03%) and United Kingdom (UK) (4.23% and 4.03%). Other founding BRICS members' quotas and vote shares range between 2.75% (India) to 0.64% (South Africa) and 2.63% to 0.63% respectively.

Table 2: Voting Powers under the IMF

Sr. No.	Countries	SDR Quota (%)	Votes (%)
1	USA	17.42	16.49
2	Japan	6.47	6.14
3	China	6.4	6.08
4	Germany	5.59	5.31
5	France	4.23	4.03
6	UK	4.23	4.03
7	Brazil	2.32	2.22
8	Russia	2.71	2.59
9	India	2.75	2.63
10	South Africa	0.64	0.63

Source: International Monetary Fund (2025c)

4.2. The Evolution of World Bank

The second institution which was the outcome of the Bretton Woods conference was the International Bank for Reconstruction and Development (The World Bank) aims to rebuilding the countries destroyed by war and fostering the economic development (World Bank, 2025). The International Bank for Reconstruction and Development (IBRD) was originally established to fund Western Europe's post-war reconstruction, but its mandate later broadened to include global development projects, prompting a rebranding as the World Bank (Ursu, 2024). With currently 189 member countries, function as shareholders of the World Bank represented by a Board of Governors, the highest decision-making body, typically comprised of finance or development ministers from each member nation. The Board convenes annually at the joint annual meetings with the IMF, facilitating high-level discussions and strategic decision-making. The Boards of Executive Directors are composed of representatives appointed or elected by the member countries, to which powers are delegated by the Boards of Governors. Pursuant to the

IBRD Articles of Agreement, the five largest shareholders appoint an Executive Director each, while the remaining member countries elect additional representatives, resulting in a current Board composition of 25 Executive Directors. The current voting powers of executive directors of the IBRD are summarized in Table 3. United States with the voting share of 16.22% tops the chart followed by Japan and China with 6.98% and 5.84% share respectively. Within the BRICS grouping, India holds a 3.60% vote share, ranking second only to China.

Table 3: Voting Powers of the IBRD's Executive Directors

Sr. No.	Directors appointed by	Voting Power (%)
1	USA	16.22
2	Japan	6.98
3	China	5.84
4	Germany	4.16
5	France	3.81
6	UK	3.81
7	Brazil	3.46
8	Russia	3.09
9	India	3.6

Source: World Bank (2025)

4.3. Diplomacy of Cross-border Payment Infrastructure

The Society for Worldwide Interbank Financial Telecommunication (SWIFT) serves as a critical digital infrastructure for international finance, providing a secure platform for financial institutions to exchange information and conduct transactions. Since its inception (239 Banks and 15 Countries) in 1973 in Belgium, SWIFT has become an indispensable tool for global trade and transactions (Cipriani et al., 2023). It is a trusted global network that enables seamless and secure financial transactions for individuals and organizations. SWIFT's commitment to resilience, security, and innovation empowers frictionless transactions, robust cyber defences, and interoperability across global financial environment (SWIFT, 2025a). SWIFT enables the global exchange of value without directly transferring funds; instead, its secure messaging system facilitates the exchange of payment instructions between banks and financial institutions which then

execute the actual transactions. Today, SWIFT's huge network spans 11,500 banking and financial institutions across over 200 countries and 40,000+ payment routes, facilitating transactions equivalent to the global GDP every three days (SWIFT, 2025a). With a global footprint spanning 26 offices worldwide, SWIFT is headquartered in Belgium and operates as a central provider of financial messaging services. It is strategically overseen by central banks of the G10 nations, underscoring its critical role in the international financial landscape. More recently, SWIFT has become a potential tool for international diplomacy (Cipriani et al., 2023). In response to international community mandates, European Union (EU) Regulations and Belgian directives, SWIFT has imposed sanctions in the form of disconnecting banks and financial institutions from its network. These sanction's cases are reported in Table 4. Countries like Iran (2012), North Korea (2017), Belarus (2022) and Russia (2022 and 2025) have faced sanctions by SWIFT restricting their access to the global financial network.

Table 4: Global Financial Sanctions through SWIFT

Cases	Year	Sanctions
Case 1	2012	In response to intensified international mandate (the US) against Iran in 2012, the European Union enacted Regulation 267/2012, requiring SWIFT to cease services to sanctioned Iranian banks (including the Central Bank). SWIFT complied with the regulation and disconnected the concerned banks from its network.
Case 2*	2017	Belgium choose not to provide SWIFT network services to specific North Korean banks in 2017 based on the UN sanctions resulting in their removal from the network. Subsequently, SWIFT removed remaining banks from its network.
Case 3	2022	In alignment with international mandate for sanctions against Russia, SWIFT complied with EU regulations (EU Council Regulation (EU) 833/2014) by disconnecting targeted Russian financial institutions and their Russian-based subsidiaries from its network. Moreover, SWIFT also disconnected earmarked Belarusian entities and Belarus-based subsidiaries, adhering to separate EU directives (EU Council Regulation (EU) 765/2006).
Case 4	2025	The EU sanctions against Russia in March and July 2025, with EU Council Regulation (EU) 833/2014 and (EU) 2025/1494 directed SWIFT from servicing designated Russian entities. As a result, SWIFT restricted their access to its network by blocking transactions with them.

Source: SWIFT (2025b) and *Cipriani et al. (2023)

4.4. Understanding the Currencies' Geo-Economics

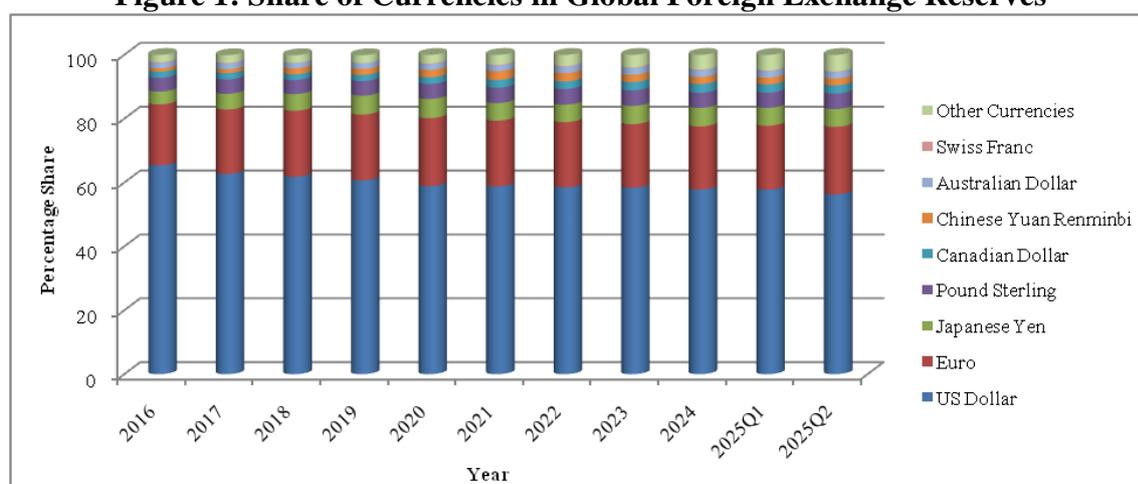
US dollars dominate global transactions including foreign exchange reserves, export invoicing and foreign exchange transactions. The data on global nominal foreign exchange reserves are summarized in Table 5, while a comparative breakdown of their

shares are illustrated in Figure 1. United States' dollar share in global foreign exchange reserves (allocated foreign exchange reserves) stood at USD 6.6 Trillion (USD 6629.98 Billion) in 2024, increased from USD 5.5 Trillion (USD 5501.9 Billion) in 2016; an increase of almost 21%. However, relative share has declined from 65% to 58% during the same period. This phenomenon can be attributed to two primary factors: the appreciation of reserve currencies relative to the US dollar and shifts in countries' reserve portfolio allocations. For instance other currencies (the Euro, Yen, Pound, etc.) have increased in value compared to the US dollar implying that when these currencies are held as reserves, their value increases, underscoring to the overall change. Secondly, economies may be adjusting their reserve holdings, preferring to hold more or less of certain currencies. This rebalancing act can also affect the overall composition and value of their reserves. Other major currencies like Euro, Yen, Pound, Canadian dollars, Yuan, Australian dollar, Swiss Franc's total allocated foreign exchange reserves have also increased. Euro is the second most preferred currency for official reserves holdings globally accounting for around 20% share, followed by Yen (5.8%), Pound (4.7%) and Canadian dollar (2.8%) during 2024. However, the most significant change has been seen for Chinese Yuan Renminbi, with an increase of 2.75 times in nominal terms and almost doubled in relative share during 2016-2024. Share of other currencies increased to roughly 5% in 2024-25 from below 3% till 2020 (2.3% in 2016, and 2.7% in 2020). The unallocated foreign exchange reserves for all currencies declined sharply to around 7% in 2024 from more than 21% in 2016. Moreover, China's Renminbi accounts for global foreign exchange reserves at 2%, share in export invoicing at 4% and share in foreign exchange transactions at 7% (Atlantic Council, 2025). The US dollar remains a dominant global vehicle currency for trade invoicing, whereas the euro's usage is more regionally concentrated (Brüggen et al., 2025).

Table 5: Global Nominal Foreign Exchange Reserves (Billion USD)

Indicator	Currency (Claims in)	2016	2020	2024	2025Q1	2025Q2
Allocated Foreign Exchange Reserves	US Dollar	5501.93	6990.85	6629.98	6725.2	6773.34
Allocated Foreign Exchange Reserves	Euro	1611.03	2526.41	2275.62	2327.97	2540.43
Allocated Foreign Exchange Reserves	Japanese Yen	332.76	715.35	667.01	651.25	670.07
Allocated Foreign Exchange Reserves	Pound Sterling	365.86	561.39	542.75	551.23	580.23
Allocated Foreign Exchange Reserves	Canadian Dollar	163.14	246.57	318.07	306.16	313.83
Allocated Foreign Exchange Reserves	Chinese Yuan Renminbi	90.78	271.6	249.89	247.21	255.37
Allocated Foreign Exchange Reserves	Australian Dollar	142.3	216.87	235.46	235.06	250.94
Allocated Foreign Exchange Reserves	Swiss Franc	13.69	20.74	20.48	21.2	19.54
Allocated Foreign Exchange Reserves	Other Currencies	196.35	314.63	532.89	572.42	621.71
Allocated Foreign Exchange Reserves	All Currencies	8417.85	11864.4	11472.2	11637.7	12025.5
Unallocated Foreign Exchange Reserves	All Currencies	2302.79	837.89	892.46	902.23	919.31
Total Foreign Exchange Reserves	All Currencies	10720.6	12702.3	12364.6	12539.9	12944.8

Source: IMF COFER Database

Figure 1: Share of Currencies in Global Foreign Exchange Reserves

Source: IMF COFER Database

5. BRICS' De-dollarization Trajectory

The BRICS comprising Brazil, Russia, India, China, and South Africa, constitutes a pivotal association of growing economies exerting considerable influence on the global stage, particularly in the realms of geo-economics and geo-politics (Patrick, 2024). BRICS account for a substantial portion of the world's population, territory, economic output, and trade, with staggering figures of 49%, 36%, 39%, and 23%, respectively, underscoring their growing global influence (Central Bank of Brazil, 2025). Originally envisaged as BRIC in 2006, the grouping expanded to include South Africa in 2010, thereby adopting its current nomenclature as BRICS. In 2017, the expansion of the BRICS to include more countries was envisioned making it as BRICS Plus (Egypt, Indonesia, Ethiopia, Iran, and the UAE). The BRICS expansion has sparked optimism among developing and emerging nations, who see it as an opportunity to gain greater representation and influence in the global order, reshape international frameworks to prioritize their interests, access new economic cooperation and financing options without stringent conditions, and reduce their dependence on Western powers, thereby asserting greater autonomy and self-determination in their development trajectories (Kanter, 2025). Through its strategic objectives, BRICS seeks to cultivating economic cooperation and development, strengthen its global presence and voice, and facilitate collaborative enterprises in trade, investment, and technological innovation (Bhowmick, 2024). In essence, the BRICS is viewed as a potential game-changer for the Global South, offering new opportunities for economic growth, political empowerment, and a more balanced global order.

Noteworthy initiatives, including the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA) in 2015, underscores the BRICS' commitment to shaping global governance, trade, and economic policies, thereby redefining the contours of global economic architecture. The NDB spearheads innovation, collaboration, and meaningful impact as a beacon of multilateral development for the Global South (NDB, 2023). It is a groundbreaking multilateral institution founded by the BRICS nations to catalyze infrastructure growth and sustainable development in emerging markets and developing countries thereby reducing dependence on the World Bank. The New Development Bank is empowered with an initial authorized capital of \$100 billion, comprising \$50 billion subscribed by the founding members of BRICS (NDB, 2023). Its

strategic focus is on key sectors that drive infrastructure growth and sustainable development, ensuring targeted and impactful interventions, however, NDB is committed to other areas such as clean energy and efficiency, transport infrastructure development, social infrastructure, digital infrastructure, water, sanitation and environmental protection among others. The Bank has made significant strides, approving 120 projects and committing USD 39 billion in financing to drive impactful development (NDB, 2023). The second BRICS' financial institution, the Contingent Reserve Arrangement (CRA) offers a safety net for member countries by providing liquidity support through currency swaps, helping them navigate balance of payments crises (PIB, 2015). The CRA is mandated to serve as a vital lifeline for BRICS members, offering a safety net in times of financial stress. By reducing dependence on the IMF, where emerging economies' voice is limited, the CRA will foster greater economic cooperation and strengthen their position within the BRICS framework. With a \$100 billion fund, the CRA offers a vital lifeline to member countries facing short-term liquidity challenges, including balance of payment difficulties (Central Bank of Brazil, 2025).

The BRICS nations are focusing on three key initiatives to de-dollarization: developing a unified currency, promoting local currency usage in international and intra-BRICS trade, and establishing integrated payment systems leveraging technological innovation. During the course of rising geopolitical tensions and the escalating use of economic sanctions, the BRICS is doubling down on its exploration of a unified currency, a shift that hunt for mitigating the risks and vulnerabilities intrinsic in the existing global financial architecture. The proposed common currency would be anchored to a diversified basket of BRICS' national currencies, fostering equilibrium and parity among member nations (BRICS, 2025). Further, platforms like BRICS-Pay would enable seamless transactions, bypassing traditional Western intermediaries like SWIFT framework. By tapping into modern technological advancements, this initiative would utilize block chain and central bank digital currencies as its foundational infrastructure, enabling real-time transactions. The mBridge system, a groundbreaking initiative has already demonstrated the potential of this approach (Manini, 2024; Bank for International Settlements, 2022). Moreover, BRICS Pay is revolutionizing cross-border transactions by connecting national payment systems and enabling local currency settlements. The Brazil-China currency swap Agreement (signed in May 2025 for an initial period of five years validity), is a major

example, with billions in trade being performed without dollar intermediation. Other initiatives include Brazil's pioneering Pix payment platform which is being showcased as a model for international cooperation (Mukherjee & Arkalji, 2026; Duarte et al., 2022). With ongoing negotiations to integrate Pix with Indian and Egyptian systems, the platform is poised to expand its footprint to 15 partner countries, solidifying Brazil's position in digital payment innovation. China is also driving a strategic initiative to boost the renminbi's global footprint, responding to increasing uncertainties concerning the US dollar's long-term prospects. This initiative spans investment products and critical infrastructure, including a global network of Yuan-clearing banks and Cross-Border Interbank Payment System (CIPS), an arrangement designed to rival SWIFT and enable efficient renminbi transactions worldwide (Bag, 2025). Owing to de-dollarization efforts, out of total intra-BRICS trade, 30% of transactions taking place in local currencies (BRICS, 2025).

While the aspiration to reduce dollar dependency is clear, entirely phasing out the dollar from trade and transactions might be a complex and challenging endeavour. The BRICS is facing strains due to diverging political interests, exemplified by India's partial withdrawal of support in 2025, stemming from concerns that China's growing influence could lead to Yuan dominance. Initially cautious, India has shifted gears to actively engage with the BRICS platform. India is reluctant to displace the dollar as the global reserve currency, it advocates for exploring local currency alternatives to intra-BRICS and international trade. The NDB is proactively addressing risk concerns through comprehensive studies. Its \$10 billion funding commitment in 2025, prioritizing local currency settlements, is set to catalyze a new wave of infrastructure projects, driving progress and innovation (BRICS, 2025). Despite challenges persist; the strides made by BRICS' members so far are remarkable. Noteworthy progress has been achieved, indicating resilience and determination among member nations. The impetus to de-dollarization is palpable, and the progress serves as a testimony to the mutual efforts and shared vision of the participating countries.

6. Findings and Discussion

Since World War II, the US dollar has maintained its position as the top global reserve currency, with a dominant share of 58% of foreign exchange reserves. It has long occupied a preeminent position in international transactions, functioning as the dominant currency for global trade, investment, and reserve accumulation. The dollar's enduring global supremacy stems from the US economy's growth & size, stability, and commitment to trade.

The International Monetary Fund (IMF) strives to foster sustainable economic growth and prosperity by promoting policy frameworks that underpin financial stability and monetary cooperation. The World Bank on the other end was initially established to rebuilding the Western European countries destroyed by war, however, shifted to global economic growth & development. The IMF and World Bank are often viewed as institutions that reflect Western interests, given their voting structures that tend to favour developed countries. Nevertheless, role of SWIFT in enforcing economic sanctions has significant implications for countries like Iran, Russia, and North Korea. Losing access to SWIFT can severely impact a nation's economy, causing trade and financial transaction disruptions, and potentially leading to global economic isolation. Mitigating vulnerabilities within the international financial framework is essential for sustaining global economic stability in the long run. The anticipated erosion of confidence in the SWIFT has indeed materialized, yielding potentially irreversible consequences.

The momentum towards de-dollarization is not an isolated phenomenon, but rather a systemic response to observable trends, which will likely continue to unfold. However, a potential downside is that these new payment arrangements could fragment the system, resulting in increased costs and reduced efficiency. When considering the introduction of a new currency for trade and transactions, it's more practical to use existing local currencies, since this approach can simplify transactions, reduce exchange rate risks, and increase efficiency, eventually facilitating smoother international trade and economic exchange and also serve as a viable alternative to the US dollar.

The BRICS expansion undoubtedly signifies a significant stride towards a multi-polar world, thereby paving the way for a new global order. Whilst the BRICS champion a

multi-polar order in theory, their collective push for de-dollarization is hindered by individual interests, reliance on international trade, and apprehensions about US retaliation. This divergence between aspiration and action underscores the complexities of multilateral cooperation. The quest for de-dollarization, though ambitious, is beset by formidable hurdles and intricacies, underscoring the imperative for deepened economic integration, robust financial frameworks, and seamless coordination among BRICS+ nations to navigate this complex landscape.

7. Concluding Observations

BRICS emerged as a response to the Western world's longstanding influence over global economic institutions and decision-making processes. The BRICS nations are spearheading a seismic shift in the global financial landscape, aggressively pushing for alternative payment systems, currencies, and financial institutions that directly challenge the dollar's long-standing dominance. The push for de-dollarization involves BRICS countries promoting regional currencies and financial structures to reduce dependence on the US dollar. BRICS nations are fostering a more diverse global financial system by encouraging trade in local currencies and creating alternative payment frameworks. Reducing dollar dependency might alter the geopolitical landscape, potentially curtailing US as monetary and financial authority.

The BRICS monetary agenda marks a strenuous attempt to restructuring the global monetary system, driven by shifting power dynamics and the rising aspirations of emerging economies seeking greater control in global economic governance. Deeper economic integration within BRICS through regional currency arrangements can promote currency harmonization, reduce reliance on the US dollar, and ensure economic stability among member countries. Embracing existing local currencies for trade and transactions is a pragmatic approach, as it streamlines processes, mitigates exchange rate risks, and boosts efficiency, ultimately fostering seamless international trade and economic cooperation while offering a viable alternative to the US dollar.

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