

Stormclouds gather for Facebook's Libra currency

September 13 2019, by Kevin Trublet



Libra won't 'play at being pirates'

International outcry is mounting over Facebook's Libra—with central banks, governments and regulators railing against the social media giant's upstart cryptocurrency.

Facebook unveiled plans in June for Libra—which will roll out in 2020—to be backed by a basket of currency assets to avoid the wild

swings of Bitcoin and other virtual units.

Facing staunch opposition in Europe, Libra's boss admitted to AFP late on Thursday that it could yet decide not to operate in the region.

"We do not want to play at being pirates," said Bertrand Perez, managing director of the Libra Association, on the sidelines of a cryptocurrency event in Paris.

"If the European Central Bank refuses us permission to operate in Europe, then we will not operate there," Perez said, describing regulatory concerns as "legitimate" but not insurmountable.

The Libra Association, a nonprofit organisation based in Geneva, has been formed to oversee the digital currency's network.

France takes aim

France has become the latest vocal opponent, warning it would block Libra's development in Europe because the proposed currency threatens the "monetary sovereignty" of governments.

"I want to be absolutely clear: in these conditions, we cannot authorise the development of Libra on European soil," French Finance Minister Bruno Le Maire said Thursday.



Beware Facebooks' 'siren call', says ECB member Yves Mersch

The Silicon Valley giant wants to tap into its two billion Facebook users around the world, which it hopes will use Libra for online shopping, [financial services](#) and payments.

Yet Le Maire fired back: "The monetary sovereignty of countries is at stake" from a "possible privatisation of money ... by a sole actor with more than two billion users on the planet."

A top ECB official recently warned that Libra could harm both the institution and the euro.

"I sincerely hope that the people of Europe will not be tempted to leave behind the safety and soundness of established payment solutions and channels in favour of the beguiling but treacherous promises of Facebook's siren call," said ECB board member Yves Mersch.

Nevertheless, Emilien Bernard-Alzias, a London-based lawyer who specialises in [financial markets](#) and cryptomoney, talked down the

impact of growing global opposition to Libra.

He told AFP that such "[political statements](#) have no real legal meaning" and their "alarmist" arguments were unlikely to stop the birth of Libra—even if the possibility of an outright ban cannot be completely ruled out.

Facebook's sheer scale means the proposed Libra currency could potentially roil the global financial system and make the job harder for the world's [central banks](#).

Bloomberg uncovered internal documents last month showing that European Union antitrust regulators are "currently investigating potential anti-competitive behaviour" linked to the Libra project.



Mark Carney floated the idea of a cryptocurrency backed by central banks

But Bernard-Alzias added that there are "many countries in which (Libra) would already be compliant" with national regulations.

And he noted that it could likely be classified as electronic money under existing European Union laws.

Growing unease

European officials, already wary of the US dollar's dominance in foreign exchange, appear reluctant for a US company to gain such a strong foothold, Bernard-Alzias cautioned.

In response to growing unease, Bank of England governor Mark Carney called for tough worldwide regulation of Libra—and floated the idea of a global cryptocurrency that could be backed by public institutions like central banks.

The US Federal Reserve also sounded the alarm and declared that Libra raises serious concerns regarding privacy, money laundering, consumer protection and financial stability.

President Donald Trump has already slammed virtual currencies for their alleged shadowy nature and argues that Libra has no standing nor dependability—unlike the greenback.

Elsewhere, China has accelerated plans to develop its own yuan-based virtual unit.

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