

# **ECONOMIC & FINANCIAL AFFAIRS COUNCIL**



## **BACKGROUND GUIDE**

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# CHAIRS? WHO?

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We, your dais, warmly welcome you to The Economic and Financial Affairs Committee for A'MUN 25 and thank you for dedicating your time and effort toward these 2 days of debate.

Some of you in this committee may be participating in MUN for the first time and others may have several under their belt. We strongly encourage everyone to participate in debate and engage with the committee. However, we understand that many of you may be nervous and intimidated by the prospect of MUN, everyone is at first.

We are very excited to hear your stances and speeches on the agenda as it is so inexhaustive. There is so much to discuss and as you peel the agenda through research, you will find this as well.

This background guide is aimed to be a precursor to your research, to serve as a starting point before you delve into the agenda. We advise you to not delay avoiding any unnecessary pressure. You can find a recommended reading list in the guide that may help with your extended research.

With, a large aspect of MUN is to have fun. We hope you can make long lasting memories and friends through the conference and make the most of your time at A'MUN 2025.

If you have any doubts, please do not hesitate to reach out to us and we will get back to you as soon as possible. We look forward to seeing all of you and good luck!

**Warmest Regards,**  
**Dias of ECOFIN**  
**Vishesh Shah**  
**Shreya Galrani**  
**Mahir Jain**



# CHAIRS? WHO?

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**Vishesh Shah**  
**Head Chair**



**Shreya Galrani**  
**Co Chair**



**Mahir Jain**  
**Co Chair**



# WHAT IS ECOFIN?<sup>5</sup>

The Economic and Financial Committee, or ECOFIN, is the Second Committee of the United Nations General Assembly. The overall goal of ECOFIN is to promote economic stability and sustainable growth across the European Union. ECOFIN deals with a range of vital issues, including macroeconomic policy, the stability of the Eurozone, taxation, and financial market regulation. It deals with questions about economics, global finance, and growth and development around the world.

The goal of this committee will be to address persistent economic inequity and emerging concerns within global finance. The Economic and Financial Committee (Second Committee) of the General Assembly at its seventy-ninth session, is chaired by His Excellency Muhammad Abdul Muhith of Bangladesh. Established in 1945 under the charter of the UN, the General Assembly occupies a central position as the chief deliberative, policymaking and representative organ of the United Nations.

Comprised of all 193 Members of the United Nations, it provides a unique forum for multilateral discussion of the full spectrum of international issues covered by the Charter. It also plays a central role in the process of standard-setting and the codification of international law. ECOFIN particularly follows Sustainable Development Goal 8, 9, 11, 13, and 16 among others.

## About economic and financial affairs policy

The Economic and Financial Affairs Council, commonly known as the Ecofin Council, is responsible for:

- economic policy
- taxation matters
- financial markets and capital movements



# AGENDA 1 & 2

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1. Strategies to Eliminate Student Loan Debt and Promote Financial Literacy.

2. Examining the impact of unregulated cryptocurrency markets on financial stability, money laundering, and inequality in emerging countries



# AGENDA 1

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Student loan debt is an issue that often seemed to be of an individual, rather than a country. In the United States alone, 42.8 million borrowers have student loan debt. However, it is observed that countries policies do play an important role in the student loans. Countries like Argentina, Brazil, Czech, etc that provide free education are known to have close to no student debt. This not only helps the wellbeing of students but ensures that they can provide to society efficiently. This agenda aims to explore strategies to tackle student loan debt while also promoting financial literacy. António Guterres, the current Secretary General of the United Nations has also remarked in a press release that “some 3.3 billion people – almost half of humanity – live in countries that spend more on debt interest payments than on education or health.” This is alarming, while private colleges charge extra for education (especially to international students) even public colleges do the same. Student debt reduces spending, with borrowers less able to maintain disposable income or build wealth. It increases reliance on social programs, impedes the housing market and slows business growth — small business creation is especially hampered by student loan debt. Many countries provide cheaper public colleges; however, 3rd world countries do not have the finances to provide quality college education for free. Governments are urged to provide financial aid to students and to solve this issue.

## Past Solutions:

### **Government student loan program:**

Governments of Australia and England designed the program so that students only need to pay back loans after their incomes reach a certain level — about \$35,000 in U.S. dollars and even then, they only need to pay back a small share of their incomes, not all. This ensured that students had time to find work in a competitive job market, and still sustain a comfortable lifestyle. In both the United States and Canada, students can take out federal loans for both tuition and living expenses. In Sweden and Germany, students can only take out government loans for living expenses because tuition is free in those countries.



# AGENDA 1

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## **Payment Time Period Extension:**

In the United States, borrowers are required to begin making payments six months after leaving college. By default, payments are set so the whole principal and interest, which is tied to the market rate at the time the loan is made (currently 4.45 percent), will be paid off in equal monthly instalments paid over 10 years. USA borrowers can opt into alternative repayment plans as well. In Sweden the citizens can pay off their loans over a much longer period. Borrowers can be in repayment for up to 25 years, with the typical borrower paying for 22 years.

## **United Nations Resolution A/HRC/53/L.10:**

On 14 July, the UN Human Rights Council adopted resolution A/HRC/53/L.10 on the right to education. Recognising the political commitments made by countries. These include early childhood care and education (ECCE) rights, education under attack, gender discrimination, educational technology, financing, privatisation, and climate change. It culminates in a series of recommendations for states. A major part of financing includes the financing of student loan debt as well. This aligns with the Sustainable Development Goal 4: Quality Education.

## **Possible Solutions:**

### **Reducing the out-of-pocket cost of college attendance:**

This can include cheaper college courses, additional financial aid and cheaper housing. Merit based scholarships should be broadened to include poorer sections of societies. The costs can also be lowered by lessening the interest on student loans.

### **Education of financial literacy:**

Teaching students from an early age the drawbacks of a loan and how to access scholarships can ensure they feel ready for college. Teaching student's methods of investments can ensure they start early.

### **Decreasing existing student debt burdens:**

Existing student debt is forgiven by many countries; however it can be done at a higher rate depending on the income of a student. Companies should be encouraged to support their staff having student debt. Governments could motivate businesses and other employers to provide student loan repayment benefits and tuition assistance with tax breaks and other perks.





# KEY ASPECTS 1

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## Key Terms:

**Loan:** A thing that is borrowed, especially a sum of money that is expected to be paid back with interest.

**Debt:** A sum of money that is owed or due.

**Financial Literacy:** The the ability to understand and effectively use various financial skills, including personal financial management, budgeting, and investing.

**Loan forgiveness:** Student loan forgiveness releases borrowers from their obligation to repay part or all their federal student loan debt.

**Federal Student Loan:** Money borrowed from the federal government to help pay for your education, that must be repaid with interest.

**Non-Governmental Organization (NGO):** A group that functions independently of any government with the objective of improving social conditions.

## Key Parties Involved:

### *United States*

The United States maintains one of the most extensive student loan systems in the world, with outstanding student loan debt of over \$1.8 trillion as of 2024. This is a crisis that affects about 43 million borrowers, hence showing the scale and the economic implications. Federal government lending through programs such as the Federal Direct Loan Program is preponderant, while private lenders also exist. The problem has also reached politically sensitive levels due to increasing tuition, flat wages, and high rates of defaults. Programs for financial literacy in US universities have been one effort toward better equipping the students for responsible borrowing. Yet, critics say these programs do little more than scratch the surface in terms of driving systemic change home. Federal agencies such as the Consumer Financial Protection Bureau work for financial education; other groups, such as Next Gen Personal Finance address similar concerns but broader reform really is needed.



# KEY ASPECTS 1

## ***United Kingdom***

The student loan scheme of the United Kingdom has income-contingent repayment. The system of student loans, under the SLC, prevented defaults, though it too has been problematic. This is over £160 billion as of 2023, and there is growing concern over the sustainability for the long term. This calls for financial literacy, a subject now introduced in all school curricula since 2014. Other agencies exist, like Young Money, that educate the youth on managing money and what loan facilities entail. Tuition fees in England remain among the highest in Europe, and critics argue that too many graduates are leaving with significant debt burdens, despite the income-contingent model.

## ***Australia***

Australia's Higher Education Loan Programme is considered a model of income-contingent loan systems. The borrowers repay loans only when their income exceeds the threshold, AUD 51,550 in 2024, therefore reducing the risk of financial distress. With the student debt reaching AUD 74 billion in 2023, there is growing concern about the long-term repayment rate. Australia has made a huge investment in financial literacy-for instance, "MoneySmart" by the Australian Securities and Investments Commission-aimed at better equipping students and graduates with the ability to handle their finances, including loan repayments, within a tight budget. The structure of the system has gained international acclaim; however, the same is increasingly under pressure considering the increasing costs and growing skepticism regarding the return on investment in higher education.

## ***Canada***

The model for the student loan system in Canada is a hybrid model. Both the federal and provincial governments have a role to play. CSLP is the provider of financial assistance but supplemented by the provinces through local initiatives such as Ontario and British Columbia. In 2023, the volume of student loan debt in Canada stands at about CAD 22 billion. It has introduced policies allowing repayment difficulties with an interest-free grace period and targeted loan forgiveness for certain professions. Financial literacy has become important, with the Financial Consumer Agency of Canada leading from the front for better awareness and skills among younger Canadians. The challenge now is that with the cost of living and tuition on the rise, it really has become tough, especially on middle and low-income families.



# KEY ASPECTS 1

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## **Germany**

The relatively low levels of debt among German students can be notable because the country does not charge tuition fees for higher education at public universities. German students receive financial support via things like the Federal Training Assistance Act or BAföG. The programme includes need-based grants and loans. In 2023, this policy adopted by Germany has kept student borrowing at a minimum compared to other industrialized nations. The education system inculcates the core of financial literacy and an increased emphasis on integrating personal finance education into high school curricula. The informed choices by the students both at the time of borrowing and financial planning make access to higher education increasingly sustainable and equitable.

## **India**

The Indian student loan market has boomed in recent times, considering it is one of the largest students' populations in the world. Most of the lending activities are conducted through public sector banks. They give loans under various government-backed schemes. The Indian student loan system faces some major challenges, however: high default rates and access by marginalised groups that is very limited. Financial literacy programs also gain momentum-the National Center for Financial Education leads this way. With such a huge gap in the cost of education and with so many job opportunities, policies in Indian student loan and financial literacy would have to be seriously revised if the country wanted to meet the requirements of such diversity.

## **South Korea**

While South Korea boasts one of the highest tertiary attainment rates in the world, it has come at the expense of enormous debt for many. The loan system in the country is run by the so-called KOSAF - Korea Student Aid Foundation - the main body designed to support access to education, though with repayments proving hard to meet and high youth unemployment, the system has raised public concern. But financial literacy is also improving through targeted campaigns that help students and their young adult children manage their debt responsibly. Yet, reforming education financing on a structural level will be important in an effort to attend to the very causes of student debt problems in South Korea.





# **QARMAS 1**

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- How can the UN or any international organization help countries forgive student loan debts?
- How can a country promote financial literacy among students?
- How can private colleges be regulated on the fees charged?
- Is charging international students moral?
- What is the effect of student loan debt on a country's growth?
- How can economically backward countries help forgive student loan debt?
- How can poorer sectors of society be encouraged for further education?



# AGENDA 2

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Cryptocurrencies are an innovative and highly political development within the global financial landscape. Cryptocurrencies that were promoted as the decentralised answer to traditional banking systems have revolutionised the ways individuals spend, store, and even think about money. But liberalization of these markets lacks governance thereby raising concerns, especially in the developing world quite often ill-equipped to contain systemic failures and crises. Such virtual currencies have been associated with unlawful activities including money laundering, tax fraud, and financing of terrorism in areas where there are no adequate controls in place. As a result, prices are unstable and unpredictable where periods of their rise and fall occur without any notice and contribute to the general instability of finances and heightened differentiation between communities.

This is a most difficult balance, especially in emerging economies. Cryptocurrencies put forward the potentiality for enhanced financial inclusion and economic development, as well as introducing new risks such as flight capital and currency volatility into these nations. Also, cryptocurrencies are anonymous and decentralised; this means that no government can regulate taxation or monetary systems. These vulnerabilities and the increasing gulf between the Apex winners and the rest of the world when it comes to making billions from the use of cryptocurrencies, make the problem of increasing economic inequality worse. All of these problems need to be solved about world stability. It is important to understand that the operation of ECOFIN is essential for the elaboration of coordinated and sustainable policies treating risks and leveraging the benefits of this rapidly emerging process in finance.

## Past solutions

### ***FATF Virtual Asset Guidelines:***

The FATF's recommendations, therefore, encouraged member states to adopt measures like Know Your Customer and Anti-Money Laundering requirements for providers of cryptocurrency services. Such measures have brought an element of improvement in terms of oversight, although it is unevenly applied across different jurisdictions.



# AGENDA 2

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## ***Central Bank Digital Currencies:***

Fast-growing economies like Nigeria have introduced CBDCs, the eNaira, to provide a regulated alternative to cryptocurrencies and to work towards better financial inclusion without losing control over monetary policy.

## ***Prohibitions and Regulations:***

A few countries, including India and China, have banned or heavily regulated transactions in cryptocurrencies. While they are effective in curbing illegal activities, such actions often strangle innovation and the use of legitimate applications.

## ***International cooperation:***

forums like the G20 have discussed unified actions on the regulation of cryptocurrencies, showing that global action is needed to regulate, combat illicit flows, and safeguard markets.

## **Possible Solutions**

### ***Unified International Regulatory Frameworks:***

ECOFIN could lead initiatives to develop global standards for cryptocurrency regulation, addressing issues like taxation, market stability, and anti-crime measures while ensuring the interests of emerging economies are represented.

### ***Public Awareness and Education:***

Financial literacy on cryptocurrencies will be useful for people to make the right decisions, and avoid cases of high-risk investments and financial fraud. In this way, the application of blockchain into governance applications allows the governmental entity to enhance the levels of transparency combined with decreased corruption levels, as well as deliver advanced public services. This approach emphasizes the positive trends linked to the technology at the same time as it covers the negative aspects linked to the technology.



# AGENDA 2

## **Partnerships with Industry Stakeholders:**

The collaboration of the governments with the leading cryptocurrency platforms will ensure that the KYC and AML standards are observed, hence creating safe and accountable markets. Technical cooperation when applied to the capacity development in developing economies comes in the form of technical support, knowledge and tools for improving the country's regulatory framework, which is useful in its ability to oversee the Cryptocurrency operations.

# KEY ASPECTS 2

## **Key Issues**

**Financial Stability:** The inbuilt high volatility of cryptocurrency markets presents significant financial stability risks, particularly to developing economies. Lack of effective regulation encourages speculative trading uninhibited, which can lead to bubbles in prices that could, at any moment, explode and trigger market crises. Moreover, the integration of cryptocurrencies into traditional financial systems, if not properly regulated, could increase systemic risks and consequently threaten the entire economy.

**Financial Crimes and Illicit Activities:** Cryptocurrencies provide a transactional route that is untraceable, thus becoming an attractive tool for illicit activities, such as money laundering, tax evasion, and the financing of terrorism. Most developing countries, often having weaker law enforcement and financial regulatory systems, are easy prey to such manipulations. This has reduced the trust that people have in the financial system and may finally affect the strength of governance.

**Economic Inequality:** This, the proponents say, brings fair financial inclusion; in reality, richer persons and institutions are likely to dominate the market. Because of the high entry costs, technical barriers, and the intrinsic nature of speculation associated with cryptocurrencies, the wealthy are likely to be favoured, thus increasing economic inequality both within countries and internationally.





# KEY ASPECTS 2

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**Flight of capital:** Cryptocurrencies, by their very nature, facilitate the unregulated and rapid flow of capital across borders, exacerbating capital flight for emerging economies, ultimately weakening local currencies, retarding domestic investment, and raising fiscal challenges for local governments trying to maintain some kind of stability.

**Regulatory Challenges:** The attempts at building robust regulatory systems are some of the most challenging tasks when it comes to emerging economies as these countries often lack adequate institutional capabilities and funds required for the monitoring and regulation of crypto markets. Moreover, the lack of specific global standards for regulation deepens the problem and exposes new points of attack by intruders.

## Key Parties Involved

### ***Federal Republic Of Nigeria***

Nigeria is among Africa's most active adopters of digital currency, and users leverage the asset mainly for international payments and as a financial tool. Traditional banking systems have remained a thorn in the flesh of several people, especially during this volatile economy, this is why cryptocurrencies have remained relevant with the 'unbanked' population. However, the absence of elaborated legal requirements prevents foreign investments and increases the chances of capital flight. These challenges are very dangerous to the strength of the country's monetary system and with factors like money laundering deepening the problem.

### ***Republic Of India***

It has been quite a while since the Indian government changed its position between banning the use and implementation of cryptocurrencies and considering them as a possible threat and a possible opportunity. Cryptocurrency has become tremendously popular with the emerging young generation with technological skills to undertake online financial transactions. The market is nonetheless constrained from its full potential by regulatory uncertainty. Proposed bans based on pure suspicion of money laundering, tax evasion, and financial insecurity have been put in place due to increased restrictions. However, the Indian government has acknowledged the potential impact of blockchain and related topics have been raised about a central bank digital currency (CBDC). The delicate task of balancing bureaucracy with freedom has maintained its importance as the world's economies try to continue to grow while keeping their financial structures stable.





# KEY ASPECTS 2

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## ***Federative Republic of Brazil***

Brazil, the largest economy in Latin America, is now relying on cryptocurrencies to fight soaring inflation rates and respond to the challenges of financial inclusion for people with low incomes. Cryptocurrencies are used to protect oneself from currency fluctuations and facilitate transactions in a country with a chaotic economy. However, it is also a free market which can also attract compulsive cheating, and frauds among other financial crimes that pose danger to the soundness of the financial system. The government of Brazil has expressed willingness in the past to adopt some kind of regulatory regime; however, the effectiveness of such enforcement and supervision is not always irrelevant as required. It must be noted that enhancement of the legal environment is a crucial factor in contributing towards investor protection alongside the promotion of equal distribution of profits arising from the use of cryptocurrencies in a manner that will phase out prejudice clamour of inequality and related illicit workings.

## ***International Monetary Fund (IMF)***

The IMF is relied on for guidance to governments regarding economic stability during the adoption of cryptocurrency. This contributes to its effectiveness as it increases understanding of various systematic negative impacts associated with uncontrolled Cryptocurrency markets such as capital flight, financial instability, and destruction of monetary sovereignty. The IMF has continuously supported multilateral cooperation and the construction of system frameworks to stabilize fiscal policy effects to prevent cryptocurrencies' negative influence on financial systems. In addition, it supports technical cooperation and capacity development in emerging markets in order to promote understanding and sustainable accommodation of digital assets.

## ***Financial Action Task Force (FATF)***

The FATF is a crucial international organisation that tussles with money laundering and financing terrorism through rigid rules on cryptocurrency. It also seeks to have member states implement measures like Know Your Customer (KYC) and anti-money laundering (AML) and combating the financing of terrorism (CFT). By issuing guidelines and assessing compliance with them, the FATF helps to eliminate additional legal provisions that allow unlawful activities within the sphere of cryptocurrencies. It also encourages the cooperation of the emergent markets to adopt the standards to manage risk contact with the anonymity of many electronic transactions and encourage financial soundness and accountability.



# KEY ASPECTS 2

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## Key Terms

**Cryptocurrency:** An electronic currency that operates on peer-to-peer internet-based systems that employ the use of algorithms which are based on blockchain plus encrypted resources. As such it is not pegged to a central bank.

**Financial Stability:** The capacity of a financial system to operate in the way that is required for the economy to run in extreme conditions, involving credit and payment services and risk management.

**Money Laundering:** The act of concealing the origin of income derived illegally through processing the money through a trace of corporate or some other economic operations.

**Economic Inequality:** Refers to variation between people or between people and others in a society in such factors as financial assets, earning capability, and availability of chances for improvement.

**Emerging Economies:** Emerging fashionable industrialised, growing and integrating economies from the developing to developed status, and an emerging super giant economy.

**Regulation:** The procedure by which authorities establish guidelines for industrial operations in order to guarantee adherence, equity, and risk mitigation.

**Monetary Policy:** The procedure through which central banks regulate the money stock, interest rates and credit conditions in an economy to accomplish macroeconomic objectives and inflation.

**Capital Flight:** The sudden and massive flight of financial resources and money to safer shores consequent upon political volatility, or fluctuations in economic performance or in the quest for better investment opportunities.

**Blockchain System:** Technological structure that distributes a register of transactions in several computers while providing inalterability, safety, and openness.





# QARMAS 2

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- What measures can be taken to regulate cryptocurrency markets to prevent systemic risks to the financial stability of emerging economies?
- How can the United Nations support the development of international frameworks for regulating cryptocurrencies without infringing on national sovereignty?
- What strategies can be implemented to monitor and prevent the use of cryptocurrencies for money laundering and illicit financial flows?
- How can emerging economies build institutional capacity to address the challenges posed by unregulated cryptocurrency markets?
- What role should the United Nations and its specialized agencies, such as the IMF and World Bank, play in fostering global cooperation on cryptocurrency regulation?
- How can the principles of Article 1 of the UN Charter, focusing on international cooperation, be upheld in addressing the cross-border nature of cryptocurrency markets?
- What safeguards should be introduced to ensure that cryptocurrency adoption does not exacerbate economic inequality in emerging countries?
- How can blockchain technology, the foundation of cryptocurrency, be leveraged for sustainable development in alignment with the goals of the UN?
- What accountability measures should be placed on cryptocurrency platforms to align their operations with international financial and anti-money laundering standards?
- How can collaboration between ECOFIN, the Financial Action Task Force (FATF), and regional financial institutions be strengthened to combat cryptocurrency-related crimes?

## BIBLIOGRAPHY

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