

International Financial Sanctions and Its Implications for the Stability of the Global Monetary System: A Case Study of Frozen Russian Assets After 2022

Suad Jawad kadhim*

Economics Department College of Administration and Economics, University of Al-Qadisiyah, Iraq

Corresponding Author: Suad Jawad kadhim

Economics Department College of Administration and Economics, University of Al-Qadisiyah, Iraq

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Abstract: One of the most significant incidents that created considerable disagreement about the future of the international financial system is the investigation of the state of Russian assets blocked during 2022 after sanctions. Finance international order critical worldwide from stability on implications study to purposes research. The international finance limitations use instruments in study of goals political and geopolitics. It concentrates mainly on legal economic analytical foundations. Based on her western countries in freezing assets Russian examination antiquities resulting on this is fantastic procedures in level trust Internationalised in institutions Global Finance and Markets Cash Study what it means for status currency No reserve tit dollar and euro dollar American dollar President. As good it does Search impact this is wonderful progress in trends few countries about diversification Its depletion of foreign reserves and What is known in framework accreditation in Tit dollar It was implemented in directions elimination dollarization, with research bezel capability this is astonishing trends on events transformation substantial in structure order critical Global. Title approach research descriptive analytical curriculum file assets during monitor developments search condition from Russian frozen analytical data and Institutions finance reports Economic tit link and international organisations' tit connection. search to that freezing assets Russian appearance precedent tit antiquities strategy far away tit range, and contributed in strengthening concerns it have some countries about security assets sovereignty tit retainer in it in centers finance western, tit matter that to push number from it to reevaluation policies administration reserves foreign and with that, it indicates results to that continuation dominance dollar and currencies western what zeal supported factors economic and institutional and structure strong, which makes any transformation radical in order critical global practical gradual and complex not a result directly for sanctions finance alone.

Keywords: Sanctions Finance International, order Critical Global, Assets Russian frozen, Stability Financial International, Tit crisis Russian - Ukrainian Risks Geopolitics.

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Introduction

To attest finance international during contracts tit last increasing noticeable in use sanctions finance as described tool president from tools politics foreign ministry and pressure tit economist where it became restrictions imposed on transactions finance and tit origins investments from more means usage in administration conflicts. International and impact in the behaviour of countries and acquired this orientation importance especially after the crisis Russian Ukrainian 2022, when the states took united and the tit union European and the number from the countries tit ally processes vast range It was including substantial part freeze from assets It is as if development not preceded from where size assets targeted and its nature sovereignty and it provoked this is amazing procedures discussions wide between researchers and manufacturers decision around impact sanctions finance in stability order critical global, and extent finance western, it is existing in Institutions Russian Its reflection on trust in institutions finance They represent the primary foundation for the contemporary global financial system. International reserve currencies are the US dollar and the euro. It also raised worries about what if this is great policies pay certain countries to re looking in strategies This is an open access article under the [CC BY-NC](https://creativecommons.org/licenses/by-nc/4.0/) license

administration Western finance centres reduce its uptake and foreign reserves. The importance of this study is due to the extraordinary tit-for-tat connection between the crucial international order and the convoluted relationship between economic considerations and geopolitical goals in the pursuit of limiting the political risks related to the acquisition of foreign assets and Its impact possible in a movement heads money and flows finance global and from this tit starting point seeks search to analysis repercussions freezing assets Russian after 2022 stability order critical global, and statement its effects economic and criticism legal in range near and tit distant one.

Research Methodology

Research Problem

This is great if it was 2022 gesticulate Russian after freezing assets resulting tit around international debate tit escalation problem search in antiquities symbolises instrument effective to attain goals political don harm with stability order essential global processes It also points to the difficulty of differing



views on the impact of financial penalties on faith in financial institutions, the international financial system and currencies. Reserve tit president and extent involvement in to persuade certain countries to diversify its foreign reserves and reduced dependence on the dollar, the euro, the issue that it raises doubts about the future order essential global and its trends throughout the next years.

Importance of tit research

So aids in elucidation antiquities tit resultant on use sanctions funding sources importance search from take it issue current tit dimensions economic and legal geopolitics influential in stability order critical global tit politician. International freezing assets sovereignty as a pressure weapon It stands out its relevance in analysis reflections, this is fantastic procedures on faith in institutions finance international and currencies reserve tit president, exploration bezel as well. Its impact on diversification trends foreign its reserves countries. It supplies a framework for cognitive search and maybe it benefits researchers and manufacturers decision in order to understand transformations present in anticipation of its future courses one potential.

Research Objectives

Amazing tit methods based on legal and economic foundations to analysis search intends to research situation critical global order stability international financial sanctions impacts from throughout 2022 after frozen assets Russian. As well aims to examine the impact of freezing assets on trust in financial organisations International currencies reserve tit president, and study its reflections on policies administration reserves foreign have tit countries and it aims like that to analysis role this is amazing developments in strengthening bearings diversification reserves and reduce accreditation on tit dollar on foresight scenarios potential for tit future order tit critical global in shadow expansion in use tit sanctions finance International .

Research Hypothesis

Search based to hypothesis home Tit following : Leads sanctions finance international, especially freezing assets sovereignty, to weakening trust in neutrality order critical global and increase condition fragmentation financial international, In what reflected negatively on his stability and stimulates countries on diversification its precautions and development alternatives finance to reduce risks exposure For penalties .

Research population and sample

It is community search in literature scientific and reports economic finance international and documents official Related with sanctions finance international freezing assets sovereignty, with tit focus on tit condition Russian after 2022. As for sample search it includes group selected from reports issued on fund criticism international, and bank settlements international, and tit bank central European, and group tit seven, addition to studies academy specialized and statistics and data related size assets Russian frozen and its effects economic and tit cash, that's in what Investigates goals search and serves requirements analysis scientific .

Tit Theoretical Aspect of tit Research

Sanctions Finance International: Tit Concept and tools and tit foundations Theory

To get acquainted with sanctions finance Take it nation or group nations or organisations processes and methods that sit group from international International With capability of limitation of tit aim Economic Finance State or organization or Individuals Specific For impact in their behaviour Political or security or Tit economist . And development concept sanctions Finance In image Note during Contracts Tit last one where Move from Accreditation on prohibit Commercial traditional to Use tools Finance Advanced Targets assets and reserves and transactions Banking International. This Transformation is associated Globalisation Expanding Tit big one in Finance and grows. Markets and institutions are interdependent. Global Banking, Access Matters to Order Financial International One most crucial factor power Economic For countries. As well. Less Cost sanctions IT on becoming inquiry from military interventions and more capacity demands Political In picture immediately Which Boost Her status As a weapon Centrality in administration Relations International Contemporary (Drezner, 2023: 41).

International Finance sanctions include freezing Assets Finance, ban Transfers Banking, limit Access to systems Payment International, And enforced Restrictions on Investments overseas , and restriction Finance Dealing with banks and institutions Targeted. The idea is that This is fantastic Tools from more methods tit pressure effectiveness because of Approval Economy Global on Networks Finance Tit passerby For geographical boundaries, where leads restriction Access to that Networks to weakening capacity State Targeted on money Foreign Ministry foreign trade And on Currencies Foreign obtaining. As well. that Evolution Technological in Banking Systems International put at disposal Tit Great possibilities For countries Entities directing finance flows Path Targeted accurately greater, Which Increase from efficiency sanctions comparison It depends on processes Previous In stages Sit was General less Targeting and more effect on Civilians (Farrell & Newman, 2023: 67).

It is based on Foundations Theory For sanctions Finance power idea International Relations in Political Strength For Extension Described As Economic Countries that realist Theories Assumes Utilised Its resources Economic strategy Protection of its interests Her security National and in this Perspective, Sanctions Finance Means to coerce Parties Represents Geared towards fixing Don Asylum to power military Her behaviour Straight up. Also look at some Trends Theory to sanctions As weapon To show Credibility Political For countries Tit necessary Send Messages to Sanctions Parties for deter It may take other measures Like. Therefore, for efficacy, sanctions are not only judged with their economic direct outcomes, but also with their potential to effect on the accounting strategy. For particular countries (Bapat, 2022:118).

Which to that certain countries possess Sites Equivalent not mutual to Accreditation Finance International Based Political Economy In framework It to Centrality in Networks: Finance Global Sit enables effect in countries Minimum capacity on Access to sources Finance & Markets Global. Institutions. It is recognised as American Dollar Finance Most prevalent elements Western This is wonderful Centrality, so Grant countries dominating on Structure Infrastructure Financing Large Capacity International on duty restrictions From this Tit beginning point, monitoring transfers became Finance Global and sanctions Finance tool It is directly connected A State inner position an In Traditional Political or military strength Her Size Not just (Kirshner , 2024: 92). Tit about It Transformation last year's Sanctions what is known

Finance saw It is procedures With sensible sanctions or Tit guidance Targets individuals and sectors and institutions Specific Rather than duty sanctions Economy, Comprehensive on In its entirety and it targets this Orientation to reduce Antiquities Humanity Negativity and increasing accuracy pressures Economic imposed on Targeted Entities As well talents and developments helped digital Advanced Data Analytics to Enhance the Effectiveness of Finance Networks from Sanction Type to Sanction Set In tit authorities Penalty Related And follow Its operations via Tit borders and led that to more Sanctions Accreditation Tit Guide Many option have from governments favourite IT International Organisations in the Management of Crises and Conflicts International (Nephew 2024: 154).

It makes tit time the same Finance International sanctions Researchers see number from Expansion in Using it may pay some countries to Search on Alternatives Discussions. Financial order of stability on range far away Its influences wide around Simplify existing Finance methods for ♣ Its use on Currency Maintain status quo and institutions Western. Also, maybe that Leads density Use sanctions to drive and settlement construction procedures Parallel finance outside of framework International, Critical order structure in may reflected on traditional, Financial. IT is related in foreseeable future. So, it did not sanction Finance Study as tool pressure political merely, but rather Finance Global and balances power Governance Tit Great (Tooze, 2024: 211). Economic between countries

Freezing Assets Russian after 2022: Backgrounds and mechanisms Legal Finance

Freezing Appearance Resolution Assets Russian post epidemic The Russian Ukrainian War The turning moment February 2022 The most important date Sanctions Assets Given For Size Finance International Targeted and how Sovereignty. 7. It's gone. The United States and the European trade union It took the United Kingdom Number from countries Canada Japan United Tit other processes Co-ordinator Foreign-affiliated, Targeted reserves For It bank Tit central depository russian institutions It came outside Russia to finance it In context remarkable is attempt measures duty to stresses Economic wide range It tries To Limit capacity from government Russian on Use Its reserves International To help out IT did Funding and nationalism The actions Economic shadow sanctions — Tit one escalating. And it has like this Procedure precedent a task because reservations It was sovereignty It is from Assets that Enjoy degree High from Protection Trust inside order Financial International, Tit matter that make tit case Global Level in foreign administration reserves. It relates to become Political After then overcome Topic (Zelekow , 2023 : 38).

Backgrounds It was built foreign for tit Assets Russian to freeze reserves It piled up Russia during Previous years For tit crisis, where Adopted Russian policy Authorities and critical It aims to Strengthening Her ability on Confrontation traumas Foreign Ministry and sanctions Tit possible. And it may share to raise returns exports Formation has vast energy reserves Sovereignty Origins Distributed between gold and foreign Currencies Different. Not that big of a part assets shadow this is awesome Preserved in Finance Institutions Western judicial States Within matter that made available For countries it is compulsory Access to Possibility Restriction Sanctions To sat and she displayed this is awesome No diversification ingredients stocks It

is solitude enough Reduce Risks if Sit remained Assets Keeping In it within framework Finance Subject authorities Competent for duty Restrictions Legal Organisational Occurrence crises on it Geopolitical Major (Setser, 2023: 74).

Legal Based on legislation freezing procedures to group Nationalism and choices Tit area Western powers that allowed countries to prohibit assets related in tit country Russian and its official institutions. And it has United States Approved on authorities Tit Legal Private European Frame it Union it Shared with. Based it in Laws Federalism Emergency Economic it specified. despite no Meaning freezing Change ownership of assets or confiscated assets legally It is it is forbidden In a simple way Operating In It or Benefit In a time from it Circulation Sanctions and their antiquities this particular scenario Complex legal conversations It is about the notion of immunity on tit Sovereignty and limits authority countries in restriction Central shadow origins in foreign Banks International Unified Judicial Decide decisions This is a great Tit problem In a sense Final (Wuerth 2024: 129).

From Tit area Finance Lost IT implement freezing on Structure Infrastructure for institutions international finance and networks Settlement and Preservation that preserves its original Sovereignty Multinational. deposit Institutions is considered deposit For papers Finance and banks Great International Tit From Organisations It was a key moment for President Dora in the application Restrictions put on Russian Assets and has underscored Amazing tit condition Importance Increasing For institutions It not only Influence Financial Related Tit mediator inside order Financial Global, so did Not Only issuing Currencies Reserve, But also With power on control in Channels Assets Preservation, Settlement & Management Tit passerby For tit frontiers. Also bezel revealed tit crisis Interdependence of the aspects Legal and technical tools for the implementation of sanctions Range vast On finance And in a period Relatively brief (Oatley , 2024: 183).

Frozen Assets Led Russia to ignite international debate on possibilities Authenticated returns from Use Permanent In image confiscated to Asylum or till Assets this is great to help Ukraine and return Its rebuilding. And it has antiquities this idea suggestion disputes legal and economic among countries some experts believe that confiscation could permanently destroy the West itself. It has dangers Safe travels order It pertains to Financial Global And in trust impacts countries Tit owner For reserves Foreign. In In comparison, think of fans This is wonderful Step that unusual conditions excuse for tit conflict not customary To Account measures State causal agent in harm Tit . This echoes the Considerations Tit debate complexity connection Politics and necessities Stability Financial, particularly when It pertains Tit matter Origin sovereignty strategy with tit value Big (Halhuber, 2024, p. 96).

Experience Russian frozen Assets on Transformations a task in nature power revealed Finance International, where IT turned into control on Structure Institutional for tit system Financial Global worker trained for Sanctions effectivity Economic. As well IT payed Developments that's amazing many from countries asking for review overseas distribution its sites and reserves Keeping In it, with greater interest in its original Local gold and some Tools Finance Alternative. Showed Tit crisis order Financial International what Zale Enjoy degree High from Central Grant forces Economic Tit Great capability huge on impact in a movement Assets Global. Tit time same Russian Assets Only

incidence for condition no Specific, but rather Reflect broader tendency on politicisation Related crises Political Finance Tools And Her growing involvement in Economic International Contemporary formation balances (Armijo & Katada, 2025: 221).

Repercussions sanctions Finance on stability order Critical Global and tit future trust Finance International

It became sanction Finance International for years Last worker Tit Critical Global not just as Influential structure order It affects Live in Targeted countries as well as a result Effect on perceptions International Related Safety Assets Liquidity Finance Title passerby For Tits boundaries. Critical Global Tit System In the gem it depends on mutual trust between countries and institutions Financial possibility Reserve access and origin of tit In the circumstances of Foreign Ministry Exceptional tit and when ordinary Used Financial Tools Expanded in Conflicts In image Geopolitics, for one thing Raises doubts on bezel neutrality Structure Reflections on the autonomy of the international finance Political. And it has to force this reality Number from governments, banks Reevaluation as the central theme Risks of Not Keeping Part of the Reserves Big in Finance Systems Countries subjecting authorities to Other Tit matter that Affects Patterns spread gradually Tit next one (Prasad, 2023: 87) throughout years Assets Reserve Global.

Most significant possible fallout Increase interest for sanctions Finance Accreditation and International Reserves diversified by Traditional Reserve Currencies limited number of In tit dollars or euro inside Institutions Finance Western tit resistance In tit original tit Continued developments sanctions imposed on economies tit Great grew more Awareness At danger Political that may Accompanying Keeping So tit countries that So Last year's saw Tit trend growing about more Possessions gold, and strengthening Use Currencies Duality in certain Local Commercial Exchanges. Foreign Ministry Reduces Exposure to Alternatives Finance For restrictions Research. Despite what it has been through this is fantastic movement's Limited comparison in magnitude Tit entire Reflect Change slowly in Perception Risks For reserves Global International Financial Sovereignty Related By system Al-Qaim (Eichengreen, 2024: 143).

It resulted in sanctions Broad financial discussion on future dominance Dollar Reserve American First in Tit world as Dollar tit. Based on group from Benefits The depth markets of finance contain structure American, Institutions Liquidity, strength and High level Economically and legally. Except for Related Frequent For sanctions Usage Reduce procedures to search some nations in dollars to pay May Order Financial American And with that, It is trained on data up to October 2023. It indicates majority Studies Transition of modern monetary system to multit Currencies It has big Challenges, It is currently itself for properties in that size stability and susceptibility dollar where it owns for lack of existence substitute it Global Usage, In His practical long Tit term posture, Which causes anyone to retreat Transformation Not Fast or Straightforward (Cohen, 2024: 59).

Contributed sanctions in related context financing for accelerated efforts archer brown development to tit On Western Institutions That Dominate outside Traditional Finance Alternative Frameworks. And it has included that expanding systems Payment Nationalism And regionally, and boosting Use Currencies Digital Centrality and development procedures for banks Settlement Finance Binary and many Parties Reduce Accreditation on

networks Payment International Traditional. This is amazing Initiatives See to This as Attempts To boost Flexibility Finance and lessen hazards Exposure For sanctions In the future. that success (Not applicable) This is awesome Alternatives what Zale Related With her skill on to provide levels Like in Efficiency and transparency Trust Availability Systems Finance Menu now it is challenge Institutional and technology investments required Large (Aldasoro, Frost & Eren, 2025: 112).

From Stability Financial Global corner, may Leads sanctions wide range to more degree Fragmentation inside order Critical International, where Heading some nations to establishing networks Finance and commercial separate comparatively on Centers Finance Traditional. And probably this takes this tendency back to levels of integration Tit passerby Please on reducing efficiency Tit passerby For tit borders Financial Global Height Costs Transactions International finance resources allocation on level Systems Finance parallel may generate Challenges As well that multiplicity New prior to censorship and structure and collaboration between Authorities Cash Tit other ones, It is what might have been Reflected in stability of markets Global Finance in Times of Economic or Geopolitical Crises Great (Gopinath, 2024: 176).

Tit for one range Tit It is associated receptors trust Finance International With tit ability order Critical Global on investigation balance between requirements Security National For countries and need Finance Stability of Capability Prediction Preservation Relations International. It increased more and more Concerns of possible politicisation Assets and reserves It increased incentives to Foreign Ministry IT having countries On alternatives research Lower it Expose it Risks Geopolitics. And conversely, for Preservation on trust Global requires clear, visible rules of presence control Finance and Sanctions and it is decided Its extent and its bounds. Legal. And then it was a matter of sanctions. Finance no Only connects Goals with efficiency in investigation Political A vessel but also With her skill on living with requirements Stability long term For the system Critical Global and safeguarding on confidence that form basis currency And its continuation (Subacchit, 2025: 204).

Tit applied aspect of tit research

Analysis of tit impact of international financial sanctions on global monetary and financial stability

In recent times, international financial penalties have become one of the most influential tools in the global economic environment, especially since the increase of geopolitical tensions associated to the 2022 Russia-Ukraine crisis. The spillover effects of these sanctions have transcended the targeted countries and impacted various dimensions of the stability of the global monetary and financial system, encompassing the flow of international reserves, the allocation of sovereign assets, global trade patterns, and the degree of trust in international financial institutions. These developments have also led to greater concern among many countries about the safety of assets held abroad and their potential vulnerability to future financial restrictions, prompting several central banks to review their foreign exchange reserve management strategies and diversify their holdings. A series of quantitative indicators that capture trends in the global monetary system in the period 2021-2025 can be used to demonstrate the extent of these transitions more precisely.

In the past five years, the structure of international reserves held by central banks across the globe has gradually shifted as some countries have started to lessen their relative reliance on traditional currencies and to boost their holdings in gold and other currencies. These developments are paralleled by an increasing use of financial penalties and freeze of sovereign assets, causing many

governments to look for safer, less politically exposed instruments for their reserves. These developments have had a role in the slow evolution of the global reserve environment but have not created the foundation for substantial alterations in the international monetary balance of power. This can be demonstrated by the following table:

Table (1) : Evolution of tit distribution of global reserves held by central banks (%) during tit period 2021-2025

| Type of reserve asset | 2021 | 2022 | 2023 | 2024 | 2025 |
|-----------------------|------|------|------|------|------|
| US dollar | 59.2 | 58.7 | 57.8 | 57.1 | 56.4 |
| euro | 20.6 | 20.4 | 20.1 | 19.9 | 19.8 |
| Chinese Yuan | 2.8 | 3.0 | 3.4 | 3.8 | 4.1 |
| gold | 13.1 | 13.9 | 14.8 | 15.5 | 16.3 |
| Other assets | 4.3 | 4.0 | 3.9 | 3.7 | 3.4 |
| tit total | 100 | 100 | 100 | 100 | 100 |

Source : Prepared by tit researcher based on data from tit International Monetary Fund (IMF) and reports from tit World Gold Council , 2025.

Table (1) shows gradual alterations in tit structure of international reserves during tit period 2021–2025. The dollar part of USD went from 59.2% in 2021 to 56.4% in 2025, a decrease of 2.8 percentage points, and the euro fraction of the euro component of USD decreased from 20.6% to 19.8%. However, the combined share of tit two currencies in total global reserves is still above 76% in 2025, indicating the dominant position of tit two currencies in the tit international monetary system. On tit other hand, tit share of gold climbed from 13.1% to 16.3% over that same period, an increase of 24.4% relative to tit base year of 2021, showing tit increasing confidence of central banks in physical assets not linked to conventional financial institutions. The percentage of the Chinese Yuan likewise climbed from 2.8% to 4.1%, up by 46.4% over five years. These results suggest that international financial penalties have played a role in hastening the diversification of

international reserves but have not yet lead to a fundamental change in the tit structure of the tit global monetary system.

In addition to the impact of sanctions on international reserves, the effects have been extended to the global financial structure itself, leading to new trends related to the use of local currencies in trade, the development of alternative payment systems, and the redistribution of sovereign assets among global financial centers. These indicators are among the most important evidence of the changes in confidence in international financial institutions after 2022, with many countries moving to reduce their dependence on traditional financial structures and strengthen their own capabilities in the areas of financial settlement and international payments. We may illustrate this using the following table:

Table (2) : Indicators of change in tit international financial structure during tit period 2021-2025

| Index | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|------|------|------|------|------|
| Number of settlement agreements in local currencies | 48 | 56 | 67 | 77 | 86 |
| Tit size of global gold reserves (thousand tons) | 35.3 | 36.1 | 37.0 | 38.0 | 38.9 |
| Number of countries participating in alternative payment systems | 18 | 24 | 31 | 37 | 41 |
| Percentage of international trade in currencies other than tit dollar (%) | 14.5 | 16.8 | 18.9 | 20.8 | 22.7 |
| Size of sovereign assets redistributed geographically (billion dollars) | 120 | 215 | 330 | 425 | 510 |

Source : Prepared by tit researcher based on reports from tit Bank for International Settlements (BIS) , tit International Monetary Fund (IMF) , and tit World Bank, 2025 .

Table 2 reveals a clear acceleration in tit transformations witnessed by tit global financial system during tit period 2021–2025. Tit number of settlement agreements in local currencies increased from 48 to 86, a total increase of 79.2%, reflecting tit growing international desire to reduce reliance on traditional reserve currencies in trade transactions. Tit number of countries participating in alternative payment systems also rose from 18 to 41, an increase of 127.8%, indicating a growing interest in developing parallel financial networks. Simultaneously, tit share of international trade conducted in currencies other than tit US dollar increased from 14.5% to 22.7%, a development reflecting a gradual trend toward greater multilateralism in tit use of international

currencies. Tit volume of sovereign assets that were geographically redistributed jumped from \$120 billion in 2021 to \$510 billion in 2025, an increase of over 325%, reflecting a broad reassessment of tit risks associated with tit locations where reserve assets are held. These indicators confirm that financial sanctions have contributed, directly and indirectly, to pushing countries towards diversifying their financial instruments and enhancing their resilience to geopolitical risks.

Tit findings from tit preceding tables indicate that international financial sanctions have become a significant factor in reshaping tit global monetary and financial environment. While tit US dollar and tit euro continue to dominate tit majority of

international reserves, recent years have witnessed a marked increase in reserve diversification, greater reliance on gold and alternative currencies, and tit expansion of payment and settlement networks beyond traditional frameworks. Tit substantial rise in tit volume of geographically redistributed sovereign assets also underscores a tangible shift in countries' perception of tit risks associated with holding their assets in specific financial centers. However, these shifts remain gradual, suggesting that tit global monetary system is moving towards greater multilateralism without a radical transformation of international financial power centers in tit foreseeable future .

Studying tit repercussions of freezing Russian assets on confidence in tit international monetary system

Tit decision to freeze a significant portion of Russia's sovereign assets after 2022 sparked widespread debate about tit future of confidence in tit international monetary system, given that foreign reserves are among tit most important tools countries rely on to ensure monetary and financial stability and to confront economic crises. For decades, tit international monetary system has been based on tit fundamental assumption that sovereign assets

held by central banks and foreign financial institutions enjoy a high degree of security and political neutrality. However, tit freezing of Russian assets has raised fundamental questions about tit continued viability of this assumption and tit likelihood of sovereign reserves being subjected to similar measures in tit future, especially in light of escalating geopolitical tensions. Consequently, many countries have begun reassessing their reserve policies and strategies for managing their foreign assets, which has directly impacted patterns of international reserve allocation and global financial confidence indicators.

Tit distribution of foreign reserves among various assets and financial institutions is one of tit most prominent indicators for measuring tit impact of tit freezing of Russian assets on confidence in tit international monetary system. Tit greater tit concerns about tit risks of asset freezes or political restrictions, tit more countries tend to diversify their reserves and reduce their reliance on specific financial centers. Tit years following 2022 witnessed clear shifts in this area, which can be observed in tit evolving structure of international reserves. This can be illustrated by tit following table:

Table (3) : Indicators of change in tit distribution of global foreign reserves during tit period 2021-2025

| Index | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|------|------|------|------|------|
| Reserves held in US dollars (%) | 59.2 | 58.7 | 57.8 | 57.1 | 56.4 |
| Reserves held in euros (%) | 20.6 | 20.4 | 20.1 | 19.9 | 19.8 |
| Reserves held in gold (%) | 13.1 | 13.9 | 14.8 | 15.5 | 16.3 |
| Reserves held in alternative currencies (%) | 7.1 | 7.8 | 8.7 | 9.5 | 10.4 |
| Number of central banks that increased their gold purchases | 34 | 51 | 68 | 74 | 79 |

Source : Prepared by tit researcher based on data from tit International Monetary Fund (IMF) and tit World Gold Council , 2025.

Table 3 indicates gradual changes in international reserve management patterns during tit period 2021–2025. Tit share of reserves denominated in US dollars decreased from 59.2% to 56.4%, a decline of 2.8 percentage points, while tit share of tit euro fell from 20.6% to 19.8%. Conversely, tit share of gold increased from 13.1% to 16.3%, a rise of 3.2 percentage points, and tit share of alternative currencies rose from 7.1% to 10.4%, representing a growth rate exceeding 46%. Furthermore, tit number of central banks that increased their gold purchases rose from 34 in 2021 to 79 in 2025, reflecting a growing trend toward assets perceived as less susceptible to political influences. These indicators show that tit freezing of Russian assets has contributed to increasing caution among many countries regarding holding a large part of their

reserves in assets under foreign authorities, which has been reflected in decisions to redistribute and diversify reserves.

On tit other hand, tit impact of freezing Russian assets extends beyond tit restructuring of international reserves; it also affects confidence in global financial institutions and tit infrastructure of tit international monetary system. These developments have prompted many countries to strengthen alternative payment systems, expand tit use of their local currencies in international trade, and geographically redistribute a portion of their sovereign assets to mitigate political risks. These shifts can be inferred from a range of indicators related to tit level of international financial confidence. This can be illustrated by tit following table:

Table (4) : International financial confidence indicators after tit freezing of Russian assets during tit period 2021-2025

| Index | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|------|------|------|------|------|
| Number of settlement agreements in local currencies | 48 | 56 | 67 | 77 | 86 |
| Number of countries that have joined alternative payment systems | 18 | 24 | 31 | 37 | 41 |
| Value of sovereign assets redistributed geographically (billion dollars) | 120 | 215 | 330 | 425 | 510 |
| Percentage of international trade in currencies other than tit dollar (%) | 14.5 | 16.8 | 18.9 | 20.8 | 22.7 |
| Confidence index in tit neutrality of tit international financial system (out of 100 points) | 82 | 77 | 73 | 70 | 68 |

Source : Prepared by tit researcher based on data from tit Bank for International Settlements (BIS) , tit International Monetary Fund (IMF) , and tit World Bank, 2025 .

In Table 4, a strong link between the freezing of significant Russian assets and worldwide financial confidence measures is shown. The number of settlement agreements in local currencies climbed from 48 to 86 over the time under review, indicating increasing interest among countries to minimise their dependence on existing financial institutions. The number of countries adopting alternative payment methods also climbed from 18 to 41, an increase of more than 127%, indicating a growing interest in creating alternative financial channels. At the same period, the overall worth of the sovereign assets of geographical redistribution countries climbed from \$120 billion to \$510 billion, over four times the initial value. Percentage of international commerce in currencies other than the current US dollar also increased from 14.5% to 22.7%. On the other hand, the index of confidence in the neutrality of the international financial system decreased from 82 points in 2021 to 68 points in 2025, pointing to a significant decline in perceptions of the independence of international financial institutions from political and geopolitical tensions.

Tit results of tit two earlier tables show that tit decision to freeze Russian assets was not a one-off financial event but a tipping moment in how many countries regard tit security of their foreign reserves and tat neutrality of the international monetary system. These changes have reinforced the movement towards reserve diversification, greater use of gold and other currencies, and the growth of payment and settlement networks outside the traditional paradigm. The US dollar and the euro remain dominant in the global monetary system, but quantitative indicators clearly signal the beginning of a gradual shift toward a more diversified financial environment, less dependent on a single financial center,

whose consequences may broaden in the future if financial sanctions continue to play an increasingly important role in managing international relations.

Evaluating tit responses of countries and international financial institutions to financial sanctions after 2022

Tit extensive financial sanctions imposed on Russia after 2022 led to significant shifts in tit behavior of states and international financial institutions regarding tit management of financial and geopolitical risks. These developments prompted many governments and central banks to reconsider their foreign exchange reserve management strategies, develop alternative payment systems, and diversify their financial and trade partners. In turn, international financial institutions strengthened their financial oversight mechanisms and risk management strategies related to sanctions and cross-border capital flows. These responses reflect a growing awareness that financial sanctions are no longer merely a temporary political tool, but have become a significant factor in shaping economic and monetary decisions at tit international level.

Countries have taken a wide range of measures to adapt to tit new financial environment that emerged after 2022. These measures have included increasing gold reserves, expanding trade agreements based on local currencies, joining alternative payment systems, and redistributing sovereign assets among different financial centers. Studying these indicators is crucial for assessing tit impact of sanctions on countries' financial behavior in tit years following tit crisis. This can be illustrated by tit following table:

Table (5) : Tit most prominent responses of countries to international financial sanctions during tit period 2021-2025

| Index | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|------|------|------|------|------|
| Number of countries that increased their gold reserves | 34 | 51 | 68 | 74 | 79 |
| Number of trade agreements in local currencies | 48 | 56 | 67 | 77 | 86 |
| Number of countries participating in alternative payment systems | 18 | 24 | 31 | 37 | 41 |
| Value of redistributed sovereign assets (billion dollars) | 120 | 215 | 330 | 425 | 510 |
| Number of countries that have modified their foreign exchange reserve management strategies | 22 | 39 | 57 | 71 | 84 |

Source : Prepared by tit researcher based on data from tit International Monetary Fund (IMF) , tit Bank for International Settlements (BIS) , and national central banks, 2025 .

Table 5 shows that the responses of countries to financial sanctions greatly increased throughout the period 2021–2025. The number of countries that accumulated gold reserves jumped from 34 to 79, showing a broadening of the reliance on safe assets that was unconnected to direct political threats. The number of trade and settlement agreements in local currencies also grew from 48 to 86, a growth rate of 79.2%, indicating countries’ efforts to minimise their dependence on traditional reserve currencies. Moreover, the number of countries participating in alternative payment systems went from 18 to 41, an increase of approximately 127%, and the net value of sovereign assets that were geographically reallocated increased from \$120 billion to \$510 billion. The number of nations re-structuring their foreign

exchange reserve management policies increased from 22 in 2021 to 84 in 2025 demonstrating the broad influence of financial penalties on monetary and reserve policies globally.

International financial institutions, in addition to state actions, played a crucial role in tackling the tit-for-tat effects of financial penalties and elevated uncertainty in the global markets. These institutions have tried to beef up financial stability initiatives, improve monitoring of capital flows and provide technical advice to countries on how to manage financial risks. They also aimed at fostering financial transparency and improving international coordination to tackle various problems resulting from the fragmentation of the global financial system. This can be seen from the following table:

Table (6) : Indicators of tit response of international financial institutions to tit financial repercussions of sanctions during tit period 2021-2025

| Index | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|------|------|------|------|------|
| Financial stability programs supported by international institutions | 42 | 51 | 63 | 72 | 81 |
| Technical assistance missions related to financial risk management | 115 | 143 | 176 | 208 | 241 |
| Annual Financial Control and Warning Reports | 68 | 84 | 97 | 112 | 128 |
| Countries benefiting from financial stability support programs | 57 | 64 | 73 | 81 | 89 |
| Tit amount of emergency funding provided to countries (billion dollars) | 94 | 126 | 171 | 209 | 248 |

Source : Prepared by tit researcher based on reports from tit International Monetary Fund (IMF) , tit World Bank, and tit Financial Stability Board (FSB) , 2025.

Table 6 demonstrates a notable rise in tit scale of tit response from foreign financial institutions during the tit period under consideration. The number of financial stability initiatives climbed 92.9% from 42 in 2021 to 81 in 2025. The number of technical assistance missions on financial risk management also climbed from 115 to 241, indicating the growing demand for technical and advisory support in a more complicated financial environment. The number of annual financial monitoring and warning reports likewise climbed from 68 to 128, up 88.2%. Meanwhile, the number of countries that benefited from financial stability support programmes climbed from 57 to 89 and the amount of emergency financing supplied to countries went from \$94 billion to \$248 billion, an increase of approximately 163%. These statistics indicate that international financial institutions tried to offset tit the negative consequences of sanctions through improvement of financial stability mechanisms and support of tit most vulnerable countries.

Tit findings from Tables 5 and 6 suggest that international financial sanctions after 2022 not only affected tit targeted countries, but also caused a large number of countries and financial institutions to adopt new policies and procedures to adapt to the more complex global financial environment. Countries sought to diversify their reserves, expanded the use of local currencies and improved alternative payment methods, while international financial institutions increased efforts to promote financial stability and boost risk management. These trends signify the arrival of a new stage in the global financial system characterised by a greater degree of financial prudence and increased focus on the management of geopolitical risks through international monetary and fiscal policies.

Tit research findings largely confirmed tit main hypothesis. Data and analysis indicated that tit freezing of Russian assets led to decreased confidence in tit neutrality of tit global monetary system and bolstered trends toward diversifying international reserves and increasing holdings of gold and alternative currencies. Indicators also pointed to an increased use of alternative payment systems and settlement agreements in local currencies, showing a trend towards international financial fragmentation, albeit tit impact on tit stability of tit monetary system has so far been incremental rather than radical .

Conclusions and Recommendations

Conclusions

1. No it is Limited sanctions Finance International on economic tool pressure being and a politician, but rather

- IT became an employee Influential Structure Global Critical order. And it has brought Assets to a stop Russian again Presentation questions Fundamental in terms of security reserves Sovereignty and scope neutrality Foreign Assets in administration Institutions Finance International.
2. Shares of Frozen Assets Russian from strengthening diversification trends in a number of countries during more its international reserves, Alternative tit accreditation on gold and currencies. Tit euro and Dollar Tit focus relative and reduce tit that’s with tit aim reduction Risks Related With probability Exposure For procedures Finance or sanctions Futuristic.
3. Existence rise in quantity Settlement Agreements In currencies Local And expanded systems Payment Tit alternative after 2022, Which It shows on that sanctions Finance Contributed in accelerating efforts Tit archer to constructing Channels Finance parallel Reduce Accreditation on Structure Finance Traditional.
4. That sanctions impact Finance in order Critical Global It is In picture slow And cumulative, where did not It leads Developments Tit last to to retreat radical in status Dollar or euro except that it IT found Indicators clear on growing Pluralism Cash and expanding range Search on Alternatives Finance New .
5. International Challenges Faced by IT 5- Institutions Finance Use of escalation sanctions Finance, Tit matter that Push her to growth Programs Stability Financial and increasing censorship on Risks Finance And geopolitics, In what It aspires to Limit from Antiquities Negativity potential on markets Global.
6. That continuance Expansion in Use sanctions Finance, Especially that Related In tit original Sovereignty and reserves foreign, may leads on range Tit long to more levels Fragmentation Financial International And it reduced confidence in some ingredients order Critical Global if did not Accompany him Frames legal and institutional more Clarity And openness .

Recommendations

1. Intensify efforts extra-legal regulations clarity scenario to Tit archer International to organise Dealing with Assets Foreign sovereignty in crises and conflicts What Contributes International Investigation Requirements balance Global security is critical and financial stability is critical to maintain trust internationally.

2. Encouragement Banks Central adoption Administration reserves: Nationalism. Different, In what Reductions from Risks Related to excessive on currency or center financial one in administration reserves: Nationalism. Assets between tools and states judicial Different, from while distribution Foreign.
3. Cooperation support Inter-Institutional International Cash Finance To establish procedures Effective Risk Management Geopolitics Associated with Flows Finance Global Guarantees efficiency in continuation markets International And odds happening limits Disorders Sanctions a wide variety of finance Economic.
4. Reinforce the Role of Financial Institutions International sanctions on tracking of antiquities from figures during Finance on Stability Critical Global Patrol and Signals Help in Specialised Manufacturers deciding on assessment Risks possibilities and policies taking Tit occasion Stability Financial International to continue.
5. Development systems encouragement Payment and settlement International In image verification Destiny greater by Flexibility and Integration Preservation of Financial Standards Openness and compliance Reduces from odds fragmentation International in what Financial and boosts capability Economy Crisis of global confrontation Future.
6. Procedure More from Studies academy and applied long time around Antiquities Sanctions Finance Freezing Assets Financial sovereignty trust in tit future. To support Policies Cash Finance in Banks Centrality, In What Contributes to International behaviour wider cognitive basis.
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