Challenging Monetary Hegemony:
Latin America Countries in Institutional Shifts Beyond the Dollar

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Abstract

This paper examines the enduring centrality of the U.S. dollar in the international monetary and financial system and the contradictions that increasingly destabilize its hegemony. Drawing on a critical international political economy perspective, it revisits debates on monetary hegemony and structural power, and reconstructs the historical trajectory of the dollar as a global currency, with particular attention to the tensions sharpened after the 2008 global financial crisis, the rise of China, and the growing weaponization of the dollar. The paper argues that, although the dollar system remains dominant, the post-2008 period has intensified processes of contestation and structural dislocation within the dollar-centered order. It then turns to Latin America and analyzes a differentiated set of monetary and financial initiatives — including development finance arrangements, regional liquidity mechanisms, and payment and settlement infrastructures. While these initiatives remain fragmented and do not amount to a systemic rupture, they nonetheless open spaces for a more plural institutional foundation in a multipolar world economy.

Key words: International Monetary System, Monetary Hegemony, Latin American Initiatives.

Resumo

Este artigo examina a centralidade do dólar norte-americano no sistema monetário e financeiro internacional, bem como as contradições que desestabilizam crescentemente sua hegemonia. A partir de uma perspectiva crítica, o texto revisita os debates sobre hegemonia monetária e poder estrutural, e reconstrói a trajetória histórica do dólar como moeda global, com atenção particular às tensões intensificadas após a crise financeira global de 2008, a ascensão da China e a crescente instrumentalização geopolítica do dólar. O artigo destaca que, embora o sistema dólar permaneça dominante, o período pós-2008 intensificou processos de contestação e deslocamento estrutural no interior da ordem centrada no dólar. Em seguida, volta-se para a América Latina e analisa um conjunto diferenciado de iniciativas monetárias e financeiras — incluindo arranjos de financiamento ao desenvolvimento, mecanismos regionais de liquidez e infraestruturas de pagamento e compensação. Embora essas iniciativas permaneçam fragmentadas e não configurem uma ruptura sistêmica, ainda assim abrem espaços para uma base institucional mais plural em uma economia mundial multipolar.

Palavras-chave: Sistema Monetário Internacional; Hegemonia Monetária; Iniciativas Latino-Americanas

Área 6. Economia Monetária e Financeira e Dinâmica Inflacionária

Introduction

The international monetary system has historically been shaped by hegemonic struggles that reflect conflicts not only over financial and monetary centrality within global capitalism, but also over wider economic and political dominance. From the consolidation of British leadership in the nineteenth century to the rise of the U.S. dollar system after World War II, the emergence of world money has never been a purely "technical" or "economic" outcome. Rather, it has been a political construct shaped by power asymmetries in different dimensions. As Fiori (2024) has argued, money itself functions as an instrument of geopolitical and geoeconomic projection, and the global monetary order must therefore be understood as an arena of hegemonic intercapitalist and interstate dispute, in which currency hierarchies are both a consequence and a tool of power. To investigate the international monetary system is thus to analyze the ways in which asymmetries are produced, reproduced and contested on a world scale.

In this regard, it is crucial to analyze the institutional framework within which international monetary and financial relations take place. Indeed, the international monetary system operates within an institutional apparatus that defines the scope of action of social actors. In this sense, as Strange (1988) emphasizes, it constitutes one of the central structures in which what she terms structural power manifests itself: the ability to shape the frameworks within which others must operate. Strange (1988) identified four key structures — security, production, finance, and knowledge — highlighting in particular the centrality of finance. Control over international credit and currency provides the hegemon with decisive leverage. A state commanding the world money wields structural influence by shaping not only the global liquidity environment — and thereby influencing exchange rates, capital flows and the overall conditions of indebtedness — in accordance with its own interests, but also by determining who will be privileged or penalized within that system. This dynamic illustrates that the relative power of actors in international relations is profoundly conditioned by their ability to define these central structures — in other words, to exercise structural power.

Strange's (1988) framework highlights how the United States of America, by virtue of the dollar system, has been able to dictate how things are done in international finance — effectively writing and rewriting the monetary rules that other states are compelled to follow. Such structural power influences outcomes without resorting to overt pressure, simply by "being there" at the system's core and making others depend on its currency, its financial system and its markets. From this perspective, the very infrastructure of the global monetary system — the definition of reserve assets, the funding of international trade and financial transactions, the operation of payment systems, the establishment of lending norms and the enforcement of disciplinary mechanisms — actually embodies the strategic prerogatives of the leading state, but does so within a field marked by ongoing dispute, contestation

and renegotiation. International currency leadership is therefore not just a matter of economic scale or network effects — it is a manifestation of power, securing structural advantages, and advancing the interests of holders of capital anchored in its sphere of power, even amid ongoing contestation and rivalry. Yet this process is far from seamless, and inevitably generates frictions and tensions along the way.

As Gramsci (1971) noted, hegemony entails not only coercive force but also the capacity to generate consent, to establish moral and intellectual leadership that makes the dominant order appear natural and beneficial. Robert Cox (1981, 1983) extended this insight to the international sphere, conceptualizing world hegemony as a historical bloc composed of material capabilities, institutions, and ideas. From this vantage point, "world money" is a political and discursive anchor around which institutions and ideologies coalesce, enabling the projection of a particular social order on a global scale. Cox argues that world hegemony constitutes a social, economic, and political structure — a historical bloc at the global level — in which material capabilities, ideas, and institutions are linked. Crucially, this structure is upheld by a degree of consent from other states (and social forces), who follow the leadership of the hegemon either because it resonates with their own interests or because alternatives appear absent, prohibitively costly or even dangerous.

Seen through this combined lens, the contemporary position of the U.S. dollar centered global monetary and financial system reveals the tension between resilience and decline. The dollar system continues to dominate global finance due to the depth of U.S. capital markets, the size of American banks and their positions at the center of financial networks, the inertia of institutional arrangements and the scale of the American economy. However, it is increasingly sustained through coercive mechanisms such as unilateral financial sanctions. From a Gramscian perspective, the growing reliance on coercion signals a weakening of hegemony: the more leadership has to be imposed, the less it is legitimized by widespread acceptance. This shift suggests that the current dollar-centered order, while still entrenched, is marked by fractures that create space for contestation — whether through the rise of the euro, the internationalization of the renminbi[1] (RMB), or experiments in de-dollarization[2] led by emerging powers. Investigating these dynamics therefore requires moving beyond discussions of liquidity and stability, toward a critical analysis of how money, institutions (including technological infrastructures) and ideology interact to reproduce — or destabilize — the very foundations of a given global order.

[1] The official currency of China is the renminbi, whose unit is the yuan (CNY). In this text, we use 'renminbi' for institutional references and 'yuan' for numerical values.
[2] In this article, de-dollarization and related expressions are understood as referring to a reduced dependence on the U.S. dollar system as defined above

Building on this theoretical framework, the paper proceeds in two parts. The first sketches the historical trajectory of the U.S. dollar's system centrality, leading up to the post-2008 dynamics of contestation. The second part centers on Latin America, examining the institutional structures and ongoing initiatives aiming to reduce dependence on this system. By mapping these regional experiments, the paper shows how peripheral economies have been confronting the contradictions of the international monetary system and explores pathways toward greater autonomy in a shifting global order.

In this paper, we examine the role of the dollar as the key currency of the international monetary and financial system in light of both recent events and broader trends in the world economy over the past decades, especially since the global financial crisis of 2008. Our argument is that the fully fiduciary international monetary and financial system established in the 1970s — with the U.S. dollar, and U.S. financial system at its center — is undergoing structural dislocation.

1. The rise and fall of the U.S. dollar system?

The economic measures of the second Trump administration have been generating widespread perplexity. The imposition of erratic tariffs on U.S. imports — particularly, though not exclusively, from China — drew sharp criticism, while President Trump's attacks on the supposed independence of the Federal Reserve raised concerns about a loss of confidence in the dollar and, with it, the currency's international role.[3] Although difficult to interpret amid contradictory signals and hasty implementation, these developments invite reflection on the contradictions of the present moment through a historical lens. They may be understood simultaneously as efforts to preserve U.S. economic and political hegemony and, paradoxically, as actions that risk accelerating the decline of the dollar system, the U.S. economy, and American global leadership more broadly.

[3] Since early 2025, Trump has imposed broad "reciprocal tariffs." On April 2, 2025, Trump declared a national emergency to levy 10% tariffs on virtually all U.S. imports, extending beyond China to all trading partners (White House, 2025; Reuters, 2025a). In June 2025, tariffs on steel-based appliances were increased to 50%, marking a further escalation of protectionist measures (Srijandorn, 2025). Brazil has been significantly affected: about 35.9% of its exports to the U.S. are now subject to a 50% tariff, while another 44.6% face a 10% tariff. The Brazilian government responded with a R$30 billion (≈ USD 5.5 billion) support package for exporters, while energy companies temporarily halted oil shipments to the U.S. amid uncertainty over exemptions (Ayres and Araujo, 2025; Savarese, 2025; Nogueira, 2025). At the same time, the new administration has challenged the Federal Reserve's "independence". In September 2025, Trump attempted to remove Fed Governor Lisa Cook; a federal judge temporarily blocked the dismissal, holding that the legal threshold of dismissal "for cause" had not been demonstrated (Reuters, 2025b). More broadly, a Reuters poll showed that Trump's repeated attacks on the Fed and concerns over data integrity are weighing on confidence in U.S. monetary policy and the dollar's outlook (Ganguly, 2025). In February 2026, the U.S. Supreme Court invalidated the global tariffs imposed by Donald Trump on the grounds that they lacked legal authority. In response, Trump introduced a temporary measure imposing a 10% tariff on imports for up to 150 days under an alternative legal provision (Lawder, Chung, and Allen, 2026).

In the history of capitalism, only two national currencies have served as world money: the British pound sterling and the U.S. dollar. Britain led the capitalist world until the early twentieth century, when it was succeeded by the United States. Both powers secured this position by dominating advanced economic sectors and initially sustaining trade surpluses, which allowed them to extend credit and impose debts on their partners in their own currency. At the same time, as the architects of modern money (Desan, 2014), the British also provided international financial services — including loans — denominated in pounds, thereby deepening and internationalizing global indebtedness in pounds sterling. The transition from a sterling-centered to a dollar-centered international order was protracted and conflictual, punctuated by two World Wars. Emerging from World War II as the military, political, and economic victor, the United States became the world's chief creditor. By 1944, through the Bretton Woods Agreement, the dollar was installed at the heart of the international monetary system, albeit tied to gold convertibility.

The dollar became a fully fiduciary reference in 1971, when President Richard Nixon suspended the gold convertibility established at Bretton Woods. That decision, initially presented as a temporary measure, would never be reversed and had vast repercussions, changing the nature of money creation which now became fully endogenous. By the late 1970s, amid domestic inflation and international instability, doubts over the dollar's role culminated in the Federal Reserve's dramatic interest rate shock of October 1979, which impacted not only the American economy, but the whole world. Under Chairman Paul Volcker, this move propelled the dollar and the U.S. financial system to an uncontested position in the international system (Tavares, 1985), considering also that no other country represented a real challenge to the structural power of the United States at that moment. Such primacy does not eliminate the tensions inherent to hegemony, nor does it guarantee the hegemon's continued status as the most advanced and dynamic economy. In short, it does not ensure the complex and fragile reproduction of structural power.

The global financial crisis of 2008 had contradictory effects on the dollar's international role. While the crisis originated within the U.S. financial system, it immediately provoked worldwide flight to dollar-denominated assets — most notably U.S. Treasury securities — as well as a credit shortage in dollars, thereby reinforcing the dollar's system as the leading system in the short term. At the same time, however, the vulnerabilities it revealed stimulated diversification initiatives and political contestation, including the position of the euro, the expansion of bilateral swap agreements in local currencies, and renewed debates over alternative monetary and financial arrangements within forums such as the BRICS, the G20, and the International Monetary Fund (IMF). Although these initiatives neither displaced the dollar and the U.S.-centered financial system, nor established a new financial framework, they nonetheless signaled mounting contestation of the existing order. The deflationary

policies pursued by numerous advanced economies — including the United States — marked by fiscal austerity and private deleveraging, contributed to a protracted phase of global instability. This instability not only exacerbated political tensions within societies once considered stable democracies but also accelerated the shift of economic dynamism toward emerging economies, particularly China. Against this backdrop, and under the impetus of domestic policies that fueled its own growth, China advanced measures to reduce its dependence on the dollar system, most notably the gradual internationalization of the renminbi and the strengthening of the BRICS as a platform for alternative financial coordination.

The COVID-19 pandemic and the various responses it elicited once again produced contradictory effects on the international order. On the one hand, the surge in global demand for dollar liquidity and the shortage of credit at the height of this crisis reinforced the current centrality of the U.S.-centered-system, as the Federal Reserve extended swap lines to foreign central banks and dramatically expanded its monetary base. On the other hand, China intensified its efforts to construct an alternative financial architecture — broadening the use of the renminbi in trade, advancing cross-border payment systems, and consolidating multilateral institutions beyond the orbit of advanced capitalist states, most notably through the Belt and Road Initiative.

The second Trump administration's assertive protectionism and strategic rivalry (mainly) with China, albeit not exclusively, further exacerbated tensions within the monetary and trade system. The expanding geopolitical use of the dollar system — already evident before Trump's inauguration, as illustrated by the sanctions and restrictions imposed on Russia and its allies' access to the international banking network in the context of the Ukraine war — sharpened awareness of the risks associated with excessive reliance on the U.S.-centered financial system. In turn, this has fueled renewed interest in alternative payment mechanisms, the diversification of reserve holdings, and even the reemergence of gold as a safe-haven asset, particularly among peripheral economies.

If one ignores the historical dynamics traced above and considers only present data, the conclusion is that the dollar system remains predominant. As shown in Table 1, approximately 57% of global currency reserves are held in U.S. dollars, while 54% of export invoicing and 88% of foreign exchange transactions are settled in dollars.

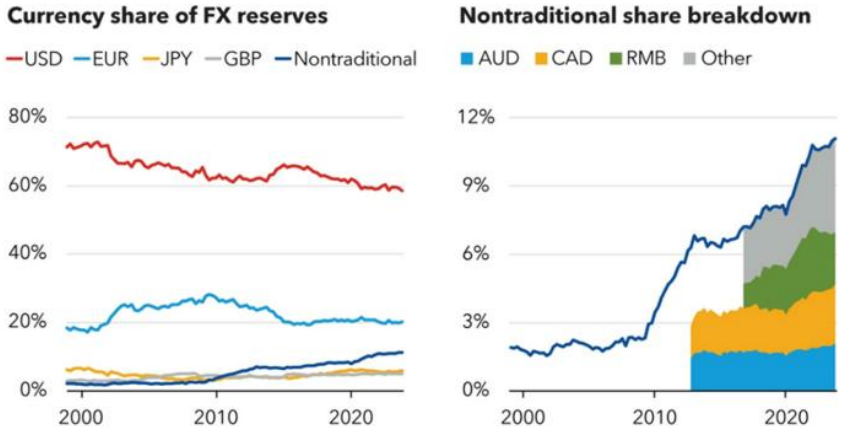
Table 1. Leading international currencies

Currency	Share of global foreign exchange reserves	Share of trade export invoicing	Share of foreign exchange transactions
U.S. dollar	57%	54%	89%
Euro	20%	30%	29%
Yen	6%	4%	17%
Pound Sterling	4%	4%	10%
Renminbi	2%	4%	9%

Source: Atlantic Council (2026).

Yet, as the data presented in Figure 1 indicate, the dollar's share has been gradually — albeit modestly — declining, while other currencies, notably the Canadian dollar and the Chinese renminbi, have begun to gain ground.

Figure 1. The rise of non-traditional currencies



Source: Arslanalp, Eichengreen and Simpson-Bell (2024).

Although the dollar system continues to dominate in terms of the indicators traditionally used to identify the leading international currency, its long-term structural erosion is increasingly evident. Even in the absence of a single replacement, many countries — most prominently China — and regional blocs, particularly the BRICS, are actively pursuing strategies to reduce dependence on the dollar system through reserve diversification, regional financial arrangements, and greater autonomy in settlement mechanisms. The present moment is thus less an abrupt end to dollar supremacy than a transition towards a more unstable configuration of monetary competition. The future of the dollar system will depend on the United States' economic and political capacity to sustain its

multidimensional structural power in the context of intensifying interstate and intercapitalist rivalry, with China at the forefront.

2. Monetary and Financial Initiatives in Latin American Countries

The recent drive by Latin American countries to construct alternatives to the dollar system is fragmented across a diverse set of initiatives advanced by governments, central banks, public banks, private firms, and regional organizations. Emerging from different actors, at multiple levels, and with varied objectives — from reducing the costs and risks of trade operations to strategically limiting reliance on the U.S. currency — these efforts converge in their shared attempt to reduce structural dependence on the dollar system. Some are tied to new digital monetary technologies, others to trade finance, reserve management, or the search for sanction-resistant channels. These various initiatives form a patchwork of measures which have not come close to signs displacing the current system. Nonetheless, they collectively signal the region's search for greater monetary and financial autonomy in a context marked by growing geopolitical rivalry, sanctions, and technological change.

At the same time, these recent initiatives do not emerge in an institutional vacuum. Latin America has a long history of financial cooperation arrangements dating back to the twentieth century, shaped by very different economic, financial and political circumstances. In the 1960s and 1970s, when regional integration was associated with industrialization and with efforts to ease the external financial constraint, and the international financial system operated in a different and more restricted way, institutions such as Central American Bank for Economic Integration (CABEI), the Agreement on Reciprocal Payments and Credits (CCR), the Caribbean Development Bank, (CDB), Development Bank of Latin America (CAF), Foreign Trade Bank of Latin America (BLADEX), and Financial Fund for the Development of the River Plate Basin Countries (FONPLATA) were created as part of a broader developmentalist agenda (Deos and Wegner, 2010). In that earlier context, the aim was to create financial arrangements capable of sustaining industrialization, expanding trade, and reducing vulnerability to recurrent international liquidity pressures. In the Appendix, a broader set of regional and subregional financial and economic cooperation mechanisms in Latin America and the Caribbean is presented.

Many of these mechanisms, however, lost dynamism during the neoliberal decades, when market-led integration, financial opening, and renewed dependence on global capital markets displaced earlier regional ambitions. At the beginning of the twenty-first century, a new cycle of initiatives emerged, including the MERCOSUR Structural Convergence Fund (FOCEM), the Local Currency Payment System (SML), and the stillborn Bank of the South.

The region's current experimentation should thus be understood as a new phase in a longer and uneven history of attempts to construct financial alternatives. What distinguishes the present moment is that those older concerns with development, regional integration and external vulnerability are now being recombined with the pressures of a more conflictual geopolitical environment and the expansion of digital payment technologies.

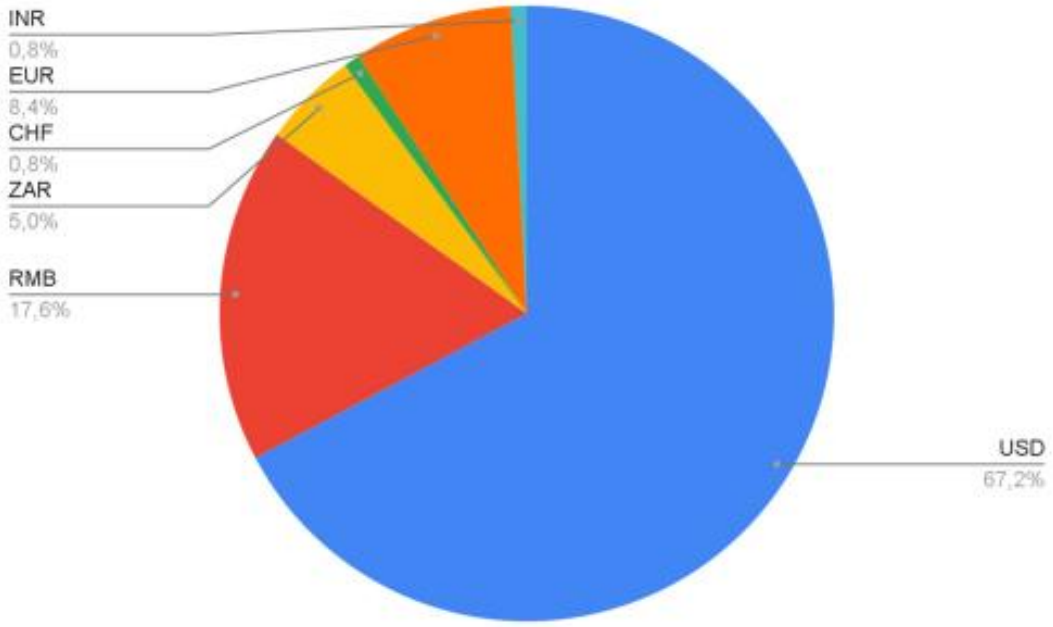
Analytically, however, these initiatives should not be treated as equivalent. It is useful to distinguish three families of arrangements that differ in institutional form, time horizon, and in how directly they challenge the dollar system's international centrality. The first comprises regional development banking, which operates through long-term financing and, in general, with lower costs, mainly denominated and settled in dollars, for infrastructure, productive integration, and development projects. The second includes regional liquidity mechanisms, designed to face shortages of international credit, especially during crises. The third consists of payment, clearing, and settlement systems, which act more directly on the transactional infrastructure through which dollar dependence is reproduced in everyday trade and finance. Although the present section acknowledges all three dimensions, it places greater emphasis on the latter two, since they bear more directly on the political economy of the dollar system.

Regional development banks belong to the longest-standing layer of Latin American monetary and financial cooperation. Institutions such as CAF, CABEI, and FONPLATA are not de-dollarization mechanisms in any immediate sense, since their primary role is to mobilize long-term finance, mainly in dollars, rather than to alter the currency of settlement itself. Their significance lies elsewhere: by supporting infrastructure, productive integration, and regional connectivity, their goal was to expand the material basis and, ultimately, contribute to national and regional development. In so doing, they do not contest the dollar system centrality at the level of day-to-day settlements, but could help to create productive and infrastructural conditions without which any broader project of development remains fragile or purely aspirational.

More recently, this field has intersected with new South-South financing channels. The New Development Bank (NDB), created in 2014 within the BRICS framework, also seeks to mobilize resources (mainly in dollars, 67.2%; as shown in Figure 2, despite a significant portion, 17.6% occurring in renminbi) for infrastructure and sustainable development, while Banco Nacional de Desenvolvimento Econômico e Social (BNDES) and Banco do Brasil (BB) have begun to operate directly in renminbi-based funding arrangements with Chinese institutions (BNDES, 2024; Passos and Garcia, 2023). The agreement between BNDES and the China Development Bank for a 5-billion-yuan funding line, directed toward Brazilian exporters, and Banco do Brasil's 350-million-yuan (~US$50M) operation with the Bank of China illustrate that diversification is occurring not only

through intergovernmental diplomacy, but also through the balance sheets of public banks and development institutions. Yet these arrangements also reveal the limits of this first family of initiatives. Even when development financing is partially denominated in national currencies, the challenge to dollar hegemony remains indirect, since the main effect is to diversify funding sources and expand policy space rather than to transform the regional settlement structure itself.

Figure 2. Currency Composition of NDB Approved Financing (2016–2024)



Source: Author's elaboration based on NDB Annual Report (2024).

Note: The dataset includes all projects approved by the New Development Bank (NDB), covering both sovereign and non-sovereign operations. Some projects were later cancelled, partially cancelled, or fully repaid, but they are retained in the sample since the objective is to capture the currency composition of approved operations. Indian Rupee (INR), Euro (EUR), Swiss Franc (CHF), South African Rand (ZAR), Renminbi (RMB), and United States Dollar (USD).

Liquidity arrangements intervene more directly in the external financial constraint. In Latin America, the Latin American Reserve Fund (FLAR) is especially relevant in this regard. Created to support member countries' external difficulties through credits and guarantees, improve the management of international reserves, and contribute to the coordination of monetary and financial policies, it represents one of the clearest regional attempts to build a collective buffer against foreign-exchange stress. This point is especially important in a region where macroeconomic stability has historically been tied to access to “hard currency”, and where crises repeatedly force states to seek external support under asymmetric conditions. In contrast to development banks, liquidity mechanisms

respond to moments of scarcity, instability, and pressure on reserves; they are therefore closer to the monetary core of dependency.

At a broader geopolitical scale, the BRICS Contingent Reserve Arrangement (CRA) performs a related function by offering members access to reserves in moments of difficulty. Even so, these arrangements remain limited in their capacity to protect their members from risks associated with dollar-system dependency. In the case of the CRA, reserve support continues to be mediated through swaps involving central currencies, and most of the available resources remain tied to IMF-linked conditionality, which restricts the autonomy of the mechanism itself. As Conti (2025) and Haubert (2025) show, only 30% of CRA resources are immediately accessible, while the remaining 70% depend on IMF assessment, a design that provides external legitimacy but also reproduces the influence of existing monetary hierarchies. The significance of such instruments is thus real but qualified: they mitigate vulnerability, partially socialize the management of liquidity risk, and create room for maneuver.

The most immediate challenges to dollar centrality arise in the field of payment, clearing, and settlement, where recent Latin American initiatives have been especially dynamic. The SML, created in 2008 within the Southern Common Market (Mercosur), already represented an important step by allowing trade transactions to be settled directly in local currencies. In 2023, renewed Brazil-Argentina discussions over a common settlement instrument revived this agenda, not as a project of monetary unification, but as an attempt to sustain bilateral trade while reducing exposure to international financial cycles and exchange-rate volatility (Ayres, 2023; Centenera and Gortazar, 2023; Maximo, 2023). The proposal drew on the modest precedent of the SML and included the possibility that Argentine importers could pay in reais, potentially with commodity backing, in order to preserve trade chains in sectors such as automobiles and manufactured goods.

Beyond Brazil and Argentina, other South American countries have also tested payment arrangements intended to reduce dependence on the U.S. dollar system. Bolivia, faced with dwindling natural gas production and a severe international credit shortage, authorized the state-owned Banco Union to settle part of its foreign trade in renminbi and roubles in 2023. By mid-2023, roughly 278 million yuan — around 10% of the country's foreign trade in May-July — had already been transacted in renminbi (Reuters, 2023; Valdez, 2023). This mechanism not only helped preserve Bolivia's limited reserves, but also intersected with Chinese and Russian interest in the country's lithium resources, revealing how monetary arrangements are increasingly intertwined with disputes over strategic commodities. By contrast, more radical experiments such as El Salvador's adoption of Bitcoin as legal tender showed the limits of highly volatile alternatives when they are not supported by robust institutional infrastructure.

If the previous examples show how states in Latin America have sought to reduce transactional dependence on the dollar in specific bilateral settings, the next set of initiatives points to a broader transformation in the infrastructures through which cross-border payments are processed. China's Cross-Border Interbank Payment System (CIPS) has become a central pillar of renminbi internationalization, and Latin America has increasingly been incorporated into that network. By 2024, the system encompassed 176 direct and more than 1,500 indirect banking institutions worldwide (CIPS, 2025). Brazil became the first direct regional participant through Bank of Communication BBM (BOCOM BBM) in 2023, while Industrial and Commercial Bank of China (ICBC) was designated as an offshore clearing bank, enabling trade settlement directly in reais and renminbi; Chile had already established a renminbi clearing bank in 2015 through China Construction Bank (CCB) (BOCOM BBM, 2023; Yazbek, 2023; Nassif and Nunes, 2023; Xinhua, 2016; Tonini, 2015). China's UnionPay is also seeking a deeper presence in Brazil, which may further expand the possibility of conducting transactions without dollar intermediation (Castanho, 2025). These initiatives do not simply reduce transaction costs. They also indicate that the region's search for alternatives is becoming embedded in a broader reconfiguration of global monetary and financial infrastructures, increasingly influenced by China's rise.

This geopolitical dimension is reinforced by the fact that other sanctioned or sanction-sensitive actors have also sought to expand non-dollar channels in the region. Russia, for instance, has promoted its MIR payment system and experimented with crypto-based transactions in its relations with Venezuela (Estanislau, 2022; Torres, 2024). In analytical terms, however, the most significant point is not any single platform, but the consolidation of an environment in which payment infrastructures themselves, interacting with the financial institutions, have become a terrain of strategic competition. What is being contested is not only which currency is used, but also which banks and other financial institutions, which networks, clearing institutions, and technological standards organize international transactions.

At the multilateral level, BRICS initiatives push this process further into the terrain of infrastructure-building. The NDB and the CRA provide alternative sources of development finance and liquidity, although both remain heavily conditioned by dollar-centered structures. More experimental projects — such as BRICS Pay, BRICS Bridge, BRICS Clear, and Unity — move more directly toward the construction of parallel payment and settlement infrastructures by linking domestic payment systems, Central Bank Digital Currencies (CBDCs), and blockchain-based clearing technologies (BRICS, 2025; BIS, 2024; Matos, 2025; Pitarello, 2025; Corbett, 2024; Escobar, 2024; Alves, 2025; ICL Noticias, 2025). Their importance for Latin America lies in the widening availability of

infrastructures through which trade and finance operations may be conducted with fewer links to the U.S.-centered channels.

The BRICS Pay project, introduced in 2024, is especially relevant as it is a decentralized digital messaging system for payments designed to connect national payment systems so that importers can pay in their domestic currency while exporters receive payment on their own. BRICS Bridge, in turn, is oriented toward wholesale interbank transactions via CBDCs and distributed ledger technology, seeking to bypass both the dollar and the chain of intermediary banks that usually structure these operations. BRICS Clear and the proposed Unity unit of account point in the same direction: the gradual construction of complementary infrastructures for settlement, custody, and valuation outside the traditional Western-led architecture. These projects remain experimental and politically contested within the bloc, but they illustrate how debates over de-dollarization are increasingly shifting from questions of reserve currency substitution toward the design of payments and clearing systems.

Private-sector strategies reinforce this trend. Brazilian firms such as Chilli Beans and Eldorado have increasingly used the renminbi in trade with China, while in Argentina hundreds of companies have sought authorization to settle imports directly in Chinese currency (Times Brasil, 2025; Moliterno, 2023; Gillespie and Doll, 2023; Xinhua, 2023). To facilitate these operations, the Central Bank of Argentina approved renminbi-denominated accounts, while bilateral swap arrangements and growing Chinese investment in sectors such as lithium deepened the connection between corporate choices, trade finance, and geopolitical alignment. These initiatives are significant precisely because they are not driven primarily by a grand regional design, but by pragmatic responses to volatility, scarcity of dollars, and the search for more stable commercial channels.

Recent developments in payment systems also involve central bank-led digital innovation and private fintech adaptation. Brazil's Pix is emblematic in this regard. Launched in 2020 to make transactions cheaper and faster, it had surpassed 175 million users by the end of August 2025 and was processing trillions of Brazilian reais monthly (Central Bank of Brazil, 2025). Although originally conceived as a domestic instant payment system, its regional spillovers are increasingly relevant. In Argentina, Paraguay, Chile, and Uruguay, fintechs have developed applications — often relying on blockchain or stablecoins in the backend — that allow Brazilian users to pay abroad in Brazilian reais while merchants receive funds in local currency, reducing exchange-rate risk and lowering transaction costs relative to card networks (Carmo and Granchi, 2023; Vilela, 2025). Platforms such as Argentina's KamiPay, Uruguay's Plexo network, and multinational processors such as Fiserv illustrate how private intermediaries can piggyback on a domestic public payment rail to create cross-border solutions that partially circumvent traditional dollar-based infrastructures.

Beyond Pix, CBDCs represent yet another frontier of monetary experimentation. Brazil's DREX and Uruguay's earlier e-Peso pilot point to the possibility that future interoperable digital infrastructures may reduce reliance on correspondent banking and on the dollar itself as intermediary money in regional settlements. Uruguay's 2017-2018 e-Peso pilot, which reached 10,000 mobile users and allowed token-based transactions even without internet access, highlighted both the operational possibilities and the governance questions raised by digital money (Sarmiento, 2022). Several other Latin American countries — including Argentina, Chile, Mexico, and Colombia — are in research or development phases, while China's e-CNY offers an example of how large-scale pilots may eventually shape cross-border standards (Atlantic Council, 2025). Cryptocurrencies have also been used in remittance and sanctions-sensitive contexts, especially in Venezuela, but these remain fragmented and secondary when compared to the institutional initiatives examined here.

What emerges from this overview, then, is not a single or coherent path toward de-dollarization, but a differentiated field of experimentation. Regional development banks seek to contribute indirectly by strengthening the material basis; liquidity arrangements such as FLAR address the external liquidity crises more directly; and payment and settlement mechanisms — from the SML and renminbi clearing to Pix-based cross-border platforms and BRICS payment projects — challenge more immediately the transactional infrastructures in which the financial system operates and through which dollar centrality is reproduced. The political and economic significance of recent Latin American initiatives can be captured only if one takes in consideration the broad range of initiatives in several dimensions, even if some of them can be questioned in terms of its effectiveness. They certainly do not amount to a clear break with the dollar order, which is a far more complex process, but they do reveal that monetary and financial dependency is being contested across multiple institutional layers, with different degrees of intensity, in a world marked by growing multipolarity. For this reason, their significance cannot be measured solely by their present scale, but also by the distinct ways in which they begin to partially reconfigure the institutional foundations of current dollar-system dependence in the region.

Concluding remarks

The discussion developed in this paper asserts that international money is not a neutral or technical medium but a political and economic institution embedded in asymmetrical structures of power. As Susan Strange (1988) argued, structural power is not simply the ability to influence outcomes, but the capacity to shape the frameworks within which outcomes are produced. World money epitomizes this: the U.S. dollar has functioned for decades as one of the pillars of a global order in which the

prerogatives of the American state, the multilateral institutions operating under its leadership and its financial system are written into the very architecture of the international monetary and financial system. This has allowed the United States to impose constraints and opportunities on others even without resorting to direct coercion — an effective embodiment of Gramsci's (1971) notion of hegemony as a combination of force and consent. The dollar system has thus been not only an economic arrangement, but also a political project, enabling the reproduction of a historical bloc in which American material capabilities, institutions, and ideas were made globally dominant.

Yet hegemony is always a contested and unstable process. The resilience of the dollar in times of crisis — from the 1970s to the 2008 global financial meltdown and even during the COVID-19 pandemic — demonstrates its entrenched centrality but also signalized to contestation movements. Additionally, the growing reliance of the United States on coercive instruments such as sanctions, asset freezes, and the weaponization of payment infrastructures indicates a subtle but important shift. This erosion of legitimacy undermines the very foundation of hegemony. The contradictions of a dollar-centric order in a multipolar world reveal that structural power itself seems to be recalibrated.

The Latin American initiatives examined in this paper, though fragmented and often fragile, are significant precisely because they engage with this dimension of structural power. By creating alternative payment systems, multilateral development banks for funding, experimenting with local-currency trade settlements, and adopting new digital infrastructures, these efforts represent more than only pragmatic attempts to reduce costs. They also can be regarded as forms of structural contestation, however limited, insofar as they attempt to reconfigure the frameworks within which financial flows and trade are organized. From Brazil–Argentina discussions of a clearing mechanism to Bolivia's use of the renminbi in lithium-related trade, from the spread of Pix across borders to the BRICS attempts to construct independent clearing systems, these cases highlight the agency of peripheral economies in confronting monetary asymmetries.

Although no single Latin American experiment poses an immediate threat to the dollar's centrality, taken together, they signal a gradual re-politicization of the monetary question. For decades, mainstream economics presented the international role of the dollar as a matter of efficiency, liquidity, and market depth. The cases we analyzed show instead that money is an instrument of power — its hierarchies reproduce dependency, and its contestation is inseparable from broader geopolitical disputes. The fact that Latin America is experimenting with alternative infrastructures, often in collaboration with China or within the BRICS, reveals that structural power can be challenged.

The theoretical implication is that we must resist the temptation to analyze monetary orders through supposedly technical categories alone. In fact, the U.S. dollar still dominates global reserves, trade invoicing, and foreign exchange markets, but its relevance has been declining. Latin American

initiatives remind us that alternatives are historically constructed, even from actors at the margins. Looking forward, the central challenge for Latin American countries is to transform scattered experiments into coherent strategies capable of embedding new institutional practices and collective interests. This requires not only technological innovation, but also the political imagination to articulate monetary autonomy with development strategies.

In conclusion, the erosion of dollar hegemony should not be misconstrued as a sign of its imminent collapse, nor should Latin American initiatives be dismissed as marginal. What is at stake is the slow, uneven, but unmistakable reconfiguration of world money in the context of intensifying multipolarity. The political stakes of this transformation are profound: they concern not only financial flows, but also the very terms under which the Global South participates in global capitalism.

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Appendix

Regional and Subregional Financial and Economic Cooperation Mechanisms in Latin America and the Caribbean

Year	Initiative	Focus	Status	Member Countries
1959	**Inter-American Development Bank (IDB)**	The IDB was the result of efforts by former Brazilian President Juscelino Kubitschek and the Organization of American States (OAS) to strengthen regional cooperation and address the urgent development needs of Latin America and the Caribbean. The institution aims to allocate at least 35% of its annual loan approvals to countries classified as small and vulnerable. Its financial resources reached US$23 billion in 2024.	Active	It has 48 members, divided into: i) borrowers (Bahamas, Barbados, Belize, Bolivia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Suriname, Trinidad and Tobago, Uruguay, Argentina, Brazil, Chile, Colombia, Mexico, Peru, and Venezuela); ii) non-borrowers (Canada, China, Israel, Japan, Korea, United States, and 16 European countries: Austria, Belgium, Croatia, Denmark, Finland, France, Germany, Italy, Netherlands, Norway, Portugal, Slovenia, Spain, Sweden, Switzerland, United Kingdom, and United States).
1960	**Latin American Free Trade Association (LAFTA)**	The 1960 Montevideo Treaty established the Latin American Free Trade Association (LAFTA), headquartered in Montevideo, with the goal of creating a free trade zone in Latin America within 12 years by expanding national markets, progressively reducing tariffs and restrictions, and fostering regional economic development. It was superseded by ALADI in 1980.	Inactive	Initially, Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Uruguay, Paraguay, and Peru. Subsequently, Colombia (1961), Ecuador (1962), Venezuela (1966), and Bolivia (1967).
1964	**Central American Bank for Economic Integration (CABEI)**	To promote the integration and balanced economic and social development of Central American countries, providing financing to both public and private sectors for projects in sustainable infrastructure, energy, agriculture, social development, competitiveness, entrepreneurship, and environmental protection. Additionally, it supports the creation of productive employment and enhancement of quality of life, fostering social inclusion and environmental sustainability in the region.	Active	Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Dominican Republic, Panama, Belize, Mexico, Republic of China (Taiwan), Argentina, Colombia, Spain, Cuba, and Republic of Korea.
1965	**Agreement on Reciprocal Payments and Credits (CCR)**	It facilitates intra-regional trade through a multilateral quarterly dollar-based clearing system. Transactions among countries are recorded during the quarter, and only the net balance of each central bank (debtor or creditor) is transferred at the end of the period.	Active	Central banks of ALADI member countries (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela

Year	Initiative	Focus	Status	Member Countries
				(except Cuba) and the Dominican Republic).
1968	**Development Bank of Latin America (CAF)**	It consolidates its role as the principal financier of sustainable development and inclusion in the region, with significant support for Sustainable Development Goals: SDG 8 (inclusive economic growth, with 97 operations) and SDG 17 (partnerships for development, with 96 operations).	Active	Colombia, Panama, Peru, Venezuela, Uruguay, Paraguay, Ecuador, Chile, Brazil, Bolivia, Argentina, Honduras, Mexico, Costa Rica, Antigua and Barbuda, Bahamas, Barbados, Jamaica, Dominican Republic, Trinidad and Tobago, Spain, and Portugal.
1969	**Caribbean Development Bank (CDB)**	To promote harmonious economic growth, sustainable development, and integration among Caribbean countries, prioritizing the most vulnerable. The bank provides financial resources, technical assistance, and fosters regional partnerships to strengthen key sectors such as agriculture, infrastructure, social protection, and climate change adaptation, while encouraging innovation and social inclusion.	Active	The members are divided into: i) borrowers (Anguilla, Antigua and Barbuda, Barbados, Belize, British Virgin Islands, Cayman Islands, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Bahamas, Trinidad and Tobago, Turks and Caicos Islands); and ii) non-borrowers (Brazil, Canada, China, Colombia, Germany, Italy, Mexico, United Kingdom, and Venezuela).
1972	**Foreign Trade Bank of Latin America (BLADEX)**	To fully support foreign trade in the region.	Active	23 Latin American Countries
1974	**Financial Fund for the Development of the River Plate Basin (FONPLATA)**	To support the integration and sustainable development of member countries by reducing infrastructure, productivity, renewable energy, health, education, gender, employment, and climate sustainability gaps, promoting regional and global integration.	Active	Argentina, Bolivia, Brazil, Paraguay, and Uruguay.
1975	**Latin American and Caribbean Economic System (SELA)**	To promote a consultation and coordination system to establish common economic positions and strategies for the region, as well as to foster cooperation and integration among its member countries.	Active	Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican Republic, Suriname, Trinidad and Tobago, Uruguay, and Venezuela.
1978	**Latin American Reserve Fund (FLAR)**	To support the balance of payments of member countries through credits or loan guarantees, improve investment conditions for members' international reserves, and contribute to the harmonization of exchange rate, monetary, and financial policies among member states.	Active	Bolivia, Central Bank of Chile, Colombia, Costa Rica, Ecuador, Paraguay, Peru, Uruguay, and Venezuela.

Year	Initiative	Focus	Status	Member Countries
1980	**Latin-American Integration Association (ALADI)**	To promote the creation of an area of economic preferences aiming to form a Latin American common market through three mechanisms: regional tariff preference for member countries' products; regional agreements involving all members; and partial-scope agreements between two or more countries. These agreements cover broad areas including trade, financial cooperation, taxation, environmental, scientific, technological collaboration, among others. Countries with relatively lower economic development (Bolivia, Ecuador, and Paraguay) receive preferential treatment through special programs and measures to ensure their full participation in regional integration.	Active	Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador, Mexico, Panama, Paraguay, Peru, Uruguay, and Venezuela.
1991	**MERCOSUR**	To integrate national economies into a common market fostering trade and investments. The bloc maintains agreements with countries and groups, granting associate status to South American nations. It seeks to expand competitive integration and multilateral agreements in economic, commercial, and political spheres within South America and globally.	Active	Formed by the Member States (Argentina, Bolivia, Brazil, Paraguay, Uruguay, Venezuela (suspended)) and the Associate States (Chile, Colombia, Ecuador, Guyana, Panama, Peru, and Suriname).
1994	**Fund for the Development of Indigenous Peoples of Latin America and the Caribbean (FILAC)**	To support the self-development of indigenous peoples, communities, and organizations in the region. It promotes Buen Vivir as an alternative to ensure environmental sustainability, respect for human rights, and dialogue among indigenous peoples, governments, civil society, academia, businesses, and other actors.	Active	Amazon Basin, Southern Cone, and Central American countries.
2004	**Bolivarian Alliance for the Peoples of Our America (ALBA)**	An alternative to the Free Trade Area of the Americas (FTAA), aiming at economic, social, and political integration of Latin America and the Caribbean. Focused on development, preservation of regional sovereignty, and opposition to U.S. imperialism.	Operates with difficulties	Bolivia, Nicaragua, and several Caribbean countries.
2004	**Union of South American Nations (UNASUR)**	To foster regional integration by economically merging Mercosur and the Andean Community, including social, cultural, scientific, and political areas. To strengthen cooperation to promote sustainable development and reduce poverty, exclusion, and inequality in the region.	Dormant	Bolivia, Guyana, Suriname, and Venezuela.
2004	**MERCOSUR Structural Convergence Fund (FOCEM)**	The first solidarity-based self-financing mechanism of Mercosur, established in 2004 to reduce disparities among member countries. Funded by contributions from member states, with more economically developed countries contributing more, and less developed countries receiving most resources as non-reimbursable grants. Projects are categorized in four programs: structural convergence (infrastructure), competitiveness	Active	MERCOSUR

Year	Initiative	Focus	Status	Member Countries
		development, social cohesion, and institutional strengthening.		
2007	**Bank of the South**	Conceived to finance regional development projects and strengthen Latin American economic sovereignty, protecting the region from cyclical crises originating in Northern economies.	Dormant and limited	Founding members: Brazil, Argentina, Paraguay, Uruguay, Ecuador, Bolivia, and Venezuela.
2008	**Local Currency Payment System (SML)**	An international payment system managed by the central banks of Brazil, Argentina, Uruguay, and Paraguay that enables trade transactions directly in local currencies, eliminating the need for an intermediary currency like the U.S. dollar.	Active	Brazil, Argentina, Paraguay, and Uruguay.
2010	**Unified System for Regional Compensation of Payments (SUCRE)**	To facilitate intra-regional trade, reduce dollar dependency, and promote economic and productive integration. Intended to create a virtual currency. Based on bilateral clearing among central banks, it allows importers and exporters to transact using local currencies, with final settlement in dollars only for net balances. Objectives include promoting trade balance, reducing foreign currency use, expanding regional trade, shielding against global financial crises, and deepening political and social integration.	Dormant/obsolete	Bolivarian Republic of Venezuela, Bolivia, Ecuador, Cuba, Nicaragua.
2014	**New Development Bank (NDB)**	To mobilize resources for financing infrastructure and sustainable development projects in developing and emerging countries, complementing traditional multilateral financial institutions. Focuses on clean energy, transport infrastructure, water and sanitation, environmental protection, social and digital infrastructure.	Active	BRICS and Bangladesh, United Arab Emirates, and Egypt.
2014	**Contingent Reserve Arrangement (CRA)**	A mutual financial support platform available when a member faces balance of payments difficulties.	Never launched	China (US$ 41 billion), Brazil (US$ 18 billion), India (US$ 18 billion), Russia (US$ 18 billion), and South Africa (US$ 5 billion).

Sources: Institutional websites of the IDB (2024), CABEI (2024), Bladex (2024), CAF (2024), CDB (2024), FONPLATA (2024), SELA (2024), FLAR (2024), ALADI (2024), MERCOSUR (2024), FILAC (2024), FOCEM (2024) and the BRICS (2025); the Central Bank of Brazil (BCB, 2024); alongside analyses from Observatório do Regionalismo (2023), Freitas and Fernandes (2017), and an official government announcement from Brazil (Brazil, 2023).