

DCRO Masterclass | April 7, 2026 & November 10, 2026

Economic Statecraft and Geopolitical Resilience The Future of Global Reserve Currencies

A boardroom field guide to reserve-currency transition, digital money, Treasury-market resilience, and corporate crisis readiness.

C-suite | Qualified Risk Directors | Board Directors

Executive thesis: rebalancing, not collapse

The dollar remains dominant; resilience now requires preparing for a more contested system.

1. Dominant core

USD still anchors reserves, FX, payments, commodity pricing, debt issuance and safe-haven flows.

2. Incremental pipes

BRICS+, CIPS, CBDCs, stablecoins, bilateral swaps and gold purchases create parallel channels.

3. Board mandate

Test liquidity, contracts, capital allocation and counterparty controls under multipolar and digital settlement regimes.

Do not frame this as “sell America.” Frame it as regime-aware stewardship.
The relevant board question: what breaks first—funding, settlement, liquidity, or trust?
Risk directors should define early-warning indicators, thresholds and decision rights.

Why this belongs on the Board’s Agenda

	Strategic	Financial	Operational	Governance
Exposure	Markets	Treasury	Payments	ERM
Impact	Capital flows	Cost of capital	Settlement delays	Risk appetite
Board action	Scenario plan	Stress liquidity	Contract options	Trigger decisions

**Board role: Ensure management can operate through currency fragmentation before it becomes a crisis-response exercise.
response exercise.**

Reserve currencies: functions and institutional architecture

Unit of account

Currency used to price trade, commodities, loans, and internal transfer prices.

Medium of exchange

Currency used for payment settlement, clearing, clearing, and cross-border transactions.

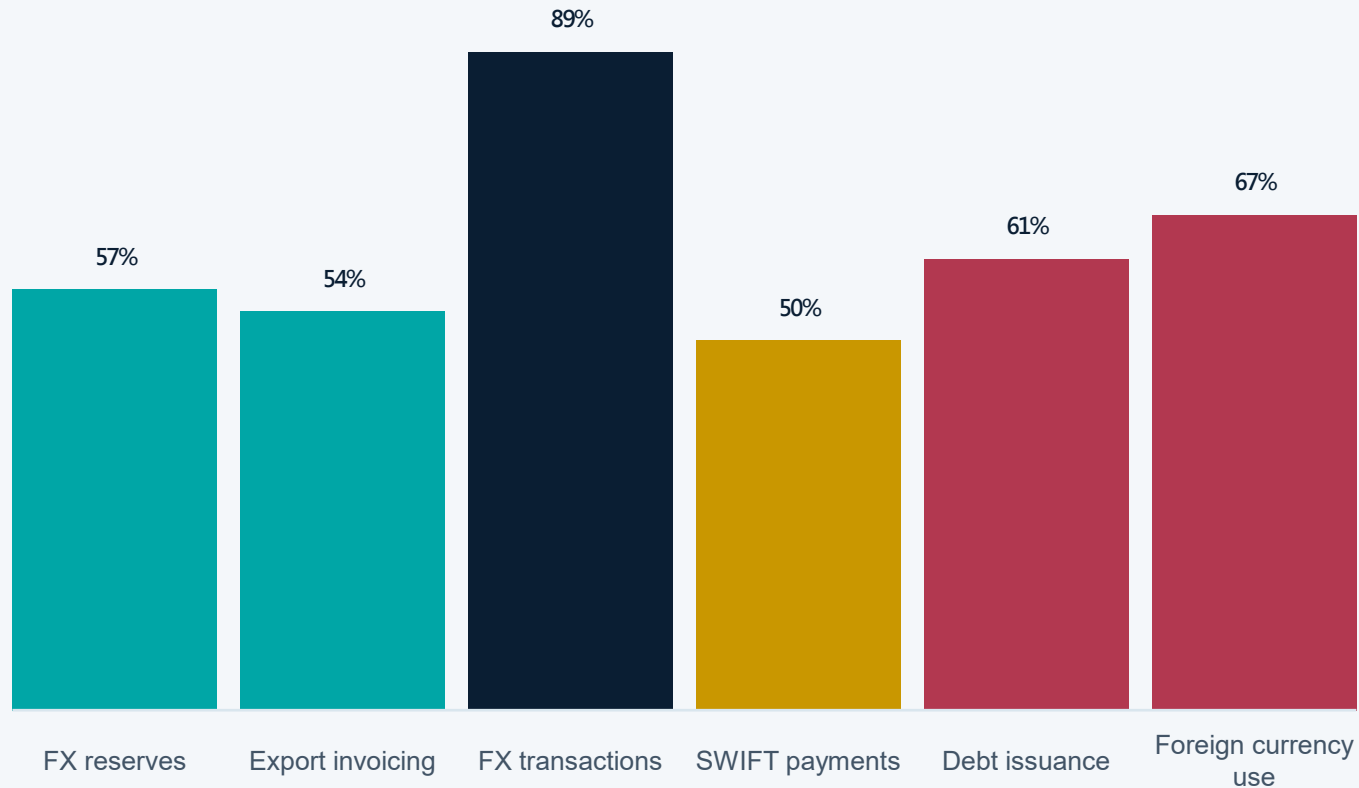
Store of value

Currency or asset used by central banks, SWFs, SWFs and investors for liquidity and safety.

Reserve status is not just currency; it is trust + markets + law + infrastructure + habit.

Deep capital markets and rule of law matter more than slogans.
Network effects make incumbent currencies hard to dislodge.
A currency may gain trade usage without becoming a true reserve asset.

USD dominance dashboard



Interpretation

The dollar's share varies by function: highest in FX trading and debt markets, lower but still central reserves and payments. A decline in reserves does not equal systemic displacement.

Board issue

Each function maps to a different risk: reserves and Treasury demand affect rates; payments affect liquidity; invoicing affects margins; debt issuance affects funding access.

Why the dollar endures

Scale – Domestic & International

U.S. economy and global corporate footprint

Markets

Depth, liquidity and transparency of Treasuries
Treasuries

Convertibility

Open capital account and currency liquidity

Legal trust

Rule of law and investor protections

Safe haven

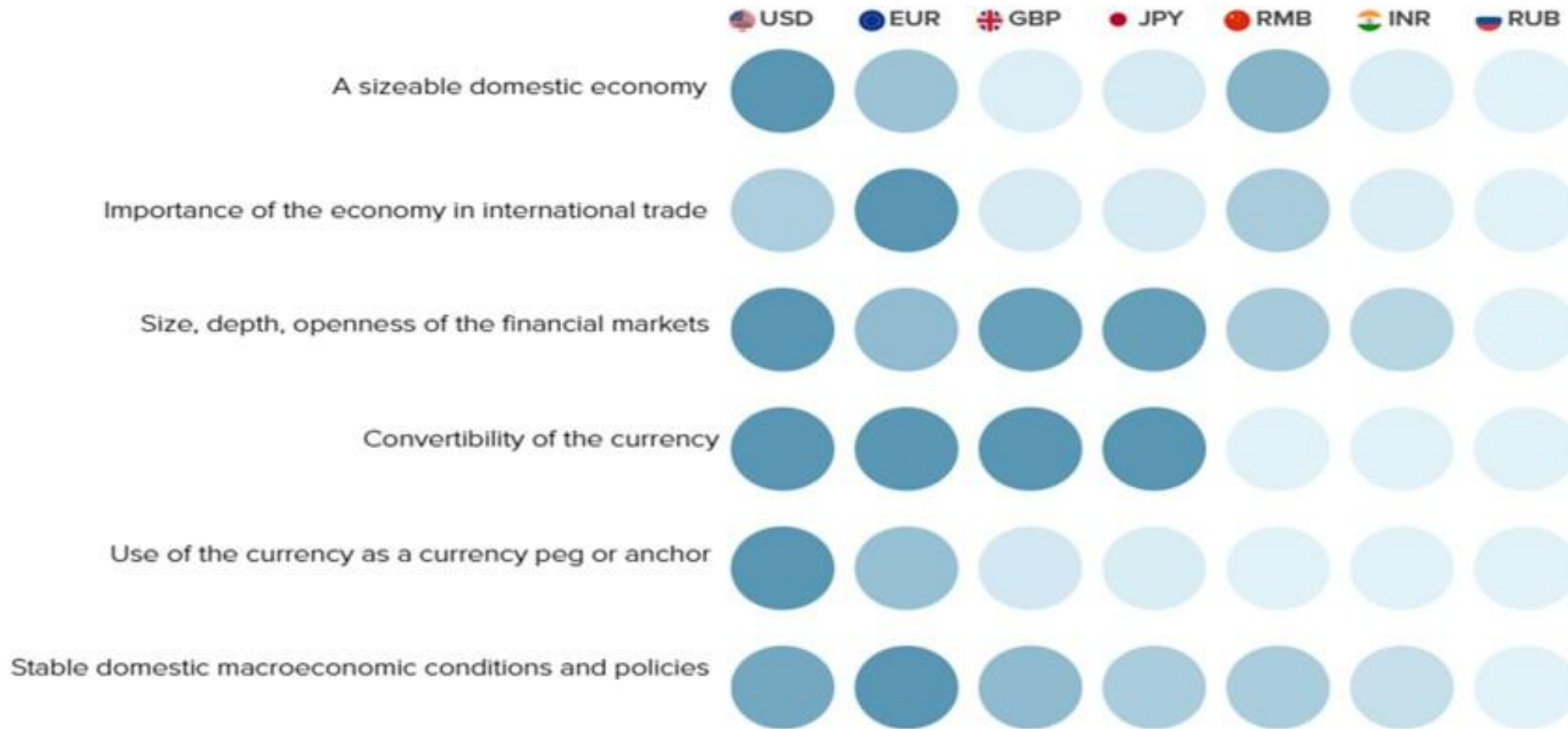
Flight-to-quality during stress

Network effects

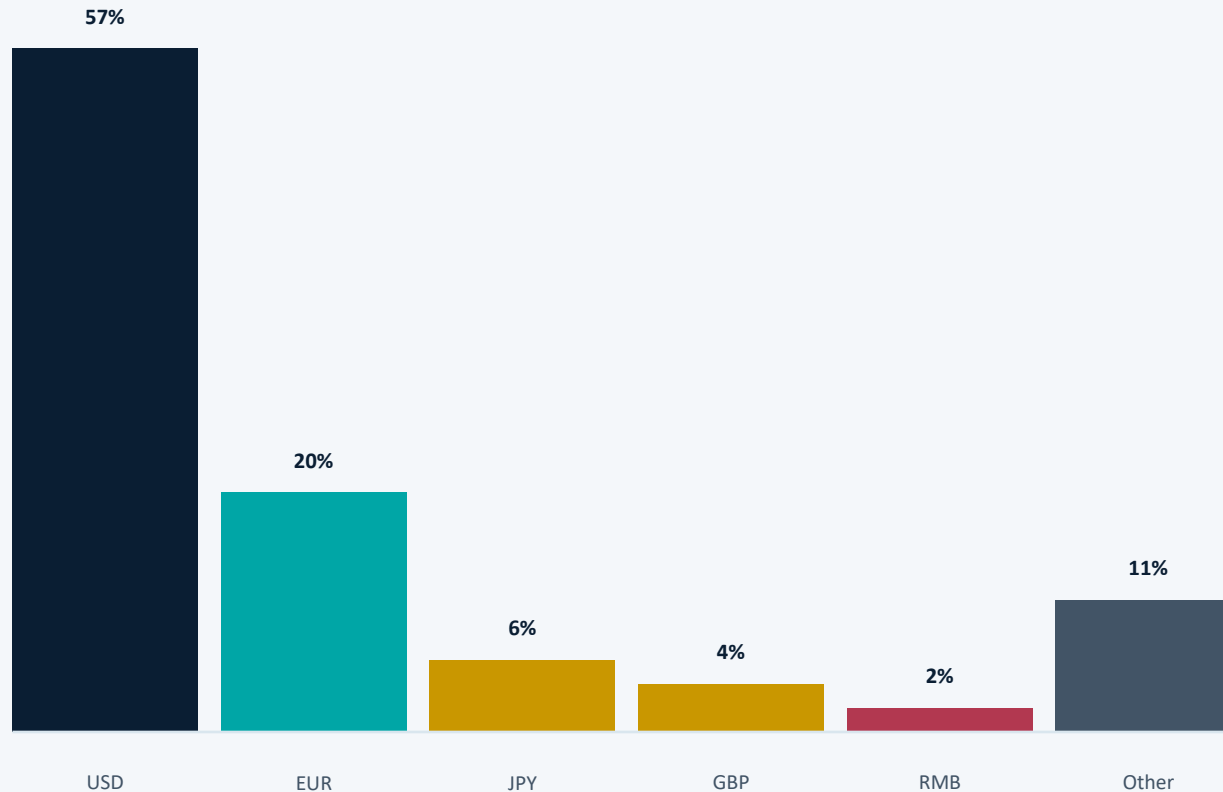
Invoicing, hedging, custody and repo plumbing

Replacement requires a full ecosystem—not just a rival currency.

Why the dollar endures – Comparison with Other Currencies



Alternative Reserve Assets: credible, but incomplete



Euro

Large and liquid, but multi-sovereign fiscal architecture limits safe-asset supply.

Renminbi

Trade usage can rise faster than reserve status; capital controls and legal trust remain limiting.

Gold / commodities

Useful as stores of value but not broad payment or collateral infrastructure.

SDRs / synthetic baskets

Useful conceptually but lack private-market depth, liquidity and adoption.

Pressure points: fiscal, geopolitical, technological

Fiscal supply / Deficits

Large U.S. deficits and Treasury issuance pressure term premia and raise questions about long-end demand.

Sanctions risk

Weaponization of payments and reserves motivates sovereign hedging and parallel payment pipes.

Geopolitical Fragmentation

BRICS+, CIPS, bilateral swaps and regional payment systems create incremental workarounds.

Alternative Payments - -Digital money money

Stablecoins, tokenization and CBDCs change settlement speed, custody, data and operational risks.

Gold and real assets

Central banks and investors are reassessing non-fiat stores of value and inflation hedges.

Political trust

Debate over central bank independence and debt-ceiling-style episodes can undermine confidence.

Industrial Policy & Trade Realignment Realignment

Domestic investments and supply chain restructuring.

Treasury market demand is the reserve fulcrum

Treasury demand links reserve currency status to corporate cost of capital.

100% → 150%

CBO long-run public debt
projection (Apollo)

14%

Net interest share of 2025
federal spending (Apollo)

\$10T

Government debt maturing
over one year (Apollo)

**Higher term premia
premia**

Long-end curve steepening
pressure

Foreign reserve managers, banks, pensions, insurers, money funds and stablecoin issuers all matter as marginal buyers. Hedging costs can reduce the attractiveness of Treasuries for non-U.S. investors.
For companies: higher long rates raise hurdle rates, debt-service costs, impairment risk and valuation sensitivity.

Petrodollars: durable support, contested channel

Historical channel

Oil trade has traditionally been invoiced in dollars, dollars, creating recurring demand for USD and U.S. and U.S. assets.

Recycling channel

Oil exporters reinvest surplus dollar revenues into Treasuries, equities, private assets and sovereign wealth portfolios.

Erosion channel

Multi-currency oil pricing, petroyuan experiments experiments and renewables reduce the automaticity of dollar recycling.

	Energy trade	Treasury demand	Corporate exposure
Stable	USD invoicing	SWF flows	Hedges work
Transition	Multi-currency	Selective buying	Basis risk
Shock	Pricing split	Term premium	Margin shock

China and the RMB: trade currency vs reserve currency

The RMB can gain trade share without becoming the dominant reserve asset.

What supports RMB usage

China's trade footprint, swap lines, CIPS, commodity contracts, e-CNY pilots and BRICS+ settlement initiatives.

What constrains reserve status

Capital controls, limited safe-asset supply, policy opacity, legal predictability and geopolitical trust.

What boards should monitor

Currency clauses, CIPS counterparties, RMB receivables, local financing access, sanctions exposure and repatriation controls.

TIE contributors disagree on trajectory, but converge on one point: “de-dollarization” is not the same as dethroning the dollar. In a Taiwan-related crisis, reserve and payment architecture becomes a first-order operational risk.

Parallel pipes: BRICS+, CIPS* and regional payment systems

Why pipes are built

Sanctions hedging, strategic autonomy, lower transaction costs, local currency trade and domestic domestic political narratives.

What they change

Payment routing, correspondent banking dependence, settlement timing, transparency, compliance and liquidity pools.

What they do not replace

Global collateral depth, rule-of-law protections, protections, private liquidity, bank balance-sheet sheet capacity and investor trust.

	Low fragmentation	Regional pipes	Currency blocs
Payments	SWIFT core	Dual rails	Interoperability risk
Liquidity	USD pools	Split cash	Trapped liquidity
Compliance	Standard KYC	Enhanced due diligence	Sanctions conflict

* **Cross-border Interbank Payment System (CIPS)** is a Chinese payment system that offers [clearing](#) and [settlement](#) services for its participants in cross-border [renminbi](#) (RMB) payments and trade. CIPS is backed by the [People's Bank of China](#) and was launched in 2015 as part of a policy effort to internationalize the use of China's currency.

Stablecoins: dollar reinforcement or digital dollarization?

USD stablecoins may reinforce the dollar while increasing financial-stability and Treasury-market linkages.

\$316B

Estimated USD-pegged stablecoin flows cited by IMF GFSR

>\$300B

ECB remark on total stablecoin market in 2026

Structural flaws

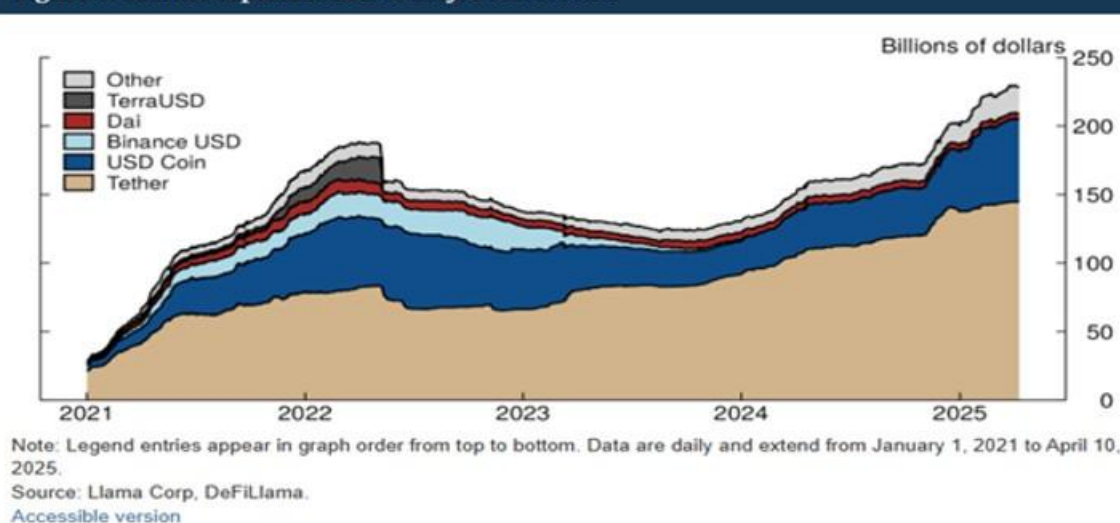
BIS 2026 warning

Digital dollar rails

Strategic implication

Reserve-backed stablecoins may increase demand for short-dated Treasuries. Foreign-currency stablecoins can accelerate digital dollarization in weaker monetary systems. Run risk, reserve transparency, operational resilience and sanctions compliance remain critical.

Figure 6. Market capitalization of major stablecoins



CBDCs: motives, designs and adoption reality

Motives

Resilient payments, financial inclusion, innovation, innovation, monetary-policy tools, competitive competitive response to stablecoins and big tech. tech.

Design choices

Retail vs wholesale; direct, hybrid or intermediated; account vs token; DLT vs conventional infrastructure.

Adoption reality

Atlantic Council tracker: 130+ countries explore explore CBDC, 41 pilots, three launched retail CBDCs.

	Retail	Wholesale	Cross-border
Policy goal	Inclusion	Settlement	Interoperability
Board risk	Privacy	Bank liquidity	Sanctions conflict

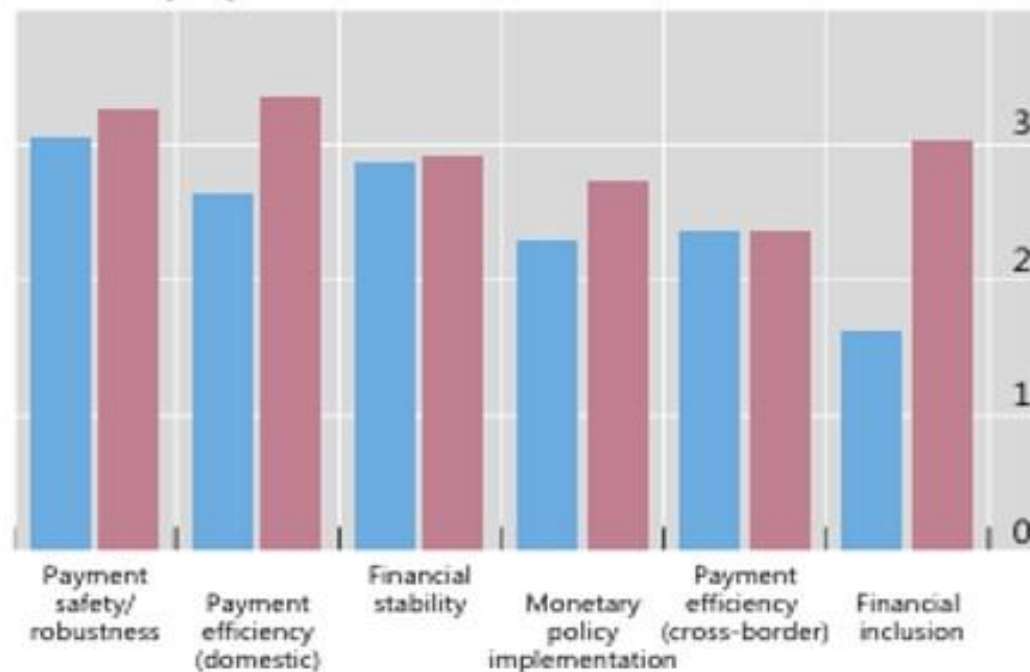
CBDCs: motives, designs and adoption reality

Motivations for issuing a CBDC

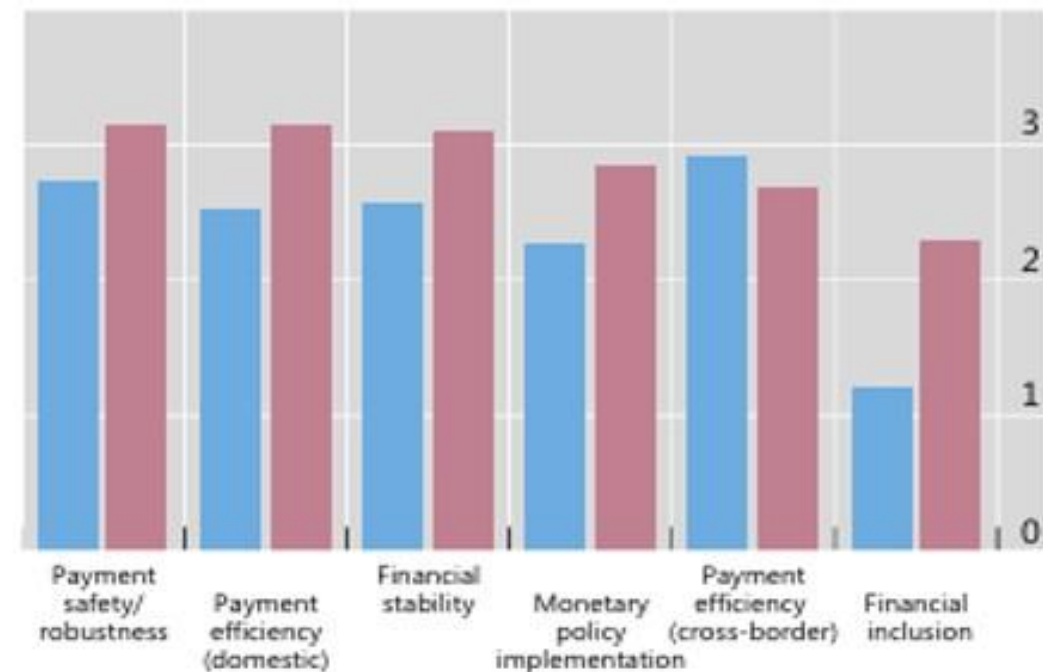
Average importance

Graph 5

General purpose (retail) CBDC



Wholesale CBDC



Average importance: ■ AEs ■ EMEs

1 = not so important; 2 = somewhat important; 3 = important; and 4 = very important.

Sources: CPMI survey of central banks; Boar et al (2020).

CBDC and digital-money risk map

	Low	Moderate	High
Financial stability	Caps & limits	Deposit migration	Run risk
Cyber/data	Token privacy	Data honeypot	State surveillance
Operational	Pilot rail	Vendor reliance	Settlement outage
Legal/sanctions	Clear rules	Conflicting regimes	Blocked assets

Risk director question: Which failure mode is material for our enterprise—run risk, trapped liquidity, settlement failure, data failure, data exposure, or legal conflict?

Tokenization: speed without trust is not resilience

Promise

Faster settlement, programmability, 24/7 availability, lower reconciliation cost, tokenized collateral and securities.

Failure modes

Reserve opacity, redemption runs, custody losses, losses, cyber failures, smart-contract bugs and and liquidity fragmentation.

Board controls

Permitted-rail policy, approved issuers/custodians, issuers/custodians, limit structures, incident playbooks and independent assurance.

Digital money changes settlement risk from “days and banks” to “seconds, code and custody.”

Assign ownership across Treasury, Legal, Cyber, Compliance and Enterprise Risk.
Treat tokenized cash-like instruments as operational infrastructure, not just investment products.
Run tabletop exercises before adoption, not after a crisis.

Current events through July 2026: signals to incorporate

Reserve data

IMF COFER: USD share of allocated reserves rose to 57.13% in 2026Q1 from 56.42% in 2025Q4.

Policy debate

Fed/NY Fed convened the Fifth Conference on the International Roles of the U.S. Dollar in June 2026.

Stablecoin warnings

BIS 2026: stablecoins offer tokenization benefits but fall but fall short on key money properties and raise stability issues.

Geopolitical stress

Taiwan's July 2026 drill simulated blockade, sabotage, cyberattack and invasion; Strait activity remains a market-relevant risk.

BRICS+ alternatives

July 2026 commentary describes BRICS alternatives to dollar rails as more realistic as payment technologies mature.

Bond-market stress

July 2026 reporting flags U.S. and Japan yield-curve pressures, Treasury demand concerns and equity-flow dependence.

Interpretation: these are not proof of collapse; they are scenario inputs for board preparedness.
Update the tabletop from a hypothetical 2028 shock to a plausible near-term escalation pathway.

Four reserve regimes to stress test

	Low inflation	High inflation	Geopolitical stress	Digital adoption
USD-dominant	Base case	Term-premium stress	Sanctions shock	Tokenized cash
Multipolar	Reserve diversification	Gold + real assets	Currency blocs	CBDC corridors
Digital-hybrid	Stablecoin rails	Digital dollarization	Frozen rails	Settlement redesign

Scenario discipline: define triggers and actions in advance; do not rely on macro prediction.

Board risk lens: reserve-currency transition taxonomy

Market risk

FX volatility, rates, commodities, credit spreads, valuation assumptions, portfolio liquidity.

Currency & Liquidity risk

Multi-currency cash pools, trapped cash, collateral collateral calls, payment delays, counterparty counterparty funding.

Operational & Technology risk

Payment rails, ERP/TMS capability, cyber resilience, sanctions screening, vendor concentration.

Strategic & Trade risk

Regional funding models, supply-chain localization, customer pricing, competitive positioning, sanctions.

Compliance risk

OFAC/AML/KYC conflicts, cross-border data, digital asset rules, disclosure requirements.

Reputation risk

Stakeholder response to reserve strategy, sanctions exposure and perceived geopolitical alignment.

Map each risk to Risk Appetite, metrics, owners, thresholds and board cadence.

Corporate treasury implications

	Cash	Debt	Hedges	Rails
Base case	USD pool	Central funding	Standard FX	Bank rails
Stress case	Multi-currency cash	Higher long rates	Basis risk	Dual rails
Board decision	Minimum buffers	Maturity ladder	Hedge policy	Approved systems

Treasury policy should define where centralization still works and where regional liquidity is a resilience requirement.

Capital allocation: update hurdle rates and optionality

Project IRRs

Higher long rates and currency premia should flow into regional hurdle rates and downside cases.

Financing model

Local funding can reduce FX mismatch but increase increase legal, bank and capital-control risk.

Portfolio mix

Real assets, infrastructure, inflation-linked cash cash flows and commodities may serve as resilience anchors.

	Risk factor	Question	Action
FX	Translation + transaction	Who bears it?	Contract/hedge
Rates	Term premium	Can pass through?	Reprice hurdle
Liquidity	Trapped cash	Can exit?	Ring-fence buffer

Contracts, supply chains and payment terms

Contract clauses

Currency denomination, fallback currency, sanctions termination, force majeure, payment rail alternatives.

Supplier risk

Suppliers may demand local/regional currency settlement or risk premia under currency blocs.

Customer pricing

Pass-through formulas, inflation indexation and currency-adjustment mechanisms become strategic tools.

Inventory critical contracts by currency, jurisdiction, payment rail and sanctions clauses.

Pre-negotiate alternative settlement terms for critical suppliers and customers.

Test whether ERP/TMS systems can manage multi-currency, multi-rail settlement and reconciliation.

A reserve-currency shock is also a contract-enforceability and payment-operations shock.

Financial reporting and disclosure lens

	Financial statement area	Exposure	Board question
Revenue	FX translation	Margin volatility	Sensitivity disclosed?
Debt	Covenants	Refinancing	Rate stress tested?
Assets	Impairment	WACC/FX assumptions	Scenario tested?
Controls	Treasury systems	Settlement/recon	Controls assured?

Audit committee focus: information quality, not macro certainty.

Governance operating model: who owns what?

Board

Risk appetite, scenario approval, capital allocation guardrails, crisis decision rights.

Audit / Finance

Liquidity, debt maturity, disclosures, internal controls, treasury policy and assurance.

Risk Committee

ERM taxonomy, indicators, risk appetite thresholds, geopolitical scenarios and resilience resilience testing.

Management

CFO/Treasury, Legal, Compliance, Cyber, Procurement, Strategy and Regional Presidents.

Internal Audit

Control design, TMS/ERP readiness, hedge governance, sanctions screening and crisis playbook testing.

External advisors

Banking, geopolitical, legal, cyber, tax, rating agency and investor relations input.

Effective governance connects macro sensing to pre-authorized decisions.

Board dashboard: indicators and triggers

	Metric	Watch level	Decision trigger
Dollar share	IMF / SWIFT	Gradual downshift	Policy review
Rates	10Y/30Y, term premium	Curve steepening	Refinance plan
FX vol.	DXY, CVIX, local vols	Hedge cost spike	Hedge committee
Payments	SWIFT/CIPS/CBDC rails	Dual rail adoption	Ops test
Liquidity	Cash by currency/country	Trapped cash	Liquidity draw

Pre-agree thresholds. A dashboard without decision rights is not governance.

Resilience playbook: prepare, monitor, decide

Prepare

Inventory exposures; update Treasury, hedge and contract policies; test systems; pre-approve advisor roster.

Monitor

Track reserve shares, Treasury demand, payments payments fragmentation, CBDC/stablecoin adoption, adoption, sanctions risk and FX vol.

Decide

Activate liquidity buffers, reprice capital, renegotiate renegotiate clauses, switch rails, adjust hedges and hedges and communicate with investors.

Goal: preserve operating continuity and strategic flexibility in a currency-regime shock.

Move from static allocation and Treasury policy to regime-aware governance.

Test not only portfolio losses, but also settlement failure, trapped cash and legal conflicts.

Make tabletop exercises annual for internationally exposed companies and asset managers.

Tabletop exercise: Fragmentation Shock 2028 — July 2026 refresh

Scenario premise

A U.S.-based energy and electric utility with global renewables, infrastructure assets and capital markets reliance faces currency fragmentation.

July 2026 trigger inputs

Taiwan blockade drills, BRICS+ payment alternatives, stablecoin policy, Treasury yield stress and geopolitical energy risks.

Shock event

A Taiwan blockade/cyber/sanctions escalation triggers triggers global bank downgrades, payment delays, FX delays, FX spikes and debt-market selloff.

	T-30	T-7	T0	T+1	T+30
Signal	Grey-zone activity	Payment disruptions	Blockade + sanctions	Liquidity crisis	Market segmentation
Action	Raise watch	Cash review	Crisis team	Board call	Strategic reset

Tabletop exercise: group assignments and outputs

Group 1: Liquidity

Global Markets & Treasury: Redesign global liquidity strategy; decide USD-centric versus multi-currency reserves; activate crisis funding.

Group 2: Hedging

Operations & Supply Chain: Assess settlement rails, counterparty risk, contract currency clauses and hedge-versus-retain decisions.

Group 3: Funding

Capital Allocation & Investment Strategy: Reprice hurdle rates, regional regional financing, debt maturity, investor communication and capital capital allocation.

Group 4: Governance

Counterparty Risk, Board Oversight: Define dashboard, triggers, risk appetite, disclosure path and board decision rights.

Deliverables: 10-day crisis action plan + 12-month resilience roadmap + board dashboard.

Q1: What does management do by market open tomorrow?

Q2: What must the board approve within 10 days?

Q3: What policy, system or contract changes must be completed within 12 months?

Closing: the board's five questions

Think beyond the dollar—not against it.

- Where are we assuming USD liquidity, settlement and legal enforceability will always be available?
- Which contracts, funding plans and supply-chain nodes fail first under currency fragmentation?
- What dashboard would tell us that regime risk is moving from strategic to immediate?
- What decisions has the board pre-authorized before the market opens after a shock?
- How do we preserve mission, capital access and stakeholder trust if reserve architecture fragments?

Recommended board action

Request a 90-day reserve-currency resilience review: exposure inventory, dashboard, tabletop, Treasury policy annex, and board decision-rights map.

Additional Sources:

Authoritative data

IMF COFER & GFSR; BIS Annual Economic Report; Federal Reserve USD role; Treasury TIC/TBAC; SWIFT RMB Tracker.

Payment/digital rails

Atlantic Council CBDC & Dollar Dominance Monitors; BIS CPMI; FSB stablecoin guidance; ECB digital euro; PBOC e-CNY; CIPS data.

Geopolitical statecraft

OFAC/FinCEN sanctions; CFR/Brookings/CSIS; RAND CFR/Brookings/CSIS; RAND Taiwan scenarios; scenarios; IEA/EIA/OPEC energy pricing; WTO/UNCTAD trade data.

Market implications

BIS Triennial FX Survey; JPM/MS/GS/BlackRock macro outlooks; rating agency stress cases; Chainalysis illicit finance; academic literature on network effects.

Corporate governance

NACD geopolitical risk guidance; COSO ERM; TCFD/ISSB for scenario discipline; audit committee disclosure guidance; cyber resilience guidance.

Practical next step

Build a source library with monthly refresh cadence and assign owners for data, policy, geopolitical and market feeds.