Committee: Economic and Financial Committee (GA2)

Issue: The problem of stability in the cryptocurrency market (Bitcoin)

Student Officer: John Megalios

Position: Co-Chair

PERSONAL INTRODUCTION

Esteemed Delegates,

My name is John Megalios and I have the utmost honor to serve as a Co-Chair in the Economic and Financial Committee (GA2) of the 1st DSTMUN conference. Although this is my first time as a student officer I've had my fair share of experience as a delegate having attended a plethora of conferences the previous year. I will be attending the 11th grade this year at the American College of Greece – Pierce. In my opinion the MUN is an amazing way to discover new interests, talents and even a career in international relations.

In my opinion the issue at hand is extremely interesting as not only is it widely discussed nowadays, but it will also be of major importance in the future. I hope that you will find this study guide helpful and useful but remember that for a successful debate delegates need to have researched the subject thoroughly and come as prepared as possible in order to represent their countries' best interests regarding the topic. So, you should conduct your own research and not limit yourself to the study guide

I look forward to cooperating with you delegates and I wish you the best of luck with your research. If you wish to contact me for further information you may require or any clarifications that you need don't hesitate to send me an email at johnmega8@gmail.com. And remember: Cogito ergo sum.

Kindest regards,

John Megalios

TOPIC INTRODUCTION

"Bitcoin, cryptocurrencies, solved this problem of coming to a consensus globally where you don't trust anybody else. I'm a computer scientist, I thought that was impossible. These guys have proved it can be done."

- Richard Brown, Executive Architect for IBM UK, Oct 22, 2013

Cryptocurrencies have posed an amazing innovation in the past decade and continue to surprise us even today. Cryptocurrency as an idea had been conceived almost 4 decades ago when an American cryptographer by the name of David Chaum constructed a unique algorithm. This algorithm allowed secure information exchanges between people, building the base for future electronic currency transfers. It was named "blinded money." This unexplored and seemingly infinite sector of technology recently has skyrocketed and is regarded as the most important invention since the internet by some people. It has acquired many users since its first appearances and has transformed plenty of today's transactions anonymous and more private. Moreover, in today's society a huge instability has erupted in the cryptocurrency market. Prices are shifting unexpectedly in the blink of an eye and this can cause major disruption in the flow of the market. The major problem that is caused by that instability is that it poses an obstacle in the general acceptance of the currency by the public and the governments. In the guide the problem of stability will be discussed and general information regarding cryptocurrencies will be provided as well as more specific details on bitcoin and the market. In order to understand the instability in today's market one must be informed and have a clear and concrete knowledge of what cryptocurrency actually is. One has also to keep note that this topic is constantly evolving and making remarkable breakthroughs in the technology sector, so it is important to keep up with the latest news even if these aren't included in this study guide.

DEFINITION OF KEY TERMS

Cryptocurrency

Cryptocurrency is a form of currency without a physical substance and it exists only virtually. It uses coding and encryption in order to be protected and hack-proof. This currency is decentralized meaning no government or central organization produce or control it. Furthermore, the encryption protocols control the production of "virtual money" and the verification of transactions.

Encryption

Encryption is a means of securing digital data using an algorithm and a password, or key. The encryption process translates information using an algorithm that turns plain text unreadable. When an authorized user needs to read the data, they may decrypt the data using a binary key.[1]

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[1] Investopedia.com, Encryption, https://www.investopedia.com/terms/e/encryption.asp

Consensus rules

The block validation rules that full nodes follow to stay in consensus with other nodes.[2]

Inflation

Inflation is the rate at which the general level of prices for goods and services is rising and, consequently, the purchasing power of currency is falling. Central banks attempt to limit inflation — and avoid deflation — in order to keep the economy running smoothly.[3]

Satoshi Nakamoto

The name used by the unknown creator of the protocol used in the bitcoin cryptocurrency. Satoshi Nakamoto is closely-associated with Bitcoin and the Bitcoin blockchain technology. Satoshi Nakamoto is arguably the biggest pioneer of cryptocurrency.[4]

Open Source

Open source refers to a program with source code that can be modified or enhanced by anyone. Open source grants users of an application permission to fix broken links, enhance the design, or improve the original code. Open source software (OSS) is an example of a kind of open collaboration that can broaden design perspectives far more than a single company or design work group. Open source practices can also lead to considerable savings.[5]

Blockchain

A blockchain is a digitized, decentralized, public ledger of all cryptocurrency transactions. Constantly growing as 'completed' blocks (the most recent transactions) are recorded and added to it in chronological order, it allows market participants to keep track of digital currency transactions without central recordkeeping. Each node (a computer connected to the network) gets a copy of the blockchain, which is downloaded automatically.[6]

Bitcoin Mining

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[2] Investopedia.com, Consensus-Rules, https://bitcoin.org/en/glossary/consensus-rules

[3] Investopedia.com, Inflation, https://www.investopedia.com/terms/i/inflation.asp

[4] Investopedia.com, Satoshi-Nakamoto, https://www.investopedia.com/terms/s/satoshi-nakamoto.asp

[5] Investopedia.com, Open-Sourrce, https://www.investopedia.com/terms/o/open-source.asp

[6] Investopedia.com, Blockchain, https://www.investopedia.com/terms/b/blockchain.asp

Bitcoin mining is the process by which transactions are verified and added to the public ledger, known as the blockchain, and also the means through which new bitcoin are released. Anyone with access to the internet and suitable hardware can participate in mining. The mining process involves compiling recent transactions into blocks and trying to solve a computationally difficult puzzle. The participant who first solves the puzzle gets to place the next block on the block chain and claim the rewards. The rewards, which incentivize mining, are both the transaction fees associated with the transactions compiled in the block as well as newly released bitcoin.[7]

Silk Road

A digital platform that was popular for hosting money laundering activities and illegal drug transactions using Bitcoin. Silk Road, coined as the first modern darknet market, was launched in 2011 and eventually shut down by the FBI in 2013. It was founded by Ross William Ulbricht.[8]

Darknet market

Darknet markets, or cryptomarkets, are dark web sites with goods for sale. Although some products for sale are legal, illicit goods such as drugs, stolen information and weapons are common items in these markets. The transaction in darknet markets are anonymized. The markets are accessible via the Tor network or other browsers that protect the user's identity and location. Transactions take place via Bitcoin using dark wallets to protect the seller and buyer. The payment is held in escrow by the site operator to discourage scammers. The only exposed link in the chain is the actual shipping of the goods through the postal system. To reduce the risk, darknet market customers may rent a post box or use an address they don't own but can access.[9]

Bitcoin exchange

A bitcoin exchange is a digital marketplace where traders can buy and sell bitcoins using different fiat currencies or altcoins. A bitcoin currency exchange is an online platform that acts as an intermediary between buyers and sellers of the cryptocurrency. The currency ticker used for bitcoin is either BTC or XBT.[10]

Altcoin

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[7] Investopedia.com, Bitcoin-Mining, https://www.investopedia.com/terms/b/bitcoin-mining.asp

[8] Investopedia.com, Silk-Road, https://www.investopedia.com/terms/s/silk-road.asp

[9] Investopedia.com, Darknet,https://www.investopedia.com/terms/d/darknet-market-cryptomarket.asp

[10] Investopedia.com, Bitcoin-Exchange, https://www.investopedia.com/terms/b/bitcoin-exchange.asp

Altcoins are the alternative cryptocurrencies launched after the success of Bitcoin. Generally, they project themselves as better substitutes to Bitcoin. The success of Bitcoin as the first peer-to-peer digital currency paved the way for many to follow. Many altcoins are trying to target any perceived limitations that Bitcoin has and come up with newer versions with competitive advantages. As the term 'altcoins' means all cryptocurrencies which are not Bitcoin, there are hundreds of altcoins.[11]

Deep Web

The deep web refers to secret sections of the Internet whose contents are not accessible through standard search engines like Google, Yahoo, or Bing.[12]

Dark Web

The dark web refers to encrypted online content that is not indexed on conventional search engines. The dark web is part of deep web, a wider collection of content that doesn't appear through regular internet browsing. A specific browser like Tor is required to access dark web sites. The dark web holds anonymous message boards, online markets for drugs, exchanges for stolen financial and private data, and much more. Transactions in this hidden economy are often made in bitcoins and physical goods are shipped in a way to protect both the buyer and seller from being tracked by law enforcement. The dark web is also referred to as the darknet.[13]

Fiat Money

Fiat money is currency that a government has declared to be legal tender, but it is not backed by a physical commodity. The value of fiat money is derived from the relationship between supply and demand rather than the value of the material from which the money is made.[14]

BACKGROUND INFORMATION

Advantages and Disadvantages of Cryptocurrencies

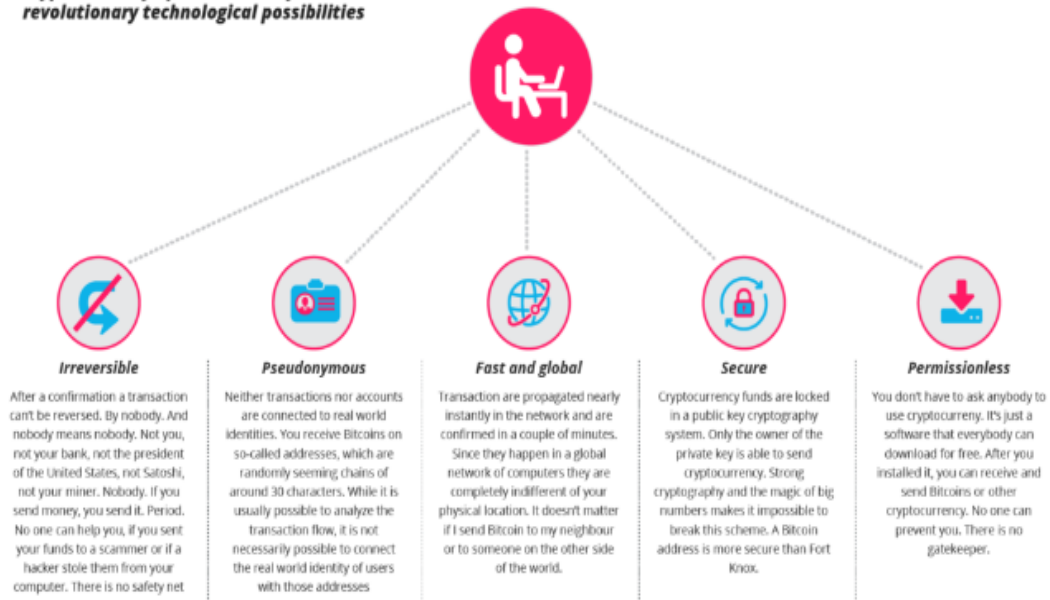| Advantages	Disadvantages
Most cryptocurrencies have an infinite supply of "coins". This offers protection	Transactions made with cryptocurrencies cannot be subject to

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[11] Investopedia.com, Altcoin, https://www.investopedia.com/terms/a/altcoin.asp

[12] Investopedia.com, Deep-Web, https://www.investopedia.com/terms/d/deep-web.asp

[13] Investopedia.com, Dark-Web, https://www.investopedia.com/terms/d/dark-web.asp

[14] Investopedia.com, Fiat Money, https://www.investopedia.com/terms/f/fiatmoney.asp

against inflation, an effect that normal centralized currency is prone to as the government or a central bank is responsible for the printing of money.	chargebacks or refunds due to their nature. That means that where Visa or PayPal would step to resolve a seller-buyer dispute by using cryptos seller fraud can be a usual phenomenon
Cryptocurrencies offer pseudonymous cover when purchasing goods and making transactions. An anonymous transaction offers protection and privacy to the buyer and can save him from instances of hacking or leaking of his personal information.	Because of the anonymity that is offered it is extremely hard to track and convict people who commit felonies and purchase illegal goods.
cryptocurrencies offer the necessary security that suits the huge transactions made every day. Strong cryptography is used to protect the users. There are 2 keys that are given to any bitcoin wallet account. One public in order to verify transactions and to recognize each user, and one private which only the user knows and needs to keep it extremely private as to ensure that no one else enters or hacks the user's account.	There is always the fear of financial loss due to data loss. User's must take extra precautions when they decide to open a crypto wallet and safe keep their private key in physical form as to avoid hacking. Also, the servers in countries with tight internet controls such as China have the possibility to crash or face damage resulting to data loss for the users.
Transactions are much faster, and no one can freeze or steal the user's money during that process. To add to that the transaction fees are minimal or even non-existent. In normal currencies a third-party "middleman" is required to verify transactions and that third-party company whether it is PayPal or Visa charges an extra amount which is used to pay the processors of the transaction.	This process wastes huge amounts of electricity and needs very powerful and expensive computers to be able to solve the algorithms and in that way, is very harmful to the environment
People who have the financial and hardware capability can take advantage of "mining", a process where by using strong GPUs and a lot of electrical power the miner by confirming transactions and updating the blockchain ledgers can earn himself cryptocurrencies as a reward	Because of the lack of legislation regarding the taxing of cryptos there have been many bans and prohibitions of the use of that form of currency. Moreover, many countries that have not adopted specific legislation are prone to tax evading.

Cryptocurrency opens the door for revolutionary technological possibilities

Irreversible

After a confirmation a transaction can't be reversed. By nobody. And nobody means nobody. Not you, not your bank, not the president of the United States, not Satoshi, not your miner. Nobody. If you send money, you send it. Period. No one can help you, if you sent your funds to a scammer or if a hacker stole them from your computer. There is no safety net

Pseudonymous

Neither transactions nor accounts are connected to real world identities. You receive Bitcoins on so-called addresses, which are randomly seeming chains of around 30 characters. While it is usually possible to analyze the transaction flow, it is not necessarily possible to connect the real world identity of users with those addresses

Fast and global

Transaction are propagated nearly instantly in the network and are confirmed in a couple of minutes. Since they happen in a global network of computers they are completely indifferent of your physical location. It doesn't matter if I send Bitcoin to my neighbour or to someone on the other side of the world.

Secure

Cryptocurrency funds are locked in a public key cryptography system. Only the owner of the private key is able to send cryptocurrency. Strong cryptography and the magic of big numbers makes it impossible to break this scheme. A Bitcoin address is more secure than Fort Knox.

Permissionless

You don't have to ask anybody to use cryptocurrency. It's just a software that everybody can download for free. After you installed it, you can receive and send Bitcoins or other cryptocurrency. No one can prevent you. There is no gatekeeper.

#1 The advantages of cryptocurrencies

Most common cryptocurrencies

Bitcoin

Bitcoin has become the most widely used cryptocurrency and has also been a major factor into making cryptos more widely used. Bitcoin's supply is limited to 21 million bitcoins and is used in many instances as a legitimate means of exchange. Also, Bitcoin is regarded as the most influential currency for the past decade and as of December of 2017 where its price literally "skyrocketed" and 1 bitcoin's worth rached more than $20.000 USD. As of the time which this study guide was written the worth of 1 bitcoin has fallen down to approximately $6.300 USD. [15]

#2 Chart showcasing the fluctuation of the price of Bitcoin

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[15] https://www.moneycrashers.com/cryptocurrency-history-bitcoin-alternatives/

Litecoin

Litecoin, released in 2011, works the same as bitcoin regarding its basic structure. The differences are that Litecoin has a supply limit of 84 million units, a slightly different algorithm than bitcoin and the time needed to create its blockchain is shorter. Regarding market capitalization Litecoin is ranked second or third most popular.

Ripple

Ripple, released in 2012, introduces a consensus ledger that improved the speed with which transactions are confirmed and shortened the time needed to create the blockchain. Ripple is also recognised for its ability to be converted easier than any other cryptocurrency as it host an in-house currency exchange that can convert Ripple into all the major fiat currencies. Furthermore, Ripple is also believed to be more susceptible to hacking and the protection that offers to its holder's is rather weaker than other crypto currencies.

Ethereum

Launched in 2015, Ethereum has made some major improvements on Bitcoin's basic design. To be exact, "smart contracts" are utilized that fortify transactions, compel parties to stick to their agreements, and there is the possibility of a refund if one of the two parties decides not to respond to their end of the bargain. Though "smart contracts" represent an important move toward addressing the lack of chargebacks and refunds in cryptocurrencies, it remains to be seen whether they're enough to solve the problem completely.

Dogecoin

Dogecoin, a variation on Litecoin, uses the Internet famous Shiba Inu as its mascot. The blockchain creation time is shorter and the coins in its circulation are above 100 billion units and every year another supply of5.2 billion coins is mined. Subsequently, Dogecoin is an experiment on an inflationary cryptocurrency and many experts are monitoring it as to see how it will differ from the other cryptos.

▲#	Name	Market Cap	Price	Volume (24h)	Circulating Supply	Change (24h)	Price Graph (7d)	
1	₿ Bitcoin	$106.568.577.365	$6.214,84	$3.673.820.000	17.147.437 BTC	0,29%		...
2	♦ Ethereum	$43.541.477.619	$432,52	$1.461.440.000	100.669.747 ETH	0,44%		...
3	✕ XRP	$17.121.331.318	$0,436074	$182.603.000	39.262.444.717 XRP *	0,19%		...
4	[○] Bitcoin Cash	$11.969.840.255	$694,48	$357.381.000	17.235.688 BCH	1,90%		...
5	♦ EOS	$6.245.480.887	$6,97	$570.040.000	896.149.492 EOS *	2,31%		...
6	◐ Litecoin	$4.384.470.527	$76,40	$256.012.000	57.388.808 LTC	-0,23%		...
7	✈ Stellar	$3.465.706.469	$0,184679	$31.884.400	18.766.110.217 XLM *	0,71%		...
8	☀ Cardano	$3.279.307.736	$0,126482	$40.130.900	25.927.070.538 ADA *	0,70%		...
9	⊤ Tether	$2.719.593.191	$1,00	$2.269.860.000	2.707.140.346 USDT *	0,17%		...
10	⊛ IOTA	$2.702.034.199	$0,972119	$32.903.500	2.779.530.283 MIOTA *	2,12%		...
11	▼ TRON	$2.197.617.482	$0,033425	$173.805.000	65.748.111.645 TRX *	5,45%		...

#3 The market cap of various cryptocurrencies

Instability in the market

It has lately been evident that certain cryptocurrencies undergo huge instabilities in their prices. A fitting example in this case is Bitcoin. Bitcoin since its explosion December 2017 has had some serious drop while going through some periodic rises.

According to many people, cryptocurrencies have potential to exceed massively in the financial sector but for that to be achieved the currency must be a store of value and a unit of account both of which require stability. Cryptocurrencies as we all know aren't centralized that means that their prices are driven by the demand and supply law. That means that the more demand for crypto exists in the market the higher the price is and the other way round. That is why the instability is so huge. With a limited supply of cryptos the more people that choose to buy it make the price rise and when people believe that the cryptocurrency isn't trustworthy, as its price keeps changing rapidly, they decide to sell it thus reducing its value.

▲	#	Source	Pair	Volume (24h)	Price	Volume (%)	Updated
	1	Binance	BTC/USDT	$131.869.000	$6.249,25	3,80%	Recently
	2	ZB.COM	DASH/BTC	$126.575.000	$6.270,37	3,65%	Recently
	3	CoinEx	ETH/BTC	$117.326.000	$6.263,56	3,38%	Recently
	4	Bitfinex	BTC/USD	$116.678.000	$6.234,00	3,36%	Recently
	5	OKEx	BTC/USDT	$112.207.000	$6.247,79	3,23%	Recently
	6	ZB.COM	BTC/USDT	$93.826.500	$6.250,27	2,70%	Recently
	7	HitBTC	BTC/USDT	$57.549.900	$6.255,69	1,66%	Recently
	8	CoinBene	CONI/BTC	$56.435.900	$6.236,37	1,63%	Recently
	9	Binance	EOS/BTC	$54.996.600	$6.282,04	1,59%	Recently
	10	Huobi	BTC/USDT	$49.851.400	$6.251,71	1,44%	Recently
	11	BitForex	BTC/USDT	$49.589.000	$6.248,08	1,43%	Recently
	12	OOOBTC	BTC/USDT	$45.427.300	$6.247,30	1,31%	Recently
	13	ZB.COM	QTUM/BTC	$41.285.800	$6.278,88	1,19%	Recently
	14	Coinsuper	BTC/USD	$38.239.900	$6.233,50	1,10%	Recently
	15	OKEx	TRX/BTC	$37.582.500	$6.239,80	1,08%	Recently
	16	BTCBOX	BTC/JPY	$35.762.400	$6.239,25	1,03%	Recently
	17	OKEx	MITH/BTC	$35.324.100	$6.205,02	1,02%	Recently
	18	Allcoin	ETH/BTC	$33.599.300	$6.203,87	0,97%	Recently
	19	Coinbase Pro	BTC/USD	$33.332.200	$6.235,51	0,96%	Recently

#4 The bigger Bitcoin markets

The past year a huge shortage of GPUs was noticed. That price raise was attributed to the fact that Bitcoin and Ethereum value went through the ceiling and cryptocurrency mining became infinitely more popular. In other words, the instability in the market had a huge impact on another sector of technology and created a short of mayhem in the GPU world. Also, with the rise in the popularity of mining, the huge usage of electricity grew a lot thus having a serious impact to the environment.

The huge instability is also preventing major financial and governmental organizations to accept is a legitimate currency thus limiting the potential of this innovation. Moreover this problem is also one of the reasons that government are afraid and hesitate to recognize and adopt cryptos as a legitimate way of making transactions. Additionally, the crypto market is very fragile regarding the fact that even the smallest of changes can have a huge impact on the price of a coin.

MAJOR COUNTRIES AND ORGANISATIONS INVOLVED

United States of America (USA)

The USA is one of the biggest bitcoin traders and holds the second place in the world scale. Bitcoin transactions are up to the states to be defined for their legitimacy but Americans having an easy access to technology are able to purchase and sell bitcoin. America is a country that can affect the cryptocurrency price a lot as they have strong market and is one of the major centers of cryptos.

Japan

China, home of the world's biggest community of Bitcoin miners, is against the use of cryptocurrencies and has even issued a ban against them and their transactions. Despite the country's prosecution, civilians still attempt to trade and mine cryptos illegally. China is not entirely anti-crypto and has also tried to create its own cryptocurrency in the past but the government prefers a more centralized and easily controllable crypto system rather than a more libertarian one.

China

China, home of the world's biggest community of Bitcoin miners, is against the use of cryptocurrencies and has even issued a ban against them and their transactions. Despite the country's prosecution, civilians still attempt to trade and mine cryptos illegally. China is not entirely anti-crypto and has also tried to create its own cryptocurrency in the past but the government prefers a more centralized and easily controllable crypto system rather than a more libertarian one.

South Korea

South Korea is a big center for cryptocurrencies. Big percentages of transactions happen using the won and although the Korean government initially banned cryptos they have been more lenient lately and allow transactions under supervision as to avoid illicit activities such as tax evasion and money laundering. Nonetheless, an exchange ban is also on the table for the South Korean government although nothing is finalised yet.

European Union (EU)

Although there are not any major regulations in the EU yet, there are some warnings that unless the risks of the instability are addressed there will be some short of regulating. France and Germany have also shown some interest in cryptos but noted that there is need for a safeguard and also the risk investors run must be mitigated. Moreover, there is not a strong consensus strictly regulate cryptos at the moment.

International Monetary Fund (IMF)

The IMF an organization of 189 countries which have as their main target to "foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world".[16] As their managing director Christine

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[16] Gibbs, Samuel. "EU Finance Head: We Will Regulate Bitcoin If Risks Are Not Tackled." The Guardian, Guardian News and Media, 26 Feb. 2018, www.theguardian.com/technology/2018/feb/26/eu-finance-head-regulate-bitcoin-cryptocurrencies-risks.

Lagarde made some very positive comments on April 16th 2018 regarding the advantages of cryptocurrencies and how the fast transactions, the security and the promotion of investment can prove to be very fruitful for the future of the economy.

TIMELINE OF EVENTS[17]

Date	Description of Events
18 August 2008	-The domain name <http://bitcoin.org> was registered. -In November the same year a paper was published by Satoshi Nakamoto, the founder of bitcoin, titled "Bitcoin: A Peer-to-Peer Electronic Cash System". This paper focused on the methods of using a peer-to-peer network to generate "a system for electronic transactions without relying on trust".
January 2009	The bitcoin network started with the release of the first open source bitcoin client and the circulation of the first bitcoins, with Satoshi Nakamoto mining the Genesis Block, the first block of bitcoins ever to exist, which had a reward of 50 bitcoins.
22 May 2010	The value of the first bitcoins was measured by people on bitcoin forums with one purchase of two Papa John's pizzas for 10.000 bitcoins
6-15 August 2010	A vulnerability with the bitcoin encryption protocol was discovered and exploited in order to gain 184 billion bitcoins. After a couple of hours, the transaction was spotted, erased and the bitcoin protocol got updated. There hasn't been another major exploitation in Bitcoin's history since then.
2011	Wikileaks started accepting bitcoins as donations and the Electronic Frontier Foundation also accepted it for payments but stopped until 2013.
October 2013	-FBI seizes approximately 26,000 Bitcoins from website "Silk Road" during the arrest of alleged owner Ross William Ulbricht. -Two companies, Robocoin and Bitcoiniacs made the world's first

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[17] To see a more detailed timeline, visit:
https://steamcommunity.com/sharedfiles/filedetails/?id=1180395979

	bitcoin ATM in Vancouver, Canada
August 2015	At that time almost 160,000 merchants accepted bitcoin for payments. Barclays announced they would become the very first UK bank to accept bitcoin.
October 2015	The Unicode Consortium was proposed to add a codepoint for bitcoin.
April 2016	Popular Platform Steam starts accepting Bitcoin as payment for video games and other software.
September 2016	Number of worldwide bitcoin ATMs reaches 771
Early 2017	Bitcoin earns some legitimacy. For example, Japan passes a law to accept bitcoin as a legitimate payment method, Russia announces it will legalize bitcoin and Norway's largest online bank, Skandiabanken, integrate bitcoin accounts.
June 2017	Bitcoin earns its own symbol in the Currency Symbols Block
1 August 2017	Bitcoin gets derived into 2 forks Bitcoin Core (BTC) and Bitcoin Cash (BCH)
2017-2018	Huge shortage on GPUs because of the recent popularity of mining.
December 2017	Bitcoin prices skyrocket and reach unit value of $20.000 USD.
2018	-Chip specifically for mining are introduced by Samsung -Europe unites in order to decide upon legislation regarding cryptocurrencies.

RELEVANT RESOLUTIONS, TREATIES AND EVENTS

Report on the meetings of the Working Group on International Cooperation and the Working Group of Government Experts on Technical Assistance held in Vienna from 9 to 13 October 2017, CTOC/COP/WG.2/2017/4–CTOC/COP/WG.3/2017/4, October 23rd 2017

On this meeting the UN discusses ways for effective training and legislative assistance to enhance the implementation of the United Nations Convention against

Transnational Organized Crime. Also there is reference to legislation as to control cryptocurrencies.

Chief Executives Board for Coordination-Report of the High-level Committee on Programmes at its thirty-fifth session, CEB/2018/4, May 11th 2018

On this report the implementation of frontier technologies is discussed and promoting the use of them inside member states as to ensure progress and stability. This also endorses the use of cryptos.

Analysis of cryptocurrencies by the Economic and Social Council

The Economic and Social Council (ECOSOC) attempted to tackle the issue with this White Paper on the technical application of the Blockchain to the United Nations Centre for Trade Facilitation and Electronic Business on which the different functions and aspects of cryptocurrencies are analyzed and discussed.

PREVIOUS ATTEMPTS TO SOLVE THE ISSUE

Attempting to stabilize Bitcoin's price

In 2014 a paper was released by Tokyo researchers Mitsuru Iwamura, Yukinobu Kitamura,Tsutomu Matsumoto and Kenji Saito, who are professors at various universities in Japan, proposing ways to make Bitcoin's price more stable and to try to improve transactions.

MakerDAO

Another crypto-native solution was proposed by this white paper from an organization called MakerDAO. In this paper a complex concept named DAI is introduced. As of 2017 the organization has introduced an alpha version of the concept named Simple DAI or SAI in an attempt to gather information. The Dai Stablecoin is a collateral-backed cryptocurrency whose value relative to the US Dollar. They utilize the smart contract platform "Maker" on Ethereum that backs and stabilizes the value of Dai through a complex system. This way people can generate Dai from Ethereum assets. Once generated, Dai can be used as a normal cryptocurrency.

Basecoin

Basis' is a cryptocurrency whose philosophy is that an unstable and volatile crypto can't be effectively used in everyday life. So, they created their own algorithm

that works as a central bank. The way it works is the following: If the demand is high the block chain will create more units and that by itself will cause a drop on the price. If instead the demand is dropping, then the block chain will buy units back and so the price will be restored. So, it works exactly like a central bank would and that's why it is said that Basis has an algorithmic central bank.

POSSIBLE SOLUTIONS

For stability to flourish, people need to have easier access to cryptocurrencies themselves. Currently there are programs such as uPort and Status that try to make cryptos more user friendly. If further development and innovative ideas flourish in that sector, then the public will be keener to invest in cryptocurrencies and maybe make them their everyday means of payment. So, the key to ensuring that is to assure investors and traders that their currency will maintain value

Furthermore, in order for a broader audience to know about the state of cryptos there is need for advertisement in a domestic level. Specifically, cryptocurrencies such as bitcoin can become "household" names for transactions if proper advertisement takes place beforehand and everyday people can get acquainted with this form of currency.

In order for cryptocurrencies to be adopted by more people and governments there is need for stability and balance. It is essential to be provided with a currency that can withstand crisis and have a balanced value in the market. One solution is to adopt a monetary policy, but that goes against the beliefs and goals of cryptocurrencies which want a decentralized currency. Instead a decentralized monetary policy can be decided by the network but that bears the challenge of finding the right metric to use and making sure that no one can hack into the system and set the price as it suits them. Thus, stabilizing crypto is a topic that has challenged many great minds in the financial and technological sectors.

Another possible way to make the cryptocurrency market more stable is to establish a legal framework for cryptos. This legal framework must fulfil some certain prerequisites. It should in some way regulate cryptos to avoid illicit activities but in a manner that wouldn't hurt the market or crypto owners. Additionally, these regulations should allow an easier access to currency exchange and make the transactions more effective.

Last but certainly not least, the best way to bring stability is time. People keep getting attracted to cryptos day by day. As the network of users get populated andvastly grows the prices will start to become more stable as there won't be only a

few people that with one simple transaction can change the price of cryptos on a huge scale.

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