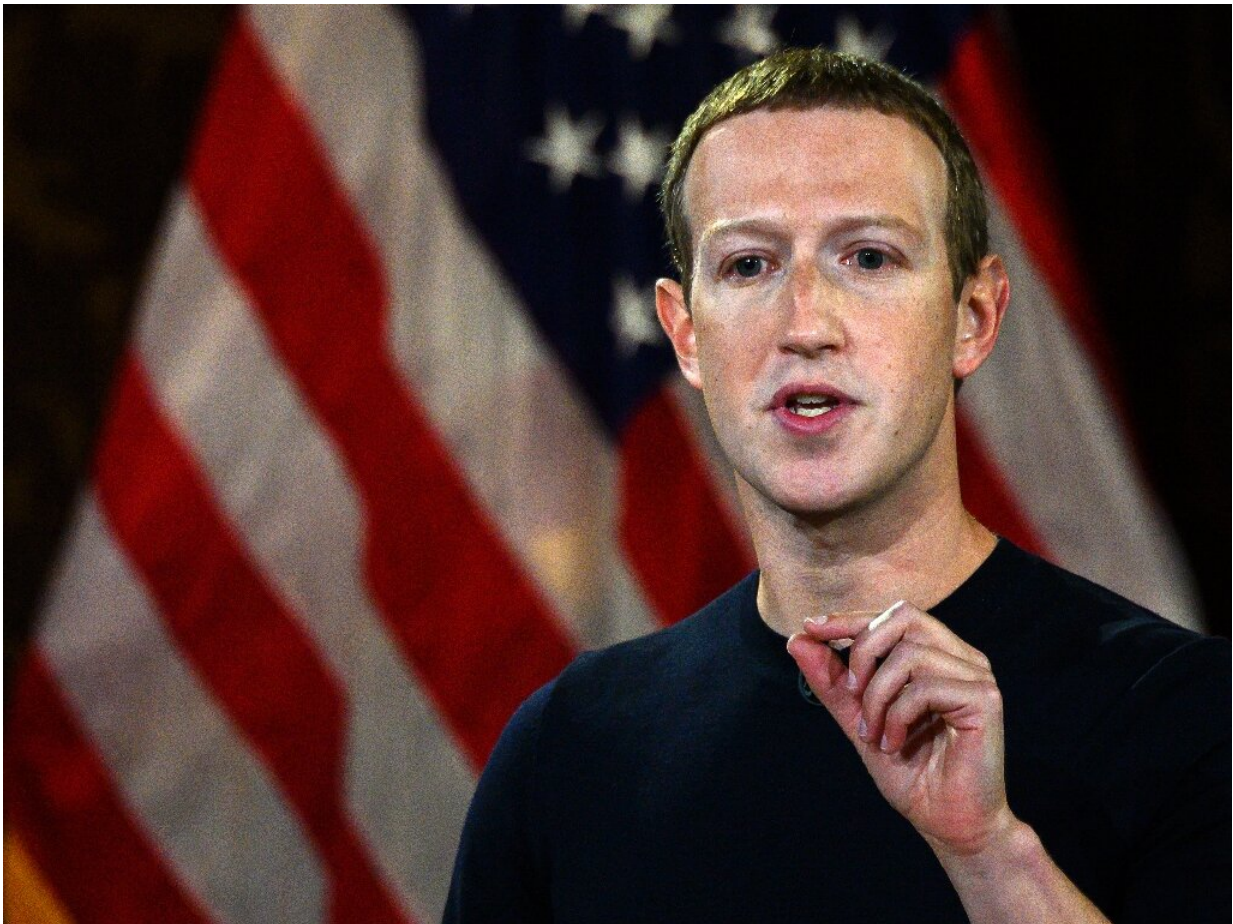


Zuckerberg calls Libra coin a key for American leadership

October 22 2019, by Rob Lever



Facebook founder Mark Zuckerberg said the proposed digital currency Libra would empower people and extend America's financial leadership in the world

Facebook's proposed digital coin Libra would "extend America's financial leadership" while helping cash-strapped people around the world, chief executive Mark Zuckerberg said in remarks prepared for delivery to lawmakers released Tuesday.

In the testimony released a day ahead of Zuckerberg's appearance before a House of Representatives committee, the head of the world's biggest social network described the planned cryptocurrency as an important financial innovation.

"While we debate these issues, the rest of the world isn't waiting. China is moving quickly to launch similar ideas in the coming months," Zuckerberg said in his prepared remarks.

"Libra will be backed mostly by dollars and I believe it will extend America's financial leadership as well as our democratic values and oversight around the world. If America doesn't innovate, our financial leadership is not guaranteed."

The comments come amid intense scrutiny from regulators and lawmakers around the world, with many skeptical about the impact of the global digital currency planned for 2020.

Zuckerberg acknowledged that Facebook's missteps on privacy and data protection have led many to conclude that "we're not the ideal messenger right now" for the digital coin but argued that the plan would be beneficial for many people including those outside the banking system.

'Financial inclusion'

"People pay far too high a cost—and have to wait far too long—to send money home to their families abroad," Zuckerberg said.

"The Libra project is about promoting financial inclusion through a safe, low-cost, and efficient way of sending and receiving payments around the world. Research shows that access to financial services can help people lift themselves out of poverty ... We believe this is a problem that can be solved, and we want to be part of that solution."

Facebook has said Libra would not launch without approval from regulators, and the plan has been criticized by officials on both sides of the Atlantic.



Facebook says the digital coin Libra will be managed by an independent nonprofit association, not by the social network

Zuckerberg noted that the planned currency would not be controlled by Facebook but governed by an independent board which includes companies and nonprofit organizations.

US Treasury Secretary Steven Mnuchin said at a separate hearing Tuesday a Libra launch would be "premature" and that various issues such as protection against money laundering and other illicit activity still need to be worked out.

Last week, French Finance Minister Bruno Le Maire said Italy, Germany and France would take unspecified steps in the coming weeks "to show clearly that Libra is unwelcome in Europe."

The Group of 20 economies said the proposed digital currency creates "serious" risks of money laundering, fraud and illicit finance and the G7 said Libra should not launch "until the legal, regulatory and oversight challenges and risks are adequately addressed."

Zuckerberg, expected to face harsh questioning in the House Financial Services Committee hearing, said Facebook "will continue talking to regulators about our efforts" on Libra.

"We understand that whatever approach we take to promote financial inclusion must address regulatory concerns, including money laundering and terrorism financing, sanctions, and potential currency disruption and systemic risk," he said.

"I know that the Libra Association is mindful of those things as it proceeds."

The Libra Association has lost key partners including PayPal, Mastercard and Visa, but it has unveiled its charter with 21 founding members.

Analyst Daniel Ives at Wedbush Securities said Libra faces an uphill battle due to the "massive regulatory pushback" on the plan.

"Realistically, it is unlikely Facebook can succeed without partner support, as the company lacks the infrastructure to handle a project of this magnitude in our opinion," Ives said in a note to clients.

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