

Polis Analysis

De-dollarisation: What It
Is, Its Causes and
Ramifications

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About Polis Analysis

Polis Analysis is a provider of high-quality analysis of global politics with teams based in the heart of political capitals, including London, Brussels, Berlin, Paris, Rome, Washington D.C., and Hong Kong. Our next-generation team of experts brings a fresh and innovative approach to political analysis, delivered in an impartial, fact-based, and accessible way.

The political media space is a crowded field. However, media coverage of international politics is increasingly polarised and partisan in recounting stories. Even those consultancies that provide rigorous analysis instead of sensationalist media coverage deliver it to the exclusive preserve of big corporations and wealthy clients. At Polis Analysis, we do things differently. Our next-generation team is uniquely placed to offer a new way of covering global politics. We don't simply recount political stories; we analyse them to explain their significance to your life.

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Executive Summary

By Edward Stoppard

For over 80 years, the U.S. dollar has been the bedrock of the global financial system. Its status as the global reserve currency of choice, succeeding the pound sterling, has awarded America significant geopolitical and economic leverage, allowing it to borrow cheaply to fund decades of vast deficit spending and wield powerful punitive sanctions against rivals and enemies. Its dominance is rooted in the power of American institutions, the stability of its politics, and its large and open free market. The age of the dollar, however, may be slipping away.

In 2000, the dollar accounted for 70% of global foreign exchange reserves; in 2025, this has fallen to 59%. More recently, President Donald Trump's tariffs have rocked market confidence in the U.S. and the USD, which has fallen to levels against GBP not seen in years. Not only did the sell-off affect the dollar, but also U.S. Treasury Bonds, traditionally seen as an investor's haven, and American stocks and shares. The developments raised questions as to whether the dollar's status is imperilled or already compromised beyond repair. Has de-dollarisation already begun, and what will be the impacts? This report aims to address those concerns and assess the potential impacts.

Concerning the dollar's status in the short term, Polis Analysis does not foresee the USD being toppled from its position as the go-to reserve currency anytime soon. Despite its falling value, the dollar still accounts for 90% of global foreign exchange transactions and 48% of all SWIFT payments. In the medium to long term, however, several state-led initiatives suggest that countries are actively reducing their reliance on the dollar. Russia has reduced its dollar holdings and promoted a rival to SWIFT, China is constructing parallel payment systems as an alternative to dollar-dominated infrastructure, and countries are increasing their gold reserves. If de-dollarisation does occur, it will be a gradual financial phenomenon driven primarily by non-market factors, though the current U.S. government's erratic trade and fiscal policy certainly incentivises the shift away from the dollar.

If de-dollarisation does occur, it will have a significant impact that will vary from country to country. For this report, Polis analysed the potential repercussions for four countries: the U.S., China, Canada, and the U.K. Americans can expect more expensive imports and pricier holidays. If the renminbi strengthens, China could look forward to cheaper American imports and lower inflation, but possibly at the cost of reduced control of China's exchange rates and capital flow. Canadians could experience serious disruptions, including a weaker CAD and a faltering economy stalled by Trump's trade policies. Finally, the U.K. may be presented with both challenges and opportunities. A multipolar financial world could lead to a more influential pound but create uncertainty if dollar-denominated trade shifts to different currencies.

The U.S. dollar remains firmly entrenched in the world's financial system for now, but cracks are beginning to show in its long-standing supremacy. De-dollarisation is not imminent, but it is underway, driven by state-led efforts, shifting geopolitical dynamics, and unpredictable U.S. policies. The process will likely be slow and uneven, but its consequences will be profound. Risks and opportunities will emerge, but it will be for governments to navigate the reshaping global order in the years ahead.

The Dollar

By Tom Heyes

How the Dollar came to be the leading currency:

The end of the Second World War ushered in a new era of global American power and influence, culturally, economically, and politically. The dollar's preeminence was underlined by decisions taken at the 1944 Bretton Woods Conference of Allied Powers. Along with the creation of the World Bank and the International Monetary Fund, countries also agreed to peg their currencies to the dollar, which was pegged to gold at \$35 per ounce. Bretton Woods arguably formalised a shift from the dominance of the pound to the dollar that had already taken place. The combination of British debt following the First and Second World Wars, the relative economic decline of Britain's economy compared to the U.S., and its abandonment of the gold standard in 1931 all contributed to the dollar replacing the pound as the world's leading reserve currency. The U.S. also possessed the majority of the world's gold reserves, allowing it to continue pegging its currency to gold in a way other countries could not (many having depleted their reserves paying for the war). [1]

During this era, "currency power was a derivative of national power"; however, since then, the dollar's position has become more entrenched in international trade and financial systems. This means that despite the rise of other economic powers, such as the Eurozone, Japan, and China, the fall in the U.S.' proportion of global GDP, and even America's abandonment of the gold standard in 1971, the dollar's status has not been significantly undermined. [2]

Gold convertibility ended as the foreign holding of dollars exceeded the U.S. gold supply. This created concern that the U.S. would not be able to honour its commitment to convertibility and prompted a rush to convert dollars to gold, leading to the collapse of the London Gold Pool in 1968, which had been established to maintain the Bretton Woods system.[3] Foreign demand for dollars fell as inflation rose in the U.S. These pressures prompted the Nixon administration to end gold convertibility, with the last ties with gold being removed in 1976. This marked the end of the original Bretton Woods system, although it lives on in the form of the World Bank and the IMF and formed the basis of the dollar's central role in the modern global economic system.

The Dollar Today:

Today, the dollar remains the world's most widely held reserve currency and the primary currency used to conduct international trade. [3] Several characteristics of the dollar and the U.S. economy contribute to the continued demand for dollars. This demand is rooted in the belief that the dollar is a reliable store of value and that the

U.S. will honour its debts due to the size of the U.S. economy, America's track record of political stability, and its robust system of the rule of law. [4] The U.S. also has an open and the world's largest financial market, making it easy for foreign governments to buy/sell dollars, often in the form of U.S. treasury bonds. The U.S. also does not impose restrictions on the exchange of dollars for other currencies, making the dollar "fully convertible", further enhancing its global appeal. [5]

These characteristics make the recent Trump administration's decision to impose broad tariffs and the subsequent market reaction unusual. Investors sold off U.S. treasury bonds, which are generally seen as particularly safe assets, together with U.S. stocks and dollars. [6] This led to a rise in bond yields and the dollar falling sharply, which then prompted the administration to change course and pause the introduction of tariffs. Higher yields signal a higher level of risk, and historically, investors have accepted low yields on U.S. treasury bonds due to their security and the liquidity of the market. These market movements, however, suggest that this administration's actions have, to some extent, eroded market confidence in the U.S. [6]

Over recent decades, the dollar's share of global foreign exchange reserves has fallen, from over 70% in 2000 to around 59% today, while the share of nontraditional currencies has grown. [7] However, the dollar remains the leading currency as a share of foreign exchange reserves by a significant margin, and the rate of its decline does not seem to be increasing [8]. The dollar also accounts for around 90% of foreign exchange transactions and 48% of SWIFT transactions (a system that enables international payments), illustrating its continued integral role in international trade. [9] While the first graph [Table 1A] may look like a dramatic fall in the dollar share of foreign exchange reserves, when placed in the context provided by the second graph [Table 1B], the dollar clearly remains the pre-eminent currency in terms of foreign exchange reserve share and looks very unlikely to be supplanted by another currency as the reserve currency in the medium-term.

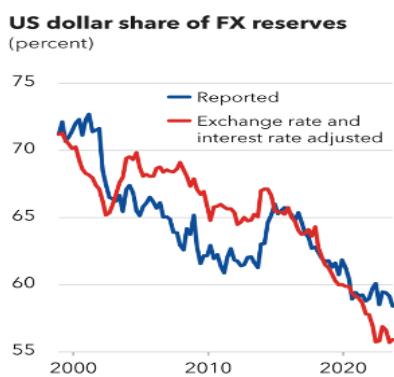


Table 1A
[9]

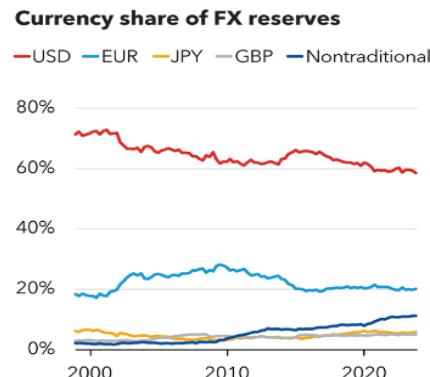


Table 1B

What this means for the United States:

The global demand for dollars and dollar-denominated assets allows the U.S. to borrow the money it needs at a lower cost, as it does not need to offer high-yield government bonds to attract buyers, allowing it to maintain continued deficit spending. The investment firm Vanguard estimates that these lower interest rates on money the U.S. government borrows save roughly \$80 billion per year. The international demand for dollars/ dollar-denominated assets also rises during periods of economic challenge, as they are considered safe stores of value. This allows the U.S. to borrow at lower interest rates at times when it wants to provide stimulus for the economy, as seen during the COVID-19 pandemic. [10]

The dollar's hegemony also gives the U.S. political power. Most international trade, even if it does not involve the U.S., takes place using dollars. This allows the U.S. government to impose far-reaching sanctions that can effectively cut sanctioned countries out of the international trading system and impose costs that dissuade third parties and foreign banks from doing business with them by restricting their access to the dollars they need to trade internationally and within the U.S. financial system. [12]

Some critics argue that the status of the dollar is, in fact, detrimental to U.S. interests. They argue that its status as the leading reserve currency has caused the value of the dollar to rise, which in turn contributes to a negative balance of trade, as this makes imports cheaper and exports less competitive. These arguments have gained traction with some elements of the Trump Administration as part of its broader objective of reducing the trade deficit and re-shoring manufacturing. The view, however, that the strength and status of the dollar is a net negative for the U.S. is not widely held. The claim that the dollar's status as the leading reserve currency is the main driver of the rise in the dollar's value is highly questionable, while the premise that a trade deficit is, on balance, harmful to the U.S. is also challenged. [13]

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What Is De-Dollarisation

By Hannah Hamilton

In 2024, during his presidential campaign, Donald Trump threatened to impose 100% tariffs on countries moving away from the U.S. dollar. This was more than just economic policy—it was a geopolitical warning in the context of growing global efforts to reduce reliance on the dollar. De-dollarisation refers to the process by which countries seek to reduce their dependence on the U.S. dollar in international trade, finance, and reserves. While the dollar has long served as the cornerstone of global commerce, a combination of geopolitical tension, financial sanctions, and the rise of alternative alliances is prompting several states to challenge U.S. dollar hegemony.

Current de-dollarisation efforts are primarily driven by non-market factors and are largely state-led. The two most prominent actors in this movement are China and Russia. China's strategy reflects a long-term ambition to reduce its exposure to the dollar and enhance the international role of the renminbi. Meanwhile, Western sanctions have compelled Russia to seek alternatives as a matter of financial survival. Although BRICS provides a platform for both countries to advance their agendas, each member state operates with its own set of interests, and few are prepared to fully sever ties with Western financial systems.

Since 2014—and especially after the full-scale invasion of Ukraine in 2022—Western sanctions have targeted Russian banks, foreign reserves, and access to global payment systems. At the 2024 BRICS Summit, President Vladimir Putin remarked, “*The dollar is being used as a weapon. We really see that this is so.*” [1]

One of the most consequential developments has been the freezing—and proposed seizure—of Russia's central bank reserves to fund Ukrainian war reparations. It reports that \$300-\$350 billion of sovereign Russian assets, mostly European, U.S., and British government bonds, are held in a European securities depository. [2] Regardless of its legal or moral justification, this move has raised concerns about the erosion of sovereign immunity and sent a message to other nations: dollar-denominated assets are no longer politically neutral. For countries wary of U.S. influence, this has accelerated de-dollarisation not as an abstract policy goal, but as a measure of economic sovereignty and risk mitigation.

In response, Russia has significantly reduced its dollar holdings, expanded trade in local currencies, and promoted the use of its financial messaging system, SPFS, as a partial alternative to SWIFT. At the same summit, Putin also claimed that nearly 95% of trade between Russia and China is now conducted in rubles and yuan. [1]

China's efforts towards de-dollarisation have been motivated by its own geoeconomic reasons, and have entrenched the China-U.S. Rivalry. China has focused on increasing the use of the renminbi in trade invoicing, cross-border payments, and reserve holdings. Rather than seeking to replace the dollar outright, Beijing is constructing parallel financial infrastructure—including the Cross-Border Interbank Payment System (CIPS)—to provide credible alternatives. While data shows that China's own international transactions are increasingly shifting towards the renminbi, outside of that, cross-border payments are predominantly being done in USD and EUR.

While BRICS offers a strategic platform for China and Russia's de-dollarisation efforts, the bloc is far from unified. The idea of a common BRICS currency, frequently discussed in media headlines, remains more of a political signal than a viable policy plan. Member states such as India, Brazil, and South Africa maintain close ties with Western markets and are unlikely to support measures that would be fully decoupled from the dollar-based system. BRICS functions more as a stage for asserting alternative narratives in global finance than as a cohesive economic bloc.

Earlier attempts at reducing reliance on the dollar—such as promoting the Japanese yen in the 1980s or the euro in the 2000s—focused on creating a single replacement currency. These efforts largely failed. Today's shift is more pragmatic and decentralised. Countries are expanding gold reserves, entering bilateral swap agreements, and developing local currency settlement mechanisms that bypass dollar infrastructure.

Despite these developments, de-dollarisation faces substantial obstacles. The U.S. dollar continues to dominate global reserves and financial markets, owing to its stability, liquidity, and legal infrastructure. For many countries in the Global South, de-dollarisation is prohibitively expensive due to the weakness of their own currencies, the high cost of overhauling financial infrastructure like SWIFT systems, and the fact that much of their external debt is dollar-denominated, making a shift risky and complex.

However, if the economic and political risks of remaining dependent on the dollar—such as exposure to sanctions and trade restrictions—increase further, more countries may accelerate their search for alternatives. Trump’s tariff threats and the broader weaponisation of the dollar have only added to those calculations.

In this context, de-dollarisation is unlikely to result in a sudden collapse of dollar dominance. Rather, it signals a gradual rebalancing of the global financial system, driven by national interests, geopolitical rivalry, and the erosion of trust in a single currency regime.

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What is in it for you?

By Sehej Sethi

According to a report by the Brookings Institution, the dominance of the dollar has been called an “exorbitant privilege”.[1] Therefore, a declining dollar could mean higher inflation and borrowing costs as the country loses its “exorbitant privilege” of printing the world’s reserve currency. It could lead to more expensive imports and volatile exchange rates for Canadians since many goods are priced in U.S. dollars. In the UK, businesses and consumers may face currency instability and rising prices, particularly in energy and goods tied to the dollar. In China, while de-dollarisation supports its push for the yuan in global trade, it could disrupt export competitiveness and shake financial markets. No matter where you live, de-dollarisation reshapes the global economy—and your place in it. The U.S.’s influence in global financial systems may also wane as other countries seek alternatives to the dollar, potentially reducing America’s soft power on the international stage.

No matter where you live, de-dollarisation reshapes the global economy—and your place in it. The U.S.’s influence in global financial systems may also wane as other countries seek alternatives to the dollar, potentially reducing America’s soft power on the international stage.

In the context of this report, it is essential to note that Trump’s trade policies are not only weakening the U.S. dollar and hastening the transition away from a dollar-dominated world but are also having a significant economic impact of their own. It is only fitting, then, in a report on de-dollarisation, that the effects of one of its main drivers be discussed alongside it.

1. Impact on America

The phenomenon of de-dollarisation will result in a geopolitical shift, and the American household will be directly impacted as foreign investors lose faith in the U.S. economy. The international trading markets in the U.S. are expected to create more volatility in financial markets as central banks shift their reliance from the dollar to gold and other alternatives. Not only will the U.S. lose its prized fiscal autonomy, but it will also make funding government programs harder without raising taxes.

Imported Goods Become Pricier: With the U.S. imposing a baseline 10% tariff on most imports and higher rates on specific countries, the cost of imported goods is rising. According to a report by the Consumer Technology Association, smartphone

prices are projected to increase by 31%, laptops and tablets by 34%, and video game consoles by 69%.^[2]

Business Operating Costs Increase: Industries heavily reliant on imports, such as those in the motor vehicle, petroleum products, and electronics sectors, face higher input costs due to tariffs. This can lead to reduced profit margins, potential job cuts, and slowed job creation in the short term. According to the Center for Automotive Research, these tariffs have resulted in an estimated \$107.7 billion increase in costs for U.S. automakers, with the "Detroit Three" (Ford, General Motors, and Stellantis) bearing approximately \$41.9 billion of this burden.^[3] Additionally, these increased costs are being passed on to consumers in the form of higher prices. The Budget Lab at Yale University reported that the average price of a new car has risen by approximately 13.5%, equating to an additional \$6,400 per vehicle.^[4] This surge in prices is impacting consumer demand and could lead to reduced sales volumes.

Global Economic Dynamics: A weaker dollar diminishes purchasing power abroad. For travellers, this means vacations and overseas purchases become more expensive. Additionally, fluctuating exchange rates can lead to unpredictable travel budgets. Countries such as China, Canada, and the UK are also affected by U.S. tariffs, resulting in shifts in trade relationships and economic strategies. The Global South may experience changes in investment flows and economic alliances as de-dollarisation progresses.

2. *Impact on China*

China has always championed the move for de-dollarisation. China has been conducting half of its trade in yuan and building independent systems, such as e-CNY and CIPS, which are used for international trade and transactions. This is a long-term strategy aimed at enhancing China's economic sovereignty, fostering a multipolar financial system, and reducing its reliance on U.S.-led transactions.

This shift would not only give China more control over its economic future, but it would also protect its assets against foreign interventions, such as the kind that have been taken against Russia since it invaded Ukraine in 2022. A collapse in the dollar's status could also deepen China's economic influence across its Belt and Road partners, boost demand for the yuan globally as an alternative reserve currency, and gradually insulate China's economy from shocks rooted in the U.S. financial system. For China, de-dollarisation is less about dethroning the dollar overnight and more about quietly building the economic infrastructure to rival it on China's terms.

Impact on the average consumer: De-dollarisation could bring both opportunities and challenges for everyday consumers. While daily life won't change dramatically in the short term, the yuan will gradually strengthen in comparison to

the dollar, leading to lower costs for imported American goods, increased travel opportunities abroad, and more stable financial markets.

As the RMB appreciates, imported goods priced in U.S. dollars become more affordable for Chinese consumers. This is particularly beneficial for products such as electronics, automobiles, and agricultural commodities. According to a report by the USDA, a study by the U.S. Department of Agriculture found that a stronger RMB increased China's purchasing power on global markets, resulting in higher demand for imported commodities.[5]

In terms of lowered inflation, currency appreciation can lead to lower import prices, which may contribute to reduced inflationary pressures within the domestic economy. A study published in ScienceDirect found that RMB appreciation significantly lowers import prices, although the exchange rate pass-through is incomplete and asymmetric.[6]

The insulation from U.S. monetary shocks is likely to affect the average Chinese consumer, protecting their savings and investments from external volatility, such as dollar-driven crises, sanctions, or tariffs.

On the other hand, de-dollarisation is still a work in progress. If the transition leads to currency fluctuations or tensions with major trade partners, consumers may feel the impact through price swings in foreign goods, uncertain returns on overseas investments, or more limited access to certain global financial services. Ultimately, if China's strategy succeeds, consumers could benefit from a more independent and resilient economy, but the path there could be challenging at times.

Global Impact: China's capital controls and lack of transparency continue to deter international investors from widely adopting the RMB. Greater global use of RMB could limit China's ability to manage exchange rates and capital flows tightly, potentially undermining domestic stability. This approach, often referred to as the "impossible trinity" in macroeconomics, posits that a country cannot simultaneously have free capital movement, a fixed foreign exchange rate, and an independent monetary policy. China's preference has been to limit capital mobility to retain control over its economic policy and exchange rates. If the RMB becomes internationally recognised, China could be vulnerable to volatile capital flows. For instance, during the 2015 stock market turmoil, China experienced significant capital outflows, prompting the government to implement stricter capital controls to stabilise the economy. Chinese exports could get more expensive on the global market due to a stronger RMB, thereby reducing demand and impacting domestic employment.

3. Impact on Canada

The impact of de-dollarisation on Canada has a direct connection to the BRICS nations' push for a gold-backed currency to compete with the U.S. dollar. For Canada, its fate is heavily tethered to that of the U.S. "The value of the Canadian dollar is tied closely to that of the U.S. dollar," notes David Collins, meaning that any slip in the greenback's dominance could destabilise the Canadian dollar.[7]

Canada, as one of the world's top five gold producers, potentially benefits from increased global demand for gold. Higher gold prices can boost Canada's export revenues, potentially strengthening the Canadian dollar (CAD). For instance, according to a report published by Reuters in February 2024, record levels of unwrought gold exports contributed to a larger-than-expected trade surplus of C\$1.39 billion, highlighting gold's positive impact on Canada's trade balance.[8]

Tariffs and Turmoil: Canada's economic stability is closely linked to its trade relationship with the United States. The imposition of tariffs, such as the 25% tariffs on Canadian goods proposed by former President Donald Trump, could strain this relationship. Such trade tensions have the potential to weaken the CAD, as they may lead to reduced exports and economic uncertainty. For example, threats of U.S. tariffs have previously been associated with declines in Canadian exports and trade balances. The U.S. imposed 25% tariffs on Canadian steel and aluminium imports in 2018, affecting over \$12 billion in trade and leading to retaliatory measures from Canada. These actions disrupted costs for manufacturers in both the US and Canada.

In response to economic challenges, the Bank of Canada may implement interest rate cuts to stimulate growth. While lower interest rates can support the economy, they also tend to weaken the Canadian dollar (CAD). A depreciating currency makes imports more expensive, contributing to inflation and increasing the cost of living for Canadian households.

Global Impact: Canada is exploring a Central Bank Digital Currency (CBDC) to curb the effects of de-dollarisation. A stronger Canadian Dollar may harm export competitiveness and domestic industries. CBDCs could facilitate domestic payments more efficiently while also serving as a strategic tool in international trade. A wholesale CBDC could enable cross-border transactions without routing through the U.S. dollar or American banks, reducing Canada's reliance on the USD.[9]

However, with the rise of CBDC, public trust could become a key issue, especially following events like the freezing of bank accounts during the 2022 trucker protests. Ensuring privacy and transparency will be crucial to the success of any Canadian

Central Bank Digital Currency (CBDC). While the Bank of Canada has currently scaled down its work on a retail CBDC, shifting focus to broader payment system research, it remains prepared to act if the need for a digital Canadian dollar arises in the future.

Impact on the average consumer: For the average Canadian consumer, de-dollarisation could impact everything from their mortgage to job prospects to how they pay for their morning coffee. Whether Canada gains or loses depends on how Canada responds to this shifting monetary landscape. Imported goods could become more expensive, and interest rates might remain low or fall further, potentially lowering mortgage costs, but this could also risk higher inflation. Canadian exports may become more competitive, but trade war retaliation could destroy demand. A push for a Canadian digital currency may also accelerate, raising concerns about privacy and government control.

As ING warns, “We are in front of very binary outcomes for the Loonie.”[10] De-dollarisation could theoretically support Canada’s gold-based exports, but a collapsing U.S.-Canada trade relationship and domestic political instability could send the Canadian dollar into a tailspin.

4. Impact on the UK

While the British pound has recently strengthened against the U.S. dollar, reaching a three-year high of \$1.355, according to a Times report, amid U.S.-China trade tensions and positive UK economic data, the long-term implications of de-dollarisation present a complex picture for the UK economy.[11]

Property Market Uncertainty: British landlords, particularly those dealing with international tenants or foreign investment, may face reduced dollar-denominated returns, fewer foreign buyers, and increased regulatory risk. The BLA calls de-dollarisation a potential “disaster” for UK property investors, particularly those with dollar-linked portfolios.[12]

On a more positive note, the Digital Pound is on the horizon. With the UK’s “Bitcoin” digital currency potentially launching in 2025, there’s a silver lining: a modern, digital financial system may help insulate the UK from dollar shocks. But, as is the case with the Canadian example, this transition also brings challenges—security, adoption, and equity among them.

Impact on the UK consumer: One immediate consequence may be changes in the cost of imported goods. Currently, many commodities, especially oil and gas, are priced in U.S. dollars. A weaker dollar or a shift to alternative pricing currencies (like the euro, yuan, or a basket of currencies) could lead to greater price volatility. For

example, if oil begins to be priced more frequently in yuan or euros, and the pound is weaker against these currencies compared to the dollar, UK energy prices could rise, increasing household bills. As of 2023, around 80% of all oil sales are conducted in U.S. dollars; however, alternative pricing mechanisms are being gradually trialled.[13]

This has a knock-on effect on electricity, heating, and fuel costs, which make up a significant portion of household expenses. Even small fluctuations in currency exchange rates could translate into noticeable monthly changes in bills, causing financial stress for middle- and lower-income households.

Conversely, if the pound strengthens in a more diversified global currency system (i.e., where international trade is spread across several strong currencies rather than heavily reliant on the U.S. dollar), UK consumers could benefit. A stronger pound means cheaper imports, particularly in electronics, textiles, and food products. It would also make overseas travel more affordable due to more favourable exchange rates with non-dollar countries, improving consumer purchasing power abroad.

Additionally, reduced reliance on the U.S. economy could mean that domestic monetary policy becomes more influential in shaping interest rates and inflation. Currently, changes in U.S. Federal Reserve policy often ripple through to UK markets due to the dollar's dominance in the global financial system. In a de-dollarised world, the Bank of England may have more autonomy, which could potentially stabilise domestic mortgage rates and savings returns in response to local economic conditions rather than global dollar-driven dynamics. For instance, if global financial flows become less dollar-centric, interest rate movements may reflect UK-specific inflation more directly, potentially easing the cost of borrowing for consumers.

However, this increased autonomy may come with greater responsibility and sensitivity to global currency movements, especially if the UK remains a heavily import-dependent country. The impact of de-dollarisation is, therefore, not one-directional; it introduces new risks as well as opportunities for the average consumer.

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