



ECOFIN



Addressing the Economic Impacts of Cryptocurrency Adoption in
Developing Countries



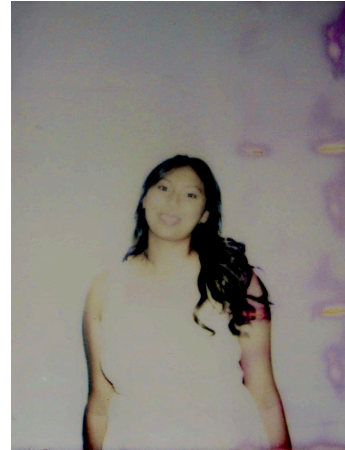
Table of Contents

1. Chair Introductions
2. Introduction
3. Committee Overview
4. Topic Background
 - a. Key Events and Developments
 - b. Relevant Treaties, Conventions, or International Agreements
 - c. Major Actors Involved
5. Past International Actions
6. Key Issues
7. Questions to Consider
8. Suggestions for Further Research
9. Bibliography

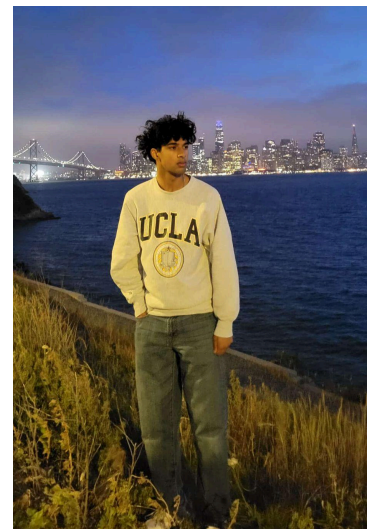


Chair Introductions

Hi everyone, I'm Varsha Kethineni, a senior at California High School. I've been in Model UN since freshman year, and it's helped me grow a lot by teaching me valuable lessons and giving me a space to hear new perspectives. Outside of committee, you'll probably catch me kickboxing, training MMA, getting lost in a new playlist, or off traveling and hiking whenever I get the chance. I love trying new things, and I encourage you to do the same here! In committee, we want delegates who aren't afraid to take risks, share bold ideas, and collaborate to solve the issues at hand, but most importantly, don't forget to have fun and enjoy the experience. If you ever need advice, have questions, or just want to swap music or hiking recs, feel free to reach out at vkethineni999@gmail.com!



Hi guys, I'm Shri Charan Sriram, and I'm also a senior at California High School. I've also been in Model UN since freshman year, and it has helped me develop my skills to debate and communicate more clearly. And when I'm not arguing against resolutions, you'll catch me either at a car meet, analyzing NBA trades, or gazing up at the stars wondering about the wonders outside Earth. We want to see delegates who are interested in solving issues at hand, but we need you guys to be interested in this, get to know people, and connect with each other for later on. Think of this committee as our own starting lineup: everyone has different strengths, but we all are going toward the same goal. Don't be afraid to make that full court shot. Talk to delegates, get to know them, and construct solutions off of them! Questions? I'm here for it! Shoot me an email at sshricharans@gmail.com and put "NDSJMUN" in the title so I can identify it more easily.





Committee Overview

ECOFIN serves as the primary forum within the UN General Assembly for debating and coordinating policies on international economic and financial matters. Its functions include examining global economic cooperation, reviewing the work of financial institutions, and addressing issues such as sustainable development, debt crises, and trade. Each member state has one vote under General Assembly rules, with most resolutions passed by simple majority and key matters requiring a two-thirds majority. While its resolutions are nonbinding, ECOFIN holds significant influence in shaping economic governance by setting agendas, recommending policies, and fostering consensus among states.

This committee also plays an important role in evaluating how emerging technologies like cryptocurrency affect core economic functions such as trade balances, inflation control, remittance flows, and debt repayment. Given ECOFIN's responsibility for sustainable development and financial governance, the committee is well-positioned to consider both the risks and opportunities posed by digital currencies.

Topic Background

Cryptocurrency has rapidly transitioned from a niche innovation to a disruptive force in the global financial system. Built on decentralized blockchain networks, cryptocurrencies bypass traditional banking intermediaries and offer new forms of digital exchange. For developing countries, this shift presents both opportunities and risks. Limited access to banking services, high remittance costs, and inflationary pressures have driven many populations toward digital currencies as a practical alternative. Nigeria, for example, ranks among the highest in global cryptocurrency adoption, where citizens rely on digital assets to protect savings and facilitate remittances. Similarly, El Salvador's decision in 2021 to adopt Bitcoin as legal tender reflected an attempt to modernize its economy, attract investment, and reduce dependency on costly remittance transfers.

Despite these potential benefits, the volatility of cryptocurrencies raises serious concerns about their long-term viability as a stable medium of exchange. Rapid price fluctuations can destabilize fragile economies, while weak regulatory frameworks expose countries to risks of



money laundering, fraud, and illicit financial flows. International organizations such as the International Monetary Fund (IMF) have expressed concern that widespread cryptocurrency adoption may undermine monetary sovereignty and limit governments' ability to implement effective fiscal and monetary policy. Furthermore, disparities in digital infrastructure across regions risk widening existing inequalities, as not all developing states are equally equipped to manage the transition.

The economic impacts of cryptocurrency adoption in developing countries thus occupy a critical space in global financial debates. The issue highlights the tension between innovation and stability, inclusion and inequality, and sovereignty and globalization. Understanding these dynamics is essential to evaluating the broader role of digital currencies in shaping international economic development.

Another important dimension is the rise of alternatives such as stablecoins and central bank digital currencies (CBDCs). Unlike volatile cryptocurrencies, stablecoins are pegged to assets like the U.S. dollar and can provide more predictability for cross-border trade and remittances. CBDCs, pioneered by countries such as Nigeria (eNaira) and the Bahamas (Sand Dollar), represent government-backed digital currencies designed to retain monetary sovereignty while offering the efficiency of blockchain systems. These innovations create a direct comparison for delegates to consider when evaluating the merits and risks of decentralized cryptocurrencies

In July 2025, the United States enacted its first-ever federal regulation of stablecoins under the GENIUS Act: 'Guiding and Establishing National Innovation for U.S. Stablecoins Act'. The law mandates that issuers maintain a 1:1 reserve in U.S. dollars or high-quality assets such as short-term U.S. Treasuries, submit monthly reserve disclosures, and comply with anti-money laundering and marketing restrictions to protect consumers

Key Events and Developments

- 2009: Launch of Bitcoin: Bitcoin, created by the pseudonymous Satoshi Nakamoto, introduced decentralized digital currency and blockchain technology, enabling peer-to-peer financial transactions without traditional banking intermediaries.



- 2010–2013: Early Adoption and Market Growth: Bitcoin and other early cryptocurrencies, such as Litecoin, gained attention among tech communities and investors, with early use primarily for online transactions and remittances.
- 2015: Ethereum and Smart Contracts: The launch of Ethereum expanded blockchain capabilities, allowing programmable contracts and decentralized applications, broadening the potential uses of digital currencies beyond simple transfers.
- 2017–2021: Mainstream Expansion and Volatility: Cryptocurrencies experienced massive price growth and market attention. Countries such as Nigeria, the Philippines, and Kenya saw increased adoption driven by remittances, inflation, and financial inclusion needs. El Salvador became the first country to adopt Bitcoin as legal tender in 2021.
- 2020–2023: Regulatory Developments: Growing concern over cryptocurrency risks led to international discussions on regulation, anti-money laundering (AML) policies, and consumer protection, with increasing involvement by central banks and international organizations.

Relevant Treaties, Conventions, or International Agreements

- No binding international treaty directly governs cryptocurrency; regulation is primarily national or regional.
- Financial Action Task Force (FATF) Guidance (2019, updated 2023): Provides recommendations for Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) as applied to virtual assets and service providers.
- European Union MiCA Regulation (2023): Establishes a legal framework for crypto-assets within the EU, addressing investor protection, market integrity, and financial stability.
- Regional initiatives in Africa and Asia: Several regional frameworks promote blockchain adoption for financial inclusion, though these are nonbinding and vary widely between member states.

UNCTAD & IMF Reports: While not treaties, these provide guidance and recommendations on digital finance adoption, highlighting risks and opportunities for developing countries.



Major Actors Involved

- National Governments and Central Banks: Responsible for monetary policy, national financial regulation, and cryptocurrency oversight. Key players include El Salvador (Bitcoin adoption), Nigeria (high adoption), and European Union member states implementing MiCA.
- International Organizations: IMF, World Bank, UNCTAD, and FATF provide guidance, research, and regulatory frameworks for safe adoption and risk mitigation.
- Private Sector and Technology Platforms: Cryptocurrency exchanges, blockchain developers, and fintech startups facilitate adoption, innovation, and infrastructure development. Notable actors include Coinbase, Binance, and Ethereum developers.
- Civil Society and Advocacy Groups: Organizations promoting financial inclusion, consumer protection, and equitable access to digital financial services, particularly in developing countries.
- Regional Organizations: African Union and regional development banks support research, policy guidance, and pilot projects for blockchain and digital finance initiatives.

Past International Actions

Within the United Nations system, agencies such as the United Nations Conference on Trade and Development (UNCTAD) have produced reports analyzing the potential benefits and risks of digital currencies for developing nations, emphasizing financial inclusion, cross-border payments, and the necessity of regulatory safeguards. These publications have informed national policymakers and provided a platform for multilateral dialogue, though no UN resolution currently mandates specific cryptocurrency policies for member states. Similarly, the International Monetary Fund (IMF) has conducted assessments of cryptocurrency adoption's impact on monetary policy and financial stability, offering recommendations to mitigate systemic risk while supporting innovation. While these actions are advisory in nature, they have shaped discussions at both regional and global levels, particularly regarding anti-money laundering



standards, consumer protection, and the integration of digital currencies into national financial systems.

Regional organizations have also played a critical role in addressing cryptocurrency adoption. For example, the African Union and the African Development Bank have convened workshops and consultations aimed at evaluating blockchain and digital financial technologies to promote economic development and inclusion. In Asia, ASEAN has facilitated cross-country dialogues to explore regulatory harmonization and the potential of digital assets to support small and medium-sized enterprises, particularly in the context of cross-border trade. Global conferences and summits, such as the annual World Bank-IMF meetings and specialized fintech forums, have provided venues for governments, regulators, and private sector actors to exchange best practices, discuss regulatory challenges, and pilot projects for digital financial infrastructure. Despite these efforts, the outcomes have been mixed: some countries have successfully leveraged international guidance to craft balanced frameworks, while others struggle with inconsistent regulations, enforcement gaps, and susceptibility to fraud or market manipulation. These experiences underscore the complexity of addressing cryptocurrency adoption at the international level, revealing both the promise of coordinated guidance and the limitations of voluntary compliance in a rapidly evolving financial landscape.

Beyond the UN system, the G20 and Bank for International Settlements (BIS) have repeatedly discussed cryptocurrency and CBDC development as part of their agenda on global financial stability. The Financial Stability Board (FSB) has also issued warnings about systemic risks from widespread adoption of unregulated digital assets. These forums reflect a growing consensus that while innovation must be encouraged, coordinated safeguards are necessary to prevent destabilizing effects on global markets.



Key Issues and Questions to Consider

1. How can developing countries adopt cryptocurrencies without compromising financial stability or national monetary sovereignty?
2. What strategies can be implemented to harmonize cryptocurrency regulation internationally while respecting national laws?
3. How can international actors support equitable access to cryptocurrency and blockchain technologies in countries with limited digital infrastructure?
4. What role should private sector actors, such as exchanges and developers, play in shaping cryptocurrency adoption, and how can accountability be ensured?
5. How can countries mitigate risks of fraud, money laundering, and illicit financial flows associated with widespread cryptocurrency use?
6. Should developing countries prioritize CBDCs and stablecoins over decentralized cryptocurrencies as tools for financial inclusion?
7. How can developing states prevent vulnerable populations from being disproportionately harmed by scams, volatility, or unequal access to digital infrastructure?

Suggestions for Further Research

Delegates should explore several key areas to gain a comprehensive understanding of the economic impacts of cryptocurrency adoption in developing countries. Examining case studies from nations such as El Salvador, Nigeria, and the Philippines can provide valuable insight into the socio-economic effects, policy approaches, and lessons learned from early cryptocurrency integration. Analyzing regulatory frameworks and best practices, including the European Union's MiCA framework, FATF guidelines, and emerging regional initiatives in Africa and Asia, can help delegates understand how governments are addressing both innovation and risk.

Researching financial inclusion and access is also critical, as cryptocurrencies and blockchain technologies have the potential to expand services to underbanked populations, though digital infrastructure gaps may limit these benefits. Delegates should consider the economic, security, and legal risks associated with cryptocurrency adoption, including market volatility, fraud, money laundering, and consumer protection challenges, as well as the strategies



countries are using to mitigate these risks. Finally, exploring technological innovations such as decentralized finance (DeFi), stablecoins, and central bank digital currencies (CBDCs), along with the role of international organizations like the IMF, World Bank, and UNCTAD in advising developing countries, will provide a fuller picture of both the opportunities and challenges that digital currencies present for global economic development.

Delegates should also explore the role of stablecoins in facilitating remittances and whether CBDCs offer a more sustainable model for digital finance in developing nations. Reviewing reports by the Bank for International Settlements (BIS) and Financial Stability Board (FSB) can provide additional context for how global regulators are approaching these challenges.



Works Cited

Anne, Deborah. "Grassroots Cryptocurrency Adoption in Nigeria." *Cornell SC Johnson*, 7 Aug.

2025, business.cornell.edu/article/2025/08/grassroots-cryptocurrency-adoption/.

Atlantic Council. "CBDC Tracker." *Atlantic Council*, Feb. 2025,

www.atlanticcouncil.org/cbdctracker/.

FATF. "Updated Guidance for a Risk-Based Approach to Virtual Assets and Virtual Asset Service Providers." *Www.fatf-Gafi.org*, 2021,

www.fatf-gafi.org/en/publications/Fatfrecommendations/Guidance-rba-virtual-assets-2021.html.

"FATF Urges Stronger Global Action to Address Illicit Finance Risks in Virtual Assets."

Fatf-Gafi.org, 2025,

www.fatf-gafi.org/en/publications/Fatfrecommendations/targeted-update-virtual-assets-vasp-2025.html.

Feyen, Erik, et al. *F I N a N c E Can Crypto-Assets Play a Role in Foreign Reserve Portfolios?*

Not Today, and Likely Not in the near Future. 2024,

documents1.worldbank.org/curated/en/099553102232444409/pdf/IDU1c16366af173fa148931a28b189e8eca412f3.pdf.

"Global Digital Asset Adoption: Sub-Saharan Africa | Milken Institute." *Milken Institute*, 17 July 2025,

milkeninstitute.org/content-hub/insights/global-digital-asset-adoption-sub-saharan-africa.

Accessed 8 Sept. 2025.



Hajj, Mohammad El, and Imad Farran. “The Cryptocurrencies in Emerging Markets: Enhancing Financial Inclusion and Economic Empowerment.” *Journal of Risk and Financial Management*, vol. 17, no. 10, Multidisciplinary Digital Publishing Institute, Oct. 2024, pp. 467–67, <https://doi.org/10.3390/jrfm17100467>.

Hernández, José Ignacio. “In El Salvador, Bitcoin’s Retreat Left Valuable Lessons.” *Americas Quarterly*, 24 Mar. 2025, www.americasquarterly.org/article/in-el-salvador-bitcoins-retreat-left-valuable-lessons/.

Kyaw, Kaung Myat. *Cryptocurrency Adoption Barriers in Developing Economies: A Literature Review*. Jan. 2025, <https://doi.org/10.2139/ssrn.5193998>.

Naeem, Mahvish. “Bitcoin as Legal Tender: Financial Stability and Economic Implications.” *SSRN Electronic Journal*, Elsevier BV, 2025, <https://doi.org/10.2139/ssrn.5036411>.

POLICY BRIEF UNITED NATIONS CONFERENCE on TRADE and DEVELOPMENT. unctad.org/system/files/official-document/presspb2022d10_en.pdf.

Schmalfeld, Jonathan E. “Blockchain+ Bi-Weekly; Crypto Legislation Breaks Through: GENIUS Act Signed, CLARITY Advances and Other Key Web3 Legal Highlights: July 24, 2025.” *Natlawreview.com*, National Law Review, 2025, natlawreview.com/article/blockchain-bi-weekly-crypto-legislation-breaks-through-genius-act-signed-clarity. Accessed 8 Sept. 2025.

The White House. “Fact Sheet: President Donald J. Trump Signs GENIUS Act into Law.” *The White House*, 18 July 2025, www.whitehouse.gov/fact-sheets/2025/07/fact-sheet-president-donald-j-trump-signs-genius-act-into-law/.



United Nations. “Economic and Financial Committee (Second Committee) - UN General Assembly.” *W*www.un.org, www.un.org/en/ga/second/index.shtml.

United Nations Conference on Trade and Development. *Crypto Assets and Central Bank Digital Currencies Potential Implications for Developing Countries*. 5 Apr. 2023, unctad.org/publication/crypto-assets-and-central-bank-digital-currencies-potential-implications-developing.