

Why US regulators are struggling to step up to regulate Facebook's Libra

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Regulators, lawmakers on Capitol Hill, and the Libra Association itself appear to agree that regulation is needed to ensure that Facebook's new digital currency is safe and secure to use.

But no one appears to have a clear framework for who should take the first steps to actually doing something.

With no explicit cryptocurrency regulator in the U.S., at least six regulatory agencies will have to get involved in scrapping together some framework to cover the concerns related to payments, anti-money laundering, data security, and consumer protection.

In June, Facebook (FB) unveiled a white paper detailing plans to build a blockchain that will support a "low-volatility" cryptocurrency called Libra. The currency would be backed by short-term government securities and fiat currency, which users would deposit into the reserve when they exchange their money for units of Libra.

Facebook, which is spearheading Libra's development via a new subsidiary called "Calibra," has also gathered a consortium of companies that will supposedly have equal commitments with Facebook itself once Libra launches in the first half of 2020. Mastercard, PayPal, Spotify, and Vodaphone Group are listed among the 28 founding members, which Facebook hopes it will grow to 100 by the time Libra launches.


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