

Facebook's Cryptocurrency - "Libra"

Why in news?

Facebook announced its plans to launch "Libra" a digital currency, in 2020.

What is Libra?

- Libra is a virtual currency, which users buy and store in a digital wallet.
- It can be used for transactions on a decentralized network that is not controlled by one bank or a government.
- It is powered by a technology called 'Blockchain', which functions like an open ledger that gets updated in real time.
- For Libra, Facebook announced a dedicated wallet app called "Calibra."
- "Calibra" will be built into WhatsApp and Messenger as well, to let users store and use "Libra" coins.

How it works?

- Once launched, users will be able to buy Libra and add it to their digital wallet.
- Libra will be built into Facebook Messenger and WhatsApp, allowing users to send and receive money via messages.
- People will be able to send money at "low to no cost"
- Libra will also be used for offline payments, such as paying bills, buying coffee, or paying for public transport.

Is Libra different from other Cryptocurrencies?

- The values of most cryptocurrencies, such as Bitcoin, tend to fluctuate against real currencies.
- The plan is to ensure Libra is stable and give users confidence.
- Libra will be backed by a reserve of assets designed to "give it intrinsic value" and ensure stability.
- These assets include securities and fiat currencies (like the dollar, pound).
- The Libra reserve will include bank deposits and government bonds in several international currencies.
- However, the value of the one Libra in any local currency may fluctuate.
- Libra is planned as a "global currency" for use anywhere in the world without transaction fees.

- It will target those who are left out in the formal banking sector.

Who is involved?

- Facebook is also launching its Subsidiary Company, called “**Calibra**” which will handle its crypto dealings.
- “**Calibra**” is a digital wallet, which will store Libras.
- Libra will be controlled by the ‘**Libra Association**’, a non-profit based in Geneva.
- The currency has been backed by Visa and Mastercard, as well as tech firms like Uber, Lyft, Spotify, ebay, Paypal and PayU from India.

Is ‘Libra’ a privacy concern?

- Libra will be built on its own blockchain, a decentralised database that records the history of transactions over time.
- Facebook has said that account details will not be shared with Facebook or third parties for advertising purposes, except for cases of data sharing “to keep people safe, comply with the law.
- Also Facebook stated that, If someone loses their Libra coins from Calibra wallet, they will get a refund.
- For Libra, a new programming language called ‘**Move**’ is being built, which the organization claims is more secure and private.

What about Indian Crypto law?

- Current regulations do not permit use of the banking network for blockchain currency transactions.
- The Ministry of Corporate Affairs Investor Education and Protection Fund (IEPF) Authority favours a ban on cryptocurrencies,
- Any such ban would hugely restrict the reach of Libra.

Source: Indian Express

Quick facts

Libra

- **Libra**, is the Roman word for “**scales**” or “**balance**” and also a **unit of weight**.
- The modern pound is abbreviated “**lb**”, and the star sign Libra holds the

scales of justice.

Cryptocurrency

- A cryptocurrency is a digital or virtual currency that uses cryptography for security.
- A cryptocurrency is difficult to counterfeit because of this security feature.
- Many cryptocurrencies are decentralized systems based on blockchain technology, a distributed ledger enforced by a disparate network of computers

Blockchain Technology

- Blockchain is literally just a chain of blocks.
- “Blocks” on the blockchain are made up of digital pieces of information which stores information about transactions like the date, time, and dollar amount of your most recent purchase.

