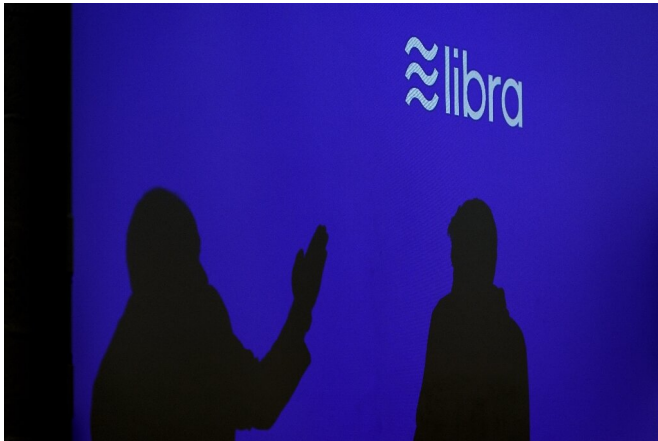


# US central bank unveils alternative to Facebook's Libra

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Libra, the cryptocurrency and digital payments system launched by Facebook, has raised security issues, but the Federal Reserve says its FedNow system will have all the safeguards

Noting security concerns posed by Facebook's digital currency Libra, the Federal Reserve on Thursday revealed details of its own instant payments system.

FedNow will provide households and businesses with instant access to payments, for wages, government benefits or sales, without waiting days for checks to clear, the Fed said.

The system, which is not due to launch for two to three years, "will be designed to maintain uninterrupted 24x7x365 processing with [security features](#) to support [payment](#) integrity and [data security](#)," the central bank said.

Facebook's announcement last year of plans to design the Libra cryptocurrency and payments system raised immediate red flags for global finance officials who expressed a barrage of withering criticism about the security and reliability of a private network.

Facebook's Libra project has "raised other fundamental questions about legal and regulatory safeguards, [financial stability](#), and the appropriate role of private money," Fed Governor Lael Brainard said in a speech Thursday.

But the US [central bank](#) already has experience providing reliable clearing of private payments.

"We are committed to building an instant payment system that delivers the payment speed that users want without bypassing the legal and regulatory protections they have come to expect from banking relationships," Brainard said.

She noted that the government's emergency aid programs during the COVID-19 pandemic "underscores the importance of rapid access to funds for many households and businesses that face cash flow constraints."

The initial design of FedNow came following thousands of comments from interested parties, some of whom also raise concerns about Libra, and additional features will be announced as it gets closer to roll out.

Brainard said key features include fraud protection tools, ability for banks to ensure funds are available after hours and on weekends, ability to work with private payment systems, and those systems where users are identified with aliases, like email addresses, rather than account numbers.

"Ultimately, the FedNow Service can be a catalyst for innovation in the market by providing a neutral platform on which the private sector can build to offer safe, efficient instant payment services to users across the country," she said.

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