

The Colour of Money

Facebook unveils its own digital currency making a big push for it to go mainstream but how exactly does LIBRA work?

NBR	Facebook today unveiled a digital currency it's called LIBRA. It's set up to be an alternative financial system using secure Block chain based technology backed by hard assets. The social media giant has lined up big corporate partners like MasterCard, PayPal and UBER, and it's all designed for ordinary users which Facebook says is one of the things which sets LIBRA apart from other crypto currencies Like BITCOIN.
Facebook Messaging Products president David Marcus	If you want to compare LIBRA with traditional Crypto currencies, the first thing, and the first big difference is that typically crypto currencies are investment vehicles or investment assets rather than being great median of exchange and this is really designed from the ground up to be a great median of exchange a very high quality form of digital money that you can use for everyday payments and cross border payments, micro transactions and all kinds of different things.
NBR	So how is this going to work? Joining this with a quick tutorial on LIBRA is Ben Fox Senior reporter at CNET. Crypto currency like BITCOIN is meant to be a store of value something like gold but with LIBRA this is more of a transaction mechanism isn't it?
CNET. Ben Fox	Yes, in general it works like any other digital currency where what you would do you would take your dollars or any other currency transfer them over to LIBRA put them in a digital wallet , this ones called CALIBRA and this is where it changes. Instead of actually keeping them in the digital wallet hoping the value goes up the argument would be that you would actually use it for goods and services at least that's what Facebook is hoping to do here.
NBR	And this is backed by a basket of currencies, this is for international transactions as well?
CNET. Ben Fox	Yeah, arguably BITCOIN and a lot of other Crypto currencies could also be used for international transactions. You could argue that Facebook is really trying to do what BITCOIN was hoping to do to create an international currency , that kind of wipes away borders and boundaries and makes it much easier to do cross border transactions, so will see if that actually comes to bear obviously.
NBR	There are at this point no banks involved in the consortium, so whose holding onto my money when I give it to who? Facebook? Or somebody?
CNET. Ben Fox	So there is an association, a non-profit association called the LIBRA association that is going to be operating this. That's a really good Question. I'm not entirely sure what happens to the money when you do convert it into LIBRA. Even though there aren't banks involved there are some trusted names in the financial industry that are going are to be involved those include PAYPAL, VISA and MASTERCARD so it's not as if it's a willy nilley group doesn't know anything about finances.
NBR	And this again is more as I understand it about with pier to pier transactions, I'm not going to go out and buy a hamburger necessarily unless a McDonalds or some other food chain decides to accept LIBRA currencies correct?
CNET. Ben Fox	That is entirely true. I would probably say that Facebook is really hoping somebody like McDonald would start accepting LIBRA. The way Facebook is trying to push this there saying that ordinary Americans, ordinary people over the world can jump onto digital currency band wagon and potentially use this digital currency for any number of goods and services whether their making a purchase on EBAY, maybe their paying their bills or there sharing their money with friends and family. So there hoping anything and everything can be used with LIBRA.
NBR	Shelia Bear the former FDIC Chair she sceptical this gets off the ground because of regulatory hurdles? What do you think?
CNET. Ben Fox	That's possible. I think a lot of the regulatory hurdles that Facebook faces have a lot to do with the potential that is has a monopoly so that is definitely going to be a consideration. As far as regulation relating to crypto currencies there really aren't that many. So I'm not entirely sure what's going to prevent this kind of thing from jumping off the ground from that kind of regulatory perspective.
NBR	Clearly a lot more questions than answers right now. We'll see what happens.

FACEBOOK'S DIGITAL CURRENCY

HOW WILL IT WORK?

- Exchange dollars to the digital Libra currency
- It will then be stored in the digital Calibra wallet for free
- This allows you to send & receive Libra instantly around the world

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SOURCE: CNET

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FACEBOOK'S DIGITAL CURRENCY

HOW WILL IT WORK?

- For every dollar, you get an equal-worth amount of Libra
- Unlike bitcoin, this is less volatile & is backed by real money
- Facebook will create unlimited amount of Libra

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SOURCE: CNET

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RUBIN ON LIBRA

- Launches in 2020
- Libra Association will serve as a monetary authority
- Empowers 1.7B adults without bank accounts

