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Could the US lose its exorbitant privilege?

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For nearly eight decades the United States has enjoyed what Valéry Giscard d'Estaing once called an "exorbitant privilege": the ability to finance persistent external and fiscal deficits in its own currency at unusually favorable interest rates.[1] That privilege derives from the dollar's unrivalled role as the pre-eminent global reserve asset, invoicing unit, and settlement medium for cross-border finance. Yet a confluence of geopolitical tension, domestic policy drift, and technological change potentially threatens to erode that primacy.

President Trump's America First agenda has strained decades-long norms for global trade and financial multilateralism.[2] The passage of the One Big Beautiful Bill Act in July added further downward pressure on the dollar. Since hitting its peak in early 2025, the value of the US dollar declined 10.6% through August, sparking concern about the safe-haven status of the dollar and its hegemonic status as the preferred central bank reserve currency.[3]

Key takeaways

- The US dollar's role as the dominant global reserve currency is under pressure from geopolitical shifts, domestic policies, and technological changes.
- Central banks are diversifying into alternative reserve assets, reflecting both geopolitical risks and greater financial self-reliance.
- Although the dollar's share of global reserves has declined since the 1990s, its role is being eroded at the margins rather than facing outright collapse.
- The US dollar remains the dominant reserve currency, supported by deep financial markets, strong institutions, and widespread use in trade and settlement.
- No other currency currently possesses the combination of liquidity, openness to capital flows, and trust to fully replace the dollar, though this may change over time.
- The most likely outcome is not the end of dollar dominance but its gradual dilution, with a more multipolar reserve system slowly taking shape.

1 Source: Federal Reserve, C. Bertaut et al., "The International Role of the US Dollar: Post Covid Edition," June 23, 2023.

2 Source: TS Lombard, A. Cicione, et al, "Dealing With the "Trump Call," July 2025.

3 Source: Bloomberg US dollar index as of August 2025.

Value of the US dollar in context

While recent events may imply that the end of dollar dominance is near, the reality is that the value of the dollar often moves in cycles, and even after the recent downturn, the value of the US dollar is much higher than it was in 2009, 2015, or even 2020 (see Figure 1). In fact, the value of the dollar has grown approximately 26% since the Global Financial Crisis.[4] This implies that a deeper examination may be warranted before writing off the dollar.

[4] Source: Bloomberg US dollar index for the period August 2008 to August 2025.

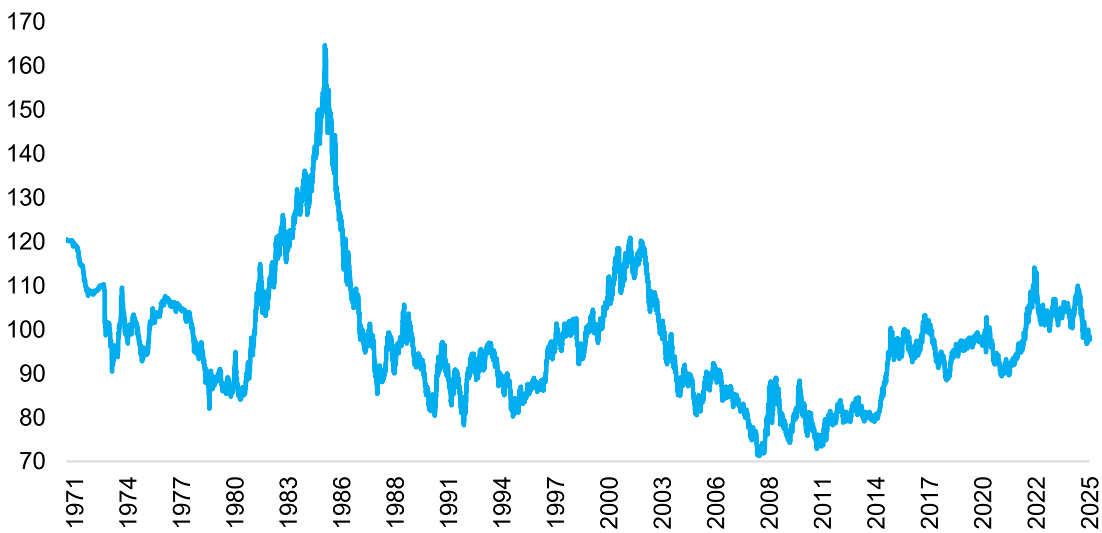

FIGURE 1
Nominal US Dollar Index

Sources: Bloomberg US dollar index for the period January 1971 through August 2025.

Why do central banks hold foreign-exchange reserves

Central banks keep reserves for five interlinked reasons: 1) to pay for essential imports; 2) to intervene in currency markets; 3) to repay external debt; 4) to signal creditworthiness; and 5) to diversify national balance sheets.

Each country's central bank typically holds a mix of foreign currency in its reserves to ensure sufficient supply to support a country's commercial, financial and economic activities with other currencies. Operationally a central bank's foreign currency reserves tend to reflect its bilateral trade and financial interactions with other countries. For example, the Bank of England might hold a significant allocation of euros due to the large and important trade and financial relationships England has with eurozone countries.

Reserves provide a financial buffer that allows a country to manage sudden disruptions, such as a sharp drop in export revenues, a financial crisis, or a loss of investor confidence. They also allow a country to intervene in foreign exchange markets to manage exchange rates for other reasons, such as to provide a tailwind to exporters by depressing the value of the currency relative to what it might otherwise be.

For countries that have debts denominated in foreign currencies, holding reserves in those currencies allows them to meet interest and principal payments on these external debts, reducing the risk of default and maintaining their creditworthiness. This is important because it helps countries avoid financial crises and maintain trust with international investors by helping to ensure they can fulfill their debt obligations.

In addition, the level of reserves may serve as an indicator of financial strength. Reserves can signal to foreign lenders, investors, and domestic savers that the sovereign can honor its liabilities even under stress, helping to foster confidence in the country's economy.

Finally, the asset stack offers a store of value and earnings vehicle that diversifies the central bank's domestic balance sheet, often helping to sterilize capital-flow cycles. This means that by holding different types of foreign assets, a central bank can protect the value of its reserves and earn some returns, which helps balance out the country's finances. It also allows the central bank to manage the ups and downs of money flowing in and out of the country more smoothly.

Central bank currency reserves and the US dollar

The US dollar dominates the reserve mix because it generally excels on every criterion policymakers apply when choosing reserve currencies. The depth and breadth of US Treasury markets confer unmatched liquidity and price transparency; on any given trading day, more Treasuries change hands than the combined sovereign bonds of the next five issuers.[5] Dollar-denominated markets also remain open at all hours through a global network of primary dealers, custodians, and clearing houses, minimizing transaction costs for reserve managers. Legal frameworks – with strong property-rights enforcement and a predictable bankruptcy code – further elevate the dollar over prospective rivals. Finally, dollar-centric trade invoicing and commodity pricing create a natural hedge: holding dollars mitigates the currency mismatch between a country's external payments and its reserve assets, a benefit that neither the euro nor the renminbi currently matches.

As a result, the US dollar accounts for over 80% of trade settlement and nearly 58% of global central bank reserves (see Figure 2).[6] While China is the second largest economy in the world it comprises less than 10% of trade settlement and only about 4% of global central bank reserves.[7] The eurozone is comparable in terms of size with the US and China, but the euro comprises less than 20% of central bank reserves.

[5] Source: JPMorgan Research, "De-Dollarisation: Myth and Reality," 2025.

[6] Source: Financial Times, M. Wolf, "Trump's Assault on the Global Dollar," May 20, 2025.

[7] Source: Financial Times, M. Wolf, "Trump's Assault on the Global Dollar," May 20, 2025. See also IMF COFER data as of March 31, 2025.

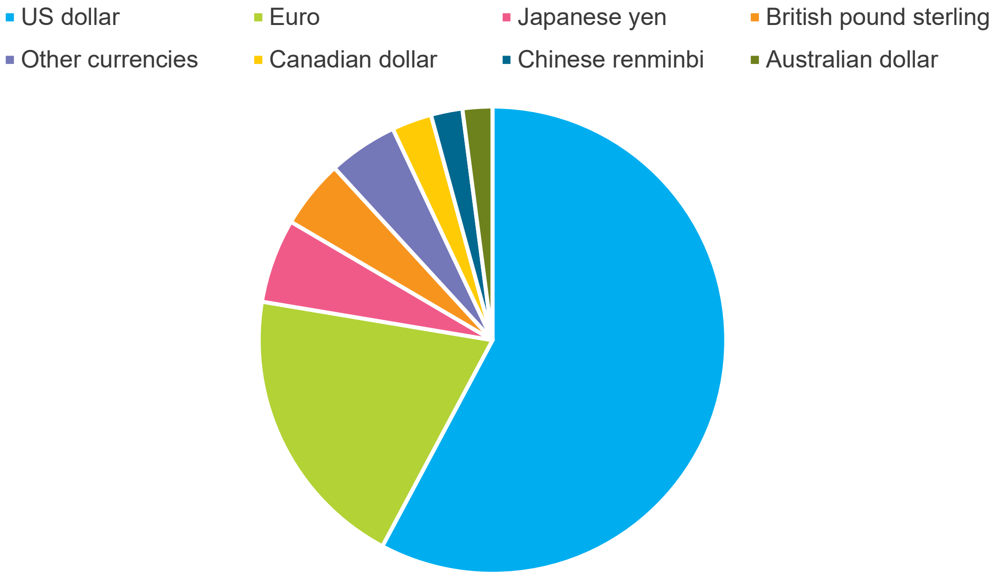

FIGURE 2
Global Central Bank Foreign Exchange Reserves (% of total)

Source: Council on Foreign Relations as of December 2024. From IMF Currency Composition of Official Foreign Exchange Reserves (COFER) data base.

How the US dollar became the world's reserve currency

The dollar traces its roots as the world's reserve currency to the middle of the 20th century. World War II left many European nations struggling to rebuild their productive capacity, while the US economy emerged largely unscathed from the war. Former colonial nations in Asia and Africa claimed independence and, in many instances, shunned financial and economic ties with European powers. In 1944, the US and 44 allies met to design a global framework for the post-war global economy. This framework, which came to be called the Bretton Woods agreement, fixed exchange rates for each allied country's currency to the US dollar, which itself was convertible to gold at a fixed rate.[8] This arrangement fostered international economic stability and made the US dollar the cornerstone of global trade and finance, as countries could confidently exchange their reserves for gold through the US.

While initially successful, by the 1960s participating countries pursued fiscal spending policies that called into question the sustainability of the system. In August 1971, President Richard Nixon suspended the convertibility of the dollar into gold at the previously fixed rate. Despite this, the dollar retained its pre-eminent position because no alternative currency offered comparable liquidity, legal protections, or military backing.[9]

By the 1980s, US Treasury securities had become the de facto collateral of the international banking system, and Wall Street eclipsed the City of London as the primary marketplace for syndicating cross-border credit.[10] Network effects further entrenched the status quo: exporters billed in dollars because importers held dollars; investors bought Treasuries because derivatives, commodities, and corporate debt were already priced in dollars.[11]

8 Source: Federal Reserve History, S. Kollen Ghizoni, "Creation of the Bretton Woods System, July 1944," November 13, 2013. Bretton Woods also established the International Monetary Fund (IMF) to monitor exchange rates and the International Bank for Reconstruction and Development known as the World Bank Group.

9 Source: Federal Reserve History, S. Kollen Ghizoni, "Creation of the Bretton Woods System, July 1944," November 13, 2013.

10 Source: Federal Reserve, C. Bertaut et al., "The International Role of the US Dollar: Post Covid Edition," June 23, 2023.

11 Source: Atlantic Council, M. Muhleisen et al., "A Strategy for Dollar Dominance," May 2025.

Why the concern about the dollar

The dollar's share of disclosed central bank foreign-exchange (FX) reserves fell to 58 percent in 2024, down from 71 percent in 1999 (see Figure 3),[12] while central-bank gold purchases have surged to record levels. But other measures for the persistence of the US dollar are quite stable, with 88 percent of global FX transactions still involving the dollar,[13] and roughly 70% of foreign-currency debt issuance is dollar-denominated.[14] This implies that dollar dominance could be fraying at the margins rather than crumbling outright. While the US dollar's share of global central bank currency reserves has fallen since the late 1990s, there are significant factors that help explain this phenomenon other than the decline in confidence in the US dollar as a reserve currency.

[12] Source: Financial Times, M. Wolf, "Trump's Assault on the Global Dollar," May 20, 2025.

[13] Source: Financial Times, M. Wolf, "Trump's Assault on the Global Dollar," May 20, 2025.

[14] Source: Federal Reserve, C. Bertaut et al., "The International Role of the US Dollar: Post Covid Edition," June 23, 2023.

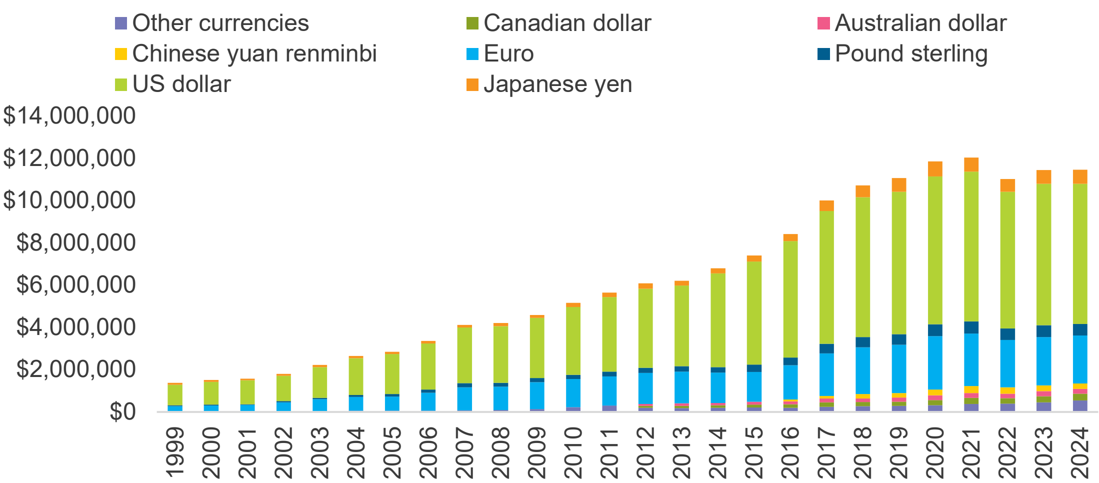

FIGURE 3

World Central Bank Reserves by Currency (USD M)

Source: IMF, COFER data as of December 2024. Russia stopped reporting its reserve holdings in 2022; however, it is estimated that only 16% of its central bank reserves were US dollar denominated.

Globalization and the US dollar

Since the creation of the World Trade Organization in 1995, the US dollar's share in central bank reserves has been declining. As the central banks of developing nations became more interconnected via globalization, they not only increased their foreign exchange reserves, they also diversified their reserves to match their geopolitical and trade relationships.[15] Emerging market economies have deepened their domestic credit markets, enabling them to issue more debt in local currency markets and less in dollar markets.[16] Hence the need to accrue US dollars to ensure dollar-debt service commitments diminished.

[15] Source: OECD, R. Horrocks et al., "Unlocking Local Currency Financing in Emerging Markets and Developing Economies," 2025.

[16] Source: BIS, Hong Kong Monetary Authority, "Foreign Participation in the local currency bond markets of emerging market economies: good or bad for market resilience?" 2019.

Rise of the global financial safety net

Another reason that explains the reduction of dollars in reserves is, ironically, due largely to the dollar's perception as the global safe-haven asset. During the Global Financial Crisis, central bankers globally worked together to create backstops designed to help avert a full-on global depression. New financial swap-lines and lending facilities were implemented. For example, the Federal Reserve implemented currency swap agreements that allowed global central banks to source foreign currencies – especially the US dollar – to help meet the demands of the global financial system. This backstop was subsequently expanded.

In 2011, six of the world's major central banks signed a standing currency swap agreement with each other to provide US dollars and other currencies without limit. These six banks are the Federal Reserve, the Bank of England, the European Central Bank, the Swiss National Bank, the Bank of Canada, and the Bank of Japan.[17] Even China's central bank the People's Bank of China (PBoC) has 40 currency swap agreements with major trade partners.[18]

The International Monetary Fund (IMF) created new special lending facilities to support developing countries during periods of economic and financial crisis to ensure their central banks have sufficient foreign currency reserves to stabilize their own currency's exchange rate. Today the IMF estimates that there are approximately $1.5 trillion in permanent currency swap agreements and other lines of credit from multilateral lenders and central banks (not including the PBoC swap agreements) designed to ensure ample liquidity and supply of foreign currency during periods of economic or financial distress.[19]

In addition to stabilizing global financial markets, currency swap agreements and lending facilities are associated with lower borrowing costs, deeper capital markets, and cross-border investments.[20] These new sources of international liquidity and central bank cooperation have also allowed central banks more flexibility in the composition of their currency reserves.[21] These bilateral agreements have been described as a liquidity backstop for central banks where central banks can work together to stabilize currency markets without accruing excessive foreign exchange reserves even as their economies grow.[22]

Taken together, these backstops (see Figure 4) reassure foreign banks and reserve managers that dollar funding will be available in extremis, thereby reducing their need to hold dollars while simultaneously reinforcing the currency's safe-haven status.

17 Source: Bank of England, S. Denbee et al., "Strengthening the Global Safety Net," 2016. Today the estimated market value of these agreements is approximately $1.5 trillion US dollars.

18 Source: The State Council of China, "China's Central Bank Signs 40 Currency Swap Agreements with Foreign Counterparts," February 16, 2024.

19 Source: The Review of Economic Studies, S. Bahaj et al., "Central Bank Swap Lines: Evidence on the Effects of the Lender of Last Resort," July 2022. Estimates of the value of permanent swap agreements may vary depending on methodology since these agreements do not have an upper limit.

20 Source: The Review of Economic Studies, S. Bahaj et al., "Central Bank Swap Lines: Evidence on the Effects of the Lender of Last Resort," July 2022.

21 Source: Journal of International Money and Finance, J. Aizenman et al., "International Reserves Before and After the Global Financial Crisis: Is there No End to Hording?" April, 2015.

22 Source: IMF Working Paper, M. Perks et al. "Evolution of Bilateral Swap Lines," 2021.

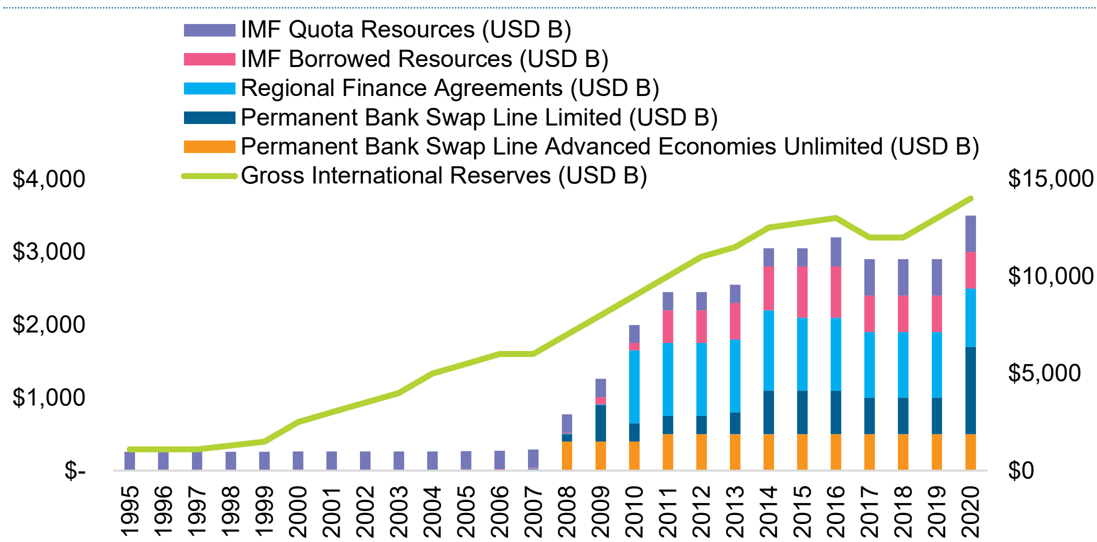

FIGURE 4

Annual Global Market Value of Swap & Lending Agreements and Total Reserves (US$ B)

Source: IMF Working Paper, M. Perks et al. "Evolution of Bilateral Swap Lines," 2021. The chart ends in 2020 as this was the most recent data point we were able to locate.

Central banks load up on gold

Prior to the epoch of fiat currencies, governments have historically used precious metals to help anchor their exchange rate and maintain the purchasing power of their currencies. Gold has long served as a hedge against geopolitical and economic risks, providing stability during times of uncertainty. However, physical bullion is challenging to transport. Hence, central banks frequently hold gold bullion deposits in their vaults on behalf of other nation states rather than engaging in laborious physical transfers of bullion between countries to settle trade.[23]

After holding relatively steady for a decade, since 2022, central banks have increased their annual purchases of gold bullion (see Figure 5). In 2022, 2023, and 2024, global central banks added over 1,000 tons to their gold bullion reserves.

These purchases of bullion – over 3,000 tons in three years – hint at a growing desire by nation states for assets no government can sanction.[24] The cause is obvious, Russia's invasion of Ukraine and the subsequent sweeping financial and economic sanctions on Russia spurred a spike in gold bullion purchases that began in 2022. As a result of the invasion, Russian banks were removed from the global payment system, SWIFT, and Russian foreign exchange reserves held in other central banks were frozen.[25] The US worked with other G7 governments to severely constrain Russia's access to global capital markets.

As the US and its allies sought to constrain Russia through financial sanctions, other countries sought to add gold bullion to their reserves as a hedge against geopolitical risks. For example, China added 32 tons of gold to the PBoC reserves in 2022.[26]

[23] For example, the Bank of England holds 8,776 tons of gold and 23,791 tons of silver for 28 nations as well as central banks, banks, and companies around the world. Sources: LBMA, London Gold and Silver Vault Data for June 2025; World Gold Council, "Central Bank Gold Reserves Survey," June 2025.

[24] Source: JP Morgan, "De-Dollarization: Is The US Dollar Losing Its Dominance?" October 8, 2024.

[25] Source: US Department of Treasury, "Treasury Imposes Swift and Severe Costs on Russia for Putin's Purported Annexation of Regions of Ukraine," September 30, 2022.

[26] Source: Reuters, "China's Reported Gold Reserves Rose for the First Time Since 2019," December 7, 2022.

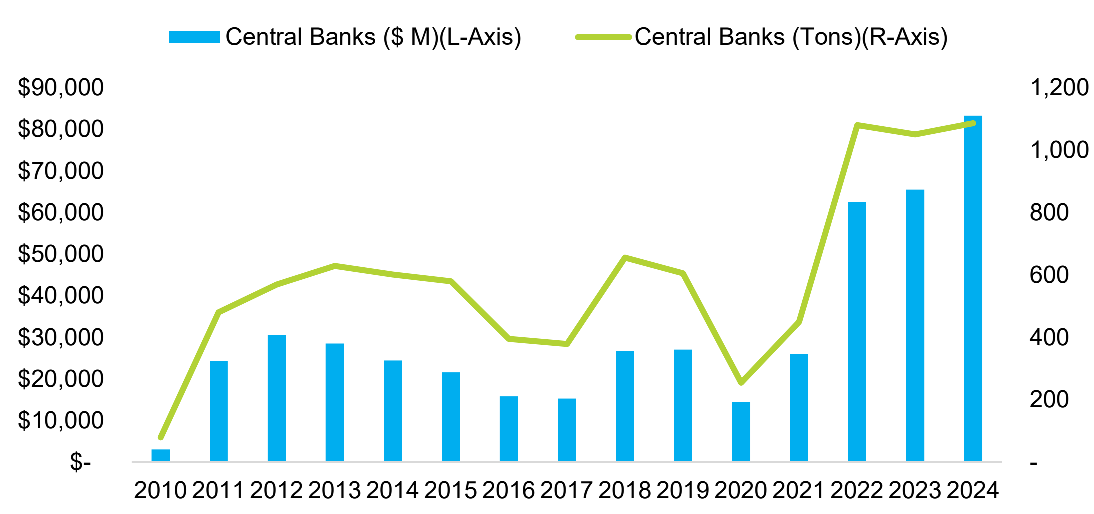

FIGURE 5

Central Bank Annual Purchases of Gold 2010-2024 ($ M and Tons)

Source: World Gold Council data as of December 2024.

On the surface, the rapid increase in gold bullion purchases by central banks appears to point to diversification away from the US dollar. But even as central banks added to their bullion reserves in 2022, 2023, and 2024, the trade-weighted value of the US dollar rose. During the same period, central bank holdings of US dollars held steady as a percentage of reserves. However, during this period global inflation rose rapidly in Europe, the US, and Japan. Hence, it is likely that some of the rationale for the increase in gold purchases was the first serious bout of inflation in forty years.[27]

[27] The World Gold Council's annual survey of central banks noted that central banks added gold due to interest rates (93%), inflation (81%), and geopolitical risks (77%). Source: World Gold Council, "Central Bank Gold Reserves Survey," June 2025.

Changes in debt issuance

In recent years, emerging economies have increasingly shifted away from issuing dollar-denominated debt, choosing instead to borrow in their own local currencies or in alternative reserve currencies. JP Morgan estimates that the local currency debt markets for emerging market economies have grown 700% since 2005, with an estimated market capitalization of over $20 trillion, which is considerably larger than the $5 trillion market capitalization of a prominent US dollar-based emerging markets benchmark, the JP Morgan Government Bond Index – Emerging Markets (GBI-EM).

[28] Source: JP Morgan, "EM Local Currency Debt: The Hidden Alpha Opportunities," April 2025.

This move was largely driven by the desire to reduce exposure to currency mismatches and mitigate the risks associated with fluctuations in the US dollar, which can significantly impact debt servicing costs when local currencies weaken. Additionally, the imposition of financial sanctions and the heightened volatility in global markets have prompted many governments to seek greater financial autonomy and resilience. By diversifying their debt issuance, these countries aim to strengthen their economic sovereignty, lower vulnerability to external shocks, and foster the development of deeper domestic capital markets.

If not the dollar, what is the alternative?

Since the end of World War II, the US dollar has served as the world's reserve currency while the US acted as a geopolitical hegemon or superpower for much of the world. Like Britain did in the nineteenth century, the US has provided a largely stable international currency, a source of public goods, a guarantor and supporter of global trade, and a stable financial system to be a lender of last resort. Logically, the end of the dollar's dominance implies that something must come next. But what might replace it? The leading contenders seem to be the Chinese renminbi (also known as the yuan), the euro , or perhaps a multilateral system that is less reliant on a single reserve currency.[29]

[29] Source: Financial Times, H. Rey, "How Europe Should Respond to the Erosion of the Dollar's Status," May 6, 2025.

China's President Xi Jinping has been focused on China replacing the US as the world's geopolitical superpower . This may include its currency, the renminbi, playing a more prominent role in global trade and finance. First, a greater international role for the renminbi (RMB) would reduce China's dependence on the US dollar, making the country less vulnerable to financial sanctions and providing more direct control over cross-border transactions.[30] Second, a globally accepted RMB could lower transaction costs for Chinese businesses, boost the internationalization of Chinese

[30] Source: European Central Bank, B. Eichengreen, et al., "Internationalisation [sic] of the Renminbi and Capital Account Openness," June 2023.

financial markets, and increase the nation's influence in setting international standards and financial rules. Finally, by promoting the RMB as a reserve currency, China could strengthen its position as a global economic power, reflecting its status as the world's second-largest economy and advancing its strategic interests in shaping the future of the international monetary system.

Instead of relying on the US dollar-denominated SWIFT global payment system, China has been actively pursuing the internationalization of the RMB through its own global payment and settlement system. Since Russia's removal from the global payment system in 2022, the use of RMB settlement has accelerated, with Chinese policy banks now targeting 50% of their trade loans to be denominated in RMB.[31] China is also rapidly developing RMB digital payment systems that include a national digital RMB as well as RMB settlement QR codes for mobile payments.[32]

However, the renminbi faces stiff headwinds to becoming a global reserve currency. While China accounts for approximately one-fifth of global GDP, the RMB is used in only 4% of international transactions.[33] The Chinese Communist Party's emphasis on maintaining control over capital flows and monetary policy limits the RMB's appeal for international investors and central banks, as these restrictions constrain the free movement of capital necessary for a currency to function as a true global reserve. As a result, despite China's economic size and aspirations for greater influence, the RMB's share of global reserves remains small (see Figure 6), and its future internationalization is hampered by these structural and policy barriers.[34]

The euro currently plays a much greater role than the renminbi in global trade and finance, perhaps making it a more logical candidate to replace the dollar. The eurozone has similar incentives for wanting the euro to assume a more prominent role, such as reduced reliance on the US dollar, increased monetary autonomy, and potentially lower transaction and debt servicing costs.[35] Indeed, in May, the President of the European Central Bank, Christine Lagarde, gave a speech in which she advocated for an expanded adoption of the euro as a reserve currency.[36]

Unlike China, whose renminbi faces challenges from strict capital controls and single-party governance, the euro benefits from the eurozone's open financial system and integration with global markets. The euro's collective backing by politically independent nations fosters international trust and acceptance. Its established legal framework and market accessibility make the euro a more viable alternative for diversification in global reserves and transactions.

However, the eurozone is still legally fragmented, there is no single unified fiscal authority, and its capital markets remain less liquid than those of the US.[37] While the eurozone shares common foundations for the use of the euro, the countries of the eurozone remain politically independent, hampering the ability of the eurozone to act as one trade bloc in the global economy. Additionally, the euro area's military and geopolitical ambitions may not be sufficient to inspire the same level of international trust and stability that the dollar currently enjoys, particularly given the longstanding integration and depth of US financial markets.

[31] Source: The Economist, "China is Ditching the Dollar, Fast," September 10, 2025.

[32] Source: The Economist, "China is Ditching the Dollar, Fast," September 10, 2025.

[33] Source: The Economist, "China is Ditching the Dollar, Fast," September 10, 2025.

[34] Source: Financial Times, M. Wolf, "Trump's Assault on the Global Dollar," June 12, 2025.

[35] Source: Financial Times, H. Rey, "How Europe Should Respond to the Erosion of the Dollar's Status," May 6, 2025.

[36] Source: ECB, C. Lagarde, "Earning Influence: Lessons from the History of International Currencies," May 26, 2025.

[37] Source: ECB, C. Lagarde, "Earning Influence: Lessons from the History of International Currencies," May 26, 2025.

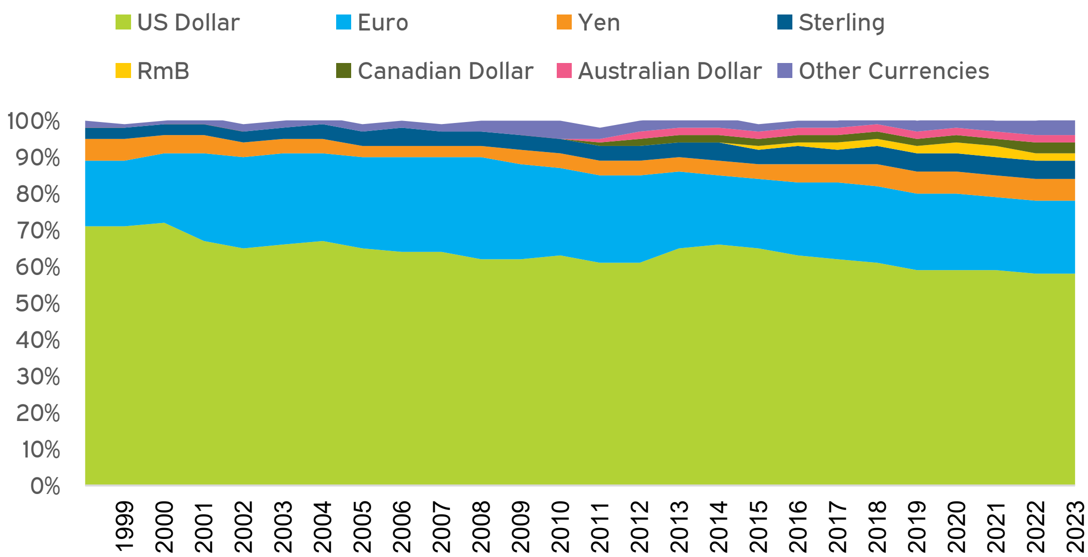

FIGURE 6

Major Currencies as Percentage of Global Central Bank Reserves

Sources: IMF COFER data as of December 2024. Total reserves shown does not include gold reserves.

A multilateral currency system could replace the dollar-based system by establishing a framework in which several major currencies – such as the euro, the renminbi, and potentially others – are recognized and utilized as reserve currencies in global trade and finance. In this model, international reserves would be diversified across multiple currencies, reducing reliance on the US dollar and distributing influence among several economic blocs. Central banks and global institutions would hold and settle transactions in a basket of currencies rather than systematically defaulting to the dollar, which would mitigate the risk of overdependence on any single nation's monetary policy. Ultimately, a multilateral currency system would reflect a more multipolar world economy, where economic and political power is shared among several key players rather than concentrated in one.

Transitioning to a multilateral currency system faces several significant hurdles. First, achieving broad international cooperation and consensus among major economies is challenging, as countries may have conflicting interests regarding currency management and reserve status. Harmonizing financial regulations across jurisdictions would require extensive negotiation and compromise. Second, mechanisms to manage exchange rate volatility, such as expanded currency swap lines or coordinated interventions, would need to be established and maintained, demanding trust and ongoing collaboration among central banks. Additionally, fragmented liquidity and increased transaction costs could arise from using multiple reserve currencies. Political considerations, such as the willingness of countries to cede some monetary autonomy, and the need for robust institutional support to ensure stability, further complicates the transition.

Why inertia may rule the day

The world's entrenched reliance on the dollar may prove too difficult to overcome, at least in the next decade or two. The dollar's dominance is deeply rooted in the global financial infrastructure, with a vast majority of international bank claims and foreign-currency bond issuance denominated in dollars. This widespread use creates network effects, where the convenience and liquidity of dollar-based transactions encourage continued preference for the dollar over alternatives. Additionally, the depth and openness of US financial markets provide unparalleled liquidity and investment opportunities, further reinforcing the dollar's role as the preferred reserve and transaction currency.

The dollar is supported by strong institutional trust in US political and economic stability, legal protections, and a commitment to an open, rules-based international order. These features inspire confidence among global investors and central banks, making the prospect of shifting away from the dollar both risky and costly. Even as other currencies attempt to expand their international roles, they face structural and policy barriers, such as fragmented markets, less liquid financial systems, and political complexities, that make it challenging to offer a comparable alternative. As a result, overcoming the dollar's entrenched position would require not only significant reforms and cooperation among other economies, but also a profound shift in global trust and financial practices, which is likely to be a gradual and complex process.

Conclusion

The United States dollar remains the cornerstone of the global financial system, a role built on decades of institutional trust, unparalleled liquidity in Treasury markets, and widespread adoption in trade and investment. While the recent depreciation and diversification efforts by central banks highlight vulnerabilities in dollar dominance, these shifts appear more evolutionary than revolutionary. The resilience of the dollar, reinforced by its integration into the very infrastructure of global finance, suggests that challenges to its primacy will unfold gradually rather than abruptly.

At the same time, the growing appetite for gold, the expansion of currency swap lines, and the rise of local-currency debt markets underscore the ways in which the international monetary system is becoming more multipolar. China's renminbi and the euro may expand their influence, and a multilateral reserve structure could emerge as a partial counterweight to US hegemony. However, structural weaknesses, policy constraints, and geopolitical realities limit the ability of these alternatives to serve as true substitutes in the near term. These trends represent not the end of the dollar's dominance but rather an incremental rebalancing of global reserves and settlement practices.

Ultimately, the inertia of dollar reliance, reinforced by network effects and the unmatched depth of US markets, makes any near-term displacement highly unlikely. Even as diversification accelerates, the dollar will continue to serve as the world's primary reserve currency and safe-haven asset, with its influence slowly tempered by competing currencies and evolving financial arrangements. The more realistic trajectory is not the outright loss of "exorbitant privilege" but its gradual dilution, leaving the dollar central to global finance while accommodating a more diversified and interconnected monetary order.

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