

AMMAN ACADMEY MODEL UNITED NATIONS 2026

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United Nations Economic and Social Council (ECOSOC)



***Addressing the Economic Implications of Cryptocurrency Adoption
Across Latin America Amid Financial Instability and Regulatory
Challenges***

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Table of Content

Content	Page
Cover Page	1
Table of content	2
Introduction	3
Timeline	4-5
Major Parties	6
Helpful Links	7

Topic Brief

Introduction:

Cryptocurrency has rapidly become an increasingly important part of Latin Americas financial landscape. Mainly in regions in which nations suffer from inflation, currency instability, and having limits to traditional banking. As a potential relative for payments, savings, and financial inclusion, cryptocurrencies developed. But their growth caused concerns regarding market volatility, consumer protection, money laundering, and the ability of governments to maintain monetary stability.

Latin countries have found similarities and differences throughout approaches towards handling cryptocurrencies. Many have found techniques raging from strict regulations to support the government on an active scale, though debates still arise regarding the consequences these policies develop.

Nations should investigate whether cryptocurrency is helping or hurting Latin American economies and the recommended policies maximize its benefits while reducing risks. Latin America is still battling to find which strategies are best to be implemented in employing cryptocurrency to support currencies.

Timeline:

The Latin American Debt Crisis (1982-1990): When Mexico was unable to pay off its external debt, the Latin American Debt Crisis started in 1982. When US interest rates increased and commodities prices dropped in the 1970s (Cambridge), heavy borrowing proved unsustainable. While enacting austerity measures and requesting IMF support, governments had to deal with recession, inflation, unemployment, and dwindling investment (Chinalysis). Regional development was significantly hindered by the ensuing "Lost Decade."

The commodity Supercycle (2003-2013): Latin America's economy grew rapidly between 2003 and 2013 because of China's modernization, which raised demand for commodities including soybeans, copper, iron, and oil. Increased investment and social spending were made possible by improvements in government finances and export earnings. Poverty significantly decreased (Erten, Bilge). But the boom also increased Latin America's reliance on commodities, making their economies more susceptible to future price drops (Erten, Bilge).

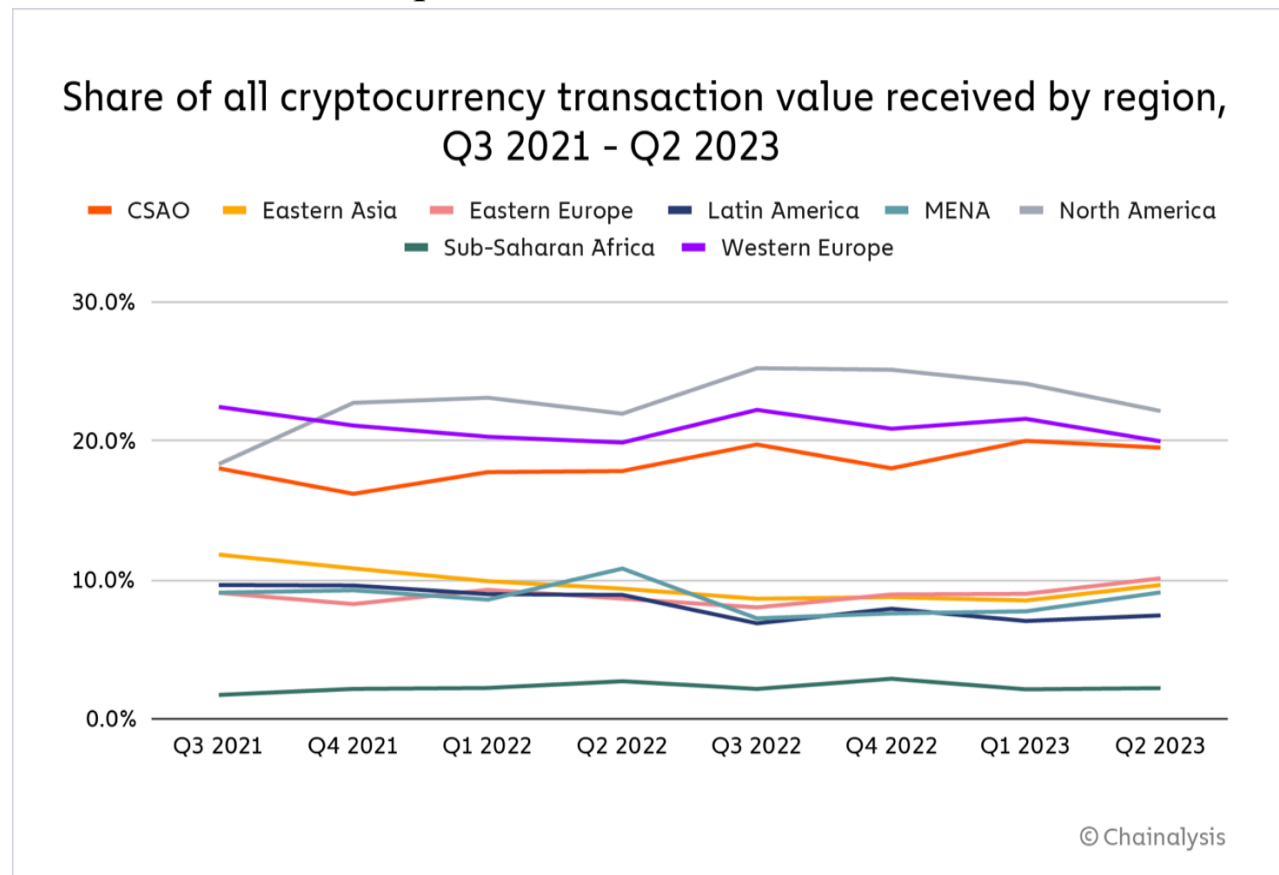
The Global Financial Crisis (2008-2009): Latin American economy was weakened by the 2008 Global Financial Crisis, which decreased international commerce, investment, and commodity demand. But compared to earlier crises (Micheal, Auerbach)., the area showed greater resilience. A widespread sovereign debt crisis was averted by stronger banking systems, foreign exchange reserves, better monetary policies, and reduced foreign currency exposure. This proved that the measures

put in place following previous financial crises were successful (Micheal, Auerbach).

COVID19, Inflation, and the Global Economic Shock (2019-2025):

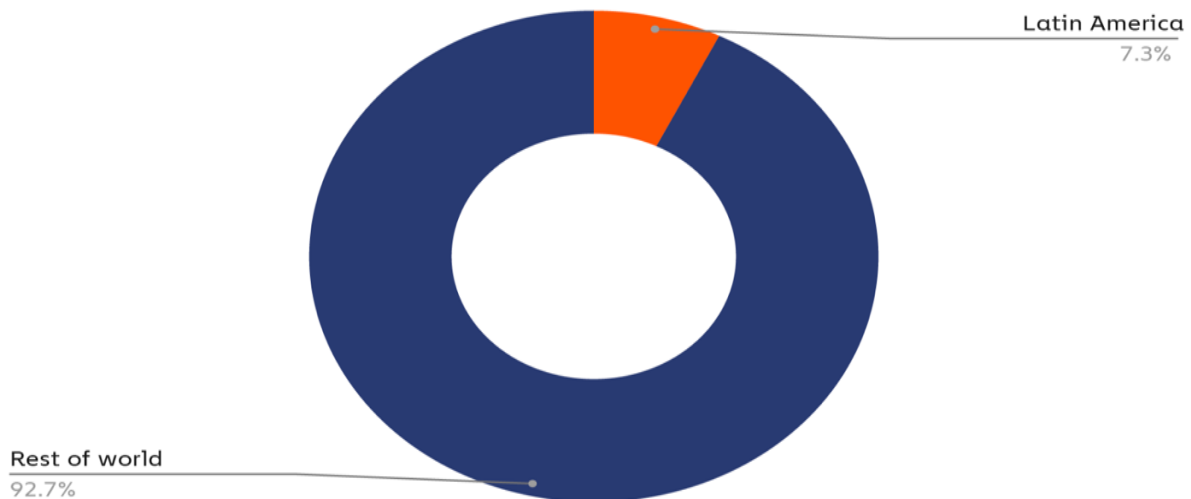
In Latin America, the COVID-19 epidemic led to a severe economic downturn that increased national debt and unemployment. Even if economies rebounded in 2021, substantial inflation was brought on by supply interruptions and growing demand. The invasion of Ukraine by Russia raised the cost of food and gasoline even further. In response, central banks raised interest rates, which decreased inflation but also slowed economic growth and investment (Gonzales, Alejandro).

Graph describing cryptocurrency value transacted since 2021 till 2023 in stock market quarters:



Cryptocurrency value received by Latin America

Compared to rest of world, Jul 2022 - Jun 2023



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El Salvador — Bitcoin adoption: In 2021, El Salvador became the first country to make Bitcoin legal tender alongside the U.S. dollar. It also introduced the Chivo digital wallet to encourage citizens to use Bitcoin for payments and transfers (Appendino).

Brazil — Cryptocurrency regulation: Brazil passed Law No. 14,478 in 2022, establishing rules for virtual-asset service providers. The law requires crypto service providers to obtain authorization and also addresses fraud and money laundering involving virtual assets (Library of Congress).

Argentina — Regulation and investor protection: Argentina has increasingly moved toward regulating crypto service providers. In 2025, its securities regulator established requirements involving registration,

cybersecurity, asset custody, anti-money laundering, and risk disclosure (Argentina Government).

Colombia — Developing a regulatory framework: Colombia has worked toward establishing regulations for crypto-assets and virtual-asset service providers, reflecting its high level of cryptocurrency adoption. The IMF identified Colombia, alongside Argentina and Brazil, as one of the countries making significant progress toward crypto regulation (Appendino).

Bolivia — Restrictive approach: Bolivia took a much stricter approach, historically banning cryptocurrency use to protect its national currency and reduce risks associated with the volatility of crypto-assets (Bespalova).

Major Parties

- 1- **El Salvador:** A major supporter of cryptocurrency adoption after making Bitcoin legal tender. It sees crypto as a way to promote financial inclusion and attract investment.
- 2- **Argentina:** Has experienced severe inflation and currency instability, making cryptocurrency particularly relevant. It has moved toward regulating crypto service providers while trying to protect investors.
- 3- **Brazil:** One of Latin America's largest crypto markets. Brazil has established regulations for virtual assets to reduce risks such as fraud and money laundering.
- 4- **Mexico:** Has developed regulations for cryptocurrency and fintech companies, while maintaining a relatively cautious approach toward crypto adoption.
- 5- **Colombia :** Has significant cryptocurrency use and has been working toward stronger regulation of virtual-asset service providers.
- 6- **Bolivia:** Historically took a much more restrictive approach to cryptocurrency because of concerns about financial stability and monetary sovereignty.
- 7- **Peru:** Has seen increasing cryptocurrency use but has focused on developing regulatory and consumer-protection measures.
- 8- **United States:** Important because U.S. financial regulations, dollar dominance, and crypto markets strongly influence Latin American economies.

Helpful Links:

<https://www.loc.gov/item/global-legal-monitor/2023-01-31/brazil-new-law-regulates-cryptocurrency>.

<https://www.imf.org/en/publications/wp/issues/2023/02/17/crypto-assets-and-cbdcs-in-latin-america-and-the-caribbean-opportunities-and-risks-529717>.

<https://www.argentina.gob.ar/node/459348>.

<https://www.sciencedirect.com/science/article/pii/S2666143824000383?via%3Dihub>.

<https://www.chainalysis.com/blog/latin-america-crypto-adoption-2025>.