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General Assembly

Topic B *“Cryptocurrency as National Currency: Opportunity or Misunderstanding?”*

Welcoming letter

Dear delegates,

Welcome to this edition of Colegio Fontanar Model of the United Nations. We are very excited to have you at the General Assembly, thank you for choosing this committee.

We will be debating the ethics of memory editing, and technological advancements as a threat and in cryptocurrency as national currency.

We look forward to each delegate participating in thoughtful discussions about how to address these urgent challenges and find achievable solutions, but above all, we hope you enjoy your experience at CFMUN and have fun.

We wish you all the best in your preparations and in your participation throughout this model.

Sincerely,

Natalia Gascón and Regina Muñoz

Moderator and Chair of General Assembly

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I. Committee Background

The UN General Assembly is the main policy-making organ of the UN. With the participation of all Member States, it has a unique forum for multilateral discussion of international issues. Each of the 193 Member States of the United Nations has an equal vote.

The General Assembly also makes key decisions for the UN, including:

- Naming the Secretary-General on the recommendation of the Security Council
- Electing the non-permanent members of the Security Council
- Approving the UN budget

The Assembly meets in regular sessions from September to December each year, and thereafter as required. It discusses specific issues through dedicated agenda items or sub-items, which lead to the adoption of resolutions.

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II. Introduction to the Topic

Digital economic resources are renovating the way people pay, save, and transfer values across the world. There are new technologies that promise faster transactions, lower costs, greater financial inclusion, and easier international payments. However, adopting the use of digital money is not only a technical change, it also requires strong investment, regulation, and clear decisions about the role of governments and private companies in the financial system.

Some countries have considered using cryptocurrencies as official national currencies, seeing them as a fast and effective solution to modernize their economies. While cryptocurrencies offer advantages, they also involve serious risks like extreme price volatility and the lack of central control. These characteristics create significant differences among types of digital currencies, like central bank digital currencies and stablecoins. This is what opens the debate: Cryptocurrency: Opportunity or Misunderstanding

III. Evolution of the Topic

In recent years, cryptocurrencies have evolved from being an experimental technology used by a small group of people into a global financial phenomenon that attracts governments, companies, investors, and the general public. After the strong growth period between 2017 and 2021, when Bitcoin and many other cryptocurrencies reached record-high prices, crypto began to be seen not only as digital money but also as a high-risk investment asset.

This period of rapid growth was followed by major market crashes, company failures, and financial scandals, which revealed serious problems such as lack of regulation, fraud, hacking, environmental concerns, and extreme price volatility. As a result, many governments started to develop laws to control cryptocurrency markets, protect consumers, and reduce financial crime. At the same time, the technology continued to grow through new uses such as decentralized finance (DeFi), which allows users to save, trade, and borrow without banks, as well as NFTs and blockchain-based platforms in art, gaming, and digital identity. Meanwhile, central banks responded to this trend by researching or launching their own digital currencies (CBDCs) to offer safer, regulated alternatives to private cryptocurrencies.

Today, cryptocurrencies are no longer viewed only as a revolutionary form of money but as part of a complex digital financial system that offers innovation and opportunity, while also presenting economic, legal, and social risks. Their future now depends on regulation, public trust, technological development, and global cooperation.

IV. Relevant Events

A. Panorama

Cryptocurrencies have become a global phenomenon that blends technology and finance through decentralized blockchain networks. They allow peer-to-peer transfers without banks, but unlike national currencies, they lack legal tender status and government backing, so their value depends entirely on supply and demand. In reality, most people use them as speculative investments, 74% of U.S. users buy crypto mainly as an investment (Pew Research Center, 2023), which contributes to extreme volatility; for example, Bitcoin lost over 50% of its value between April and July 2021 (CoinMarketCap, 2021).

Their limited acceptance also prevents them from functioning fully as money, since less than 10% of users employ crypto for regular payments (Pew Research Center, 2023). Only two countries, El Salvador (2021) and the Central African Republic (2022), have adopted Bitcoin as

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legal tender (IMF, 2023). Although illicit activity is proportionally small, with only 0.24% of transactions linked to illegal use (Chainalysis, 2023), concerns remain, along with environmental issues such as Bitcoin's annual energy consumption of 100–150 TWh, comparable to Argentina or Malaysia (Cambridge Bitcoin Electricity Consumption Index, 2024).

B. Points of view

The opinions of people around the world vary, including all the factors needed to form a position over this issue, both with strong support and opposition arguments.

Supporters believe crypto offers financial freedom, faster and cheaper transactions, and protection against inflation, especially in countries with weak economies. They point to examples like El Salvador, which adopted Bitcoin, as a step toward innovation and independence from traditional banks. On the other hand, many governments and central banks warn that cryptocurrencies are too unstable to function as official money because their value changes rapidly. Countries like China have restrincted crypto use, while others such as the United States and Europe prefer regulating rather than adopting. Critics also highlight risks like fraud, illegal activities, and environmental damage. Overall, some see cryptocurrency as the future of money, while others view it as an economic risk rather than a solution, believing that safer digital options like central bank digital currencies may be a better path forward.

V. UN and External Actions

A. UN Actions

The United Nations, through its agency UNCTAD, has expressed serious concern about the rapid growth of cryptocurrencies, particularly in developing countries. According to UNCTAD, widespread use of crypto may weaken national monetary systems by reducing governments' control over their own currencies and limiting their ability to manage their economies. The organization also warns that cryptocurrency adoption can reduce tax revenue, increase financial instability, and expose citizens to scams, fraud, and large financial losses due to extreme price volatility. To reduce these risks, the UN recommends that governments regulate the entire crypto ecosystem, including exchanges, wallets, and digital platforms, as well as limit advertising in order to reduce misleading hype around crypto profits. UNCTAD also advises restricting financial institutions from offering cryptocurrency services and encourages countries to improve consumer education about financial risks. In addition, the UN promotes the development of reliable public digital payment systems, such as central bank digital currencies, as safer alternatives to private cryptocurrencies. Overall, the UN does not seek to ban cryptocurrencies worldwide, but strongly encourages strict regulation and international cooperation to protect citizens, economic stability, and national development.

B. EXTERNAL ACTIONS

Around the world, different countries are taking very different actions toward cryptocurrencies, from bans to regulated adoption to supportive frameworks, reflecting a broad spectrum of national strategies.

Some nations maintain strict prohibitions. For instance, China has banned almost all crypto activity, trading, mining, and exchanges. While focusing instead on its own state-backed digital currency. Bangladesh, Morocco, and Nepal also prohibit crypto transactions and ownership, citing concerns over financial stability, fraud and economic risk.

On the opposite end, some countries are embracing crypto with regulated frameworks. United Arab Emirates, especially in Dubai and Abu Dhabi, has actively licensed crypto exchanges and service providers, aiming to become a global hub for blockchain and digital-asset businesses. Similarly, in July 2025, the Pakistan Virtual Assets Regulatory Authority was established to regulate and supervise digital assets across Pakistan, suggesting a deliberate move toward formalizing the crypto sector.

Other countries are navigating intermediate paths, neither banning crypto outright nor giving full freedom, but crafting laws and rules to control use, ensure transparency, taxation, AML (anti-money laundering), and consumer protection. For example, many nations under the Markets in Crypto-Assets Regulation (MiCA) in the European Union are implementing licensing, disclosure, and stablecoin-supervision measures.

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requirements. Some countries, like Vietnam, are even moving from prior restrictions to legalizing crypto under new digital-technology laws, setting up regulated frameworks for trading and use starting in 2025/2026.

VI. Conclusion

Cryptocurrency is a powerful innovation that offers benefits like faster payments and financial inclusion, but it also brings major risks such as volatility, fraud, and economic instability. Countries have responded differently: some ban it, others regulate it, and a few have tried adopting it as legal currency. The United Nations warns developing countries, especially, about the dangers of unregulated crypto and encourages strong control and safer alternatives. In conclusion, while cryptocurrency will remain part of the financial future, replacing national currencies is unlikely, and the focus should be on balancing innovation with protection and stability.

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VII. Committee Focus

The committee will focus on the future role of cryptocurrency and whether it represents progress or risk for national economies. Delegates will evaluate if crypto could ever function as stable form of money, how it may affect countries in the long term, and whether governments should adopt, regulate, or replace it with safer options like CBDCs. The goal is to find balanced solutions that support innovation while protecting economic stability and citizens.

Guiding Questions:

- Is cryptocurrency more beneficial or harmful for the future?
- Could crypto ever work as a national currency?
- What long-term risks does widespread crypto use create?
- Should countries regulate, support, or restrict cryptocurrency?
- What role should the UN play?

- How can fraud and volatility be reduced?
- How does cryptocurrency affect international trade?
- What risks does a country face with a fully digital banking system? (hacking, security, etc.)
- What regulations are in place to penalize hackers and those who infiltrate digital databases?
- How can developing countries be included in having a digital bank?

VIII. Participation List

- Argentine Republic
- Canada
- Federal Republic of Germany
- Federal Republic of Nigeria
- Federative Republic of Brazil
- French Republic
- Japan
- Kingdom of Norway
- Kingdom of Spain
- Kingdom of Sweden
- Kingdom of the Netherlands
- People’s Republic of China
- Portuguese Republic
- Republic of Chile
- Republic of Colombia
- Republic of El Salvador
- Republic of Finland
- Republic of India
- Republic of Singapore
- Republic of South Africa
- Republic of South Korea

- Republic of Türkiye
- Russian Federation
- Socialist Republic of Vietnam
- Swiss Confederation
- The Commonwealth of Australia
- United Arab Emirates
- United Kingdom of Great Britain and Northern Ireland
- United Mexican States
- United States of America

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