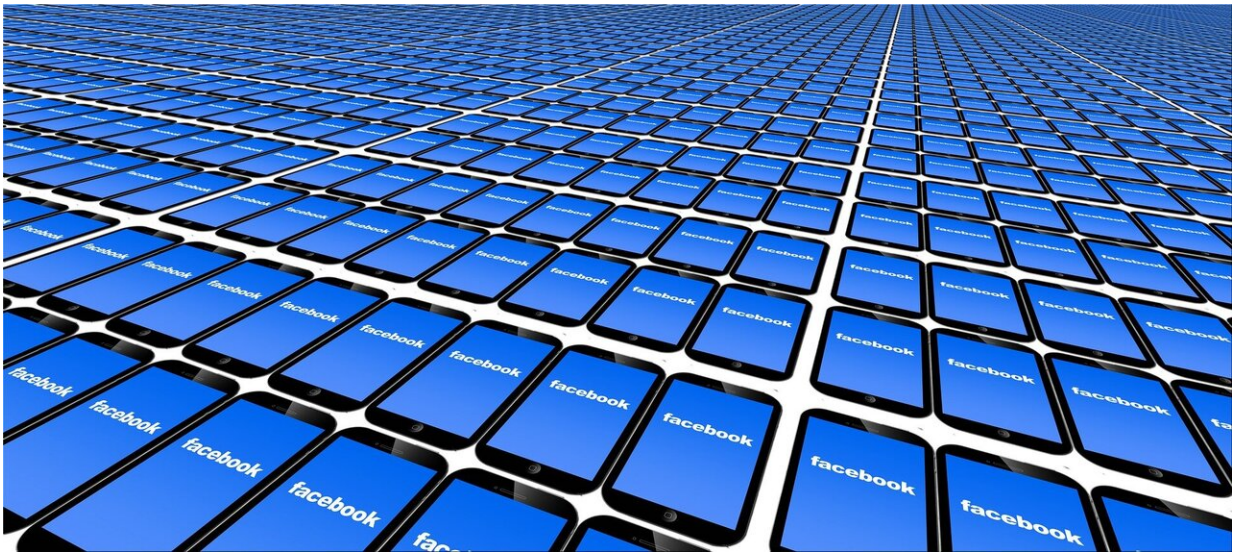


Facebook's new cryptocurrency won't protect user privacy from the company, expert says

June 19 2019



Credit: CC0 Public Domain

Facebook announced Tuesday (June 18) it will launch a global cryptocurrency called Libra in 2020, alongside the underlying blockchain-based network—a secure, transparent and decentralized digital lender—that will support it.

Though it will rival Bitcoin, Libra is designed to serve as a mainstream form of digital money, as stable as the dollar and backed by a reserve of assets, which will allow it to support a range of financial products

including loans and credit. Mike Chapple, associate teaching professor of information technology, analytics and operations at the University of Notre Dame's Mendoza College of Business, says the Libra project promises to address many of the fundamental barriers that have stopped the widespread adoption of Bitcoin and other cryptocurrencies.

"First and foremost," says Chapple, a cybersecurity and privacy expert, "Libra is designed to hold a stable value. Bitcoin and its competitors have market-driven valuations, meaning that the price of a Bitcoin is determined solely by market demand for Bitcoin. This creates a market fueled by speculation and subject to enormous volatility. Libra, on the other hand, is backed by a financial reserve that mixes the world's major stable currencies. For every Libra coin in existence, there is an equivalent amount of cash sitting in the bank or short-term government securities. This stability promises to make Libra a stable currency for consumers rather than an attractive gamble for investors."

Unlike Bitcoin, Chapple says, Libra will be user-friendly.



Mike Chapple. Credit: University of Notre Dame

"Facebook, eBay, Uber, Spotify and the other partners behind Libra understand the principles of design thinking and will create a coin that is easily used and understood by the average consumer," he says. "It will be accessible through apps already familiar to most of us, including Facebook Messenger, PayPal and WhatsApp, and won't require the specialized software and technical savvy required to purchase and maintain Bitcoin."

The potential trade-off, however, is privacy.

"Libra's design does leverage the [blockchain](#), preserving the privacy of transactions from outsiders peering in," Chapple says, "but the facilitation role played by Facebook and other partners leaves the company the ability to penetrate that veil of privacy. While Facebook promises that they won't access information from the currency's digital wallets 'without customer consent,' there are no technical barriers to them doing so. As with many technological innovations, Libra offers us a trade-off between [privacy](#) and convenience. If we're willing to surrender the anonymity guarantees of Bitcoin and other cryptocurrencies, we receive a digital coin that will likely be far more stable in value and easy to use."

Provided by University of Notre Dame

Citation: Facebook's new cryptocurrency won't protect user privacy from the company, expert says (2019, June 19) retrieved 28 April 2024 from <https://phys.org/news/2019-06-facebook->

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