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Can Facebook Really Launch Libra in 2020? The Devil Will Be in the Details

Facebook's Libra plan for an alternative currency sounds audacious, but the company already has some of the infrastructure in place to muscle through regulatory hurdles.

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There's no denying that Facebook's crypto plans are ambitious. They might even seem a bit outlandish.

The gist of Facebook's ([FB - Get Report](#)) Libra initiative, in the words of CEO Mark Zuckerberg, is to create a "simple global financial infrastructure." But making that a reality is far from a slam dunk. Within hours of Facebook's Libra reveal, skeptics called out seeming contradictions in the documents that Facebook published giving more details on the [currency Libra, governing body the Libra Association, and the Calibra subsidiary](#) that will manage digital wallets and other services.

The Libra announcement also sparked a [swift backlash from lawmakers](#) in the U.S. and elsewhere, with House Financial Services chair Rep. Maxine Waters (D-Calif.) and others calling for a moratorium on Facebook's development of the project. It was met with doubts from much of the public, who have seen an unending parade of Facebook privacy scandals in recent years. And the

organizational challenges for the social networking giant are also hard to quantify at this point.

With a planned launch date of 2020, the clock is ticking for Facebook to sort it all out. So with that in mind, I asked a dozen or so smart experts to weigh in on a simple question: What's the likelihood that Facebook actually launches Libra, as it was [initially described on Tuesday](#), by next year?

Perhaps unsurprisingly, opinions varied widely -- from 100% likelihood all the way down to 0%. Also, it depends how you define "launch."

"A better question would be the likelihood of whether Libra will launch at all," said Ryan Taylor, CEO of the digital currency Dash, who placed the likelihood at 5%. "It will almost certainly launch somewhere so that the involved parties can save face, but I expect a crippled launch in limited numbers and geographies."

If there's one common theme among skeptics and optimists around Libra's prospects, it's that the first markets where Libra will launch will most assuredly not be in the U.S. or Europe.

In both geographies, Libra's prospective launch takes place against a backdrop of growing distrust of Facebook and other tech giants. The DOJ and FTC are planning sweeping antitrust investigations targeting Facebook, Amazon ([AMZN - Get Report](#)), Alphabet ([GOOGL - Get Report](#)) and Apple ([AAPL - Get Report](#)). Facebook is also a unique case: Apart from its sheer size and reach across the social media landscape -- it has close to 2.5 billion users across Facebook, WhatsApp and Instagram -- Facebook has also been accused of wrongdoing innumerable times over the past few years. Moreover, its entire business model is predicated on capturing and monetizing as much data as possible -- leading to flat-out cynicism among some that Facebook's "private" future, as defined by Zuckerberg this year, is much more than lip service.

In the whitepapers describing Libra, the Libra Association and Calibra, Facebook wrote that user accounts would be disassociated from anyone's real-world identity. Elsewhere, however, the documentation suggested that "Calibra will use Facebook data to comply with the law, secure customers' accounts, mitigate risk and prevent criminal activity."

So, which is it -- and how much does the answer even matter?

"From what I've read so far, more of the heartburn from the general public and media so far, is that being a payment system will require Facebook to gather additional information on behalf of Libra users -- because to have an effective money laundering program, you need to know who your users are," said attorney Andrew Ittleman of Fuerst Ittleman David & Joseph, who advises fintech and crypto companies on legal issues.

As ambitious as Libra may be, it's not exactly forging a new path. Facebook's crypto initiative would make Calibra a money transmitter, a category that includes PayPal, Western Union and Barclays. And what a money transmitter must do to stay on the right side of the law -- specifically, Know Your Customer, anti-money laundering requirements, and registration with FinCen -- is well-established at the federal level.

The business of sending money is also not new for Facebook. It has an existing payments feature within Messenger, which likely means that Facebook already has some of the expertise and personnel needed to muscle through regulatory hurdles. When Facebook started tinkering with a payment product back in 2010, it also formed a subsidiary, called Facebook Payments Inc.

"The infrastructure they would need is likely already there," he added. "Whether they're going to create a new entity for this purpose, or perhaps have a service agreement [with Facebook Payments], I don't know."

But Facebook isn't just any money transmitter: It's a social media company, and a not particularly well-trusted one at that. Witnesses including David Marcus, Libra's project lead and former president at PayPal ([PYPL - Get Report](#)), have been asked to testify before the Senate Banking Committee on July 16.

In that hearing, questions around how data will be shared between Calibra, Facebook and the Libra Association -- a group of 28 initial participants that include Uber ([UBER](#)), Lyft ([LYFT](#)), Mastercard ([MA - Get Report](#)), Visa ([V - Get Report](#)) eBay ([EBAY - Get Report](#)) and others -- are likely to arise.

"Yes, there are regulatory hurdles that Facebook needs to overcome," added David Kemmerer of Cryptotrader.tax, a company that sells compliance

software for crypto traders, who placed the likelihood of Libra launching at 75%. "It also has the same right as any other cryptocurrency company or financial service company to launch a payment system. As long as it stays in line with the law, which they have made it clear they intend to do, the regulatory hurdles can be managed."