

Will the US dollar be dethroned?

Andreea Grivincă *Student moderator*

Julia Symon *Head of Research and Advocacy at Finance Watch*

Brunello Rosa *Honorary Visiting Professor at City University London
& CEO and Head of Research at Rosa & Roubini*

Tamara Schmidt *Executive Director at Digital Euro Association*

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30 January 2026



Who we are

Finance Watch is an independent non-profit organisation, founded in 2011 to make finance serve society and the environment by defending public interest in the field of financial regulation.



Staff: 17

Civil society Members: 110

EU Countries represented: 20



What we do

- **Research** - Develop a vision for finance to serve society | Review EU legislation and propose new policies.
- **Advocacy** - Interact with policymakers to bring about change | Debunk misleading arguments from vested interests.
- **Networking** - Act as a hub for NGOs and expert members across Europe | Build capacity in civil society to speak up on finance.
- **Communication** - Illustrate how the financial system impacts society | Explain the mechanisms of finance in an accessible way.
- **Campaigns** - Organise members around collective targets | Mobilise citizens to increase pressure for change.



Current priority areas of work

We cover most financial reform thematic areas via our five active workstreams as presented on our [*homepage*](#)



Digitalisation
protect public interest in the age
of digitalisation



Retail & Inclusion
address financial exclusion and
over-indebtedness



Public Finance
modernise EU public finance rules
for today's challenges



Stability & Supervision
Safeguard financial stability
and protect citizens



Sustainable Finance
enable a safe transition towards a
sustainable economy

Financial system that serves society

- provides the necessary services to citizens to participate in society and secure their future (savings and investments)
- supports the real economy (companies) to produce/provide services, innovate
- allocates money (as a public good) in accordance with democratically determined objectives

Policy considerations

- consumer protection
- stability
- competition
- price stability
- credit allocation (outside the current paradigm)

... and increasingly

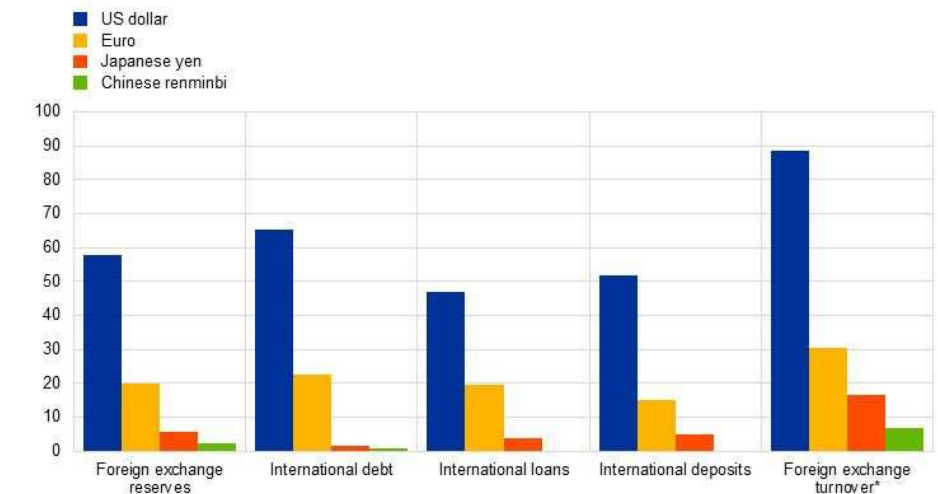
- “(strategic) autonomy”
- “sovereignty”
- Financial system as an instrument of geopolitical power

Foundations for the international role of the currency*: is USD at risk?

- **Geopolitical** (role in global trade, military alliances):
 - Trump's tariffs & undermining of NATO
- **Economic** (domestic economy growth, financial markets & financial system infrastructure (incl. payments), safe asset provision):
 - weakening US economic foundations, mounting debt
- **legal** (strength of institutions, rulemaking):
 - undermining rulemaking processes & central bank independence

Snapshot of the international monetary system

(percentages)



Source: [ECB](#)

*Earning influence: lessons from the history of international currencies, Speech by Christine Lagarde, President of the ECB, at an event on Europe's role in a fragmented world organised by Jacques Delors Centre at Hertie School in Berlin, Germany

ALL OF THE WORLD'S Publicly-Traded Companies

2025

TOTAL GLOBAL
EQUITY MARKET CAP

\$123.6T

MARKET SHARE (%)



EU & ENVIRONS



UNITED STATES

\$0.1T
423

EAST EUROPE
& RUSSIA



CHINA



INDIA



AFRICA &
MIDDLE EAST



JAPAN



REST OF ASIA



AUSTRALIA &
NEW ZEALAND



LATIN AMERICA
& CARIBBEAN



CANADA



UK

Source: Aswath Damodaran

Percentages don't add to 100 due to rounding.

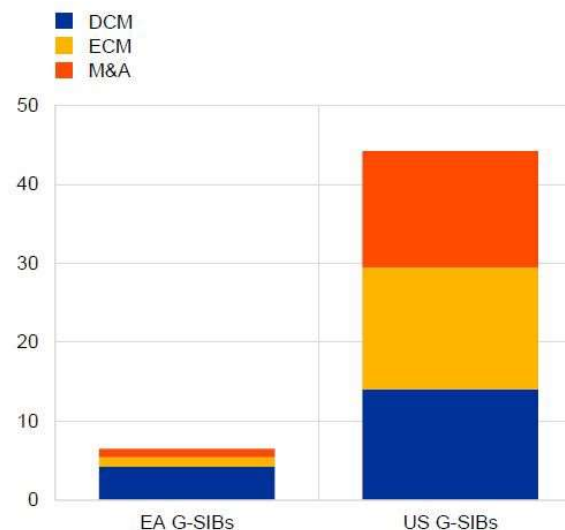
Source: [VisualCapitalist](#)

Rising from 42% in 2023, the U.S. makes up almost half of the world's equity market cap in 2025.

Economic foundations of the USD

a) Total revenues from IB activities by segment

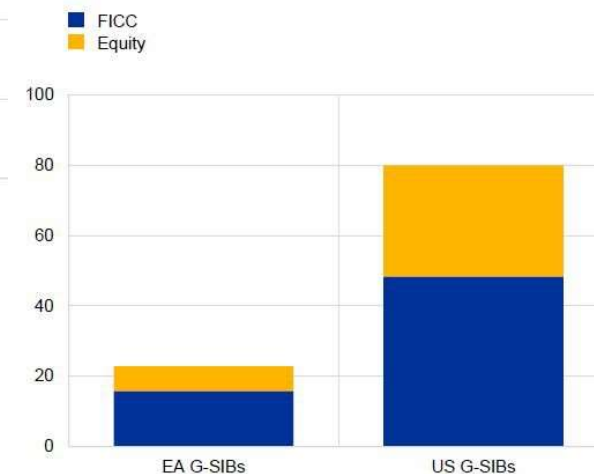
(2021; EUR billions)



Source: [ECB](#)

a) Total revenues related to GM activities

(2021; billion EUR)



US has consistently undertaken reforms to support the USD dominance

- Treasury **swap lines**
- **Stablecoin** promotion (Genius Act)
- Treasury market **liquidity measures**
 - Post-crisis reforms of the money market fund (MMF) rules
 - (Recent) banks leverage ratio requirements - exemption of Treasuries
 - Repeal of the registration obligations for Treasury dealers ([here](#))

Gold has surged past \$5000



FINANCIAL TIMES

Source: LSEG via markets.ft.com

Influence and impact of the US on the EU and international policy agenda

- departure from the post-crisis Basel prudential reforms
- multi-issuance coins (in the absence of clear EU rules under the Markets in Crypto-assets regulation (MiCA), US stablecoins
- lobbying against EU rules on AI, BigTech, digital markets, sustainability



- fragmentation
- global race-to-the-bottom
- cryptomercantilism



- undermining EU autonomy in rulemaking
- weakening the stability of the EU financial sector and the EU economy (incl. competitiveness)



Foundations for the international role of the currency: Will the EU live up to the chance?

- **Geopolitical:** new trade agreements, defence capabilities, solidarity & EU joint debt
- **Economic:** Banking Union and Capital Markets Union ambitions vs reality:
 - securitisation debate
 - Digital Euro debate
 - ...as examples of regulatory capture & absent political will
- **Legal:** Treaty reform, single supervision?
 - Omnibuses as examples undermined rulemaking process
 - Competitiveness debate as an example of regulatory capture

(YET) A chance for the EU project:

- Political momentum towards more Member States solidarity and collaboration?
- Digital Euro as a chance...
- Stronger rules as a robust stronger foundation for competitiveness and stability
- Role of the EU financial industry?



Beyond dethroning USD in the current (inherently unstable) financial system

- Redefining the **role of the financial system**: from short-term profit for shareholders to serving the economy and society long-term
- Redefining **the role of financial regulation**: from managing the risk to financial institution's own profits to maintaining a stable financial system to serve the economy
- Clarifying the role of **public money** (=public good) vs **private money**
- **Away from the hybrid economy** which is inherently unstable and relies on public sector & central bank interventions in case of crisis, which are certain to appear by design of the system



Thank you



www.finance-watch.org



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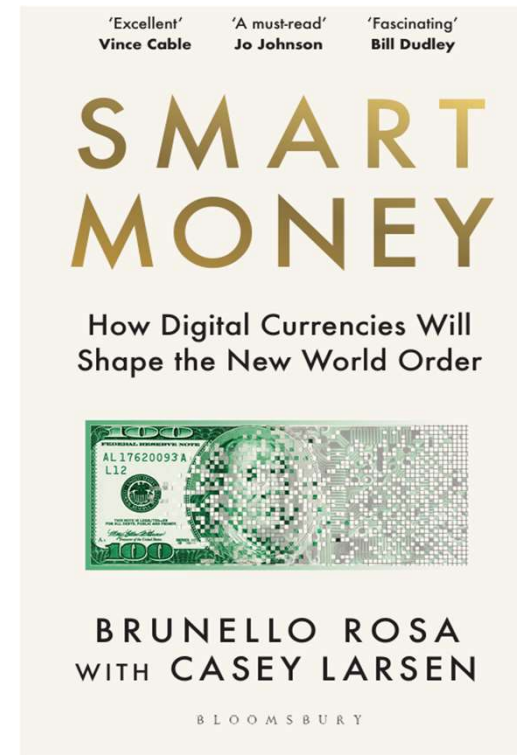
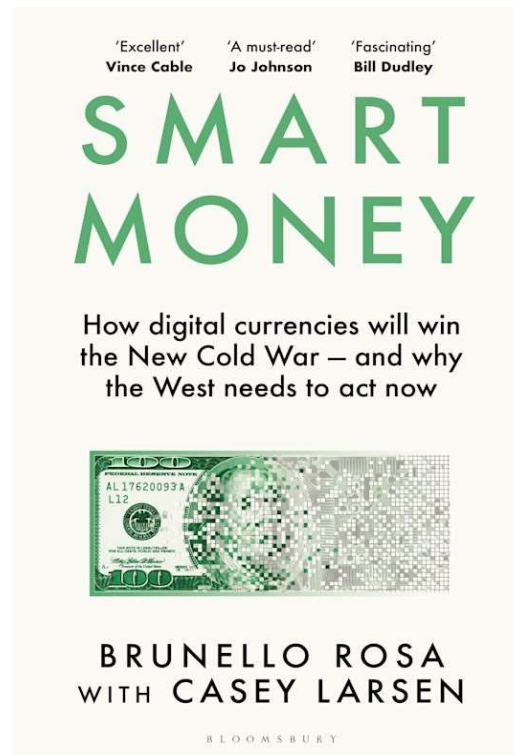
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The Book



Amazon: <https://www.amazon.co.uk/Smart-Money-digital-currencies-needs/dp/1526675870>

Bloomsbury: <https://www.bloomsbury.com/uk/smart-money-9781526675873/>

Contact: brunello.rosa@rosa-roubini.com



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Best-seller and FT's Best Economics Book 2024

Best books of 2024: Economics

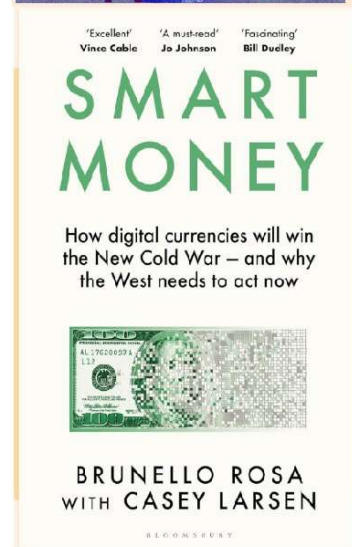
Martin Wolf selects his must-read titles

Books of the Year 2024



All this week, FT writers and critics share their favourites. Some highlights are:

Monday: *Business* by Andrew Hill
Tuesday: *Environment* by Pilita Clark
Wednesday: *Economics* by Martin Wolf
Thursday: *Fiction* by Laura Battle
Friday: *Politics* by Gideon Rachman
Saturday: FT Critics' choice



Smart Money: How Digital Currencies Will Win the New Cold War – and Why the West Needs to Act Now by Brunello Rosa with Casey Larsen (Bloomsbury)

Rosa is a former Bank of England economist and lead author of this book. It makes two propositions. The first is that digital currencies are the future of money. It is indeed clear that this is how payments are going to be made. The second is that the digital renminbi is a way for China to displace the western monetary system that is now at the heart of the world economy. This, then, is a battle over who controls what the book calls “the payment rails” on which the world economy will run. The argument is both important and open to question.

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Our best-selling new and future releases. Updated frequently.

Hot New Releases in International Finance



Amazon Best Sellers

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Best Sellers in International Finance



Amazon Most Wanted For

Our products that are most often added to Wishlists and Registries. Updated daily.

Most Wanted For in International Finance



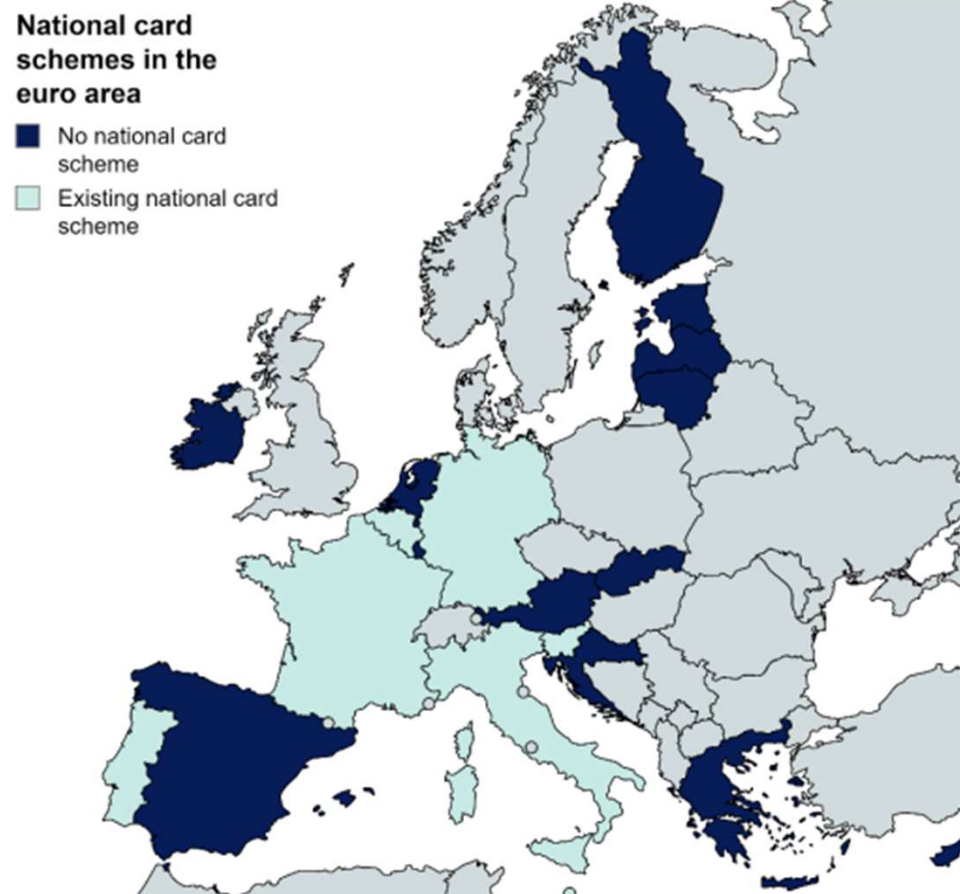
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European «Strategic Autonomy»



Sources: ECB



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Motivations for Introducing CBDCs in China

Two Main Motivations

- Re-gaining control of information about payment systems – *aka* increase domestic surveillance
- Internationalisation of RMB – instrument for BRI expansion

SOURCE: <https://www.bankofengland.co.uk/news/2020/january/central-banks-group-to-assess-digital-currencies>



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Timeline

2012/2013



2013 (September/October)



2014

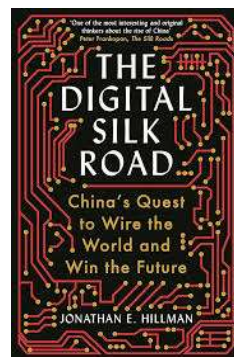


2015

2015

2015

Tech War



CIPS



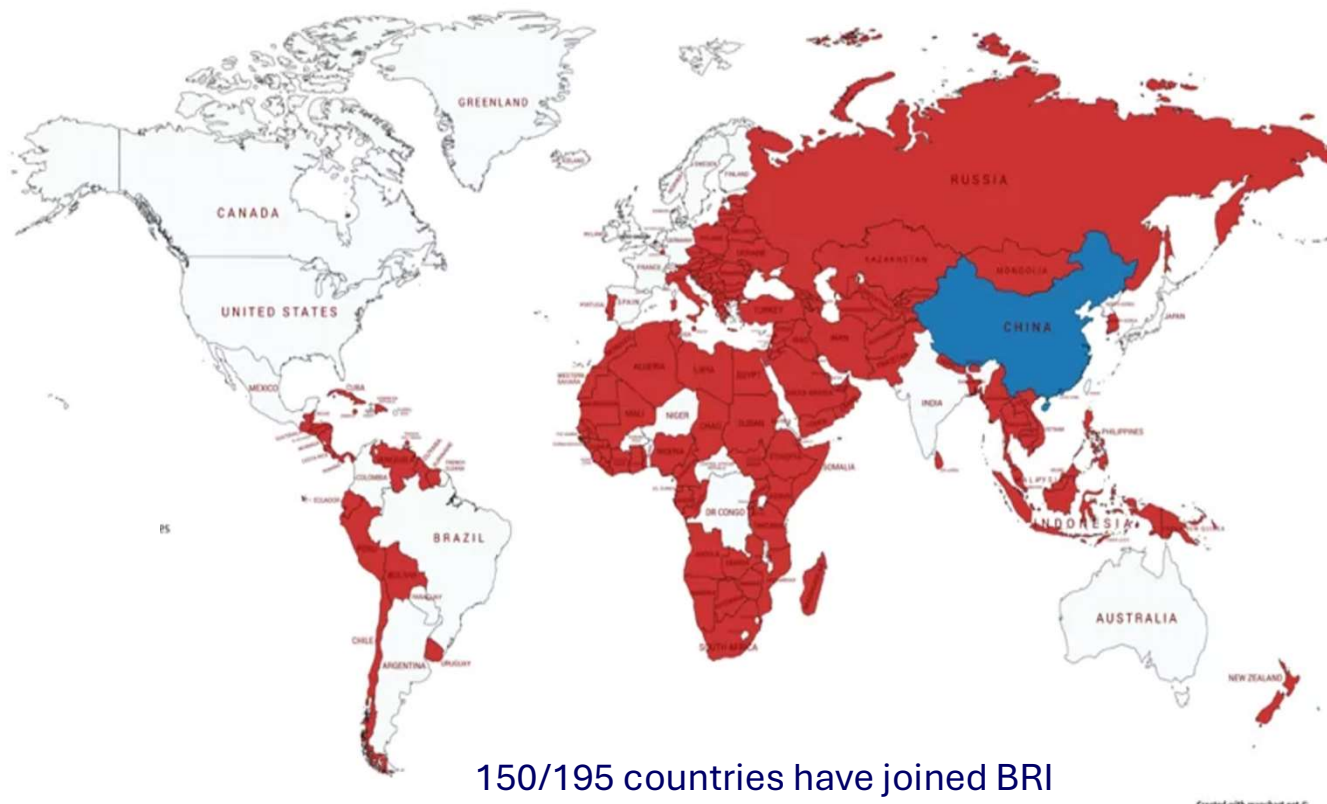
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Belt and Road Initiative (BRI)



150/195 countries have joined BRI

75% of world population

50% world's GDP

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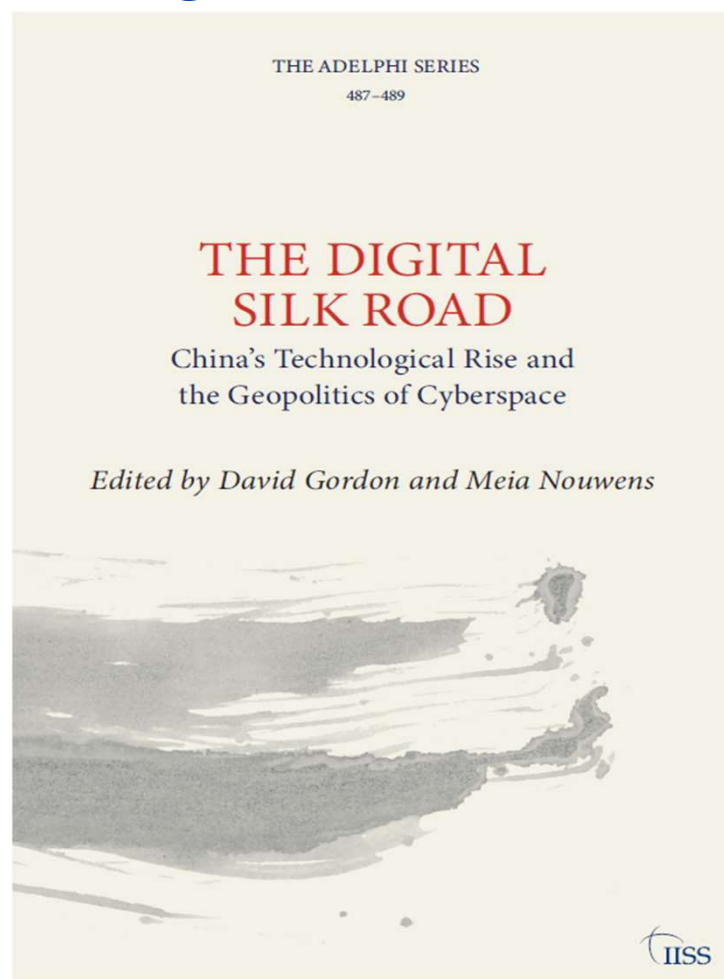


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The Digital Silk Road (DSR)



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DSR Projects

Table 1: New DSR-related projects by technology type, 2015 and 2020

	2015	2020
5G	4	22
Data centres	5	116
E-commerce	5	2
E-governance	1	1
Fintech	3	12
Transfer-of-knowledge projects	14	15
Academic programmes	10	11
People-to-people connection programmes	0	1
Satellite technology	1	2
Surveillance and security	15	30
Smart city	3	6
Terrestrial or submarine cables	2	16
Telecoms (pre-5G)	42	9

Source: ISS China Connects



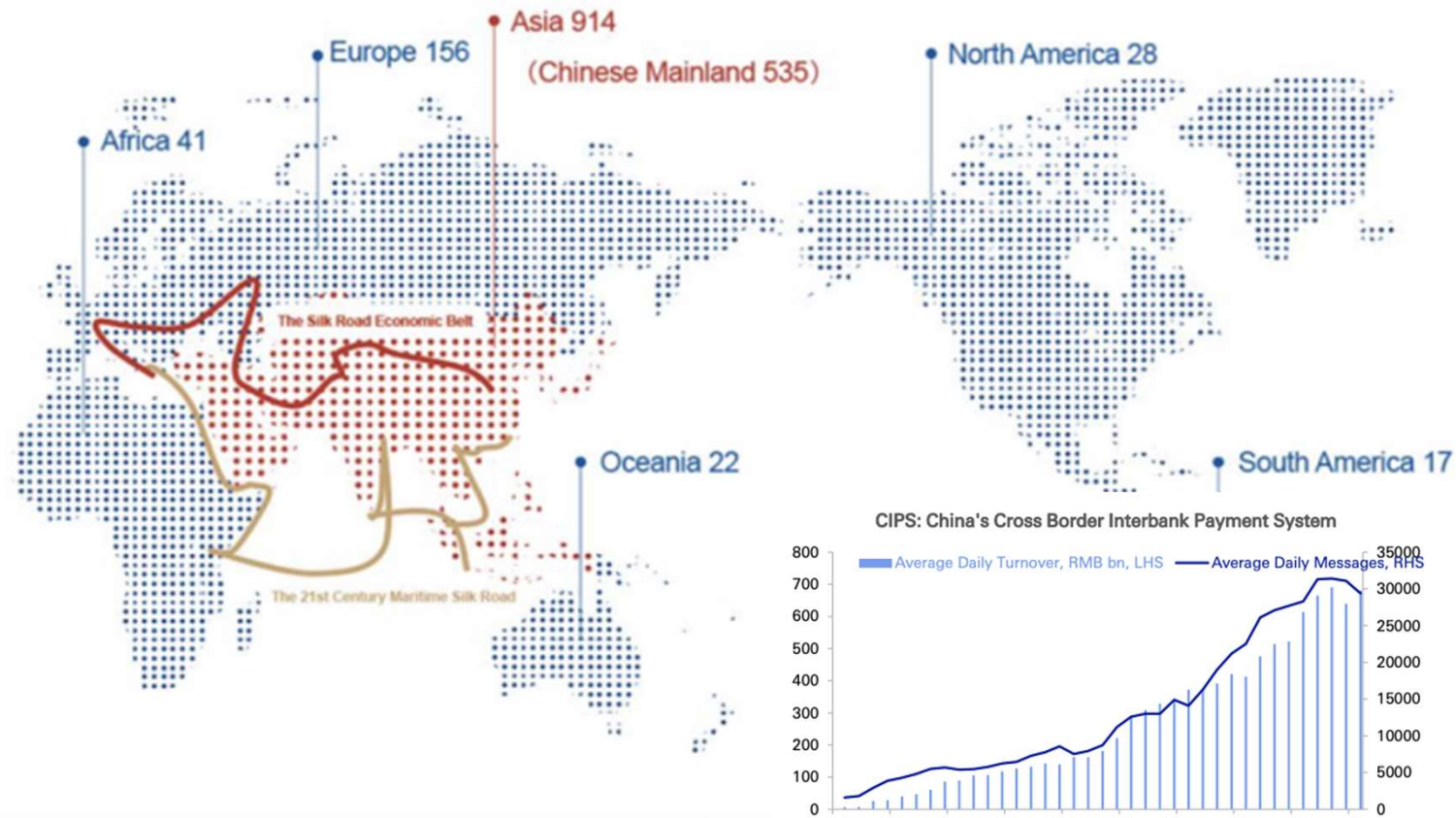
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Cross-Border International Payment System (CIPS)



Source: [Asia Market](#) And [Deutsche Bank](#)

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China Helped Russia Circumvent Financial Sanctions

- With the beginning of the war in Ukraine, Russia has been subject to sanctions, including the ban from SWIFT
- To circumvent the sanctions, Russia has adopted three strategies:
 - Moved to CIPS
 - Utilised e-CNY, cryptos
 - Imported from neighbours



FOREX

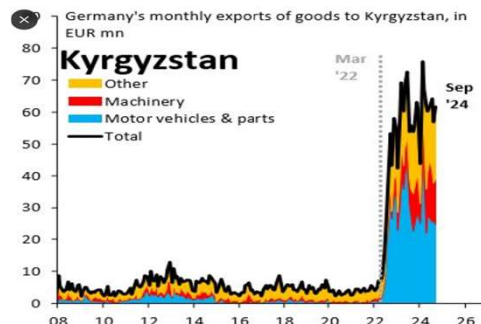
China's Digital Yuan May Aid Russia Bypass SWIFT Ban, But Will It?

CONTRIBUTOR

Varuni Trivedi — FX Empire

PUBLISHED

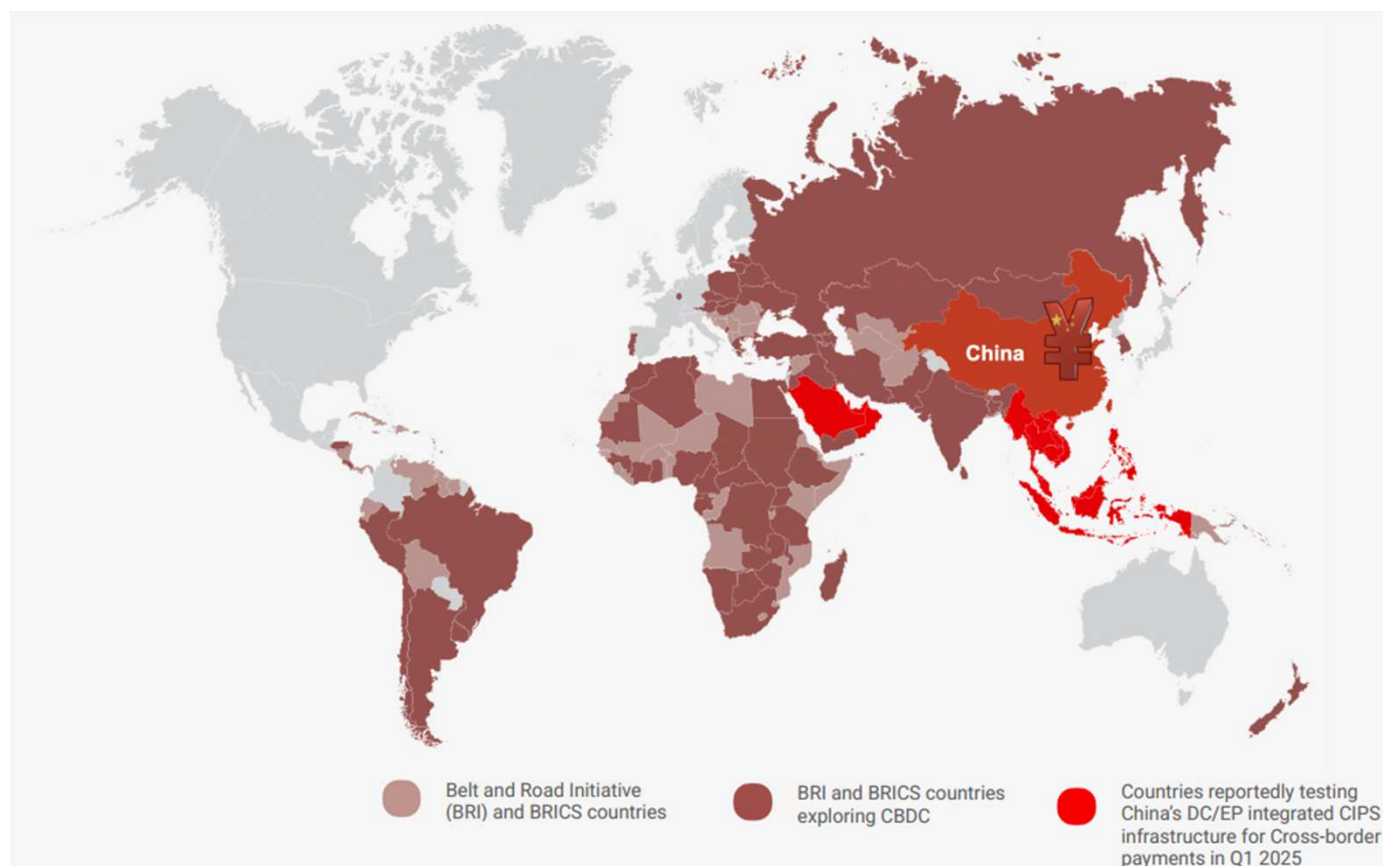
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BRI – BRICS - CBDCs



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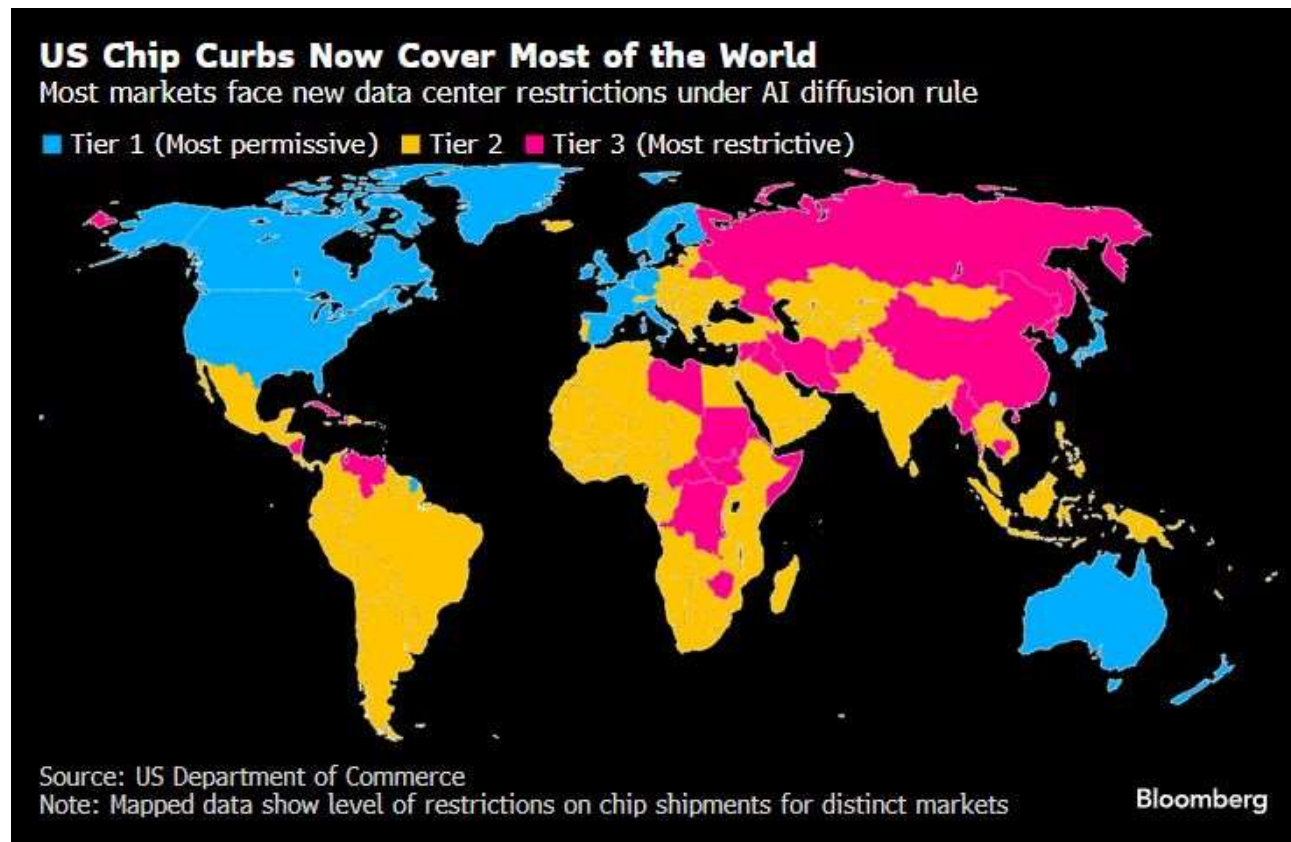


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Source: DFMI - *NEURAL FINANCE & THE FUTURE OF MONEY: Building a Sovereign Digital Asset Economy for the UK*

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US Chip Curbs



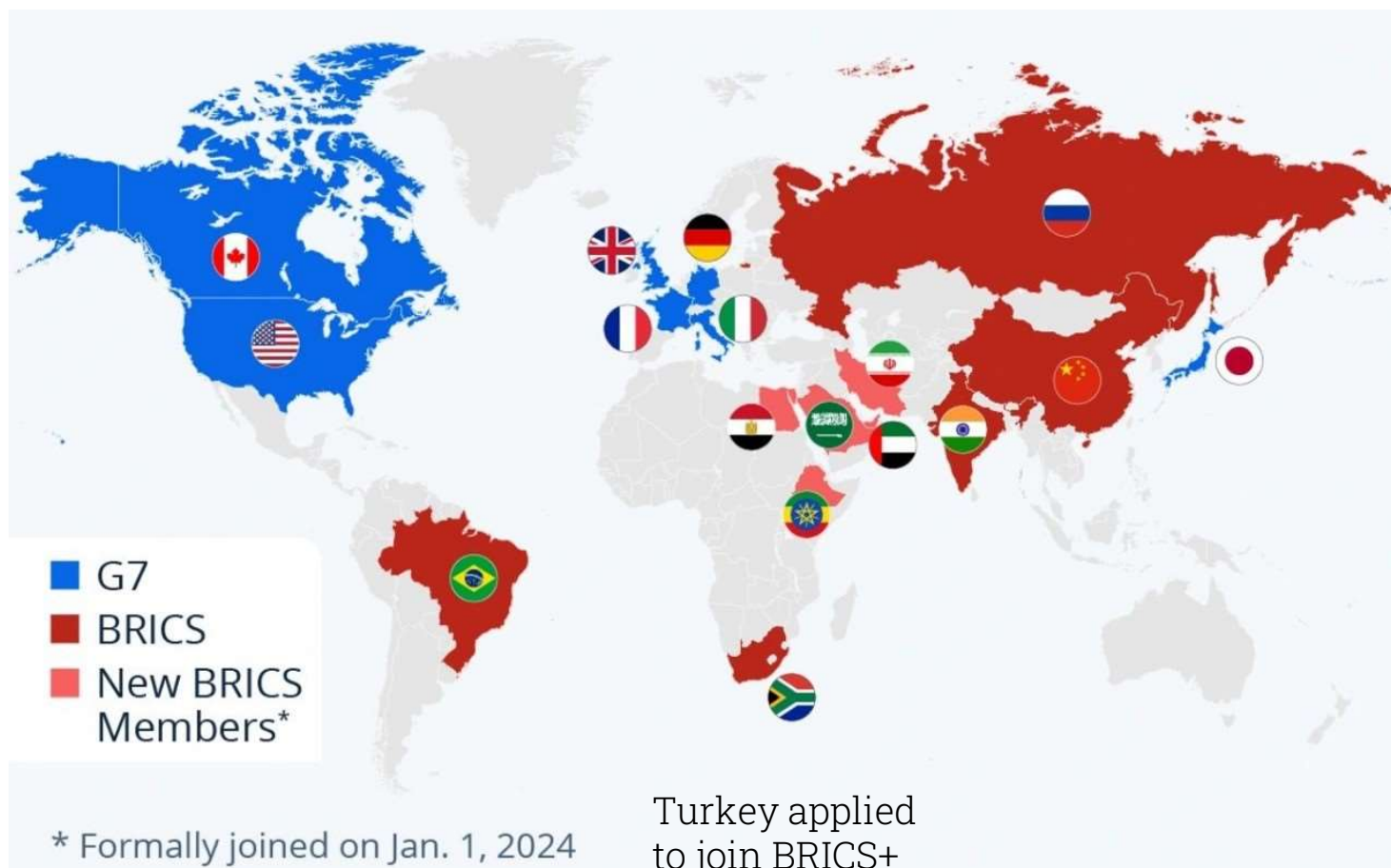
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G7 vs BRICS+



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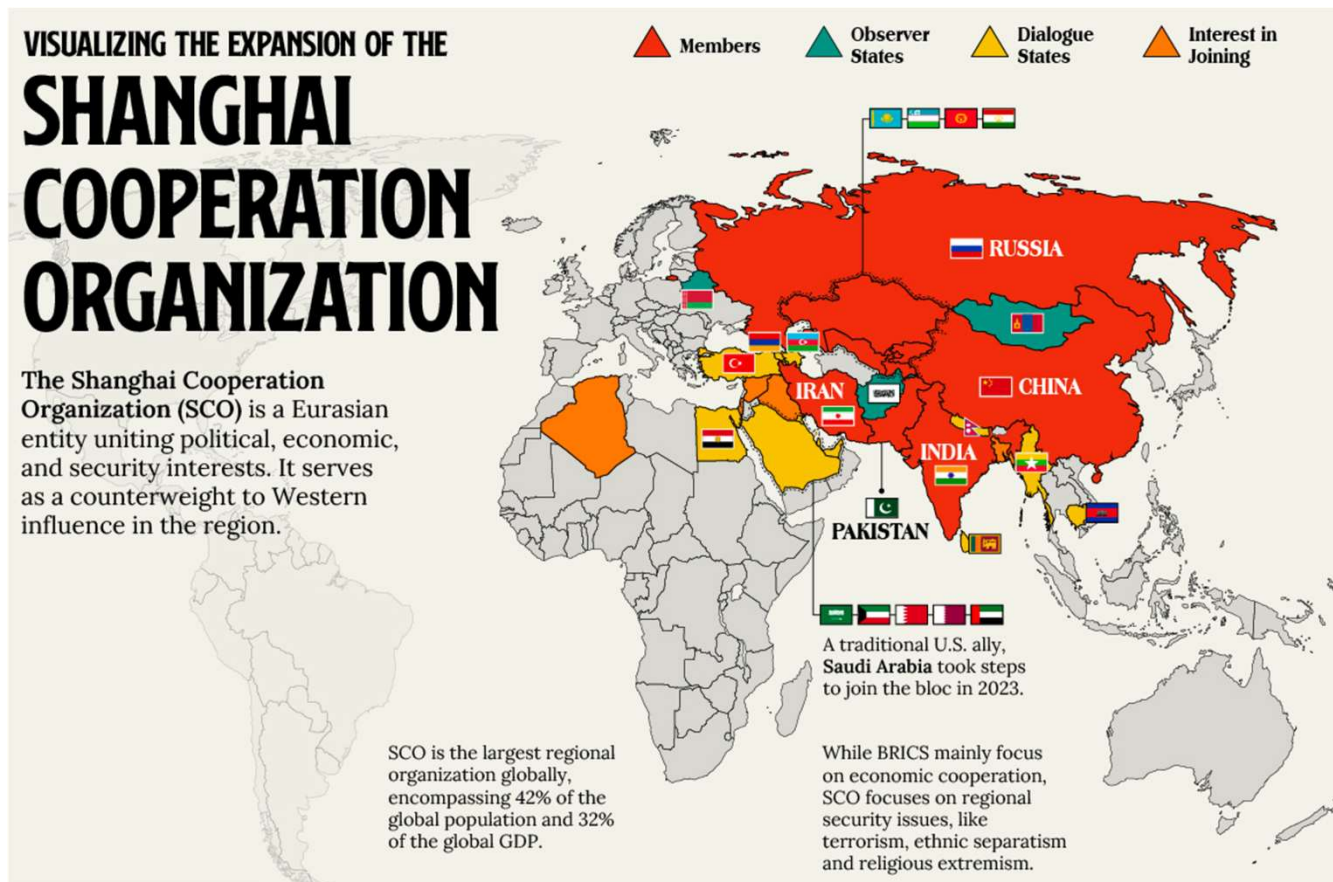


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Source: Statista

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Shanghai Cooperation Organisation - Security



US Stablecoins vs China's CBDC



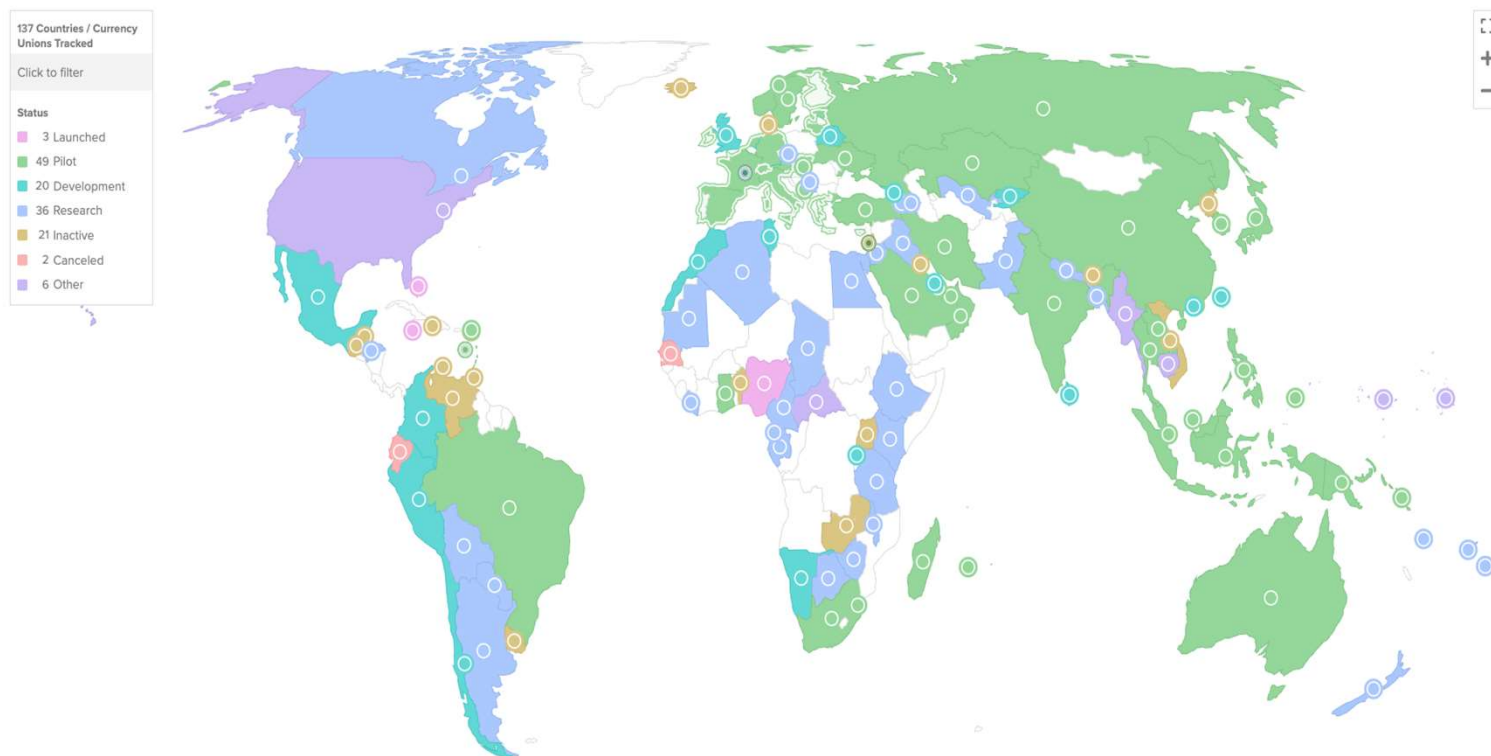
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CBDC Projects



Source: [Atlantic Council](#)



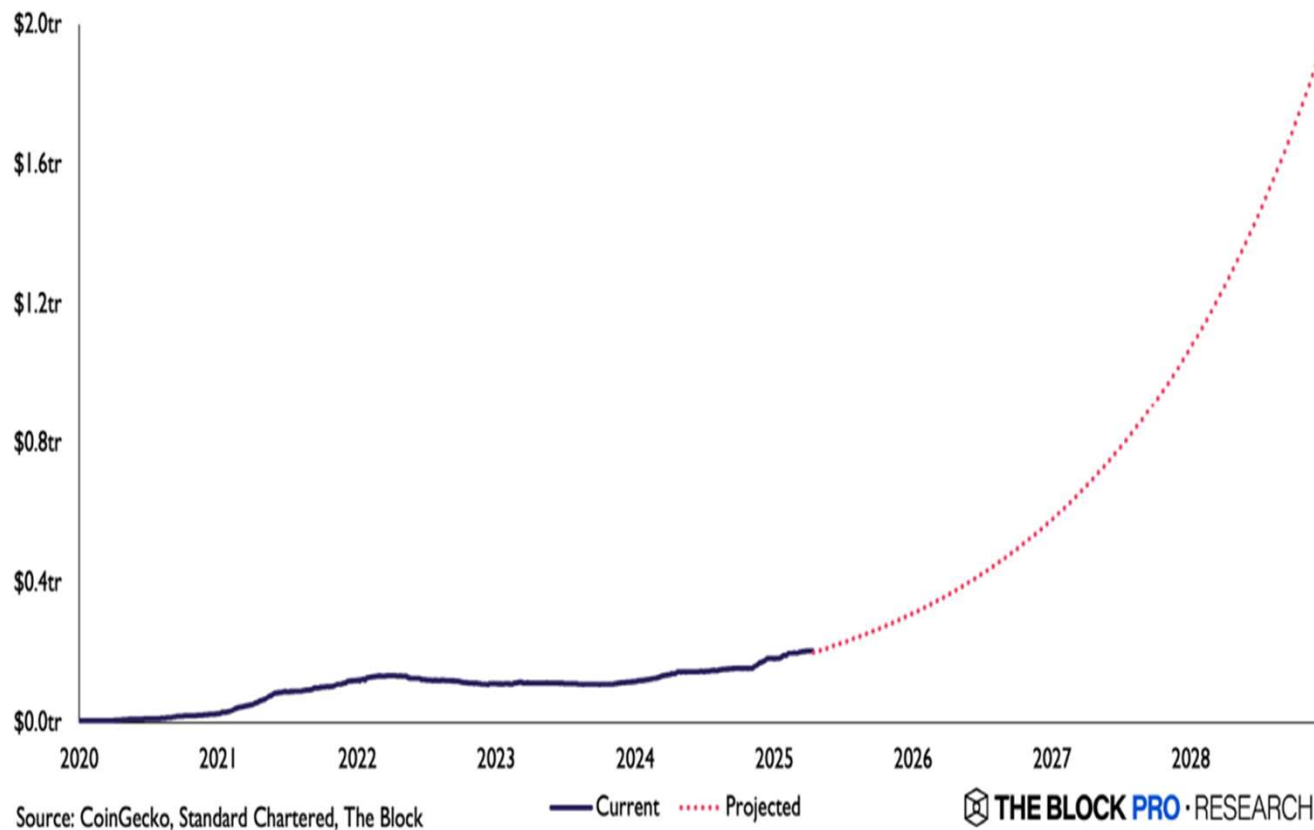
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Projected Stablecoin Market Cap



Sources: The Block Research, Billions to Trillions: Stablecoin use cases poised to expand the market



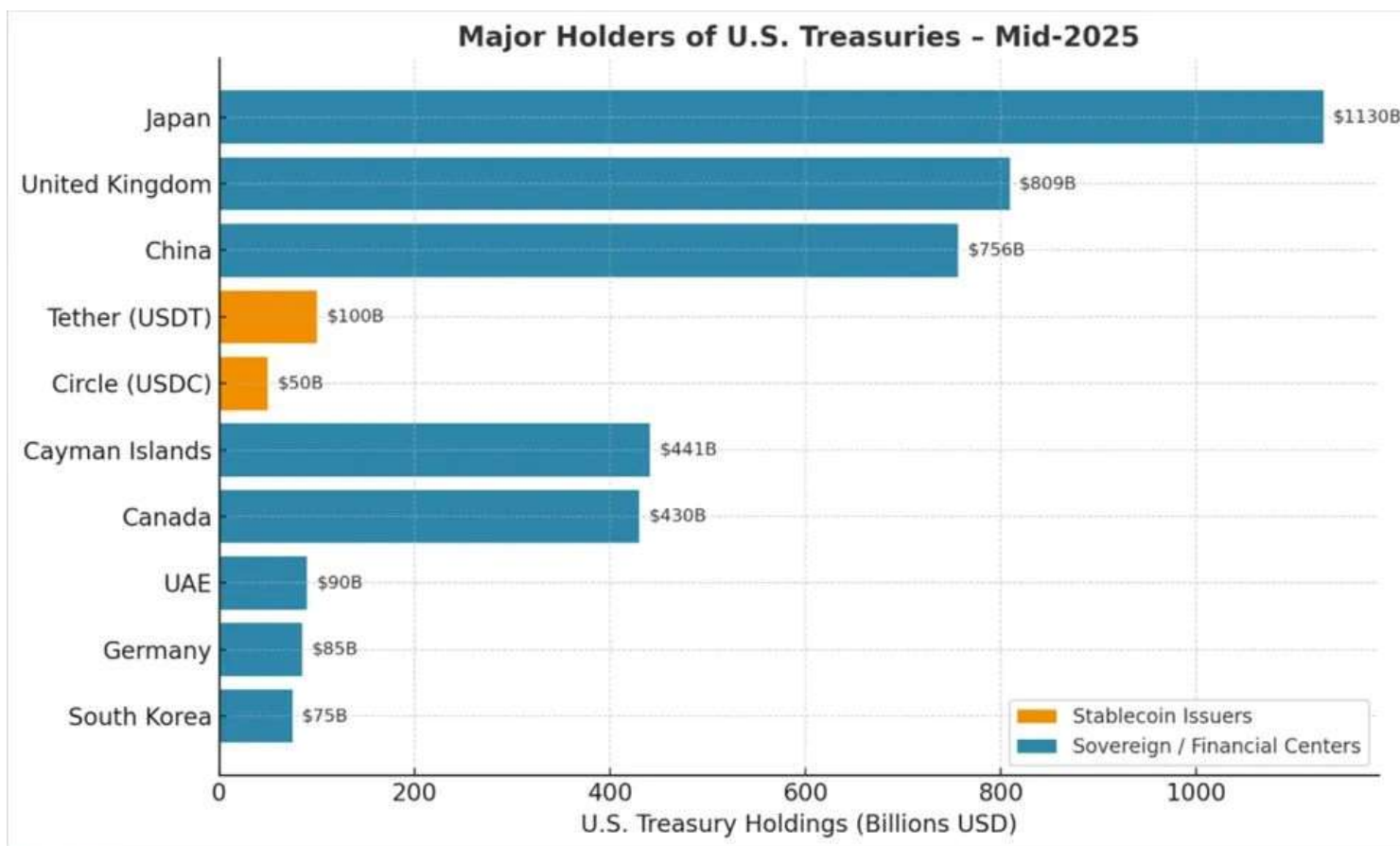
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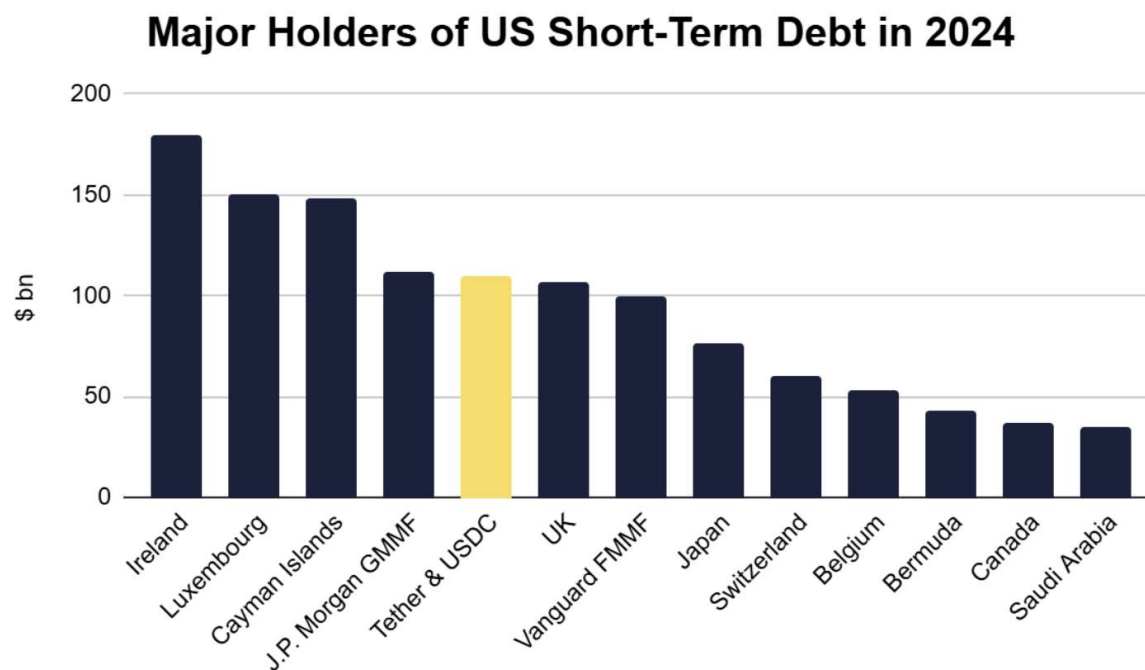
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Stablecoins Among Major Buyers of US Debt



Stablecoins Among Major Buyers of US Debt



Note: Foreign Short-term debt holdings as of 30 June 2024; Tether and USDC holdings as of December 2024; J.P. Morgan GMMF Treasury holdings as of 31 May 2025, Vanguard Federal Money Market Fund T-Bills holdings as of 31 May
 Source: Particula, Circle, JP Morgan, Tether, Vanguard, U.S. Treasury



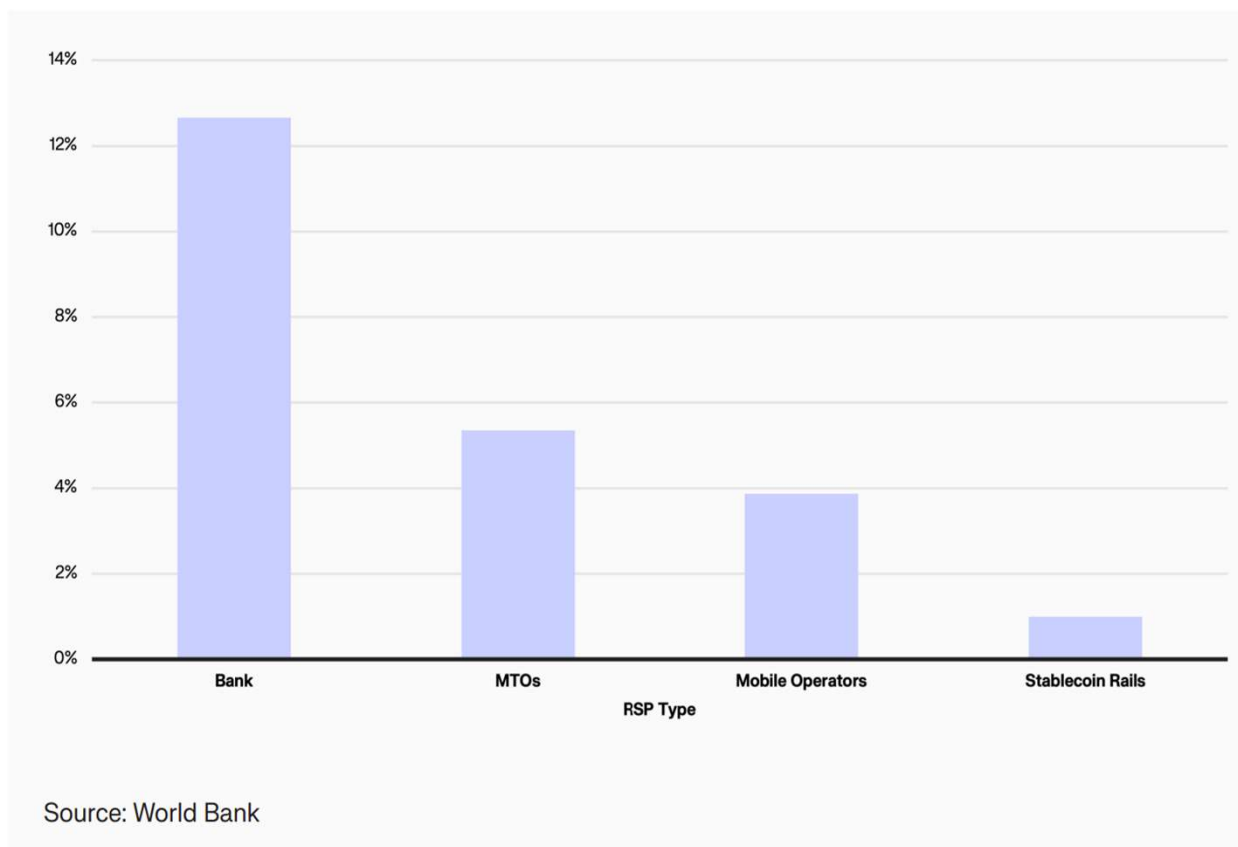
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Stablecoins Can Reduce Remittance Costs by 92%



Sources: The Block Research, Billions to Trillions: Stablecoin use cases poised to expand the market



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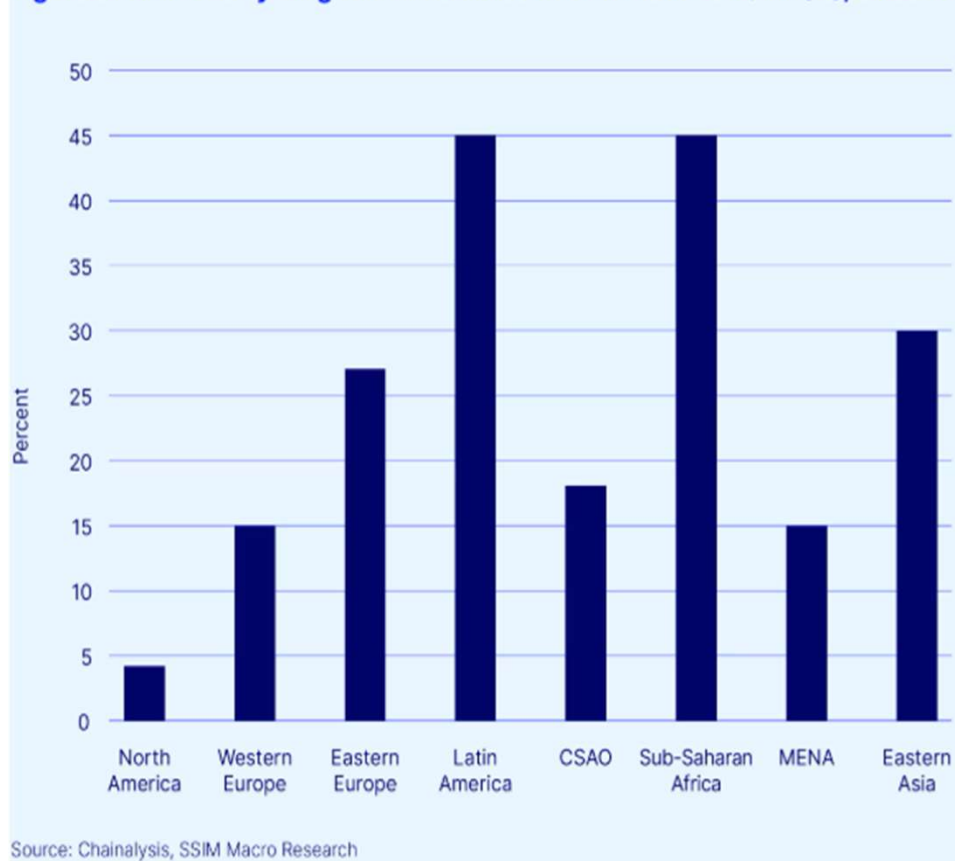


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Rapid Adoption in EMs

Figure 3: Year-over-year growth in stablecoin transfers <US\$1M (%), 2023-24



- As 99 % of stablecoin AUM is USD-denominated, a comparable asset substitution dynamic could emerge in non-US jurisdictions.
- In these regions, deposits may flow out of the domestic banking system into USD-backed stablecoins, potentially exacerbating currency depreciation.
- This dynamic is particularly acute for emerging and frontier markets (EM/FM).
- While the exact market cap share of emerging markets in stablecoin AUM is unknown, the significant use cases in these regions suggest that a substantial portion of the overall market capitalization is either held or transacted within these economies, supporting rapid uptake.



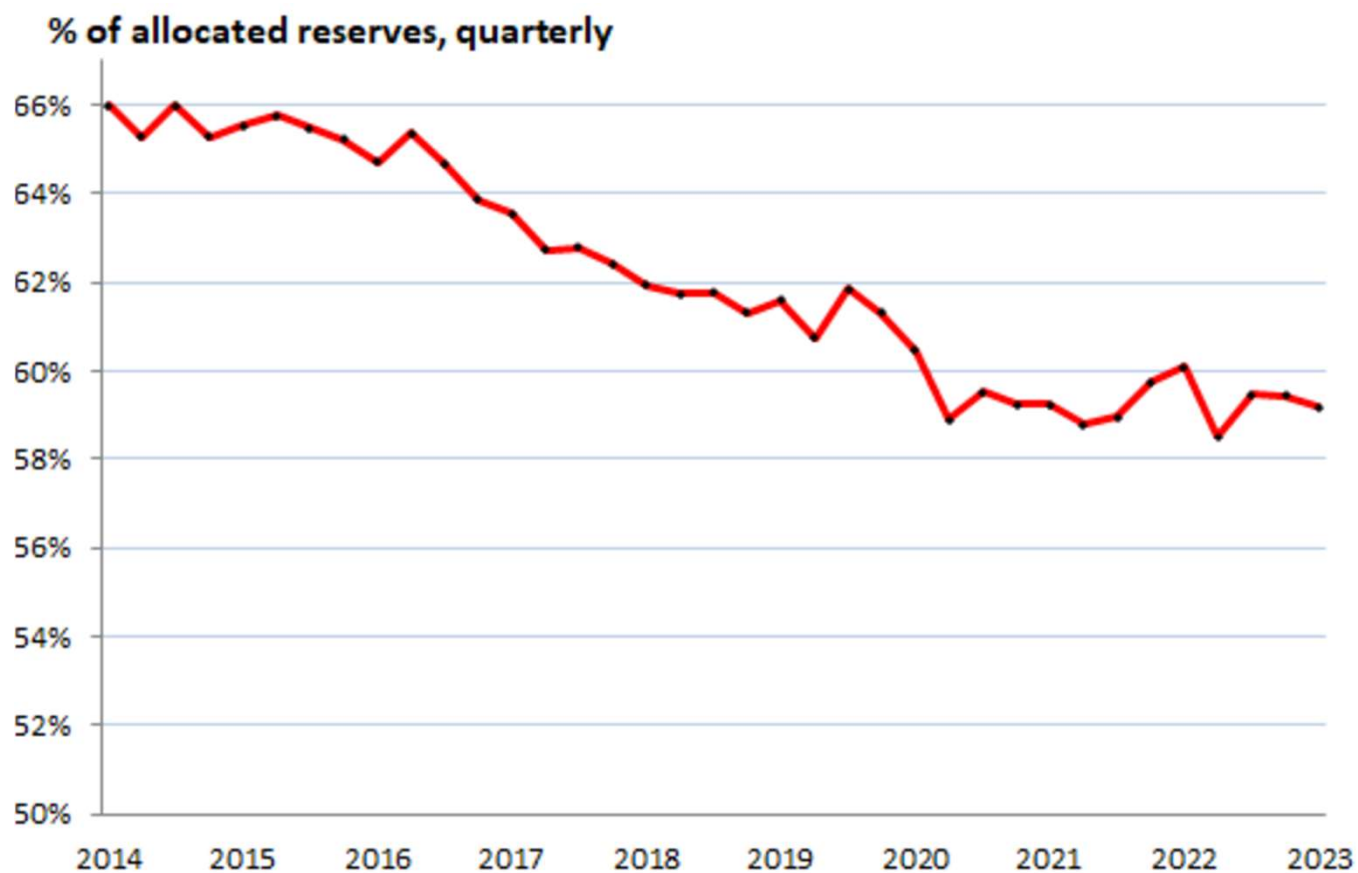
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USD as a Reserve Currency



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SOURCE: [IMF](#)

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CNY As A Reserve Currency

From US-based System

- Current Account Deficit
- Open Capital Account

To Tech-based System

- CBDCs
- CIPS



Trump on BRICS Currency



Mohamed El-Erian [in](#) • Following ... X
President @ Queens' College, Cambridge...
1h • 🌐

President-Elect Donald Trump on "the BRICS Countries [that] are trying to move away from the Dollar."

...more



Donald J. Trump ✓
@realDonaldTrump

The idea that the BRICS Countries are trying to move away from the Dollar while we stand by and watch is OVER. We require a commitment from these Countries that they will neither create a new BRICS Currency, nor back any other Currency to replace the mighty U.S. Dollar or, they will face 100% Tariffs, and should expect to say goodbye to selling into the wonderful U.S. Economy. They can go find another "sucker!" There is no chance that the BRICS will replace the U.S. Dollar in International Trade, and any Country that tries should wave goodbye to America.




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De-Dollarisation ?



EN English ▼ Economics f t in e

Stablecoins Can Defend the Dollar's Global Status

Nov 5, 2024 **PAUL RYAN**

China is devoting significant resources to creating an alternative to the dollar payments system. To counter this push, American policymakers should support private firms issuing stablecoins, which can ensure demand for US government debt and boost the greenback's global standing and reach.

FEATURED

1 Trump Won, but Trumpism Did Not
Nov 18, 2024 | **BRUCE ACKERMAN**



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SOURCE: [Project Syndicate](#)

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Re-Dollarisation - Tether is Strong Where SWIFT was Weak

SWIFT



Tether



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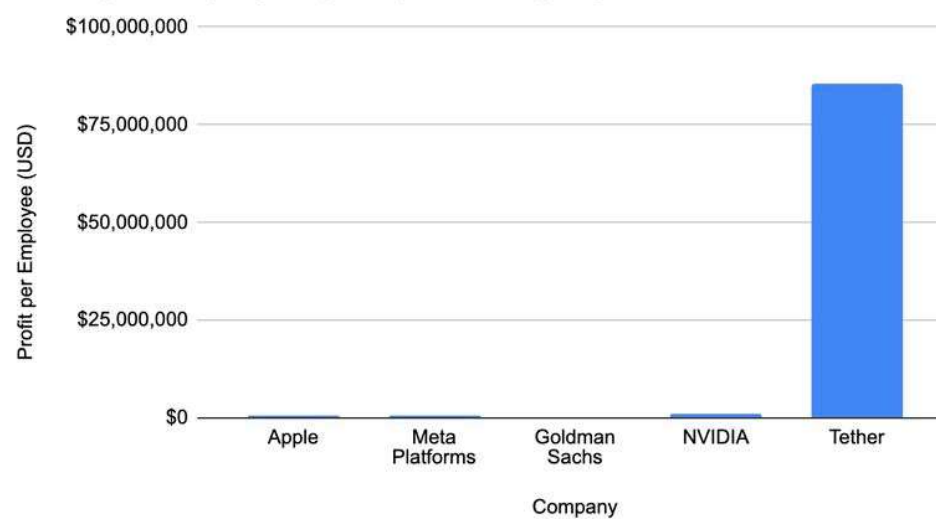
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Swift Institute and
Tether

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Why Companies Issue Stablecoins?

Profit per Employee (USD) vs. Company



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Tamara Schmidt

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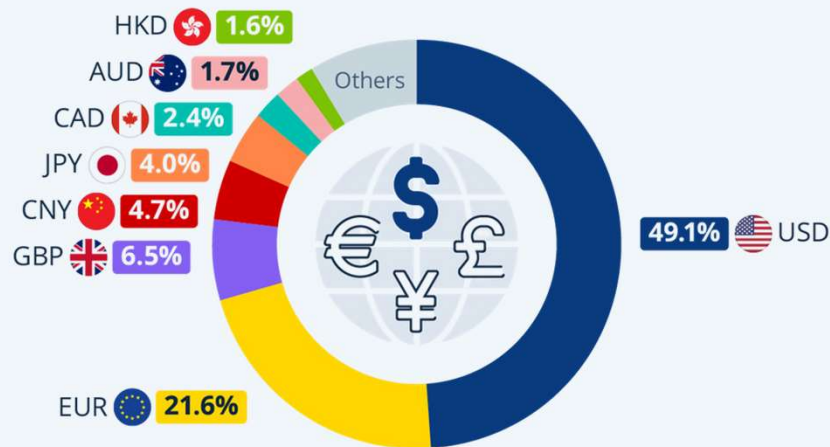
HOW DIGITAL MONEY IS RESHAPING DOLLAR POWER

Beyond Cash, Code & Monetary Power - Will the US Dollar be Dethroned? - January 30th, 2026
Tamara F Schmidt - Digital Euro Association

US DOLLAR POWER TODAY

U.S. Dollar Dominates Global Payment Network SWIFT

Share of global payments processed on SWIFT
in August 2024, by currency (based on transaction value)*



* Includes customer-initiated and institutional payments
Source: SWIFT

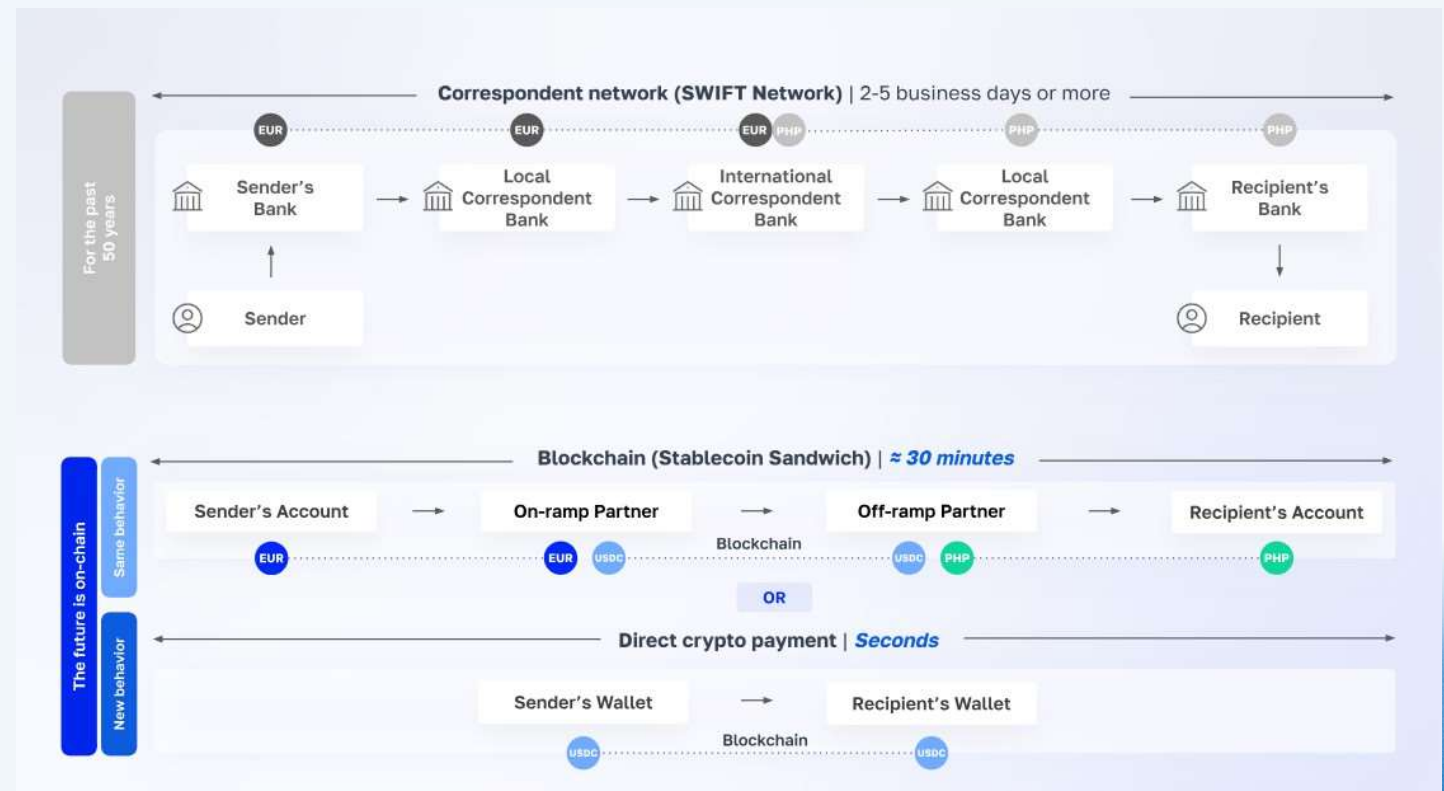
- Payment rails
- Legal reach
- Liquidity access
- Sanctions

DIGITAL MONEY CHANGES HOW DOLLAR POWER TRAVELS

Correspondent network vs. Blockchain

Source: Fipto - The Stablecoin Sandwich: A Smarter Way to Handle Cross-Border Payments

- Dollar stablecoins
- Fewer traditional intermediaries
- More private actors



STABLECOIN STATS

STABLECOINS ALREADY CLEAR VISA-SCALE VOLUME ON-CHAIN

\$8T

***Adj. Transaction Volume**
Last 12 Months

99%

Pegged to USD
Global Reserve Dominance

17th

US Debt Holder
> Germany & S. Korea

Explosive Growth: Market Cap Trajectory

Market cap has roughly doubled since 2023 and could exceed \$500bn by 2030.
Policy relevance is no longer hypothetical



vs. VISA



Estimated Annualized Volume (\$13.4T)

% Stablecoins vs VISA **56%**

vs. Mastercard



Estimated Annualized Volume (\$10.4T)

% Stablecoins vs Mastercard **72%**

Analysis Focus

Single currency, fiat-denominated, HQLA-backed

% Total Stablecoin Market **>85%**

- Most systemically important
- Clear regulatory precedent
- Immediate policy relevance

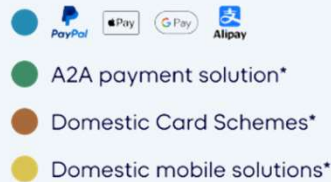
Sources - Visa Onchain Analytics, Artemis

*Excludes bots, intra-exchange rebalancing, high-frequency trading wallets, and redundant internal contract hops.

THE REAL RISK: FRAGMENTATION

- Parallel payment rails
- Regional systems
- Selective interoperability

Europe's Fragmented Payments Landscape



*Local alternatives only



Source: [European Payment Initiative](#)

EUROPE'S DIGITAL MONEY DILEMMA

WHOSE RULES AND INFRASTRUCTURE SHAPE DIGITAL MONEY?

**SHOULD THE EU
PRIORITIZE...**

A

Public-first, slow build

- Digital euro as anchor
- Strong regulatory control
- High trust & stability
- Slow deployment
- Limited global reach (initially)

B

Private-led, fast adoption

- Euro stablecoins & private rails
- Faster market uptake
- Global usability
- Private governance
- Risk of fragmentation

THANK YOU!



[HTTPS://DIGITAL-EURO-ASSOCIATION.DE/](https://digital-euro-association.de/)



[YOUTUBE.COM/DIGITALEUROASSOCIATION](https://www.youtube.com/digitaleuroassociation)



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Will the US dollar be dethroned?

Andreea Grivincă *Student moderator*

Julia Symon *Head of Research and Advocacy at Finance Watch*

Brunello Rosa *Honorary Visiting Professor at City University London and
CEO and Head of Research at Rosa & Roubini*

Tamara Schmidt *Executive Director at Digital Euro Association*

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Thank you to all speakers and participants.

Please join us for drinks, snacks & networking!

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