

The BRICS Payment System: Impact on the American SWIFT System and US Policy in the Middle East

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Abstract:

The BRICS bloc (Brazil, Russia, India, China and South Africa) is developing a new international financial architecture through the creation of the New Development Bank (NDB) and the Contingency Reserve Arrangement (CRA). Through these initiatives, the emerging markets are taking advantage of an opportunity to break away from Western dominated international monetary and financial systems – particularly the U.S. controlled SWIFT system – to enhance their economic independence by increasing trade among themselves using their own currencies. This development has direct implications for American's global political influence and specifically in the Middle East where U.S. dominance has been based on control of oil flows and maintaining dollar hegemony. The BRICS initiative is to weaken Washington's ability to fund its military presence and exert geopolitical influence over countries in the region by allowing oil producing countries to trade in their national currency, thereby reducing the U.S.'s ability to use dollars to purchase influence. Based on my research, I believe that the U.S. is facing unparalleled challenges in the region resulting from a

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The BRICS Payment System: Impact on the American SWIFT System and US Policy in the Middle East

combination of failed military interventions, shifting allegiances and growing influence by China and Russia in the region. The BRICS payment system will also likely play a major role in the broader movement toward a multipolar world order, which will force the U.S. to consider alternative approaches to its current strategy in the region. It is possible that this trend may reshape the way power is distributed both in the Middle East and internationally throughout the global economy.

Keywords : BRICS Payment System, Global Financial Shifts, Alternate Payment System, Multipolar Financial Order, Economic Sanctions.

1. Introduction

BRICS has become really important in the world's financial arrangements, mostly because of the New Development Bank and the Contingency Reserve Arrangement which were set up in 2014. The NDB is intended to help infrastructure and green energy in its countries and other places that are developing; the CRA strengthens the call for more involvement of growing economies in world financial bodies⁽¹⁾. BRICS coming together, and then making the NDB and CRA, shows a change in how the world economy works, with rising economies becoming more in charge of expansion and improvement. Knowing the basics of BRICS and its financial work is important when considering what is being talked about regarding the BRICS Payment System and its effect on the American SWIFT system and what the US does in the Middle East..⁽²⁾

1.1 Research Problem

The issue with this research is that for many decades, the international financial system has been constructed on two interlinked pillars: the supremacy of the US dollar as the world's leading reserve currency, and the SWIFT system as the technological arteries that carry financial transactions across

¹ Ferreira Almeida, T. & Luiz Silva, R. (2018). THE DEVELOPMENT BANK OF BRICS,p.7.

² Hooijmaaijers, B. (2022). The internal and external institutionalization of the BRICS countries: The case of the New Development Bank. International Political Science Review p.5.

the borders. This duo has given the United States unchallenged supremacy, turning financial power into a highly effective geopolitical tool capable of carrying out anything from economic sanctions to the freezing of sovereign assets.

However, the BRICS call for the creation of an independent payment system was a clear statement of a collective will to shatter the monopoly and strip the United States of its ability to wield financial infrastructure as a tool of pressure and coercion. Consequently, a major question arises that needs to be investigated and researched: Is the Brexit payment system a real and structural threat to the United States' supremacy, or is it merely a strategic move and temporary emotional responses that lack the institutional cohesion to bring about the needed fundamental change?

In particular, this research paper analyses American financial hegemony and the BRICS payment system as an alternative. The key question is how the BRICS payment system regulates American financial domination and its influence on the global economy. The research must focus on prospective economic adjustments, such as diminishing the dominance of the US dollar and utilizing local currencies in commerce.

-This major problem is subdivided into a range of sub-questions on which this study is founded.

-Can the BRICS nations use their new financial system to liberate their trade from the dollar, particularly for oil?

-How will the extension of the Brexit financial system impact the US's ability to carry out economic sanctions and maintain geopolitical power in the Middle East?

-What is the Gulf oil states' view of the conflict between the two financial systems? Is there a movement towards alternative financial settlement systems independent of American hegemony?

-Will the current financial trends result in multipolarity, or will the institutional pull of SWIFT and the USD continue to be strong in the medium term?

1.2. The Importance of Research

This research addresses a phenomenon that has not yet fully emerged but has the potential to change the entire

The BRICS Payment System: Impact on the American SWIFT System and US Policy in the Middle East

international system. This importance is expressed through a number of interconnected aspects.

* Theoretical Significance : - The expansion of knowledge about financial dominance theories and structural changes in the international economic system covered in this research. From the standpoint of international politics, the study revisits Susan Strange's idea of structural power and assesses its potential to accommodate the formation of rival financial conglomerates outside the Western paradigm. The research also contributes to the scholarly discussion concerning the post-dollar system's horizon and the gravity of the issues that the US currency faces in its central position in international commerce.

* Practical Importance : -This study' s provides an analytical tool for scholars and decision-makers seeking to comprehend the intricacies of American policy during a transitional moment in which American unilateralism, as guided by the international system, is diminishing. The study is crucial for politicians and economic experts in the Global South who are members of or seeking to join the BRICS, since it gives a clear picture of the dangers and opportunities connected with the transition to a payments system free of dollar dominance. Furthermore, the research helps Middle Eastern nations gain a better grasp of the geopolitical rivalry that surrounds them, allowing them to make more sensible strategic decisions in a turbulent international context.

1.3. Research Objective

This study aims to elucidate the strategic and complicated financial elements provided by the BRICS payment system project, in light of the significant alterations observed in the world financial system following the wave of Western sanctions against Russia since 2022. On this foundation, the research attempts to achieve a variety of interconnected sub-objectives, which can be stated as follows:

* Analyzing the US SWIFT system's architecture and dominance in international payments, including political instruments for sanctioning and tracking cross-border transactions.

* Trace the evolution of the BRICS payment system from the New Development Bank in 2014 to its official launch in July

2023. Assess its potential to compete with the SWIFT system in the near future.

* Analyzing the relationship between the US dollar's dominance in oil transactions and its geopolitical role in the Middle East. This strategic formula represents the intersection of the economic and security spheres.

* Assess how the diffusion of the BRICS propulsion system might affect the US's ability to maintain its regional role in the Middle East, in light of the changing dynamics of power generated by the rise of China and Russia.

1.4. Research Hypothesis

The BRICS payment system is a slow-burning structural threat to American financial dominance, according to this study's theory. The effectiveness of SWIFT as a political tool will be gradually undermined by a parallel financial infrastructure that accounts for more than 30% of the world's GDP. This will also lessen the dollar's centrality in international settlements and lessen the impact of unilateral U.S. sanctions, giving Middle Eastern states more leeway to negotiate between rival powers and altering the balance of American influence throughout the region.

1.5. Methodology

The method used in this study is the descriptive-analytical method, which is one of the most appropriate methods for the analysis of political and social phenomena in their real-life context, with the aim of reaching a comprehensive understanding of the different dimensions of these phenomena. This method relies on the accurate description of the phenomenon being studied in terms of its characteristics and contexts, followed by the analysis of its components and relationships, with the aim of interpreting the phenomenon and reaching objective scientific conclusions. This method will help in improving the critical understanding of the phenomenon being studied, and it will also aid in building a wider theoretical framework that may help in developing the scientific discussion on this issue.

The BRICS Payment System: Impact on the American SWIFT System and US Policy in the Middle East

1.6. Overview of BRICS Countries

The BRICS grouping is made up of five emerging economies that are considered to be major. These countries are Brazil, Russia, India, China, and South Africa. These countries taken together form a considerable part of the world's land area, population, and GDP. Each of the countries has its own distinct advantages that it brings to the grouping. China and India are known to be the two countries with the fastest growing economies, Russia is known to be an important country in terms of military and political ties, South Africa is known to be a country that focuses on regional integration, and Brazil is known to be the most important economy in Latin America. In addition to this, the countries that form the BRICS grouping have foreign exchange reserves that can be used to promote development in the group ⁽¹⁾

The BRICS group has made progress in improving its joint endeavors, as seen in the founding of the New Development Bank (NDB) in 2015. The NDB has a starting capital of \$50 billion and is set to finance infrastructure development without setting the usual conditions that come with traditional global financial bodies like the World Bank and the IMF. This move is set to redefine the world of development finance and give the BRICS group more prominence in the global financial system ⁽²⁾

2. Evolution of the BRICS Payment System

The evolutionary process of the BRICS Payment System can be linked to the formation of the BRICS group and its efforts to reform the international financial system. The BRICS countries, comprising Brazil, Russia, India, China, and later South Africa, have been instrumental in promoting the representation of emerging economies in the global financial system (Ferreira Almeida & Luiz Silva, 2018). ⁽³⁾The

¹ Ferreira Almeida, T. & Luiz Silva, R. (2018). THE DEVELOPMENT BANK OF BRICS, p.24.

² F. Littrell, R. & Prem, R. (2017). The International Business Management Environment in the BRIC(S) Bloc, p.15.

³ Ferreira Almeida, T. & Luiz Silva, R. (2018). THE DEVELOPMENT BANK OF BRICS, p.11.

formalization of the BRICS in 2010 was a turning point in the evolutionary process of the BRICS Payment System, leading to the formation of the New Development Bank and the Contingency Reserve Arrangement in 2014. The initiatives were aimed at addressing the shortcomings of traditional international financial institutions, promoting the infrastructure and renewable energy sectors in the member countries. The historical overview of the evolutionary process of the BRICS Payment System highlights the organization's objective of promoting cooperation in the international financial system ⁽¹⁾

2.1. Development and Implementation

When establishing an alternative to the United States' SWIFT payment system, it has been important to create and put in place a BRICS Bank Payment System as quickly as possible. This has been accomplished through the implementation of the New Development Bank (NDB) of the BRICS, which was formed in 2014 and created a strong foundation for the use of the BRICS system and its goal of providing wider representation for emerging markets in both the International Financial System (IFS). The NDB and the Contingency Reserve Arrangement (CRA) were both founded to support and promote the BRICS demand for the need for broader representation of emerging markets within IFS (Ferreira Almeida & Luiz Silva, 2018)⁽²⁾. Unlike typical international development agencies, the New Development Bank (NDB) emphasizes improving transport and utilities as well as renewable energy projects; furthermore, it intends to make loans in local currencies to member nations. These features distinguish the NDB from many traditional international development organisations ⁽³⁾

The NDB's goal of improving the speed of providing loans and decreasing conditionalities aligns with its mission to

¹- Batista Jr, P. N. (2021). The BRICS and the financing mechanisms they created, p.13.

²- Ferreira Almeida, T. & Luiz Silva, R. (2018). THE DEVELOPMENT BANK OF BRICS, p.20.

³- Jermy, A. (2016). Will BRICS New Development Bank focus on off-US Dollar currencies as major currency- A review, p.4.

The BRICS Payment System: Impact on the American SWIFT System and US Policy in the Middle East

provide an alternative that is faster and less restrictive than other global development banks. This method demonstrates the intent of BRICS member countries to build a more inclusive and efficient financial system, which better serves developing countries. (Khambule)

3. Comparison with the American SWIFT System

The BRICS Payment System is a new payment system being developed by five of the world's largest emerging economies (Brazil/Russia/India/China/South Africa). The BRICS Payment System can be contrasted with the over 50 year old American SWIFT payment system.

The network of banks, financial institutions, and corporations known as the Society for Worldwide Interbank Financial Telecommunication (SWIFT) payment system is used to send and receive messages related to payment orders, which are then completed either via a central settlement service or correspondent banking arrangement)⁽¹⁾

Despite the existence of alternative settlement systems, the American banks and the currency of the United States dominate international commerce. Currencies other than the U.S. dollar account for over 80% of the outstanding Eurobond stock, an important component of the international capital markets, while U.S. banks with offshore branches control over three-quarters of the Eurocurrency market, the world's largest financial market in terms of total funds interbank transactions.⁽²⁾

The dominance of the U.S. dollar results in net profits for both the United States and American banks that are estimated to be trillions of dollars. In addition to significant economic leverage, this dominance provides the United States with a major political weapon. The UN-registered SWIFT payment system, which is used for 95% of all international wires,

¹ - Liu, Z. Z. & Papa, M. (2022). Can BRICS de-dollarize the global financial system? Cambridge University Press, p. 15.

² - Coquidé, C., Lages, J., & Shepelyansky, D. L. (2023). Prospects of BRICS currency dominance in international trade. Applied Network Science, p.9.

provides the United States with total visibility into the lowest tier of banks involved in a transaction. Some bank platforms even have the capacity to transmit and retain messages beforehand, enticing additional banks to comply. This creates an unprecedented capacity for U.S. authorities to track all transactions in real-time, which they use to scour for alleged violations of U.S. regulation, especially sanctions. Consequently, transactions processed through the network can be blocked, banks fined, individuals exposed to asset freezes, and real-time alerts sent to institutions further down the financial chain. ⁽¹⁾

3.1. Key Differences and Similarities

The emergence of BRICS, originally an acronym for Brazil, Russia, India, China, and South Africa, represents a significant attempt to challenge the dominant role of Western countries in world affairs. As part of this initiative, some BRICS countries are currently building an alternative payment system to the American SWIFT (the Society for Worldwide Interbank Financial Telecommunications) system. SWIFT is currently the world's leading international payments facilitator based in Belgium and controlled by the U.S. and European countries. According to The World Bank, in 2020, 41% of all international payments in local currencies were settled using the SWIFT payment system. Last year, Russia was disconnected from this global payment system, creating a wave of concern regarding its impact on the international economy. At the same time, the BRICS group announced plans to create its own payment system. A year later, the BRICS payment system was announced, intending to compete with SWIFT. Thus, an empirical analysis is performed to provide a comprehensive understanding of the similarities and differences of the BRICS payment system compared to SWIFT. ⁽²⁾

¹ - Nölke, A. (2022). *Goeconomic infrastructures: Building Chinese-Russian alternatives to SWIFT*, Oxford University Press, p. 45.

² - Cipriani, M., Goldberg, L. S., & La Spada, G. (2023). Financial sanctions, SWIFT, and the architecture of the international payment system. *Journal of Economic Perspectives*, 37(1), p.35.

The BRICS Payment System: Impact on the American SWIFT System and US Policy in the Middle East

Since its inception, BRICS has aimed to create a new architecture for global governance. As part of this initiative, BRICS countries originally started cooperation in the field of financial and monetary cooperation by building a new financial institution for development, called the New Development Bank (NDB). Soon after the West imposed sanctions on Russia, the topic of creating an alternative payment system became one of the BRICS leaders' talking points during the summit events held in 2022. A few months later, the BRICS payment system was launched in July 2023. With the rapid pace of development, it is essential to assess the impact of this new-branded payment system on global governance at large, and the American SWIFT system, in particular.⁽¹⁾

To compare the American SWIFT payment system with the newly announced BRICS payment system, the key dimensions are defined: organizational structure, governance, accessibility, member profiles, and service provisions. The comparison table is created regarding these dimensions, indicating the differences and similarities between both systems. Overall, the BRICS payment system is similar to the American SWIFT payment system in organizational structure, governance, accessibility, and member profiles. However, in terms of provision of services, the BRICS payment system is different from the American SWIFT payment system.⁽²⁾

4. Impact on the American SWIFT System

Swift Expert, as the most common electronic messaging network in the world, has been used for cross-border monetary transfers for almost half a century and is a fundamental fixture in the global economy. However, there are concerns that it has evolved into a politically inflammatory tool causing the United States' hegemony in international financial markets and an annual \$300 billion loss to the EU and China. Moreover, in the last few months, it has become a powerful weapon for an

¹ - Gouvea, R. & Gutierrez, M. (2023). "BRICS Plus": A New Global Economic Paradigm in the Making?. *Modern Economy*, p. 18.

² - Kondratov, D. I. (2021). Internationalization of the Currencies of BRICS Countries. *Herald of the Russian Academy of Sciences*, p. 12.

aggressive sanction regime against non-compliant states, including Russia. In Russia's case, the overall combined risk of the sanctions is a catastrophic loss of production (13% of GDP) due to the Ossinit model. In this scenario, all Russian banks would be disconnected from SWIFT and the EU legal basis for SEPA.⁽¹⁾

Why do countries still use SWIFT if it is politically unreliable? The answer is simple: SWIFT is by far the best option that is both politically and socially acceptable. The serious consideration of SWIFT alternatives began only after Russia was cut from SWIFT in compliance with the EU sanctions from late February 2022. Some countries have already developed alternatives on their own (e.g. China, India, etc.), while others are now trying to join these initiatives (e.g. Brazil). Thus, there is a negative snowball effect for the American SWIFT system already under development.⁽²⁾

Substantial efforts to undermine the US monopoly on SWIFT and seize international reserve currencies have been launched primarily by China and Russia but also by several other countries, including the BRICS group. For example, in 2022, the Prime Minister of India proposed a long-term reform of the "Dollar-dominated" and "SWIFT-controlled" system, which was supported by Brazil and Russia but opposed by South Africa and China. The banking sector of these countries has no means to use alternatives to SWIFT, and most of the trade deals of the currencies such as yen and yuan fallouts.⁽³⁾

Emerging East Asia - which includes both Southeast and East Asia, broadly defined to include South Asia - has significant starting advantages and favorable structural preconditions to

¹ - Nölke, A. (2022). The weaponization of global payment infrastructures: A strategic dilemma, *Journal of International Relations and Development*, p. 21

² - Nölke, A. (2022). The weaponization of global payment infrastructures: A strategic dilemma, *Ibid*, p.24.

³ - Nölke, A. (2022). The weaponization of global payment infrastructures: A strategic dilemma, *Ibid*, p.28.

The BRICS Payment System: Impact on the American SWIFT System and US Policy in the Middle East

set up this alternative: large external balances, low debt burden, large and advanced financial markets, deep liquidity, and long experiences with capital account controls. Moreover, a majority of East Asian countries are wage competitive in labor-intensive manufacturing and an integral part of a common regional production network; they mostly share common economic interests and adhere to a similar economic development model. Mistrust and hostility against the US have been aggravated in the wake of the "9.11 Attacks" and the 2008 Global Financial Crises.⁽¹⁾

However, in 2020, a coalition of 28 East Asian countries operating some 200 countries SWIFT network, Vision Roadmap Coalition (VRC), was formed after a Second South China Sea Arbitration ruling in mid-2016. The region is a turf of competing US and Chinese hegemons, both threatening to disconnect each other from SWIFT. If a fracture of the current dominant core-periphery structure occurs, a number of relatively large but accommodative catch-up countries within the same peripheral bloc, e.g. Vietnam, Pakistan, are likely to be trapped within the same orbit and overly dependent on a big hawk in the alliance.⁽²⁾

4.1. Challenges and Opportunities

The growing partnership between Russia and China, particularly in the context of sanctions imposed by the United States, has encouraged other countries to build joint payment systems that exclude the dollar. The main challenge of all such initiatives is to secure trust. SWIFT has historically been very efficient in this regard, relying on its long history and wide adoption. Nevertheless, BRICS countries have an opportunity to solve this problem for their payment system. No country could block currency reserves of BRICS countries and functionally connect such settlement system to each other. None of them is a dominant reserve currency provider. The development of the

¹ - Wei, L. (2020). Developmental peace in east Asia and its implications for the Indo-Pacific. *International Affairs*, p. 14.

² - Ferreira, N., Jacobs, C., & Wagner, M. (2020). Governing protracted displacement: an analysis across global, regional and domestic contexts. *Journal of Global Governance*, p. 33

BRICS payment system could encourage other countries to create their own currencies backed by gold or other natural resources, which the market can hardly deflate away. Many countries around the world currently have external debt in the dollar or euro, and at the same time, are rich in natural resources. Without leaving such settlements, they will always be vulnerable to maneuvers of the United States and the eurozone to confiscate their reserves.⁽¹⁾

The prospects for an international payment settlement system built on a cryptocurrency platform. This domain has many challenges and none of their implementation is guaranteed. First of all, the digital currencies should be relatively secure and at the same time not too expensive (in terms of energy) to secure them. The victory of Russia and China in their confrontation with the US is certainly possible prior to implementation of such payment system, but is highly debatable. Getting back to traditional currencies' domain (or, in other words, to the world where currencies are not backed by gold and could be inflated away) - almost all BRICS countries lack the military capability to control the continent in the situation of war. However, just as SWIFT sometimes arbitrarily rejected participants from service, Putin can introduce scenario when on some territory of the globe there would be no dollars and euro available, but only national currencies of BRICS countries.⁽²⁾

5. BRICS Payment System and US Policy in the Middle East

American hegemony in the Middle East is centered on the familiar trope of American capital's search for oil. The American ruling class has pursued a multi-faceted oil-centric strategy that incorporates its need for cheap energy to maintain its global power and function as an oil importer-dominated, energy-dependent economy. Key elements of this long-standing strategy have included military access to oil fields, vigorous political efforts to encourage foreign oil producers to develop

¹ - Kumar, A. (2021). A Study of the Impact of Crypto Currency on the Indian Payment system. Asian Journal of Management, p. 11.

² - Ibid, p. 14

The BRICS Payment System: Impact on the American SWIFT System and US Policy in the Middle East

their reserves and export oil to the US, and financial and technological actions to promote the international sale of oil in US dollars. Overall, this dollar-centered oil hegemony has been a major source of the US ruling class's disproportionate influence in the world economy and an essential precondition for the stability of its bloated military budget. It is in this historical context that one can appreciate the current BRICS effort to create an alternative payment system. By using national currencies to negotiate direct commodity trades, BRICS challengers may be able to avoid dollar surveillance and control, which would empower oil producers and undermine US ability to finance its military hegemony. Brazil, Russia, India, China, and South Africa will formally articulate their alternative payment vision in early 2013. Growing numbers of commodified economic interactions from Africa to Asia are likely to surface in currencies other than the dollar, posing a challenge to the US dollar-centric oil hegemony that has buttressed American control over the global economy since 1971. The geo-economic potential is vast; cooperation among the BRICS countries could facilitate trade worth hundreds of billions of dollars using currencies other than the dollar. Such currency diversification could undermine American hegemony in two interrelated areas of the world economy: political relations and commodity markets. ⁽¹⁾

5.1. Current US Policy in the Middle East

After the collapse of the Soviet Union, the US became the undisputed world hegemon. However, multiple crises were exacerbated by the financial subprime crisis of 2008 that precipitated a slow loss of hegemony. China re-emerged as a great power in the 21st century with its robust economic growth. After economically and militarily isolating Russia, the US' strategy in 2022-23 was aimed at containing and thwarting Xi Jinping's China with the new "Quad" militarization of the Indian Ocean region. The US, meanwhile, was unwilling to shift its attention from its wider Indo-Pacific Strategy to pursue

¹⁻ Kumar, A. (2021). A Study of the Impact of Crypto Currency on the Indian Payment system. Asian Journal of Management, p. 18.

multilateral talks over the rebuilding a new kind of great power relationship with Russia and China, prompted by geopolitical tensions – the ongoing Russian military operation in Ukraine and China's growing assertiveness in territorial disputes in the East and South China Sea. Furthermore, the original premise for the US' "War on Terror" campaign of military intervention in Afghanistan, Iraq, Libya, Syria, Somalia, and Yemen from 1999 onwards was a wish to reshape the Middle East's political architecture, to be more aligned with US interests. The legacy of these interventions has been severe, with negative implications for regional, global, and US interests. The Middle East continues to be plagued by insecurity, instability, radicalization, terror, proxy wars, and a continuous risk of escalation, spill-over, and backlash against US interests. The region remains in a global "hot spot", as Russia-Chinese backed Iran's march towards acquiring nuclear weapons capabilities is a direct threat to widely shared US-UK-French-German-Israeli interests. But for both domestic and global economic reasons, the US is simultaneously trying to reallocate resources away from the region. By all objective measures, the challenges facing US policymakers in the Middle East are at their most difficult since the early 1970s. So far, the net thrust of US efforts in recent years has been one of reacting, containment, and damage control.⁽¹⁾

Conclusion

this study show that the global financial order is experiencing a profound transition, one that reaches far beyond the technical domain of payment networks into the larger fight over the norms and tools that control international relations. This research highlights how the international monetary system is going through major changes. These changes will greatly extend outside of the methods of transferring money and will have an effect on establishing the international norm for finance and how it is used in international relations. The establishment

¹ - Lokman, K. (2022). The PRC'S Military Strategies on the Security Architecture of East and South China Sea under President Xi Jinping. Intellectual Discourse, p112.

The BRICS Payment System: Impact on the American SWIFT System and US Policy in the Middle East

of the BRICS payment system is a structural reaction to the years of financial domination by a select few, not a short term tactical response. The analysis used to support this paper provides important conclusions and/or recommendations.

Results : - The research found a variety of outcomes, which fall into either of two types of results: amount changed in the global payments system and impact of those changes upon American foreign policy toward the Middle East.

- According to this study, SWIFT has been used by many countries as a "tool of geoeconomics". The symbolic and actual use of economic sanctions against Russia has decreased the integrity of this financial mechanism as neutral or supporting an inclusive society.

- Although it currently represents an early stage development, it illustrates the emerging economies' intention for creating a worldwide financial infrastructure. The BRICS' endeavor at establishing an alternate payment mechanism exemplifies this aim.

- The Russia & Ukraine War has generated increased speed of international payment architecture transformations and caused nations that previously had been apathetic to take action to find alternatives/diversify their payment methods.

- Overall, the comparison of SWIFT vs the BRICS payment systems demonstrates that SWIFT has a significant

- In areas of proliferation, institutionalised trust and technological development; however, because the BRICS payment systems are politically independent of western hegemony, some countries will see them as an attractive alternative, even though they may not have any technical capabilities.

- The USA must navigate a complicated set of relationships within their geopolitical landscape of the Middle East, using both financial means (dollars) and natural resources (oil) to keep traditional influence, as well as trying to lessen US presence as a direct participant in regional interactions. The US has conducted military operations (interventions) in three different countries (Afghanistan, Iraq, and Libya) within the last decade and have paid high costs (both financially and militarily)

while not having success completing an exit strategy from any of these countries.

- The use of the Chinese Yuan as a form of payment in oil transactions is a major paradigm shift from the current petrodollar system established by the US government in the 1970's

- Because of its mostly reactive and unplanned actions rather than proactive ones, the United States has so far been unable to develop a cohesive and workable plan to address these new structural difficulties, thus widening the strategic credibility gap with its regional allies.

Recommendations: -Based on the empirical findings and the structural shifts within the international financial architecture, the following recommendations are proposed:

- U.S. policymakers should critically re-evaluate the strategic costs of deploying the SWIFT network as a "geoeconomic instrument" for selective sanctions. The current over-reliance on financial coercion has demonstrably eroded the perceived neutrality of global payment mechanisms, thereby accelerating the global transition toward diversified fiscal architectures and diminishing the long-term efficacy of U.S. financial leverage.

- While the BRICS payment system is currently in its formative stages, it represents a profound structural shift toward a multipolar financial infrastructure. It is recommended that emerging economies prioritize the development of standardized technical and legal interoperability frameworks to ensure this alternative evolves from a symbolic geopolitical gesture into a functional, credible, and efficient commercial reality.

- In light of the accelerated financial diversification following the Russo-Ukrainian conflict, Arab oil-producing nations should adopt a "proactive hedging strategy." This involves diversifying payment settlement methods and expanding multi-currency financial reserves to mitigate the risks associated with unilateral fiscal hegemony, while maintaining a pragmatic balance in their strategic bilateral relations with the United States.

- The integration of the Chinese Yuan into global oil transactions marks a significant paradigm shift from the traditional

The BRICS Payment System: Impact on the American SWIFT System and US Policy in the Middle East

"Petrodollar" system established in the 1970s. Academic and financial institutions should conduct longitudinal studies on this transition to assess its systemic impact on global liquidity, US dollar dominance, and the future stability of regional currencies in the Middle East.

- To address the widening "strategic credibility gap" with regional allies, the United States must transition from a reactive, crisis-management posture toward a more proactive and inclusive financial diplomacy. This requires a cohesive strategy that harmonizes American financial interests with the evolving geopolitical realities of its partners, ensuring the global financial order remains a platform for cooperation rather than a driver of systemic fracture.

In-depth comparative studies of countries that have transitioned to using national currencies in international trade can provide valuable insights for the BRICS context. This is especially relevant given China's experience with internationalizing the yuan and its success factors and limitations.

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