

Gradual Changes Loom for International Monetary Trade System

Will gold, currencies, or bonds back the trillions of dollars in loans?

NEW YORK, NY, UNITED STATES, June 15, 2026 /EINPresswire.com/ -- Most consumers are aware of the magnitude of the international financial system, but few can describe how it works and what holds it together. Vincent B. Lanci provides a great insight in his book "AS GOOD AS GOLD: The Return of Real Money."

Lanci is a veteran trader in gold and precious metals, energy, and stocks; publisher of the Substack newsletter "Goldfix"; and an adjunct professor of MBA Finance at the University of Connecticut. Over the years spent delving into the intricacies of these markets, Lanci's keen observations kept him abreast of the financial undercurrents.

A common thought is that currencies are the glue that holds the international financial system together. Financial news mentions the dollar's strength against the Chinese yuan and the role of the euro, or the Japanese yen. That is close, but no cigar.

The star player is U.S. Treasury securities. World governments hold trillions of dollars in U.S. Treasury securities. Central banks accumulate them as reserves. Banks borrow against them in repo markets. Derivatives contracts are margined with them. Institutional portfolios treat them as the safest asset in global finance.

These securities are more than investments; they are the system's foundation. Yet, as Lanci notes, one basic question is seldom asked: Why do these assets hold the global financial system together? The international monetary is not built primarily on currencies. It is built on collateral.

Collateral is the asset that supports financial trust. It is what banks pledge when they borrow, what institutions use to secure derivatives contracts, and what central banks accumulate to defend their currencies during moments of crisis. Without reliable collateral, credit cannot expand, and financial markets cannot function.

The global monetary system becomes easier to understand when viewed from this perspective. It is not simply a network of currencies competing for dominance. It is a hierarchy of assets that supports the balance sheets of governments, financial institutions, and markets.

Those assets change over time. When they change, monetary systems change with them. Gold was the foundation of international finance for most of the 19th and 20th centuries.

Governments held gold reserves because the metal possessed characteristics that allowed it to function as neutral collateral across borders. Gold had no issuer, carried no counterparty risk, and was widely trusted as a store of value.

The situation changed after the Second World War as the Bretton Woods system introduced a hybrid structure. The U.S. dollar became the primary currency for global trade, while gold remained the ultimate settlement asset among central banks. That system continued until 1971, when the United States suspended gold convertibility.

The financial system did not abandon the need for collateral. Instead, financial markets adapted. U.S. Treasury securities gradually assumed the role that gold had previously played within the architecture of global finance.

Treasuries offered liquidity, legal certainty, and a large supply of safe assets capable of supporting rapidly expanding financial markets. Repo markets grew around them. Derivatives markets used them as margin. Central banks accumulated them as reserves. Global trade flows recycled dollars into Treasury markets, reinforcing demand for the asset that anchored the system.

By the early 21st century, the international monetary system had evolved into something rarely described explicitly. It had become a Treasury-collateral system. Lanci relates to the changing world economic and sociological conditions that have evolved in the second and third decades of the 21st century. China is challenging the U.S. for its economic leadership and monetary dominance. Gold has become popular with central banks buying the metal for their reserves.

History suggests that monetary systems rarely transform through sudden declarations. Governments do not simply announce new global currencies and replace existing systems overnight. Instead, change occurs gradually. The classical gold standard gave way to the Bretton Woods system. Bretton Woods gradually evolved into the Treasury-centered financial system that operates today.

The next stage of that evolution may already be underway. Rather than relying primarily on a single collateral asset, the international financial system could evolve toward a structure supported by several forms of collateral. Treasuries would remain central to global finance. Gold would provide neutral sovereign collateral. Commodities could support regional financial relationships connected to trade flows. The resulting system would resemble a layered structure in which multiple collateral assets coexist.

Monetary systems are rarely defined by the currencies that circulate within them. They are defined by the assets that support trust across balance sheets, institutions, and borders. Gold

once served that role. Treasury securities eventually replaced it within the modern financial system.

Today, the global economy continues to operate on Treasury collateral, yet the search for politically neutral assets has reappeared within reserve management and international finance. The next monetary order will not emerge from the announcement of a new currency. It will emerge when the world quietly decides which assets it trusts as collateral.

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About the Author

Vincent B. Lanci has been an active and successful professional derivatives trader in the commodity markets for 25 years. As a young trader, he had outstanding mentors such as Martin Shafiroff and Roy Neff of GSCI, Market Wizard Larry Benedict, and several other legendary traders.

Lanci's career spans the evolution of modern markets from floor trading to electronic execution. He continues to trade his own capital while advising multi-billion-dollar institutions on trading strategy and risk management across energy, metals, and cryptocurrency markets.

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