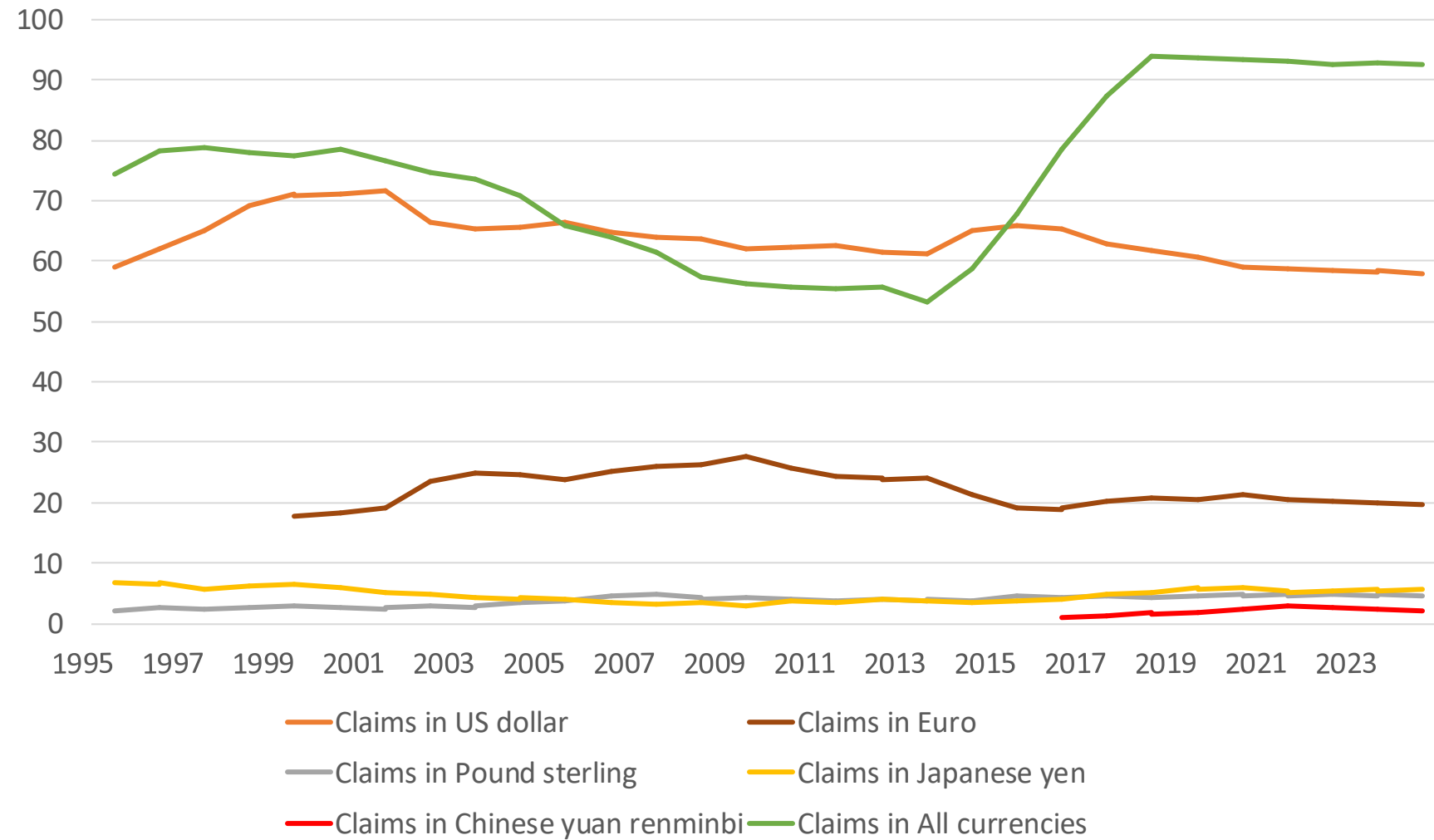


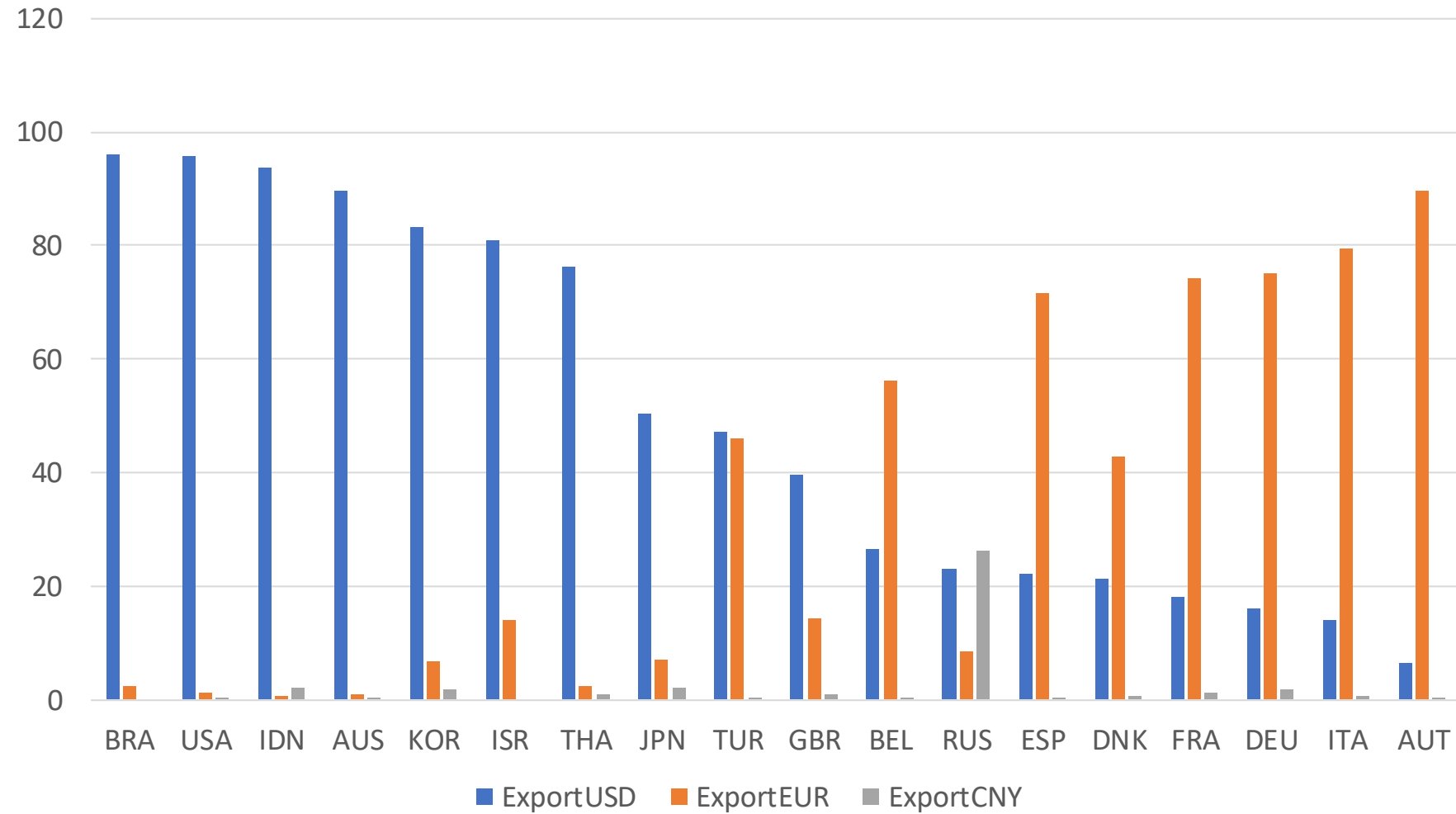
# World's leading currencies: what's next?

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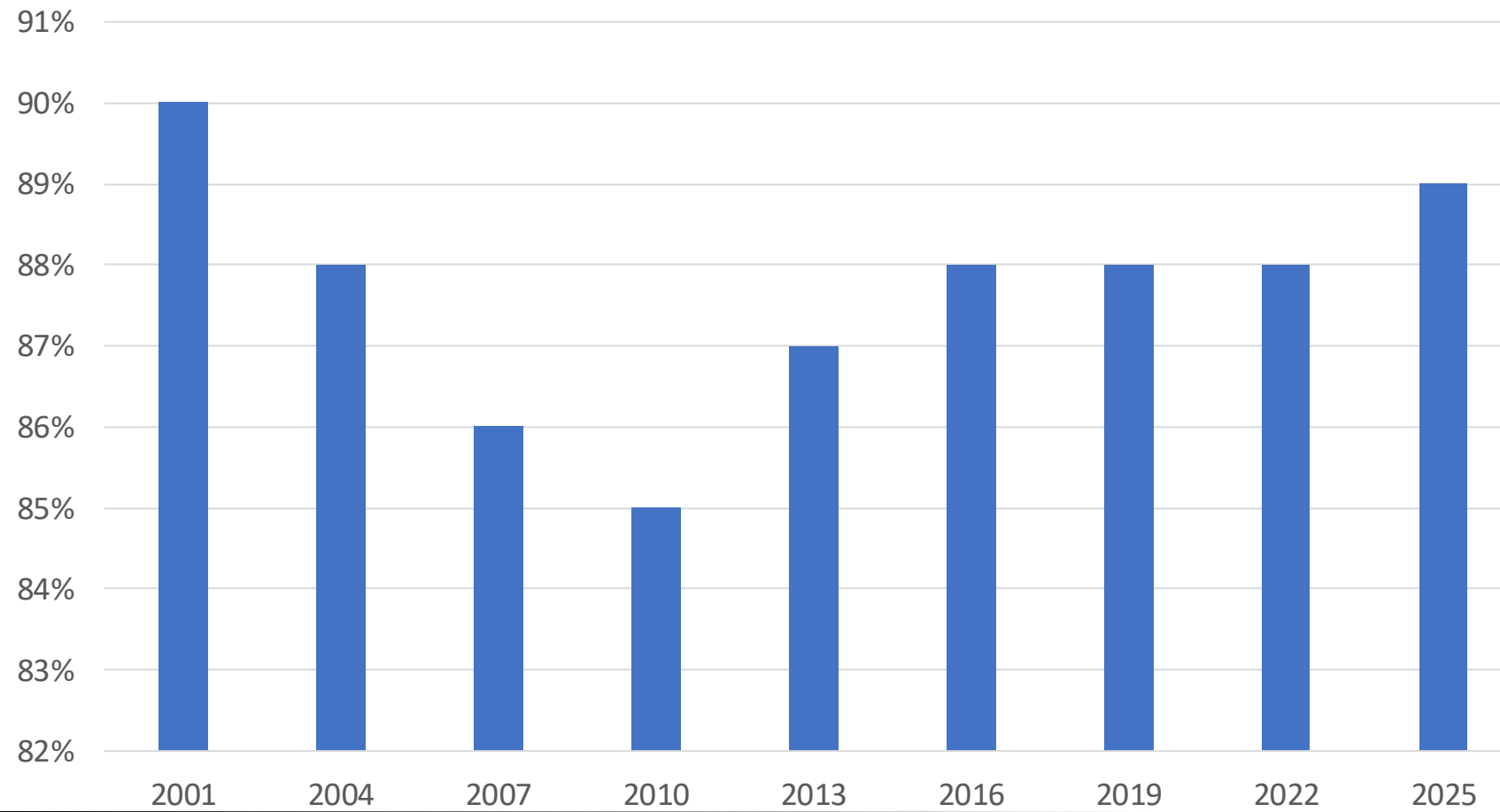
## World's Currency Composition of Official Foreign Exchange Reserve: Shares



## Export Invoicing Currency: Shares



## USD Share in FX Turnover



## What is next?

Given the picture at the end of 2025, the discussion typically moves to

Is the USD dominance going to become stronger or weaker?

How quickly?

Does it matter and to whom?

Today I would like to reframe the question

**Prediction**      **→**      **Prescription**

**What global monetary arrangement would most enhance global financial stability — and what practical steps could the international system take to get there?**

**Optimal monetary system coming from an (hopefully) optimal design**

## Is the current system optimal?

No

The reserve currency is a global public good subject to all the incentive constraints of public goods

Domestic political constraints, the pressure internal (fiscal) and external (demand for US assets) leading to deficits all make the USD not the optimal candidate

No other existing currency seems to be in the position to step up

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## What are the desired characteristics of the global currency?

1. Neutral governance (not tied to one nation's politics)
2. Institutional credibility
3. Elastic global liquidity (ability to expand countercyclically)
4. Deep, transparent asset markets.
5. Convertibility across all major economies
6. Low geopolitical risk
7. Shock absorption mechanisms (swap lines, emergency lending)
8. Digital interoperability with future payment systems

## **A multi-anchor reserve system**

Reform the IMF SDR System and make it a true, functional system

Diversified system using USD, EUR, and others – need coordinated liquidity arrangements (rule-based)

Global digital settlement layer coordinated by an international institution

Idea: a single global currency is not inherently stable but a diversified, neutral global reserve system can be stable

Problem: it did not work before. Why should it now?

## What should be done?

1. Expand and Reform SDRs
2. Develop a Global Swap-Line Network
3. Increase the Supply of Global Safe Assets
4. Establish Interoperable Digital Settlement Infrastructure
5. Promote Governance Reforms for Financial, Multilateral Institutions

Easy? Probably not