JOURNAL OF BUSINESS AND INNOVATION | VOL.2 NO.1 2025

The Global Chessboard, IT_2U_2 Policy, and the Digital RMB Challenge to Dollar Hegemony

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Abstract :

The international financial system remains overwhelmingly dependent on the United States dollar, particularly for cross-border trade settlements and international transactions. This dominance allows the United States to exercise extensive oversight through institutions such as the Federal Reserve and the SWIFT messaging network. However, the emergence of China's Digital Renminbi (e-CNY) represents a structural challenge to this architecture. This research paper argues that the Digital RMB is not merely a technological innovation but a deliberate geopolitical instrument aimed at dismantling the dollar-centric clearing system, particularly the mandatory multi-day settlement hold enforced by US financial institutions. By enabling near-instant cross-border transactions within seconds, China is redefining transaction sovereignty and accelerating the transition toward a multipolar financial order. The study situates the Digital RMB within broader global realignments, including the declining effectiveness of American lobbying power, shifting alliances in Latin and Central America, and the adaptive role of the IT_2U_2 framework as a containment-through-coalition strategy.
Keywords: Digital RMB, Dollar Dominance, SWIFT, Federal Reserve, IT_2U_2, Financial Sovereignty, Multipolar World.

1. Introduction :

Since the end of the Cold War, the global financial and political order has largely functioned under a unipolar framework dominated by the United States. The US dollar emerged as the central medium for international trade, energy transactions, debt markets, and global reserves. This dominance granted Washington unparalleled leverage over global financial flows, policy compliance, and geopolitical outcomes.
However, the contemporary international system is undergoing a structural transition. States across Asia, Africa, Latin America, and the Middle East increasingly perceive dollar dependency not as a neutral economic arrangement but as a mechanism of strategic control. Sanctions, asset freezes, payment delays, and extraterritorial enforcement have accelerated efforts to seek alternatives. Within this context, China's Digital Renminbi and the emergence of adaptive alliances such as IT_2U_2 must be understood as responses to declining unipolar authority.

2. The Dollar-Based Transaction System and the Federal Reserve Clearing Mechanism

A critical yet under-examined aspect of dollar dominance lies in the global clearing mechanism. When US dollars enter or exit any economy—whether Pakistan or any other sovereign state—the transaction is routed through correspondent banking channels and ultimately settles within the US Federal Reserve system. This process typically involves a two - to three-day holding period.

During this period, American regulatory authorities are able to examine the origin, sender, destination, and purpose of each transaction. While officially justified under anti-money laundering and counter-terror financing frameworks, this mechanism effectively grants the United States continuous surveillance over global capital flows. It also enables selective delays, compliance pressure, and financial coercion, particularly against politically non-aligned states.
For developing economies, this system introduces liquidity constraints, exchange-rate exposure, and policy vulnerability, transforming financial infrastructure into a geopolitical instrument.

3. SWIFT and the Weaponization of Financial Infrastructure.

The SWIFT messaging system is widely perceived as a neutral technical platform facilitating global banking communication. In practice, however, SWIFT's operational dependency on Western regulatory frameworks renders it a strategic asset rather than a neutral utility.
The exclusion of states from SWIFT has demonstrated that financial connectivity can be weaponized with immediate economic consequences. This reality has forced many countries to reassess their reliance on Western-controlled financial infrastructure and to explore alternative settlement mechanisms that preserve monetary sovereignty.

4. China's Strategic Economic Expansion.

China's rise as a global economic power has been driven not only by manufacturing capacity but by strategic integration into global trade networks. More than half of China's exports are directed toward international markets, creating deep interdependencies that limit traditional containment strategies.
Beyond trade, China has invested heavily in digital infrastructure, fintech systems, and cross-border payment technologies. These initiatives reflect a long-term vision aimed at reshaping global economic governance rather than merely competing within existing Western-dominated structures.

5. The Digital RMB: Redefining Transaction Sovereignty.

China's Digital Renminbi (e-CNY) represents a fundamental departure from conventional currency innovation. Unlike decentralized cryptocurrencies, the Digital RMB is a central bank digital currency fully backed by the Chinese state and integrated into national payment systems.
Chinese authorities have indicated that cross-border Digital RMB transactions can be completed within three to five seconds, effectively eliminating the multi-day dollar settlement hold. This capability directly challenges the Federal Reserve–centric clearing system and reduces dependence on SWIFT-based messaging.
The Digital RMB, therefore, functions as a system-level disruption, not merely an alternative currency. It undermines the infrastructure that sustains dollar dominance rather than confronting the dollar symbolically.

6. Implications for the Global South and Pakistan.

For countries such as Pakistan, dollar dependency creates persistent exposure to external monitoring, liquidity constraints, and policy conditionality. Every remittance inflow, trade payment, or debt-servicing transaction passes through systems beyond national control.

The availability of alternative settlement mechanisms—whether through Digital RMB adoption or regional payment arrangements—offers developing economies an opportunity to diversify financial risk and reclaim transactional autonomy without abandoning the global system entirely.

7. Declining American Lobby Power and Global Realignments.

American political and economic lobbying, once decisive in shaping outcomes across Central and Latin America, has steadily lost effectiveness. States in these regions increasingly pursue diversified partnerships with China, regional blocs, and non-Western institutions.

A similar reassessment is occurring with respect to Israel's political alignment. While Israel remains a key technological and defence actor, many states now distinguish between pragmatic cooperation and ideological alignment, signalling a shift toward interest-based diplomacy.

8. IT_2U_2 Policy as an Adaptive Coalition.

The IT_2U_2 framework—India, Israel, the United States, and the United Arab Emirates—should be interpreted as an adaptive response to declining unilateral influence. Rather than projecting dominance, the framework reflects a coalition-based strategy emphasizing technology, investment, and supply-chain integration.

India contributes scale and strategic geography, Israel provides innovation and security expertise, the US offers global institutional access, and the UAE acts as a regional economic connector. This model acknowledges the limits of direct influence in an increasingly multipolar world.

9. UAE and Saudi Arabia as Policy Intermediaries

As direct American influence diminishes across Islamic and developing countries, the United States increasingly relies on regional intermediaries—particularly the UAE and Saudi Arabia—to implement strategic objectives. These states possess financial capital, cultural legitimacy, and diplomatic flexibility that Western actors often lack.

By routing initiatives through Gulf partners, US policy objectives are reframed as development, investment, or stability projects, reducing resistance and political backlash.

10. If Digital RMB Bypasses SWIFT: Systemic Consequences

Should the Digital RMB successfully operate independently of SWIFT-based messaging, the implications for global finance would be profound. Dollar dominance relies not only on trust but also on infrastructure control. Once that infrastructure is bypassed, dominance becomes optional rather than compulsory.

This shift would not eliminate the dollar but would accelerate the emergence of currency pluralism, fundamentally altering global monetary governance.

11. Conclusion .

The Digital RMB represents a strategic redefinition of global financial power. By eliminating the Federal Reserve's clearing bottleneck and enabling instant settlement, China is challenging the invisible mechanisms sustaining dollar hegemony.

The future international system will not be dollar-less, but it will no longer be dollar-exclusive. States that recognize and adapt to this transition will gain strategic flexibility, while those clinging to unipolar financial dependence risk increasing vulnerability.

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