CENTRAL BANK DIGITAL CURRENCY (CBDC) AND THE DYNAMICS OF CHINESE ECONOMIC SHORTCUT TO US DOLLAR HEGEMONY

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ABSTRACT
The paper examined central bank digital currency (CBDC) and the dynamics of Chinese economic shortcut to US dollar hegemony. The study employed secondary data to achieve the objectives, in other words, it is a qualitative study. The study revealed that the introduction of Chinese digital RMB (e-CNY) and its advancement in cross-border payments will largely challenge the global hegemony of the US dollar. This move will reduce the costs of trade, facilitate financial inclusion, foster financial innovation and expand the monetary and fiscal components. It will increase payment transparency and decrease money laundering and tax evasion. The study recommended that, there should be a provision of a level playing ground for accessibility and infrastructure that promotes motivation and competition among different payment service providers. There should also be a robust digital architecture that includes optimal, reliable and affordable internet connectivity and comprehensive access to digital devices.

Keywords: Digital Currency, CBDC, Reserve Currency, e-CNY
JEL Codes: *F5, F65, P35, P43, 039*

1. INTRODUCTION
The global community in the recent past, has been faced with growing economic wars, including technological wars, trade wars and financial wars with USA and China at the centre of the battlefield. The prominent reason for the wars is the dismantling of the US dollar hegemony by China and the struggle by the USA to maintain the status quo. According to Manta and Popov (2017), the world is presently observing a transformation in the global financial system, in the background of the emergence of thousands of virtual coins or cryptocurrency. Some authors describe digital currency as cryptocurrency or virtual currencies creating large pool of arguments (Obiah, Obiah & Chima, 2020; Aljohani, 2017; Romanello, 2021; Ghymers, 2020; Brunnermeier, James & Landau, 2019) or global money (Schnabel & Shin, 2018; BIS, 2021; Obiah, Eke & Akpelu, 2022).
In truth, technological change is permeating the financial system (Mu, n.d.). Ever since the information revolution, from the digitization of information representation to the digitalization of the economy and society, the trend has been unstoppable like surging tides (Gong, 2024).

This digital economy is highly innovative, with strong penetration and wide coverage (China Association for Science and Technology, 2024). The rapid expansion of e-commerce has led to a significant increase in digital transactions, presenting new challenges for payment service providers (PSPs) to ensure high approval rates and minimize transaction failures (Kumari & Raj, 2024).

The globe shifts towards enhancing financial inclusion and improving financial markets to boost growth across developing economies (Sant'Anna & Figueiredo, 2024 in Light & Nwaobia, 2024). But the integration process is a challenging task and requires resources and skills to achieve value creation and planned synergies (Parveen, Saghir & Beg, 2024). Therefore, the relationship between financial development and economic growth has sparked intense debate among economists and policymakers (Enemona & Tella, 2024). International Monetary Fund (IMF 2005) considers broad access to financial services as an important character of a deep and efficient financial system (Okeowo, 2023; Nkongnkang, Eyamba, Amoke, Anakwue, & Akadile, 2025). As the digital economy develops, the share of transactions using cash is declining in China (E-CNY Working Group, 2021). China's CBDC, e-CNY (electronic China Yuan), is one of the most advanced examples of the efficient innovation (Li, Wareewanich & Chankoson, 2024).

However, countries have used reserve currencies for international transactions throughout history.

The dominance of the US dollar has been built on the strong role of the USA following World War II. In the 20th century the US dollar replaced British pound sterling as the dominant international currency after the United States overtook United Kingdom as the world's largest economy and exporter (Congressional Research Service, 2022). Thus, in the Bretton Woods agreement in 1944, the US dollar became reserve currency of the world. But, due to recent macroeconomic as well as geopolitical developments, central banks around the world and especially those in emerging economies turned to gold in 2022, trying to diversify from the dollar and dollar holdings. As dominant reserve currency among other currencies including the euro, the yen, the pound, the renminbi (RMB), the Canadian dollar, the Swiss Franc, and the Australian dollar. Central banks hold about 60% of their foreign reserves in US dollar. About half of global trade is invoiced in dollars, and about half of global loans and debt securities are denominated in dollars. In foreign exchange markets, where currencies are traded, dollars are involved in nearly 90% of all transactions (Congressional Research Service, 2022).

In recent times, the dollar's hegemony is being challenged by various unions, countries and China in particular. As China's economies share more economic power today, the hegemony of the US dollar as the sole global currency seems to lose ground. In his opinion, Schenk (2009), there is a decline in US dollar global share, which is rooted in the fact that many countries are concerned that the US is increasingly using the dollar and its prevailing reserve system as a weapon against other states (see Geering, Krys & Born, 2023; Popov, 2023). Only in recent years, western countries have frozen foreign exchange reserves of Syria (2011), Libya (2011), Iran (2012), Venezuela (2019), Afghanistan (2021), Russia (2022). Consequently, many countries have reduced their US dollar holdings started buying gold instead. Countries like Brazil, Saudi Arabia, India, China, South Africa (BRICS), some Association South-East Asian Nations (ASEAN) nations, Kenya, Saudi Arabia, and the UAE are also pushing to use local currencies in trade (Geering et al, 2023). Similarly, Gulf Arabs, China, Japan, Russia and France are planning to switch to a basket of currencies including the Japanese Yen and Chinese Yuan, the euro, gold and a new, unified currency for the Gulf nations in the pricing of oil (Fisk, 2009; IMF, 2010). These shifts have been predicted to cause a shift from the dollar to other currencies like Chinese digital RMB (Congressional Research Service, 2022).

Relatedly, since the early 2000s, there has been massive increase in foreign exchange trading volumes of non-traditional currencies, i.e., currencies other than US dollar, euro, Great Britain pound sterling or Japanese yen. China is preferring alternative platform to dislodge US dollar from being the dominant reserve currency with disruptive monetary/financial system CBDC. However, China's impressive economic and technological rise in the early 21st century global space is unprecedented in modern times (Wu, 2019; DeWoskin, 2020), which has prompted China's government consider how to promote the use of Chinese currency, the RMB, in global trade. According to Liua and Woob (2018), while it is intellectually fulfilling to show conclusively that the RMB is generally undervalued, the important information that is needed for policy making is the degree of undervaluation.

However, there are relatively inadequate studies on digital RMB (e-CNY) to facilitate cross-border payment, and most of them focus on the advantages and disadvantages of digital RMB. Most of the relevant literature studied the impact of digital RMB in the internationalization of RMB from a macro perspective and proposed methods for the synergistic development of digital RMB and RMB internationalization, which means there is gap in the extant literature. This paper therefore, focuses on the threat of digital RMB on US dollar hegemony. The study is positioned to examine the central bank digital currency (CBDC) and the dynamics of Chinese economic shortcut to us dollar hegemony. The remaining parts of the study is structured into: literature review, methodology, result and discussion of findings, and conclusion, and policy recommendation.

2. LITERATURE REVIEW

Conceptual Framework

Although the concept of a CBDC was proposed decades ago, attitudes about whether central banks should issue them have changed noticeably over the past year. Central bank digital currency (CBDC), also known as sovereign digital currency and digital fiat currency, is the digital version of sovereign currency issued by an economy's monetary authority (Wang, 2021). The term CBDC is currently used to refer to several concepts without a standard agreed definition or framework, which can feel inaccessible and incomprehensible to economists, technologists, lawyer researchers and experts who are not familiar with distributed ledger technology (DLT), blockchain or similar terminology (Meaning et al., 2021 in Silva & Silva, 2024). Therefore, CBDC is regarded as a monetary asset with a digital value akin to the traditional currency issued by central banks and circulate in a non-centralized way to make payment (Olomukoro, 2023). CBDCs can be meant either for wholesale use i.e., only for transactions between financial institutions or retail use, meaning they are open to the general public (Auer, Cornelli & Frosta, 2023).

On the other hand, China's central bank digital currency (CBDC), is termed as e-CNY, electronic China Yuan, digital yuan, digital Renminbi (RMB) and digital CNY. E-CNY was also previously known as the Digital Currency (DC)/Electronic Payment (EP) or Digital Currency Electronic Payment (DCEP), which is equally used to refer to the payment network as a whole (Wang, 2021). Thus, e-CNY and digital RMB are going to be used interchangeably in this study. It is the digital version of fiat currency issued by the China's central bank, the People's Bank of China (PBOC), operated by authorized financial institutions and tech companies (Jiang & Lucero, 2023). The PBoC defines e-CNY as mainly a substitute for cash in circulation (M0) that will coexist with physical RMB (Jiang & Lucero, 2023). For this study e-CNY be defined as a value-based, quasi-account-based and account-based hybrid payment instrument, with legal tender status same as the physical form of RMB, backed by sovereign credit, served as the central bank's liabilities to the public and loosely-coupled account linkage. It has all the basic functions of money, i.e., unit of account, medium of exchange and store of

value (Li, Wareewanich & Chankoson, 2024; BIS, n.d.). e-CNY is legally compensable by the PBoC, realizes true zero cost; does not require a network system; and can be anonymous. Since its introduction, roughly 3% of total deposits have moved to mobile payment companies, this is significant when considering that total bank deposits include corporate accounts, but is not material to the banks' financial well-being (Johnston, 2024).

However, CBDC has its own related risks, including operational and financial risks, may arise from the systems that CBDC involves, ranging from payment to e-commerce. For instance, risks may arise from financing, currency and payment operations that connect to "existing and newly developing payment systems and currencies, which may require businesses to consider internal controls for data protection and cybersecurity (Wang, 2021). Odunfa, Fateye & Adewusi (2025), added the primary obstacles encompass a knowledge deficit, insufficient political will, uncertain economic conditions, poor market transparency, maturity, openness, and a lack of accessible and trustworthy data and research regarding the African digital currency**.** The challenge also lies in the insufficiency of incentives and acceptance of CBDCs. The CBDC system, as an important payment system, could become the center of cyberattacks (Mu, n.d.).

Theoretical Literature

Theory is one of the critical parts of literature review in a research, it goes the memory line to unfold and link the topic of discussion to the real world. It helps to draw from the old ideas to shape the knowledge of the present. According to Jhingan (2010), no person is original in any pursuit of knowledge. therefore, due to the diverse nature of this topic and the technological colouration two theories will be x-rayed for the study. These include: Modern Monetary Theory and Wicksell's Monetary Theory.

Wicksell's Monetary Theory

Knut Wicksell (1851-1926) occupies an important position in the history of monetary theories. His influence on the views of J.M. Keynes about monetary problems and on the views of I. Fisher is often pointed out. Wicksell's monetary theory was developed at the end of the 19th century, when there was much discussion about the need to maintain the gold standard, falling prices led to demands for the introduction of bimetalism and consideration of other possible ways of organizing the monetary system. Doubts appeared about the validity of the quantity theory of money, and the demand to use banking operations primarily for the control of credit resources came to the forefront. Wicksell's monetary theory was formed on the background of these discussions.

The aim of Wicksell's analysis was to define conditions for the stabilization of price level. He regarded interest rate policy as a mean to achieve this aim. In his works Knut Wicksell rejected the understanding of economics as a pure science and emphasized that individual economic theories are directly connected with particular times and places (Čaplánová, 2003). Wicksell was optimistic about its future economic improvement, a process he was convinced would be hastened and made more harmonious by adoption of certain reforms his economic studies led him to advocate (Lundahl, 2015). Wicksell ultimately visualized nationalization of the central bank in each country and its replacing private commercial banks by opening affiliates in every town and hamlet. Then he pleaded for abandonment of the gold standard and for effective demonetization of gold. The prophecy of Wicksell can be attributed to the emergence of central bank digital currency (Lundahl, 2015).

Modern Monetary Theory

Over the last decades, monetary questions have returned to the agenda among economists. The creation of Euro in the 20th century and cryptocurrency in 21st century and subsequently central

bank digital currency, the debates proceeding it made explicit the need for a monetary theory that is applicable to problems of the real world. Wicksell (1898), clearly recognizes that we have to understand the two monetary circuits of cash (and reserves) and bank deposits in pure form than their interactions (Ehnts, 2019; Semenova, 2011).

This approach has been replicated by the scholars developing the Modern Monetary Theory (MMT). This insight was first described in a book published by a German economist who lived from 1842 – 1926, Georg Friedrich Knapp with the title Die Sta atlich Theorie des Geldes (The State Theory of Money) (1905). An abridged translation into English was commissioned by the Royal Economic Society and published almost 20years later in 1924. MMT has its base in the ideas of what is called chartalism coined by Knapp, a name derives from the Latin Charta, in the sense of a token or ticket. He opposed the metalist view that the value of money derives from the value of the metal standard (for example, gold or silver) adopted. More generally, according to Knapp, metalist try to deduce the monetary system without the idea of a state. Therefore, the first sentence of The State Theory of Money is a direct attack on the existing idea that money has intrinsic value based on precious metal. Knapp defines money as a creature of the law and concludes that "we must deal with legal history". Today, if Knapp is alive, who knows what will be his perception about digital currency? But since he has affirmed that we must deal with legal history, he will still question the legality of cryptocurrencies, but cryptopreneurs will fight his stand and CBDC will triumph in his view.

Empirical Literature

Igwe, Inweregbu, Eke and Obiah, (2025) investigated digital currency and blockchain technology in the 21st century financial ecosystem. The empirical study adopted a descriptive survey design. A questionnaire was used for data collection in a sample size of 121 selected randomly from the staff and students of Abia State Polytechnic, Aba. The data collected from the respondents were analyzed with the frequency distribution table and chi-square (x2) statistical technique. The findings revealed the imperativeness of digital currency and blockchain technology in the 21st century financial ecosystem. In other words, digital currency and blockchain technology has significant effect with financial ecosystem. (see Li, Wareewanich & Chankoson, 2024; Adegboyega, Olajide, Abidemi & Hamza, 2024).

Ojima and Ajudua (2024), examined the impact of monetary policy on the performance of deposit money banks in Nigeria from 1990 to 2022. Employing deposit money bank's asset as the dependent variable and monetary policy rate, cash reserve ratio, liquidity ratio and treasury bill rate as the independent variables, the study utilized the Error Correction Mechanism estimation techniques to ascertain the relationship between the dependent and independent variables sourced secondarily from the Central Bank of Nigeria Statistical Bulletin. Findings from the study showed that all the independent variables were correctly signed, and had a significant impact on deposit money banks in Nigeria during the period of study.

Gbenga, Kehinde and Abdullah (2023), investigated the impact of technological innovation and institutional quality on the environment in Nigeria. The study spanned from 1990 to 2022. The key variables in the study were technological innovation as proxy by technological index, institutional quality as proxy by six governance indicators, and carbon emission as proxy for environment. While the control variables include energy consumption and Gross domestic product. The study first conducted a pre-estimation test using Descriptive statistics and Correlation matrix, and Augmented Dickey Fuller test for stationarity while Ordinary least was used as major estimation techniques since it does not violate classical linear regression assumption. The findings from the preliminary estimation shows that all data series are stationarity at levels. The result form the best linear unbiased estimates indicate that

environmentally related technological innovation destructively affects C02 emissions while energy consumption and economic growth positively impact C02 emissions.

3. METHODOLOGY

The study employed secondary data to achieve the objectives set forth. In order to find relevant articles, we used Scopus, Web of Science, Google and other known databases for getting quality research papers done in the field of central bank digital currency and the dynamics of Chinese economic shortcut to US dollar hegemony. The research gap was identified after going through some extant literature. The study focused on a qualitative study. This research methodology is selected as it allows to add a new dimension to interventional studies by evaluating human behaviour (Smith & Firth, 2011). Content analysis is used for analyzing qualitative data in the research study. It allows identifying and analyzing qualitative data patterns (Parveen, Saghir & Beg, 2024).

Theoretical Framework

Modern Monetary Theory

In the chartalist mechanism(s) of money's introduction, the intrinsic value of money is therefore immaterial, for the only factor that matters are the unique power of money to extinguish debts and other obligations to the state and that is what CBDC stands for the countries that have adopted it. The chartalist framework is therefore in strong opposition to the prevailing metalist (or mengerian) perspective according to which money necessarily emerge as an object with an intrinsic value (such as gold and silver metal). Even when no more than a symbol of token, money is a commodity in the sense that it can directly represent real commodities.

With this argument, MMT child of chartalism strongly agree that money is historically the creation of the state and not, as mainstream neoclassical theory claims, an extension from barter trading; or in the Marxist view that money appears with the emergence of markets and commodity production; even CBDC is as a result of internet boom. Thus, MMT idea is in agreement with the legality of CBDG Chinese e-CNY, but contrary to some cryptocurrency, which is neither backed nor issued by any law or central authority. Chartlaist founder Knapp says, money is a creature of the law, the denomination of means of payment according to the new units of value is a free act of the authority of the state; and in modern monetary systems the proclamation (by the state) is always supreme. Thus, the modern monetary system is an administrative phenomenon and nothing more. Knapps analysis went further, if we have already declared in the beginning that money is a creation of law, this is not to be interpreted in the narrower sense that it is a creation of jurisprudence, but in the larger sense that it is a creation of the legislative activity of the state, a creation of legislative policy (Wray, 2014).

Chartalist approach revolves around single point, backed by Mitchell A Innes and John Keynes. Innes echoed that, the modern state can make anything it chooses generally acceptable as money. It is true that a simple declaration that such and such is money will not do, even if backed by the most convincing constitutional evidence of the state's absolute sovereignty. Following Knapp, Keynes argued that the state determines what serves as the money of account as well as dictates what thing will be accepted as money. This right is claimed by all modern state and has been so claimed for some 4000years at least. The Age of Chartalist or State Money had been reached, when the state claimed the right not only to enforce the dictionary but also to write the dictionary and re-edit the dictionary (Wray, 2014). This theory, deserve a place in the discussion of central bank digital currency, the study therefore adopts it as a theoretical framework.

4. RESULTS AND DISCUSSION OF FINDINGS

The financial prank which the Economist christened the "Bretton Woods System 2.0 Outpost Battle," is rewriting the underlying code of the global economy with blockchain technology in the advent of the digital RMB (Jiang et al, 2022), which is influencing global finance, e-commerce and diversifying from US dollar financing. The RMB marginal role in global finance is epitomized in the Bank of International Settlement (BIS) analysis that the RMB is the 8th most traded currency, the 6th most active currency for global payments by value, with a share of 1.66%. By contrast, the US dollar and the euro combined account for 75% of all transactions (Congressional Research Service, 2022; Johnston, 2023).

Since China's official accession to the Special Drawing Rights (SDR) basket of currencies in October 2016, the RMB has become the 5th SDR basket currency after the US dollar, the euro, the British pound, and the Japanese Yen, and has demonstrated that the RMB is gradually meeting the requirements of a 'freely usable' or reserve currency. This has greatly contributed to the speed of the RMB's internationalization and has laid a good foundation for the RMB's internationalization in the economic and financial sectors, which symbolizes the RMB's qualification as an international reserve currency, which not only generates revenue from minting taxes, but also long-term carry income (Dogan, n.d.).

The emergence of the digital RMB certainly offers great possibilities for the Chinese Belt and Road Economic Zone vision (Jiang, 2023). Also, the latest data released by the ministry of commerce from January to May, China's total trade in goods with countries along the Belt and Road exceeded US$500Trillion. Also, the cross-border RMB settlement volume has reached a record RMB19.67Trillion (equivalent to approximately, US$2.83Trillion) (Jiang et al, 2022). As of the end of 2021, the central bank data shows that there have been more than 8,085,100 digital RMB pilot scenario, with a cumulative total of 261million personal wallets opened and 87,565million transaction. The share of international payments in RMB increased to 2.7% in the statistics of payment amount ranking of major currencies in 2021. CNY currently accounts for approximately 4% of global transactions, making China's CBDC among the potential major currency CBDCs with global implications (Wang, 2021). As of June 30, 2021, e-CNY has been applied in over 1.32 million scenarios, covering utility payment, catering service, transportation, shopping, and government services. With the massive promotion and widespread use of a total of 403,000 digital RMB pilot scenarios, especially during the 2022 winter Olympics, the acceptance of RMB at home and abroad is gradually increasing (Jiang et al, 2022).

Data also shows that the cross-border RMB settlement volume of ASEAN countries exceeded 5.8Trillion Yuan in 2024, an increase of 120% over 2021. Six countries including Malaysia and Singapore have included RMB in their foreign exchange reserves, and Thailand has completed the first oil settlement with digital RMB (Akinyi, 2025). He continued that, 87% of countries in the globe have completed the adaptation of the digital RMB system, and the scale of cross-border payments has exceeded 1.2Trillion US dollars. While the United States is still debating whether digital currency threatens the status of the US dollars, China has quietly built a digital payment network covering over 200 countries. As at march 17, 2025 the PBoC announced that the digital RMB cross-border settlement systems will be fully connected to the 10 ASEAN countries and 6 middle eastern countries, which means that 38% of the world's trade volume will bypass the SWIFT system denominated by the US dollars and directly enter the 'digital RMB moment' (Akinyi, 2025).

Presently, Society for Worldwide Interbank Financial Telecommunication (SWIFT) is the main channel for information transmission among international financial institutions, the infrastructure of international finance, and the main support system for cross-border payment. In the process of RMB cross-border settlement, several important systems are usually involved:

SWIFT, which acts as an international telecommunication, RMB cross-border interbank payment system (CIPS), a payment system specifically for RMB cross-border payment clearing and China National Advanced Payment System (CNAPS), a modern payment system in China CNAPS provides a variety of services for the final settlement of funds between financial institutions, including the Large Value Real Time Payment System (HVPS). The settlement in RMB is done by CIPS first and then HVPS under China modernized payment system (CNAPS) to realize the overseas transaction process (Jiang, 2023). With CIPS China offers as alternative to the SWIFT payment system called mBridge, a CBDC based solution for real time cross-border payments.

Currently, 26 countries have conducted direct exchange transactions with Chinese banks, including the currencies of 16 countries along Belt and Road, including Malaysia, Thailand, Turkey, Kazakhstan, Cambodia and many other countries. In September, 2023 President Xi Jinping of China signed an agreement on the use of digital currency for cross-border payments between the Bank of China, one of China's largest state-owned commercially driven banks, and the UAE's largest banks, first Dhabi Bank, alongside the UAE's central bank. For China, this incremental and bilaterally controllable internationalization of the RMB could be especially valuable to bypass US dollar (Johnston, 2024).

Earlier in March 2017, China established the NetUnion Clearing Corporation (NUCC), which means all third-party payments would be cleared through NUCC, which is under the direct supervision of PBoC. In Africa, with the establishment in January 2022, the Pan-African Payment and Settlement System (PAPSS) with the goal to expand intra-African trade through African Export-Import Bank in collaboration with African Continental Free Trade Area (AfCFTA), digital RMB can easily be promoted in Africa. The platform and mechanisms may ultimately support the emergence of digital and tokenized cross-border international payments using CBDCs like digital RMB (Johnston, 2024). With about 42 currencies in Africa, PAPSS can reduce costs and accelerate the settlement and payment of trade transactions using local currencies a conduit e-CNY can tap from.

The implication of all this, is that, in the first opportunity in the new round of financial modernization, China has gain a 'first mover advantage' to break through the inherent hegemonic jurisdiction of the US dollar, safeguards the independent financial sovereignty of China and promotes the internationalization of the RMB (Jiang et al, 2022). While the SWIFT system is still struggling with the 3-5day delay in cross-border payments the digital currency bridge developed by China has compressed the clearing speed to 7 seconds, which makes 100 times more efficient than traditional methods, funds no longer go through six intermediary banks but real time through a distributed ledger and the handling fee dropped by 98% (Akinyi, 2025). This lightning payment capability by China makes the traditional clearing system dominated by the US dollar instantly look awkward.

This wave of de-dollarization made the BIS exclaimed, "China is defining the rules of the game in the era of digital currency" (Akinyi, 2025). The digital RMB will pave the way for long overdue reforms to democratize all global economic relations in order to reduce the gap in the levels of economic development between developed and developing countries (Montes & Popov, 2001; Polterovich & Popov, 2006; Popov & Dutkiewicz, 2017). Popov (2023), has proposed also the establishment of International Bank of the Global South, and in the future, for the whole world, created from the scratch or on the basis of the BRICS New Development Bank or the Asian Infrastructure Investment Bank with the possible participation of the World Bank, and all other financial institution that wish to participate will issue the bonds.

Economists point to several key factors that determine the use of a currency for reserves, which includes: the size of the domestic economy; the importance of the economy in global trade; the

size, depth, and openness of financial markets; the convertibility of the currency; the use of the currency as a currency peg; and domestic macroeconomic policies (Dogan, n.d.), which the Chinese RMB together with e-CNY are almost there. Therefore, the hegemony of the US dollar is being threatened by the emergence of digital currencies, particularly the Chinese e-CNY or digital RMB.

5. CONCLUSION AND POLICY RECOMMENDATIONS

The paper has examined central bank digital currency (CBDC) and the dynamics of Chinese economic shortcut to US dollar hegemony and concludes that the introduction of Chinese digital RMB (e-CNY) and its advancement in cross-border payments will largely challenge the global hegemony of the US dollar. This move will reduce the costs of trade, facilitate financial inclusion, foster financial innovation and expand the monetary and fiscal components globally. It will increase payment transparency and decrease money laundering and tax evasion.

From the background information, the following policy measures are recommended: China should, within and outside the country, enhance e-CNY training to improve understanding and usage among a wider population, and can disseminate information about e-CNY through government websites, microblogs, WeChat official accounts, newspapers, press conferences, activities, social media discussions, online live broadcasts, and other channels. This will help more people understand the development process, benefits, usage methods, and other relevant information about e-CNY, ultimately enhancing recognition and acceptance of e-CNY; simplify the operation of e-CNY apps, utilizing its unique benefits such as offline capability, electricity-free payment, and digital hard wallet to facilitate residents' usage; and by making the interface friendly, easy to understand, and easy to operate.

In all, it is the opinion of the paper that the technological infrastructure, the relevance and comprehensiveness of regulatory frameworks are imperative for successful adoption of digital RMB (e-CNY) and a robust digital architecture that includes optimal, reliable and affordable internet connectivity and comprehensive access to digital devices, especially in the developing countries that form Chinese market targets, in order to dethrone US dollar.

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