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Topic A: Regulating Cryptocurrencies and Ensuring Digital Financial Inclusion

Introduction

Cryptocurrencies have rapidly evolved into a significant global asset class, with total market capitalization peaking at approximately USD 3 trillion in late 2021 before declining to below USD 1 trillion by late 2022 following pronounced market corrections.¹ This volatility underscores the emerging financial, regulatory, and development challenges associated with widespread cryptocurrency adoption. Regulatory frameworks remain highly heterogeneous: while roughly 45 countries fully permit or actively support cryptocurrencies, approximately 20 allow limited uses, and nearly 10 have implemented outright bans.² Such disparities complicate cross-border financial integration, heighten risks of regulatory arbitrage, and create obstacles for coordinated anti-money laundering and counter-terrorism financing efforts.³ Although illicit uses, including ransomware and cybercrime, represent only a small fraction of total crypto transactions, they pose non-trivial systemic risks, exemplified by USD 1.1 billion in ransomware extortions in 2023, predominantly in Bitcoin.⁴

Cryptocurrencies are frequently lauded for their potential to enhance digital financial inclusion, particularly in regions where traditional banking infrastructure is underdeveloped. Globally, over 1.4 billion adults remain unbanked, with limited access to savings, credit, and secure payment systems.⁵ Mobile blockchain wallets and crypto-backed accounts have demonstrated the ability to facilitate secure, low-cost remittances, enabling migrants to transfer funds directly to recipients without reliance on traditional financial intermediaries.⁶ In addition, stablecoins—digital tokens pegged to fiat currencies—offer low-volatility alternatives to cash, enhancing the efficiency and accessibility of cross-border payments, particularly in remittance-dependent regions such as Sub-Saharan Africa, South Asia, and Latin America.⁷

Divergent national strategies illustrate the spectrum of policy responses and their associated developmental impacts. El Salvador's adoption of Bitcoin as legal tender in 2021 sought to enhance financial inclusion and reduce remittance costs; however, evidence indicates limited

¹ United Nations Conference on Trade and Development (UNCTAD). *Crypto-assets and development: Opportunities and risks for developing countries*. Geneva: UNCTAD, 2022.

² United Nations Department of Economic and Social Affairs (UN DESA). *World Economic Situation and Prospects 2023: Digital Finance and Global Regulation*. New York: United Nations, 2023.

³ United Nations Office on Drugs and Crime (UNODC). *Cryptocurrency and illicit financial flows: Risks and policy responses*. Vienna: UNODC, 2022.

⁴ Financial Crimes Enforcement Network (FinCEN). *Ransomware and cryptocurrency trends 2023*. U.S. Department of the Treasury, 2025; UNCTAD, 2022.

⁵ United Nations Development Programme (UNDP). *Blockchain for Inclusive Finance: Case Studies on Remittances*. New York: UNDP, 2019.

⁶ International Organization for Migration (IOM). *Migration, remittances, and digital finance*. Geneva: IOM, 2021.

⁷ United Nations Capital Development Fund (UNCDF). *Leveraging digital assets for inclusive cross-border payments*. New York: UNCDF, 2022.



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adoption by ordinary citizens, while extreme price volatility introduced fiscal and monetary vulnerabilities.⁸ Conversely, Nigeria's simultaneous ban on bank-based crypto services and introduction of the central bank digital currency (CBDC), the eNaira, has driven peer-to-peer crypto trading underground while limiting public trust in the new CBDC.⁹ In the European Union, the adoption of the Markets in Crypto-Assets (MiCA) framework in 2023 establishes comprehensive licensing, transparency, and prudential requirements for crypto service providers, representing an attempt to harmonize investor protection, financial stability, and market innovation.¹⁰

Current Situation

The rapid expansion of cryptocurrencies poses significant macroeconomic and fiscal challenges for Member States. In El Salvador, adopting Bitcoin as legal tender increased exposure to fiscal and debt risks due to price volatility.¹¹ In Argentina and Venezuela, widespread use of cryptocurrencies and stablecoins as inflation hedges has weakened monetary policy effectiveness and accelerated currency substitution.¹² In Nigeria, restrictions on formal crypto transactions led to growth in peer-to-peer markets, complicating capital flow management and financial oversight.¹³ These cases demonstrate the need for cautious national approaches to crypto integration.

To address these risks, Member States should develop robust regulatory and fiscal frameworks for digital assets. UNCTAD warns that unregulated crypto markets can undermine domestic resource mobilization by facilitating tax evasion and illicit financial flows.¹⁴ Governments should therefore regulate crypto service providers, strengthen tax compliance and anti-money-laundering regimes, and avoid allowing private digital assets to function as substitutes for sovereign currencies.¹⁵ Maintaining confidence in national monetary systems and

⁸ IMF. *Country report: El Salvador – Bitcoin legal tender assessment*. Washington, DC: IMF, 2023.

⁹ Mehta, S. *Digital currencies in emerging markets: Nigeria's eNaira case study*. Journal of Financial Innovation, 2025.

¹⁰ Council of the European Union. *Markets in Crypto-Assets (MiCA) regulation: Legislative texts and guidelines*. Brussels: Council of the European Union, 2024.

¹¹ United Nations Department of Economic and Social Affairs. (2022). *UN DESA policy brief no. 135: Cryptoassets and so-called "stablecoins": Where do we go from here?* United Nations.

¹² United Nations Conference on Trade and Development. (2022). *All that glitters is not gold: The high cost of leaving cryptocurrencies unregulated*. UNCTAD.

¹³ United Nations Conference on Trade and Development. (2023). *Crypto assets and central bank digital currencies: Potential implications for developing countries*. UNCTAD.

¹⁴ United Nations Conference on Trade and Development. (2021). *The cost of doing too little too late: How cryptocurrencies can undermine domestic resource mobilization in developing countries*. UNCTAD Policy Brief No. 102.

¹⁵ United Nations Conference on Trade and Development. (2022). *Policy recommendations on regulating cryptoassets in developing economies*. UNCTAD.



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strengthening public digital payment infrastructure remain essential for macroeconomic stability.¹⁶

At the same time, Member States must consider how digital finance can support inclusive growth without exposing vulnerable populations to excessive risk. In regions with limited banking access, expanding digital infrastructure, regulatory capacity, and financial literacy should take priority over widespread retail crypto adoption.¹⁷ Experiences in countries such as Cambodia and Rwanda show that focusing on secure digital payments and institutional readiness can support development goals while preserving fiscal and financial stability.¹⁸

Conclusion

The rapid growth of cryptocurrencies presents a dual challenge: fostering digital financial inclusion while safeguarding macroeconomic stability, fiscal integrity, and consumer protection. Experiences from El Salvador, Nigeria, and other countries highlight that uncoordinated or premature adoption of private digital assets can exacerbate financial vulnerabilities, undermine monetary policy, and limit public trust. At the same time, digital financial technologies—including stablecoins, mobile wallets, and blockchain-based payment systems—offer genuine opportunities to expand access to secure financial services for unbanked and underbanked populations, particularly in regions with weak conventional banking infrastructure.

Addressing this tension requires a balanced, multi-layered approach. Member States must develop robust regulatory frameworks that enforce transparency, anti-money-laundering compliance, and investor protection, while simultaneously investing in digital infrastructure, financial literacy, and inclusive payment systems. Policy coordination at the regional and global levels, as exemplified by the EU's MiCA framework, can help harmonize standards, reduce arbitrage, and protect consumers without stifling innovation. Ultimately, the goal is to leverage the benefits of digital finance to promote equitable economic development, while preventing systemic risks and ensuring that private digital assets complement—rather than substitute—sovereign currencies and national monetary policies. This approach positions countries to harness technological innovation responsibly, fostering both financial inclusion and macroeconomic resilience.

¹⁶ United Nations Department of Economic and Social Affairs. (2023). *World economic situation and prospects 2023: Digital finance and global regulation*. United Nations.

¹⁷ United Nations Development Programme. (2022). *Cryptocurrency in Africa: Alternative opportunities for advancing the Sustainable Development Goals?* UNDP.

¹⁸ United Nations Development Programme. (2019). *Blockchain for inclusive finance: Case studies on remittances*. UNDP



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Questions to Address

1. How can Member States regulate cryptocurrencies to reduce financial risks and illicit activity while still promoting digital financial inclusion?
2. Should governments allow private cryptocurrencies and stablecoins to operate widely, or prioritize sovereign digital currencies such as CBDCs?
3. Why is international coordination on cryptocurrency regulation important, and what risks arise if regulations remain fragmented?
4. What policies can governments adopt to ensure digital finance benefits unbanked populations without exposing them to volatility or fraud?

Topic B: Taxation and Labor Rights in the Global Gig Economy

Introduction

The global Gig economy has expanded rapidly over the past decade, reshaping labor markets and economic activity through digital platforms such as Uber, Upwork, and Deliveroo. These platforms facilitate cross-border service provision and flexible work arrangements, contributing to income generation and labor market participation, particularly in developing economies. However, Gig work often falls outside traditional labor regulatory frameworks, leaving many workers without access to minimum wage protections, collective bargaining rights, or social security benefits. This growing gap between digital labor practices and existing labor standards raises concerns related to job precarity, inequality, and progress toward Sustainable Development Goal 8 on decent work and inclusive economic growth.¹⁹

The rise of platform-based labor also presents significant challenges for national tax systems. Digital platforms can generate substantial economic value within countries while maintaining limited physical presence, complicating the taxation of corporate profits and worker income. The United Nations has identified the digitalization of the economy as a key factor contributing to tax base erosion, particularly in developing countries where domestic resource mobilization is essential for financing social protection systems and public services.²⁰ These dynamics have intensified global debates over fair taxation, fiscal sustainability, and the distribution of economic gains in the digital economy.²¹

¹⁹ International Labour Organization. (2021). *World employment and social outlook: The role of digital labour platforms in transforming the world of work*. ILO.

²⁰ United Nations Conference on Trade and Development. (2021). *Digital economy report 2021: Cross-border data flows and development*. UNCTAD.

²¹ United Nations Department of Economic and Social Affairs. (2022). *World economic situation and prospects 2022: Digitalization and taxation*. United Nations.



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Together, the taxation and labor dimensions of the Gig economy highlight structural gaps in global economic governance. As digital labor platforms continue to expand, disparities in labor protections and tax collection risk deepening existing inequalities between and within countries. Addressing these challenges remains central to ensuring that the digital economy supports sustainable growth, fiscal resilience, and decent work outcomes across diverse national contexts.²²

Current Situation

The rapid expansion of the Gig economy has had uneven impacts across national labor markets. In India, millions of workers rely on digital platforms for income, yet most are classified as independent contractors, excluding them from minimum wage laws and social security protections. Similar challenges have emerged in Indonesia and the Philippines, where platform workers face income instability and limited access to health insurance or pensions.²³ In Latin America, countries such as Mexico and Chile have experienced growing labor informality linked to ride-hailing and delivery platforms, contributing to reduced tax compliance and weaker social protection coverage.²⁴ These trends highlight how digital labor can exacerbate existing vulnerabilities in economies with large informal sectors.

In response, several countries have begun introducing regulatory reforms to address labor rights and taxation gaps in the Gig economy. Spain adopted the “Riders’ Law” in 2021, reclassifying food delivery couriers as employees entitled to labor protections and employer social contributions.²⁵ South Africa has explored extending unemployment insurance and occupational injury coverage to platform workers, while Brazil has debated sector-specific social security contributions for digital platforms.²⁶ These national approaches reflect broader efforts to reconcile labor flexibility with protections and to ensure that platform-based work contributes fairly to public revenues.

At the international level, UN agencies and affiliated organizations have supported research, policy guidance, and capacity-building to help countries address these challenges. The International Labour Organization (ILO) has documented working conditions in the platform economy and promoted the extension of labor rights and social protection to non-standard forms

²² United Nations Department of Economic and Social Affairs. (2022). *World economic situation and prospects 2022: Digitalization and taxation*. United Nations.

²³ International Labour Organization. (2021). *World employment and social outlook: The role of digital labour platforms in transforming the world of work*. ILO.

²⁴ United Nations Conference on Trade and Development. (2021). *Digital economy report 2021: Cross-border data flows and development*. UNCTAD.

²⁵ International Labour Organization. (2021). *Spain: New regulation on digital platform delivery workers*. ILOSTAT Policy Brief.

²⁶ International Labour Organization. (2022). *Extending social protection to platform workers: Emerging practices*. ILO.



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of employment.²⁷ The United Nations Conference on Trade and Development (UNCTAD) has highlighted how weak taxation of digital platforms undermines domestic resource mobilization in developing countries and has encouraged reforms to digital taxation frameworks.²⁸ Together, these initiatives aim to support Member States in adapting labor and fiscal systems to the realities of the global Gig economy while advancing decent work and sustainable development.

Conclusion

The global Gig economy illustrates both the opportunities and challenges of digital labor markets, highlighting tensions between flexibility, income generation, and labor protections. While platforms enable participation in global economic networks and can enhance livelihoods—especially in developing countries—they often operate outside traditional labor and social protection frameworks, leaving workers exposed to precarity and inequality. Concurrently, the digitalization of economic activity complicates tax collection, undermining domestic resource mobilization and public service financing.

Addressing these interrelated challenges requires integrated policy approaches that balance labor rights with fiscal sustainability. National governments must consider legal recognition of platform workers, extend social protections, and ensure fair taxation of digital platforms, drawing on examples such as Spain's Riders' Law and emerging reforms in South Africa and Brazil. At the international level, coordination through ILO, UNCTAD, and other UN agencies can provide normative guidance, technical assistance, and capacity-building to harmonize labor standards and taxation practices across borders. Ultimately, aligning labor protections and fiscal policies with the realities of the Gig economy is essential to promote decent work, reduce inequality, and ensure that the digital economy contributes equitably to sustainable development goals.

Questions to Address

1. How can Member States ensure that Gig workers receive adequate social protections and labor rights without hindering the growth and innovation of digital platforms?
2. What taxation frameworks or reforms should be implemented to ensure that digital labor platforms contribute fairly to domestic revenue systems?
3. What are the implications of classifying Gig workers as employees, independent contractors, or a hybrid category for labor rights, social protections, and taxation?
4. Which strategies and policy measures can governments adopt to protect vulnerable and informal digital workers, particularly in developing and low-income countries?

²⁷ International Labour Organization. (2023). *Decent work in the platform economy*. ILO.

²⁸ United Nations Conference on Trade and Development. (2022). *Digital economy and taxation: Implications for developing countries*. UNCTAD.