A double-blind, peer-reviewed, open-access, and an HEC-recognized Y-category Journal

Research Journal of Human and Social Aspects

Web link: https://rjhsa.com/index.php/rjhsa

P-ISSN: 3006-9696, **E-ISSN:** 3006-970X

Volume 4, Issue 2, 2026

The Expansion of BRICS and its Implications for Western-led Economic System

Ms. Mubashra Bibi[1] Ms. Hadia Parveen[2] Dr. Tayba Anwar[3]

[1] BS Scholar, International Relations, Department of Political Science and International Relations, Government College Women University, Faisalabad, Punjab Pakistan.

[2] BS Scholar, International Relations, Department of Political Science and International Relations, Government College Women University, Faisalabad, Punjab Pakistan.

[3] Incharge, Department of Political Science and International Relations, Government College Women University, Faisalabad, Punjab, Pakistan.

Correspondence Author: taybaanwar@gcuf.edu.pk

Article information

Article History:

Received: 2026-04-14

Received in revised form: 2026-05-15

Accepted: 2026-06-03

Published Online: 2026-06-15

Keywords:

The Bretton Woods Institution; Multipolar Order; Dollar Hegemony; South-South Cooperation; New Development Bank.

ABSTRACT

The rise of BRICS has more ramifications for the western economic system that has been dominated by the World Bank and IMF since WW2. BRICS is growing and introducing new partners from various parts of the world and transforming the world towards multipolarity. BRICS is functioning as an alternative to the western economic system, and it is a challenge to the hegemony of the US Dollar. The more the members of the club increase, the more the power distribution is tilted in the global economy. Its effective role is, however, undermined by very significant political, economic, and structural difficulties both internally and externally. The World System theory explains the developing countries represented in BRICS, were afforded little say in international political and economic matters. The research is based on qualitative analysis by using secondary data. The BRICS expansion through its growing population and the economic output makes it stronger to challenge the western economic system. However, it has significant internal and external challenges like lack of central authority and different levels of economic development of its member states, that reduces its effectiveness. The research signifies the role of BRICS to contest the hegemonic power of western institutions, but it does not completely deny or change the western economic system, but it is reshaping the system to be more inclusive.

The Journal is published quarterly (March, June, September & December) by the Centre for Children Literacy and Lifelong Learning (CCLLL), Pakistan. **Web link:** https://cclll.org

Introduction

BRICS is an international alliance of five major emerging economies, which has been established with the goal of fostering economic cooperation, political coordination and a more just and equitable global order. BRICS was created by Brazil, Russia, India, China and South Africa and is now a significant forum to discuss global issues of economic and development relevance. In recent years, the bloc has seen new countries join, to increase its influence in international affairs. The inclusion of new members into BRICS expanded its economic power, geographical footprint, and political influence, thus giving it a bigger voice in the population and economy of the world. With this expansion, it demonstrates that many developing countries are eager to engage in other forms of global governance and to build cooperation beyond the traditional western ones (Choudhury, 2025).

For a long time, the economic order is controlled by Western countries, especially the United States and Europe, via institutions such as the International Monetary Fund and the World Bank. But the formation of BRICS is a sign of a multipolar world. The possibility of growth makes BRICS a contender to provide alternative means of economic governance at the global level, and to build cooperation amongst emerging economies (Imam, 2025). This organization is extremely active in many areas such as science and technology, trade and investment promotion and facilitation, energy, health, education, innovation, antiterrorism, and transnational organized crime (Siddiqui, 2024).

The economic roots of BRICS go back to 2001, when economist Jim O'Neill of the world's Goldman Sachs introduced the term “BRIC” that includes Brazil, Russia, India and China. Such countries were deemed to be emerging economies with great growth potential owing to their large population, growing markets, natural resources and rising industrial production. During the 2000s, the four countries underwent high growth and became significant trading, investing, and economic partners to the rest of the world (Khan, 2025).

To increase their influence on international financial and economic governance, the BRIC countries started to coordinate their stances on international financial and economic issues. They called for changes in institutions like the IMF and the World Bank to instead be more representative of developing economies (Imam, 2024). South Africa became a member of the group in 2011, making it BRICS and adding Africa to their economic sphere. In the meantime, as the BRICS continued to grow its economic power, several developing economies showed an interest in joining the group. This resulted in a significant expansion in 2024 with the inclusion of new member states such as Egypt, Ethiopia, Iran and the United Arab Emirates. The expansion greatly enlarged BRICS' presence in the global population, energy and trade resources, and economic production. The inclusion of more emerging economies from other parts of the world further solidified the role of the BRICS as a key economic bloc that represents the Global South's interests (Rubina, 2024).

Research Methodology

The research utilizes qualitative methodology and based on secondary data to evaluate the expansion of BRICS and its implications for global economic system The research lean on existing sources of data like books, research articles, policy reports, academic journals, official statement and government publications. The qualitative approach is adopted to assess the economic and political developments, institutional modifications and changing balance of power in international relations. By analytical and descriptive methodology, the research defines the role of BRICS expansion in challenging western financial institutions and promote alternative economic mechanisms and foster the emerging multipolar global economic order.

Discussion

Expansion of BRICS as Reliable Alternative of Western Dominated Financial Institutions

BRICS Expansion and the Emerge for Financial

Alternatives

The BRICS have developed a much stronger capacity to establish an alternative to Western-dominated financial institutions with their expansion. Developing countries are increasingly unhappy with the current global financial system, characterized by the dominance of the IMF and the World Bank and their limited voice in decision-making processes and high lending standards. The concerns have led to several emerging economies wanting to find alternative platforms that are more in tune with their economic realities and development needs. As it expands, BRICS has grown its membership to include emerging and resource-rich nations, thus strengthening its overall economic power and significance on the global stage (Rubina, 2024). The expanded BRICS bloc has expanded cooperation on trade, investment and development financing, and thus the member countries have greater opportunities to engage in more diversified economic relations with non-Western countries. The integration of new economies also provides more access to strategic resources and manufacturing bases, as well as consumer markets, further strengthening intra-BRICS economic integration (Imam, 2024), which can help establish a more inclusive and balanced global economic system by bringing more representation from developing economies.

Enhance Economic and Strategic Impact Through Expansion

By adding these countries and growing its share of the world's GDP, population, and natural resources, BRICS has significantly expanded its economic and strategic relevance in the global system. New members like Iran, Egypt, the United Arab Emirates, Ethiopia, and Indonesia added to the bloc have broadened its geographic presence to the Middle East, Africa and Southeast Asia. It also enhances the bloc's access to precious resources like oil, gas, and strategic minerals, further strengthening the bloc's negotiating leverage in the international market (Wso, 2025). Moreover, BRICS expansion boosts its ability to contest Western financial hegemony with greater coordination between its economies and new institutional framework. There is an increasing push to advance financial cooperation among member states, involving the settlement of trade in local currencies and measures to limit the reliance on the USD. These efforts are bolstering the bloc's reputation as a growing alternative economic system (Obajinmi, 2025). Furthermore, more members will enhance the power of BRICS in global energy governance, trade routes and infrastructure development, making it a growing actor in shaping a multipolar global economic order.

Enabling a Fair and More Inclusive Financial System

The expansion of the BRICS group is a sign of the developing nations waiting for a more equitable international financial system especially in reaction to longstanding criticisms against institutions like the World Bank, and the International Monetary Fund. Many developing states claim that these institutions are dominated by decision-making power of the advanced economies, particularly in terms of vote shares and leadership. This leads to emerging economies being relatively powerless in shaping global financial policies even though they are responsible for the majority of the economic growth of the world. To even out this balance, BRICS is supposed to give a forum to the developing countries to coordinate the economic priorities and lobby for the change in global financial governments (Khan, 2025). The New Development Bank provides financing for development initiatives across infrastructure, energy and sustainable development sectors, without the policy requirements typically required of western-backed banks and organizations. This means that it will make finances available to developing countries, especially those not so connected to the international capital markets. Members of the BRICS will give the NDB more operational capacity and legitimacy as well as enhance the numbers of members and their financial contributions. All of these contribute to the construction of a more inclusive international financial system that puts emphasis on development needs and economic sovereignty of emerging economies.

BRICS' Impact on the U.S. Dollar's predominance and the Rise of Other Currencies.

The Effectiveness of the BRICS currency bloc against the Dollar Hegemony:

BRICS has been a significant player in reshaping debates over the supremacy of the US dollar in the international financial system. As the bloc has become economically stronger, there has been a push to reduce reliance on the dollar and to question its dominant position, which has been in place for a long time. As a group, BRICS nations claim that the dollar-powered system is dominated by Western institutions, especially the USA, which can shape the flow of international trade and investment and impose sanctions (Adams, 2023). BRICS wants to chip away at this dominance by increasing economic cooperation and strengthening institutions. The creation and strengthening of financial institutions, including the New Development Bank, is seen as a gesture towards establishing institutions that can be alternatives to western institutions, such as the IMF and World Bank. These are aimed at promoting financial autonomy and minimizing dollar transactions, as per (Bank W. , 2024). Still, the dollar system is deeply entrenched in trade and financial reserves around the world and is unlikely to be replaced given the dominant role it plays.

Alternative Currencies Among the BRICS Countries

One of the key strategies adopted by BRICS countries is the increasing use of alternative and local currencies in international trade and investment. This is to de dollarize the global monetary system, with a view to diversifying the global currency system. The increasing effort of the member countries of BRICS to facilitate bilateral trade settlement in their own currencies is expected to mitigate exchange rate risks and external financial dependency (Ullah, 2025). This is a trend of emerging economies attempting to become financially independent and to create a more equitable global monetary system (Choudhury, 2025). The BRICS countries have seen countries like China and Russia leading the way in encouraging trade with their own currencies. The bilateral cooperation is gradually becoming more extensive and more structured in the field of finance cooperation between member states.

New Development Bank

New Development Bank (NDB) is a multilateral development bank formed by the BRICS countries in 2015: Brazil, Russia, India, China and South Africa. It was established to fund projects for sustainable development and infrastructure in emerging and developing economies. The bank became an alternative institution to the western institutions like World Bank and the International Monetary Fund which were providing financial support in the western countries with an objective of providing more equitable and development-oriented financial support to the member and partner countries (Rubina, 2024). The primary goal of the New Development Bank is to raise the capital for infrastructure investments, such as infrastructure projects in the transport, energy, water supply, and urban development sectors. It also emphasizes the promotion of environmentally friendly projects and green financing. The NDB aims to provide more flexible solutions to the issues of interest rates, loan periods, and collateral in the lending process, which will enable borrowing countries to have more freedom in implementing development projects. This has put it at the center of the development of financial cooperation among the BRICS countries and other developing nations (Bank, 2024). The NDB bolsters financial independence, creates a more multipolar world of finance, and becomes an alternative source of funding outside the existing Western financial systems. Despite these efforts, its overall impact on the global stage remains in the early stages of development relative to other well-established entities such as the World Bank, but its impact on redefining financial governance is growing steadily (Bank W. , 2024).

Economic, Political and Structural Issues That Impact the Effectiveness and Unity of the Expanded BRICS

Although the membership of BRICS has increased, one major drawback is the economic disparity of the member countries. China and India are key economies in the world, with the Chinese economy accounting for approximately 18% of world GDP (nominal) and other countries, including some newer ones, have smaller, less diversified economies. This imbalance results in unequal bargaining power in decision-making, and in the distribution of benefit from cooperation. This has made it difficult to formulate a common economic agenda, especially in the fields of trade liberalization and financial integration (Imam, 2024).

Among Members, there are Political and Ideological Differences

There are great differences between the political systems, the models of government and foreign policy priorities of the countries of BRICS. Some members believe in the doctrine of non-alignment and multipolarity, while others have robust bilateral ties with the west. Such disparities make it difficult to create a common vision. Thus, the bloc is unable to put forward a unified political profile on international issues, reducing its ability to influence the global governance arrangements (Obajinmi, 2025).

The Lack of Institutional Integration - Structural Weaknesses

Even with the formation of institutions like the New Development Bank (NDB), there has been no adequate central governance in BRICS. BRICS is not an institution with a permanent decision-making power or with any binding enforcement mechanisms like the IMF or World Bank. This poor institutional arrangement makes it difficult to coordinate policies and makes for less effective cooperation in economic policy. The scholars point out that this structural deficiency is one of the main factors hindering institutional stability in the block (Bank, 2024).

Coordinating Economic Policy

Due to different priorities and interests of member states, difficulties arise in coordinating policies in the areas of trade, investment, and currency cooperation. Some members, for instance, want a removal from the dollar currency dependency while others are cautious since they are linked to the western financial systems. This policy of non-conformance is the main hurdle to achieve deeper financial integration and make the BRICS-led initiatives effective (Ullah, 2025).

The Consequences of the New Member States Joining BRICS for the Re-distribution of Power in the International Financial Order

Economic and Strategic Influence Expansion

BRICS' global economic influence has grown substantially with the addition of new members like Saudi Arabia, UAE, Egypt, Ethiopia, Iran and Indonesia. The enlarged bloc has now a substantial portion of the world's GDP, population and energy resources, giving it a greater voice in international economic relations. A larger economic base strengthens BRICS' capacity to shape global economic flows and financial decision-making, which is fostering a progressive transformation in the global economic framework (Choudhury, 2025).

Transform the Western Financial Dominance

The growing strength of the BRICS is part of the push to decrease the influence of Western institutions like the International Monetary Fund (IMF) and the World Bank. Due to the addition of more developing economies, BRICS becomes even more powerful in the demand for reforms in global financial governance that include the financial regulations, lending policies and voting rights. The change is indicative of transition towards increasingly multipolar financial system with growing spread of power between developed and emerging economies (Imam, 2025).

Representative Democracy and the Power of Institutions in the Global South

The addition of a variety of developing nations helps to bolster BRICS' legitimacy as a representative forum for the Global South. This wider representation gives it a stronger voice in international financial negotiations and challenges the Western powers' centuries-old dominance in determining the rules of the global economy. Moreover, institutions, such as the New Development Bank, enhance this influence by providing alternative financing solutions, thus further adding to the importance of BRICS in redefining financial governance globally (Ross, 2023).

Recommendations

- Enhance the effectiveness and binding nature of decision making in BRICS institutions, such as the New Development Bank.
- Enhance coordination within member states in trade, investment and financial policies to strengthen unity.
- Increase the use of local currencies in trades between BRICS countries for less reliance on the USD.
- Improve financial buffers for less strong economies in the bloc.
- Expand the exchange of technologies and capacity building activities among member states.
- Build more effective mechanisms for resolving political and economic differences.
- Encourage even more development by reducing inequalities among wealthier and poorer members.
- Hold regular high-level meetings and working groups for ongoing policy harmonization.
- Improve coordination in energy and resource management, for collective economic power.
- Develop mutual trust through regular diplomacy and long-term strategic planning.

Limitations

- It is a secondary data study based on literature and so there is a restriction to include real time economic events and recent policy changes.
- The analysis focuses on the economic aspects of BRICS and does not go in-depth on other social or security aspects that may also play a role in global power transitions.
- There are issues with data interpretation between authors, making it hard to draw a fully coherent conclusion from the data.
- Due to the changing circumstances of world politics and financial systems, some of the results may be subject to changes in the future.
- Access to the internal policy documents of BRICS is restricted, which makes it difficult to delve deeper into decision making processes.

Conclusion

The growth of BRICS is a major development in the current global economic system that is in the process of transitioning from a western-dominated financial system to a more multipolar order. This new expansion has given BRICS increased economic weight, access to resources which increases its ability to speak for the emerging economies in global governance. Meanwhile, the expansion has led to greater focus on diversifying away from reliance on Western financial institutions like the International Monetary Fund and World Bank and on the development of a local currency trade and talks on de-dollarization. Hence, although BRICS expansion is not an end to Western economic dominance, it has clearly helped to shift global economic power and enhanced the bargaining power of developing countries, paving the way towards a more equitable and multipolar global economic system.

References

Adams, B. (2023). BRICS and the Future of Global Financial Governance. *Jouranal of International Economic Relations*, *15(2)*, 45-61.

Bank, N. D. (2024). *Annual Report 2024.* New Development Bank.

Bank, W. (2024). *Global Econimics Prospects.* Washington, D.C.: World Bank.

Choudhury, A. (2025). BRICS Expansion and the Emergence of a Multipolar Global

Economic Order. *Journal of Global South Studies, 12(1)*, 55-73.

Imam, M. (2024). BRICS Expansion and the Transformation of Global Economic Governanace. *International Journal of Political Economy, 53(1)*, 88-104.

Imam, M. (2025). Emerging Economies and the Challenge to Western-led Financial Institutions. *Journal of Contemporary International Affairs, 14(2)*, 31-49.

Khan, S. &. (2025). BRICS Economies after the Global Financial Crisis: Growth, Risilience and Future Prospects. *Asian Economic Studies 11(1)*, 71-89.

Obajinmi, O. &. (2025). BRICS Exapansion and the Future of the International Finanacial Order. *African Journal of International Political Economy, 9(1)*, 44-63.

Ross, A. (2023). The Global South and the Restructuring of International Economic Governance. *International Affairs review, 19(3)*, 102-118.

Rubina, S. (2024). BRICS Enlargement and the Evolution of Multipolar Economic Governanace. *Journal of International Development Studies, 16(2)*, 59-77.

Siddiqui, K. (2024). BRICS, South-South Cooperation, and Global Economic Transformation. *Third Quality Quarterly*, 845-862.

Ullah, H. H. (2025). Strategic and Financial Challenges of BRICS Expansion. *Asian Journal of Political Economy, 8(1)*, 91-110.

Wso, M. &. (2025). BRICS Expansion and Power Redistribution in the International Financial Order. *Journal of Global Economic Studies, 13(1)*, 75-93.

Declaration of Conflicting Interest

The author declared no potential conflicts of interest with respect to research.

Funding Statement

No funding is received for this project.