

BSAMUN 2025

**Examining the rising
prominence of
cryptocurrencies**

G20

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Introduction

In recent years, cryptocurrency values have been rapidly changing. On December 10th 2024, the value of Bitcoin totaled 92,593.72EUR. Cryptocurrency offers several alternatives that are not possible with conventional money. It is an alternative payment method or speculative investment. Crypto allows transactions to be anonymous, secure and 'trustless.' Cryptocurrencies such as Bitcoin and Ethereum use a technology called public-private key encryption. This allows secure transactions without a 'trusted intermediary', such as PayPal interfering.

Key Terms

Cryptocurrency - A digital currency, which is an alternative form of payment created using encryption algorithms

Cryptography - The process of hiding or coding information so that only the person a message was intended for can read it.

Double-spend problem - Describes the difficulty of ensuring digital money is not easily duplicated.

Public-private key encryption - Method of encrypting or signing data with two different keys and making one of the keys, the public key, available for anyone to use.

Hashing - Taking a string of data and processing it through an algorithm.

Bitcoin blockchain - A giant, decentralized ledger that documents every transaction and is constantly verified and updated by all the computers in the network.

EY-Parthenon - A brand under which a number of EY member firms across the globe provide strategy consulting services.

Council on Foreign Relations - An American think tank specializing in U.S. foreign policy and international relations.

ETF - An Exchange Traded Fund.

Market Cap - The value of a publicly listed company.

DIFC - Dubai International Financial Centre.

ADGM - The offshore Abu Dhabi Global Market.

Remittances - The act of sending money back to a recipient, particularly one residing in another country.

GameFi - A combination of the terms gaming and decentralized finance (DeFi) and describes the integration of blockchain applications in the gaming sector for monetization purposes, among other things.

DeFi - An emerging peer-to-peer financial system that uses blockchain and cryptocurrencies to allow people, businesses, or other entities to transact directly with each other.

FinCEN - Financial Crimes Enforcement Network.

General Overview

Cryptography

The word 'Crypto' means 'Secret' in Greek. Cryptography is the study and practice of sending secure, encrypted messages of data to multiple parties. The sender encrypts the message, and the receiver decrypts it, making it legible again.

Cryptocurrencies are based on cryptographic ideas. Bitcoin was invented by a counterfeit person (or group of people) going by the name of Satoshi Nakamoto, who proposed the idea in the form of a whitepaper posted to a cryptographic message board in 2009. The most difficult issue solved was the double-spend problem. Bitcoin is just a code, and could have been duplicated using the same code to gain more. The solution to this was public-private key encryption.

The Bitcoin network issues all users a private key from which it cryptographically generates a linked public key. You can freely give people your public key, but to access those funds, the private key is required. The public key is generated from your private key via 'hashing.' It's virtually impossible to reverse this process. Public and private keys are linked, so the network will know which Bitcoin belongs to the user, as long as the user has the private key. Another solution is the Bitcoin Blockchain.

Market Values

In the year 2024, A survey conducted by EY-Parthenon revealed that 54% of institutional and 64% of retail investors plan to increase their crypto allocations. Furthermore, the same survey reported that 72% of retail investors view digital assets as a core part of their overall wealth strategy. As of mid-2023, it is estimated that 17% of US adults had invested in, traded or used cryptocurrency at some point in their life. The Council on Foreign Relations have stated that cryptocurrencies are rising again, with the market value being \$1.8T in the year 2024.

After Sinking, Cryptocurrencies Are Rising Again

Total market value of cryptocurrencies

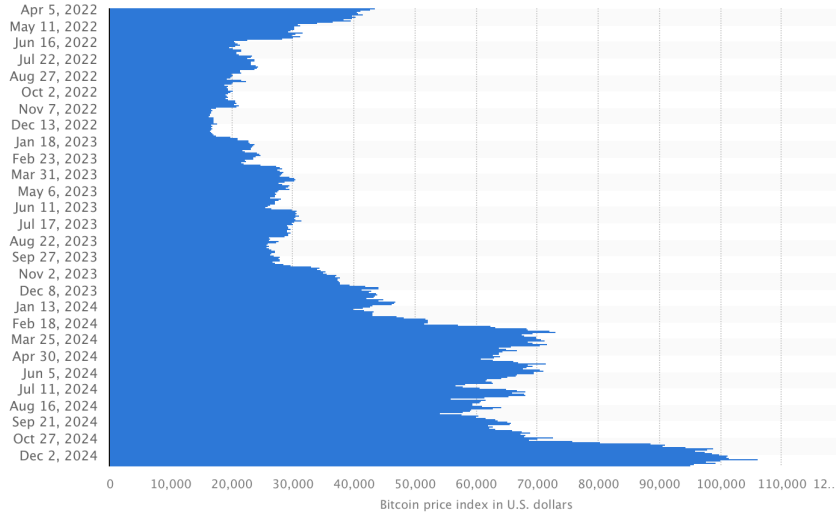


Source: CoinGecko.

COUNCIL ON
FOREIGN
RELATIONS

<https://www.cfr.org/backgrounder/crypto-question-bitcoin-digital-dollars-and-future-money>

Bitcoin values have exceeded over \$73,000 in March 2024. This price hike was connected to approvals of Bitcoins **ETFs** in the United States of America, whilst previous hikes in 2021 were connected to events involving Tesla and Coinbase.



<https://www.statista.com/statistics/326707/bitcoin-price-index/#statisticContainer>






On December 30th, the global cryptocurrency cap was marketed at \$3.43 trillion, with a -2.85% change in the last 24 hours. Total cryptocurrency trading volume in the last day is at \$127.81 Billion. Bitcoin is the most used cryptocurrency, with a **market cap** of \$1.86 trillion. This is followed by Ethereum, Tether, XRP and BNB.

#	Name	Price	1H	24H	7D	Market Cap
1	Bitcoin (BTC)	\$93.73K	+0.15%	-1.65%	-2.79%	\$1.86T
2	Ethereum (ETH)	\$3.41K	+0.07%	+0.01%	+1.77%	\$411.34B
3	Tether (USDT)	\$1.00	+0.02%	-0.03%	-0.16%	\$138.67B
4	XRP (XRP)	\$2.07	0.00%	-5.50%	-7.21%	\$118.81B
5	BNB (BNB)	\$698.39	+0.69%	-2.26%	+3.04%	\$101.91B

<https://www.forbes.com/digital-assets/crypto-prices/?sh=2dff9b39247>

In 2017, the entire cryptocurrency **market cap** was under \$600 billion, highlighting mass growth. This increasing valuation indicates strong investor interest, both from individuals and institutional investors, and suggests that digital currencies will play a major role in global finance in the coming years.

Major Parties Involved

Country	% of Population Who Own Crypto	# of Crypto Owners
 United Arab Emirates	30.4	3M
 Vietnam	21.2	21M
 U.S.	15.6	53M
 Iran	13.5	12M
 Philippines	13.4	16M

<https://www.visualcapitalist.com/countries-with-the-highest-rates-of-crypto-ownership/>

United Arab Emirates

The UAE has taken the initiative to implement a two-step approach to legislation in order to help businesses adapt to the use of crypto. The first is to use regulatory agencies to expand regulations in traditional finance to digital wherever possible, and the second is to create a new legislation for cryptocurrency alone. The regulations are mainly regarding a free-trading area and a supportive independent regulatory authority. For example, Dubai has the DIFC, a tax-free, foreign-owned zone. Abu Dhabi has the ADGM, which has been operating since 2015.

The UAE has also created a separate government agency to handle cryptocurrency assets, for example the Virtual Asset Regulatory Authority. This agency will moderate the founding/running of crypto-related business, including exchanges.

Vietnam

There are 4 main appeals to crypto in Vietnam. Firstly, crypto holdings are untaxed. The authorities currently have no formal position on crypto, and they don't monitor sites. This makes trades free and easy, but also more risky as there are no legislations or regulations regarding such transactions. Secondly, the Vietnamese had little to no faith in the currency dong. They thought of crypto as an alternative, as it is easily accessible on a smartphone. This leads into the third point on accessibility. 70% of the Vietnamese population lack access to financial services, which has made crypto look more appealing. Third, **remittances** are a key component in Vietnam's crypto economy. In 2022,

remittances sent to Vietnam were approximately \$19 billion. However, the cost of sending remittances in their traditional money transfer is approximately 7% with the World Bank. With cryptocurrency, this is far lower. Finally, another crypto uptake in Vietnam is play-to-play earn gaming or **GameFi**. Axie Infinity, became incredibly popular throughout the region until March 2022 when North Korean Hackers stole \$625 million of its assets. Up to that point, some of the more successful players were using their gaming profits to pay school tuition fees, and buy land and even houses.



<https://crvptoforinnovation.org/five-reasons-why-vietnams-crypto-usage-is-so-high/>

United States of America

The United States of America accepted the use of Bitcoin in 2009. On 21st June 2018, the Supreme Court of Justice had brought up the topic of cryptocurrency and Bitcoin. To this they replied with “Perhaps one day employees will be paid in Bitcoin or some other type of cryptocurrency.” This proves the United States of America supports the use of cryptocurrency and, instead of seeing it as a threat to their economy, they fully embrace the new idea.

However, if money services businesses, including: cryptocurrencies, money transfers and anonymising services do a substantial amount of business, according to the **FinCEN** director Kenneth Blanco in 2018, they are required to:

- Register with the US **FinCEN** as a money service business,
- Design and enforce an anti money laundering programme,
- Keep appropriate records and make reports to **FinCEN** including suspicious activity reports and currency transaction reports.

China

China once thrived in the use of cryptocurrencies and was one of the mining capitals of the world. However, the Government was struggling to reign in the use of cryptocurrencies and try to ensure the original currency doesn't get replaced. As a result, China's government officially banned the use of cryptocurrency in September 2011.

In September 2023, member countries at the G20 summit endorsed a global crypto-asset regulation roadmap recommended by the Financial Stability Board. Considering China is a member state, their representatives agreed on the proposal. However, as of August 2024, regulations regarding cryptocurrency such as trade, mining, exchanges and uses of payment have not changed.

Timeline of Key Events

1995 - David Chaum, an American cryptographer, introduces DigiCash. This is the first known payment using the method of cryptography.

October 31st 2008 - Satoshi Nakamoto posted the first ever post on Bitcoin.org about using cryptocurrency to protect user-privacy during transactions.

<https://nowpayments.io/blog/key-dates-in-cryptocurrency-history>

2009

January 3rd - The first 50 Bitcoins ever were created.

January 12th - The first ever Bitcoin transaction. Was sent from Satoshi Nakamoto to Hal Finney. From this point onwards, the value and popularity of Bitcoin grew.

October 5th - Bitcoin was first evaluated. Seeing as its only in early stages, the value of Bitcoin was set to \$0.001.

December 12th 2010 - Satoshi Nakamoto withdrew from the Bitcoin market and gave ownership to Gavin Andresen.

February 2011 - Bitcoin is now marketed as the value of 1 USD.

January - June 2013 - The Bitcoin value rose up to \$1213.

December 2013 - The Bitcoin value rapidly sunk to \$600.

2017 - The Bitcoin value went up to \$19787 per coin.

December 2018 - The value went back down to \$3300.

UN Involvement & Relevant Resolutions

Exploring the potential of cryptocurrencies for positive change -

<https://www.un.org/en/desa/exploring-potential-cryptocurrencies-positive-change>

Blockchain applications in the United Nations system: Toward a state of readiness -

https://unhabitat.org/sites/default/files/2021/10/jiu_rep_2020_7_e.pdf

UNODC Cryptocurrency Investigations -

<https://syntheticdrugs.unodc.org/syntheticdrugs/en/cybercrime/detectandrespond/investigation/cryptocurrency.html>

UN trade body calls for halting cryptocurrency rise in developing countries -

<https://www.ungeneva.org/en/news-media/news/2022/08/74036/un-trade-body-calls-halting-cryptocurrency-rise-developing-countries>

Regulating crypto -

<https://www.imf.org/en/Publications/fandd/issues/2022/09/Regulating-crypto-Narain-Moretti>

Previous Attempts to Solve the Issue

G20 Summit 2023, New Delhi Resolution (Subsection E is relevant) -

[https://www.mea.gov.in/Images/CPV/G20-New-Delhi-Leaders-Declarati
on.pdf](https://www.mea.gov.in/Images/CPV/G20-New-Delhi-Leaders-Declarati
on.pdf)

In 2023, member states were called to New Delhi on the theme of Vasudhaiva Kutumbakam, which means ‘the whole world is one family.’ Member states agreed on terms such as Eliminating Hunger and Malnutrition, and Fighting Corruption, along with the topic of cryptocurrency in Subsection E.

This states that they will ‘continue to closely monitor the risks of the fast-paced developments in the crypto-asset ecosystem.’

Possible Solutions

Positives

Enhance Social Media Engagement

Being able to update your audience and boost the awareness of your cryptocurrency could be provided as a positive influence on your target audience.

Create Accessibility for the General Public

Making the use of cryptocurrency beneficial for the public, making largely accepted cryptocurrencies, such as Bitcoin, legal in your country could benefit your economy.

Negatives

Investing into your International Monetary Funds

This is to ensure that the Government can be in control of the country's economy because it could undermine capital control and can create a more vulnerable and exposed environment for the public's assets.

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https://en.wikipedia.org/wiki/Legality_of_cryptocurrency_by_country_or_territory#United_States

<https://en.wikipedia.org/wiki/Bitcoin>