

G24

Cryptocurrency and Government Regulation

Topic Background:

Whether we like it or not, cryptocurrency has taken the global economy by storm, affecting segments of the market that few would have expected. PC graphics cards, for example, have exploded due to their usefulness in Bitcoin mining. Such a new and volatile market is promising, but it also offers many opportunities for exploitation.

As cryptocurrency usage increases, so too do cryptocurrency regulations around the world that are put in place to govern them. The crypto landscape is constantly evolving and keeping up to date with the rules in different global territories isn't easy¹.

The question that the G24 must now answer is how a developing economy should approach the idea of cryptocurrencies and NFTs. For a digital industry, crypto requires relatively little existing infrastructure and could potentially be a disruptive market.

Are governments encouraging the industry and allowing it to run crazy, potentially generating millions in revenue, or is the industry heavily regulated, reducing the chances of citizens losing everything to scams and false promises, but also potential profits?

¹ *Cryptocurrency Regulations Around The World*. ComplyAdvantage.

General History:

The idea for cryptocurrency first emerged in 1983, when American cryptographer David Chaum published a conference paper outlining an early form of anonymous cryptographic electronic money. The concept was for a currency that could be sent untraceably and in a manner that did not require centralized entities. In 1995, Chaum built on his early ideas and developed a proto-cryptocurrency called Digicash. It required user software to withdraw funds from a bank and required specific encrypted keys before said funds could be sent to a recipient².

With global stock markets also falling in late 2021 and 2022, crypto's parallel fall shows that the sector is becoming increasingly entwined with traditional financial markets³.

And while the volatility of cryptocurrencies is both attractive and potentially devastating, the underlying technology behind them all, blockchain, has the power to change many sectors of our society. Whether it's providing accessible and affordable financial exchange options, securing your own funds so that no one but you can access them, or providing accurate data for your insurance quote, blockchain technology has the potential to be used in almost every area of the economy⁴.

² *A Brief History of Cryptocurrency*. CryptoVantage.

³ *A Brief History of Cryptocurrency*. CryptoVantage.

⁴ *A Brief History of Cryptocurrency*. CryptoVantage.

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