

# Digital Currency and Regional Financial Cooperation: An Analysis of the Impact of the Belt and Road Initiative on RMB Internationalization

**Jiahe Wu\***

*School of International Business, Southwestern University of Finance and Economics, Chengdu, 611130, China*

*\*Corresponding author: Jiahe Wu*

---

## Abstract

In the context of global geopolitical and economic transformations and the advancement of diversification in the international monetary system, RMB internationalization has emerged as a core agenda for China's high-level opening-up to the world. This paper constructs an integrated analytical framework of "regional financial cooperation-digital technology empowerment-RMB internationalization," systematically exploring the impact mechanisms and synergistic pathways of the Belt and Road Initiative and digital currencies on RMB internationalization. The study finds that the Belt and Road Initiative provides core application scenarios and institutional support for RMB internationalization, while digital currencies address cross-border payment bottlenecks through technological innovation. Together, they synergistically promote the steady enhancement of the RMB's international status in reserves, settlements, and investment and financing. Based on this, the paper proposes recommendations to deepen regional financial cooperation, optimize the cross-border application of digital RMB, and strengthen policy coordination, providing references for the high-quality development of RMB internationalization.

## Keywords

RMB internationalization, Belt and Road Initiative, digital RMB

---

## 1. Introduction

Currently, the global political and economic landscape is undergoing profound changes, with the diversification process of the international monetary system continuing to advance. The 20th National Congress of the Communist Party of China explicitly proposed strategic deployments to "promote high-level opening-up to the outside world" and "steadily advance RMB internationalization," providing clear direction for the RMB internationalization process in the new era. Under this policy guidance, the deepening implementation of the Belt and Road Initiative and the rapid development of the digital economy have created new historical opportunities for RMB internationalization. In recent years, through a series of institutional innovations such as establishing cross-border payment systems, signing local currency swap agreements, and promoting central bank cooperation, the RMB internationalization process has advanced steadily. The vigorous development of new business forms like cross-border e-commerce has opened up new channels for RMB cross-border use. Under the Belt and Road framework, the continuous improvement of trade facilitation and

financial connectivity mechanisms has provided important carriers for the RMB's transformation from a trade settlement currency to an investment pricing currency and a reserve currency. At the same time, the research and pilot work on digital RMB are progressing in an orderly manner, with its technological innovation characteristics expected to inject new momentum into RMB internationalization.

At the practical level, institutional support from regional financial cooperation and technological empowerment from digital RMB have become the foundational conditions and driving logic for RMB internationalization. On one hand, countries are jointly building cross-border payment and clearing networks, allowing local currencies to no longer rely on third-party clearing channels, thereby establishing efficient and low-cost channels for cross-border currency circulation. Central bank cooperation can enhance the impact of cross-border e-commerce on RMB settlement in export trade, while policies such as bilateral currency swaps, bilateral local currency settlements, and offshore clearing mechanisms improve the convenience of RMB cross-border use [1]. On the other hand, the digital RMB, based on distributed ledger operations, bypasses the restrictions of the SWIFT system to achieve point-to-point direct transactions, significantly improving the efficiency of cross-border payment settlements [2]. From a long-term perspective, China's central bank digital currency (CBDC) not only plays a role in the RMB internationalization process but also has a significant impact on the evolution of the international monetary system [3].

Existing research on RMB internationalization and the Belt and Road Initiative is already quite abundant. The academic community generally agrees that RMB internationalization is a gradual process that requires drawing on the development experiences of international currencies like the US dollar, while avoiding hegemonic logic, to forge a path of "steady, prudent, and solid" RMB internationalization with Chinese characteristics [4]. In this process, on one hand, enhancements in international competitiveness have a potential promoting effect on currency internationalization [5], and geopolitical factors require RMB internationalization to seek breakthrough paths in a complex international environment [6]. On the other hand, the use of digital RMB in Belt and Road countries is considered conducive to elevating the RMB's status in the international monetary system [7]. The sustained development of cross-border e-commerce and the deepening of central bank cooperation also provide institutional safeguards for the promotion and use of digital RMB in Belt and Road countries [1]. However, existing research also points out that digital RMB still faces challenges such as pressure from US dollar hegemony and international monetary competition in cross-border flows, and RMB internationalization needs to explore new development paths [8].

Most existing literature conducts isolated or pairwise associative studies on Belt and Road regional cooperation, the technological driving forces of digital RMB, and the RMB internationalization process, lacking a systematic integrated analytical framework that combines regional financial support, digital technology empowerment, and RMB internationalization goals. In view of this, this paper aims to construct an integrative analytical perspective by reviewing the existing literature, systematically elucidating the interactive mechanisms and synergistic pathways among the Belt and Road Initiative, digital RMB, and RMB internationalization, thereby providing references for promoting the high-quality development of RMB internationalization.

## **2. Theoretical and Practical Aspects of RMB Internationalization**

### **2.1 Theoretical Framework of Currency Internationalization**

Currency internationalization is an important topic in the evolution of the global financial system. Although the Bretton Woods system has long collapsed, the US dollar still occupies a dominant position in the current international monetary system. As of the second quarter of 2025, the US dollar accounts for 56.32% of global foreign exchange reserves, making it the undisputed primary international currency. However, the single dominant currency system is fraught with problems, as frequent fluctuations in the US dollar can significantly impact the economies of various countries. Therefore, promoting the internationalization of more currencies helps disperse global financial risks and aligns with the trend of multipolarization in today's global economic development.

In the grand trend of global economic multipolarization and the promotion of multi-currency internationalization, the RMB internationalization process has steadily commenced and continues to advance, becoming one of the most promising emerging international currencies in the global monetary system.

According to data released by the People's Bank of China, the RMB's share in global official foreign exchange reserves has continued to rise. As of the second quarter of 2025, the RMB accounts for 2.12%, compared to just 1.08% when the IMF first separately reported RMB reserve data in 2016 upon its inclusion in the Special Drawing Rights (SDR) currency basket—an increase exceeding 96%. Currently, more than 80 countries and regions have included the RMB in their foreign exchange reserves, with the RMB's weight in the SDR currency basket reaching 12.28%, ranking third globally. From the perspective of cross-border payment infrastructure, the coverage and technical service levels of the Cross-Border Interbank Payment System (CIPS) have continuously improved, providing critical technical support for RMB internationalization. According to the data published by the Cross-Border Interbank Payment System Co., Ltd., as of the end of November 2025, the CIPS system has 190 direct participants and 1,567 indirect participants. Among the indirect participants, Asia has 1,150 (565 domestic), Europe 261, Africa 65, North America 34, South America 33, and Oceania 24. In summary, RMB internationalization has achieved phased results and has become an important force in promoting the diversification of the international monetary system.

## 2.2 Research on the Association between the Belt and Road Initiative and RMB Internationalization

Currency cross-borderization exhibits strong regional characteristics. Research has found that the RMB exchange rate demonstrates significant spillover effects in Belt and Road countries, indicating that the RMB's influence in the region is strengthening [9]. Conducting outward direct investment through the Belt and Road Initiative can further promote RMB internationalization [10].

Since the Belt and Road Initiative was proposed in 2013, the proportion of trade between China and participating countries has risen from an initial one-quarter to over half, achieving double-leap growth in scale and proportion over the decade. From a development stage perspective, 2013-2022 marked a period of steady climbing in trade proportion, increasing from 25% to 32.9% with an average annual growth rate of 8%, and trade volume doubling, primarily due to the initial advancement of infrastructure interconnectivity and the implementation of tariff reductions and other policies. 2023 became a key leap year, with the proportion surging from 32.9% to 46.6%, closely related to enhancements in transport capacity of logistics channels such as the China-Europe Railway Express and the Western Land-Sea New Corridor. The period from 2024 to 2025 has entered a phase of high stability, with the proportion stabilizing above 50%, making Belt and Road participating countries China's core cooperation circle in foreign trade. Trade ties between China and participating countries are increasingly close, with the trade scale proportion exceeding half and maintaining a growth trend. According to the data from Guangming Net, in the first 11 months of 2025, China's total import and export value of goods trade reached 41.21 trillion yuan, of which imports and exports with Belt and Road participating countries totaled 21.33 trillion yuan, a year-on-year increase of 6%, accounting for 51.8% of China's total foreign trade value. ASEAN, as the core region of Belt and Road participating countries, continues to hold the position of China's largest trading partner, with imports and exports amounting to 6.82 trillion yuan in the same period, up 8.5%. The specific values are shown in Table 1.

*Table 1 Statistics on Import and Export Trade Data with Participating Countries*

Year	Proportion of Imports and Exports with Participating Countries to China's Total Foreign Trade Value	Core Trade Data
2013	0.25	Total import and export volume approximately 1.04 trillion USD
2022	0.329	Total import and export volume reached 2.07 trillion USD
2023	0.466	Import and export volume 19.47 trillion yuan, year-on-year growth of 2.8%
2024	0.507	Total import and export volume reached 3.1 trillion USD, average annual growth of 4.7%
First three quarters of 2025	0.517	Import and export volume 17.37 trillion yuan, year-on-year growth of 6.2%
First 11 months of 2025	0.518	Import and export volume 21.33 trillion yuan, year-on-year growth of 6%

*Data Source: China Belt and Road Network*

The Asian Infrastructure Investment Bank (AIIB), since its opening in 2016, has expanded its membership to 111, spanning six continents, forming an interconnected global cooperation network with the Belt and Road Initiative, while RMB internationalization serves as the core link empowering the community with a shared future for mankind. According to data from the Silk Road Fund, the Silk Road Fund, established in 2014, has become an important market-oriented funding force supporting Belt and Road projects, with a current fund size of 40 billion USD and 100 billion yuan, focusing on project construction in areas such as energy, transportation, and industrial capacity cooperation. Its market-oriented and commercialized operation model complements the AIIB, with invested projects not only promoting RMB usage in each project but also attracting more commercial financial institutions to participate in RMB cross-border investment and financing, thereby amplifying the RMB's international influence.

### **3. Research on the Impact of Digital Currencies on Currency Internationalization**

The emergence of digital currencies provides new technological pathways for currency internationalization. Taking the digital RMB as an example, its design, combining distributed ledger and centralized management, demonstrates dual advantages of improving efficiency and reducing costs in the field of cross-border payments. According to the report released by the Bank for International Settlements (BIS) in 2023, using central bank digital currencies for cross-border payments can shorten transaction settlement time from days in traditional systems to seconds and reduce costs by nearly 50%. According to China Financial News, from January to November 2024, the amount of RMB cross-border receipts and payments between China and participating countries reached 11.5 trillion yuan, a year-on-year increase of 40.6%. This China-led cross-border payment network has significantly promoted RMB internationalization.

In contrast, traditional cross-border payments mainly rely on the Society for Worldwide Interbank Financial Telecommunication (SWIFT) system, which is essentially a financial messaging network that only handles the transmission of payment instructions, without involving fund clearing, and still relies on the banking systems of various countries to complete fund transfers through multi-level correspondent banks. This separated architecture results in long payment chains and numerous intermediary links, leading not only to lengthy processes and low efficiency but also to elevated overall costs due to the accumulation of fees at each link. In contrast, the cross-border payment system (CIPS) promoted by China, combined with the digital RMB, constructs a new integrated architecture of "payment + clearing." CIPS directly processes RMB cross-border clearing, while the digital RMB leverages its programmability and smart contract functions to embed into complex scenarios such as trade finance and supply chain finance, achieving conditional payments and process automation. This model not only reduces dependence on the SWIFT messaging network but also, through architectural integration and technological empowerment, significantly enhances the efficiency, transparency, and controllability of cross-border payments, thereby strengthening the autonomy and resilience of RMB cross-border use.

It needs to be clarified that "CIPS + digital RMB" does not replace SWIFT, but rather builds a more efficient, open, and flexible new cross-border payment ecosystem. The programmability of digital RMB, with its smart contract functions, can be embedded in complex scenarios such as trade finance and supply chain finance, achieving "payment as fulfillment"; its fully traceable transaction process characteristics not only meet international regulatory requirements such as anti-money laundering and counter-terrorism financing but also reduce compliance costs for overseas financial institutions, clearing obstacles for the promotion of RMB in the Belt and Road region. In the future, as it interconnects with more central bank digital currencies and penetrates the "Belt and Road," RMB internationalization will achieve a comprehensive breakthrough.

### **4. Recommendations and Future Outlook**

To promote the high-quality development of RMB internationalization, it is necessary to synergistically advance based on the foundation of Belt and Road regional cooperation and the advantages of digital technological innovation. First, deepen regional financial cooperation by expanding the coverage and execution efficiency of bilateral currency swap agreements, promoting more participating countries to access the CIPS system, improving the RMB offshore clearing network, exploring the establishment of unified

regional clearing rules and risk prevention and control mechanisms, and increasing the RMB's share in pricing and settlement for trade and investment. Second, optimize the cross-border application ecosystem of digital RMB by accelerating pilot programs for interoperability with central bank digital currencies of countries along the routes, aligning with international technical standards and interface specifications, developing customized functions for scenarios such as bulk commodity trading and cross-border e-commerce, and strengthening security technology research and development to prevent cross-border flow risks. Third, strengthen policy coordination and market cultivation by improving interconnection mechanisms such as "Bond Connect" and "Cross-boundary Wealth Management Connect," guiding enterprises to use RMB for settlements through fiscal subsidies and tax incentives, and enhancing international promotion to improve RMB awareness and acceptance.

In the future, as the Belt and Road Initiative continues to deepen and digital RMB technology matures, RMB internationalization is expected to achieve a leap from "regionalization" to "globalization." Under the trend of multipolarization in the international monetary system, the RMB will gradually increase its share in global trade settlements, cross-border investment and financing, and official foreign exchange reserves, forming an international monetary status commensurate with China's economic position. At the same time, RMB internationalization will provide new solutions for global economic governance, promoting the construction of a fairer and more efficient international monetary system. Future research can further focus on topics such as digital RMB scenario innovations and regional exchange rate coordination mechanisms to provide more targeted references for practice.

## 5. Conclusion

This paper constructs an integrated analytical framework of "regional financial cooperation-digital technology empowerment-RMB internationalization," systematically exploring the impact mechanisms of the Belt and Road Initiative on RMB internationalization under the technological empowerment of digital currencies, and arrives at the following core conclusions.

First, RMB internationalization has entered a new stage of phased development, achieving significant breakthroughs in aspects such as reserve currency and cross-border payment infrastructure. The RMB's share in global foreign exchange reserves continues to rise, its weight in the SDR remains firmly in the global third position, and the coverage of the CIPS system continues to expand, providing a solid foundation for RMB cross-border circulation and becoming an important force in promoting the diversification of the international monetary system.

Second, the Belt and Road Initiative provides core application scenarios and institutional support for RMB internationalization. Through a decade of deep cultivation, participating countries have become China's core cooperation circle in foreign trade, with the trade scale proportion surpassing 50%. The synergistic efforts of the Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund not only broaden the application of RMB in cross-border investment and financing but also strengthen its influence in the regional economy, forming a virtuous cycle of "trade traction-financial support."

Third, digital currencies inject technological momentum into RMB internationalization, reshaping the cross-border payment landscape. The "payment + clearing" integrated architecture constructed by digital RMB and CIPS effectively addresses the efficiency and cost bottlenecks of traditional cross-border payments. Its technological advantages, such as distributed ledger, programmability, and traceability, not only enhance the convenience of RMB cross-border use but also strengthen its autonomy, reducing dependence on the SWIFT system.

Fourth, while RMB internationalization maintains a positive development momentum, it still faces multiple challenges. The dominant position of the US dollar in the current international monetary system has not fundamentally changed, and there remains substantial room for the RMB to increase its share in global trade settlements and foreign exchange reserves. At the same time, attention must be paid to the differences in economic development levels and financial regulatory policies among Belt and Road countries, which may pose certain obstacles to RMB cross-border circulation.

## References

- [1] Song, K., Zhu, S. D. and Zhang, J. S. Cross-border E-commerce, central bank cooperation and RMB internationalization. *Journal of Management World*. 2025, 41(9), pp. 44-64. <https://doi.org/10.19744/j.cnki.11-1235/f.2025.0117>.
- [2] He, J. Q. and Shu, L. F. Digital RMB helps RMB internationalize: Logic, challenges and path. *Finance and Economy*. 2023(10), pp. 73-83. <https://doi.org/10.19622/j.cnki.cn36-1005/f.2023.10.006>.
- [3] Xu, J. Developments and implications of central bank digital currency: The case of China e-CNY. *Asian Economic Policy Review*. 2022, 17(2), pp. 235-250. <https://doi.org/10.1111/aepr.12396>.
- [4] Deng, F. H., Li, M. and Ni, M. J. Promoting RMB internationalization in a stable, prudent and solid manner: Lessons from Us dollar, logical comparison, and pathways. *International Economic Review*. 2025(2), pp. 33-55+5. <https://doi.org/10.3969/j.issn.1007-0974.2025.2.gjjjpl202502003>.
- [5] Cui, Y., Liu, L. and Peng, K. International competitiveness and currency internationalization: an application to RMB internationalization. *Journal of the Asia Pacific Economy*. 2024, 29(2), pp. 588-611. <https://doi.org/10.1080/13547860.2022.2031521>.
- [6] Liu, L. J. and Wang, K. T. Research on geopolitical factors and the internationalization of the renminbi. *Modern Economic Research*. 2025(2), pp. 59-66. <https://doi.org/10.13891/j.cnki.mer.2025.02.004>.
- [7] Shi, H. and Guo, Q. The dilemma and rule construction of DC/EP cross-border flows in countries Along“B&R”. *On Economic Problems*. 2022(10), pp. 43-50. <https://doi.org/10.16011/j.cnki.jjw.2022.10.014>.
- [8] Gu, G. D. and Li, H. Game analysis of central bank’s digital RMB in the regionalization process of “Belt and Road” initiative. *Journal of Nanjing Audit University*. 2022, 19(6), pp. 101-110. <https://doi.org/10.3969/j.issn.1672-8750.2022.06.011>.
- [9] Wei, Z., Luo, Y., Huang, Z. and Guo, K. Spillover effects of RMB exchange rate among B&R countries: Before and during COVID-19 event. *Finance Research Letters*. 2020, 37, p. 101782. <https://doi.org/10.1016/j.frl.2020.101782>.
- [10] Liu, T., Wang, X. and Woo, W. T. The road to currency internationalization: Global perspectives and chinese experience. *Emerging Markets Review*. 2019, 38, pp. 73-101. <https://doi.org/10.1016/j.ememar.2018.11.003>.

## Funding

This research received no external funding.

## Conflicts of Interest

The authors declare no conflict of interest.

## Acknowledgment

This paper is an output of the science project.

## Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal. This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).