

Digital Assets & National Security: Ensuring U.S. Economic Leadership in the 21st Century

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I. Executive Summary

Purpose

This document outlines the critical national security and economic imperatives of digital asset leadership for the United States. As global competitors aggressively advance their digital currency frameworks, the U.S. faces a tipping point—either lead in blockchain-based finance or risk losing financial hegemony.

Key Takeaways

- **Preserving Dollar Dominance:** The rise of China’s digital yuan and alternative settlement systems threatens the U.S. dollar’s global reserve currency status. Stablecoin leadership is an essential countermeasure.
- **Strengthening Financial Intelligence:** ISO 20022 integration is not just an efficiency upgrade—it’s a national security necessity for tracking illicit finance, preventing fraud, and enforcing sanctions.
- **Regulatory Clarity as a Strategic Imperative:** The U.S. must adopt a balanced, innovation-friendly regulatory framework to prevent talent and capital flight to competitor jurisdictions.
- **Maintaining Leadership in Financial Technology:** The EU (MiCA), Singapore (Project Guardian), and China (digital yuan expansion) are proactively defining the future of finance—America must act now to maintain its competitive edge.

II. The Financial & Economic Risks of Inaction

1. China’s Digital Yuan & the Threat to USD Hegemony

China's central bank digital currency (CBDC) is more than an experiment—it's a strategic geopolitical tool designed to circumvent U.S.-controlled financial infrastructure like SWIFT.

- **Geopolitical Risk:** The digital yuan allows China to settle trade outside the dollar system, reducing U.S. oversight and sanction enforcement.
- **Belt & Road Integration:** China bundles digital yuan adoption with trade and infrastructure deals, forcing emerging markets to reduce reliance on the dollar.
- **BRICS & IMF Disruptions:** China is actively working with BRICS nations to create alternative payment networks—reducing global dollar liquidity.

2. Competitor Jurisdictions Are Winning the Regulatory Race

While the U.S. struggles with regulation by enforcement, competitors are providing clear, innovation-friendly frameworks:

- **EU's MiCA:** Establishes comprehensive crypto regulations, providing certainty to investors and institutions.
- **Singapore's Project Guardian:** A public-private sandbox fostering tokenized finance and cross-border payments.
- **Dubai & Switzerland:** Leading crypto-friendly banking ecosystems, attracting major institutional capital.

Fact: U.S.-based firms are already moving offshore—Coinbase, Gemini, and Circle have expanded into Bermuda, Dubai, and the EU due to regulatory uncertainty. We must act now to prevent further capital flight.

III. The National Security Case for Blockchain Leadership

1. Financial Intelligence & Anti-Money Laundering (AML)

Blockchain enhances, not weakens, financial oversight.

ISO 2022 + Blockchain = Unprecedented Financial Transparency

- Real-time fraud detection using standardized messaging.
- Enhanced AML/KYC compliance for digital assets.
- Improved sanction enforcement, reducing illicit finance networks.

Decentralized Finance (DeFi) as a Transparency Tool

- Unlike offshore banks, DeFi transactions are auditable and traceable.
- Public ledgers create immutable financial records—enabling AI-driven transaction monitoring.

2. Countering Financial Warfare

Adversarial states are already using crypto to bypass U.S. sanctions:

- North Korea: Over \$2 billion in crypto stolen to fund weapons programs.
- Russia: Using stablecoins and CBDCs to settle oil trades outside SWIFT.
- Iran: Mining Bitcoin to convert excess energy into sanctions-proof reserves.

If the U.S. does not define the future of digital finance, bad actors will.

3. Reinforcing the Digital U.S. Dollar

Dollar-backed stablecoins are a natural extension of U.S. financial dominance—but they need clear regulatory support.

IV. ISO 2022: The Future-Proof Standard for Digital Finance

1. Bridging Traditional Finance (TradFi) & Decentralized Finance (DeFi)

- ISO 20022 = Seamless integration between banks and blockchain networks.
- Prevents illicit finance by embedding standardized compliance protocols into blockchain networks.

2. AI-Powered Smart Sanctions & Fraud Prevention

- AI-driven risk analytics using ISO 20022 metadata can flag illicit transactions in real time.
- Cross-network transaction monitoring allows for early intervention in financial crime.

If the U.S. integrates ISO 20022 with blockchain analytics, it will set the global standard for compliance and security.

V. Policy Recommendations & Immediate Actions

The U.S. must take decisive action within the next 12 months to maintain its leadership in digital finance:

- Adopt ISO 20022 Across Banking & Blockchain Networks
 - Establish a Joint SEC-CFTC Oversight Framework
 - Developing a Digital Asset National Strategy
 - Support Dollar-Backed Stablecoin Innovation
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VI. Conclusion: A Call to Action

The future of finance is digital. The nations that set the rules for blockchain, stablecoins, and financial intelligence will define the next century of economic power.

The United States has led every major financial transformation in modern history. Now is the time to lead again.

The cost of inaction is too great. Let's move forward together.

Respectfully,

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