How should states build a framework for cryptocurrencies?

United Nations Economic and Social Council (ECOSOC)

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INTRODUCTION TO THE COMMITTEE

The Economic and Social Council of the United Nations (hereinafter ECOSOC) was formed in 1945 and since then has been one of the six principal organs of the Organization.

Logo of the Economic and Social Council: UN ECOSOC Website

The president of the council is elected for a one-year term and the presidency rotates between the 5 United Regions Regional groups (African Group, Asia and the Pacific Group, Eastern European Group, Latin American and Caribbean Group, Western European and Others Group). The current president is Paula Narváez, representative of Chile; she opens, closes, and presides over the debates, but she is also in charge of the relationship with the press.

The Council is composed of 54 UN member states and the procedure they follow is quite simple. ECOSOC sets up commissions about economic, humanitarian, social, and environmental topics. Then, the Committee may invite any member of the United Nations to participate in the debates and discussion, without the right of vote, if the subject under discussion is directly related or relevant to that member of the UN or its national interests. Through those formal deliberations, ECOSOC facilitates dialogue among nations, promotes sustainable development, and guides policies for a more equitable and prosperous world. ECOSOC meets five weeks each year alternating between their two headquarters, in New York and Geneva.

In 2015, all the United Nations member states adopted the 2030 Agenda for Sustainable Development. This blueprint contains 17 Sustainable Development Goals (SDGs) whose aim is to improve life quality, reduce inequality and tackle climate change, it has since become a major action program of the United Nations. The Economic and Social Council plays a central role in addressing those problems and has been a very important part of this project, facilitating discussions, and promoting international cooperation to achieve the goals.

Since its creation, ECOSOC has always had a strong role in the UN, helping with the coordination of various UN agencies, funds, and programs, and promoting collaboration among different entities within the UN. The Economic and Social Council has an advisory role as well, providing policy recommendations to the General Assembly on international, social and environmental issues. The council also led to the creation of specialized agencies such as the International Labour Organisation (ILO) or the World Health Organisation (WHO) that are nowadays very important organizations.

Finally, ECOSOC is related to lots of other entities, having for example five regional commissions for each of the 5 United Regions Regional Groups or other programs and funds like the United Nations Children Funds (UNICEF) or the United Nations Environment Program (UNEP) and so on. In the ECOSOC system we can also find research institutes, functional commissions and lots of specialized agencies like the ICAO, IMO or ITU that oversee

standards that are vital for international cooperation in various domains such as air travel, maritime transport or telecommunications. This all helps to set global norms and standards for higher standards of living, full employment and economic, social, health, food and nutrition and related issues.

INTRODUCTION TO THE SUBJECT

Cryptocurrencies, the digital marvels driven by blockchain innovation, are rewriting financial norms. Yet, they usher in a host of complex challenges for governments. Crafting effective regulations is proving daunting; issues encompass tax evasion, money laundering, and ensuring consumer rights. The wild price swings of cryptocurrencies trigger worries over investor losses and market stability. Meanwhile, the energy-intensive process of mining, a bedrock of cryptocurrencies, invites environmental criticism.

Navigating this intricate terrain requires a delicate balance between nurturing innovation and safeguarding financial systems. Policymakers face the urgent task of formulating adaptable frameworks that channel the potential of cryptocurrencies while taming their risks. As these digital assets gain ground, forging international cooperation and forward-thinking regulatory strategies becomes pivotal for harmonizing the disruptive power of cryptocurrencies with global economic order.

To understand the current state of cryptocurrencies in terms of their monetary value, it is essential to look at their market capitalization. This metric represents the total value of all cryptocurrencies combined. However, it is important to note that the cryptocurrency market is incredibly volatile. Values can fluctuate dramatically over short periods. As of 2021, the market capitalization could vary from a few hundred billion dollars to well over a trillion dollars.

The environmental impact of cryptocurrencies, particularly Bitcoin, has become a topic of increasing concern. The energy-intensive process of cryptocurrency mining, where powerful computers solve complex mathematical puzzles to validate transactions and secure the network, has raised alarms. Estimates of the energy consumption of the Bitcoin network alone vary widely. While some argue that the environmental impact is significant and unsustainable, others point out that the industry is actively exploring more energy-efficient consensus mechanisms and renewable energy solutions.

Governments and regulatory bodies worldwide have grappled with how to classify and regulate cryptocurrencies. These efforts span a wide spectrum, from outright bans in some countries to comprehensive regulatory frameworks in others. The approach taken by governments varies based on their economic, political, and cultural contexts. Some countries have embraced cryptocurrencies, recognizing their potential for economic growth and financial inclusion, while others have viewed them with skepticism due to concerns about consumer protection and financial stability.

Cryptocurrencies can be used for illicit activities such as money laundering, tax evasion, the financing of criminal enterprises and, in some cases, terrorism because they offer a degree of anonymity that makes them attractive for illicit purposes. Their

pseudonymous and decentralized nature provides a degree of privacy, making it challenging for law enforcement agencies to trace and monitor transactions. Various reports and studies have attempted to shed light on the scale of these problems, but precise figures remain elusive. Over time, regulators and law enforcement agencies worldwide are working to develop strategies to combat these illicit activities, such as implementing stricter anti-money laundering (AML) and know-your-customer (KYC) regulations. Additionally, governments are working to strengthen regulations to prevent such issues.

Beyond the financial realm, cryptocurrencies have begun to reshape social and political norms. They have ignited discussions about decentralization, financial inclusion, and the role of traditional financial institutions. Cryptocurrencies have offered an alternative to traditional banking for individuals who are underserved by the traditional banking system. This has the potential to empower marginalized communities and change the way we think about access to financial services.

Moreover, cryptocurrencies have raised questions about government control and surveillance. Some view cryptocurrencies as a tool for financial freedom, enabling individuals to have more control over their own assets and transactions. Others argue that they could be used to circumvent government regulations and taxation, posing challenges to national sovereignty.

In conclusion, the world of cryptocurrencies is a dynamic and rapidly evolving one. While they hold great promise for financial innovation and inclusivity, they also pose significant challenges in terms of regulation, security, and environmental impact. Cryptocurrencies are rewriting not only financial norms but also social and political norms, sparking debates and discussions that are likely to continue for years to come. As this landscape continues to evolve, it will be crucial for regulators, businesses, and individuals to adapt and find ways to harness the benefits of cryptocurrencies while mitigating their risks.

DEFINITIONS

Cryptocurrencies: Cryptocurrencies are digital or virtual assets that utilize cryptographic techniques for secure, decentralized transactions and financial operations. They exist on decentralized computer networks, often based on blockchain technology. (source)

Blockchain: Blockchain is a distributed and immutable digital ledger technology. It consists of a chain of interconnected blocks, each containing a record of transactions. These transactions are secured through cryptographic methods and are visible to all participants in the network. Blockchain ensures transparency, security, and integrity of data without the need for intermediaries.(source)

Mining: In the context of cryptocurrencies, refers to the process by which new units of a cryptocurrency are created and added to the blockchain. It involves solving complex mathematical puzzles using computational power. Miners compete to solve these puzzles, and the first one to solve it gets to add a new block of transactions to the blockchain. This process verifies and secures transactions, maintains the blockchain, and is integral to the creation and distribution of new cryptocurrency units.(source)

TIMELINE

Date	Event
2005	Creation of Bitcoin, the first cryptocurrency, by pseudonymous developer Satoshi Nakamoto
2011	First financial booms and crashes in the history of the Bitcoin
2013	Bitcoin's total value exceeds $1 billion
2014	740,000 BTC (approx. $460 million) stolen from Mt.Gox (largest Bitcoin exchange at the time) via a hack
2018	The cryptocurrency market reaches $820 billion and crashes within a month
2019	11 biggest crypto exchanges are hacked
June 2021	El Savador becomes the first country to accept Bitcoin as legal tender
September 2021	The largest market for cryptocurrencies, China, declares all cryptocurrency transactions illegal
June 2022	The Council presidency and the European Parliament reach a provisional agreement on the markets in crypto assets (MiCA)
Sept 2022	The Biden White House releases its first-ever framework on what crypto regulation in the U.S. should look like
August 2022	China, having worked on developing the digital yuan (e-CNY), and officially begins rolling out the next round of its central bank digital currency (CBDC) pilot test program

HISTORY OF THE TOPIC

The history of cryptocurrencies is a captivating tale of innovation, volatility, regulatory shifts, and global adoption. It all began in 2009 when an enigmatic figure, or group, operating under the pseudonym Satoshi Nakamoto introduced the world to Bitcoin. This digital currency represented a novel solution to the age-old problem of trust in financial transactions.Around the same time, in the early 1990s, the United States and other nations authorized commercial activity on the internet. This laid the groundwork for the emergence of cryptocurrencies, as the digital realm became a space where financial innovation could thrive.

In its infancy, Bitcoin was a niche interest, primarily attracting tech enthusiasts and cryptography experts. Its value was negligible, with early transactions often involving hundreds of coins for a mere fraction of a cent. However, as Bitcoin's security and potential for decentralization became evident, it started gaining broader attention. One pivotal moment occurred in May 2010 when a programmer named Laszlo Hanyecz made history by purchasing two pizzas for a whopping 10,000 BTC. This was the first tangible exchange of cryptocurrency for real-world goods, demonstrating the practicality of digital currency.

The history of cryptocurrencies is also punctuated by extreme price volatility. In July 2010, the value of a single Bitcoin was a mere $0.08, but it soon experienced dramatic fluctuations. The most notable surge came in December 2017 when Bitcoin reached an all-time high of nearly $20,000. However, this euphoria was short-lived, as the price plunged to around $3,000 by late 2018. These extreme price swings highlight the inherent risks associated with cryptocurrency investment.

Alongside Bitcoin's meteoric rise, early investors witnessed the transformation of their holdings into substantial wealth. Individuals like the Winklevoss twins, who famously accused Mark Zuckerberg of stealing their idea for Facebook, became Bitcoin billionaires, symbolizing the tremendous potential for financial gain in the cryptocurrency space. The growth in the number of cryptocurrency users has been nothing short of exponential. Millions of people worldwide now participate in the market, reflecting its increasing popularity and accessibility. This growth has been accompanied by a substantial increase in the total market capitalization of cryptocurrencies, which soared into the trillions of dollars in 2021.

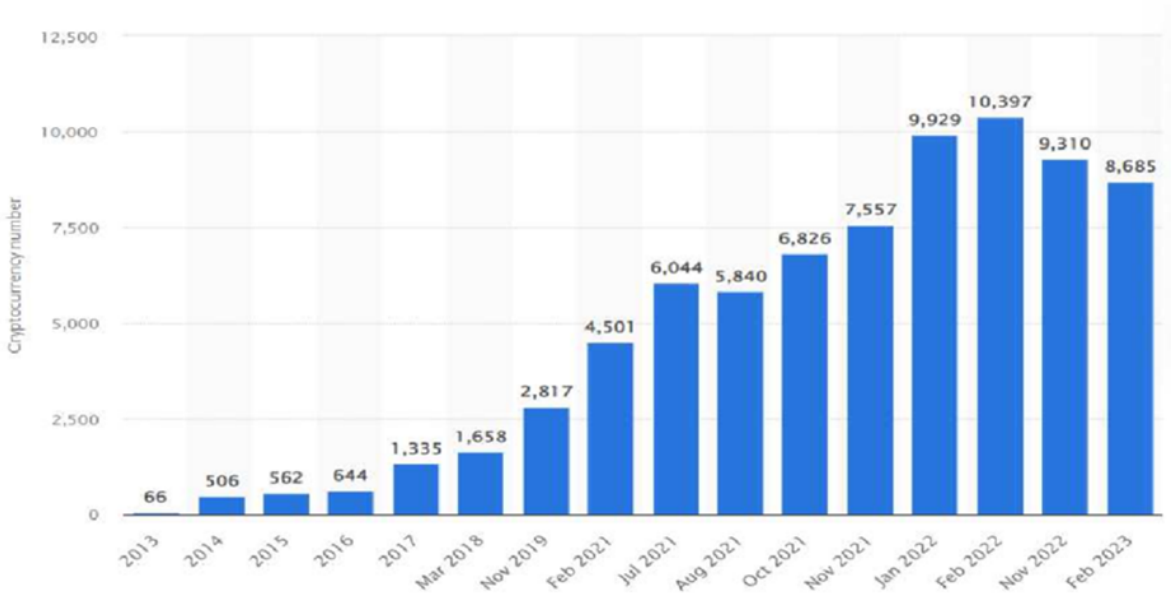
Governments around the world have grappled with how to regulate cryptocurrencies. El Salvador's groundbreaking decision in 2021 to accept Bitcoin as legal tender was a watershed moment and met with a mixture of enthusiasm and skepticism. While some countries have embraced cryptocurrencies, allowing their use in various sectors and even accepting tax payments in digital currencies, others have proposed or implemented stringent controls or outright bans. A global map of cryptocurrency adaptation reveals a diverse landscape. In the United States, Canada, and the United Kingdom, cryptocurrencies have found acceptance in various industries. Major corporations worldwide, including Tesla and Microsoft, have embraced cryptocurrency payments for goods and services. Conversely, countries like India have proposed bans, and China has aggressively cracked down on cryptocurrency mining and trading.

In conclusion, the history of cryptocurrencies is a multifaceted narrative that unfolds against the backdrop of technological innovation and global change. It began with the introduction of Bitcoin, paralleling the authorization of commercial internet activity, and evolved into a market characterized by extreme price volatility and a rapidly expanding user base. The regulatory response has been diverse, with some nations embracing cryptocurrencies and others taking a more cautious or restrictive approach. As cryptocurrencies continue to redefine finance and reshape societal and political norms, their journey remains a compelling and evolving story.

DISCUSSION OF THE TOPIC

Technologies are becoming more and more present in our everyday life, changing our lifestyle and highly impacting the habits of millions of people. However, those changes also have significant consequences on countries, impacting their economy, healthcare, and many other domains. Cryptocurrencies are the perfect example of the unstoppable development of technologies. In less than 20 years, this virtual currency has become a worldwide concern and is about to leave an indelible mark on the economy as we know it. As for all big advances, cryptocurrencies are hard to regulate and are full of unknown, they bring dangers to consumers but can also be a step forward in a country's development. Nowadays, the use of cryptocurrencies is growing without limits, and we must think of ways to regulate them.

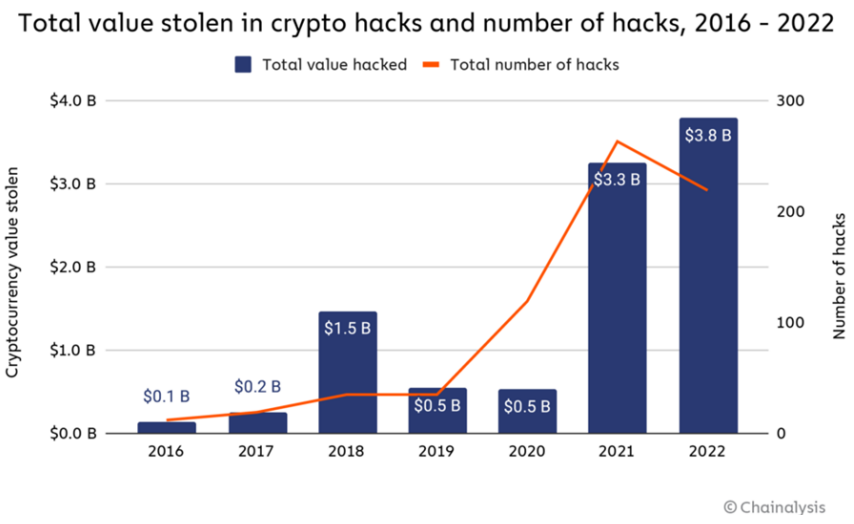
Firstly, we saw that during the last decade, cryptocurrency growth was fast and significant, with a market today reaching $807.17 billion. However, this currency is very unstable. As we can see on the following figure, the number of cryptocurrency ebbs and flows was at its peak in February 2022 with 10,397 different cryptocurrencies and then fell to 8,685 in February of this year. It shows how volatile this currency is and how fast it can grow and then collapse.



Number of cryptocurrencies 2013-2023 | Statista

The number of cryptocurrency owners is also growing at the same pace as the currency itself, reaching approximately 516 million owners in 2023, i.e. 6.4% of the world population. This number grew by almost 100 million at the beginning of 2023 going from 425 million in December of 2022 to 516 in June of 2023 as shown by the graphic below. This exponential growth shows that the trust of people in digital currency is also developing, but this trust brings lots of dangers, for the customers and the economy itself. We are now going to explore those issues.

Because of this large rise, issues are numerous and have not been tackled to date. Those issues are economic, social but also environmental. Firstly, cryptocurrency's lack of regulation is leading to problems of safety, exposing the digital currency to lots of thefts and hacks. In 2022, $3.8 billion were stolen and the following figure shows that thieves and hacks are growing proportionally to the market growth. Moreover, with crypto assets being more widely accessible, new consumers are not always aware of the dangers that they could face.



[2022 Biggest Year Ever For Crypto Hacking - Chainalysis]

The crypto market is also very volatile, as we saw earlier, the value of those currencies is fluctuating a lot and if it were to become a mainstream common use global currency, this issue of volatility could render an entire economy unstable. This volatility has various causes, to begin with, this currency is highly influenced by supply and demand, the market value is heavily impacted by how many coins are in circulation and how much people are willing to pay. The impact of the news is also a cause of crypto volatility, when the media draw attention to a project, it is more likely to succeed but also to collapse. For example, when in October 2021, Proshare (a provider of specialized exchange-traded products) announced its Bitcoin Strategy EFT, the price of Bitcoin jumped to more than $69,000 only for the price to drop significantly to $50,000 after the hype died.

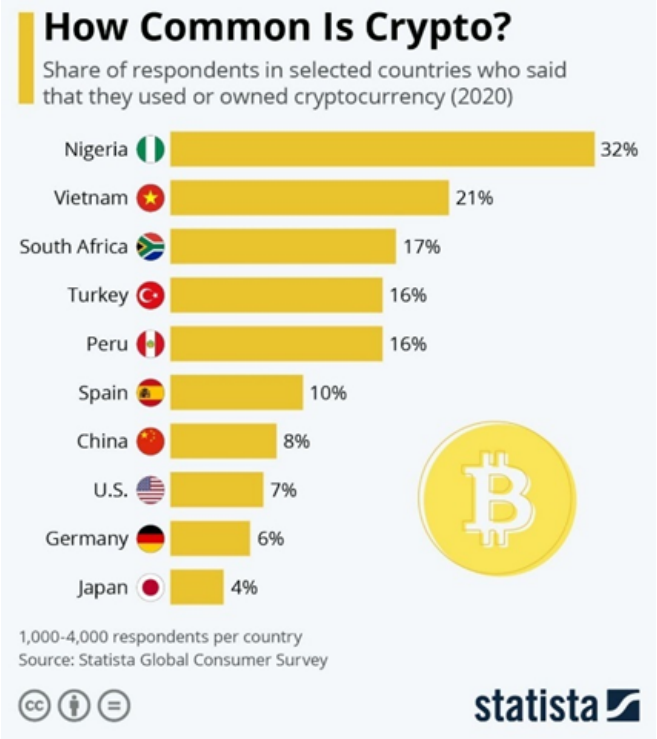
To give an example, here is a graph showing Bitcoin, the main cryptocurrency, price fluctuation over a year. We can observe that the price has gone from 15,000 to 65,648 dollars, a very wide price range.

Lastly, cryptocurrencies also have a negative impact on the environment, mining cryptocurrencies requires a large amount of energy and in 2021, Bitcoin produced 37 megatons of CO2, i.e. the emission of 8 million cars in a year and it is estimated that in 30 years Bitcoin could alone increase global temperatures by 2 degrees Celsius. In July 2022, Bitcoin mining alone accounted for 0.40 percent of the entire world's electricity consumption.

However, cryptocurrencies also have positive aspects making them attractive and explaining their hype. Firstly, cryptocurrencies offer comfort for the consumers, the accessibility, the reduction of transaction time and of taxes are many criteria in favor of

digital currencies. Cryptocurrencies are indeed more accessible than normal ones, because the only thing needed is an internet connection making the transactions effortless, they also provide a quick way to transfer funds with transactions only taking a few minutes compared to the ones made for example within U.S. financial institutions that take up to 5 days to settle. In lots of countries where cryptocurrencies are not completely regulated, there are no taxes on crypto transactions making them once again more attractive.

Another important argument leading inexperienced people to invest in crypto, is the protection it offers against inflation. While lots of currencies see their value decline due to inflation, the most famous cryptocurrency, the Bitcoin, is protected against this issue thanks to its limited supply. That is why lots of people willing to protect the value of their savings are going to invest it on the crypto market.

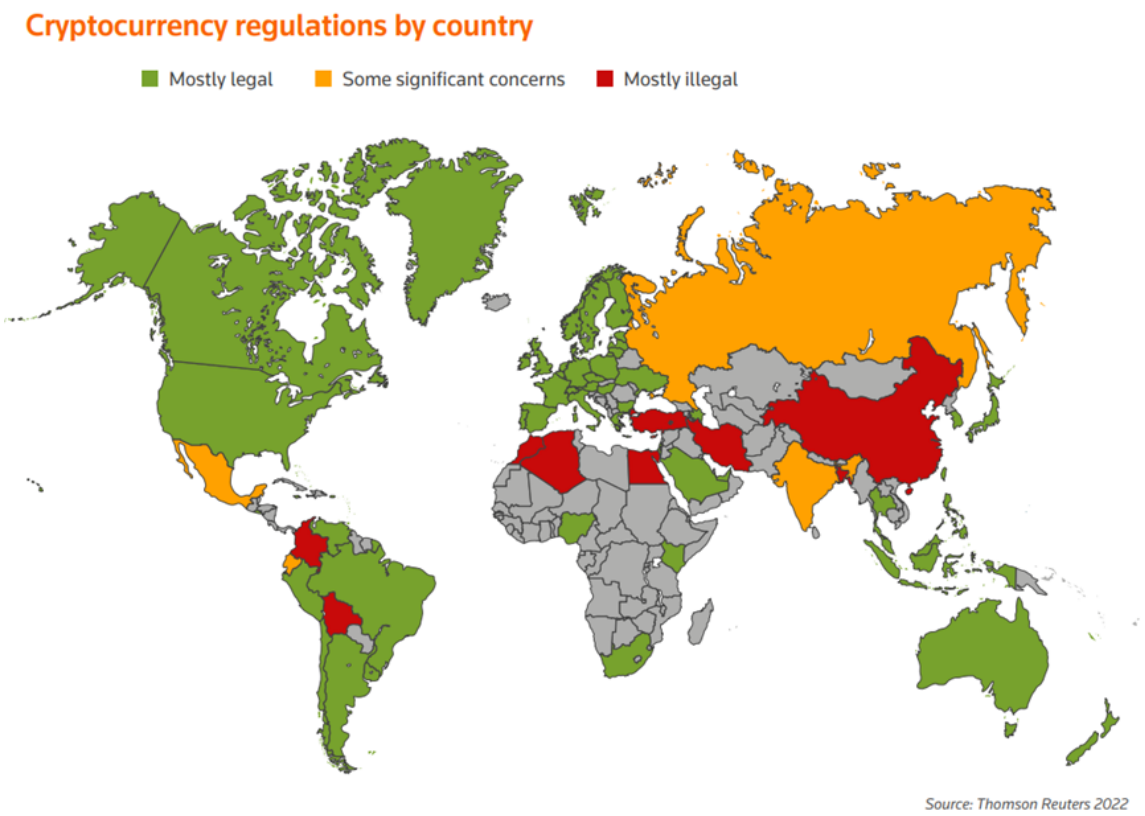


Finally, many high adopters are developing markets, the top 3 being Nigeria, Vietnam, and South Africa. In fact, in developing countries, cryptocurrencies help buy essential resources, such as food, and provide financial services due to their quick access. They are by the way accelerating the economic and social development of these economies and hence, are being seen as advantageous for their start-up ecosystem. They attract more and more entrepreneurs and make those countries more appealing.

[‘Still so early’ — 7% of Americans have bought Bitcoin, study finds (cointelegraph.com)]

Now that we have explored both points of view, taking into consideration the advantages and disadvantages of cryptocurrencies, we are going to see different ways of regulating them.

As we can see on the map below, many countries still do not have any regulation for cryptocurrencies leading to a freedom that can be dangerous. But in the countries where crypto assets are prohibited or legal, they can also face some of the problems mentioned earlier due to the subject still being unfamiliar and very recent.



[Cryptos-Report-Compendium-2022.pdf (thomsonreuters.com)]

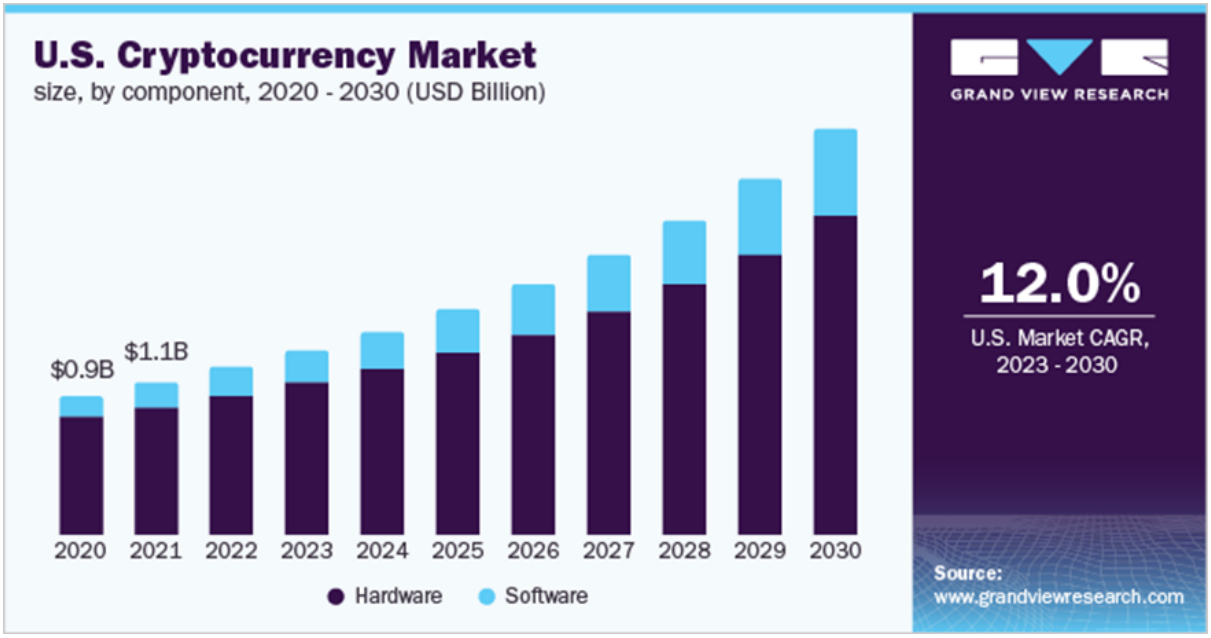
We are now going to present four different ways to deal with the boom of cryptocurrencies. The first scenario would be to let the present trends continue and take a “wait and see” approach, meaning allowing digital currencies to develop before enacting regulation. This would give the experts the time to analyze the development of this new technology.

The second way to deal with the rapid growth of crypto is more radical, it would be to ban its use. This direction has already been taken by several countries as we can see on the map. There are lots of approaches to ban crypto from a country, banning crypto exchange, crypto mining, crypto payments or banning official banks from providing crypto services.

The third scenario would be to let cryptocurrency play a regulated role in the economy, and to focus the regulation on points that could be potential dangers. For example, governments could require cryptocurrency exchanges to collect and share customer data for transactions.

Finally, the last method would be to make cryptocurrency a legal tender, a path already followed by several countries. Adopting foreign currency is already something well known and the effects of adopting cryptocurrency could have a similar impact. However, adopting digital currency as legal tender does not mean adopting it as a payment instrument.

Now that we have analyzed the current state of cryptocurrency and the ways to regulate it, we can ask ourselves in what direction this technology is going and what we can expect in the future. It is quite hard to predict how the market will evolve due to its volatility, nevertheless all the predictions agree on a point, cryptocurrency will continue to expand.



[Cryptocurrency Market Size, Share & Growth Report, 2030 (grandviewresearch.com)]

WHAT SHOULD RESOLUTIONS BE ABOUT?

In conclusion, we can say that cryptocurrencies are still holding lots of challenges and blank spaces. However, the recent issues that had to be tackled exposed the biggest problems and showed governments ways of dealing with them. Now, we know that a long history of developments is still ahead of us and will impact the worldwide economy.

Having considered the previous information in regard to cryptocurrencies and how to create a relevant framework in the future, your resolution may cover one or several challenges among the following:

- Encouraging policies aimed at creating a secured environment for cryptocurrency owners.
- Suggesting countries reach a common ground when it comes to the international economy.
- Discussing the legalization of cryptocurrencies.
- Creating an international regulatory body to ensure the development of cryptocurrencies based on agreed rules.
- Raising awareness on the dangers linked to this new market.

BLOC POSITIONS

Albania:

Albania, a country part of the Organization of the Black Sea Economic Cooperation, is not very rich with a GDP of $18.88 billion and a GDP per capita of $6,643, but it has a surprisingly high amount of internet users with 83% of its population having internet access. Albania was one of the first countries in Europe to adopt a regulatory framework for cryptocurrencies. This framework defines that the licensing of entities operating in the field of distribution and trading of virtual currencies needs to be regulated. If you want to exchange or manage crypto in Albania, you will need to be equipped with a relevant license from the country's Central Banky.

Argentina:

Argentina is ranked 22nd out of 213 countries using its GDP which is $633 billion, it shows the level of economic development of this country. Still, the GDP per capita is a bit lower, at $13,904. The country, part of the G20, has only 88.3% of its population who are internet users according to the ITU, showing the gap there is sometimes between the economic development of a country and its technological development. Cryptocurrencies are very famous in Argentina due to the huge inflation and the instability of their own currency. According to the New York Times, in 2022, nearly 60 percent of Argentines believed that Bitcoin would retain the value of their savings, because, even though cryptocurrencies have lost value, they still consider it as a less risky choice. For its part, the government does not prohibit cryptocurrencies, but it does not encourage its use either. For example, the International Monetary Fund is clear, no official bank can do business using cryptocurrencies on Argentine soil.

Australia:

Australia is very developed on the economic side, with a GDP of $1.675 trillion and a GDP per capita of $64,003, however, the technological side of the country is a little less developed than the one of other developed countries with only 96% of the population having an internet access. Australia is also part of the G20 and is currently negotiating a free trade agreement with the European Union. Despite its controversial nature and high volatility, cryptocurrency is a very popular investment in Australia, with around a quarter of the adult population owning some in 2022. Even if cryptocurrency trading is legal in Australia, there are no regulations about it, and it is not considered as a legal tender but as a property which means that it is exposed to capital gains tax for the users.

Burkina Faso:

Burkina Faso is a low-income country, its GDP is $18.88 billion however, its GDP per capita is much lower at only $833. The country is also part of an economic union, the West African Economic and Monetary Union. Its low level of development can also be perceived through its percentage of the population being active on the internet which is only 13.8%, this is a problem when coming to the cryptocurrency subject because of the lack of accessibility of those currencies for the inhabitants of Burkina Faso. Burkina Faso depends on the Central Bank of West African States (BCEAO) so we can deduce that cryptocurrencies are not allowed in the country as the BCEAO banned cryptocurrency by declaring itself “against” Bitcoin and saying that cryptocurrencies are “not admitted” in the BCEAO zone. This country is also part of the WAEMU, the West African Economic and Monetary Union, whose objective is to achieve economic integration among its member states.

Central African Republic:

This country, part of the Central African Economic and Monetary Union, is nearly one of the poorest in the world with a GDP of $238 billion and a GDP per capita of only $427. Its percentage of people being internet users is also very low at only 10% of its population. This makes the inhabitants of the Central African Republic less likely to easily adopt cryptocurrency. In April 2022, the Central African Republic approved Bitcoin as legal tender, however, it cannot benefit all the population because lots of inhabitants still do not have access to the internet. The president of the country also announced the creation of the Central African Republic crypto hub “Sango”, a legal cryptocurrency investment platform.

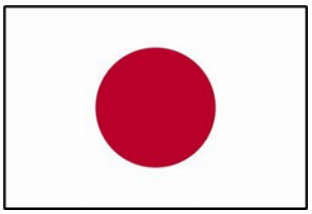
India:

India, member of the famous BRICS alliance but also of the G20 has one of the highest GDP at $3.385 trillion, but a very low GDP per capita, at only $2,389 making it a middle-income country. Its low level of development is making it difficult for the inhabitants to have internet access, with only 62.6% of the population being internet users. Knowing this, we can deduce that the access to cryptocurrencies is harder in this country, maybe leading to a lower pace of development. In 2021, the “Cryptocurrency and Regulation of Official Digital Currency Bill” was introduced to India’s parliament (the Lok Sabha) but unfortunately, it failed to be adopted . So, for the moment, when dealing with cryptocurrency, there are no established norms or rules, although the Indian government recently promised a 30% tax on cryptocurrency earnings.

Ireland:

Ireland, a very developed country, part of the European Union and of the Eurozone, with a GDP of $529 billion and a GDP per capita of

$105,362, one of the highest, has 92% of its population who are internet users. The Ireland's Central Bank does not view cryptocurrency as a legal tender however they regulate it. According to a report published in July 2021, Ireland requires all virtual asset service providers to register with the country's central bank. In Ireland, all local digital asset companies must comply with the sixth anti-money laundering guideline set by the European Union.



Japan:

Japan is part of two international economic organizations, the World Trade Organization and the G20, it is one of the most developed countries with a GDP of $4.231 trillion and a GDP per capita of $34,135. It also has a large access to the internet with 94.2% of the population being connected. Home to the world-famous Satoshi Nakamoto, creator of Bitcoin, Japan is the world's biggest market for Bitcoin. Cryptocurrency is considered legal in the country and some banks are gradually moving toward launching their own virtual coins. On the regulation side, any transaction upward of 30 million JPY or in dollars $200,000 needs to be notified to the Ministry of Finance and permanent citizens of Japan need to pay tax on income earned from cryptocurrency trading.

Kazakhstan:

Member of the Eurasian Economic Union, this country has a GDP of $221 billion and a GDP per capita of $11,373 which makes it 53rd in the world ranking. Its access to the internet is quite high with 86% of its population being internet users. In December 2021, the mining of cryptocurrencies was legalized within Kazakhstan borders, and it soon became one of the worldwide leaders with 6.17 percent of the world's cryptocurrency mined within its borders. However, this massive mining used a lot of the country's energy and had a huge ecological and economic impact on the country. In January 2022, these issues boiled over into mass protests and within weeks, the government effectively cut miners off from the national grid, bringing the boom to an abrupt end. Since April 2023, mining has been regulated by a law supposed to tax the income of miners and control the electricity consumption of farms.

Mozambique:

This country is a partner of the European Union and a member of the COMESA, the common market for eastern and southern Africa. With its GDP of $17.85 billion and GDP per capita of $541, Mozambique is not very developed. In the entire country, only 19.2% of its inhabitants have access to the internet and it makes it difficult for them to see the point of cryptocurrency. The Central Bank of Mozambique stated that it neither regulates nor monitors transactions using Bitcoins because cryptocurrency is not issued by its central authorities and has no legal standing in the country. In 2018, the Bank even advised citizens

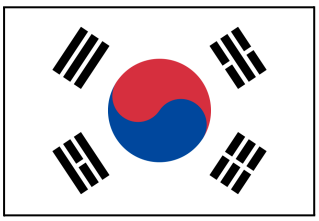
to stay away from cryptocurrency because they considered that it was used in lots of illicit activities.

North Korea:

North Korea is not part of any economic union. Its GDP is estimated to be around $40 billion (2015 est.). We can consider that only a few thousands of the inhabitants have internet access, as it is highly restricted by the government. North Korea has banned the use of cryptocurrencies in the country since 2019. However, there have been reports of North Korea-backed hackers stealing cryptocurrencies. According to the blockchain analysis firm Chainalysis, in 2022, North Korea- linked hackers stole $1.7bn of cryptocurrency.

South Africa:

South Africa has a GDP of $406 billion and a low GDP per capita of $6,776, this shows that the country is still developing. In another field, the technological one, the country is also developing with 70% of its population having an internet access to date. In order to continue to develop its economy, the country is part of several economic unions like the BRICS, the G20 or the Southern African Customs Union. In October 2022, the government of South Africa qualified cryptocurrency as “a digital representation of value” and said that it must be regulated. The authorities have said they planned to introduce a regulation including applying foreign exchange control and licensing crypto trading companies. Nowadays, crypto companies looking to operate in South Africa need to apply for a license from the country’s Financial Sector Conduct Authority.



South Korea:

South Korea is a developed country with a GDP of $1,709 bn in 2023, and a GDP per capita of $33,147. It is a very recently developed country, which has experienced a decade of tremendous economic growth between the 1960s and the 1980s (‘Miracle of the Han’). This development is also traduced by the huge Internet penetration of the country - 98% of the population has access to Internet. The country is labeled the crypto hotspot of Asia, as nearly up to 30% of all crypto trading worldwide is powered within the Korean market. South Korea is home to exchange giants like Upbit, BitHumb, CoinOne, Korbit, and Gopax. In 2017, the country first experienced its boost in crypto popularity. Crypto assets have not been legalized as official tender by the South Korean government. Hence, currently it is legal to own, sell and buy crypto assets in the country. Furthermore, South Korea seems to be on the right trajectory of consolidating its dominance as the crypto hub of Asia as seen in the recent presidential election, whereby they elected Yoon Suk-yeol, a pro-crypto politician. Pro-crypto laws and policies are currently in motion, such as the proposal for more favorable tax laws and the potential return of ICOs/IEOS. In March 2021, South Korea implemented new legislation to strengthen their oversight of digital assets. This

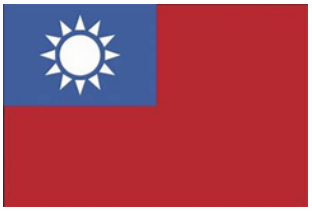
legislation requires all digital asset managers, providers and exchanges to be registered with the Korea Financial Intelligence Unit in order to operate in South Korea. Registering with this unit requires that all exchanges are certified by the Information Security Management System and that they ensure all customers have real name bank accounts. It also requires that the CEO and board members of the exchanges have not been convicted of any crimes and that the exchange holds sufficient levels of deposit insurance to cover losses arising from hacks.

Sweden:

Sweden is part of the European Union and the European Free Trade Association and is a very developed country with a GDP of $586 billion and GDP per capita of $55,543. Almost all of its population has internet access (95%) In Sweden, crypto is legal but recognized as a tadable asset rather than an actual currency. The country is considered as a crypto-friendly nation, yet, it still does not have any legislation for average traders. Sweden is very advanced in terms of digital money and is even willing to give access to two forms of Swedish kronor, the one that we all know in the form of cash and a new one still in development in the form of digital money.

Switzerland:

The GDP of Switzerland is $88 billion ranking it 20th among 213 countries, however, its GDP per capita is the fifth highest at $9,410. The country is part of the European Economic Area and its percentage of people having access to the internet is 94%. The government of Switzerland does not consider cryptocurrencies as legal tender. Still, there are no restrictions on buying and selling them or even against their use to pay for goods and services. However, to trade them, a special authorization or license issued by the Swiss Financial Market Supervisory Authority is needed.



Chinese Taipei (Taiwan):

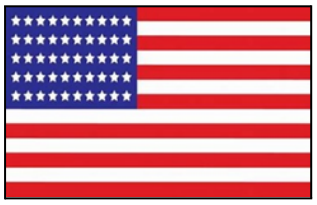
Chinese Taipei (Taiwan) is a High-Income Economy of Southeast Asia, with a GDP of $1.143 trillion (2019 est.), and a GDP per capita of $46,800. 91.9% of its population are internet users, which shows the level of development of the country. Chinese Taipei (Taiwan) is also part of an economic union, the World Trade Organization. However, increasing interference from China in the economy threatens the market's capabilities. The Central Bank in Chinese Taipei (Taiwan) does not currently recognize cryptocurrencies as currency. All local banks are prohibited from accepting Bitcoin or providing any services related to Bitcoin. The Financial Supervisory Commission considers the sale of Bitcoin as a sale of "virtual commodity". However, even if the country does not consider cryptocurrencies as legal tender for the moment it never declared itself entirely closed off to those digital assets.

Türkiye:

Türkiye is a developed country part of the G20 and of the Organization of the Black Sea Economic Cooperation. It has a GDP of $906 billion and a GDP per capita of $10,616. Most of its population are internet users, more precisely 82.5%. In April 2021, the 1st law mentioning cryptocurrencies was voted by the Turkish government, it prohibits the use of cryptocurrency as a payment instrument in legal transactions. However, less than a year later, we observed a switch in Türkiye's opinions, the country decided to cooperate with the AVAX cryptocurrency network. Following the recent inflation and with the Turkish economy being at its worst, lots of Turkish people decided to enter their cash onto the cryptocurrency market to protect its value.

United Arab Emirates:

The United Arab Emirates is a very developed country growing in coordination with new technologies, it is a rich country with a GDP of $508 billion and GDP per capita of $53,758. 95.2% of its population has an internet access ranking the country in the top 10 of the most connected. It is part of several international economic unions, like the Gulf Cooperation Council. Cryptocurrency is allowed in the United Arab Emirates (UAE) and the government is even acting in favor of their development creating a supportive regulatory environment for the growth of the digital assets market. However, the United Arab Emirates still tries to regulate crypto assets with for example the publication of a regulatory framework for licensing crypto assets by the UAE's Securities and Commodities Authority (SCA) in late 2020.



USA:

The USA has a GDP of $25.463 trillion and a GDP per capita of $75,269 making it the country with the world's highest GDP. The development of the country can also be seen with the percentage of people with internet access at 92.4%, almost the entire population. The United States is part of the G20, an intergovernmental forum working to address major issues related to the global economy, and the United Nations Economic Commission for Europe, one of five regional commissions of the United Nations. The United States does not itself have any official regulation concerning cryptocurrencies , for the moment, the government is working on regulating and securing crypto platforms instead. In March 2022, the Biden administration signed an executive order ensuring the responsible development of digital assets. This order contains 7 main goals, all willing to protect the consumers while promoting and supporting the sustainable development of crypto assets. Now, the mining of cryptocurrency is legal in every state of the USA, however, individual states are free to impose certain limits to this mining.

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