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INSIGHTS FROM CFA SOCIETY SINGAPORE

The 'Rs' challenging the US dollar: rupee, rouble, renminbi, real and rand

By Praveen Jagwani

The age of the unchallenged US dollar (USD) is ending. A new, more fragmented monetary order is emerging in which a striking coincidence becomes a powerful symbol: the major challenger currencies to the greenback's dominance all begin with the letter "R" – rupee, rouble, renminbi, real and rand. Together they are quietly rewriting the rules of global finance.

For decades, the dollar sat at the centre of a two-pillar system: Oil was priced in dollars, and global savings flowed into US Treasuries. This "oil and debt" architecture forced everyone from Riyadh to Rio to hold dollars and dollar bonds as the price of participation in global trade.

Over time, that dynamic has been weakened by American sanctions, reserve freezes and the increasing weaponisation of the greenback.

This has convinced many countries that over-reliance on US assets is a strategic vulnerability, not a safe harbour. As a result, more trade – especially energy and commodities – is being invoiced and settled in alternative currencies, chipping away at the dollar's fabled primacy.

At the heart of this shift stand the major emerging economies grouped in Brics and its wider circle. Their policymakers are not waiting for a formal new global currency. They are building a practical alternative from the bottom up. The rupee, rouble, renminbi, real and rand – often labelled the "R5" in policy circles – are increasingly

used in bilateral trade, local currency financing and regional payment systems.

China and Russia conduct most of their trade in renminbi and rouble; Brazil and China have put yuan-real settlement channels to work; and India has experimented with rupee invoicing for Russian oil.

Many countries in the Global South now settle at least part of their commerce in these non-dollar currencies. Proposals for joint Brics payment platforms and even an eventual reserve unit are less about replacing the dollar outright, and more about ensuring that when Washington pulls a financial lever, the rest of the world is no longer helplessly paralysed.

Tokyo turns. Washington pays

A separate but converging situation is unfolding in Tokyo. After years of exporting capital and anchoring global bond markets with near-zero rates, Japan is edging toward monetary "normalisation". Even modest moves or hints of higher rates from the central bank have pushed Japanese government bond yields to multi-year highs, making domestic assets more attractive relative to US Treasuries and European bonds.

The old metaphor of a butterfly flapping its wings in Tokyo and causing a tornado in the US has stopped being an abstract thought experiment, and has turned into horrific reality.

A few careful words from policymakers in Tokyo may now send shockwaves through global bond markets, repricing risk from Man-

hattan to Mumbai and forcing Washington to pay more to borrow just to keep the lights on.

India's quiet advantage

In this shifting landscape, India is unusually well-placed to navigate the geopolitical minefield with a degree of ease that eludes many of its peers.

A youthful, growing and increasingly affluent middle class provides a powerful domestic growth engine, allowing New Delhi to rely less on trade surpluses and more on internal demand to drive expansion.

Unlike other Brics economies that lean heavily on commodity cycles, concentrated export markets or state directed credit booms, India's growth is anchored in diversified services, manufacturing upgrades and broad-based consumption, making it structurally more dependable and resilient.

The absence of a large external food dependence further reduces vulnerability to global shocks – India is a major agricultural producer rather than a chronic food importer – giving the country a strategic cushion as supply chains, capital flows and currency blocs realign around it.

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Brics nations, including India, are pushing ever-more trade and financing into the rupee, rouble, renminbi, real and rand. PHOTO: PIXABAY

Taken together, these developments point to a slow, uneven, but unmistakable rewriting of global capital flows. On one side, the Brics nations are pushing ever-more trade and financing into rupees, roubles, renminbi, real and rand, reducing their exposure to dollar sanctions and Federal Reserve policy swings. On another side, Japan's gradual turn inward threatens to reduce the volume of excess savings that were once reflexively recycled into US Treasuries.

The other traditional buyers of US Treasuries are Europe and China. The former is dealing with a rapidly slowing economy and an assortment of socio-political problems while the latter, targeted punitively by the US, is keenly diversifying its reserves. The result is a world in which the dollar still matters enormously but no longer enjoys the effortless "exorbitant privilege" of being the only game in town. Instead, multiple regional currencies share some of the load, and cross-border flows become more complex, more political and more volatile.

Ready for reset?

For policymakers and investors, the message is stark. The question is no longer whether the rupee, rouble, renminbi, real and rand will matter, but how quickly and in which domains they will gain

ground – regional trade, commodity pricing, development finance and reserve composition.

For the US, this means higher funding costs, less sanction leverage and a narrowing gap between its financial reach and its real economic weight.

For much of the Global South, it means greater room for manoeuvre – but also the responsibility to build credible institutions around their own currencies, lest a fragmented system simply replace one form of instability with another.

The world is not witnessing a clean coup against the dollar. It is watching the slow rise of the "R bloc" – and with it, a monetary order where power is split not with one letter, but with many.

The writer, CFA, is global head and CEO, UTI International