

# EXPLORING THE FUTURE OF THE U.S. DOLLAR IN A DIGITAL WORLD



**GOLD GATE CAPITAL**  
PRECIOUS METALS & GOLD IRAs

## For decades, America's paper currency has been the standard by which all others are judged.

As of 2024, the U.S. dollar represents almost 60% of global currency reserves, almost three times the share enjoyed by the euro.

While the popularity of the American dollar is still undeniable, the currency landscape is evolving. Some global central banks are now indicating a desire to be able to trade in more 'neutral' physical currencies or, at least, ones that are more advantageous for their citizens. For instance, Chinese banks prioritize the yuan. A significant test of the dollar's dominance recently came from Saudi Arabia, which traditionally traded its oil in U.S. dollars. However, economists were unsettled when, in 2022, Riyadh announced a re-establishment of talks with Beijing to price its oil using the yuan.



## An Emerging Change

As of 2023, more than 130 countries (including the United States) have started exploring the use of Central Bank Digital Currencies (CBDCs), a digital form of that country's currency. This is set to make a huge impact, as these 130 countries represent 98% of the globe's gross domestic product.

Most people are familiar with privately issued digital dollars, which are, simply put, what you see when you check the online balance of your checking account. CBDCs are a close match, except the liability lies with the country's central bank rather than the individual's private bank. One advantage of linking digital currencies to a central bank is that each payment is processed by the central bank, reinforcing national and international payment systems while potentially reducing transaction fees. Additionally, this system could address economic disparity by providing the 'unbanked' with an introduction to the financial system through a simple, direct account with the central bank.

Countries like China, which have outlawed Bitcoin and other types of cryptocurrency, have already developed a digital version of the yuan, which is in use by over 260 million people.

To avoid having the United States fall behind, the Biden administration recently approved research into the development of a digital U.S. dollar. This effort is being spearheaded by the New York Federal Reserve, which has partnered with major American financial institutions like Wells Fargo, Mastercard, and Citibank to test it. While it's being touted as useful for a broad spectrum of users, there are some aspects of digital currency that consumers should be aware of.

Should governments want to exert more control over the society they govern, bringing commerce within a centrally managed system would be an excellent way to do it. If the usage of these currencies spreads, central banks would have unprecedented oversight and influence over their country's financial system. Without independent safeguards in place, all transactions would become a matter of public record, and financial privacy would be hard to secure.

Additionally, the Fed could place conditions on its use in hopes of influencing users toward a desired direction. For example:

- Users could potentially see their digital balance dwindling over time as a way of motivating rapid consumer spending
- The Fed could block payments to businesses that weren't operating as they would like.

Since the Fed has already gotten involved in social and environmental policy, like quietly pressuring banks to divulge their plans for handling climate change, it's not a stretch to think that these things could happen. The possibility of the Fed shaping central bank currency policy in line with political agendas would be hard to resist.



Right now, China is the leader in central bank digital currencies and has been observed using its digital currency to oversee the economic activities of its citizens. In the future, government oversight into everyday purchases using a central bank digital currency could become more overt.

While it's possible constitutional safeguards within the United States would prevent this abuse from occurring, it's unwise to put any government in that position. The cost would be extreme.

## **Americans' Financial Future Could Feel the Threat of Digital Currencies**

Financial analysts anticipate that the digital yuan could pose a significant challenge to the dollar's supremacy within this decade, potentially emerging as the preferred currency for global trade. Since China currently enjoys substantial economic influence, it could compel international trading partners to adopt its digital currency in preference over the U.S. dollar. Consequently, the dollar's value may decline as its dominance in trade wanes, prompting governments and investors to divest from dollar-denominated assets such as stocks and bonds in favor of stronger currencies.

As the global economy shifts towards digital currencies, prudent investors are taking proactive measures to mitigate the genuine risk associated with a depreciating U.S. dollar.

## The Unreliable Nature of Paper Currency as a Store of Value

For many years, the U.S. dollar has maintained its dominance among paper currencies worldwide. However, this longevity does not translate to reliability as a store of value.

In reality, since 1933, the U.S. dollar has experienced a staggering decline of 92% of its domestic purchasing power compared to gold. Since it's vulnerable to inflation and subject to manipulation by central banks, the dollar has consistently eroded investor profits over time, affecting any and all investments of savings denominated in dollars.

The dollar's performance may appear better compared to other reserve currencies like the Japanese Yen and the British Pound since these currencies have also seen significant declines over the same period of time.

Financial experts foresee no reversal in this trend as the dollar continues to depreciate almost annually.



## Is Digital Currency at Risk for Scams?

Digital currency offers many appealing features and attributes and has been accepted as an exciting alternative by many people around the world. However, as a non-physical investment, it's unfortunately become a magnet for criminals worldwide. It's not only easy to steal, but it's also very easy to use once it's been stolen. You've probably noticed the growing threat of ransomware, which targets organizations ranging from corporations and SMBs to hospitals, schools, and small municipalities. These threats typically involve a demand for digital payments as ransom.



According to research, hackers stole over \$3.7 billion in cryptocurrency in 2022, the biggest recorded year for crypto theft. In 2023, that number decreased by more than 54%, but unfortunately, the number of individual hacking incidents grew. One of the most notable scams to date has been the bankruptcy of FTX, which was responsible for more than \$8 billion in crypto assets mysteriously vanishing.

## SO, WHY HAS CRYPTOCURRENCY BECOME SUCH AN APPEALING TARGET FOR HACKERS AND SCAMMERS?

- Notable spikes in cryptocurrency value attract inexperienced investors, marking them as an easy target for experienced scammers
- The ongoing lack of regulation makes tracking transactions challenging
- Digital money is anonymous by design, which means hackers are less likely to get caught
- It's possible to simply lose access to millions or even billions just by misplacing a key or forgetting a password



## Put your trust in a reliable safe haven asset

Precious metals have been known as 'safe haven' assets for many years. However, even before the origin of that phrase, they were touted as an excellent way for individuals, families, and organizations to store their wealth. No paper or digital current has ever come close to the trusted track record of physical gold.

### HERE ARE SOME OF THE BENEFITS YOU CAN ENJOY WHEN INVESTING IN PHYSICAL GOLD:

- **Performance:** Since 2000, gold has demonstrated a remarkable performance, outpacing stock performance by more than 2:1, with a growth of more than 650%. During the same time, the dollar's purchasing power has been cut in half.
- **Diversification:** Integrating gold and silver into your portfolio can mitigate risk and reduce exposure to paper assets by adding tangible assets.
- **Accessibility:** Acquiring and possessing gold and silver is straightforward, offering privacy and high liquidity compared to stocks, ETFs, or cryptocurrencies.
- **Effortless Peace of Mind:** Gold and silver coins and bullion can serve as stabilizers in your portfolio, hedging against inflation and providing a sense of security. Effective diversification helps smooth the inevitable financial fluctuations in today's uncertain world.



## The Growing Popularity of Digital Currency Poses a Threat to the U.S. Dollar

In the past, the value of all currency was tied to gold, offering a stable and reliable performance. However, the introduction of fiat money changed this completely. Now, the value of a currency is arbitrary, dictated by government decree. This shift led to a pattern of governments attempting to address economic woes by printing more money, resulting in recurring cycles of inflation and recession. Now, as we enter the era of digital currency, we encounter a new set of potential challenges.

When currency exists purely as code, it becomes incredibly vulnerable to exploitation. Governments can engage in unchecked spending, manipulate inflation rates, and covertly impose or increase taxes. This dynamic pushes financial security and autonomy further beyond the grasp of ordinary individuals who lack control over this complex digital code.

The consequences of this paradigm shift are profound, with the potential for real estate bubbles, unpredictable stock market fluctuations, and widespread cryptocurrency thefts made possible with the simple press of a button.

In light of these developments, prudent investors recognize the importance of preparing for uncertainty. Physical gold and silver emerge as crucial assets for this type of preparation, having been the safeguards of wealth for centuries.





## **Prepare for Your Future with the Leading Provider of Gold and Silver**

When the time comes to take action, trust Goldgate Capital, a leading precious metals company offering secure and insured gold. Since 2008, we've been helping individuals protect their wealth and secure their retirement by investing in gold and silver coins and bullion.

Contact us today to secure your legacy, retirement, and financial future with the enduring value of gold and silver.



5250 W. CENTURY BLVD., FIFTH FLOOR • LOS ANGELES, CA 90045  
(800) 604-0240 • [INFO@GOLDGATECAPITAL.COM](mailto:INFO@GOLDGATECAPITAL.COM)  
[GOLDGATECAPITAL.COM](http://GOLDGATECAPITAL.COM)