



**Introductory remarks: A conversation with Steven B. Kamin**

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The views expressed are my own and do not necessarily reflect official positions of the Federal Reserve Bank of Dallas or the Federal Reserve System.

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Good afternoon, everyone, and welcome to the Federal Reserve Bank of Dallas.

I am Enrique Martínez García, with the Global Institute, and it is a pleasure to welcome you to today's conversation on "The Role of the Dollar" in a changing global economic landscape.

The dollar remains the cornerstone of the international monetary and financial system—the currency that mostly sets international prices, settles cross-border payments, and anchors international reserves. Yet its dominance ultimately rests on trust: trust in U.S. institutions and the rule of law, in the depth, liquidity, and safety of U.S. financial markets, and in the credibility and predictability of U.S. policymaking. Recent developments—in both financial markets and global politics—have renewed questions about the resilience of that trust and its implications for global financial and economic stability.

That trust is being tested in new ways. The global system appears to be fragmenting, both politically and economically. Some analysts suggest we are entering a bipolar world, where tariff measures and supply-chain realignments are less the *cause* than the *symptom* of a deeper shift—from the pursuit of efficiency that defined the post-WWII globalization wave before the 2008 financial crisis to an emphasis on resilience and security in its aftermath.

Meanwhile, financial markets are undergoing their own transformation. The U.S. is positioning itself as a global standard-setter in both artificial intelligence and digital finance. The recently introduced GENIUS Act, for instance, could reshape the global payments architecture. By enabling stablecoin issuance fully backed by Treasuries, it could broaden access and flexibility for depositors and facilitate cross-border transactions in dollars—potentially boosting demand for U.S. safe assets and reinforcing the dollar's global reach.

Yet such innovations could also narrow the role of traditional deposits—pushing the financial system toward a form of narrow banking, where tokenized deposits and fully-backed private



money compete directly with conventional bank liabilities. Such a shift could reshape the transmission of monetary policy, redefine how private and public money coexist, and accelerate banking disintermediation—potentially constraining the traditional maturity- and liquidity-transformation roles of commercial banks, depending on how these new arrangements evolve in practice.

That raises a deeper and older question—one at the heart of monetary economics: what makes money essential, and what keeps the dollar the essential anchor of the international monetary system?

From the classical gold standard to today's algorithmic tokens, money has been valuable not because of what it is, but because of what it does: it solves what economists call the "double coincidence of wants," enabling exchange, minimizing transaction costs, and fostering specialization. Over time, the evolution of money has leaned ever more heavily on trust—trust that fiat currencies, though intrinsically worthless, will hold value because institutions and societies believe they will. Each new technological innovation, from paper money to stablecoins, makes the physical attributes of money less relevant and its credibility and governance more so.

At its core, this is the challenge facing the dollar and the dollar-based international monetary system today: sustaining trust amid rapid fintech innovation and the emergence of new forms of private money. How will the dollar fare this time? The dollar has faced challenges before—but like a seasoned actor who never forgets his lines, it has tended to deliver a strong performance on every stage, even as the world keeps rewriting the script. With the next act now unfolding, we look forward to—but cannot assume—that it will continue to rise to the occasion.

To talk about these and many other issues surrounding the role of the dollar, we are honored today to host Dr. Steven B. Kamin, Senior Fellow at the American Enterprise Institute and former Director of the Division of International Finance at the Federal Reserve Board, where he advised the Fed's leadership and represented the United States in the G7, G20, and BIS. Over more than three decades, Steven has been a leading voice on international macroeconomics and the dollar's global role.

Joining him in conversation is Mark A. Wynne, long-time colleague and Director Emeritus of the Global Institute, whose research on international integration and global inflation dynamics continues to shape the way we think about cross-country policy spillovers and the global transmission of shocks.



Before we begin, a few brief housekeeping items:

- Please silence your phones.
- We will take questions via Slido (QR codes are available on your tables and displayed on the screen), and we will also have mics for live questions at the end.
- The event is being recorded and will be available on the Dallas Fed website following today's session.

With that, please join me in welcoming Dr. Steven Kamin to the podium.