MSW MANAGEMENT -Multidisciplinary, Scientific Work and Management Journal
ISSN: 1053-7899
Vol. 35 Issue 2, 2025, Pages: 115-128

World Currency System and Demand of currencies in Global Transition period

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Abstract-
This longitudinal study focuses on the Globally highly trading currencies and its impact on the position of the holding country in the transition period. Globalisation provided an opportunity for business to work in multiple countries. In the process, cross border transactions go through global currency system. This study tries to understand how global currency system works and how financial leadership gets affected by currency system.

How acceptability of the currency worldwide and reserve currency status of the currency helps to take the lead position in the world. Existing currency system is going from its transition period after successful proceeding of 80 years. There are many currencies available in the system, every country uses different currency which is been traded in the foreign exchange market. Price of each currency is volatile as per the demand of the currency for trade and saving, availability of natural resources and productivity of the nation, which further reflects in the purchasing power of the currency.

Different currencies are available for cross border transactions, but most invoicing currency is United states dollar. Even though Price of currency is high in currency market, its purchasing power is reducing, it creates imbalance in the economy. Still, it is most traded currency in the world. Time series analysis method used to analyse the data. There are 70+ currencies available but 11 main highly used currencies in the world last few years

Introduction:

Currency is the government approved and government issued medium of exchange. Citizens of the country use it as money, to purchase or sale goods, services, assets etc. Currency is country specific, each country uses its own currency and it is listed on the foreign exchange market. Prices of currencies were decided formally for the first time after World War two. Currency prices are volatile in exchange market as per productivity of the nation geopolitical position and very importantly growth of the nation.

All the currencies are traded on over the counter (OTC) in market which is called as foreign exchange market. This market facilitates to purchase or sale the currencies which facilitate transactions all across the world. Foreign exchange market is the world’s largest market in terms of turnover.

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It helps to settle transactions by currency conversion, hedging, banking settlements and facilitation of capital flow by foreign direct investment (FDI) and foreign portfolio investment (FPI). In the forex market, most traded currency is United states Dollar (USD). As because it is invoicing currency of around 88% of the cross-border transactions in the world. USD is still the preferable reserve currency by central banks of the world. Whole currency system is running around the USD.

Previous to USD, sterling was the Most traded and reserve currency of the world. As Britishers were ruling on half of the world. Expensive world wars made British compulsory to leave leading position in the currency market. United states of America played smart moves here, they provided war supplies like weapons packed food etc to both the parties in the war and accumulated gold till 1940s. In Britton woods conference shifted the role from Sterling Pound to United states Dollar.

Pegging all 44 leading nations currencies with dollar and pegging dollar with gold for $35 per Ounce was the one of the reasons to make America as global leader. This was the start of Dollar dominating currency system. It was the peace time after war and every country was in need of infrastructural development which required oil. Eventually Petro dollar agreement with oil producing countries made it compulsory to all oil purchasers and producers to trade in USD.

This played strong role in compulsion of using USD for cross border trade. and when more dollar floated in the economy than the real available gold stock in1971 gold backing of the United States dollar was taken away by American government. After that, technological advancement and research kept use of unavoidable dollar to be continued. All the countries started to park their savings in USD in the form of Bonds or equity etc. United states dollar based financial system got developed. There are theoretic models used in the world financial system. Some of them are related with the currency system, they play important role to analyse the world currency system in a better way.

Mundell-Fleming model (IS -LM-BP) with the help of exchange rate, interest rates and capital mobility this model explains macro-economic policy in an open economy. This is used to analyse fiscal and monetary policy under fixed or flexible exchange rate system. Picture becomes clear in relation with Investment is equals to saving. Liquidity is equals to money and balance of payments that means trade along with capital flows. Model helps us to understand financial system on macro-economic level.

Exchange rate regime model helps to understand currency policy by central banks with the help of Fixed floating or managed float regimes. Optimum currency area introduced in 1960s which insist to share a currency by all countries or economies in a region helps to reduce cost and smooth transactions around the national boundaries. Eurozone accepted this for better mobility and higher growth.

Purchasing power parity is the theory which tries to keep balance between exchange rate and purchasing power of the currency in long run. Prices of goods and services should get adjusted in same proportion with the change in the price of currency in the foreign exchange market. If the price of that currency is increasing, the price of goods and services export and import should get reflection of the same rate of price in that currency, but in practical world, that does not happen in the same ratio Inflation that is pass on to the exchange rate increase is called as exchange rate pass through.

These are the important concepts related with the currency which are considered as theories in the financial world

Compulsion of Using dollar in cross border transactions facilitated USD to become most traded and eventually reserve currency of the world. Which created huge demand for the USD. Where all other countries produced Goods and services and export them to earn forex reserve, United states simply

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provided currency for international transactions which is compulsory to use in all import and export of the goods and services.

Artificial huge demand for the currency and reserve status of the currency is the backbone of financial superpower of America, which influence on economic and political fields too. United States started using its strong position to influence other nations by putting sanctions. That created fear, among the other globally trading and developing nations.

To avoid such sanctions, they started to build a new financial system which will provide safe and guaranteed platform for the cross-border transactions by avoiding United states dollar. This process is called as de dollarisation. Now major production hub countries are getting together to bypass the dollar for international trade. BRICS is the foundation they created to stand strongly to defeat dollar in current currency system.

Rationale for studying the change in World financial structure is closer to the edge of the transition as because world-wide leadership has changed production centres, international politics, and even problems in front of the world are being different. Strong players in the Currency system are facing difficulties.

Looking at the change in the global conditions we can consider roots of global transition period started with the alertness of BRICS nations forming alliance in 2001. It took 14 years to start with on ground alternate system, with new development bank in 2014. sanctions on Russia added new chapter to the book. It was the alert to rest of the world those who were using dollar-based currency system. Bilateral trade agreements could help to skip the dollar-based trading system.

Objective and hypothesis

Objective-

Objective of this study is to understand world currency system in a better way and how the demand of currency is related with leading position of the currency in the world financial system. Study the factors that affecting demand for the currency like: International Trade agreements, Developed cross border payment systems. Strong position of country can create geopolitical influence to create demand for the country. Country should create value for the products and services (productivity) to trade with the world.

Study aims to find out relationship between demand of the currency for the cross-border transactions and factors affecting to the demand of the currency as the invoicing currency in international trade. Hypothesis are considered for the study based following variables.

Dependent Variable- Demand of the currency last 24 years
Independent variable- Trade agreements with different countries
Independent variable- Efficient cross border payment system
Independent variable- Geopolitical influence
Independent variable- Value creation / Productivity of the country

i. Hypohesis-H1 Demand of the currency has relation with Trade agreements with different countries

H0- Demand of the currency has No relation with Trade agreements with different countries

ii. Hypohesis-H1 Demand of the currency has relation with efficient cross border payment system

H0- Demand of the currency has No relation with efficient cross border payment system

iii. Hypohesis-H1 Demand of the currency has relation with Value creation / Productivity of the country

H0- Demand of the currency has No relation with Value creation / Productivity of the country

iv. Hypohesis-H1 Demand of the currency has relation with Geopolitical influence

H0- Demand of the currency has No relation with Geopolitical influence

Research question: -How Demand for currency in the international market gets affected by Trade agreements with different countries, efficient cross border payment system, value creation / productivity of the nation and geopolitical influence.

Scope:

Leaders of the world created base for today's currency system around 80 years back. As the result of two world wars financial strength of the ruling countries in the world reduced drastically, wealth which they accumulated from many nations, shifted to new rising power of the world. They created artificial demand for their currency and eventually world shifted from gold standard when it became difficult to keep the promise to provide gold against currency suddenly world shifted to fiat currency system.

Which made easy money available to the US economy that gradually led to increase debt mountain of United States up to 38 Trillian dollar. It is the cause behind reducing purchasing power of the dollar domestically. 120% Debt comparing to productivity is there in United states of America. Trade sanctions and tariff is the add on factor to reduce trust from the global superpower.

Meanwhile developing nations improved their financial position, infrastructure and technological advancement, managed to become growing and stable economy Now their bargaining power and share in the global production has on the significant level.

Unitedly they are the rising power of the world. Realisation of this fact to developing nations is the reason behind building the organisation like BRICS. They are getting away from the dollar with different ways like increasing gold reserve, bilateral trade agreements, new development bank, developing new international payment systems.

These all activities are encouraging multipolar currency system, instead of dollar centric currency system in the world. This study tries to understand effect of such activities on the United States dollar in the form of demand or reserve status of USD and other leading currencies. Time will take for reform of currency system. There are many angles to this change in currency system, rising debt burden on most traded and trusted currency in the world is reducing the trust on USD gradually.

Other nations which were weak in the beginning of this currency system are not in the same condition today. Growth and development made many of the countries strong in position. It provided authority to take the decision for the betterment of their own country like standing united and form the BRICS alliance.

Limitations:

This research is done for the period in which many geopolitical situations are changing drastically. Weaker countries before are improving their position and strength by infrastructural developments, productivity and economic development. Whereas developed nations reached the saturation point of the growth level, beyond which high rate of growth is not possible.

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Transition period of the currency system has multiple angels considering all of them like political and geopolitical relations etc makes study versatile. But situations are changing everyday it may reduce the importance of the study as per change in financial calculations.

Decision based on the international currency transactions which some of them are just speculatory may not provide expected results.

Literature review

Currency system is the important player in todays globalised world. Much literature is available on it, some of them are stated as follows

1) Dr Eswar prasad Writes in his article "The dollar reigns supreme - by default" By Eswar Prasad (2014) - Since 1944 dollar has become reserve currency of the world and every financial crisis made dollar even more strong. US debt may reach to equilibrium with Annual GDP in 2014. If US continue to print fiat dollar, it may cause crisis in long run. Them China can be the global leader looking at their productive economy. This prediction has done by author. Weakness of other countries are making America financially strong.

2) What does the international currency system really look like? Benjamin J. Cohen &Tabitha M. Benney- Authers talk about concentrated or unipolar international currency system in the world and forecasting about more competitive structure.

3) Developing a fair currency system BY-Muhammad Hanif-.Author focused on currency system based on fiat currency and crypto currency. Put question mark about the compatibility of the current currency system.

4) From Gold to Euro: On Monetary Theory and the History of Currency Systems

By Heinz-Peter Spahn. This book discusses in detail, starting from gold standard in pound sterling, rise of baking system from bank of England, change in central and reserve currency from pound to United States dollar. Lapse of gold standard and rise of United currency of Europe Euro.

5) The international currency system revisited By- Tabitha M. Benney and Benjamin J. Cohen The international currency system revisited. In *Dollar Hegemony* (pp. 1-19). Edward Elgar Publishing. International currency system has dollar monopoly author checks it out that are there any chances to change unipolar system to become multipolar but it has to take much time to build they grounds. Till then greenback is supreme.

6) Patterns in Invoicing Currency in Global Trade By- Boz, E., Casas, C., Georgiadis, G., Gopinath, G., Le Mezo, H., Mehl, A., & Nguyen, T. Patterns in invoicing currency in global trade. United states dollar is invoicing currency of the international trade but the actual trade of United States is very less. This is increasing demand for dollar and price in currency market too. Same case is with Euro.

7)The case for a world currency By -Mundell, R. Arguments about flexible exchange rate are become incorrect. Exchange rates are constantly dropping in developing economies and rising in developed economies.

8)Dollar dominance and rise of Nontraditional currencies is the working paper from IMF In June 20222 that shows rise of other currencies in the foreign exchange reserve and decline of dollar. Russia is the big player in financial world holding one third of its reserve in Chinese renminbi

9) In the IMF blog Authors including IMF Director states that Dollar is appreciating against other currencies, when it appreciates by 10 percent dollar appreciation cause inflation of 1 percent in emerging market economies. Dollar appreciation effects on the interest rates too, because half of the loan are given in the form of dollar. High chances of danger in the market which will affect on all the economies but developed economies on higher level. IMF is planning for integrated policy framework to tackle with this problem.

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10) How currencies should respond to strong dollar Currency Substitution By- Alberto Giovannini Bart TurtelboomCurrency substitution. This paper talks about different pricing methods like producer currency pricing or local currency pricing but it's not feasible to implement it from both the ends.

11) Currencies of External Balance Sheets By- Cian Allen, Deepali Gautam, and Luciana Juvenal
Paper focuses on the Balance sheets of the internationally trading companies which shows dollar and euro are the leading currencies which are trading globally.

12)Understanding the growing use of local currencies in cross-border payments
Econographics August 25, 2023 By-Hung TranThis article discusses about RMB in Bilateral Cross border trade payments by India, Argentina, Russia
Share of total Chinese cross border settlements in RMB reached upto 50% as per the record of people's bank of China. India too pushing trade in INR By signing bilateral trade agreements, allowing 22 countries to open Vostro Rupee accounts with Indian banks ties with foreign banks. BRICS nations also supporting local currencies trade.

GAP: Based on above literature review gap can be find that study has been done on currency system but change in global geopolitical scenario and deficit economy trap has not done yet which caused to increase debt mountain of developed economies they are passing on the debt on future generations to maintain today's lifestyle. Currency usage dominance by leading currencies is restricting growth of the developing nations because of unipolar currency system.

Methodology:

There are types of research in the field like action research, evaluation research, Historical research and comparative research.

Action research: In action research, actions and research are combined to solve practical problem. Focuses on implementing changes for better process by solving existing problem.

evaluation research: this research is done to understand impact of any program or policy or new system. This type of research used to take decision, make improvements in decided policies, programs and newly developed systems. Helps to make it efficient.

Historical research: is systematic investigation of the incidents happened in the past. Mostly with the help of secondary data available about that event. It helps to understand the scenario happened, its causes and its impact on surrounding.

comparative research: Comparative research is a research methodology that focuses on identifying and contrasting similarities and differences between two or more entities, often across different contexts like cultures or geographical boundaries. It's a fundamental approach in the social sciences and is used in various fields like education, sociology, and even in business. The goal is to gain a deeper understanding of the phenomena under study by examining how they manifest in different settings.

When two variables are studied , one is dependent and one is independent such study is called as single linear regression but, This study deals with multiple independent variables and one dependent variable multiple linear regression category.

Our research goes into the historical and comparative research categories. Currency is long-term impacting factor on geopolitics. This longitudinal study deals with the long-term data which is collected from International monetary fund's website, From RBI Reserve bank of India repots, and from Ministry of corporate affairs. To analyse such long-term data some statistical methods are available. Time series analysis is the method to be used in the study. In this method data is provided on the basis of time so that it can be analysed with the help time slots,

Time series analysis has different variations,

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1. **Secular:** denotes the similar performance for the long time. There are no big changes in the data for longer frequency. It is denoted by (T). Most of the time has smooth progress of the curve.
2. **Seasonal variation:** data shows changes in specific seasons, with a reason. It is denoted by (S).
3. **Cyclical variation:** Shows changes in performance in particular sequence repeatedly. That is called as cyclical variation. Cyclical variation is denoted by (C). Long time data is evaluated in this method after specific time.
4. **Irregular Variation:** Irregular trend can be seen at the time of exceptional cases. Sudden changes are found in the data in this method. Irregular variation is denoted by (I).

Under time series analysis there are four methods to examine data over the period of time.

1. Trend analysis- linear and nonlinear pattern.
2. Moving average- to adjust short term fluctuations
3. Autoregressive model- (AR ARMA ARIMA) to understand time dependence of the data and forecast.
4. Seasonal decomposition- To separate seasonal residual component

Methods of measuring trends

1. Free hand curve method
2. Semi average method
3. Moving average method

1)Hypohesis-H1 Demand of the currency has relation with Trade agreements with different countries

H0- Demand of the currency has No relation with Trade agreements with different countries

Demand of the leading currencies in international currencies market changes as per the global scenario. We need to check whether it is getting affected by the free trade agreements, trade groups, bilateral trade agreements, or any co-operative agreement between two or more countries. Checking records of bilateral trade agreements or trade groups for last few years is must but historically when EURO introduced in the market, all the European nations and United Kingdom were the natural alliance. Which was considered as eurozone, that took place with their own currency in1999. So around 20 percent of cross border took place in EURO, we can see it in our records from

Record of International Trade agreements, Trade groups with different countries

International monetary fund's COFER data. In 2001 we can see 23% of cross border transactions were taking place in EURO.

After those united states different free trade agreements with different countries in different years which helped to keep trading in USD. Following are the trade agreements done by United States of America: US-Jordan FTA (2001): US with Jordan.

US-Chile FTA (2004): US with Chile.

US-Singapore FTA (2004): US with Singapore.

US-Australia FTA (2005): US with Australia.

CAFTA-DR (2006–2009): US with Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua.

US-Bahrain FTA (2006): US with Bahrain.

US-Morocco FTA (2006): US with Morocco.

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US-Oman FTA (2009): US with Oman.
US-Peru FTA (2009): US with Peru.
US-Korea FTA (2012): US with South Korea.
US-Colombia FTA (2012): US with Colombia.
US-Panama FTA (2012): US with Panama.
USMCA (2020): US with Mexico and Canada (replaced NAFTA).

- **EU-Led Agreements** (via European Commission):

EU-South Africa TDCA (2000): EU with South Africa.
EU-Mexico EPCA (2000): E with, Mexico.
EU-Algeria Association Agreement (2005): EU with Algeria.
EU-CARIFORUM EPA (2008): EU with 15 Caribbean countries.
EU-Korea FTA (2011): EU with South Korea.
EU-Colombia/Peru/Ecuador FTA (2013/2017): EU with Colombia, Peru, Ecuador.
EU-Canada CETA (2017, provisional): EU with Canada.
EU-Japan EPA (2019): EU with Japan.
EU-Singapore FTA (2019): EU with Singapore.
EU-Vietnam FTA (2020): EU, Vietnam.
EU-UK Trade and Cooperation Agreement (2021): EU, UK (post-Brexit).
EU-New Zealand FTA (2024): EU with New Zealand.
EU-Chile Advanced Framework Agreement (2025): EU with Chile.

- **Other Notable Agreements**:

China-ASEAN FTA (2010): China with selected ASEAN countries.
India-ASEAN FTA (2010): India with selected ASEAN countries.
China-Australia FTA (2015): China with Australia.
EAEU-Iran FTA (2019, expanded 2024): EAEU with Iran.
UK-Japan CEPA (2021): UK with Japan (post-Brexit).
Australia-UK FTA (2023): Australia and, UK.

Looking at the above record of trade agreement we can see that when other all nations started doing trade agreements with each other usage of other currencies and Chinese renminbi started to increase usage in global trade after 2010

This is not exhaustive—global databases like the WTO's RTA portal list over 600 agreements since 1995, including accessions and updates. Trends show a shift toward mega-regionals like RCEP and digital trade provisions in newer pacts.

Comparing usage of the leading currencies for last 15 years give us direction to understand how demand of different leading currencies are changing.

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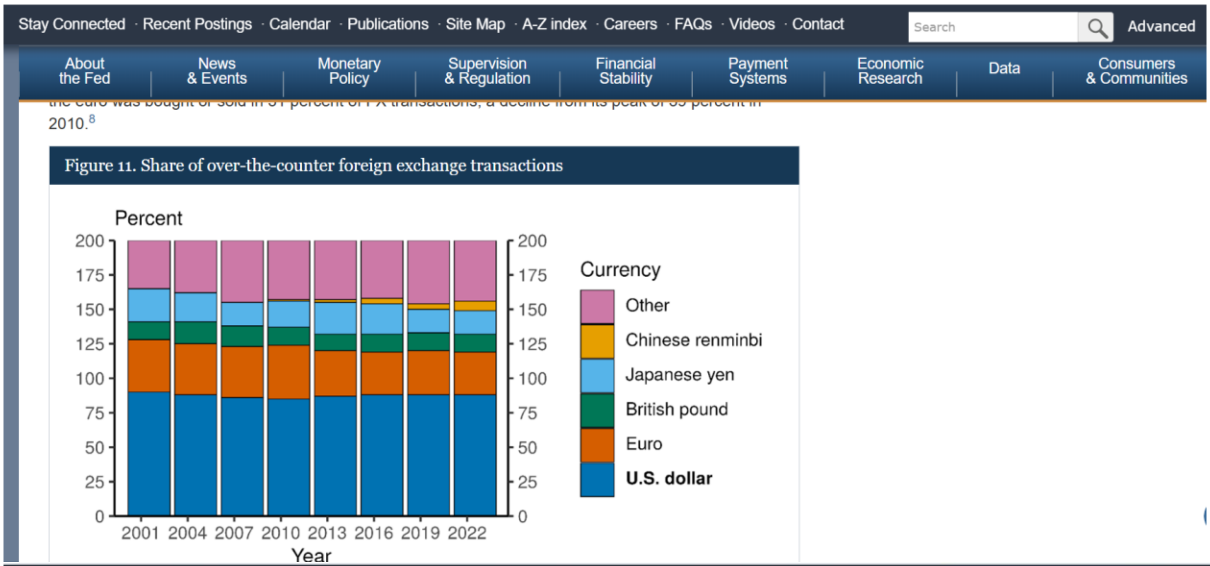

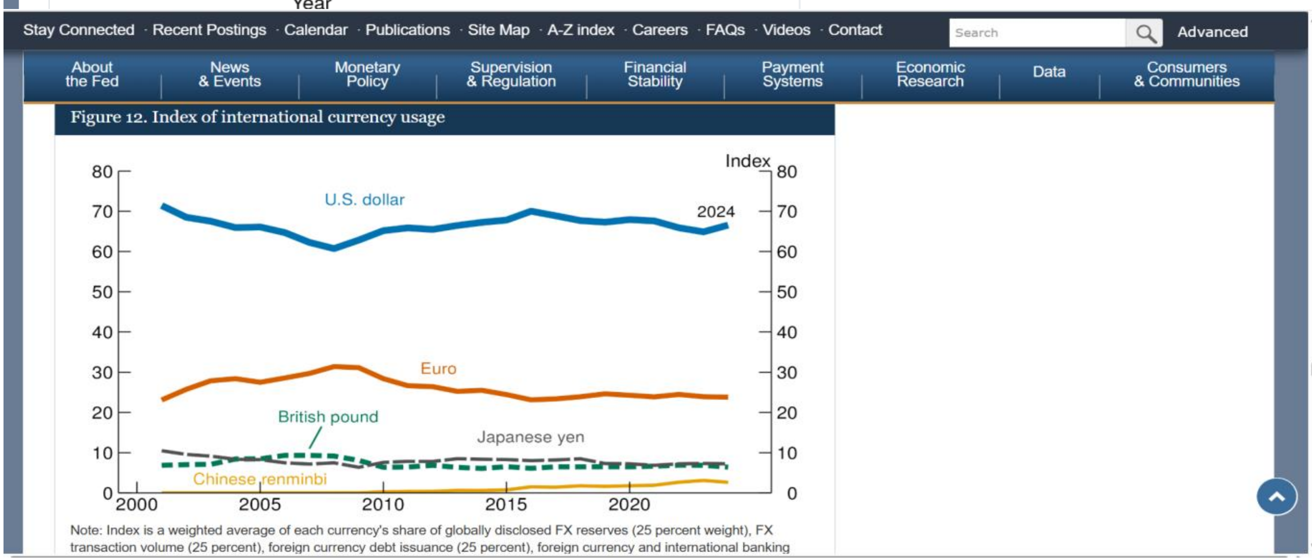

After comparison of the data we can accept the alternative Hypothesis here that Hypohesis-H1 Demand of the currency has relation with Trade agreements with different countries and that is positive relationship in them, that means if trade agreements are high usage of currency is too high.

2)Hypohesis-H1 Demand of the currency has relation with efficient cross border payment system
H0- Demand of the currency has No relation with efficient cross border payment system
We can see the record of cross border demand of the currency has stare

Global payments encompass a wide range of methods, including:

- **SWIFT**: The dominant messaging network for high-value cross-border payments. Currency Composition in SWIFT (2019–2025)
  USD: Dominant at 40–50.2% of transaction value, peaking in January 2025.
  EUR: Second at 12.83–21.6%, with a strong role in Eurozone payments.
  Others: GBP (6.5%), JPY (5.09%), CNY (2.8–4.7%), with smaller shares for CAD, AUD, etc.

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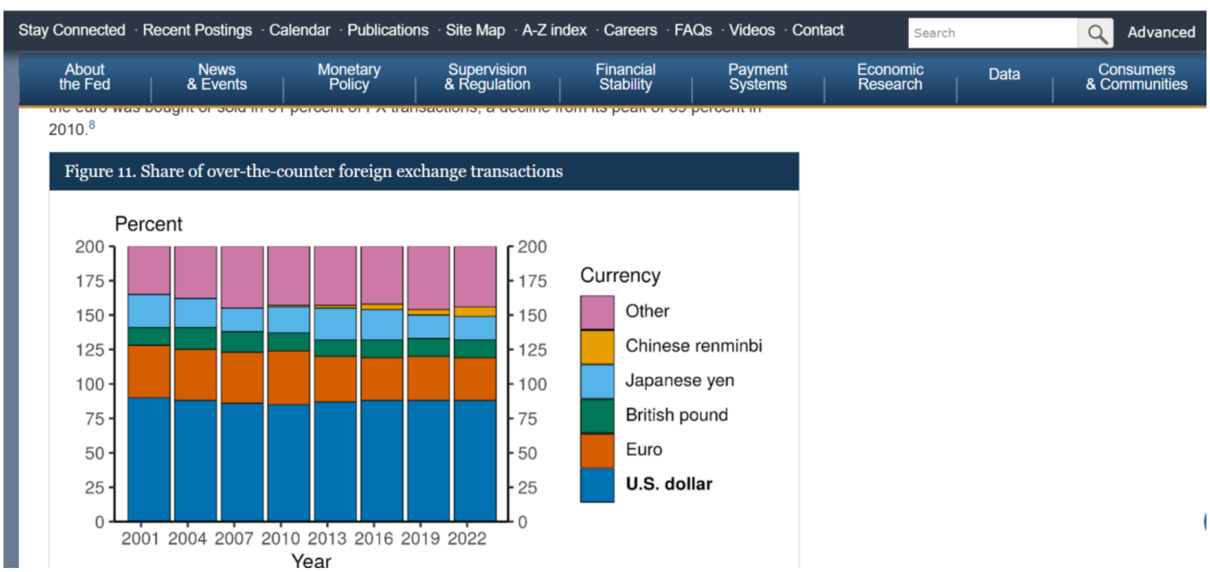
- **Alternative Cross-Border payment Systems**: Systems like China's CIPS, Ripple, and others targeting specific markets and support use of Chinese currency.
- **Card Networks**: Visa, Mastercard, and regional networks like UnionPay allow cross border payments for retail and business-to-consumer (B2C) payments with ease.
- **Digital Wallets**: Mobile and online wallets like PayPal, Alipay, Google Pay for e-commerce and point-of-sale (POS) transactions provides easy payments system.
- **Instant/Real-Time Payments**: Domestic systems developed by nations domestically like UPI (India), Pix (Brazil), and SEPA Instant Credit Transfer (Europe). These provide ease of doing business by quick money transfer.
- **Cash and Checks**: Declining mode of payment but still relevant in certain markets.
- **Central Bank Digital Currencies (CBDCs)**:Is a digital form of currencies in the many countries In pilot stages, with growing exploration which is backed by Central bank of the country.

Year	SWIFT / Traditional Banks	Alternative (Corr. Banking, regional rails)	Digital Wallets	Instant / RTP Systems	Cash & Checks	Crypto
2019	~90%	~5%	~5%	~<1%	~10%	~<1%
2020	~88%	~5%	~7%	~<2%	~9%	~1%
2021	~87%	~5%	~10%	~2–3%	~8%	~1–2%
2022	~85%	~5–6%	~15%	~5%	~7%	~3%
2023	~85%	~5–6%	~30%	~10%	~5–6%	~4%



After evaluation of different sources we can see in above chart that as per introduction of new payment systems in the market, popularity of old is decreasing gradually. Instant payment systems are becoming more acceptable with different currencies that is reflecting in the increasing usage of other currencies in the chart. Digital wallet facilitate Chinese Renminbi that is also reflected in the increase of usage of Renminbi.

We can accept alternative hypothesis H1 Demand of the currency has relation with efficient cross border payment system and conclude that

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3)Hypohesis-H1 Demand of the currency has relation with Actual Value creation / Productivity of the country

H0- Demand of the currency has No relation with Actual Value creation / Productivity of the country

Productivity of the nation increase usage of the currency in the international market. Like we can see China become global production hub

Some data has been gathered about the GDP of different countries during last five years so, the relationship between GDP and Usage of the currency can be analysed easily

After looking at the data, we can relate GDP growth of China has Drastically increased after 2020 it has positive relationship with the usage of the currency on international transactions as China being Production Hub for the world, Usage of the currency has been increased.

In case of USA even though GDP is constantly improving still usage of USD is constant.

Euro Currency usage is also constant even though GDP is growing last three years.

British pound has positive relationship with the usage of currency and GDP.

In case of Japan also we can see GDP is did not increase in last 5 years and usage of currency too.

Comparing all the data we can conclude that GBP and JPY have positive relationship with the currency usage and GDP of the nation, both are comparatively constant. But in the case of China, we can see GDP growth has drastically improved and Usage of currency in the international market too increased. But existing currency system in the world is not supporting the usage of RMB more.

But in case of GBP and USD both the country's GDP is increasing but Usage is constant, that can be the case of reducing trust on both the currencies but not having option to use other currency may be the reason of the limited usage of the currency. Increasing Debt Mountain of US may be the cause of limited usage.

GDP data for last 5 years (Amount in Trillion dollar)					
Year	USA	China	Europe	United Kingdom	Japan
2020	21.35	14.69	15.50	2.69	5.05
2021	23.68	17.82	17.49	3.14	5.03
2022	26.01	17.88	16.99	3.11	4.25
2023	27.72	17.79	18.59	3.38	4.20
2024	30.35	18.80	19.42	3.6	4.19

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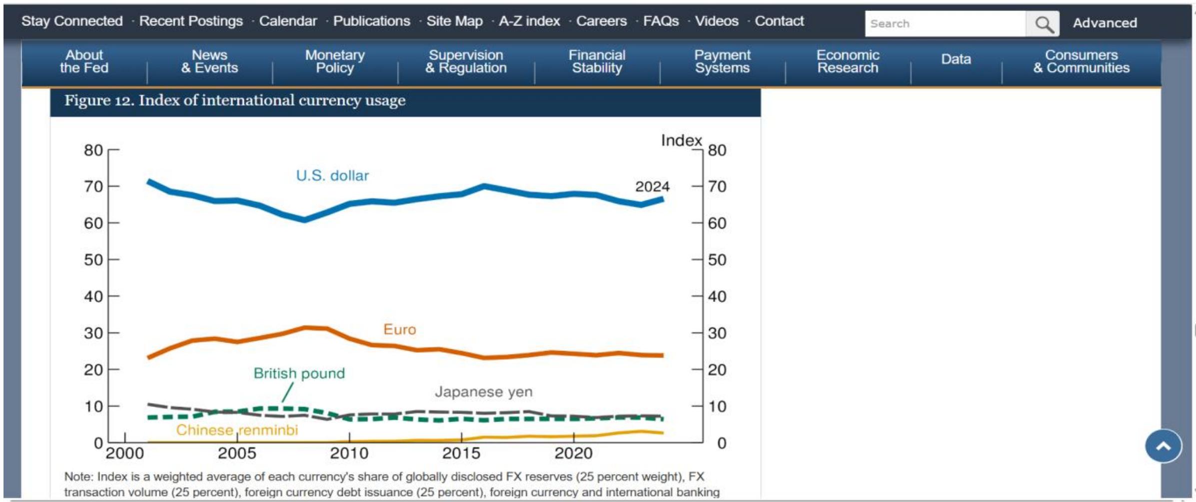

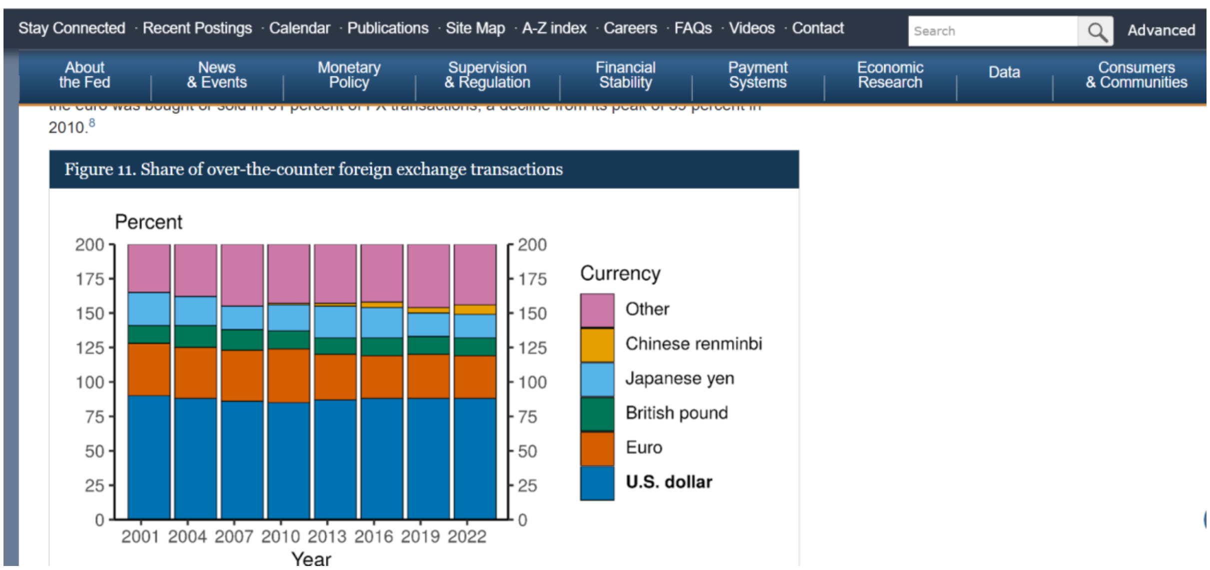

After analysing Data, we can Accept null hypothesis H0- Demand of the currency has No relation with Actual Value creation / Productivity of the country

4)Hypohesis-H1 Demand of the currency has relation with Geopolitical influence

H0- Demand of the currency has No relation with Geopolitical influence

Looking at the geopolitical factors that effect on the usage of currency are as follows:

Terrorism risk, war risk, sanctions,

Geopolitical alliances always support and encourage each other's currencies to trade with that happens with US and Europe. Sanctions on targeted countries effect on the usage of currency negatively like Russian Ruble. Geopolitical risks like war, tensions in the countries make the currency suffer in the currency market. Trade wars like US -China trade war makes impact on the usage of the currency. Super power influence on the other countries currency usage is always there. Currency manipulated by many countries to be in the competition that also effect on the usage of

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the currency. De-dollarisation efforts like BRICS want to make their own multipolar currency system which will encourage multi-currency usage in the international trade. Although there are many factors to influence on the use of currency, we can analyse important few with the detailed data.

Comparing Data of all the geopolitical factors we can conclude that war and terrorism risk is affecting usage of the currency in the market but sanctions did not work to reduce the usage of the currency in the international market. Even though there are sanctions on China Currency RMB usage has been increased.
We accept Alternative hypothesis- H1 Demand of the currency has relation with Geopolitical influence

Conclusion: After evaluation of the data from various sources we can conclude that demand of the currencies in the cross-border transactions is changing slowly as per the change in trade agreements, free trade groups are increasing co-operation of the countries which is increasing usage of other currencies in international trade. previously with the high technical advancement united states dollar introduced SWIFT in 1970 which was highest used platform for cross border transactions but now as per the introduction of other platforms cross border transactions are using other currencies in Instant payment systems like UPI that too reflect in the increase in the usage of other currencies for international trade. Change in the currency usage other than traditional group of currencies is on very small level but is increasing steadily. In the future there are chances to change in the currency system from unipolar USD based system to Multipolar currency system.

Finding: after comparing Demand of the currency in international transactions with Different trade agreements, Efficient cross border payment system, geopolitical influence of the country and the actual productivity of the nation. We can find out that world was using unipolar currency system since last 80 years but it is slowly shifting to multipolar currency system where only one currency will not be in the dominant position but every nation which will develop new technologies which will help to increase ease of doing business and create real value for other nations will get chance to be the part of system. Increase in productivity / value creation of the nation will take place due to advanced technology which will cause to geopolitical influence and once other countries will find fruitful deal with the nation will automatically lead to the trade agreements to the countries.
India is also on the same path of technological advancement will lead to improved productivity by understanding future needs of the world population and according supply will lead to geopolitical influence and the same will lead to achieve important place in new multipolar world

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MSW MANAGEMENT -Multidisciplinary, Scientific Work and Management Journal
ISSN: 1053-7899
Vol. 35 Issue 2, 2025, Pages: 115-128

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