

# Understanding the Factors Behind the Preference for De-dollarization: Insights from Bangladesh in the Context of the Russia-Ukraine War

Arif Ahsan<sup>1\*</sup>, Dayang Hasliza Muhd Yusuf<sup>1,2</sup>, Mohd Rosli Abdul Ghani<sup>1,2</sup>,  
Juraini Zainol Abidin<sup>1,2</sup>, Raziff Jamaluddin<sup>1</sup>, Wan Nurulasiah Wan Mustapa<sup>1,2</sup>,  
Monjur Ahsan<sup>3</sup>, Jamee Ahmad<sup>4</sup>

<sup>1</sup> Faculty of Business & Communication, Universiti Malaysia Perlis, Perlis, Malaysia

<sup>2</sup> Centre of Excellence for Social Innovation & Sustainability, Universiti Malaysia Perlis, Perlis, Malaysia

<sup>3</sup> Ministry of Public Administration, Bangladesh Secretariate, Dhaka, Bangladesh

<sup>4</sup> College of Business Administration, International University of Business Agriculture and Technology, Dhaka, Bangladesh

\* Corresponding Author: [arifahsan@studentmail.unimap.edu.my](mailto:arifahsan@studentmail.unimap.edu.my)

Received: 1 May 2025 | Accepted: 5 June 2025 | Published: 30 June 2025

DOI: <https://doi.org/10.55057/ijaref.2025.7.2.16>

---

**Abstract:** *Dollarization and de-dollarization are two of the most recent topics based on the current world situation. Because of the Russia-Ukraine war, most countries are facing economic turmoil. Bangladesh is a developing country which are also economically affected because of Russia-Ukraine war. Import & Export of this country also conducted in US dollar. The main objective of this research is to find out the factors (exchange rate, economic sanctions, price of commodities) with Russia-Ukraine war as a moderating variable that influence the preferences for de-dollarization in Bangladesh. PLS-SEM will be used for analysing the factors. All data will be collected through a survey questionnaire. Financial experts such as academics, financial decision makers from respective government institutions will be considered as population. The non-probability sample technique will be used to select the number of samples. Data confidentiality will be maintained throughout this research.*

**Keywords:** De-dollarization, Dollarization, Economic Sanction, Exchange rate, Price of Commodity, Russia-Ukraine War, Bangladesh

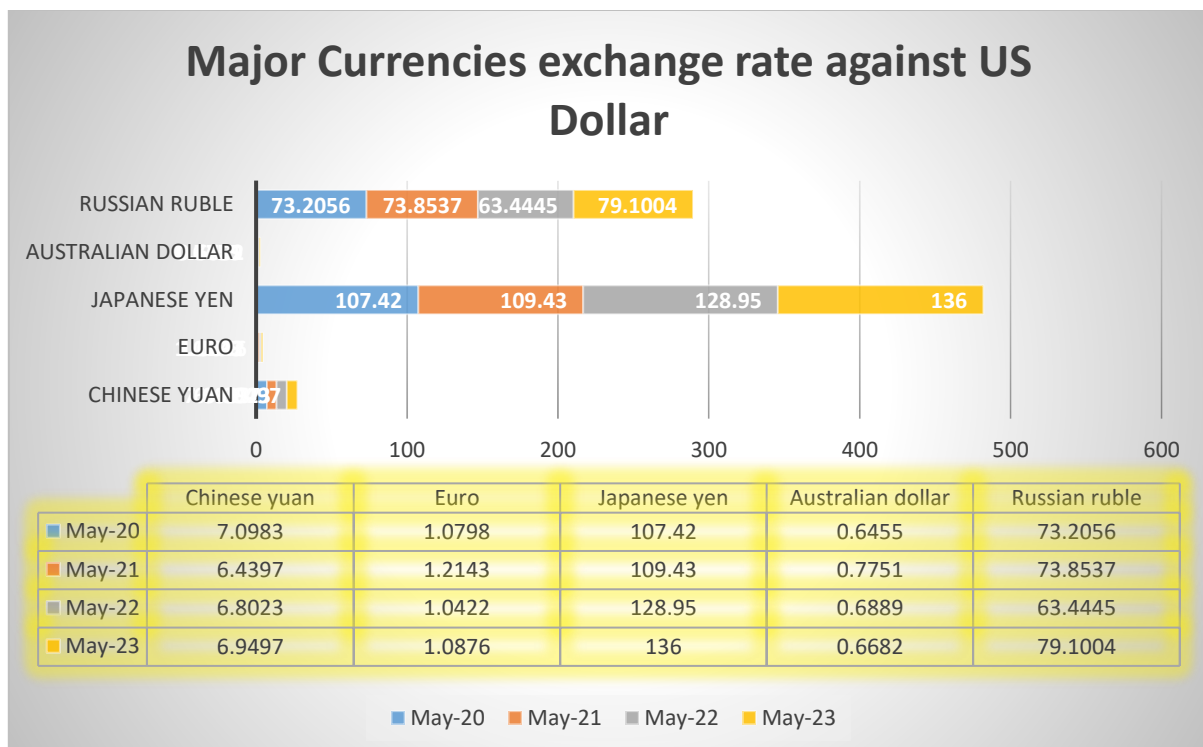
---

## 1. Introduction

Bangladesh, a developing country (IMF<sub>a</sub>, 2023) in South Asia between Myanmar and India on the Bay of Bengal. It is a country with a population of 170.279 million (IMF<sub>b</sub>, 2023) and a total GDP of 416.26 billion as of 2021 World Bank Country Data (World Bank, 2023). According to the World Economic Outlook Database, Bangladesh is considered one of the emerging and developing countries in the world (IMF<sub>a</sub>, 2023). Bangladesh is also in economic turmoil because of recent geo-political condition. Recent economic condition of Bangladesh is unstable.

Economic stability is one of the major important factors for a country. If the exchange rate fluctuates, currency value of any country changes. It creates a huge problem for international trade. Because of recent Russia-Ukraine war, there is a huge change in the international monetary system. It affects everywhere. In the international monetary system, the U.S. dollar

has played a vital role in various types of transactions. It has many impacts on the economy of a country. Particularly, countries that have a high dependency on imports face several problems if the exchange rate of the dollar depreciates. Whereas if a country is export-oriented, it tends to have more dollars in its economy. All these changes in or out of dollars in the economy of a country are related to the international monetary system. It is a system that moves with fixed or flexible exchange rates among monetary areas along with the degree of international capital mobility and autonomous policy (Eichengreen, 2008). The U.S. dollar is a major currency in the international monetary system, as discussed above. The rise of the US dollar has been most noticeable since WWII. The globalisation of the U.S. dollar is not a natural incident; rather, it has been a gradual mobilisation since WWII. This mobilisation was followed by the political, economic, and monetary hegemony of the United States (Murau et al., 2020), although the existence of U.S. dollar hegemony has been doubtful since the beginning of this century. This doubt arises because of the lessening dominance of the local currencies against the US dollar, which weakens the local currencies. As a result, while importing from foreign countries, local currencies tend to be paid more as the dollar gets stronger against local currencies of different countries. In the following figure, five major currencies exchange rates against the US dollar from May 2020 to May 2023. It is found that the value of five currencies: the Russian Ruble, the Australian Dollar, the Japanese Yen, the Euro, and the Chinese Yuan, is depreciated against the US dollar. This has an impact on the economic stability of a country as they have to pay more of their currencies against the US dollar now to buy goods from foreign markets. Ultimately, it will affect their national reserves, as happened in the cases of Sri Lanka and Pakistan. Estimating upcoming turmoil in the economy, Russia started to de-dollarize in 2000. The U.S. and its other allies have imposed sanctions on Russia several times. As a result, Russia is no longer interested in following the US dollar for any of their transactions, either locally or internationally. Russia decided to de-dollarize its economy. The sanctions against Russia act as motivation for Russia to de-dollarize (Wenhong, 2023).



**Figure 1: Major Currencies Exchange Rate Against the US Dollar: May 2020–May 2023**  
 Source: Data compiled by the author and collected from the IMF Exchange Rate Archives:  
 Representative Rates for Selected Currencies

### 1.1 Impact of economic sanctions on different nations

A global shortage of fossil fuel supplies as well as food supplies (Dalheimer et al., 2021) was imminent, which resulted in severe economic disruption for many countries, especially low-income countries in Africa, which are reluctant to confront Russia with economic sanctions (Hosoe, 2023). Many countries from different parts of the globe are now suffering economically because of sanctions on Russia. As most countries do international trade in dollars, this sanction on Russia increased the price of commodities. The interruption in the global supply chain increased the cost of production as well as the price. As a result, the total cost of production has increased, which ultimately affects the consumer price index and business profitability (Ahsan, 2018). This would be severe if China and India joined in this sanctions process; fortunately, it did not happen. Although China and India did not put any sanctions on Russia, most of the major economies around the globe are affected. The consumer price index is at its highest for most of the countries. In the following chart, we can see an increase in the Consumer Price Index (CPI) of the Russian Federation, India, China, the U.S.A., Canada, Iran, and Turkey. This sanctions not only affected the consumer price index but also the currency exchange rate against the US dollar, which has increased sharply for most of the economies.

As discussed before, the increase in the US dollar exchange rate has affected most of the countries in terms of their imports and exports. The cost of shipping and other charges has increased a lot that increases the daily expenditures of general people (Ahsan et al., 2022). This is also one of the reasons for de-dollarization. The following chart shows us that the value of most of the major currencies in the world has increased against the U.S. dollar. So, it can be easily understood that the U.S. dollar is causing havoc for many countries when they do international trade, such as exports or imports.

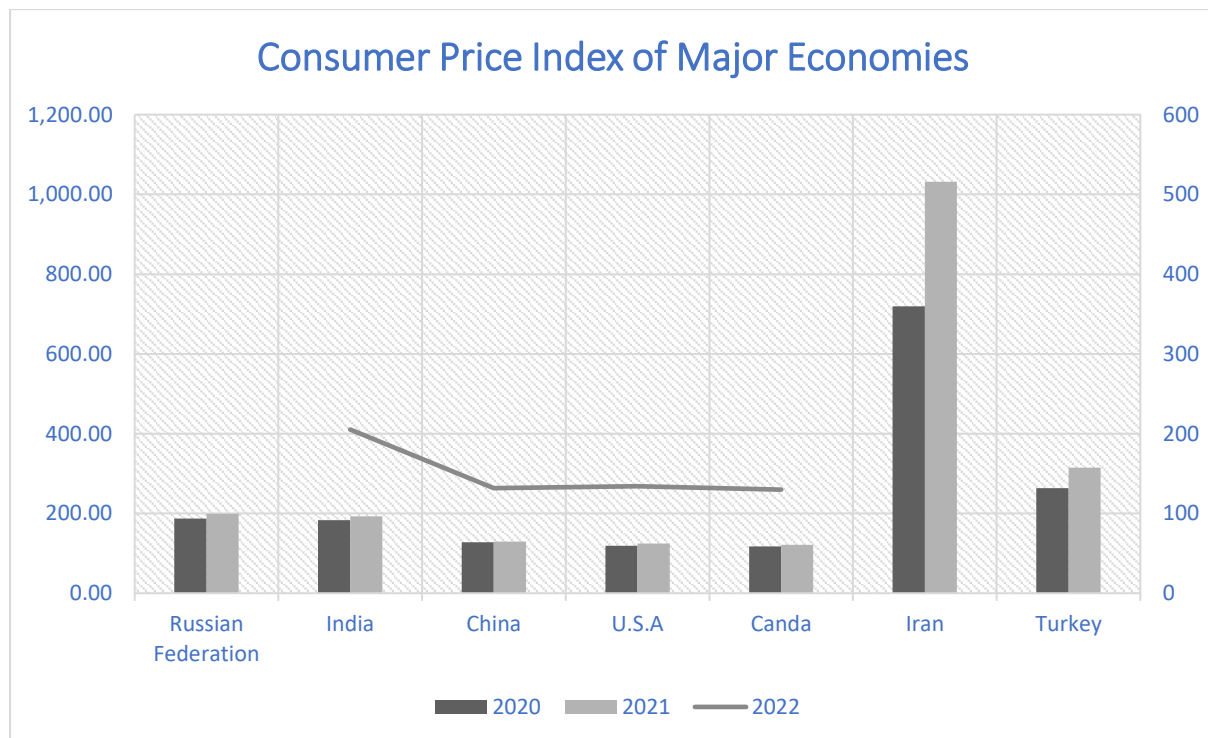
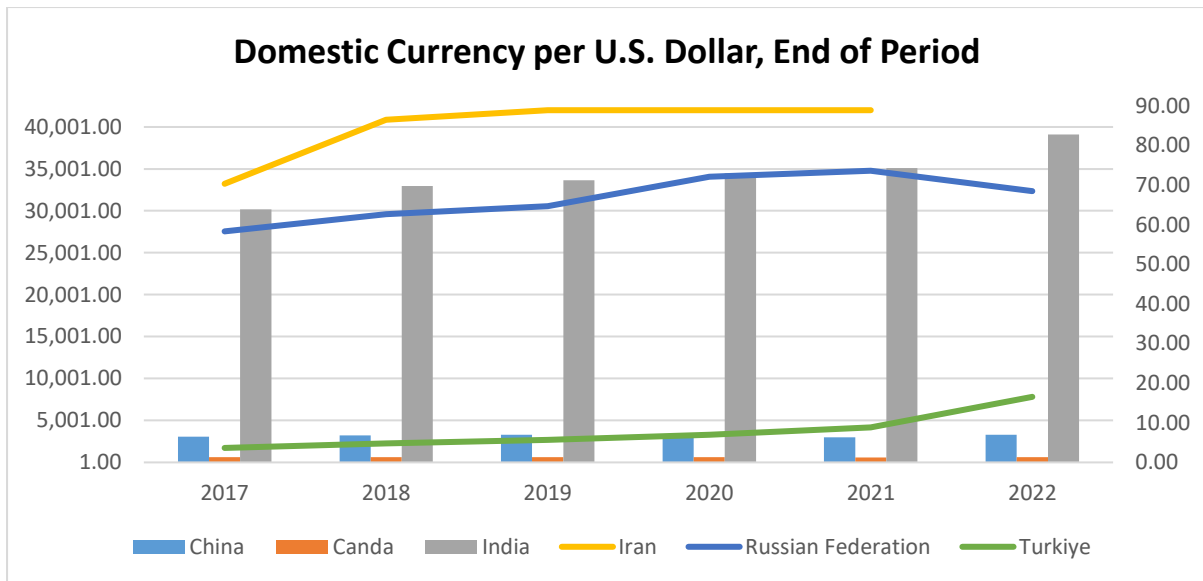


Figure 2: Consumer Price Index of Major Global Economies from 2020-2022 (International Monetary Fund, 2023)

Source: The author compiled the data collected from International Financial Statistics (IMF).



All these facts show that countries de-dollarize in their own way to stabilise or secure their economies from the risk of destabilisation (Wenhong, 2023).

The dollar is considered a medium of exchange for various private transactions or can be called a "vehicle". This could also be sold and bought by the central bank, for which it is called an intervention's currency. For international trade, the dollar could be considered an "invoice currency" also per the value of the exchange rates sometimes mentioned in terms of the dollar, which makes it serve as a "peg". Finally, private agents hold liquid dollar-denominated assets—the "banking" role—and central banks hold the dollar as a reserve (Krugman, 1984). So, it can be said that the dollar was a transparent way of doing transactions by all means. Cohen discussed the six roles of the dollar in his article:

**Table 1: Roles of an international currency (Cohen 1971)**

	Private	Official
Medium of exchange	Vehicle	Intervention
Unit of account	Invoice	Peg
Store of value	Banking	Reserve

There is another standard considered by Kindleberger, which is the "standard of deferred repayment". This standard is treated as the denomination of loans in dollars, which is in relation to a particular case of invoicing. Although the dollar is also used as a reserve and intervention currency (Kindleberger, 1981). So, it can be said that the dollar is an international currency. In the area of foreign exchange, the dollar is considered a vehicle currency, which can be related to the concept of economies of scale. As the dollar is considered a vehicle currency, the concepts of structure of payments and structure of exchange are distinguished by Krugman. Structure of payment means the matrix of final demands for foreign exchange for the purposes of trade and investment, whereas structure of exchange means the matrix of actual foreign exchange transactions. One interesting fact that needs to be discussed is that the dollar is not the only currency that is used for all types of international trading.

The British pound sterling was another international reserve currency before the dollar became popular. Cohen said that if a country becomes stronger, they will have more connections, which will help them attract more people. Cohen tries to say that Britain had very extensive trading

and connections. So, sterling would be the most useful to all the countries that are interested in using it. If more people and countries use the sterling, it will be more attractive to others in terms of international payments (**Cohen,1971**). Before the Second World War, sterling was held by most financial institutions and firms all over the world because of its high acceptance and other monetary roles. Most of the settlements were done in sterling, and all the financial institutions were required to hold sterling as the spread of sterling is everywhere (**Krugman, 1984**). The role of the dollar is nearly identical to that of sterling. The dollar became popular and usable in most countries after the Second World War. Krugman said the dollar achieved similar popularity as sterling but a less striking position. Krugman also said the dollar has one disadvantage that pre-war sterling did not have. This disadvantage is considered an uncertainty because of floating exchange rates. Uncertain exchange rates push wealth holders towards diversification, opposing the forces encouraging convergence on a single currency. The result has apparently been a gradual diversification away from the dollar since 1973 (**Krugman, 1984**). So, the effect of dollarization existed long before today's discussion of de-dollarization because of the Russia-Ukraine war.

## 2. Literature Review

The Russia-Ukraine war is a geopolitical outcome that was not expected by many countries in the world. Already, the economic condition of many countries is not as good as expected because of the severe effects of COVID-19. Because of COVID-19, the global economy experienced a reduction of 3.2% in 2020 (**Jackson, 2021**). The Russian invasion of Ukraine, which has been affecting a lot of people since the beginning of this war, although this was not a war of sudden incidents, it was the direct result of years of Ukraine's determination to become a member of NATO and the Russian opposition. Russia is considered a threat to Ukraine's sovereignty, which was also another cause of the attack on Ukraine by Russia.

The exchange rate is completely related to foreign exchange. Foreign exchange is considered to be used for international trade. Since World War II, most countries have started to do transactions in dollars. There would be an effect in import and export if there is a fluctuation in the US dollar exchange rate. This impact would be highly understandable when the invoicing country does imports or exports outside of the United States but invoicing is done in US dollars. So, a currency mismatch is eminent if the exporter is outside the United States. This problem increases in terms of international transactions. In international transactions, the payment is delayed because of shipment delays, while the terms of the shipment tend to be sticky (**Demir & Javorcik, 2018**). If the US dollar exchange rate increases, then it would affect international trade for any other countries that trade with the USA. So, exchange rates become vital in terms of foreign exchange. Since the beginning of the Russia-Ukraine war, it has been found that the value of the dollar depreciates. As the value of the US dollar depreciates, it starts to affect other foreign currencies, as most of the transactions are done in US dollars. So, now countries have to pay more in their local currencies when they want to convert their local currencies into US dollars. As a result, more of the local currencies are going out against the US dollar, which affects the foreign reserves of a particular country.

Economic sanctions are considered the opposite of "Economic Allies". Economic allies are considered a group of allies that consists of powerhouses. This powerhouse means economic allies where some very strong economies will be available. From Sidely publication, a discussion about sanctions has been recorded in the article of Schropp & Tsigas: "While sanctions have been as diverse as the group of allies itself, they often included financial measures against some specific country or activities (**Schropp & Tsigas, 2023**). Sanctions are

often considered diverse conditions by the group of allies. If we consider the situation between Russia and Ukraine, we will find some important issues about sanctions. Like sanctions on Russia, they include financial measures against the central bank of Russia as well as commercial banks, increasing the tariffs or imposing bans on import and export, providing a ban on investment, restrictions on travel, the seizure of internationally held assets, or the suspension of international cooperation (**Sidely publication, 2022**). This sanction creates major problems for the economy of a country.

Another purpose of imposing sanctions is to stop an economy from earning foreign currency and restrict imports to create problems in the domestic market of the economy (**Hosoe, 2023**). The United States, Europe, and Japan were in the lead in imposing economic sanctions, particularly the blockage given to Russia's fuel exports (natural gas, oil, and coal) to prevent Russia from earning foreign currency and to restrict imports to impede Russian domestic economic activity (**Hosoe, 2023**). Major economic sanctions were imposed by the USA and its allies because of this invasion. These sanctions are against the ten largest Russian financial institutions, which constitute 80% of Russian banking assets and block selected Russian banks from SWIFT (**The White House, 2022; Holland et al., 2022**). Besides these sanctions, some of the financial firms, like Goldman Sachs and Western Union, halted their operations in Russia (**Goldman Sachs and Western Union pull out of Russia, 2022**).

Most of the developed and developing countries' economies are in great crisis because of the ongoing geopolitical crisis of the Russia-Ukraine war. More particularly, it can be said that there are several types of disruptions in the supply chain and blocks that hit many economies. Since 2020, the global economy has been suffering from the severity of COVID-19, and now the war between Russia and Ukraine has become an added disadvantage for global economies. Especially after imposing several economic sanctions on Russia (including its exports of commodities), there has been a global shock in commodity currencies (**Sokhanvar et al., 2023**). Bangladesh has been suffering from this global shock because of sanctions on Russia. Despite Bangladesh's excellent growth since transitioning to the lower-middle-income group, the country confronts a number of economic issues that may prevent its advancement to the next income level (Islam et al., 2023).

Along with the severe economic sanctions imposed on Russia, the limitations on the grain exports of Ukraine make the global socio-economic situation dramatically unstable. This was one of the major reasons for global inflation, which has an impact on not only the prices of energy, food, and other commodities but also increased global demand for goods and services. This unpleasant scenario has created pressure on commodity prices. The observed increase in the global demand for manufactured goods and services could partly reflect the postponed consumption and investment spending by households and firms, especially during the first year of the coronavirus epidemic (**Sokhanvar et al., 2023**). This rising price of the economy has impacted both imports and exports (**Lee et al., 2023**). There are various types of macroeconomic effects because of the increasing price of commodities. Such as the cost of production, inflation, domestic output, employment, investment, savings, consumption, budget balance, trade balance, economic growth, and many more. All these economic effects are connected with the changes or fluctuations of the exchange rate channel (**Sokhanvar et al., 2023**). The fluctuations in the exchange rate of major currencies have an adverse effect on the domestic economy. The example of the US dollar can be used in these circumstances. When the value of the US dollar appreciates or depreciates, economies that use the US dollar as a transaction currency are affected immediately. This immediate effect shows instability in domestic economic factors.

Additionally, this war was thought to be over soon after it started, as Russia is much stronger in terms of military capabilities. This did not happen because of the continuous support from the NATO alliance for Ukraine. This also prolonged the war and became a cause of worldwide stock market volatility and a hike in energy prices (**Qureshi et al., 2022**). This war has various impacts on the economy. It had an impact on the global and domestic economies, the price of the daily commodity, the stock market, and many more. It is unbearable that the cost of the Russia-Ukraine war has become beyond imagination as it continues without any sign of stopping.

Since the beginning of the early 1970s, dollarization has been one of the major concerns for most of the country, as all or most of them have to trade in dollars. Many of the developing countries adopted the use of the US dollar either for their economies or for international transactions (**Metin-Ozcan & Us, 2007**). Initially, dollarization seems like a better policy for stabilising an economy, but ultimately, it creates various types of obstacles to running the monetary policy of an economy independently. Although dollarization is considered a very good policy to hedge, ultimately it results in severe economic imbalances, which also lead to a volatile exchange rate and adverse wealth effects. Ultimately, this wealth restricts an economy from implementing effective monetary policy (**Céspedes et al., 2004; Aghion et al., 2000**). So, the issue is: how do we stabilise a dollarized economy? It becomes a major concern for most of the economies that are using the US dollar either as a reserve currency or as a currency for exchanging international trade. As we know, a country's reserve is affected or becomes less when the value of the dollar fluctuates. Dollarization consequently leads to decreased economic stability, more volatile capital flows, and more costly borrowing (**Eichengreen, 2010**). Dollarization results in several issues that make an economy suffer severely. High and volatile rates of inflation, a depreciating exchange rate, unsuccessful stabilisation efforts, financial crises, and underdeveloped capital markets played a key role in the rising dollarization ratios (**Metin-Ozcan & Us, 2007**). There is another risky side to dollarization: the ratio of dollarization. Even if the economy is moving towards stabilisation, this dollarization percentage occasionally does not decrease. Turkey's dollarization, for instance, did not go as well as expected. For a given amount of budget deficit, it lowers the seigniorage and causes inflation that is higher and more variable than is otherwise implied (**Bahmani-Oskooee & Domac, 2003; Selçuk 2003; Selçuk, 2001**).

Another name for de-dollarization could be "reverse currency substitution". In "reverse currency substitution," there will be a reverse buildup against the currently used currency, such as the US dollar, which can be considered de-dollarization. This idea was developed by the CBRT, the Central Bank of the Republic of Turkey (**Metin-Ozcan & Us, 2007**). Galindo and Leiderman defined de-dollarization in terms of bank deposits or loans. When it exceeds 40%, it needs to be brought down to 20% for at least 5 years (**Galindo & Leiderman, 2005**). When does a country want to de-dollarize? This answer would depend on the condition of that country's foreign exchange reserve. As discussed earlier, A country has a higher exchange rate against the US dollar, which indicates a devaluation of the local currency with the exchange of the US dollar. Normally, a country would not be interested in de-dollarizing if its economy is partially or completely dollarized. A strict economic sanction ultimately leads to economic turmoil. If we consider the condition of Russia, where Russia has been carrying many economic sanctions that ultimately make them think about de-dollarizing, The total number of sanctions given to Russia is 10,128. Chairman of the State Duma of the Russian Federation Vyacheslav Volodin said, "10,128 sanctions have been imposed against our country. More than against any other state in the entire history of their existence" (**Volodin counted the number of sanctions against Russia, 2022**). So, Russia accelerated its de-dollarization process to save its economy

(Wenhong, 2023). The de-dollarization process is not only followed by Russia but also by China, which is a great ally of Russia. China has been trying to increase the acceptance of the Chinese Yuan in the international market. China sells diversified products around the world. That is why most of the Chinese transactions were in US dollars, but as the relationship between China and the US gets weaker, So, China has also started to de-dollarize to save its economy. There are some countries that have become de-dollarized economies, although they were once dollarized economies. For example, consider the case of Argentina, which became a de-dollarized economy in 2001 when it converted its dollar-denominated bonds to domestic currency. Also, in the case of Mexico, which was in financial crisis in 1994, it decided to cash all the dollar-denominated Tesobonos outstanding and stop issuing foreign currency further. Before that, in 1982, the government of Mexico decided to convert all the dollarized deposits to their domestic currency at a comparatively less favourable rate than was otherwise offered by the market. The same situation happened in Pakistan in 1998. (Metin-Ozcan & Us, 2007). Bolivia and Peru followed the same strategy to stabilise their economies as Mexico and Pakistan. Although there are some exceptions in the case of dollarization. It is not that all the economies are in trouble because they have become dollarized. The examples of Uruguay and Chile Both of these countries were able to manage their success by following dollarization in their economies. Uruguay followed the development of markets in national currency to generate a credible alternative to foreign currency and strengthened the safety net through the regulatory recognition of non-marketable risks. They took comprehensive policies for economy regulation, such as bank regulators, pension fund regulators, insurance companies' regulators, stock market regulators, and finally the central bank (Licandro & Licandro, 2003).

### 3. Analysis and Discussion

Protection of the state's monetary sovereignty; Strategic rivalry with the US; Competition for power in oil pricing; and combating international sanctions. Among these reasons, combating international sanctions has been vital for Russia for a long time. International sanctions will snatch Russia's connections with other countries around the world. Russia was in fear of disconnecting from SWIFT, selling their local bonds in the U.S. and EU, having an impact on the Russian stock market, and freezing their investments in the US market (Wenhong, 2023). Most of these have already been imposed on Russia. That is why Russia has already started to de-dollarize its economy. For example, 410 billion US dollars were traded among Russia and EU countries during 2013, whereas this trade has gone down to 219 billion US dollars by 2020. Russia also created its own payment system (MIR) and financial information exchange system (SPFS) as part of its de-dollarization strategy (Wenhong, 2023).

Russia is also committed to promoting local currency settlements in bilateral trade with countries in the Middle East, Southeast Asia, Latin America, and Africa. These bilateral agreements led to the creation of another highly acclaimed organisation called BRICS. This situation has raised doubts about the leadership of the United States and the continued trade in the US dollar. This economic crisis leads to the creation of another alternative economic alliance, which is BRIC. In the year 2010, BRIC was transformed into BRICS with the joining of South Africa (Brazil MFA, 2020). The formation of the BRICS raises another question: whether this de-dollarization process will be accelerated by Russia and China, whether it is going to be a temporary solution to a long-term problem, or whether it will have a broader impact. For example, the bilateral trade between Russia, China, and the US fell from nearly 90 percent in 2015 to 46 percent in 2020 (Simes, 2020). Currently, BRICS nations account for 24 percent of the global GDP and 16 percent of world trade (BRICS India, 2021). There is another strategy that could also be followed by BRICS nations: "reform the status quo". It is another

de-dollarization strategy, which means countries want to de-dollarize but not completely as their economies have major trade with the U.S. So, these types of countries think that if they completely de-dollarize, then their economy might be affected.

Ukraine was invaded by Russia on February 24, 2022 (Izzeldin et al., 2023). Soon after the invasion started, Moscow's MOEX index dropped almost 9% in the week following the invasion (Financial Times, 2022). The stock market shows a major decline in stock prices, which results in a great loss for many investors.

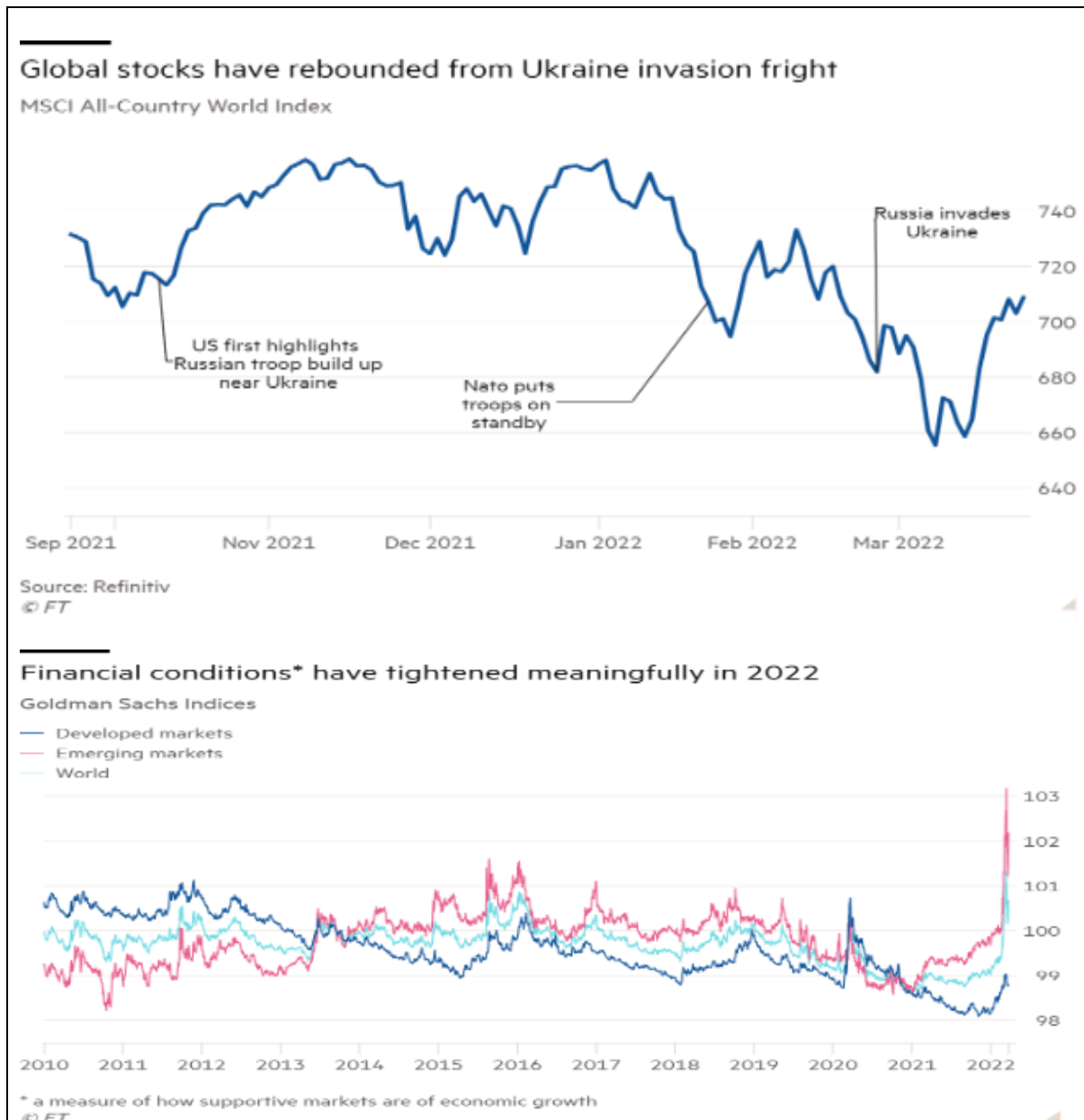


Figure 3: Global financial conditions after the invasion of Ukraine by Russia

Notes: The figure shows the daily percentage return of major stock market indices following the invasion.  
 Source: Financial Times; Bloomberg (Izzeldin et al., 2023)

We can see that it has fallen dramatically since the beginning of the Ukraine-Russia war. The same type of effect has been found in the next graph, where we can see the uncertain conditions of various economies around the world. Conditions are the same for developing markets and emerging markets, which means a decline trend or a tightened condition since the beginning of

the war (**Financial Times, 2022**). Considering this uneven or unwanted situation, several major sanctions have been imposed on Russia. These sanctions were mainly targeted at the economy of Russia, although they were not limited to that country. It affects different countries directly or indirectly. Some countries were highly affected, whereas others were less affected. So, we can call this effect a variable effect (**Minami et al., 2022**). Besides the Ukraine-Russia war, the impact of COVID-19 was imminent. So, it can be said that since the beginning of 2020, the world has been suffering from economic turmoil. Economic pressure because of COVID-19 and the Ukraine-Russia war has mingled with pressure on the economies of various countries. Since the invasion of Ukraine by Russia, many countries, especially the United States and the European Union, have wanted to impose very strict sanctions on Russia. Before announcing the sanctions, they asked Russia to stop the invasion, but Russia did not stop the invasion. So, as per the decision taken by the United States and European Union, they started to impose sanctions on Russia, although initially they did not want to do it if Russia stopped invading Ukraine (**Hosoe, 2023**). So, instead of stopping Russia from starting this war, the United States, Europe, and Japan took the lead in imposing sanctions. This economic sanction covers the blockage of Russia's fuel exports (natural gas, oil, and coal) to stop Russia earning foreign currency, which would have a severe effect on Russia's economy (**Hosoe, 2023**).

### **3.1 Relationship between exchange rate and de-dollarization:**

As discussed earlier, the fluctuation of the dollar exchange rate creates many problems in the economy. Especially in the case of international trade and transactions. When the dollar rate appreciates or depreciates, it affects the total value of transactions as well as the importer's economy. As a result, more of the reserve currency goes out of the economy, and further foreign trade, especially imports, becomes tough. Also, the cost of local production goes up, which ultimately results in inflation in the economy. So, countries that are more dependent on dollarization or have more reserves in dollars face severe economic problems.

### **3.2 Relationship between economic sanction and de-dollarization:**

There are many impacts of sanctions that could bring devastation to the economy. Dreger et al. said the fluctuations of the oil price are higher than economic sanctions (Dreger et al., 2016). Scholars say about the sustainability of Russia after imposing economic sanctions. It has been said that if sanctions had been imposed on Russia intensively, it would be very tough for Russia to survive (Iwasaki et al., 2016).

### **3.3 Relationship between price of commodities and de-dollarization:**

Increased price of commodities creates instability in the economy. Whereas if this increased price of commodities is for external forces, it influences more for de-dollarization.

## **4. Conclusion**

As the war continues, the oil and wheat price crises have started. So, because the combination of war and sanctions has created complexity in the supply chain to other parts of the world, the crisis has become intense. Although prices of oil and wheat returned to pre-crisis levels as of January 2023 (**Hosoe, 2023**), To make sanctions greater, the United States and European Union raised resolutions in the United Nations, although Russia is one of the members of the United States security council. All these sanctions have had a negative impact on local trade, foreign trade, and foreign direct investment in Russia and former Soviet Union countries (**Sedrakyan, 2022**). These sanctions not only impacted Russia but also Bangladesh. Bangladesh does import-export every year whereas import is higher than export. If the cost of import is higher, Bangladesh economy suffers a lot. A tiny open economy like Bangladesh, which relies heavily

on imports (whose imports have historically outpaced its exports), is more likely to be impacted by a global crisis and may experience a change in how the factors affecting the import demand are affected by it (Hosen, 2023; Osmani, 2016; Bangladesh Bank, 2022).

## Reference

- Aghion, P., Bacchetta, P., & Banerjee, A. V. (2000). Currency crises and monetary policy in an economy with credit constraints. *SSRN Electronic Journal*. DOI: <https://doi.org/10.2139/ssrn.239288>
- Ahsan, A. (2018). The effect of costs on profitability: An analysis on small manufacturing businesses. *International Journal of Business and Management Invention*, 7(9), 71-81. URL: <https://tinyurl.com/u3jn7dmm>
- Ahsan, A., Ahmad, J., & Sawrov, M. M. H. (2022). COVID-19 lockdown issue: A study on daily expenditure. *Economic Insights – Trends and Challenges*, 2022(1), 57-65. DOI: <https://doi.org/10.51865/EITC.2022.01.06>
- Aliber, R. Z., & Aliber, R. Z. (1973). National Preferences and the scope for International monetary reform. International Finance Section, Princeton University. URL: <chrome-extension://efaidnbmnnnibpcajpcgclefindmkaj/https://ies.princeton.edu/pdf/E101.pdf>
- Bahmani-Oskooee, M., & Domaç, I. (2003). On the link between dollarization and inflation: Evidence from Turkey. *Comparative Economic Studies*, 45(3), 306-328. DOI: <https://doi.org/10.1057/palgrave.ces.8100022>
- Bangladesh Bank. (2022). *Annual Report*. URL: <https://www.bb.org.bd/en/index.php/publication/publicitn/0/2>
- Berthou, A., Horny, G., & Mésonnier, J. (2022). The real effects of invoicing exports in dollars. *Journal of International Economics*, 135, 103569. DOI: <https://doi.org/10.1016/j.jinteco.2022.103569>
- Brazil MFA (Ministry of Foreign Affairs of Brazil). (2020). XII BRICS Summit Moscow Declaration. URL: [www.gov.br/mre/en/contact-us/pressarea/press-releases/xii-brics-summit-moscow-declaration](http://www.gov.br/mre/en/contact-us/pressarea/press-releases/xii-brics-summit-moscow-declaration)
- BRICS India. (2021). Evolution of BRICS. URL: <https://brics2021.gov.in/aboutbrics>.
- Céspedes, L. F., Chang, R., & Velasco, A. (2004). Balance sheets and exchange rate policy. *American Economic Review*, 94(4), 1183-1193. DOI: <https://doi.org/10.1257/0002828042002589>
- Cohen, B. J. (1971). Future of sterling as an international currency. DOI: <https://doi.org/10.2307/2230031>
- Dalheimer, B., Herwartz, H., & Lange, A. (2021). The threat of oil market turmoil to food price stability in Sub-Saharan Africa. *Energy Economics*, 93, Article 105029. <https://doi.org/10.1016/j.eneco.2020.105029>
- Demir, B., & Javorcik, B. (2018). Don't throw in the towel, throw in trade credit! *Journal of International Economics*, 111, 177-189. DOI: <https://doi.org/10.1016/j.jinteco.2018.01.008>
- Dreger, C., Kholodilin, K. A., Ulbricht, D., & Fidrmuc, J. (2016). Between the hammer and the anvil: The impact of economic sanctions and oil prices on Russia's ruble. *Journal of Comparative Economics*, 44(2), 295–308. DOI: <https://doi.org/10.1016/J.JCE.2015.12.010>
- Eichengreen, B. (2008), *Globalizing Capital. A History of the International Monetary System*, Princeton: Princeton University Press. URL: <https://tinyURL.com/5n7nedhw>

- Eichengreen, B., & Hausmann, R. (Eds.). (2010). *Other people's money: debt denomination and financial instability in emerging market economies*. University of Chicago Press. **URL:** <https://press.uchicago.edu/ucp/books/book/chicago/O/bo3534532.html>
- Financial Times. (2022). *Ukraine conflict: The risks looming for investors*. **URL:** <https://www.ft.com/content/b64c7e32-5947-4bc0-bf42-cb83f19ce070>
- Galindo, A. J., & Leiderman, L. (2005). *Living with dollarization and the route to De-dollarization*. *SSRN Electronic Journal*. **DOI:** <https://doi.org/10.2139/ssrn.1818726>
- Goldman Sachs and western union pull out of Russia*. (2022). BBC. **URL:** <https://www.bbc.com/news/business-60691688>
- Gourinchas, P. O., Rey, H., & Sauzet, M. (2019). *The international monetary and financial system*. *Annual Review of Economics*, 11, 859-893. **DOI:** <https://doi.org/10.1146/annurev-economics-080217-053518>
- Holland, S., Chalmers, J., & Psaledakis, D. (2022). *U.S., Allies target 'fortress Russia' with new sanctions, including SWIFT ban*. REUTERS. **URL:** <https://www.reuters.com/world/europe/eu-announces-new-russia-sanctions-with-us-others-including-swift-2022-02-26/>
- Hosen, M. Z. (2023). *Aggregated imports and expenditure components in Bangladesh: A cointegration and equilibrium correction analysis*. *Heliyon*, 9(6), e17417. **URL:** <https://doi.org/10.1016/j.heliyon.2023.e17417>
- Hosoe, N. (2023). *The cost of war: Impact of sanctions on Russia following the invasion of Ukraine*. *Journal of Policy Modeling*, 45(2), 305-319. **DOI:** <https://doi.org/10.1016/j.jpolmod.2023.04.001>
- IMF Exchange Rate Archives. **URL:** [https://www.imf.org/external/np/fin/data/param\\_rms\\_mth.aspx](https://www.imf.org/external/np/fin/data/param_rms_mth.aspx)
- IMF<sub>a</sub> (2023) *World Economic Outlook, Database*. **URL:** <https://www.imf.org/en/Publications/WEO/weo-database/2023/April/groups-and-aggregates>
- IMF<sub>b</sub> (2023). *IMF Country Information*. **URL:** <https://www.imf.org/en/Countries>
- Islam, Md. J. A., Mahmud, I., Islam, A., Sobhani, F. A., Hassan, Md. S., & Ahsan, A. (2023). *Escaping the middle-income trap: A study on a developing economy*. *Cogent Social Sciences*, 9(2). **DOI:** <https://doi.org/10.1080/23311886.2023.2286035>
- Iwasaki, I., Maurel, M., & Meunier, B. (2016). *Firm entry and exit during a crisis period: Evidence from Russian regions*. *Russian Journal of Economics*, 2(2), 162–191. **DOI:** <https://doi.org/10.1016/J.RUJE.2016.06.005>
- Izzeldin, M., Muradoğlu, Y. G., Pappas, V., Petropoulou, A., & Sivaprasad, S. (2023). *The impact of the Russian-Ukrainian war on global financial markets*. *International Review of Financial Analysis*, 87, 102598. **DOI:** <https://doi.org/10.1016/j.irfa.2023.102598>
- Jackson, J.K. (2021). *Global economic effects of COVID-19*. Congressional Research Service. **URL:** <https://sgp.fas.org/crs/row/R46270.pdf>
- Kindleberger, C. (1981). *International money*. London: George Allen & Unwin. **DOI:** <https://doi.org/10.4324/9781315020167>
- Krejcie, R. V., & Morgan, D. W. (1970). *Determining sample size for research activities*. *Educational and psychological measurement*, 30(3), 607-610. **DOI:** <https://doi.org/10.1177/001316447003000308>
- Krugman, P. R. (1984). *The international role of the dollar: theory and prospect*. In *Exchange rate theory and practice* (pp. 261-278). University of Chicago press. **URL:** <https://www.nber.org/books-and-chapters/exchange-rate-theory-and-practice>

- Lee, C.C., Wang, C.W., Thinh, B.T. (2023). Green development, climate risks, and cash flow: International evidence. *Pac. Basin Finance J.* 79, 102021. **DOI:** <https://doi.org/10.1016/j.pacfin.2023.102021>
- Licandro, G., & Licandro, J. A. (2003). Building the de-dollarization agenda: Lessons from the Uruguayan case. Central Bank of Uruguay. **URL:** <https://tinyURL:.com/2edv9hr8>
- Malhotra, N. K., & Malhotra, N. K. (2012). Basic marketing research: Integration of social media. **URL:** <https://localcat.unimap.edu.my/cgi-bin/koha/opac-detail.pl?biblionumber=97101>
- McKinnon, R. I. (1974). A new tripartite monetary agreement or a limping dollar standard? (Vol. 106). Princeton, NJ: Princeton University Press. **URL:** <https://tinyURL:.com/2bux6k4c>
- Metin-Özcan, K., & Us, V. (2007). De-dollarization in Turkey after decades of dollarization: A myth or reality? *Physica A: Statistical Mechanics and its Applications*, 385(1), 292-306. **DOI:** <https://doi.org/10.1016/j.physa.2007.06.018>
- Minami Funakoshi, Hugh Lawson and Kannaki Dekka. (2022). *Tracking sanctions against Russia*. Reuters. **URL:** <https://www.reuters.com/graphics/UKRAINE-CRISIS/SANCTIONS/byvrjenzmve/>
- Murau, S., Rini, J., & Haas, A. (2020). The evolution of the Offshore US-Dollar System: past, present and four possible futures. *Journal of institutional economics*, 16(6), 767-783. **DOI:** <https://doi.org/10.1017/S1744137420000168>
- Osmani, S. R. (2016). Bangladesh'. *Issues in Contemporary Economics: Volume 3: Policy and Development*, 170. **URL:** <https://tinyURL:.com/36h2hrs3>
- Qureshi, A., Rizwan, M. S., Ahmad, G., & Ashraf, D. (2022). Russia-Ukraine war and systemic risk: Who is taking the heat? *SSRN Electronic Journal*, 48. **DOI:** <https://doi.org/10.2139/ssrn.4079572>
- Rueff, J. (1971). *Le péché monétaire de l'Occident*. FeniXX
- Schropp, S., & Tsigas, M. (2023). Designing 'optimal' sanctions on Russian imports. *The World Economy*, 46(3), 498-531. **DOI:** <https://doi.org/10.1111/twec.13377>
- Sedrakyan, G. S. (2022). Ukraine war-induced sanctions against Russia: Consequences on transition economies. *Journal of Policy Modeling*, 44(5), 863-885. **DOI:** <https://doi.org/10.1016/j.jpolmod.2022.08.003>
- Sekaran, U., & Bougie, R. (2016). *Research methods for business: A skill building approach*. John Wiley & Sons. **DOI:** <https://tinyURL:.com/ynhmy95a>
- Selçuk, F. (2001). Seigniorage, currency substitution, and inflation in Turkey. *Russian & East European Finance and Trade*, 37(6), 47-57. **URL:** <https://www.jstor.org/stable/27749600>
- Selçuk, F. (2003). Currency substitution: new evidence from emerging economies. *Economics Letters*, 78(2), 219-224. **DOI:** [https://doi.org/10.1016/s0165-1765\(02\)00207-0](https://doi.org/10.1016/s0165-1765(02)00207-0)
- Sidley Publications. (2022). *Russia-Related Sanctions*. **URL:** <https://www.sidley.com/en/insights/resources/russia-related-sanctions>
- Simes, D. (2020, August 6). China and Russia ditch dollar in move toward "financial alliance." *Nikkei Asia*. **URL:** <https://asia.nikkei.com/Politics/International-relations/China-and-Russia-ditch-dollar-in-move-toward-financial-alliance>
- Sokhanvar, A., Çiftçioğlu, S., & Lee, C. (2023). The effect of energy price shocks on commodity currencies during the war in Ukraine. *Resources Policy*, 82, 103571. **DOI:** <https://doi.org/10.1016/j.resourpol.2023.103571>
- The White House. (2022). *FACT SHEET: Joined by Allies and partners, the United States imposes devastating costs on Russia*. **URL:** <https://www.whitehouse.gov/briefing-room/statements-releases/2022/02/24/fact-sheet-joined-by-allies-and-partners-the-united-states-imposes-devastating-costs-on-russia/>

- Volodin counted the number of sanctions against Russia. (2022). **URL:** <https://ria.ru/20220508/sanktsii-1787471086.html?ysclid=>
- War in Ukraine: What explains the calm in global stock markets? (2022). Financial Times. **URL:** <https://www.ft.com/content/4c4c4c04-151c-467c-b011-136d56546da9>
- Wenhong, X. (2023). De-dollarization as a Direction of Russia's Financial Policy in Current Conditions. *Studies on Russian Economic Development*, 34(1), 9-18. **DOI:** <https://doi.org/10.1134/S1075700723010185>
- World Bank. (2023). *Country Profile*. Data Bank | The World Bank. **URL:** [https://databank.worldbank.org/views/reports/reportwidget.aspx?Report\\_Name=CountryProfile&Id=b450fd57&tbar=y&dd=y&inf=n&zm=n&country=BGD](https://databank.worldbank.org/views/reports/reportwidget.aspx?Report_Name=CountryProfile&Id=b450fd57&tbar=y&dd=y&inf=n&zm=n&country=BGD)