2
0
2
6

BACKGROUND
PAPER

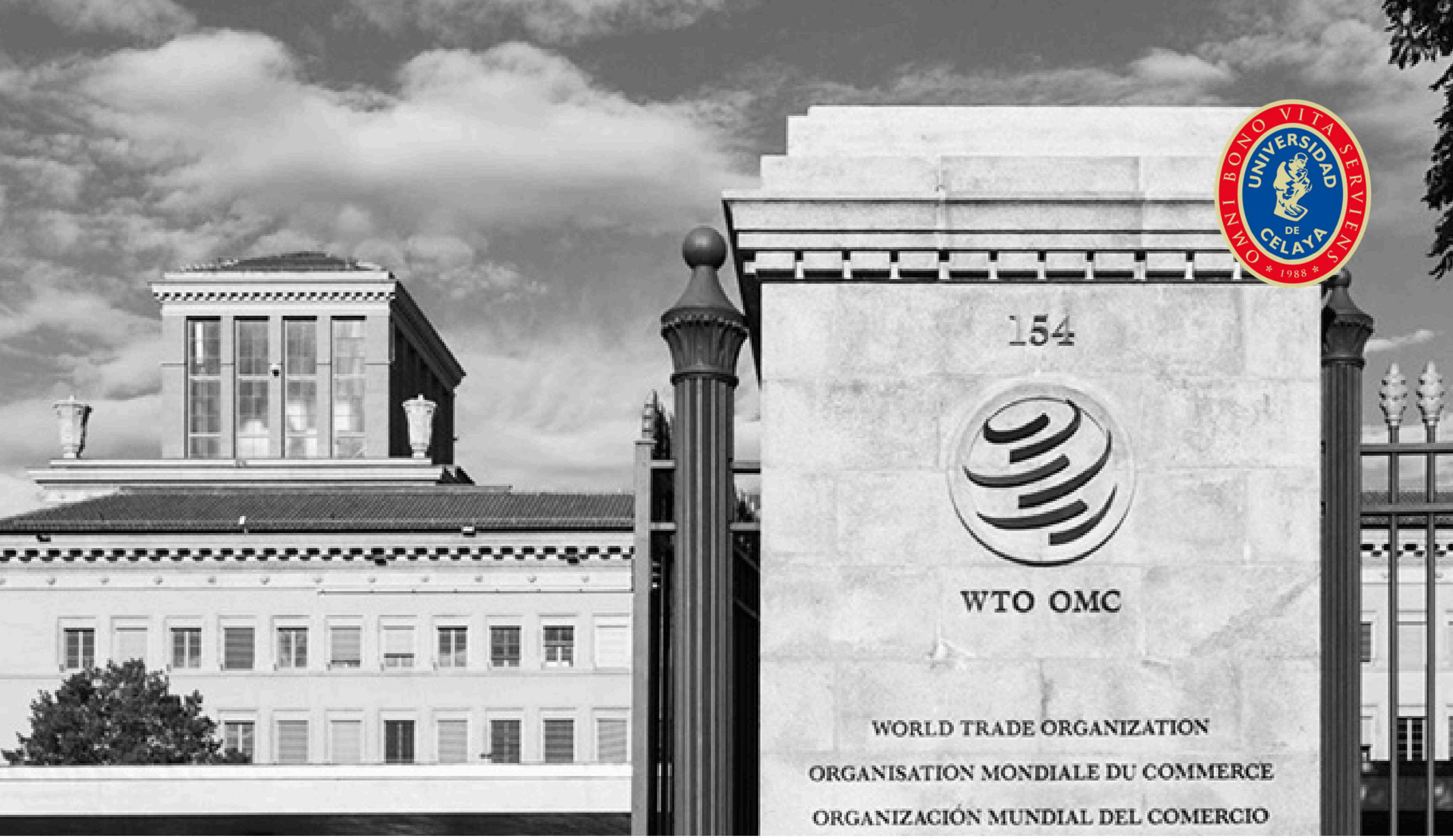
Topic: " Exploring alternative models for banking decentralization beyond cryptocurrency"

WTO

Chair and Moderator

Rebeca Melgoza Meza & Julieta Guadalupe Medina López

INDEX



Committee Background

Due to World War II, countries were economically devastated and needed to recover. To avoid conflict and achieve economic stability,they began working together,leading to the creation of international organizations.The GATT (General Agreement on Tariffs and Trade between countries and helping to reduce tariffs and trade barriers.

The GATT evolved through negotiations between countries.the most important of these was the Uruguay Round 986-1994 , which ultimately led to the creation of the World Trade Organization (WTO) on January 1, 1995.the WTO focuses not only on trade in goods but also on trade in services such as tourism,transportation,technology,and intellectual property, such as patents and copyrights.It serves trade disputes,negative new rules,and promote economic development.

The WTO now has 164 member countries,representing over 98% of global trade. Thanks to the WTO,tensions have been reduced and the exchange of goods between countries has been facilitated.

The WTO faces modern challenges.Digital trade,environmental issues, and political tensions between major powers are changing the global economy.,the organization needs to update its rules and become more flexible to remain useful and relevant in the future.

Introduction of the Topic

Over the past few years, financial decentralization has become increasingly relevant due to the growth of cryptocurrencies and blockchain technologies. Digital currencies have shown potential to reduce dependence on traditional banking systems, Cryptocurrency also faced challenges,such as instability, lack of regulation, and high energy consumption.

As nations and financial institutions seek to promote inclusion, transparency, and stability in global finance, it becomes necessary to explore alternative models of banking decentralization that go beyond the realm of cryptocurrencies.

This topic invites delegates to examine alternative ways to decentralize banking without relying solely on crypto assets.This is important because it helps in designing policies that balance financial innovation with security,accountability, and equitable development.

Ultimately, rethinking decentralization in banking raises vital questions about sovereignty, global economic governance, and the role of technology in shaping the future of finance.

Evolution of the Topic

First, the origins of banking centralization trace back to the rise of national banking systems in the 19th and 20th centuries, when governments established central banks to stabilize currencies and regulate credit, these institutions were designed to ensure trust and predictability in financial systems, particularly after periods of crisis such as the Great Depression. After this centralized structure became the backbone of global finance, allowing for coordinated monetary policy, financial oversight, and international cooperation through entities like the International Monetary Fund (IMF) and the World Bank.

The 21st century marked a turning point, the 2008 global financial crisis revealed deep vulnerabilities in centralized financial systems, including the concentration of power in major institutions and limited access for marginalized populations, because that new technological and social movements emerged to challenge traditional banking structures. Introduction of Bitcoin in 2009 symbolized the first large scale experiment in financial decentralization,offering peer to peer transactions outside government control.While cryptocurrencies demonstrated the potential for autonomy and transparency, they also brought volatility,regulatory uncertainty,and ethical concerns.

In recent years,policymakers and innovators have sought to expand the idea of decentralization beyond cryptocurrencies.This evolution has included the development of open banking, fintech platforms promoting financial inclusion,and decentralized cooperative networks that distribute decision-making power more equitably.Governments and international organizations are now considering hybrid models that combine technological innovation with institutional accountability. The ongoing evolution of decentralized finance reflects a growing global effort to reconcile financial freedom with stability, ensuring that access to financial services becomes more democratic and resilient in the face of economic change.

External Actions

IInternational organizations such as the WTO,IMF,UNCTAD have played a significant role in guiding countries toward secure and interoperable digital finance systems. Through reports,studies,and policy recommendations,regional initiatives within the BRICS countries,along with public consultations conducted by central banks like the Federal Reserve,the ECB,and the Bank of England, they have influenced national strategies for CBDC development and fintech innovation.

Collaborative projects like project mBridge demonstrate how it is possible to experiment with cross-border digital payment systems without relying on decentralized cryptocurrency.Some NGOs and research institutions have promoted financial inclusion by boosting mobile banking and digital payments in countries like Kenya and Nigeria,ensuring that decentralization processes support both technological innovation and social access.

Committee Focus

The World Trade Organization(WTO) focuses on issues related to international trade, financial cooperation,and the regulation of new financial technologies. Its priorities include promoting economic stability,ensuring secure and interoperable payment systems,fostering cross-border collaboration,and supporting financial inclusion for all countries. Delegates are expected to analyze how alternative banking models,as well as central bank digital currency (CBDCs) fintech innovations,and mobile payment platforms,influence global trade and economic relations.

The committee seeks to address challenges in maintaining fair trade, preventing financial crime,and ensuring transparency, while exploring decentralized financial models beyond cryptocurrencies. It is necessary for members to analyze international policy decisions, share best practices,and develop collective solutions that strengthen the global financial systems.

Key Focus Statements for Discussion:

- Cross-border payment interoperability and standards
- Regulation of CBDCs and fintech innovations
- Financial inclusion and access for unbanked populations
- Preventing fraud, money laundering, and illicit financial flows
- Cooperation between countries on digital financial infrastructure
- Balancing innovation with economic stability and security

Conclusion

Exploring alternative models of banking decentralization beyond cryptocurrencies marks a key moment in the evolution of global finance.The emergence of cryptocurrencies initiated the challenge of reducing dependence on centralized institutions and also highlighted the need for more sustainable,regulated,and inclusive frameworks.Now, innovations such as open banking,decentralized cooperatives,and digital public infrastructure offer viable pathways toward a more balanced financial ecosystem.

Decentralization should not be seen as a rejection of the banking system,but rather as an opportunity to redefine how financial systems operate in the service of transparency,resilience, and equality.
Integrating technology and clear rules for countries can create financial systems that give people control benefits,preventing problems for the global economy.The challenge is to ensure that everything is safe,transparent, and accountable.The decisions made now will influence the economy of the future.

Countries Position

China: A global leader in CBDCs through its digital yuan.The government promotes it as a secure,state controlled alternative to private cryptocurrencies.China uses it to strengthen financial sovereignty and expand influence through projects like mBridge.Rejects private decentralization and supports a fully centralized state model.

United States: Takes a cautious approach.The Federal Reserve studies a digital dollar but has no launch plan.The U.S. focuses on regulating stablecoins and allowing supervised fintech innovation.Its priority is to maintain the global dominance of the dollar and prevent financial crime.

Germany: Supports the development of the digital euro under the European Central Bank. Its main goals are financial stability and strict regulation.The digital euro is seen as a way to strengthen European economic integration and improve cross-border payments. The EU favors a joint continental strategy.

India: Leads in digital payments through UPI.It is testing the Digital Rupee as a CBDC.While banning cryptocurrencies as legal tender,India supports a hybrid model:state-issued digital currency plus fintech partnerships.The priority is financial inclusion,especially in rural communities.

Brazil: Is developing the Digital Real .The project aims to modernize payment systems,increase competition,and improve financial access.Brazil positions itself as a regional leader in socially oriented financial innovation.

Nigeria: launched the eNaira to promote financial inclusion and reduce cash dependency.Adoption has been low due to public mistrust,but the government continues to push modernization of digital payments.

Countries Position

Kenya: A global financial inclusion thanks to M-Pesa,which enabled banking access without traditional banks.The country is studying a CBDC,but believes mobile money already solves many inclusion challenges.

United Arab Emirates: Is piloting the Digital Dirham and participating in payments projects with other countries,such as mBridge.Its goal is to become a major financial technology hub,using innovative ideas but with clear and controlled regulations

Singapore: Has tested wholesale CBDCs in projects like Ubin and Ubin+.It promotes cooperation between government and private sector.Its model emphasizes innovation balanced with financial stability.

South Africa: Is exploring the Digital Rand and joining regional fintech projects.It encourages innovation but requires strict regulatory safeguards,prioritizing stability.

Saudi Arabia: Is investing in fintech and CBDC pilots.It has not issued a national digital currency yet.Its approach is gradual and state-controlled.

Mexico: Announced a Digital Peso,but progress is slow,the country focuses more on regulating fintech and improving private digital payment platforms than rushing a CBDC**.**

Argentina: Expands mobile payments and digital wallets to address inflation and improve financial access.A digital peso has been discussed but remains undecided.The priority is practical fintech solutions.

Countries Position

Japan: Is testing the Digital Yen with emphasis on security,privacy,and financial stability.It takes a conservative,step-by-step approach to avoid risks.

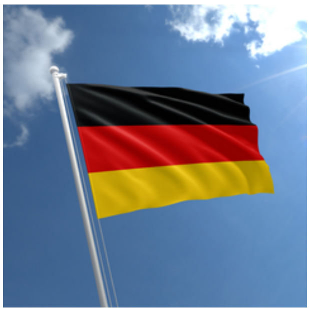
Canada: Experiments with CBDC prototypes but has no near-term launch plan.The Bank of Canada would issue a digital dollar only if market conditions change. Caution is the key priority.

United Kingdom: The Bank of England is studying a Digital Pound Britcoin.The focus is on consumer protection,transparency,and strong oversight while adapting the financial system.

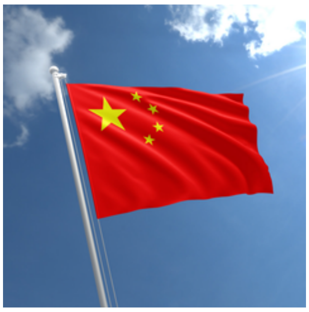
South Korea: Actively testing the Digital Won.It is technologically advanced and combines quickly innovation with clear regulatory frameworks.

Turkey: Developing the Digital Lira to strengthen financial sovereignty and modernize payments.Its approach maintains strong state control over the financial

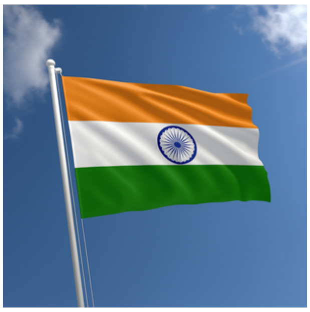
Participation List



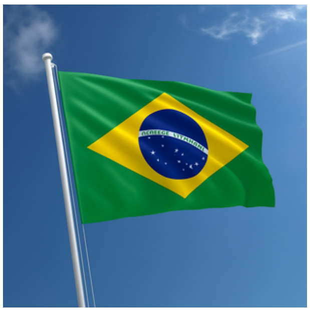
Germany



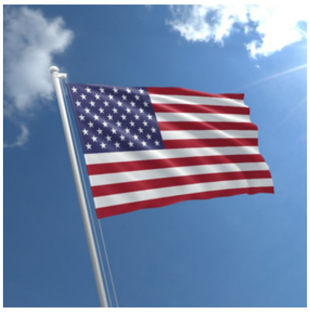
China



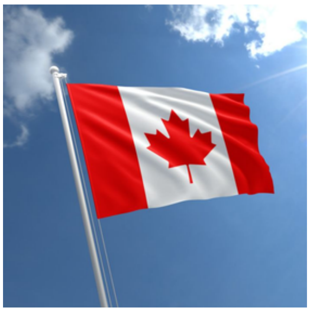
India



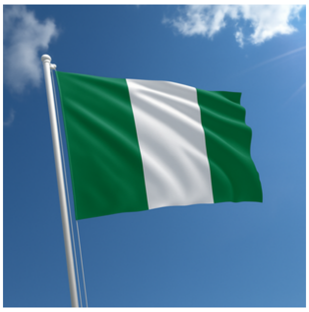
Brazil



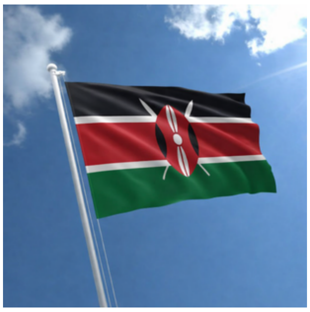
USA



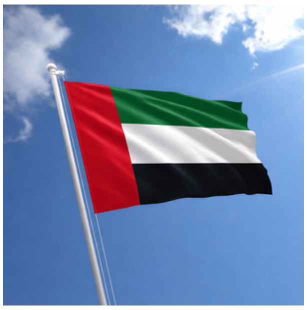
Canada



Nigeria

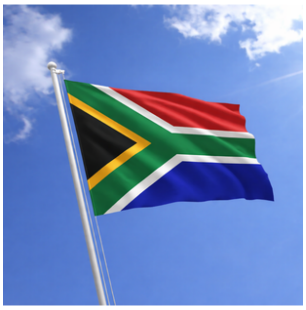


Kenya



United Arab Emirates

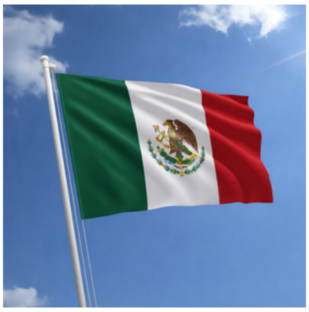
Singapore



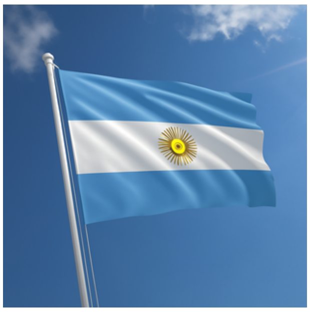
South Africa

Saudi Arabia

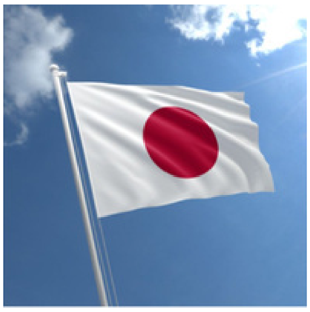
Participation List



Mexico



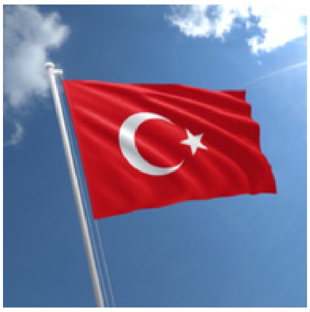
Argentina



Japan

United Kingdom

South Korea



Turkey

References

- OECD; International Monetary Fund; United Nations Conference on Trade and Development; World Trade Organization. (2023). Handbook on Measuring Digital Trade (2nd ed.). https://unctad.org/system/files/official-document/dtlecdc2023d8_en.pdf UN Trade and Development (UNCTAD)

- International Monetary Fund; Organisation for Economic Co-operation and Development; United Nations Conference on Trade and Development; World Bank; World Trade Organization. (2023). Digital Trade for Development. https://unctad.org/system/files/official-document/dtd2023_e.pdf UN Trade and Development (UNCTAD)
- Atlantic Council. (2025). Central Bank Digital Currency (CBDC) Tracker. Retrieved from https://www.atlanticcouncil.org/cbdctracker
- Bank of Canada. (2025). Public consultation on a digital Canadian dollar. Retrieved from https://www.bankofcanada.ca
- Bank of England. (2024). The digital pound consultation. Retrieved from https://www.bankofengland.co.uk
- Banque de France. (2023). Wholesale CBDC experiments. Retrieved from https://www.banque-france.fr
- Bank Central de Brasil. (2024). Digital Real (DREX) project. Retrieved from https://www.bcb.gov.br
- Bank of México. (2023). Digital peso exploration. Retrieved from https://www.banxico.org.mx
- Government of India, Reserve Bank of India. (2023). Digital Rupee pilot program. Retrieved from https://www.rbi.org.in
- Reuters. (2024). U.S. stablecoin regulation gains traction as CBDC lags. Retrieved from https://www.reuters.com

References

- World Trade Organization (WTO), International Monetary Fund (IMF), Organisation for Economic Co-operation and Development (OECD), & United Nations Conference on Trade and Development (UNCTAD). (2023). Handbook on Measuring Digital Trade (2nd ed.). Retrieved from https://www.wto.org/english/res_e/booksp_e/digital_trade_2023_e.pdf

- International Monetary Fund (IMF). (2024). Central Bank Digital Currency: Progress And Further Considerations. Retrieved from https://www.imf.org/en/Publications/Policy-Papers/Issues/2024/11/08/Central-Bank-Digital-Currency-Progress-And-Further-Considerations-557194

- United Nations Conference on Trade and Development (UNCTAD). (2024). Digital Economy Report 2024. Retrieved from https://unctad.org/publication/digital-economy-report-2024

- BRICS countries. (2025). BRICS making progress on payment system. Retrieved from https://www.gisreportsonline.com/r/brics-payment-system/

- Bank for International Settlements (BIS). (2024). Project mBridge reached minimum viable product stage. Retrieved from https://www.bis.org/about/bisih/topics/cbdc/mcbdc_bridge.htm

- Osabutey, E. L. C., & Jackson, T. (2024). Mobile money and financial inclusion in Africa: Emerging themes, challenges and policy implications. Technological Forecasting and Social Change, 202, 123339. Retrieved from https://www.sciencedirect.com/science/article/pii/S0040162524001355