

US central bank to study Facebook virtual currency

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Federal Reserve chairman Jerome Powell speaks at a congressional hearing on July 10

The US Federal Reserve has created a "working group" that is coordinating with government agencies and other central banks to

consider the implications of Facebook's planned virtual currency Libra, chairman Jerome Powell said Wednesday.

At a hearing at the US House Financial Services Committee, Powell told lawmakers that the cryptocurrency plan raises "serious" questions.

"Let me start by saying that we do support responsible innovation in the [financial services industry](#) as long as the associated risks are appropriately identified and managed," he told the panel.

"While the project's sponsors hold out the possibility of public benefits, Libra raises serious concerns regarding privacy."

Powell said the Fed was "coordinating with our colleagues in the government in the United States" and "with [central banks](#) and governments around the world."

The central bank chief said the review "should be a patient and careful one and not a sprint to implementation."

Last month Powell indicated that the Fed would carefully study the Facebook plan to create a [global virtual currency](#) which aims to lower transaction costs and bring more services to people without access to the banking system.

The Libra coin plan, backed by financial and nonprofit partners, represents an ambitious new initiative for the world's biggest social network with the potential to bring crypto-money out of the shadows and into the mainstream.

But the plan has already prompted calls in Europe for close regulatory scrutiny and several US lawmakers have said they need more information from Facebook.

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