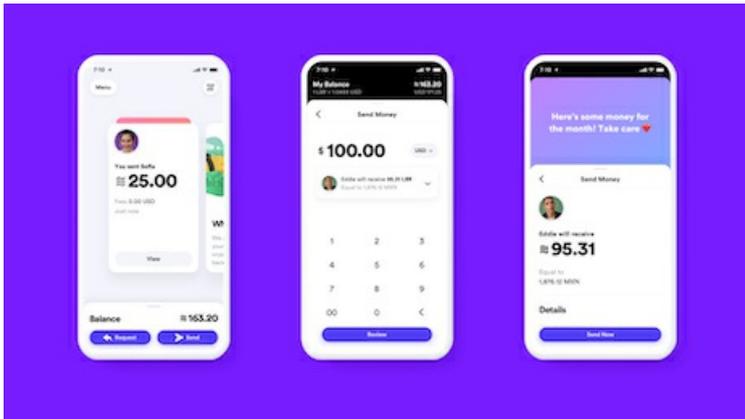


FINANCIAL SERVICES

Facebook's Calibra move could bring cryptocurrency into the mainstream

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Facebook's new cryptocurrency will be called Libra. Image credit: Facebook

By SARAH RAMIREZ

Social network Facebook is the latest to tease an entry into the cryptocurrency industry with its unveiling of Calibra, a subsidiary focusing on financial services.

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At the center of Calibra is Libra, a digital currency backed by blockchain technology. As more affluent are investing in cryptocurrencies such as Bitcoin, Facebook plans to make Calibra – the most mainstream application of cryptocurrency yet – available next year.

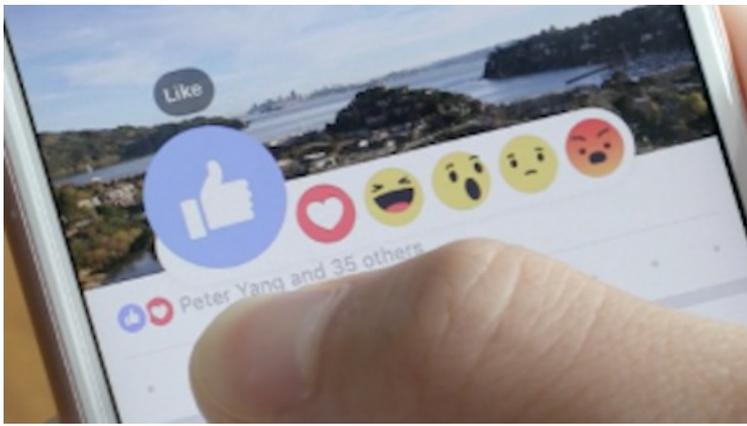
“Libra is launching by leveraging a huge existing Facebook user base, which makes it much more likely that people will want to use it,” said Elizabeth White, founder and CEO at the [White Company](#), New York. “It can truly compete with Bitcoin, as long as it maintains the same advantages: decentralized, fast, inexpensive to send, etc.

“The main unknowns at this point are how it will be priced, as well as what you can actually do with Libra in the real world outside of Facebook's platform,” she said.

Calibra wallet

Starting next year, Calibra will offer a digital wallet through Facebook Messenger, WhatsApp and a standalone mobile app, allowing users to save, send and spend Libra.

According to Facebook, people will be able to send Libra via smartphones, similar to text messaging, at a low to no cost. Future uses might include paying bills or buying coffee on the go.



With billions of Facebook users, there may be a large audience for Libra. Image credit: Facebook

Libra is different from existing consumer-facing cryptocurrencies because it is both open-source and tied to government-issued currencies, such as the U.S. dollar and euro.

Banking giant J.P. Morgan Chase recently began testing “JPM Coins,” digital tokens that are redeemable for one U.S. dollar, intending to protect it from the fluctuations other cryptocurrencies face.

However, JPM Coin will not be available to the public, and it was developed with business-to-business transactions in mind. Only large clients that have undergone regulatory checks such as corporations, banks and broker-dealers will have access to the tokens ([see story](#)).

“We know that Libra's open-source concept and decentralization – with Facebook not controlling who can use Libra – will allow innovative companies to expand its usability,” Ms. White said.

Libra will be managed by the nonprofit Libra Association, whose founding members include Calibra, eBay, Visa, Mastercard, ridesharing platforms Uber and Lyft and others, such as retailer Farfetch ([see story](#)).

In an effort to protect consumer privacy, Calibra will use industry-standard verification and anti-fraud processes. Account information and financial data will not be shared with Facebook or other third parties without consumer consent.

Luxury cryptocurrencies

Even before Facebook's flirtation with cryptocurrencies, wealthy investors had begun to embrace cryptocurrencies.

More than two-thirds of high-net-worth individuals will invest in cryptocurrencies in the next three years, according to research from the deVere Group. Major financial institutions and retailers are also beginning to explore how to use cryptocurrencies.

By 2022, 68 percent of HNWIs are expected to have investments in cryptocurrencies ([see story](#)).

“It's essential that luxury retailers and brands have a system in place that can translate exchange rates and process payments from various currencies,” said Kevin Beasley, CIO at **VAI**. “If retailers have the right solution, then accepting cryptocurrencies is simple to integrate and would be dealt with similarly to more typical transactions – it is just making sure cryptocurrencies have an assigned exchange value.”

Digital tokens are also “borderless” and rely on blockchain technology for security, making them appealing to HNWIs who may have various investments around the world.

Cryptocurrency platform Bond is an equity offering that allows individuals to purchase securities in an asset portfolio that includes real estate, properties and cryptocurrency. Looking to ease affluent consumers into blockchain, Bond attempts to more closely replicate the experience of trading on NASDAQ or FTSE ([see story](#)).

“In regards to luxury, it's unlikely that Libra will be used significant in this realm,” Ms. White said. “This is because it is neither mined nor distributed, which means that each Libra has to be bought with real funds.

“Therefore, we don't expect an influx of ‘Libra-wealthy’ looking to spend their wealth, as we did with Bitcoin and other cryptocurrencies,” she said.

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