

Predicting the Collapse of the U.S. Dollar: Economic, Geopolitical, and Digital Currency Impacts

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Abstract

This research assesses the probable decline of the U.S. dollar by examining economic, geopolitical, and technical variables. The research used a mixed-methods approach to investigate six hypotheses related to the U.S. debt-to-GDP ratio, geopolitical changes, economic indicators, investor confidence, bond market dynamics, and cryptocurrency integration. A quantitative study including 128 financial experts and qualitative insights from 12 interviews indicates increasing debt levels, inflationary pressures, and geopolitical challenges—especially from BRICS nations—endanger the dollar’s worldwide supremacy. The growing acceptance of digital currencies, including Bitcoin and central bank digital currencies (CBDCs), is transforming conventional financial institutions and progressively undermining the dollar. The results underscore the significance of fiscal changes, geopolitical strategy, and technological adaptability in preserving the dollar’s position as the global reserve currency. The implications for politicians, investors, and financial institutions are examined, emphasizing the critical necessity to confront these difficulties to maintain global economic stability.

Keywords

U.S. Dollar, Currency Stability, National Debt, Geopolitical Shifts, Economic Indicators, Cryptocurrency, Investor Confidence

1. Introduction

The U.S. dollar’s strong posture in global commerce and finance is mostly due to its employment as the principal reserve currency, which offers financial advantages like lowered borrowing costs and enhanced financial flexibility. Thanks

to its solid economy and stable politics, which simplify international commerce and investment, the United States has been able to maintain its hegemony for many years. Still, the rising national debt, shifting geopolitical conditions, and the emergence of digital currencies challenge the dollar's supremacy.

Events like Argentina's hyperinflation crisis in the late 20th century and Zimbabwe's currency crisis in the 2000s have historically shown the weaknesses supposedly stable currencies might face. These stories provide insightful lessons on the special difficulties the U.S. dollar encounters in the complicated global economy of today.

With the United States national debt estimated at over \$35 trillion as of 2024—123.4% of GDP—there are questions regarding the long-term durability of the currency ([US Debt Clock.org, 2024](#)).

Along with [Reinhart and Rogoff \(2010\)](#), [Park, Ramayandi, and Tian \(2022\)](#) suggest that too much national debt can cause economic unrest and erode confidence in a currency. Furthermore, posing a major obstacle to the dollar's supremacy are recent geopolitical developments like the attempts of the BRICS nations to create a new trading currency ([Lee & Sims, 2024](#); [Saaida, 2023](#)). Reserve currencies' position can be much changed by changes in world politics ([Eichengreen, 2011](#); [Gourinchas, 2021](#)).

The arrival of digital currencies complicates financial terrain. The World Bank estimates that the market value of cryptocurrencies will have exceeded \$2 trillion in 2024, therefore challenging traditional fiat money. With cryptocurrencies, financial institutions might be revolutionized and the worldwide dominance of the dollar challenged ([Fantacci & Gobbi, 2024](#); [Nakamoto, 2008](#); [Yermack, 2024](#)).

Recent research has looked into these new challenges to control the dollar. [Chuen and Teo \(2021\)](#) and [Baur & Dimpfl \(2021\)](#) investigate the potential effects of the growing popularity of cryptocurrencies and their market instability on fiat currencies like the U.S. dollar, emphasizing the possibility of digital currencies causing changes in traditional financial systems and global monetary policies. [Ilyinsky and Magamedov \(2023\)](#) thoroughly evaluate the potential threat to the global reserve currency status of the dollar posed by geopolitical changes and the emergence of alternative trading currencies. Furthermore, [Auer, Cornelli, and Frost \(2023\)](#) analyze the impacts of digital currency advancements on worldwide financial security, highlighting the dangers linked to the swift expansion and widespread adoption of cryptocurrencies.

Notwithstanding these developments, much more must be understood about how these three elements—economic, geopolitical, and technological—combine to affect the stability of the US dollar. This paper fills this vacuum by providing a comprehensive examination of the potential combined effects of the US national debt, changing geopolitics, and the emergence of digital currencies on the dollar. Through the integration of current research findings with a thorough assessment of these interconnected components, this study seeks to offer a more sophisticated comprehension of the possible hazards and consequences for worldwide economic stability.

The goal of this study is to fill in the gaps in research by giving a complete look at these connected factors and how they might affect the security of the U.S. dollar. When you combine quantitative data on economic factors like inflation rates, trade deficits, and interest rates with qualitative views from financial experts, economists, and politicians, this study will give you a full picture of the dollar's future. Lastly, the study is based on six main theories that look into important parts of this problem: the effect of the U.S. national debt-to-GDP ratio, changes in geopolitics, economic indicators, investor trust, the behavior of the bond market, and the effect of cryptocurrencies. Each of these factors presents unique challenges to the dollar's strength and requires thorough investigation.

Policymakers, investors, and financial institutions need to understand these processes very well because a possible collapse of the dollar would have huge effects on global trade, investment flows, and the security of the economy. In addition to adding to what is already known, this study does a thorough analysis of the things that could cause the dollar to crash and gives suggestions for how to lower these risks.

2. Literature Review

2.1. Historical Instances of Currency Collapse and Lessons Learned

The historical consequence of the national currency collapse has been significant economic chaos. Some noteworthy instances are the hyperinflation in Weimar Germany in the early 1920s, Argentina's frequent currency crises, and Zimbabwe's hyperinflation in the 2000s. These occurrences offer an important understanding of why currency instability happens and what its effects are. In Weimar Germany, hyperinflation was caused by printing too much money to repay war debts, resulting in a total lack of trust in the currency. Argentina's frequent economic struggles were usually connected to ongoing budget shortfalls and foreign debt, resulting in recurrent depreciations and relinquishment of control over its money supply (De Lucchi & Vernengo, 2023; Reinhart & Rogoff, 2009; Santarcangelo & Padín, 2023). The historical instances of hyperinflation include:

2.1.1. Weimar Germany (1921-1924)

Weimar One of the best-known cases of an economy falling apart because of inflation that got out of control is Germany's hyperinflation problem. Prices went up very quickly in the country from 1921 to 1924, and inflation rates reached crazy-high levels. The big payments for war damages after World War I, unstable politics, and bad money management were the main causes of the economic instability. At its worst, the crisis caused costs to double every few days, which hurt the value of the German mark and made things very hard for people's finances. In the end, Germany's hyperinflation led to changes in the economy and the creation of the Rentenmark to keep things stable.

2.1.2. Argentina (1988-1991)

During this time, Argentina had very bad hyperinflation, which caused costs to rise very quickly and the economy to become very unstable. The main things that

caused the crisis were budget shortfalls, foreign debt, and people not trusting the government's economic policies. Inflation rates went through the roof, hitting over 3000% at its highest point. This had a huge effect on the cost of living and people's ability to buy things. Unrest in society and changes in the government were caused by the unstable economy. To control inflation and bring order back to the economy, the government finally put in place budget measures and currency stabilization plans.

2.1.3. Zimbabwe (2006-2009)

With inflation rates reaching hitherto unheard-of heights, culminating at an estimated 79.6 billion percent month-on-month in November 2008, Zimbabwe's hyperinflation crisis still stands among the most extreme in history. Factors including land reform programs, poor economic management, and international sanctions drove the catastrophe. The Zimbabwean dollar therefore became almost useless, which caused the government to drop it and let other currencies be used for daily needs. The hyperinflation destroyed the economy, resulting in unemployment, extreme shortages of commodities and services, and a marked drop in living conditions.

2.1.4. Lebanon (2020-2024)

Extreme economic difficulties Lebanon has experienced have resulted in hyperinflation recently. From 84.9% in 2020 to 154.8% in 2021 and then to an unheard-of 186% in 2022, inflation rates in Lebanon increased sharply. The sharp depreciation of the Lebanese pound, soaring prices, and a major rise in the cost of living define this economic crisis (Guechati & Chami, 2022). Political unrest, debt default, a banking crisis, the COVID-19 epidemic, and the terrible August 2020 Beirut port explosion (Khalife, Elia, & Yammine, 2023) are among the contributing causes. Political unrest, financial mismanagement, and external shocks—such as those experienced in Argentina and Zimbabwe—have similarly devastated Lebanon's economy, drastically reducing purchasing power and causing widespread hardship. Inflation in Lebanon rose from 84.9% in 2020 to 186% in 2022, reflecting deep macroeconomic imbalances and currency collapse (IMF, 2023). Inflation rates in Lebanon increased from 84.9% in 2020 to 186% in 2022, reflecting systemic financial and political breakdowns.

2.2. Theoretical Frameworks for Understanding Currency Stability and Reserve Currency Dynamics

Various theoretical frameworks have been developed to understand and predict currency stability and the role of reserve currencies in the global economy. These frameworks highlight the complex trade-offs and dilemmas that arise in managing a currency that serves both national and global functions.

2.2.1. Mundell-Fleming Model: The Impossible Trinity

Developed early in the 1960s by Robert Mundell and Marcus Fleming, the Mundell-Fleming model offers a basic framework for comprehending the dynamics of

an open economy. Emphasizing the interconnectedness of a nation's exchange rate policy, monetary policy, and capital mobility is captured in the notion known as the "impossible trinity" or "trilemma" (Mundell, 1963). This approach holds that a nation cannot concurrently uphold unrestricted capital mobility, stable exchange rates, and an autonomous monetary policy. The central bank has to give preserving the currency peg priority under a fixed exchange rate regime, therefore restricting its capacity to affect home economic circumstances. On the other hand, a flexible exchange rate could cause exchange rate volatility, even if it gives more discretion for monetary policy. Although high capital mobility allows the free flow of money across borders, this can lead to quick and unstable movements in reaction to changes in interest rates and the economic situation.

2.2.2. The Triffin Dilemma: Balancing National and Global Currency Roles

Economist Robert Triffin's 1960s Triffin Dilemma tackles the inherent conflicts when a national currency also serves as a worldwide reserve currency. Triffin maintained that the nation printing reserve money had to run a balance of payments deficit if it was to give the globe the required liquidity. However, ongoing deficits might erode faith in the security and value of the currency, hence fostering possible economic instability (Triffin, 1960). This conundrum emphasizes the difficulty faced by a reserve currency issuer like the United States, which has to combine maintaining domestic economic stability with enough liquidity for worldwide markets. Constant deficits run the danger of losing faith in the currency, therefore aggravating the stability of the world financial system and maybe leading to a catastrophe.

2.3. Emerging Theories and Challenges: Digital Currencies and Geopolitical Shifts

Recently, new theories and frameworks have been developed to tackle the changing dynamics of global currencies. The theory of global safe assets indicates that the popularity of safe assets like U.S. Treasury securities plays a significant role in the dominance of the dollar. The United States offers a significant amount of top-notch, easily convertible assets that are highly sought after worldwide, particularly in times of financial instability (Caballero, Farhi, & Gourinchas, 2017). Network externalities and path dependence continue to strengthen the dominance of the dollar, as its extensive use in global trade and finance establishes a feedback loop where past and existing customs impact how the dollar is used in the present and future (Eichengreen, Mehl, & Chitu, 2018).

Traditional fiat money is being threatened by the development of digital currencies, especially Bitcoin and other cryptocurrencies. First presented by Nakamoto, Bitcoin is a distributed digital money with increasing market capitalization and acceptance. Furthermore, creating Central Bank Digital Currencies (CBDCs) by different central banks opens fresh opportunities for the world currency system. Although digital currencies could help lessen dependency on conventional reserve currencies, their effects on financial stability and world economic dynam-

ics are unknown (Naveenraj & Ramya, 2023; Ozili, 2023).

The global currency landscape is also impacted by geopolitical dynamics, including the rise of BRICS nations like Brazil, Russia, India, China, and South Africa and their attempts to create new trading currencies (Saaida, 2023). These advancements may question the supremacy of the dollar and open opportunities for alternative reserve currencies (Eichengreen, 2023). Policymakers, investors, and financial institutions need to comprehend these dynamics as changes in the global currency order could significantly impact international trade, investment flows, and economic stability.

2.4. Previous Research on the Indicators of Currency Collapse

The stability of a currency is crucial for a healthy economy, and if it collapses, it can cause significant economic chaos. Past studies have discovered various markers that can anticipate such an occurrence. Elevated national debt, ongoing trade deficits, and fast inflation are key economic indicators that could lead to a currency collapse. Reinhart and Rogoff suggest that a country's economic growth significantly slows, and the risk of a currency crisis increases when the debt-to-GDP ratio surpasses 90% (Reinhart & Rogoff, 2010). This limit indicates that excessive debt could significantly harm economic growth, causing investors to lose confidence and resulting in a devaluation of the currency.

Ali and Audi (2023), Comunale (2022), and Kiley (2021) emphasize the importance of continued and significant current account deficits as indicators of underlying economic imbalances. These deficiencies indicate that a country is importing more products than it exports, increasing foreign debts. As time passes, this could erode confidence in the currency, causing investors to sell it off and decrease its value. Recent studies conducted by Chowdhury et al. and Aizenman have confirmed that significant and prolonged deficits in the current account serve as a vital warning sign for currency crises, especially in emerging markets facing heightened economic volatility (Chowdhury et al., 2024; Aizenman, 2019). Moreover, investors view gold as a protection against inflation, anticipating it to retain its worth amid increasing prices. This connection highlights the importance of gold as an economic indicator during a currency collapse (Maruf, 2024).

Inflation serves as another vital indicator. Hyperinflation, witnessed in locations such as Weimar, Germany, Argentina, and Zimbabwe, has the potential to devalue a currency completely (Wray, 2024). Unrestrained inflation devalues money, leading to a lack of confidence in the currency among domestic and international buyers (Brown & Pringle, 2022). Recent updates from Lebanon in 2024 reveal the rapid destabilization of the country due to hyperinflation, resulting in significant social and economic issues (Guechati & Chami, 2022; IMF, 2023). This current example demonstrates that inflation continues to be a valuable indicator for determining when a currency is likely to depreciate.

Additionally, geopolitical factors and investor sentiment play significant roles. Eichengreen (2023), and Fantacci and Gobbi (2024) highlight that geopolitical stability is crucial for maintaining currency stability. Political instability can lead

to economic uncertainty, prompting capital flight and currency devaluation. The recent geopolitical tensions involving major economies and their impact on currency markets illustrate the heightened risk environment for global currencies (Hui, 2022; NguyenHuu & Örsal, 2024).

The confidence of foreign investors in maintaining assets denominated in dollars is an important factor in investor sentiment. If investors start to doubt a country's capacity to handle its debt or uphold economic stability, they are prone to withdraw their investments from that currency. Studies reveal an increasing phenomenon where people see alternative digital assets as safer options than traditional fiat currencies in times of economic instability (Cunha, Melo, & Sebastião, 2021; Margulescu & Margulescu, 2021a, 2021b; Ssaharti, 2022).

The integration and impact of cryptocurrencies add still another level of complication to monetary stability. Yermack explores how conventional financial systems are being disrupted by digital currencies, especially Bitcoin, therefore subverting the authority of fiat money (Yermack, 2024). An important field of research is the growing acceptance of cryptocurrencies and their ability to challenge accepted financial systems. Recent research by Kayani & Hasan indicates that if cryptocurrencies get more mainstream, they may have a major effect on the stability of conventional currencies, particularly the US dollar (Kayani & Hasan, 2024). Lately, positive macroeconomic signals from the Fed may enhance Bitcoin's appeal as a means of preserving wealth, due to the rise in dollar liquidity that usually reduces the purchasing power of the dollar.

2.5. Assessments of Sovereign Debt Repayment Capabilities and Their Impact on National Currencies

A fundamental aspect of sustaining currency stability is the capacity of a nation to service its sovereign debt (Dey & Tareque, 2020; Prates, 2020). Investor hysteria and capital flight—both precursors to a currency crisis—can result from concerns about a country's debt sustainability, especially in emerging markets where external vulnerabilities and the so-called “original sin” phenomenon remain prevalent (Dey & Tareque, 2020; Prates, 2020). Obstfeld and Zhou emphasize these dynamics, observing that investor confidence could be eroded and the national currency could devalue rapidly due to concerns regarding a nation's ability to fulfill its debt obligations (Obstfeld & Zhou, 2022).

Ongoing studies emphasize the crucial nature of maintaining sovereign debt sustainability. Bratis, Laopodis, & Kouretas (2020) and Niemann & Pichler (2020) conducted research explaining how elevated levels of sovereign debt, especially when paired with other macroeconomic imbalances, can result in increased views of the risk of default. This perception of risk can lead to abrupt outflows of capital, putting downward pressure on the country's currency. The authors utilize real-world data to demonstrate that nations with debt-to-GDP ratios higher than 100% are especially susceptible to these trends.

Given its significant and rising national debt, the situation of the United States

stands out. With a sizable portion owned by foreign investors, the U.S. National Debt Clock in 2023 shows the national debt to have topped \$30 trillion. Dependency on foreign investment to pay off the national debt raises the risks associated with a sudden mistrust. Selling off assets denominated in dollars could drastically reduce the value of the currency if international investors start to worry about the ability of the United States to pay back its debt.

Eichengreen, Hausmann, and Panizza (2005), and Han (2024) explore the idea of “original sin,” which is the challenge that developing countries encounter when trying to borrow in their domestic currencies. They claim that although the U.S. gains advantages from the dollar’s role as the main reserve currency globally, it also carries important duties. The United States needs to continue implementing strong fiscal policies to uphold investor trust. A currency crisis can occur when doubts about the ability to repay debt arise due to fiscal irresponsibility, causing investors to withdraw.

The work of Chowdhury et al. and Reinhart, Reinhart, and Rogoff further contributes to this discussion by examining historical episodes of sovereign debt crises (Chowdhury et al., 2024; Reinhart, Reinhart, & Rogoff, 2015). They find that countries experiencing rapid increases in public debt often face severe economic contractions and currency devaluations. Their analysis suggests that maintaining sustainable debt levels is crucial for economic stability and the preservation of currency value.

2.6. The Role of Digital Currencies in Altering Traditional Financial Systems and Their Impact on Fiat Currencies

The emergence of digital currencies, specifically Bitcoin and other cryptocurrencies, is transforming the conventional financial system, causing significant effects on fiat (Kayani & Hasan, 2024; Khan et al., 2020). Ever since Nakamoto unveiled Bitcoin as a decentralized form of currency, the quick acceptance and market value of this digital currency have posed a challenge to the conventional position of fiat money (Nakamoto, 2008). Cryptocurrencies function independently of middlemen such as central banks, cutting down on transaction fees and boosting availability. This undermines the centralized power over currency issuance and regulation that fiat currencies rely on (Ashfaq, Hasan, & Merçon, 2023).

One key result of digital currencies on fiat money is the possible decrease in demand for conventional currencies. With the increasing use of cryptocurrencies by people and companies, the importance of traditional fiat currencies may decrease, potentially leading to a decrease in their value and causing instability in national economies (Kirkby, 2018; Ozili, 2023). This trend is especially evident in areas with unreliable currencies or low confidence in government institutions, where digital currencies offer a more reliable option (Dionysopoulos, Marra, & Urquhart, 2023; Mohammed, De-Pablos-Heredero, & Montes Botella, 2023).

To address these problems and maintain control over monetary policy while benefiting from digital currency efficiency, governments and central banks are considering Central Bank Digital Currencies (CBDCs) (Das et al., 2023). CBDCs aim to

preserve fiat currencies in a fast-changing financial ecosystem. Decentralized digital currencies are becoming increasingly important, but more research is needed to determine how they will affect traditional fiat money's stability and future. This highlights the need for flexible regulatory systems (Afolabi & Olanrewaju, 2023).

2.7. Hypothesis Development and Conceptual Framework

The framework for testing six hypotheses on the possible collapse of the U.S. dollar must consist of these elements:

H1: A high U.S. national debt-to-GDP ratio will negatively impact the stability of the U.S. dollar, leading to potential devaluation due to concerns about the country's ability to manage and service its debt.

H2: Significant geopolitical shifts, including the rise of alternative economic alliances and trade agreements, will undermine the dominance of the U.S. dollar as the primary global reserve currency.

H3: Deterioration in key economic indicators such as inflation, unemployment rates, and GDP growth will reduce confidence in the U.S. dollar, causing its value to weaken in global markets.

H4: Declining investor confidence in the U.S. economic and financial system will lead to reduced demand for dollar-denominated assets, negatively affecting the stability and value of the U.S. dollar.

H5: Changes in U.S. Treasury bond yields and reduced foreign investment in U.S. government securities will lead to instability and potential depreciation of the U.S. dollar.

H6: The increasing adoption of cryptocurrencies and digital currencies as alternative stores of value and mediums of exchange will diminish the role of the U.S. dollar in international finance, challenging its stability and dominance.

As shown in **Figure 1**, a significant portion of respondents expressed strong concern about the rising U.S. national debt-to-GDP ratio and its potential impact on the dollar's long-term stability.

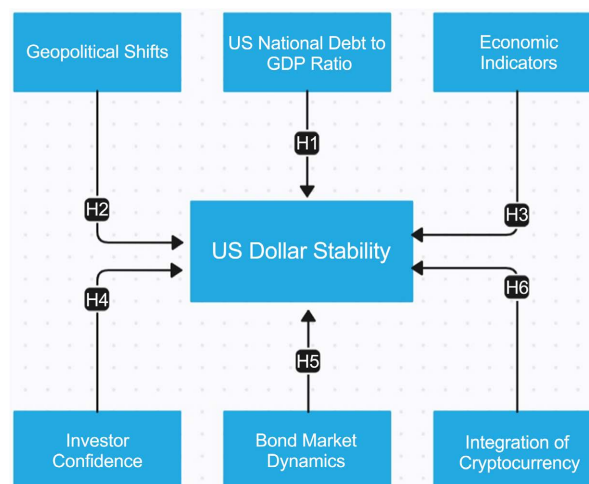


Figure 1. Conceptual model.

3. Methodology

3.1. Research Design

This research employed a mixed-methods approach, combining qualitative expert interviews and quantitative analysis through a structured survey. Logistic regression models were selected for the quantitative analysis due to the nature of the dependent variables, which involved categorical outcomes (e.g., high, moderate, or low confidence in currency stability). Logistic regression is particularly suited to this type of data because it efficiently models relationships between categorical dependent variables and one or more independent variables, providing clear interpretations through odds ratios and probability estimates.

The qualitative data were collected through semi-structured interviews conducted with 12 financial experts, purposefully selected based on extensive professional expertise in currency markets, global finance, central banking, and sovereign wealth fund management. Interviewees possessed a minimum of 10 years of relevant industry experience and were selected to ensure diversity across geographic regions, sectors, and professional backgrounds, minimizing sampling bias.

Additionally, a quantitative survey was administered to 128 financial professionals drawn from diverse international institutions, including central banks, investment funds, academic institutions, and financial advisory firms. While this sample provides valuable insights, it is acknowledged that its representativeness might be limited given the global scale of the financial community. This limitation is explicitly recognized, and future research is recommended to employ larger, randomly sampled participant groups to strengthen generalizability.

3.2. Sample Size and Sampling Technique

A purposive sampling method was used to choose the quantitative sample that consisted of 128 participants. This approach was chosen to ensure that the participants had relevant knowledge in economics, finance, and policy, making their perspectives extremely valuable for evaluating the stability of the U.S. dollar. Purposive sampling was used to enhance the quality and relevance of the data collected, guaranteeing participation only from individuals with direct experience or advanced knowledge in the field. The participants included academics, financial analysts, economists, policymakers, and institutional investors. While the chosen sample size ($n = 128$) provided robust insights from qualified financial experts, the generalizability to the entire global financial community could be limited. Future research should consider larger and more geographically diverse samples to enhance representativeness.

However, the high-quality sample included 12 experts chosen through purposeful expert sampling. These specialists were chosen based on their vast experience in financial institutions, sovereign funds, and central banking, ensuring they could provide deep insights into the research hypotheses. The 12 experts inter-

viewed were carefully selected through purposeful sampling based on criteria including extensive industry experience (minimum of 10 years), specialized knowledge in global currency markets, and a diversity of institutional backgrounds, encompassing central banks, international financial institutions, sovereign wealth funds, and leading economic advisory roles.

3.3. Data Collection

A survey was developed online and distributed to a total of 128 individuals in order to collect quantitative data. Financial analysts, economists, and institutional investors with varying levels of experience comprised this cohort. The survey concentrated on primary economic indicators and worldwide trends that impact the future of the U.S. dollar. Nonetheless, the study gathered qualitative data through semi-structured interviews with financial experts (**Appendix 2**), emphasizing key topics about the stability of the U.S. dollar. The interview questions were created to gather detailed information on various important topics, such as the U.S. national debt-to-GDP ratio, geopolitical changes (like BRICS nations' attempts to establish a new trading currency), economic markers, and investor trust. Moreover, respondents were required to evaluate liquidity indicators, the repayment capacity of the U.S. government's debt, and the growing impact of cryptocurrencies on conventional financial systems. The expert interviews yielded detailed qualitative information, giving nuanced insights on how these factors collectively influence the future of the U.S. dollar as the global reserve currency.

3.4. Data Analysis

Statistical and qualitative methods were combined for data analysis in this study to conduct a thorough evaluation of the factors impacting the stability of the U.S. dollar. Summary and key trends from the questionnaire responses were highlighted using descriptive statistics, providing an overview of participants' perspectives on economic indicators, geopolitical changes, and investor confidence. The researchers used Spearman's Rank Correlation to evaluate how participants' views on the U.S. national debt related to their perceptions of the dollar's stability. Furthermore, logistic regression models were employed to forecast how different economic and geopolitical factors, including debt levels, bond market dynamics, and cryptocurrency adoption, would affect the stability of the U.S. dollar. A thematic analysis was carried out on the qualitative data from expert interviews, with a focus on identifying recurring patterns and insights related to cryptocurrency integration, changes in investor confidence, and geopolitical risks. This blend of methods ensured a comprehensive understanding of both quantitative trends and expert qualitative insights.

3.5. Questionnaire Design

The survey was carefully created to collect information on crucial factors impacting the potential downfall of the U.S. dollar (**Appendix 1**). It was split into multi-

ple parts, each designed to tackle the hypotheses specified in the research. Given to financial professionals online, the survey included mostly closed questions with Likert scales and multiple-choice options to measure perspectives. It also included open-ended questions for more qualitative feedback. The initial part gathered demographic data, such as participants' jobs, years in the field, and level of education, to ensure a varied group of respondents. The following sections delved into participants' worries regarding the U.S. national debt-to-GDP ratio, requesting them to assess their level of worry about how it could affect the stability of the dollar.

The significance of geopolitics—more especially, the efforts of BRICS nations to establish a rival trading currency—was another crucial factor examined concerning the dominance of the US dollar. Respondents also evaluated how effective economic indicators like inflation rates and trade deficits are in gauging the stability of the U.S. dollar. Investor trust in U.S. dollar-based assets was studied by asking about views on liquidity measures and the behavior of international investors. In conclusion, participants were asked about the impact of cryptocurrencies on the stability of traditional fiat currencies, specifically the U.S. dollar. In general, the design of the questionnaire guaranteed that every question was in line with the research hypotheses, resulting in thorough data for future analysis.

3.6. Validity and Reliability

To ensure validity, the study triangulated the quantitative findings with qualitative insights from expert interviews, providing a well-rounded view of the factors affecting the U.S. dollar's stability. This approach reduces bias by verifying findings across multiple data sources. The reliability of the data was ensured through consistent data collection procedures and the use of standardized questions in both the survey and interviews.

3.7. Ethical Considerations

All participants were informed about the study's objectives and provided consent before participating. Confidentiality was maintained, and the data were anonymized to protect participants' privacy.

3.8. Model Specifications and Diagnostic Tests

Multiple logistic regression models were constructed to test hypotheses regarding relationships between currency stability and independent variables such as debt-to-GDP ratios, inflation levels, geopolitical developments (particularly BRICS cooperation), investor sentiment, and digital currency adoption.

Each model was carefully specified, ensuring theoretical coherence and empirical robustness. Independent variables were selected based on an extensive literature review and expert interviews to ensure relevance and explanatory power. Before finalizing the models, a series of diagnostic tests were conducted:

- **Multicollinearity Checks:** Multicollinearity among independent variables was

assessed using Variance Inflation Factor (VIF) tests. Variables exhibiting VIF values greater than the recommended threshold of 5 were reviewed and adjusted to mitigate multicollinearity issues.

- **Goodness-of-Fit Tests:** Hosmer-Lemeshow tests were conducted to evaluate the overall fit of logistic regression models. Results indicated satisfactory fit, confirming that observed data sufficiently matched predicted outcomes.
- **Model Specification Tests:** Diagnostic tests were conducted to confirm the correct functional form and inclusion of relevant variables. Link test procedures were employed to ensure no omitted variable biases were present, affirming the models' validity and relevance to the analysis.

Despite these diagnostic efforts, some models yielded modest R-squared values, which is typical in exploratory logistic regression analyses due to inherent complexity and multiple unmeasured external factors. It is acknowledged that while statistically significant relationships were identified, the relatively moderate explanatory power suggests additional unobserved factors influencing the stability of the U.S. dollar.

Finally, to address potential multicollinearity issues, variance inflation factor (VIF) diagnostics were performed. All variables exhibited VIF values below the widely accepted threshold of 5, indicating minimal multicollinearity concerns and validating the robustness of the final model specifications.

4. Results

4.1. Demographic Analysis

Gender Distribution

The sample comprised 128 respondents, of which 71.9% identified as male (n = 92), while 28.1% identified as female (n = 36). The data collection yielded no missing values, ensuring complete representation across the sample. These figures indicate a predominance of male respondents, which is reflective of the demographic characteristics of the sectors involved in the study (see **Table 1**).

Table 1. Gender distribution.

Gender	Frequency	Percent	Cumulative Percent
Male	92	71.9%	71.9%
Female	36	28.1%	100%
Total	128	100%	100%

Age Distribution

Four groups comprised the respondents' ages; the largest group was between 35 and 44 years (46.1%, n = 59), followed by those between 25 and 34 years old (26.6%), n = 34. Comprising 6.3% (n = 8), responders 55 years of age or older formed the smallest group. In particular, 72.7% of the sample were 44 years of age or less, suggesting a rather youthful cohort (**Table 2**).

Table 2. Age distribution.

Age Group	Frequency	Percent	Cumulative Percent
25 - 34 years	34	26.6%	26.6%
35 - 44 years	59	46.1%	72.7%
45 - 54 years	27	21.1%	93.8%
55+ years	8	6.3%	100%
Total	128	100%	100%

Education Level

The respondents' education level indicated a highly qualified group. Most of them had higher education qualifications, with 63.3% (n = 81) holding a Master's degree and 28.1% (n = 36) having a PhD or similar qualification. A mere 8.6% (n = 11) possessed a Bachelor's degree or lower, suggesting a highly educated group of participants, likely leading to insightful views on economic and financial matters (refer to **Table 3**).

Table 3. Education level.

Education Level	Frequency	Percent	Cumulative Percent
Bachelor's degree or lower	11	8.6%	8.6%
Master's degree	81	63.3%	71.9%
PhD or equivalent	36	28.1%	100%
Total	128	100%	100%

4.2. Hypothesis Testing Results

Hypothesis 1: Impact of U.S. National Debt-to-GDP Ratio on Dollar Stability

The association between concerns about the national debt-to-GDP ratio in the United States and an assumption that rising debt-to-GDP ratios will cause the US currency to become unstable was investigated using Spearman's Rank Correlation analysis (**Table 4**). The moderate, statistically positive association between the

Table 4. Spearman's correlation between concern about U.S. National Debt-to-GDP ratio and perceived dollar destabilization.

Variables		On a scale of 1 - 5, how concerned are you about the current U.S. national debt-to-GDP ratio?	Do you believe that an increasing debt-to-GDP ratio will destabilize the dollar?
On a scale of 1 - 5, how concerned are you about the current U.S. national debt-to-GDP ratio?	<i>Spearman's Correlation Coefficient</i> (ρ)	1.000	0.328**
	<i>p-value</i> (<i>Sig. 2-tailed</i>)	-	<0.001
	<i>N</i> (<i>Sample Size</i>)	128	128
Do you believe that an increasing debt-to-GDP ratio will destabilize the dollar?	<i>Spearman's Correlation Coefficient</i> (ρ)	0.328**	1.000
	<i>p-value</i> (<i>Sig. 2-tailed</i>)	<0.001	-
	<i>N</i> (<i>Sample Size</i>)	128	128

** notation signifies that the result is statistically significant at the 1% level ($p < 0.01$).

perception that the U.S. currency is at risk of instability and anxiety about the national debt is indicated by the correlation coefficient ($\rho = 0.328, p < 0.001$). This indicates that respondents who are more concerned about the national debt-to-GDP ratio are also more likely to think that the growing ratio would cause the US currency to become unstable. Although debt is a significant issue, it is not the only one that contributes to views of currency instability, as indicated by the modest strength of this link. This research supports Hypothesis 1, which holds that the perceived stability of the US currency is adversely affected by a high debt-to-GDP ratio.

Hypothesis 2: Influence of BRICS Nations on U.S. Dollar Dominance

Logistic regression analysis revealed a significant effect of the perceived importance of BRICS efforts to create an alternative trading currency on the belief that such efforts will impact the U.S. dollar's global dominance ($p < 0.001$). The odds ratio ($\text{Exp}(B) = 2.389$) suggests that for every one-unit increase in perceived significance, respondents are more than twice as likely to believe that these efforts will challenge the dollar's dominance (see **Table 5**).

Table 5. Logistic regression of BRICS efforts on U.S. Dollar Dominance.

	B	S.E.	Wald	Sig.	Exp(B)
Perception of BRICS Efforts (1 - 5 scale)	0.871	0.219	15.797	0.000	2.389
Constant	-2.195	0.608	13.040	0.000	0.111
Model Summary					
Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square		
1	158.547 ^a	0.135	0.181		

^aEstimation terminated at iteration number 5 because parameter estimates changed by less than 0.001.

Nevertheless, the Cox & Snell R^2 (0.135) and Nagelkerke R^2 (0.181) indicate that this model accounts for just 13.5% to 18.1% of the variability in respondents' views on the dollar's supremacy. The findings indicate that individuals who view the BRICS' attempts to create a new trading currency as important are much more inclined to think that this will affect the global dominance of the U.S. dollar. The model accounted for 18.1% of the variation in respondents' beliefs and enhanced predictive accuracy, especially for those who supported the effectiveness of BRICS initiatives. Although the impact of BRICS efforts is notable, additional factors like geopolitical changes, U.S. economic policies, and technological advancements, such as cryptocurrencies, also shape these views. This demonstrates the intricate complexity of global currency dynamics, with various factors contributing to the overarching story of U.S. dollar dominance.

In conclusion, we accept hypothesis 2. The information strongly indicates that the BRICS countries' attempts to create a new trading currency are seen as challenging the U.S. dollar's worldwide control. Yet, the model's limited ability to explain suggests that BRICS initiatives are just one of many factors impacting these issues.

Hypothesis 3: Predictive Power of Economic Indicators

Binary logistic regression analysis demonstrated that economic indicators, such as inflation rates and trade deficits, significantly predict fluctuations in the U.S. dollar's value. Respondents who rated these indicators as highly predictive were three times more likely to observe concerning trends in the dollar's stability ($\text{Exp}(B) = 3.018, p < 0.001$). These results support the hypothesis that macroeconomic fundamentals are critical predictors of currency performance (see **Table 6**).

Table 6. Logistic regression of economic indicators on dollar fluctuations.

	B	S.E.	Wald	Sig.	Exp(B)
Predictive Power of Inflation and Trade Deficits	1.105	0.297	13.800	0.000	3.018
Constant	-4.298	0.937	21.031	0.000	0.014
Model Summary					
Step	-2 Log likelihood		Cox & Snell R Square		Nagelkerke R Square
1	125.991 ^a		0.131		0.194

^aEstimation terminated at iteration number 5 because parameter estimates changed by less than 0.001.

The -2 Log Likelihood is 125.991, indicating how well the model fits the data. The Cox & Snell R^2 (0.131) and Nagelkerke R^2 (0.194) indicate that 13.1% to 19.4% of the variance in perceptions of dollar instability is explained by these economic indicators. While this is a moderate level of explanation, it demonstrates the importance of inflation and trade deficits as key indicators of currency health. High inflation erodes a currency's purchasing power, whereas persistent trade deficits indicate underlying economic imbalances that can destabilize currency values over time.

The binary logistic regression analysis provides evidence in support of Hypothesis 3 (H3). The perception of how predictive inflation rates and trade deficits are for the dollar's value significantly predicts whether respondents observe concerning trends in these economic indicators. Specifically, respondents who believe that inflation rates and trade deficits are more predictive of the dollar's value are three times more likely to observe concerning trends that could impact the dollar's stability as a reserve currency.

In conclusion, hypothesis 3 is accepted. The data validates the hypothesis that concerns about U.S. dollar stability primarily stem from the perceived deterioration in economic indicators such as inflation and trade deficits.

Hypothesis 4: Liquidity Metrics and Investor Confidence

The study examined the interconnections between liquidity metrics, confidence indicators, and the perceived decline in the global status of the U.S. dollar. An odds ratio of 0.648 indicates a 35.2% reduction in the probability of noticing liquidity problems with a higher level of investor confidence. This significant result ($p = 0.032$) indicates that trust in the US financial system acts as a safeguard in perceptions of market liquidity. Nonetheless, the model only accounts for a small percentage (3.7%~5.2%) of the variation in perceptions of liquidity issues, as indicated by the Cox & Snell R^2 (0.037) and Nagelkerke R^2 (0.052) values in **Table 7**.

Table 7. Logistic regression of investor confidence on liquidity metrics.

	B	S.E.	Wald	Sig.	Exp(B)
Investor Confidence in Dollar-Denominated Assets	-0.433	0.202	4.592	0.032	0.648
Constant	0.373	0.562	0.440	0.507	1.452
Model Summary					
Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square		
1	154.177 ^a	0.037	0.052		

^aEstimation terminated at iteration number 5 because parameter estimates changed by less than 0.001.

The results partially support Hypothesis 4 (H4). While the model shows a significant relationship between confidence indicators and the perceived shifts in liquidity metrics, it explains a small proportion of the variance, and its predictive accuracy is limited to non-observations of shifts in liquidity. The findings suggest that while investor confidence plays a role in perceptions of liquidity shifts, other factors may also be influential in determining whether international investors perceive a decline in liquidity metrics and the weakening of the dollar's global standing.

Hypothesis 5: U.S. Debt Repayment and Bondholder Behavior

The influence of belief in US debt repayment on bondholder choices was examined using a multinomial logistic regression. Respondents with low confidence in U.S. debt repayment have a 66.3% higher likelihood of holding negative views on U.S. Treasury bonds than those with higher confidence levels, according to the odds ratio ($\text{Exp}(B) = 0.337$). Likewise, individuals who lack certainty regarding US debt repayment have a 48.4% higher likelihood of holding pessimistic opinions ($\text{Exp}(B) = 0.516$). Both outcomes show statistical significance, indicated by p -values of < 0.001 and 0.009 , as shown in **Table 8**.

Table 8. Multinomial logistic regression: U.S. Debt Repayment and Bondholder Decisions.

Impact on Bondholder Decisions (DV)	B	S.E.	Wald	Sig.	Exp(B)	
Low Confidence (Bad vs. Good)	-1.089	0.273	15.931	0.000	0.337	
Intercept	3.414	0.807	17.906	0.000		
Uncertain Confidence (I Don't Know vs. Good)	-0.662	0.255	6.741	0.009	0.516	
Intercept	2.406	0.795	9.146	0.002		
Model Summary						
Model	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square	McFadden	Chi-Square	Sig.
Final	63.546	0.142	0.160	0.071	19.565	0.000

The model fitting information shows that the final model is statistically significant ($p < 0.001$) with a Chi-Square value of 19.565, indicating that the independent variable (confidence in U.S. debt repayment) significantly contributes to predicting bondholders' decisions. Also, the Pseudo R-Square values show the proportion of variance explained by the model: Cox and Snell (0.142), Nagelkerke

(0.160), and McFadden (0.071), indicating a modest fit of the model to the data.

The results demonstrate that bondholders' confidence in the United States' ability to repay its principal loans significantly impacts their decisions regarding U.S. Treasury bonds. Lower confidence is strongly associated with negative sentiments about bondholding decisions, while increased confidence leads to more favorable perceptions of holding bonds. The modest pseudo-R-squared values indicate the model explains a portion of the variability in bondholder decisions, suggesting that other factors may also influence these decisions. The data strongly supports hypothesis 5 that low confidence in U.S. debt repayment leads to negative bondholder behavior, which could undermine the stability of U.S. Treasury bonds and the dollar.

Hypothesis 6: Cryptocurrency Influence on Dollar Stability

The association between opinions on the future relevance of cryptocurrencies and their impact on the stability of the US dollar was evaluated by employing an ordinal logistic regression. Less likely respondents who view the future role of cryptocurrencies very negatively (Estimate = -4.494 , $p < 0.001$) or negatively (Estimate = -2.701 , $p < 0.001$) believe that cryptocurrencies significantly affect the stability of the dollar than those with a very positive view (reference group). Though Neutral respondents (Estimate = -1.085 , $p = 0.061$) and those with favorable opinions (Estimate = -2.489 , $p < 0.001$) are similarly less likely to trust in cryptocurrencies' effect on the dollar compared to those who view the future role of cryptocurrencies extremely positively. The strong statistical significance ($p < 0.001$) supports even more the validity of these results (Table 8).

Table 9. Ordinal logistic regression: cryptocurrency and dollar stability.

Perception of Cryptocurrency Future Role		B	S.E.	Wald	Sig.	Exp(B)
Very Negative		-4.494	0.727	38.284	0.000	0.011
Negative		-2.701	0.592	20.788	0.000	0.067
Model Summary						
Model	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square	McFadden	Chi-Square	Sig.
Final	61.529	0.382	0.405	0.167	61.691	0.000

The Cox and Snell R-Square (0.382), Nagelkerke R-Square (0.405), and McFadden R-Square (0.167) values show a moderate relationship between the predictors (perceptions of cryptocurrency) and the outcome variable (perceived influence on the dollar's stability). While these R-square values may seem low, they are typical for logistic regression models. The final model shows a significant improvement over the intercept-only model. The chi-square test (Chi-square = 61.691, $p < 0.001$) indicates that the model with predictors fits significantly better than a model without predictors, suggesting that the perceived future role of cryptocurrencies significantly predicts respondents' views on the influence of cryptocurrencies on the dollar's stability.

As shown in Table 9, perceptions of cryptocurrencies' future roles significantly

predict views on their impact on dollar stability, with respondents holding extremely positive views showing the highest belief in cryptocurrencies' disruptive potential.

To conclude, hypothesis 6 is accepted. The data strongly supports the hypothesis that the perception of cryptocurrencies as a growing threat to the U.S. dollar's stability and dominance in international finance is growing.

4.3. Qualitative Analysis and Results

Following the quantitative results, this section presents the qualitative findings based on expert interviews and thematic analysis. The qualitative study aimed to provide deeper insights into the factors influencing the U.S. dollar's stability, focusing on the interplay between debt, geopolitical risks, investor confidence, and technological disruptions, particularly in the realm of digital currencies.

Atlas software was then used to prepare, organize, and analyze the interviews. After transcribing all interviews and ensuring that all nuances were captured in the transcripts, we searched for similarities between data categories to identify themes and their relationships to analyze and interpret the data. This process began with detailed first-order codes, which were derived from raw data, and progressed through a series of categorizations leading to broader themes. Following an analysis of the data, we identified four themes that represent the participants' perspectives on green hotel practices in Lebanon.

As depicted in **Figure 1**, the coding process entailed labeling specific insights such as "U.S. National Debt-to-GDP Ratio" and "Debt Repayment Confidence" (marked in green), which were then grouped into second-order categories like "U.S. Debt and Stability" (marked in orange). These categories were then consolidated into overarching themes such as "Debt Management and Dollar Stability" (marked in white). This hierarchical structure of the coding framework facilitated the capturing of the complexity of the expert perspectives while organizing the data into meaningful patterns.

After completing the coding process, a thorough thematic analysis was conducted, leading to the identification of several key themes (see **Figure 2**). The five themes presented on the right side of **Figure 2**, which underpin each of the hypotheses, were developed from the first-order concepts shown on the left side. These findings revealed the following insights:

I. Debt Management and Dollar Stability

The theme of U.S. debt and stability became a prominent worry, underscoring continual problems linked to the U.S. national debt-to-GDP ratio. Experts often mention historical debt crises in countries like Argentina and Greece, emphasizing the need for proactive fiscal reforms and successful debt management to uphold the stability of the dollar. Interviewees emphasized the importance of making fiscal policy adjustments due to debt restructuring and increasing interest rates being identified as crucial sub-themes within this category. Increasing levels of debt were seen as a direct challenge to investor trust, creating future hazards for

the stability of the U.S. financial system. Experts consistently stressed the importance of reforms, highlighting the necessity of finding long-lasting solutions to reduce the potential for future instability.

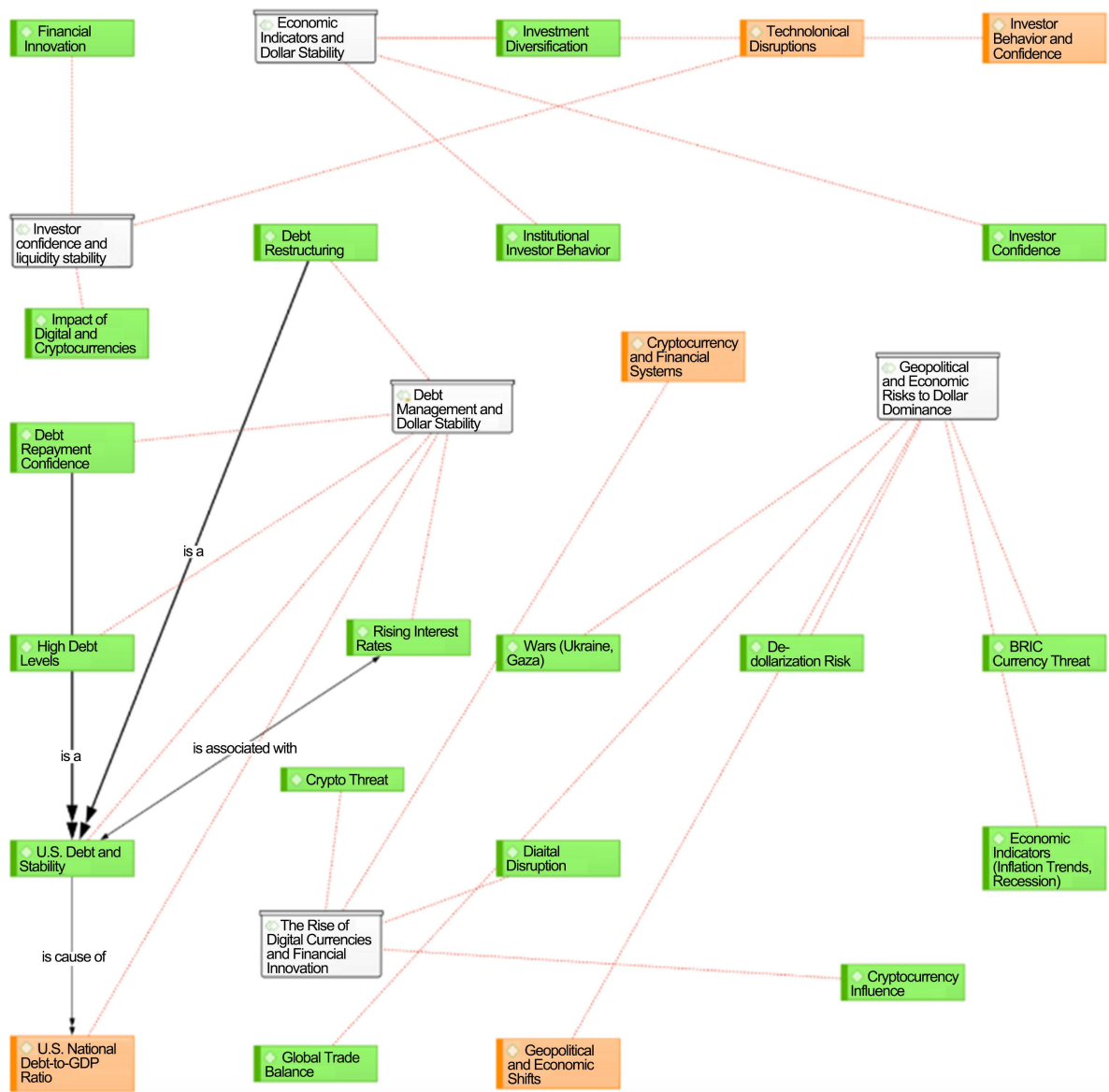


Figure 2. Codes network.

II. Geopolitical Risks to Dollar Dominance

The subject of geopolitical and economic shifts addressed worries about the US dollar’s declining influence in a rapidly evolving global economy. Interviewees saw the growth of BRICS currency alternatives, notably the Chinese yuan, as a significant threat to the dollar’s long-term dominance. The current multipolar character of the international economy was viewed as hastening this tendency, with non-US currencies acquiring clout in global markets. Furthermore, experts cited geopolitical events such as the wars in Ukraine and Gaza as destabilizing elements threat-

ening the dollar's stability. The persistent geopolitical tensions were considered causes for heightened instability in global financial systems, raising the threats to US dollar supremacy.

III. The Rise of Digital Currencies and Financial Innovation

Investor behavior and confidence were major themes in this area, with liquidity worries taking center stage. Due to debt and geopolitical worries, experts saw a rise in diversification into non-dollar assets like gold and cryptocurrency. Investor behavior changed due to Bitcoin and Ethereum's growth as alternative stores of value, reflecting a wider migration away from fiat currencies. The tremendous growth of financial innovation, especially CBDCs, was also highlighted. Participants explored how digital currencies are changing the financial environment and giving investors new wealth preservation options. With their cheap transaction costs and remarkable speed, digital currencies are ready to rival fiat currencies like the U.S. dollar, especially in cross-border transactions, experts said.

IV. Economic Indicators and Dollar Stability

Economic indicators and dollar stability were crucial, with analysts concentrating on inflation, recession, and other macroeconomic signs. Inflationary pressures and recession worries affect dollar confidence, participants said. In addition, rising inflation and the danger of recession shaped local and worldwide opinions of dollar stability. The U.S. dollar's long-term stability may be threatened by inflation unless strong monetary measures are adopted.

V. Investor Confidence and Liquidity Stability:

In conclusion, there was a discussion on technological disruption regarding the transformation of financial transactions due to the introduction of digital currencies. Cross-border payments are increasing in speed and efficiency, prompting traditional banking systems to reassess their fundamental operations. This technology change is strongly linked to investor trust, as those involved believe that advancements in digital finance could enhance liquidity stability if properly handled.

5. Conclusion: Validating the Quantitative Findings

The qualitative analysis strengthens and validates the quantitative results by delving deeper into the themes related to U.S. dollar stability. The expert opinions confirm the theory that increasing debt, geopolitical risks, and the disruptive impact of digital currencies present major obstacles to the continued dominance of the U.S. dollar. These qualitative results enhance the quantitative study by emphasizing how economic, geopolitical, and technological factors are all linked and influence the stability of the U.S. dollar in the international financial system.

6. Discussion

The study attempted to investigate the variables influencing the probable collapse of the US dollar, with an emphasis on the economic, geopolitical, and technical elements that impact its stability. Both quantitative and qualitative findings high-

lighted numerous major themes that are consistent with and expand on previous studies, offering vital insights into the changing dynamics of the dollar’s stability. As depicted in **Figure 3**, the identified themes of ‘Debt Management and Dollar Stability,’ ‘Geopolitical Risks to Dollar Dominance,’ and ‘The Rise of Digital Currencies and Financial Innovation’ underline the multifaceted challenges to the U.S. dollar’s global supremacy.

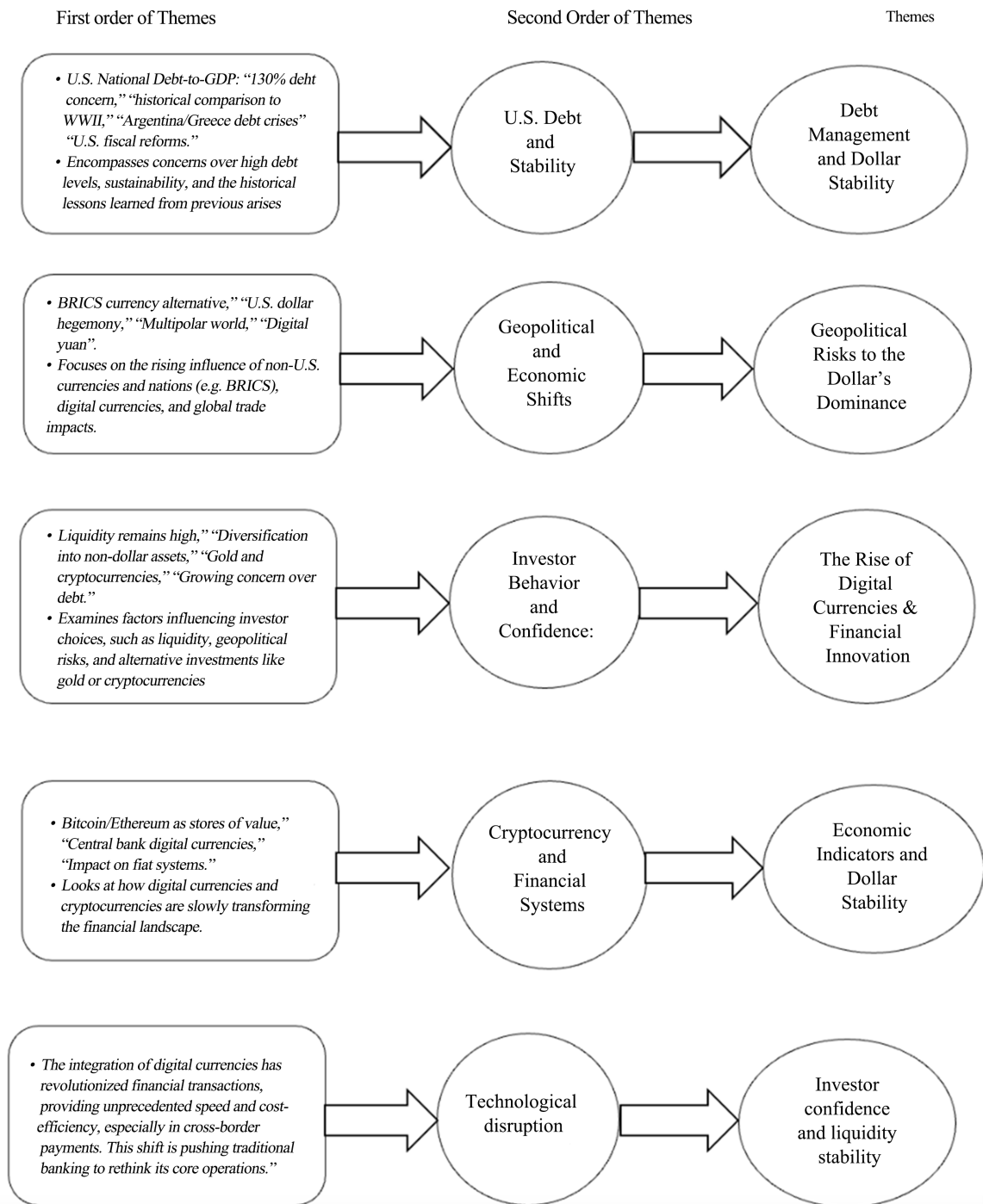


Figure 3. Themes.

Economic Indicators and Dollar Stability

The findings demonstrated that economic indices, notably inflation rates and trade deficits, have an important influence in forecasting dollar stability. These findings are consistent with [Reinhart and Rogoff's \(2010\)](#) argument that high debt levels and long-term trade imbalances weaken investor confidence and destabilize currencies. In this study, quantitative results indicated that respondents who perceived economic indicators as highly predictive of dollar fluctuations were more likely to foresee dollar instability. This aligns with findings by [Wray \(2024\)](#) and [Aizenman \(2019\)](#), who found that inflationary pressures and negative trade balances significantly impact currency valuation and contribute to capital outflows.

Furthermore, historical parallels drawn in the literature review—such as Argentina's and Zimbabwe's hyperinflation crises—further validate the notion that unchecked inflation and economic mismanagement can lead to currency devaluation. The expert interviews echoed these concerns, with participants noting that the U.S. dollar's future is vulnerable to inflationary trends unless corrective fiscal measures are taken.

Geopolitical Shifts and BRICS Influence

The study highlighted the rising influence of geopolitical shifts, particularly the BRICS nations' efforts to establish alternative trading currencies. These geopolitical developments were perceived as significant threats to the dollar's global dominance, echoing the findings of [Eichengreen \(2024\)](#) and [Saaida \(2023\)](#), who noted that geopolitical alliances and alternative currency blocs could undermine the dominance of traditional reserve currencies like the U.S. dollar.

Qualitative insights further supported this conclusion, as experts emphasized the growing geopolitical risks posed by the BRICS nations, particularly China's economic ascendancy and efforts to reduce reliance on the dollar in global trade. These insights align with previous research by [Lee and Sims \(2024\)](#), which found that multipolar global currency dynamics could shift the power balance away from the U.S. dollar.

Impact of Cryptocurrencies and Digital Finance

The rising influence of digital money and cryptocurrencies on dollar stability was one of the most fascinating discoveries. The quantitative findings showed a statistically significant correlation between worries about the dollar's strength and perceptions of Bitcoin acceptance. Individuals with a positive opinion of cryptocurrencies were more inclined to think they constituted a serious threat to fiat money. This is consistent with the findings of [Yermack \(2024\)](#), who highlighted how disruptive cryptocurrencies like Bitcoin have the potential to be in terms of weakening centralized financial institutions.

Experts emphasized how digital currencies, especially central bank digital currencies (CBDCs), are changing the financial environment, adding further depth to the qualitative research. The dollar's hegemony is in danger from the increasing use of these technologies, especially in international trade. This validates previous research by [Chuen and Teo \(2021\)](#) and [Kayani and Hasan \(2024\)](#), who discovered

that digital currencies have the potential to threaten the dominance of conventional reserve currencies like the US dollar if they are extensively used.

Investor Confidence and Liquidity Stability

Investor confidence emerged as another critical factor in the study. Quantitative results indicated that declining confidence in the U.S. financial system leads to reduced demand for dollar-denominated assets, which negatively impacts the dollar's stability. These findings align with the work of [Obstfeld and Zhou \(2022\)](#), who found that declining investor trust in a nation's debt repayment capacity often leads to capital flight and currency devaluation.

Experts echoed this concern in the qualitative analysis, noting that rising national debt and geopolitical instability have led to a shift toward alternative assets like gold and cryptocurrencies. This trend mirrors the findings by [Cunha et al. \(2021\)](#), who observed increasing investor interest in digital assets during times of economic and political uncertainty.

In addition, we also explicitly elaborate on the potential causal mechanisms behind the observed correlations in the factors influencing the stability and dominance of the U.S. dollar.

Debt and Currency Stability

High national debt levels, as reflected in elevated debt-to-GDP ratios, affect investor psychology and bond market behavior significantly. Investors perceive increased sovereign debt as indicative of heightened fiscal risks, including potential default, inflationary pressures, and diminished fiscal discipline. Rising debt levels can lead to credit rating downgrades, affecting investor confidence and causing a shift away from dollar-denominated assets. Consequently, this triggers bond market volatility, increases yields, and reduces international demand for U.S. treasury securities, leading to a depreciation of the U.S. dollar's exchange rate and weakening its global reserve currency status.

Geopolitical Influence

Geopolitical tensions, particularly those related to the emergence and growing economic cooperation within BRICS nations (Brazil, Russia, India, China, South Africa), directly influence global currency dynamics. Initiatives such as BRICS' efforts to de-dollarize trade by encouraging bilateral trade in local currencies reduce international dependence on the U.S. dollar. Additionally, geopolitical tensions between major global powers and the U.S. may compel nations to diversify foreign reserves, further eroding dollar dominance. BRICS-led initiatives, such as the New Development Bank and alternative payment mechanisms independent from traditional Western financial systems, amplify these effects by diminishing the transactional demand and confidence in the U.S. dollar, ultimately reshaping global financial flows.

Digital Currency Adoption

The accelerated adoption and mainstream acceptance of digital currencies, including cryptocurrencies and central bank digital currencies (CBDCs), present notable challenges to the U.S. dollar's traditional role. Cryptocurrencies such as

Bitcoin and Ethereum provide decentralized alternatives for international transactions, potentially bypassing dollar-based payment networks. Similarly, the launch and widespread acceptance of CBDCs by influential economies could reduce reliance on dollar settlements in international trade. As digital currencies become more efficient, secure, and widely adopted, their attractiveness as reserve assets increases. This evolution can significantly reduce global demand for the U.S. dollar, decreasing its relative utility as both a medium of exchange and a store of value internationally.

7. Conclusion and Implications

This study offers a thorough investigation of the technical, geopolitical, and financial elements endangering the stability and global supremacy of the US dollar. Rising U.S. debt, inflation, and geopolitical changes—especially the attempts of BRICS countries to reduce reliance on the dollar—may compromise its function as the principal global reserve currency, according to the results. Growing usage of digital currencies such as cryptocurrencies and central bank digital currencies (CBDCs) complicates matters by challenging conventional fiat currencies and maybe lessening the dominance of the dollar in world banking.

These findings have major implications. American leaders must implement aggressive fiscal reforms, lower inflation, and aggressively engage with global geopolitics developments if the dollar is to stay dominant. Financial institutions and investors also have to adapt to the rising popularity of digital currencies by looking for fresh opportunities and thereby reducing the related dangers. Ignoring these linked issues might hasten the devaluation of the dollar, therefore affecting global commerce and economic stability in great numbers.

Policywise, it is inferred that aggressive fiscal changes, strategically participating in geopolitics, and approaching technical developments in digital finance cautiously are necessary if we are to maintain the U.S. dollar's position as a worldwide reserve currency. Government authorities have to address rising national debt and inflation as well as control the difficulties presented by new international monetary alliances and the influence of digital currencies.

Future research should monitor these trends, particularly the long-lasting consequences of bitcoin integration on global monetary systems and how geopolitics shapes the development of international reserve currencies.

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Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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Appendix 1

Questionnaire

Greetings

We are conducting a comprehensive research study to explore the potential collapse of the U.S. dollar and its implications for the global financial system. Your insights and expertise are invaluable to this research, and we invite you to participate in a structured questionnaire designed to gather data on this critical issue. The primary aim of this study is to understand the various factors that could lead to the collapse of the U.S. dollar as the world's reserve currency and to analyze the potential consequences of such an event. We are particularly interested in examining the following key areas:

As a financial expert, your perspectives and experiences are critical in helping us understand the complex dynamics that influence the stability of the U.S. dollar. Your participation will contribute to a deeper understanding of these issues and help shape future policies and strategies aimed at maintaining global financial stability. The questionnaire should take approximately 15 - 20 minutes to complete. Your responses will be kept confidential and will be used solely for academic research purposes.

Please click on the link below to access the questionnaire.

Thank you.

Section 1: Demographic Information

- | | |
|---|--|
| What is your current occupation? | <input type="checkbox"/> Financial Analyst
<input type="checkbox"/> Economist
<input type="checkbox"/> Policymaker
<input type="checkbox"/> Institutional Investor
<input type="checkbox"/> Other (Please specify) |
| How many years of experience do you have in the financial sector? | <input type="checkbox"/> Less than 5 years
<input type="checkbox"/> 5 - 10 years
<input type="checkbox"/> 11 - 20 years
<input type="checkbox"/> More than 20 years |

Section 2: U.S. National Debt-to-GDP Ratio

- | | |
|---|--|
| On a scale of 1 - 5, how concerned are you about the current U.S. national debt-to-GDP ratio? | <input type="checkbox"/> 1 (Not concerned at all)
<input type="checkbox"/> 2 (Slightly concerned)
<input type="checkbox"/> 3 (Moderately concerned)
<input type="checkbox"/> 4 (Very concerned)
<input type="checkbox"/> 5 (Extremely concerned) |
| Do you believe that an increasing debt-to-GDP ratio will destabilize the dollar? | Yes
No |

Section 3: Geopolitical Shifts

- | | |
|---|--|
| How significant do you think the efforts by BRICS nations to establish an alternative trading currency are? | <input type="checkbox"/> 1 (Not significant at all)
<input type="checkbox"/> 2 (Slightly significant)
<input type="checkbox"/> 3 (Moderately significant)
<input type="checkbox"/> 4 (Very significant)
<input type="checkbox"/> 5 (Extremely significant) |
|---|--|

Continued

Do you believe these efforts will impact the global dominance of the U.S. dollar?	YES NO
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Section 4: Economic Indicators

How predictive do you find inflation rates and trade deficits for the dollar's value?	<input type="checkbox"/> 1 (Not predictive at all) <input type="checkbox"/> 2 (Slightly predictive) <input type="checkbox"/> 3 (Moderately predictive) <input type="checkbox"/> 4 (Very predictive) <input type="checkbox"/> 5 (Extremely predictive)
Have you observed any recent trends in these indicators that concern you? (Open-ended)	YES NO

Section 5: Liquidity Metrics and Confidence Indicators

How would you rate the current confidence of international investors in holding dollar-denominated assets?	<input type="checkbox"/> 1 (Very low confidence) <input type="checkbox"/> 2 (Low confidence) <input type="checkbox"/> 3 (Moderate confidence) <input type="checkbox"/> 4 (High confidence) <input type="checkbox"/> 5 (Very high confidence)
Have there been any notable shifts in liquidity metrics that you are aware of?	(Yes/No)

Section 6: Assessment of U.S. Debt Repayment Capability

How confident are you in the U.S.'s ability to repay its principal loans?	<input type="checkbox"/> 1 (Not confident at all) <input type="checkbox"/> 2 (Slightly confident) <input type="checkbox"/> 3 (Moderately confident) <input type="checkbox"/> 4 (Very confident) <input type="checkbox"/> 5 (Extremely confident)
What impact do you think this has on current bondholders' decisions?	Good Bad I don't know

Section 7: Integration and Influence of Cryptocurrency

To what extent do you believe cryptocurrencies are influencing the stability of the dollar?	<input type="checkbox"/> 1 (Not at all) <input type="checkbox"/> 2 (Slightly) <input type="checkbox"/> 3 (Moderately) <input type="checkbox"/> 4 (Significantly) <input type="checkbox"/> 5 (Extremely)
How do you perceive the future role of cryptocurrencies in the U.S. economy?	

Appendix 2

Semi Structured Interview

U.S. National Debt-to-GDP Ratio

- 1 Can you elaborate on your views regarding the current U.S. national debt-to-GDP ratio and its potential impact on the dollar's stability?
 - 2 How does the current debt-to-GDP ratio compare to historical levels, and what lessons can be learned from past instances?
-

Geopolitical Shifts:

- 1 How do you perceive the efforts by BRICS nations to establish an alternative trading currency, and what impact do you foresee on the U.S. dollar?
 - 2 What other geopolitical factors do you believe could influence the dollar's dominance in global trade?
-

Economic Indicators

- 1 What economic indicators do you monitor to assess the stability of the dollar, and why?
 - 2 Have you observed any recent trends in these indicators that suggest significant changes in the dollar's stability?
-

Liquidity Metrics and Confidence Indicators

- 1 How have liquidity metrics and confidence indicators among international investors evolved recently, and what implications does this have for the dollar?
 - 2 In your opinion, what are the main factors influencing investor confidence in the dollar at present?
-

Assessment of U.S. Debt Repayment Capability

- 1 What is your assessment of the U.S. government's ability to manage and repay its debt, and how does this influence investor behavior?
 - 2 What are the potential long-term effects of the U.S. debt situation on the global financial system?
-

Integration and Influence of Cryptocurrency

- 1 How do you think the rise of cryptocurrencies is impacting the traditional financial system and the stability of fiat currencies, particularly the dollar?
 - 2 What role do you foresee for cryptocurrencies in the future financial landscape, and how might this affect the U.S. dollar's status as a global reserve currency?
-