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Assessment of tomorrow

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US is building a private digital dollar

The debate currently taking place in the US Senate on the regulation of stablecoins may initially appear to be another technical discussion about the crypto market.

In reality, behind the bill that Washington seeks to pass lies a much more significant process: the creation of a regulatory framework for the global spread of a private digital dollar.

Stablecoins were created as auxiliary instruments for the crypto market. Their basic function was simple – to enable the trading of digital assets without relying on traditional bank transfers and without the extreme fluctuations characteristic of bitcoin and other cryptocurrencies.

However, the market has developed much faster in recent years than both regulators and central banks anticipated.

Today, Tether's USDT and Circle's USDC are much more than ancillary instruments of the crypto industry. In much of Latin America, Africa, and Asia, they already function as a parallel financial system based on the US dollar.

They are used for international payments, inflation protection, savings, money transfers, and conducting business in countries with weak banking sectors or unstable domestic currencies.

In many countries in the Global South, the digital dollar is now more accessible than the local banking system.

This is why Washington can no longer regard stablecoins as a peripheral issue for the technology industry. Their growth is too significant to remain outside US regulatory and strategic control.

Under the new rules for the digital dollar

A bill known as the GENIUS Act seeks to establish federal rules for issuing stablecoins for the first time. Companies issuing digital dollars would be required to hold adequate reserves, be subject to regulatory supervision, and meet requirements that bring them closer to integration with the traditional financial system.

Formally, the aim is to protect the market and prevent financial abuses. Essentially, the United States is attempting to regulate the infrastructure through which the dollar could also dominate the digital economy. This change has far wider ramifications than are currently recognised in public debate.

The global position of the US dollar in previous decades rested on several stable foundations: the depth of the US government bond market, the dollar's role in international trade, the political influence of Washington, and trust in US institutions.

Stablecoins are now opening a new channel for spreading dollar power – private digital platforms that operate globally, often outside the constraints of the traditional banking system. This changes the very nature of international finance.

> The proliferation of a private digital dollar could directly strengthen the US government's ability to finance its debt on more favourable terms

Traditional dollarisation was mainly associated with banks, state reserves, and international energy trading. The new phase of dollarisation occurs through mobile phones, digital wallets, and private technological-financial networks.

In much of the world, access to the digital dollar no longer depends on the presence of American banks or the stability of the local financial system. An internet connection and an app are sufficient.

Washington recognises the strategic potential of these developments. Stablecoin companies must hold substantial dollar reserves and US government bonds to keep their tokens pegged to the dollar. As the market grows, the stablecoin sector becomes a more significant buyer of US public debt.

At a time when the growth of the US deficit and debt servicing costs are becoming serious political issues, the possibility of a new source of global demand for Treasury bonds is emerging.

In other words, the proliferation of a private digital dollar could directly strengthen the US government's ability to finance its debt on more favourable terms.

A new fight for financial infrastructure

That is why stablecoins are no longer a topic reserved for the crypto market or technology companies. Their growth has become a matter of monetary power, state influence, and control over future financial infrastructure.

European institutions already regard this as a serious strategic problem. In recent months, London and Brussels have increasingly warned that the American approach to stablecoins could further strengthen the international dominance of the dollar, just as Europe is trying to preserve the importance of the euro and its own financial centres.

The Bank of England has already expressed concern about the speed at which Washington is moving to institutionalise the stablecoin market. The problem for London is not only regulatory.

> The European Union does not have the political unity or decision-making speed to take a more serious and organised role in promoting the digital euro

If the private digital dollar becomes the dominant instrument for international digital transactions, a portion of global financial flows could shift further towards US companies and US monetary infrastructure.

The European Union is in an even more difficult position. Brussels is attempting to develop a regulatory framework through the MiCA regulation, but Europe lacks companies capable of playing a global role comparable to the American stablecoin giants.

At the same time, the European Union does not have the political unity or decision-making speed to take a more serious and organised role in promoting the digital euro on the international market.

That is why Europe enters this new phase of financial transformation defensively and without a clear response to the American initiative.

American and Chinese models of digital money

China chose a different model. Beijing recognised the importance of digital currencies much earlier but opted for a fully centralised approach through a digital yuan under state and central bank control.

The American model moves in the opposite direction: private companies become the main distributors of the digital dollar, while the state seeks to maintain political and monetary control over the system through regulation. This difference is political, not technical.

The Chinese model aligns with the logic of a centralised state. The American model continues the tradition of combining private capital with the strategic interests of the state.

As a result, stablecoins in Washington are no longer seen solely as a source of financial instability, but increasingly as an instrument of American competition with China in the digital economy. However, this is where the greatest risk arises.

> The experience of 2008 demonstrated how quickly private financial structures can become a systemic problem

Stablecoin companies are gradually acquiring aspects of monetary function without holding the status of traditional banks. Their systemic importance is increasing much faster than the regulatory mechanisms designed to control them.

If this trend continues, America could see the emergence of a new category of financial institutions in the coming years, whose collapse would pose a serious risk to sovereign debt markets, the payment system, and international financial flows.

The experience of 2008 demonstrated how quickly private financial structures can become a systemic problem when the regulatory framework lags behind the market. The stablecoin sector is growing at a similar pace today.

An additional challenge for regulators is that this market operates globally, beyond traditional jurisdictions and national borders. The digital dollar is no longer tied to the physical presence of American banks or the traditional infrastructure of international transfers.

This significantly complicates attempts by states to control capital flows, enforce sanctions, and conduct financial supervision.

De-dollarisation is entering a new phase

At the same time, countries that have discussed de-dollarisation in recent years are facing a new reality. The dollar is no longer only the currency of international trade and government reserves; it is becoming a private digital infrastructure that is expanding much faster than states can develop alternative systems.

If the US Senate adopts a regulatory framework that the market regards as sufficiently stable and politically viable, the stablecoin sector could rapidly become a key pillar of the international financial system

This is why the debate in Washington about stablecoins is more than a matter of crypto regulation. It is an effort to adapt American monetary power to the new digital economy.

If the US Senate adopts a regulatory framework that the market regards as sufficiently stable and politically viable, the stablecoin sector could rapidly become a key pillar of the international financial system.

Large banks, investment funds, and technology companies would then enter this space more aggressively, while pressure on Europe and other financial centres to develop their own digital models would increase.

This is why the dispute over stablecoins is already becoming a much broader issue of monetary control, international influence, and the future structure of the global financial system.

The main problem for the rest of the world is not that the United States is regulating stablecoins, but that no one currently has an answer to the speed at which this system is evolving.

The European Union is falling behind, China offers a model that is unlikely to become globally attractive, and most other countries lack the technological and financial capacity to participate in this race.